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Bloomberg

Balance of Power

Welcome to Balance of Power, bringing you the latest in global politics. If you haven't yet, sign up [here](#).

This year started with a bang for Prime Minister Narendra Modi. It's ending with a whimper.

Few world leaders saw a bigger reversal of fortunes — and it leaves Modi's grip on India [less convincing](#) going into 2025.

Coming off the high of [hosting the Group of 20](#) summit in New Delhi, he kicked off the year by inaugurating a massive Hindu temple at Ayodhya, fulfilling a longstanding promise to his Hindu-nationalist base. The economy was booming, and an upcoming election looked set to deliver sweeping gains for his party.

Then the setbacks rolled in.

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Modi's Bharatiya Janata Party lost seats, forcing the prime minister to reach out to regional allies and govern by coalition for the first time since coming to power a decade earlier.



Modi at Hyderabad House in New Delhi on Monday. *Photographer: Prakash Singh/Bloomberg*

India's neighborhood got more perilous, with factions skeptical of New Delhi [ascendant in Bangladesh](#) and the Maldives. India's global infrastructure buildout was thrown into question after US prosecutors accused Gautam Adani, a Modi ally, of involvement in a bribery plot.

The economy has begun to slow, while India's central bank has flagged a worrying spike in inflation.

One [possible bright spot](#) was the election of Donald Trump. It's no secret that many in New Delhi favor the US president-elect and his transactional approach.

Equally, Trump has pledged across-the-board trade tariffs that are unlikely to spare India.

Where does all that leave Modi?

The Indian leader will have to work hard to maintain his coalition as he looks ahead to a slate of regional elections. With the temple triumph at Ayodhya now barely an afterthought, he'll also need to find new causes to energize voters.

As for Trump, Modi's administration has signaled it's open to compromises. The relationship, said External Affairs Minister Subrahmanyam Jaishankar, will require "give and take."

Never write Modi off. But the coming year looks harder than ever. — [Dan Strumpf](#)



The Ram temple following its consecration ceremony in Ayodhya in January. *Photographer: Money Sharma/AFP/Getty Images*

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Global Must Reads

Europe is sleepwalking into a war in all but name with Vladimir Putin amid escalating Russian aggression, and new NATO chief Mark Rutte says it's time leaders adopted a "[wartime mindset](#)." Putin said at his annual year-end news conference that he's ready to meet with Trump — who is pushing for a rapid end to Russia's war on Ukraine — but doesn't know when it will happen.



A German Army Puma infantry vehicle during a NATO military exercise in Pabrade, Lithuania, in May. *Photographer: Andrey Rudakov/Bloomberg*

Justin Trudeau's political crisis is deepening, with more members of his Liberal Party publicly calling for the Canadian prime minister to [step aside](#) and give a new leader a chance before an election in 2025. Meanwhile, Chrystia Freeland's decision to resign as finance minister is set to [transform the coming trade fight](#) between the US, Canada and Mexico.

Trump opposes a proposed US funding bill and threatened to oust fellow Republicans if they accepted legislation that didn't include his demands, increasing the likelihood of a [government shutdown](#) this week. Just days before federal funding

is set to expire, Trump said he wanted lawmakers to include an increase to the debt ceiling in the package.

As Brazil's vice president, Geraldo Alckmin represents exactly what his boss wants in a deputy: a hard worker who is content to stay out of the spotlight. Yet many investors and business leaders consider him [better equipped](#) than President Luiz Inácio Lula da Silva to respond to the growing economic and political challenges that are besieging Latin America's largest nation.

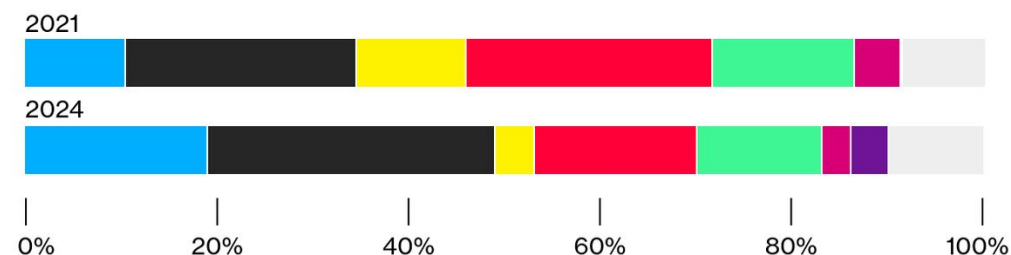
South Korean President Yoon Suk Yeol is open to appearing in a [court trial](#) to determine the validity of his recent impeachment and remains confident that his brief declaration of martial law was not an act of insurrection, his attorney said. If Yoon stands in court himself, he'd be the first president to do so among three that have been impeached in the nation's history.

