

WEEKLY POLITICAL COMPASS

Happy new year, and welcome to the first 2025 edition of the Weekly Political Compass from Teneo's political risk advisory team.

This week, we are taking a closer look at Nicholas Maduro's re-inauguration as president of **Venezuela**. Elsewhere, **South Korea's** president Yoon Suk-yeol and former **Bangladesh** prime minister Sheikh Hasina are both facing follow-up arrest warrants, **China** has added more US firms to its export control list, and **India** will conduct a comprehensive income tax review. Elsewhere, **Austria** is set for a new far-right chancellor, **France's** prime minister is pursuing fiscal compromise with the left, and **Brazil's** tussle over budget disbursements is continuing.

Should you have questions or wish to discuss any of these stories in greater detail, please do not hesitate to reach out to us.

GLOBAL SNAPSHOT

With Venezuela's Nicholas Maduro set to be sworn in for another six-year term despite apparently losing last year's presidential election, we ask our Spanish-speaking Latin America analyst [Nicholas Watson](#) to look ahead.

What is the current situation of Maduro's political opponents?

Vote tallies indicated that opposition candidate Edmundo Gonzalez won last July's presidential election, and Gonzalez continues to insist that he will return to Venezuela to be inaugurated, though he faces immediate arrest if he returns. In a bid to highlight Maduro's election fraud and unsettle the regime, Gonzalez is currently on a tour of the US and Latin American region. Meanwhile, overall opposition leader Maria Corina Machado has called for protests on 9 January.

What is the outlook for the inauguration and beyond?

Domestically, amid a massive regime security operation, any public dissent is likely to take the form of acts of civil disobedience rather than major demonstrations. Internationally, whichever leaders end up attending Maduro's inauguration will provide an indication of the regime's allies. In policy terms, assuming the inauguration passes off peacefully, the next major signpost will be what direction US policy to Venezuela takes once Donald Trump returns to the US presidency on 20 January.

WHAT TO WATCH

ASIA-PACIFIC

South Korea

Criminal investigators are set to make another attempt to arrest Yoon Suk-yeol this week, while small-scale protests for and against the impeached president continue in Seoul. Yoon used his presidential security detail to resist the first attempt to execute the warrant at his official residence on 3 January. Police effectively refused a request to take responsibility for arresting Yoon on 6 January, and it remains unclear how Yoon's security detail would respond to any further attempts. The criminal investigation of treason and related crimes is separate from the National Assembly's

impeachment of Yoon as president, with the Constitutional Court expected to rule on the validity of the impeachment motion within 4-5 months. If the Court upholds the impeachment, a presidential election would likely be held in early summer.

US/China

China's Commerce Ministry added 28 US companies to its export control list on 2 January, including several large defense contractors. It also added 10 more companies to the ministry's "unreliable entities" list. Though largely symbolic, the latest sanctions are a warning shot to the incoming Trump administration, signaling Beijing's willingness to retaliate against pending US tariffs and other coercive actions.

Japan

The LDP-Komeito government could be forced into the unusual situation of revising its draft FY2025 ordinary budget bill in the coming weeks to secure the backing of opposition parties and ensure the bill's passage in the forthcoming Diet session. On December 27, the Shigeru Ishiba-led minority administration unveiled a record JPY 115.5 trillion (USD 730 billion) package, primarily funded by an anticipated JPY 78.4 trillion in tax revenue and JPY 28.7 trillion in new government bond issuance. However, the government has yet to secure a compromise position on raising the income tax threshold with the centrist Democratic Progressive Party (DPP), which had been expected to support the budget bill on an informal confidence-and-supply basis. Komeito leader Tetsuo Saito on 2 January raised the possibility of amending the draft bill, potentially gaining support from the populist-right Ishin-no-kai or others.

India

The government is likely to table a comprehensive review of the 1961 Income Tax Act by the end of January. The review will address demands to simplify capital gains provisions, compliance processes, and Tax Deducted at Source (TDS) rules, and introduce a special regime for partnership firms and LLPs. Industry bodies have called for eliminating the dividend distribution tax, treating share buybacks as capital gains with deductible costs, and easing input tax credit claims. Despite rising direct tax collections, individual tax cuts remain contentious due to fiscal constraints. To address inflation, the Reserve Bank of India (RBI) has eased liquidity by reducing the Cash Reserve Ratio (CRR) by 50 basis points and may review policy rates in 2025 to balance inflation and growth. These fiscal and monetary measures aim to balance growth and inflation control in the lead-up to the February 2025 Union Budget. Meanwhile, the [Goods and Services Tax \(GST\) Council](#) last week approved a 'Track and Trace Mechanism' for high-risk goods like cigarettes, and there are renewed demands to increase sin taxes on products like tobacco and aerated beverages from 28% to 35%, although the government has previously maintained that such goods are already taxed at the highest rate.

