

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 **India's** trade policy. Meanwhile, **China** will announce its GDP growth target for the year, **EU** leaders will discuss plans to "rearm Europe", and the pause on **US** tariffs on **Mexican** goods will come to an end.

Should you have questions or comments, please do not hesitate to reach out to us at Macro@teneo.com.

GLOBAL SNAPSHOT

With India's trade policy in focus this week, we ask our Southeast Asia Advisor [Arpit Chaturvedi](#) to look ahead.

What is the status of India's trade talks with the EU?

After a meeting between Prime Minister Narendra Modi and European Commission President Ursula von der Leyen on 28 February, India and the EU announced their aim to finalize a long-pending free trade agreement by year-end. This would strengthen ties in trade, technology, connectivity, and defense.

How is India affected by US tariff threats?

Indian Trade Minister Piyush Goyal made an abrupt trip to Washington on 3 March, reportedly to mitigate the impact of impending US reciprocal tariffs, which New Delhi had hoped would be delayed until trade talks conclude later this year. The trip is reportedly set to last until 8 March, with some further trade concessions from India expected to be announced. If imposed, US tariffs could hit India's exports in chemicals, metal products, and jewelry first, followed by automobiles, pharmaceuticals, and food products, with agricultural exports like shrimp and dairy facing the steepest impact due to tariff differentials nearing 40%.

WHAT TO WATCH

ASIA-PACIFIC

China

Premier Li Qiang will announce China's GDP growth target for 2025 — likely around 5% — and the finance ministry will announce fiscal deficit target — likely around 4% of GDP — at the opening of the National People's Congress on 5 March. Li's government work report will also offer other clues about economic policy this year, including whether policymakers are preparing stimulus measures in response to US tariffs.

Thailand

The opposition People's Party (PP, the former Move Forward Party) late last week filed a no-confidence motion against Prime Minister Yingluck Shinawatra, with the debate set for 24 March. The government coalition has 322 of the 500 seats in parliament, which makes it highly unlikely that the motion will gain any traction. However, the goal of PP is not

to force an immediate crisis, but more likely to further erode public support for the prime minister. According to one survey, nearly two-thirds of Thais are pessimistic that the government can raise economic growth in the near term, with 55% saying they were not satisfied with the coalition.

EUROPE

EU

Following last weekend's London summit on Ukraine, European Commission President Ursula von der Leyen will present a plan to "rearm Europe" on 5 March. The 6 March European Council meeting will demonstrate the degree of political support for the self-declared "geopolitical" Commission, as it turns to its key areas of expertise. This includes the build-out of the European market for military equipment, as well as the financing of military purchases. The question of frozen Russian assets remains a signpost to watch in this context.

Greece

The government is expected to survive a no-confidence motion that PASOK plans to submit later this week, but a fiery debate in Parliament lies ahead. Massive protests across Greece on February 28 underscored intense public anger over the Tempe train crash and its aftermath. The damning rail safety report has weakened the government's defense, further increasing pressure on Prime Minister Mitsotakis. With public outrage at its peak, this remains his biggest political test yet.

Turkey

The Central Bank (TCMB) is expected to cut the policy rate by 250bps on 6 March, following February's lower-than-expected inflation reading. CPI fell to 39.05% YoY last month, with core inflation also easing, reinforcing the TCMB's view that domestic demand conditions support disinflation. However, the ENAG group of independent economists disputes the official inflation rate, estimating it at 79.5%. Public trust in official inflation data remains low, with many consumers believing that actual price increases are significantly higher than reported figures.

LATIN AMERICA

Mexico

The month-long pause on the imposition of 25% tariffs on Mexican goods entering the US closes tomorrow, 4 March. Last week, US President Donald Trump had suggested that another pause was in prospect but later walked back from his remarks. Trump administration officials continue to send mixed signals over the tariff threat. US Commerce Secretary Howard Lutnick said yesterday, 2 March, that tariffs would take effect as scheduled, but added that the exact rate has yet to be determined, which could be a sign that tariffs may be lower and/or graduated in some way. US Treasury Secretary Scott Bessent also claimed that the Mexican government has offered to match the US on its China tariffs, though there has been no official confirmation of this from the Mexican side. President Claudia Sheinbaum has already said that she could speak to Trump directly before the deadline expires, which raises the prospect that a common China tariff could be made into a firm offer at the last minute. US officials have mostly conceded that Mexico has been delivering on the demands set by Trump last month; most recently, Sheinbaum agreed to the accelerated extradition of 29 high-level criminals to the US.

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