

GLOBAL UNCERTAINTY UNFOLDS:

**INSIGHTS INTO THE KEY GEOPOLITICAL
DEVELOPMENTS OF 2025**

INTRODUCTION

As we are entering 2025, the world is teetering on the edge of unpredictability. Shifting power dynamics, regional conflicts, and emerging threats constantly reshape international dynamics. This analysis delves into the key trends and challenges that will shape the year ahead.

Numerous countries held pivotal elections in 2024, sowing uncertainty. Now, the spotlight shifts to the new leaders, who will face formidable tasks, including upholding their promises and navigating the complexities of governing their nations.

The world's biggest nations, such as the United States and China, are engaged in a fierce competition reminiscent of the Cold War era. They are vying for control in domains like technology and military might. Amidst this competition, Russia's aggressive actions and the formation of robust partnerships with countries like Iran and China further complicate global politics.

The Middle East remains a region plagued by conflicts and tensions. The ongoing rivalry between Israel and Iran, coupled with challenges in Syria and Yemen, poses persistent risks. Moreover, the emergence of new tribal groups and movements, such as the Muslim Brotherhood, contributes to the region's growing instability.

Europe, too, grapples with its own set of issues. The European Union is plagued by internal divisions, while external pressures exacerbate the situation. In Africa and Latin America, economic challenges and weak leadership are causing instability and impacting the regions' interactions with the global community.

This analysis provides a comprehensive overview of these and other significant issues, offering a clear picture of the global landscape in 2025.

EUROPE

As Russia's full-scale invasion of Ukraine nears its fourth year, Kyiv faces mounting challenges. Ukrainian forces are stretched thin, struggling to counter Russian advances in Donbas and maintain defenses along the broader front line. The country's energy system is on the brink of collapse, and public war fatigue is deepening. With hopes for a decisive military victory over Russia fading, many Ukrainians are increasingly open to diplomatic solutions. The incoming Trump administration's pledge to broker a ceasefire offers a glimmer of hope for ending the conflict in 2025, though the potential political costs spark unease.

Securing a lasting ceasefire, however, will be exceptionally difficult. The Kremlin remains committed to its original goals of dominating Donbas and politically subjugating Ukraine, while President Volodymyr Zelensky's administration is resolute in preserving Ukraine's sovereignty and future security. The outcome of any agreement will significantly shape Ukraine's trajectory, Europe's security landscape, and global trust in Western institutions and guarantees.

Even if a ceasefire is achieved, relations between Moscow and the West are unlikely to improve substantially. The Putin regime is expected to persist in efforts to undermine the Western-led global order, which it views as unjust, to reassert Russia's status as a global power. European nations perceived as adversaries face growing risks of Russian hybrid warfare—spanning disinformation, cyberattacks, and sabotage—threatening both security and business stability.



Georgia & Moldova

Elsewhere in Eastern Europe, **Georgia** and **Moldova** confront their own challenges. In Georgia, civil unrest against the Russian-backed government has intensified, with daily clashes between pro-Russian factions and pro-European demonstrators. In Moldova, an energy crisis has prompted a state of emergency, restricting democratic freedoms for another six months.

The European Union is also grappling with instability. In Germany, the collapse of Olaf Scholz's contentious "traffic light" coalition, composed by the Socialists, the Greens and the Liberal party (FPD) has triggered snap elections scheduled for February 26, months ahead of the usual September date. Scholz, initially seen as a continuity candidate for Angela Merkel, faced an array of challenges, including Russia's invasion of Ukraine, a constitutional court decision blocking green investment funds, and the need to end reliance on Russian gas quickly. Despite these hurdles, Germany became Europe's largest supporter of Ukraine, invested €100 billion in its military, and welcomed over a million refugees.



Germany & France

Germany's upcoming federal election will focus on balancing domestic investment with structural reforms and recalibrating its foreign policy. While polls favor Friedrich Merz and his center-right Christian Democrats (CDU/CSU), the scale of recent challenges may shape the final campaign stages. Regardless of the winner, Germany is expected to shift away from its traditional fiscal conservatism, investing more domestically while assuming greater European leadership.

