

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 outlook for the protests in **Indonesia**. Elsewhere, **China** hosts the leaders of **Russia** and **North Korea** for a military parade amid warming economic ties with **India**; the prime ministers of **Japan** and **France** face decision points determining their respective futures; and Volodymyr Zelensky is set to discuss security guarantees for **Ukraine** with European leaders in Paris. Meanwhile, **Thailand** tries to choose a new PM, the coup trial of the former president of **Brazil** reaches its final stage, **Romania**'s government tries to fast-track major reforms, and US Secretary of State Marco Rubio will discuss security issues in **Mexico** and **Ecuador**.

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

GLOBAL SNAPSHOT

Following days of serious unrest in Indonesia, we ask our Southeast Asia lead [Bob Herrera-Lim](#) to look ahead.

What are the very latest developments?

Sporadic protests took place in various parts of the country on Monday and Tuesday, including in Jakarta, though they were smaller and less intense than those seen from Thursday to Sunday. Some organizations scaled back their mobilization in the capital in response to a heavy police presence, while protest fatigue may also be emerging given the absence of a clear endgame and limited participation from broader segments of the population.

How are the protests impacting the outlook for President Prabowo Subianto?

The coming days could prove critical for the Prabowo administration, as protesters are expected to attempt a return to the streets in larger numbers. The protest leaders are trying to widen the scope of grievances to cover a broader range of issues, in the hope of gaining more support and building momentum.

In the meantime, the government is likely to pursue engagement with the protest groups, while attempting to soften public anger over the death of the motorcycle taxi driver. Prabowo has criticized police for the incident last Thursday and offered substantial compensation to the victim's family to portray the government as sympathetic. There will also be an increased security presence in the streets and the possible detention of some protest leaders, but for now Prabowo appears to be refraining from a more heavy-handed response that could provoke further protests.

WHAT TO WATCH

ASIA-PACIFIC

Japan

Shigeru Ishiba faces a critical week in his premiership, following the publication of the ruling LDP's post-mortem report today into the party's seat losses in July's Upper House elections. Ishiba appears to have refused the

resignation offer of LDP number 2 and crucial ally Hiroshi Moriyama, though several other Ishiba-appointed senior party officers look set to depart. Ishiba's internal opponents now have until 8 September to collect the signatures of half of the LDP's parliamentarians and prefectural chapter heads in order to force a recall leadership election.

China/Global South

President Xi Jinping issued veiled criticisms of the US in a speech to more than 20 leaders of non-Western countries at the Shanghai Cooperation Organization summit in the port city of Tianjin on Monday. "We must continue to take a clear stand against hegemonism and power politics and practice true multilateralism," Xi told the gathering. A day earlier, Xi met with Indian Prime Minister Narendra Modi on the sidelines of the summit, the latest sign of [improving Sino-Indian ties](#).

India

PM Narendra Modi adopted a conciliatory tone toward China at the Shanghai summit, further dimming hopes of resolving India's trade tensions with the US. Aside from reiterating earlier agreements with Beijing — on resuming flights, easing border tensions, and loosening export controls — little substantive progress was made. However, if Modi could secure Chinese pledges to increase investment or purchase more Indian goods, it would represent a notable shift. To counter concerns over US tariffs, India has launched a "Mission 40" campaign to boost textile exports and is promoting the Swadeshi "buy Indian" campaign, though this has yet to gain traction.

Thailand

Parliament will meet on 3 September to choose a prime minister, with the outcome uncertain and dissolution a possibility. Amid negotiations to form the next government, the main For Thais (PT) and Bhumjaithai parties are both courting the opposition Peoples' Party (PP), which demands constitutional amendments and elections within four months. The PP appears hesitant, wary of an unstable coalition and reputational costs. Both main parties would accept these terms, but any deal would be fragile given clashing agendas and power struggles. The caretaker prime minister's authority to act is also an open question.

North Korea/China

Kim Jong-un has arrived in Beijing by armored train for a rare visit, to attend China's 3 September "Victory Day" celebrations marking the eightieth anniversary of the end of World War II. Kim looks set to hold bilateral summits with China's Xi Jinping and Russia's Vladimir Putin, who is also in attendance. However, an unprecedented trilateral summit does not appear to be likely.

EUROPE

France

Ahead of the 8 September confidence vote, Prime Minister François Bayrou is holding talks with parties represented in parliament. Only the far-left France Unbowed (LFI) and the Greens have rejected Bayrou's invitation. However, support from the center-left Socialists (PS) remains unlikely, given fundamentally different views on addressing the budget shortfall through tax hikes versus spending cuts. If Bayrou's government falls, the appointment of a new prime minister is more likely than snap elections, though given President Emmanuel Macron's track record, a surprise decision in favor of the latter cannot be ruled out.

Ukraine/Europe

President Volodymyr Zelensky is reportedly planning to meet leaders of the EU, NATO, and several European countries on 4 September in Paris. The meeting is expected to focus on future security guarantees for Ukraine, a key pre-condition for a lasting conflict resolution with Russia. The security of Ukraine, as well as NATO's entire eastern flank, will also be a key topic during Polish President Karol Nawrocki's visit to the White House on 3 September.

Romania

On 1 September, Prime Minister Ilie Bolojan's (PNL) coalition government launched a fast-track procedure to adopt a new legislative reform package. It includes: (1) changes to the special pensions scheme; (2) an overhaul of public health sector management; (3) corporate governance reform of state-owned enterprises; (4) restructuring of financial, telecommunications, and energy regulators; and (5) fiscal measures affecting multinationals. The parliamentary process may involve multiple confidence votes in Bolojan's government before 4 September. While none of those votes are expected to pass, the reforms are straining the four-party coalition government and could weaken public support for the moderate pro-Western bloc.

LATIN AMERICA

Brazil

The Federal Supreme Court today begins the final phase of the trial against former President Jair Bolsonaro for an attempted coup and other crimes following his 2022 election defeat. The trial is expected to last two weeks and seems likely end in convictions for Bolsonaro and seven others, including his 2022 running mate General Braga Netto. Differences among the five presiding judges focus mainly on sentencing calculations, and none are expected to request a review of the case. Bolsonaro could face a sentence of over 40 years but may serve any sentence at home due to health concerns. This marks the first time a former president has been tried for attacking Brazil's democratic order, as well as the first trials of high-level generals and military ministers.

Mexico/Ecuador

US Secretary of State Marco Rubio will visit Mexico and Ecuador this week. The stated goal is to "counter malign extra-continental actors" and "neutralize narco-terrorist threats" to the US. The Trump administration has downplayed prospects for a broad security agreement with Mexico, despite President Claudia Sheinbaum's repeated suggestions that a deal is possible. A key demand for Sheinbaum is US recognition of "territorial sovereignty," but Rubio is unlikely to publicly rule out military action on Mexican soil. The meeting is unlikely to significantly shift the current state of uneasy co-existence. The Ecuador leg of Rubio's trip should be smoother, as President Daniel Noboa is more aligned with Washington, though the US may delay designating Ecuador's main criminal gangs as terrorist groups.

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