

CROSSROADS

At the Intersection of Geopolitics and Geoeconomics

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Here are some critical issues to watch around the globe over the coming month:

North America

- The United States Department of Justice released a long-awaited, lightly redacted report by Special Counsel Robert Mueller on Russian interference in the 2016 presidential election. The 448-page document extensively details Russia's efforts to influence the contest in a "sweeping and systematic fashion," including Moscow's attempts to cultivate ties with US President Donald Trump's campaign. President Trump has claimed that the report totally exonerates and vindicates him. Congressional Democrats feel otherwise, as the report states it was unable to conclude one way or the other whether President Trump obstructed justice.
- President Donald Trump overturned a bipartisan congressional resolution seeking to end US assistance to the Saudi-led bombing campaign against Houthi rebels in Yemen. It was the second veto of his presidency. The US has provided arms, aerial refueling, targeting information, and intelligence to Saudi Arabia and the United Arab Emirates. The veto will extend a bloody conflict that has already claimed thousands of lives through armed conflict and even more through famine.
- Leaders from the US and China signaled that their countries are wrapping up a deal to end their months-long trade war as talks between top officials continued. Chinese President Xi Jinping called for the two sides to resolve lingering issues with a spirit of mutual respect to secure a deal as soon as possible. US President Trump said he expects to know in the next four weeks whether they can settle disputes over certain tariffs and intellectual property rights. As talk progress they will be moved from Washington to Beijing, but it is still unclear what progress can and will be made.

Europe

- The European Union has extended the Brexit negotiation until October 31st. The additional time allotted to the UK will likely do nothing to alter the factors which have previously prevented a deal from being reached, and UK Prime Minister Theresa May has said, since her last attempt was rejected, that she will look toward Labour for support. The future of Brexit is cloudy, but local elections may shed some light. If the conservative party does not suffer the

defeat many suspect, May and the conservatives might feel emboldened, but suffering a defeat may vitalize Labour and further force May toward bipartisanship.

- Ukrainian President Petro Poroshenko conceded to television comedian Volodymyr Zelensky, who won more than 70% of the vote. Zelensky's victory was seen as a rebuke of corruption and poverty under Poroshenko and those who ruled before him. His triumph in the recent election can also be seen as rejection of Russian President Vladimir Putin's attempt to influence Ukrainian politics, as Zelensky has rejected Putin's proposal of Russian passports for all Ukrainian citizens and has previously referred to Putin as an enemy. However, questions regarding Zelensky's affiliation with oligarchs continue while his inexperience and lack of policy specifics could prove to be a significant liability.
- In an attempt to revitalize his presidency, French President Emmanuel Macron announced his plan for tax cuts, pension reform, decentralization of the French administration, and to cease closure of hospitals and schools. Response has been mixed, with some lauding his efforts to reduce tax burdens on private enterprise and others criticizing his refusal to reduce public spending (a prominent campaign promise).
- In Spain, the ruling Socialist Workers' Party won in a snap general election, but it fell short of a majority. The center-left said it will attempt to govern without coalition partners and will hold 123 seats in the 350-seat parliament, 37 more than in the last general election in 2016.

Asia

- Earlier this month, North Korea boasted that it tested a tactical guided weapon capable of carrying a "powerful warhead." The test is North Korea's first such provocation since a February summit between the North Korean dictator and the US president. The dictator followed this announcement by traveling to meet for the first time with Russian President Vladimir Putin. No agreement was initially announced; however, Putin stated Beijing and Washington would find out shortly. Both the missile testing and the meeting with Russia could highlight that US foreign policy needs reconsideration and planning.

- Sri Lanka suffered a series of bombings on Easter targeting hotels and churches. The Sri Lanka government claims that the National Thowheeth Jama'ath was behind the attack, along with a small group of Islamic extremists, and that all of the suicide bombers were Sri Lankan. However, it is believed that the attack was carried out with the help of an international network. Sri Lanka immediately declared a state of emergency and called for a day of mourning.
- More than five thousand delegates from 150 countries, including thirty-seven world leaders, are in Beijing for a three-day summit on China's Belt and Road Initiative. China has utilized its Belt and Road Initiative as tool of economic statecraft to build its soft power by indebting countries through its financial assistance. The summit is meant to address the concerns of transparency—with regard to China's motives and the accusations that the BRI is nothing more than a debt trap.
- The first phase in an election that will conclude in late May began this month. On April 11, the Indian people began going to the polls to vote in parliamentary elections. The election will be a test of Prime Minister Modi's tenure in power, but, on a larger scale, it is another clash between religious populism and more secular elements. Prime Minister Modi has promoted India's Hindu identity, and many worry that his political success will result in further isolation of minority populations within India. However, Modi's main challenger, the Indian National Congress, has proven to be corrupt in the past.