Amid Germany's political transition, European nations are looking to the return of U.S. President-elect Donald Trump for clarity on transatlantic relations. Debates will likely centre on trade and defence, but limited fiscal capacity in Western Europe and political uncertainty in France, where snap elections may occur as early as summer, complicate the landscape. German resistance to joint EU borrowing further exacerbates these challenges.

If the U.S. imposes tariffs on EU goods, **France** and the European Commission are likely to respond assertively, while Germany may adopt a more cautious stance, seeking to appease Washington through increased military spending and further acquisitions of U.S. defence technology—an approach that has historically frustrated France. Similarly, France may push for stronger EU measures against Chinese imports if Trump raises tariffs on Chinese goods.

The European Commission has already prepared responses targeting Chinese solar technologies, wind turbines, and EV batteries, with France's position gaining influence in recent debates. Germany, however, remains more hesitant.

The UK

The future of the Tech and Trade Council remains uncertain. This platform, which has struggled to gain traction due to a lack of a trade mandate from the U.S. side and European inflexibility on tech-related issues, has yet to deliver meaningful results. While there may be interest from the U.S. in finding common ground on trade with Europe, the differences between European policymakers and Republicans on technology issues remain too wide to bridge in the near term. Any potential compromise between the European Union and the U.S. could also draw the UK into the spotlight.

The UK, with a smaller trade surplus with the U.S. compared to the eurozone, might face less scrutiny. However, it trails its G7 peers in imposing tariffs on Chinese goods, including electric vehicles. If the U.S. pursues a bilateral trade agreement with the UK, significant regulatory challenges could emerge, especially as the UK's new government works to restore its relationship with the EU single market.

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AFRICA

The African continent is poised to become a major focus for both the Trump administration and the European Union in 2025, driven by growing competition with China over access to critical minerals. Italy has already acted decisively with its Mattei Plan, while the European Union is expected to launch a comprehensive strategy for Africa by mid-2025. In her mission letter to the newly appointed Commissioner for International Partnerships, Jozef Síkela, President Ursula von der Leyen outlined key priorities for this pivotal role.

The Commissioner's primary task will be to expand and enhance the Global Gateway initiative, which was introduced in 2021. This program is designed to provide partner countries with a compelling and integrated package that includes infrastructure investments, trade opportunities, and macroeconomic support. The initiative aims to rival China's Belt and Road Initiative by establishing a global infrastructure network to facilitate the movement of goods and secure access to raw materials. A cornerstone of this effort in Africa is the Africa-Europe Investment Package, which aims to generate approximately 150 billion euros in public and private investment by 2027, a significant portion of the initiative's total global budget.



While the European Union is likely to champion institutional reforms, the Trump administration is expected to take a more cautious approach, resisting calls from the Global South to address climate change and reform international bodies such as the United Nations, the International Monetary Fund, the World Bank, and the World Trade Organization. Under President-elect Trump, relations between the United States and Africa will likely shift towards a transactional approach, emphasizing trade over aid. This change may be welcomed by many African governments, which have expressed frustration with Western admonishments on democracy and human rights.

Kenya

The future of the African Growth and Opportunity Act will be a pressing trade issue, a U.S. program that provides duty-free access for African commodities and manufactured goods, set to expire in 2025. The AGOA Renewal and Improvement Act of 2024, introduced by Senator Chris Coons, proposes extending the agreement to 2041 to provide greater predictability while aligning it with the African Continental Free Trade Area. However, how this renewal aligns with Trump's "America First" policies remains unclear. Some Republican lawmakers may support a revised framework that includes provisions for critical minerals to counter China, but the administration's transactional approach could create disparities among African nations.

Kenya, a close ally of the United States, is expected to push for the revival of bilateral trade negotiations. Angola, traditionally aligned with Russia and China, has recently shown interest in strengthening ties with Washington. Some Trump administration officials may also adopt strategies initiated under President Biden, such as prioritizing the Lobito corridor, a U.S.-backed infrastructure project designed to reduce Chinese influence in global supply chains for critical minerals. By contrast, South Africa's close alignment with BRICS partners like China and Iran and its firm stance on the Middle East conflict risk straining relations with the United States.



