

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 **NATO's anniversary summit**. Meanwhile, the **Philippine** Coast Guard has complained about **Chinese** "intimidation," **India's** leader will travel to **Russia**, talks between **Venezuela's** regime and the **US** are set to resume, and **South Africa's** new coalition cabinet will convene for the first time. Our graph of the week zooms in on **electoral fragmentation** after the polls in France and the UK.

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

NATO leaders will meet for the North Atlantic pact's 75th anniversary summit in Washington this week. Our Central and Eastern Europe expert [Andrius Tursa](#) analyzes the situation.

What is on the agenda?

In the run-up to the gathering, ambassadors have formally appointed Mark Rutte as the organization's next secretary general. However, domestic issues in key countries will also be in the focus of observers. This includes the US presidential race, government formation after the snap election in France, and the first major summit for the UK's new prime minister.

What about Ukraine?

The alliance will offer additional financial and military assistance to Ukraine. Moreover, NATO allies will seek to improve the logistics and coordination of military supplies as well as maintain Kyiv's hopes of future membership.

WHAT TO WATCH

ASIA PACIFIC

South China Sea

The China Coast Guard has anchored its largest vessel in a part of the South China Sea that the Philippines regards as its Exclusive Economic Zone. The Philippine Coast Guard called China's action "an intimidation." At a high-level bilateral dialogue on [maritime issues](#) last week, the two governments spoke on the need to "restore trust" and "rebuild confidence" to better manage disputes.

Thailand

The Election Commission has deferred the official announcement of results of the country's senatorial elections, which was initially scheduled for 3 July. No new date has been set but the speculation in Bangkok is that it will take place this week. Meanwhile, the Constitutional Court will hear the case against Prime Minister Srettha Thavisin on 10 July but has

said a decision will come “before September” on the case as well as the one pending against the opposition Move Forward Party.

EUROPE

France

The second round of the legislative elections has delivered a highly fragmented National Assembly where no party holds an absolute majority. The left-wing New Popular Front (NFP) has surprisingly won the election and holds the largest number of MPs. Talks about the next government might take some time. Whoever is eventually proposed as the new prime minister will need the support of centrist parties to reach an absolute majority. As a result, the appointment of a radical figure such as Jean-Luc Melenchon is off the table.

Russia/India

India's Prime Minister Narendra Modi's visit to Russia on 8-9 July will primarily focus on bilateral issues, including trade, energy and military cooperation. For the Kremlin, Modi's visit – which is his first foreign trip after his re-election – symbolizes the failure of Western attempts to isolate Russia diplomatically. It presents an opportunity to deepen political and economic ties with a large non-Western market, which in recent years has emerged as a key importer of Russian oil.

LATIN AMERICA

Brazil

During an unofficial visit to Brazil to attend a conservative conference, Argentina's President Javier Milei spared his Brazilian counterpart Luiz Inácio Lula da Silva from criticism on Sunday, 7 July. Next to former president Jair Bolsonaro, Milei read a speech criticizing socialism and denouncing opposition to his economic reforms in Argentina. The only direct mention of Brazil referred to “the judicial persecution” of Bolsonaro who was indicted two days before the speech for alleged money laundering of undeclared diamonds from Saudi Arabia. Milei also criticized the world's greatest democracies for no longer defending the freedom of speech. The Argentine President will not attend the meeting of heads of state of Mercosur in Asuncion, Paraguay, this week, which remains a high priority item for Brazil's foreign policy in the region.

