

WEEKLY POLITICAL COMPASS

Welcome to this edition of the Weekly Political Compass from Teneo's political risk advisory team.

This week, we are taking a closer look at the **US-EU** trade deal. Meanwhile, trade relations with the US are high on the agenda for **China**, **India**, **Brazil**, and **South Africa**. Elsewhere, **Thailand** and **Cambodia** agree a ceasefire, **Japan's** central bank updates its economic outlook, **Ukraine** reconsiders anti-corruption legislation, and **West Africa** prepares for an institutional split. Finally, **Colombia's** former president awaits a crucial legal judgment, the **Philippines'** president sets out his reform agenda, and legal tussles continue ahead of **Cameroon's** presidential election.

As always, we welcome your questions or comments at Macro@teneo.com.

GLOBAL SNAPSHOT

Following the US-EU trade deal announced on 27 July, we ask our deputy research director [Carsten Nickel](#) to look ahead.

What is in the deal?

The [high-level political agreement](#) presented by US President Donald Trump and European Commission President Ursula von der Leyen includes a 15% baseline tariff that is set to cover key sectors like cars, semiconductors, and pharmaceuticals. Steel and aluminum tariffs will remain at the current 50% level, and there is speculation that quotas could be introduced over time. Other sectors covered by the baseline rate should become clear when the full list of products is published on 1 August. But already, divergent interpretations are emerging on both sides, and concerns about implementation risks are rising.

Which sectors should be watched now?

Beyond semiconductors and pharmaceuticals, the future of other products currently under US Section 232 investigations, such as copper, remains unclear. Questions also persist around the items on a zero-for-zero list for tariff-free bilateral trade, which will reportedly include the long-standing wedge issue of aircraft and their components, but only some chemicals and agricultural products, with further items to be added over time, according to von der Leyen. Crucially, wine and spirits have yet to be addressed, leaving the door open to staunch resistance against EU internal sign-off from a French government that is already skeptical of the deal.

WHAT TO WATCH

ASIA-PACIFIC

US/China

Washington and Beijing will likely agree to a 90-day extension of the tariff truce scheduled to expire on 12 August, the *South China Morning Post* reported exclusively on 27 July. US Treasury Secretary Scott Bessent and Chinese Vice

Premier He Lifeng will lead another round of trade talks beginning on 28 July in Stockholm. US President Donald Trump said on Sunday that his administration is “very close to a deal with China.”

Japan

The Bank of Japan’s monetary policy committee meeting ending 31 July (local time) will produce a new quarterly economic outlook report but seems unlikely to decide a further policy tightening. However, following a [US-Japan trade deal](#) that was seen as giving greater stability for Japanese firms, markets will parse the outlook report and BOJ statements closely for signs of a possible interest rate hike in September.

India

India is under pressure to finalize a trade deal with the US before the 1 August deadline, which could trigger steep new tariffs on US purchases of Indian exports. Negotiations remain stalled, primarily over US demands for broad access to India’s agriculture and dairy markets including genetically modified products, which Indian officials strongly resist. While Commerce Minister Piyush Goyal claims talks are progressing rapidly and expresses optimism for a favorable outcome, other officials say India is not rushing and maintains leverage, even signaling possible diplomatic warmth toward China as a negotiating tactic.

Philippines

President Ferdinand Marcos Jr. delivered his main policy speech at the opening of the Nineteenth Congress on 28 July. The speech focused on the promise of substantial reforms in many areas, particularly anti-corruption efforts and the delivery of basic services such as education, transportation, and healthcare. However, the government’s ability to deliver on such promises remains doubtful given institutional limitations. Much will inevitably depend on Marcos’ own focus and the capabilities of the cabinet members in charge.

Thailand/Cambodia

Thailand and Cambodia have agreed to a ceasefire starting 29 July after meeting in Kuala Lumpur. Subsequently, senior military officials from the two countries will meet to find a way to defuse tensions, to be followed by an ASEAN-monitored effort at the border. Neither side raised the immediate issues that triggered the fighting last week, and a resolution of the fundamental and more difficult issue around disputed border areas seem unlikely. Both Thailand and Cambodia wanted to avoid incurring the ire of US President Donald Trump as they await their tariff numbers. The ASEAN initiative will be critical to avoiding any renewed fighting in the coming weeks.

EUROPE

Ukraine

On 31 July, parliament is expected to begin consideration of a bill aimed at restoring the powers and independence of Ukraine’s two leading anti-corruption agencies. The bill was submitted by President Volodymyr Zelensky following strong domestic and international backlash to the 22 July [passage of a controversial bill](#) that increased presidential influence over these institutions. If adopted, the new bill could help ease ongoing public protests, but the crisis is likely to have a lasting impact on Zelensky’s approval ratings and on perceptions of corruption in Ukraine—both domestically and among international partners. Growing concerns about the concentration of political power in the president’s hands could strengthen calls for holding parliamentary and presidential elections despite the ongoing war with Russia.

LATIN AMERICA

Brazil

The Brazilian government, Congress, and business sectors are intensifying their efforts to bring the US to the negotiating table ahead of the 1 August tariff deadline. Two letters since May calling for negotiations have gone unanswered as the Trump administration claims Brazil has not given clear signs of engagement and commitment to abide by US demands. Vice President

and Trade and Industry Minister Geraldo Alckmin spoke for 50 minutes with US Commerce Secretary Howard Lutnick on 19 July, seemingly to little avail. The situation is interpreted by Brazilian officials as proof that the Trump administration will insist on political concessions relating to former President Jair Bolsonaro and the treatment of US digital platforms, which involve Brazil's Supreme Court and remain unacceptable to Brasilia.

Colombia

A verdict in the trial in the long-running case against former president Alvaro Uribe (2002-10) is expected today, 28 July. Uribe is accused of witness tampering, bribery, and manipulating court proceedings as part of a complex case centered on his alleged links to paramilitary groups. A guilty verdict could complicate Uribe's efforts to build a broad, right-leaning coalition for next year's presidential election, possibly prompt US retaliation, and perhaps elevate the left-wing senator Ivan Cepeda, who is involved in the case, into a presidential contender. Political polarization would also intensify. If he is absolved, Uribe would enjoy new authority over his Democratic Center (CD) party and any right-leaning coalition that materializes early next year. Whatever the verdict, an appeal by the losing side in the case is likely, thereby prolonging the political effects.

AFRICA

South Africa

Trade minister Parks Tau says a 'condition precedent document' has been reached with the USTR ahead of a final trade deal. This comes just days ahead of US President Donald Trump's 1 August tariff deadline, after which South Africa faces 30% tariffs. The full details of what Tau described as a preliminary deal are unclear, though key minerals such as platinum and chrome will remain exempt. A final trade deal seems far off, particularly given the extent to which wider geopolitical tensions have soured bilateral relations.

West Africa/ECOWAS

The official exit date for Mali, Burkina Faso, and Niger — the so-called Alliance of Sahel States (AES) — from the Economic Community of West African States (ECOWAS) arrives on 29 July. The completion of this transition will underscore the irreversible split within ECOWAS, diminishing its geographic cohesion and testing its influence on regional trade and security.

Cameroon

Key opposition figure Maurice Kamto faces a 28 July deadline to appeal his disqualification from October's presidential election. Kamto's exclusion – made without public explanation – removes incumbent president Paul Biya's most prominent challenger and further tilts the electoral landscape in Biya's favor. While Kamto and his legal team have signaled their intention to appeal, expectations for a reversal are low given the short appeal window and the Constitutional Council's track record of upholding decisions that favor the status quo.

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