Angonla, Mali, Burkina, Faso, Gabon, Guinea, Nigeria, Senegal

Another significant dynamic in 2025 will be how Africa's younger population responds to European and United States initiatives. Anti-incumbency sentiment remains a powerful force across the continent as younger generations increasingly participate in political processes and explore new organizational models. This sentiment has fueled recent support for military coups in countries such as **Mali, Burkina Faso, Gabon, Guinea, and Niger**.

In parallel, demands for change have also been expressed through elections, though these have not been without challenges. In **Senegal**, the election of the continent's youngest leader was propelled by overwhelming youth support, narrowly averting a constitutional crisis and political unrest. Across Southern Africa, long-dominant liberation movements faced major electoral challenges in 2024, leading to significant political shifts.

South Africa, Botswana, Mozambique, Côte d'Ivoire, Ouattara, Cameroon

In **South Africa** and **Botswana**, ruling parties lost their legislative majorities but managed peaceful transitions, showcasing the strength of democratic institutions. In contrast, **Mozambique's** 2024 election led to a prolonged post-election dispute, reflecting deeper systemic challenges.

These developments raise concerns for incumbents in other regions. In **Tanzania**, the upcoming presidential and legislative elections in October will be a crucial test of the government's reform agenda. In **Côte d'Ivoire**, fears are mounting that 82-year-old President Alassane **Ouattara** may seek a controversial fourth term. Similarly, in **Cameroon**, 91-year-old President Paul Biya's potential bid to extend his four-decade rule is sparking fears of political instability. Meanwhile, **Gabon's** planned return to civilian rule in August remains uncertain as questions persist about the military junta's commitment to restoring constitutional order.

ASIA

China's economy, facing significant internal challenges and the looming prospect of tariffs from the incoming Trump administration, is expected to dominate the global political and business landscape in 2025. After nearly two years of inaction by top Chinese leaders in response to slowing growth, a collapsing housing market, and mounting deflationary pressures, policymakers shifted course in late September, introducing new economic stimulus measures.

This policy change was partly driven by weak economic indicators and partly by the Federal Reserve's decision to cut interest rates, which eased concerns that Chinese monetary easing might trigger capital flight or put downward pressure on the renminbi. Despite this pivot, details of the stimulus package remain vague, particularly regarding the scope of fiscal spending and the strategies to revive housing demand. Policymakers appear to favor a cautious, incremental approach, doing just enough to meet the government's 5% GDP growth target for 2024,

a goal that is likely to persist in 2025. Unlike the large-scale stimulus measures of 2008–2009 and 2015–2016, Beijing is avoiding dramatic interventions and keeping some policy options in reserve to counter anticipated U.S. tariffs.

During Trump's first presidency, China's response to tariffs was largely tit-for-tat. This time, Beijing is expected to adopt a more strategic approach, leveraging its expanded arsenal of retaliatory tools. These include export controls, the "unreliable entity" list, and cybersecurity investigations targeting foreign technology companies. While these measures raise concerns within the foreign business community, China is likely to use them cautiously. Its leaders must balance the need to project strength with the imperative to maintain foreign businesses as allies against Western policies promoting economic decoupling. With a sluggish domestic economy and declining foreign direct investment, further alienating international partners is a risk Beijing cannot afford.

Meanwhile, the European Union will continue its efforts to reduce dependency on China. This includes imposing tariffs on select imports and working to remove Chinese technology from its 5G networks, actions that will weaken China's foothold in its second-largest export market.

Southeast Asia, Indonesia, India

In **Southeast Asia**, key economies aim to capitalize on investment opportunities arising from global efforts to de-risk supply chains from China. However, the region remains wary of a broader trade war. The United States' potential focus on bolstering ties with key Northeast Asian economies may provide some relief from pressure to choose between Washington and Beijing. Still, this balancing act will pose challenges for countries like the Philippines, which has increasingly aligned its foreign policy with the U.S. security guarantee.

In **Indonesia**, opinions are divided over whether newly elected President Prabowo Subianto will moderate his nationalist rhetoric. Thailand's political trajectory remains uncertain as the return of the Shinawatra family could bring stability or provoke a backlash from their opponents. In Vietnam, a clearer leadership picture is expected to emerge later in the year, with Communist Party General Secretary To Lam seen as the leading contender. In the Philippines, political tensions are set to escalate as rivalries between the Marcos and Duterte families intensify.