Venezuela

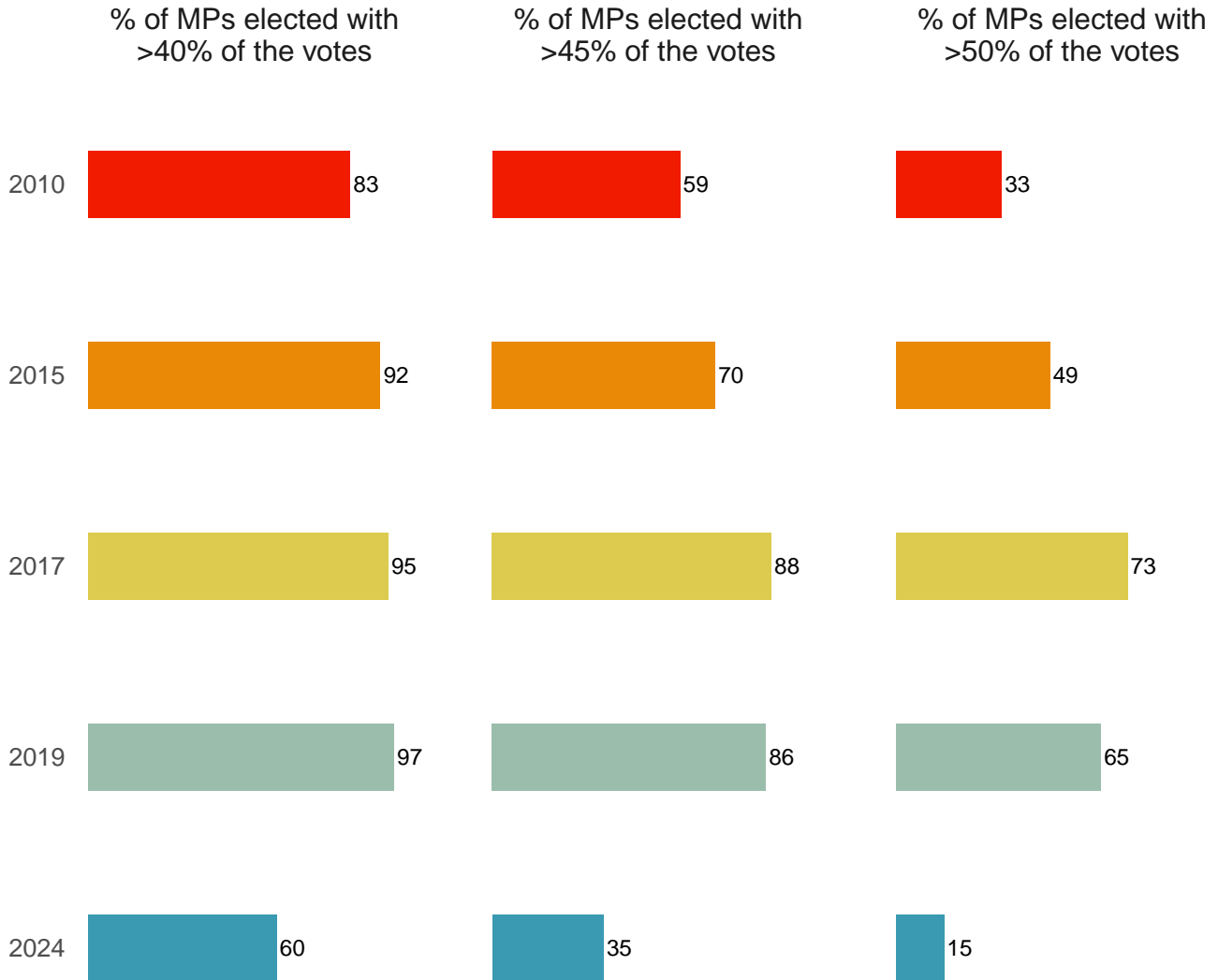
With the presidential election less than three weeks away, talks between President Nicolas Maduro's regime and the US are set to resume on 10 July. Maduro made the surprise announcement that the Qatar-brokered talks would resume last week. No agenda for the resumed talks has been published, which has prompted speculation about the purpose of the dialogue, as well as spin from both *Chavismo* and the opposition. The regime is suggesting that the talks represent implicit recognition by the US that Maduro will prevail. Some within the opposition camp have expressed hopes that the terms of a transition could be discussed. Others have suggested that the talks could simply be aimed at preventing Maduro from suspending the election or disqualifying opposition candidate Edmundo Gonzalez before 28 July. The US has called for the regime to approach talks “in good faith” – not a trait usually associated with *Chavismo*.

MIDDLE EAST AND AFRICA

South Africa

The new coalition cabinet will convene for the first time on 11-12 July. President Cyril Ramaphosa's bloated ‘Government of National Unity’ cabinet will be scrutinized for its durability and coherence as well as policy clues and reform prospects. Many policy initiatives will be contested, though other aspects of ANC policy are already well established and there exists broad consensus around Operation Vulindlela, minimum reforms focused on energy, transport, and other sectors. Ramaphosa's Opening of Parliament Address (OPA), scheduled for 18 July, will provide the first signals regarding the GNU government's program.

UK electoral fragmentation reaches historic highs



Source: Data compiled by Dr Heinz Brandenburg (University of Strathclyde)

Elections in the UK and France last week demonstrated that **electoral fragmentation** continues to have room to increase across democracies. Party systems have been transformed over the past decade, though important variations still exist across countries. This transformation has been most evident in France, marked by the emergence of Emmanuel Macron’s centrist platform in 2017, the decline of traditional center-left and center-right forces, and the strengthening of radical right parties; the second round of the legislative election on Sunday showed again that the return to “quiet politics” dominated by large majorities remains unlikely. Similarly, despite an electoral system that encourages voters to coalesce around major

Geopolitical Research

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parties, the UK election resulted in the lowest combined support for Labour and the Conservatives since 1945, along with unprecedented support for the far-right and the Greens.

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