Alice Weidel, the chancellor candidate from the far-right Alternative for Germany, slammed the EU for “destroying” the country's auto industry and proposed [winding back the bloc](#) to a free-trade zone.

Germany's Far-Right AfD Is Ahead of All Ruling Parties

CDU-led conservative bloc is the clear leader ahead of snap vote

■ AfD ■ CDU/CSU ■ FDP* ■ SPD* ■ Greens* ■ Left ■ BSW



Source: Wahlrecht.de

Note: 2024 figures based on Forsa poll published Dec. 17. Parties marked with asterisks are part of the ruling coalition.

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Israel's deputy foreign minister said Syria's new leaders are “[wolves in clothes of sheep](#),” who are trying to persuade the world they are not radical Islamists. Israeli warplanes [struck Yemen's capital](#) after an increase in Houthi missile attacks.

President Emmanuel Macron arrived in the French territory of Mayotte today to assess damage from the [most powerful storm](#) to hit the area in almost a century.

French Prime Minister Francois Bayrou summoned the leaders of the country’s political parties, National Assembly and Senate to a meeting in a bid to [add urgency to his quest](#) to form a new government.

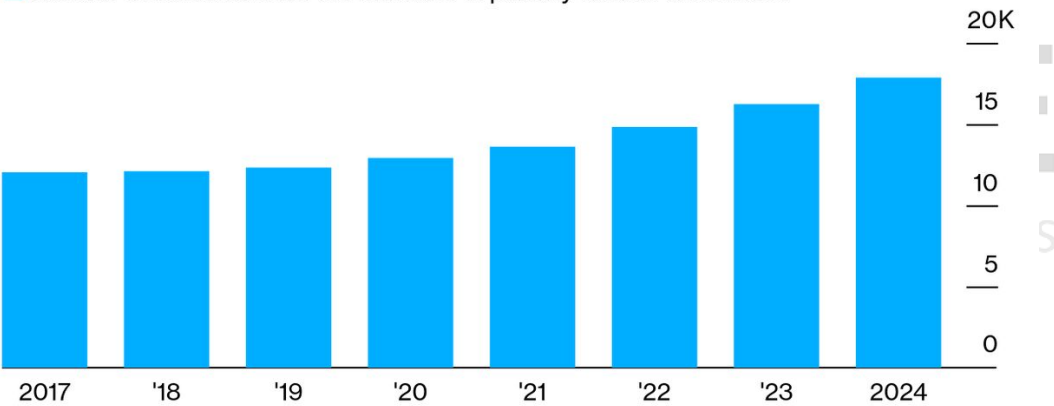
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Chart of the Day

Growing Number of Chinese Students in Hong Kong

The city’s education industry is relying more on mainland Chinese students

■ Number of students from the mainland in publicly funded universities



Sources: Census and Statistics Department, University Grants Committee

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Hong Kong’s flailing commercial property market is getting a lift from the education sector as the [number of Chinese students surges](#) in the city. Colleges are snapping up offices to turn them into classrooms, while investors are piling millions into dormitories to capture the growing demand from mainland Chinese.

And Finally

Outside a center for migrants in the southern Mexican city of Villahermosa, dozens of Venezuelans, Colombians and others were stuck with [nowhere to go](#). They'd been apprehended by Mexican authorities and bused here, far from their intended destination: the US border. The strategy of crossing the border and pleading for asylum has become more difficult in recent months following a crackdown by the Joe Biden administration. After Trump won the election promising mass deportations, many migrants are re-evaluating their options.



A member of the Mexican National Guard and an officer from the Migration Institute check the documentation of bus passengers in La Venta, Mexico. *Photographer: Alejandro Cegarra/Bloomberg*

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