India is expected to maintain steady growth of around 6% in 2025. However, challenges such as a growing fiscal deficit, inflation, unemployment, and currency depreciation will persist. The ruling Bharatiya Janata Party, constrained by coalition politics, is unlikely to pursue sweeping reforms. Instead, the government will likely focus on state subsidies, production incentives, and selective tariff reductions. Depending on the outcome of key state elections, coalition partners may become less cooperative, potentially creating friction within the National Democratic Alliance and posing a threat to Prime Minister Narendra Modi's leadership.

India's foreign policy landscape will remain complex. Relations with Bangladesh, Nepal, and Sri Lanka are strained, as these governments are less aligned with India's strategic goals. While a border agreement has brought temporary stability to relations with China, its long-term viability is uncertain. Meanwhile, ties with the United States are expected to improve under the Trump administration, which could have broader implications for India's engagement with China.

Japan, South Korea

In **Japan**, domestic politics will enter 2025 in a state of flux. The ruling Liberal Democratic Party-Komeito coalition lost its Lower House majority in the October 2024 general election, forcing Prime Minister Shigeru Ishiba to lead a minority government. This administration depends on informal support from the Democratic Party for the People, which is extracting policy concessions in exchange for cooperation on the 2025 budget and other legislation. The coalition's loss of an Upper House majority in the July election could lead to legislative gridlock, similar to the "twisted Diets" of the late 2000s. If the Liberal Democratic Party regains momentum, it may call a double election to restore majorities in both chambers.

Japan faces uncertainty in foreign policy. The U.S.-Japan alliance remains strong, bolstered by military cooperation, but tensions could arise from Donald Trump's planned tariffs on Japanese automobiles and demands for higher host nation payments for U.S. military bases. Prime Minister Ishiba's relative lack of diplomatic experience compared to his predecessor, Shinzo Abe, adds to these challenges.

South Korea's political landscape has been upended by President Yoon Suk-yeol's December 2024 martial law declaration, which triggered impeachment proceedings and could lead to an unscheduled presidential election in 2025. Political polarization will remain high, complicating the passage of key legislation. Trump's tariffs threaten South Korea's exports in sectors such as automotive and electronics. Additionally, precedent suggests the Trump administration may demand steep increases in South Korea's financial contributions to U.S. security commitments. North Korea's growing military ties with Russia, alongside its advancements in missile technology, heighten regional tensions. A weakening U.S.-South Korea alliance could even push Seoul to consider developing its own nuclear deterrent.

LATIN AMERICA

Latin America's 2025 elections are expected to deliver various political outcomes, moving away from the perceived “red tide” of recent years. While Ecuador may see a resurgence of the left, Argentina's right-wing governing coalition will likely hold its ground, and anti-incumbency sentiment is projected to dominate in Chile.

In **Ecuador**, elections set for February or April present a formidable challenge for President Daniel Noboa's bid for re-election. The electricity crisis has caused persistent power outages and economic disruptions that have eroded public trust, while efforts to combat crime have not met expectations. Should the crisis persist, the leftist movement led by former president Rafael Correa could gain traction. If Noboa secures a second term, he aims to shift focus from crisis management to implementing lasting policies, though a potentially hostile legislature could stymie success.

In **Argentina**, the October legislative mid-term elections are expected to strengthen Javier Milei's Liberty Advances (LLA) party. This would bolster his agenda, especially if the economy shows signs of recovery in 2025. However, the structural limitations of mid-term elections—only renewing half the lower house and a third of the senate—mean that improvements in governance will likely be incremental. Nonetheless, Milei could claim victory if he surpasses the establishment centre-right and if opposition Peronists remain fractured.

In **Chile**, November or December elections will decide the presidency and the legislature. President Gabriel Boric's leftist coalition, beset by challenges during its term, faces a likely defeat. Evelyn Matthei of the

Chile Vamos (CV) opposition coalition currently leads in the polls but may face competition from José Antonio Kast of the far-right Republican Party, who is gaining momentum on her flank.

