

WEEKLY POLITICAL COMPASS

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

This week, we take a closer look at the **US-China** trade talks. Elsewhere, the US and **South Korea** struggle to finalize an investment deal, US President Donald Trump makes a state visit to the **UK**, and the Bank of **Japan** looks set to hold pat on monetary policy. Meanwhile, **Argentina** unveils a draft budget, **Bulgaria's** government is set to survive a no-confidence motion, and the **Philippines** and **South Africa** launch corruption investigations. Finally, **Nigeria** faces further fuel-related strikes, **Spain's** progressive prime minister leans into pro-Palestinian protests amid rising far-right support, and bolsonaristas in **Brazil** hope for an amnesty law following the conviction of the former president.

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

GLOBAL SNAPSHOT

Following the surprise news of more US-China trade talks, we ask our China analysis lead [Gabe Wildau](#) to look ahead.

What do we know about the talks?

Senior US and Chinese officials began two days of talks in Madrid on Sunday, covering issues including tariffs, national security, export controls, TikTok, and money laundering. Early on Monday, President Donald Trump said the meeting went "VERY WELL" and implied that a deal had been reached to enable the sale of TikTok. However, his two top negotiators, Treasury Secretary Scott Bessent and US Trade Representative Jamieson Greer, were more cautious. Both indicated that while the two sides had agreed the technical details of a sale, Beijing was unwilling to approve the transaction unless Washington [offered concessions](#) on other issues.

What is the context going into these talks?

Ahead of the Madrid talks, China's commerce ministry on Saturday announced a new antidumping investigation into some US semiconductor products, apparently in retaliation for the US Commerce Department adding two Chinese chip companies to its export-control blacklist a day earlier. On Monday, China's market regulator also announced that Nvidia had violated China's anti-monopoly law, following an investigation launched in December, but the regulator said its investigation will continue, and it is not clear if Nvidia will face punishment. On the US side, 17 September is the current deadline for ByteDance to divest from or shutter TikTok's US operations.

WHAT TO WATCH

ASIA-PACIFIC

Japan

The Bank of Japan's monetary policy committee is not expected to announce any changes at its two-day meeting ending 19 September. A move is unlikely at this stage given the still-unfolding impact of the US turn toward trade protectionism on Japan's economy, as well as the ongoing race in the ruling LDP to replace Shigeru Ishiba as prime

minister. With the Bank [offering little clarity](#) on key issues such as ‘underlying inflation’, attention will likely focus on Governor Kazuo Ueda’s public remarks for signals on the timing of the next interest rate hike in the months ahead.

US/South Korea

Trade minister Yeo Han-koo arrives in Washington on 15 September as the two sides attempt to break a deadlock over the structuring of South Korea’s proposed USD 350bn investment fund. Yeo is expected to meet US Trade Representative Jamieson Greer and others during the visit, which comes only one day after industry minister Kim Jung-kwan’s return from separate talks in Washington with Commerce Secretary Howard Lutnick. Seoul has so far been reluctant to match the concessions offered by Tokyo in the asymmetrical investment deal it finalized with the US earlier this month, while the recent immigration raid on a [South Korean-owned factory](#) in Georgia has raised the domestic political cost of Seoul making further concessions.

Philippines

President Ferdinand Marcos Jr.’s newly appointed committee to investigate corruption in infrastructure projects enjoys some initial credibility due to its composition. Members include a retired Supreme Court justice, the managing partner of the country’s largest auditing firm, and a former public works minister unconnected to past corruption scandals. Nevertheless, there is broad public skepticism over the government’s willingness to hold powerful politicians to account. Corruption probes have so far implicated only mid-level bureaucrats, fueling doubts about progress at higher levels and concerns over potential political manipulation by rival factions. Two major protests are scheduled later this week; while turnout may be substantial, they are expected to remain peaceful.

EUROPE

UK/US

US President Donald Trump arrives in London on 16 September for his second state visit, making him the first foreign leader to receive this honor twice. While largely symbolic, the visit is intended to maintain constructive ties with the US administration. The UK government will also aim to advance discussions on the high-level trade agreement reached earlier this year, with particular attention to cooperation in the tech and AI sectors. The visit provides Prime Minister Sir Keir Starmer an opportunity to raise the issues of Ukraine support and sanctions on Russia directly with Trump.

Bulgaria

Prime Minister Rosen Zhelyazkov’s government is expected to survive a motion of no confidence scheduled for 18 September. The motion, initiated by the centrist opposition alliance We Continue the Change and Democratic Bulgaria (PP-DB) and backed by far-right parties, accuses the government of systemic failures in internal security and the justice system.

Spain

Thousands gathered on Sunday for a pro-Palestinian demonstration that led to the suspension of the final stage of the Vuelta a España, a major cycling event in Spain. Prime Minister Pedro Sánchez has endorsed the protests and called for Israel to be banned from international sporting events while the war continues. The center-right opposition party, the PP, has accused Sánchez of promoting violence. The government’s stance is likely aimed at mobilizing its electoral base amid rising support for the far-right Vox party, now polling at 17%.

LATIN AMERICA

Argentina

President Javier Milei will unveil the 2026 budget draft today, 15 September, amid market doubts over his ability to sustain public backing for fiscal discipline ahead of October’s midterms. His political agility is also under scrutiny following a recent electoral setback in Buenos Aires province. Milei had already faced resistance in Congress after proroguing this year’s budget, despite rollover budgets being intended to be exceptional. In a bid to mend ties with influential provincial governors, he appointed a

new interior minister, Lisandro Catalan, but appeared to reverse course on that outreach days later by vetoing legislation that would have expanded provincial control over resource allocation.

Brazil

An unexpected acquittal vote by one of five judges has revived hopes among Bolsonaro supporters for an amnesty law in Congress. While House Speaker Hugo Motta continues to block a floor vote, Senate Chairman Davi Alcolumbre favors a narrower bill reducing [sentences for those involved](#) in the 8 January 2023 riots in Brasília. A long dissenting opinion last week by Judge Luiz Fux has given bolsonaristas fresh legal arguments to push their case. Even if the bill advances, it may not reach the Supreme Court until next year — after a likely presidential veto, congressional override, and constitutional review. While the Supreme Court would likely strike down such a law, doing so could benefit pro-Bolsonaro candidates in the next elections.

AFRICA

South Africa

A politically sensitive commission of inquiry will begin on 17 September. The Madlanga commission is tasked with investigating allegations of political interference, corruption, and links to criminal gangs within the criminal justice system, claims that have already led to the suspension of Police Minister Senzo Mchunu and others. The inquiry is likely to further undermine perceptions of President Cyril Ramaphosa's reform agenda, weaken the ANC's electoral prospects, and complicate its next internal leadership succession, due in 2027.

Nigeria

Another round of fuel-related strikes is possible this week. The Nigeria Union of Petroleum and Natural Gas Workers (NUPENG) ended a brief strike last week after Dangote Refinery agreed to concessions on truck drivers' unionization rights, but NUPENG now accuses the company of backtracking and is threatening renewed action. Meanwhile, the Trade Union Congress (TUC) is demanding the government cancel a planned 5% tax on petroleum products. If both unions proceed, simultaneous strikes could severely disrupt fuel supply chains and deepen broader economic pressures.

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