Middle East

- The Egyptian parliament voted this month to put constitutional changes to a national referendum. The amendments to the 2014 constitution would allow for six-year presidential terms, up from four, with a two-term limit, as well as grant the president new powers over judicial appointments. The amendments also bolster the role of the military. The Egyptian election commission has announced that nearly 90% of Egyptians who voted in a constitutional referendum backed the amendments.
- Crude oil prices reached a five-month high after the US announced it will no longer grant waivers for countries to import oil from Iran and said it will seek to zero out Iranian oil sales through its sanctions. These sanctions will place a strain upon supply, as countries will have to look elsewhere to meet their energy needs. The US will work with Saudi Arabia and the United Arab Emirates to address this strain

on supply as Iranian oil sales drop. Iran's parliament passed legislation to take reciprocal measures in response to what it sees as hostile US policy.

- Israeli Prime Minister Benjamin Netanyahu secured his fifth term and will become Israel's longest-serving leader. Netanyahu's main challenger, Benny Gantz's Blue and White party, looked to have won thirty-five seats in Israel's parliament—the same as Likud—but backing from the ultra-orthodox Parties is expected to give Netanyahu's bloc a ten-seat lead. The results likely mean that the government of Israel will move even further to the right. Netanyahu's victory was muddied by the looming corruption charges, as Israel's Attorney General informed the Prime Minister that there will be no delay over his corruption indictment, despite his legal team's attempts to stall the process.

Latin America

- Brazil's much-vaunted pension reform bill passed a crucial first test late on Tuesday when a congressional committee in Brasília voted that the proposed legislation was constitutional and could proceed through to Congress. The development will be seen as a win for Brazilian President Jair Bolsonaro and Paulo Guedes, economics minister, who is spearheading the reform plan, which is widely seen as necessary to stabilize Brazil's shaky economy and encourage foreign and domestic investment.
- Argentina is preparing for an election in which sitting President Mauricio Macri looks poised to lose, and markets are not responding positively to the potential of the man who brought the IMF back into Argentina being replaced by Cristina Kirchner (the former-President largely responsible for Argentina's current economic situation). Inflation is the specter that has long haunted Argentina, and, according to opinion polls, it is the leading factor behind deciding who to support in the upcoming election. It seems unlikely that President Macri can address the still-rampant inflation in six months, and it seems equally as likely that markets will respond accordingly. The probability that Argentina may default on its debt has been rising every week for the last 6 weeks (as seen by the rising premium on the credit default swaps).

Sub-Saharan Africa

- The African Union has eased pressure on Sudan's military council to give up power, saying it will give the country's new leaders three months to hand over to civilian authorities. The AU had originally told Sudan's military leaders to return the country to

civilian rule in 15 days or face suspension from the regional body, after the army ousted President Omar al-Bashir in a coup on April 11. If the AU suspends Sudan it would make it more difficult for the new regime to gain international recognition and economic assistance from international institutions.

- Since former Algerian President Abdelaziz Bouteflika was ousted earlier this month, General Ahmed Gaid Salah has insisted Algeria must follow a constitutional process by holding elections within three months. Many fear that an election presided over by the existing apparatus will merely bring new faces to the head of the old regime. Instead, protestors want a purge of Bouteflika-era officials. Salah has seemed to target Bouteflika-era officials to appease these protestors, but he has stopped short of what he describes as “impossible demands,” and has pushed for abiding by constitutional rules.
- A separatist conflict in Cameroon is intensifying. Long-running tensions in the English-speaking Northwest and Southwest regions of Cameroon erupted into conflict in late 2016, which was exacerbated by presidential elections which took place in October 2018 resulting in re-election of 85

year old president Paul Biya who has been in office since 1982. Public demonstrations have been banned by the government—with enforcement by military action—and since October hundreds of civilians have been killed and many more displaced as demonstrations continue despite military crackdown. If they succeed in removing Biya, he will be the third despot in the region to fall from power in three months.

Suggested Reading

[Sanctions Can't Spark Regime Change](#)

David S. Cohen and Zoe Weinberg

[The independence of central banks is under threat from politics](#)

The Economist

[This Time Is Different](#)

Daniel W. Drezner