Elsewhere, elections in **Honduras** and **Bolivia** will expose deep political divisions, while **Guyana's** burgeoning oil wealth will raise the stakes for its 2025 elections. In **Venezuela**, Nicolás Maduro is expected to maintain tight control over legislative and regional elections, assuming they proceed as planned. Meanwhile, **Mexico's** June judicial elections have raised concerns about the risks of corruption and judicial politicization.

Donald Trump's return to the White House in 2025 will have far-reaching implications for the region, even though Latin America is unlikely to be a primary focus of U.S. foreign policy. Regional exports may face heightened tariff barriers, while looser U.S. fiscal policy and a slower downward economic trajectory could exacerbate currency depreciation pressures, raising inflation risks across Latin America. Migration policies will also loom large, particularly for remittance-dependent nations like **Mexico** and **Colombia**.

Mexico is especially vulnerable under a renewed Trump presidency. Its trade deficit with the U.S., proximity to the border, and the large Mexican diaspora in the U.S. could make it a focal point for trade and migration policies. Spillover effects from security challenges along the border may further complicate relations. Central American countries are also highly exposed, especially if the U.S. initiates mass deportations.



The European Union's agenda on Latin America will likely face obstacles, particularly with the collapse of the Mercosur Agreement. Signed on December 6 by European Commission President Ursula von der Leyen, the agreement is on the brink of failure in the European Council due to opposition from several member states, including France, Poland, the Netherlands, Belgium, Slovakia, Hungary, and Italy. This setback will further complicate efforts to strengthen EU-Latin America relations, leaving the bloc without a cohesive strategy for engagement in the region.

Columbia & Brasil

In **Colombia**, escalating coca cultivation poses a significant challenge. The country may face threats of decertification if it fails to meet U.S. drug control standards, which could strain relations with the Biden administration's ideological adversaries, such as Colombia's President Gustavo Petro. A critical question is whether more direct U.S. pressure on left-leaning governments will provoke backlash or compliance.

Brazil, the region's largest economy, will come under heightened global scrutiny in 2025 as it assumes the presidency of BRICS in January and hosts COP30 in November. These events provide strategic opportunities for Brazil to assert itself as a global leader on economic, geopolitical, and environmental issues.

At the G20 Rio Summit in November 2024, Brazil showcased its role as a mediator, refraining from aligning exclusively with either the Global South or OECD countries. Within BRICS, Brazil is expected to remain active while emphasizing its commitment to peace and environmental sustainability.

The highly anticipated COP30, the first conference of its kind to be held in the Amazon, carries significant expectations. However, Brazil could face resistance from the new U.S. administration, particularly if President Trump's policies diverge sharply on environmental issues.



MIDDLE EAST

A cornerstone of the Trump administration's Middle East policy is the belief that Iran is the chief instigator of regional instability. Former Trump officials argue that their "maximum pressure" campaign against Iran could have succeeded had it not been abandoned by the Biden administration. They claim that Biden's efforts to revive the nuclear deal inadvertently facilitated Iran's support for Hamas's October 7 attack on Israel, Houthi disruptions in the Red Sea, year-long Hezbollah rocket attacks, and other destabilizing activities in the region.

One of Trump's immediate foreign policy priorities will be intensifying pressure on Iran. Both sides must grapple with the objectives of this strategy and the conditions for lifting sanctions. Trump may pursue regime change by exerting crippling economic pressure to destabilize Iran's government or aim to force Iran into negotiations where it relinquishes its nuclear ambitions and support for proxies. Either objective presents immense challenges.

The European Union remains divided on its approach to the Middle East, a reality underscored by its fragmented response to the collapse of Assad's regime in Syria. By 2025, the EU will need to strengthen its capacity for unified action and develop a coherent strategy to address regional challenges effectively.

Iran & Saudi Arabia

Iran is likely to respond with its well-established asymmetrical tactics, which include supporting proxies, deploying drones and missiles, and engaging in disruptive activities. Over decades, Iran has cultivated these tools to counterbalance the superior military power of the U.S. and its allies. The potential development of a nuclear deterrent remains a critical component of Iran's strategy to equalize power disparities.