Bangladesh/India

India-Bangladesh relations are increasingly strained, with a Bangladesh court issuing a second arrest warrant for former Prime Minister Sheikh Hasina on January 6, citing enforced disappearances during her tenure. Dhaka's repeated demands for Hasina's repatriation from India have further complicated ties. Bangladesh also canceled a scheduled judicial training program in India, which would have involved sending 50 lower judiciary judges there. Adding to tensions, reports suggest that Pakistani military personnel will return to Bangladesh for the first time since the 1971 war, following a new agreement to train Bangladeshi military personnel starting in February. This development raises concerns for India that Pakistan will push anti-India narratives among Bangladeshi forces. India has long highlighted Pakistan's proxy wars and its links to groups operating in Jammu and Kashmir, compounding regional security concerns.

EUROPE

Austria

Far-right Freedom Party (FPO) leader Herbert Kickl looks set to become the new chancellor in a coalition with the center-right People's Party (OVP). Following the collapse of talks between the OVP, the Social Democrats (SPO) and the liberals (NEOS), President Alexander Van Der Bellen has formally tasked Kickl with forming a government. The talks could take some time, but both parties' fiscal and economic outlooks seem largely aligned. Coming 25 years after the FPO first joined an Austrian

government in a move that triggered EU sanctions, Kickl's chancellorship would highlight the normalization of far-right politics across the bloc since then.

France

Prime Minister Francois Bayrou's government is considering further softening the fiscal adjustment to win support from the moderate left. Finance Minister Eric Lombard now aims for a deficit between 5 and 5.5% of GDP in the 2025 budget, down from the 6.1% targeted by Bayrou's predecessor Michel Barnier. Lombard is meeting representatives from parliamentary parties this week, with only the far left declining an invitation. After Barnier's failed attempt to reach out to Marine Le Pen, Bayrou's goal is to split the leftist bloc and gain support from the moderate Socialists (PS). This will come at the cost of slower fiscal adjustment and scrapping tax exemptions.

Croatia

Incumbent Zoran Milanovic is set to win the 12 January presidential run-off against Dragan Primorac. Milanovic is an independent aligned with the opposition Social Democratic Party (SDP), while Primorac is an independent nominated by the governing Croatian Democratic Union (HDZ). Although presidential powers are limited in Croatia, Milanovic's re-election would sustain confrontation with Prime Minister Andrej Plenkovic's (HDZ) cabinet, especially regarding foreign policy. Milanovic's victory by a large margin could weaken Plenkovic's authority within the governing coalition, which holds a single-seat majority in parliament. The government's stability will also be tested by upcoming local elections on 18 May.

Romania

The political crisis following the Constitutional Court's (CCR) 6 December decision to annul the presidential elections continues. On 12 January, the right-wing opposition Alliance for the Union of Romanians (AUR) is organizing a large demonstration in Bucharest, calling for the resumption of the annulled presidential elections. The winner of the annulled first-round vote, Calin Georgescu (independent), last week appealed the CCR's decision to the European Court of Human Rights. Meanwhile, newly appointed Prime Minister Marcel Ciolacu's coalition government is struggling to agree on a joint candidate for the repeat presidential vote, likely to be held in spring. The coalition's latest presidential candidate, Crin Antonescu (independent), has suspended his campaign, citing a lack of unanimous support from the nominating parties. Persisting discontent over the annulled election and infighting among mainstream parties could boost the electoral prospects of potential right-wing candidates such as Calin Georgescu or George Simion, the leader of AUR.

Turkey

President Tayyip Erdogan's cabinet will meet on 6 January to determine the new minimum pension. Currently at TRY 12.5K per month, the minimum pension is expected to increase by 15%. About 3.7 million of Turkey's 15.8 million pensioners receive the minimum monthly pension.

LATIN AMERICA

Brazil

The new year begins with unresolved issues around parliamentary budget allocations. President Lula da Silva sanctioned the Law of Budgetary Guidelines (LDO) on 31 December but vetoed a provision that prevented the blockage of disbursements of funds from parliamentary budget allocations. Further negotiations on this veto are expected unless Congress overrides it. The issue of parliamentary budget allocations has been sensitive since the Supreme Court last year suspended disbursements, alleging unconstitutionality. The government could not prevent the issue from becoming part of negotiations on spending cuts needed to comply with the zeroing of the budget deficit in 2024 and 2025. It may now need to concede further and accept more cuts in 2025 or simply stop fighting to contain the budget allocations. New disbursement suspensions by the Supreme Court could make negotiations even more difficult.

MIDDLE EAST AND AFRICA

Ghana

President-elect John Dramani Mahama's inauguration will take place on 7 January. A key issue to watch in the weeks following his inauguration is which specific aspects of Ghana's ongoing bailout program with the International Monetary Fund (IMF) the incoming administration might seek to renegotiate, if any.

[Client Portal >>](#)

Geopolitical Research

+44 20 7186 8894

Macro@teneo.com

© 2025 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo. To unsubscribe click [here](#).