While newly elected President Masoud Pezeshkian has signaled interest in resuming dialogue with the U.S., his limited control over Iran's security forces raises doubts about his ability to prioritize conciliation. Trump's approach aims to corner Iran into submission, but even if successful, Iran is expected to retaliate in some form as pressures intensify.

Trump is likely to align closely with Israeli Prime Minister Benjamin Netanyahu, who has been critical of Biden's strategy to constrain Israel's actions and resolve the Gaza conflict through negotiations. Netanyahu, favoring a more aggressive approach, has achieved notable military and strategic successes, including disrupting smuggling routes through Egypt, targeting Hamas leadership, and weakening Hezbollah's capabilities. These actions are viewed within Israel as laying the groundwork for long-term security.

While Trump may not offer significantly more support to Israel than Biden did, he is expected to apply less diplomatic pressure, particularly regarding humanitarian aid, reconstruction, and governance in Gaza. Netanyahu appears inclined toward a prolonged occupation strategy in Gaza, a course the U.S. under Trump is unlikely to strongly oppose.

Given Netanyahu's recent successes, a Trump presidency could embolden him further. While Iran would remain the primary target, other regional adversaries could also come into focus, potentially escalating what is already a volatile situation. Although Trump's aversion to direct military conflict makes U.S.-initiated efforts unlikely, increased support for Israel could inadvertently draw the U.S. deeper into regional hostilities.

Saudi Arabia continues to chart a favorable course under the Vision 2030 initiative, which has driven unprecedented economic and social changes. Riyadh is now experiencing a boom in business relocations, luxury housing, and infrastructure development. While Trump's return to the presidency is viewed positively, it is unlikely to be a transformative event for Saudi Arabia. Biden's efforts to normalize Saudi-Israeli relations have already established a foundation of steady cooperation.

Saudi Arabia has also reasserted itself as a diplomatic heavyweight, restoring ties with Iran, setting conditions for potential normalization with Israel, and effectively balancing relationships with the U.S., Russia, and China. This multifaceted diplomacy is beginning to pay dividends as foreign investment flows into the Kingdom.

However, challenges remain. Declining oil prices and cost overruns are straining major development projects, while managing a multitude of simultaneous initiatives has exposed persistent institutional weaknesses.

NORTH AMERICA

In the **United States**, the advent of a unified Republican government under President Trump is expected to bring sweeping changes to U.S. domestic policy. The initial months will likely see rapid legislative and administrative action, reshaping the business and governance landscape across key sectors such as immigration, energy, and trade.

Congress's ambitious 2025 agenda will likely prioritize border security funding, repealing Biden-era policies, and extending the 2017 Tax Cuts and Jobs Act (TCJA). With its expiration approaching, the TCJA's renewal, potentially with added provisions like the elimination of taxes on tips and restoration of state and local tax deductions, will be a cornerstone of Republican legislative efforts. Simultaneously, the Congressional Review Act may be used to rescind recent regulations on labour, the environment, and provisions tied to the Inflation Reduction Act (IRA).

Executive actions will complement these legislative moves, with immediate attention expected on border control, deportations, and reversing the Biden administration's climate-related and renewable energy policies. Energy policy will focus on streamlining permits for fossil fuels and critical minerals and rolling back federal orders restricting drilling and leasing.

Trade will also take centre stage, with Trump likely to implement a phased approach to tariffs, targeting specific imports while leveraging broader tariffs in negotiations. **Canada**, deeply connected to the U.S. economy, will face renewed challenges as Prime Minister Trudeau seeks exemptions from Trump's proposed 10% import tariff and braces for the 2026 USMCA review. The resignation of his vice Prime Minister, and minister of economy might lead to an early election in the first quarter of 2025.

Trudeau, trailing in polls against the opposition Conservatives, will face significant hurdles in securing re-election. His ability to counter Trump's protectionist policies while addressing domestic economic concerns will be critical. Meanwhile, Conservative leader Pierre Poilievre's potential governance could align with free-market principles while fostering growth in energy, mining, and construction—industries poised to benefit under a business-friendly agenda.

As **the U.S.** and **Canada** navigate their respective transitions, policy shifts will reverberate regionally, profoundly shaping North American economic and political dynamics.

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