

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

- Trade talks between the US and China have resumed this week in Shanghai. The expectations for this round of negotiations are low as the 2020 US elections loom in the near future. President Trump and his administration are focused on preventing a breakdown in talks while China may decide to wait out for the elections. Since last month, China has agreed to buy more US agriculture products and the US has eased up on restrictions against Huawei.
- The US has banned Turkey from participating in the F-35 fighter jet program after Turkey decided to go through with the purchase of a Russian S-400 defense system. The Turkish government has asked the White House to reverse their decision in the “spirit of alliance”, calling them to “come back from this mistake that will cause irreparable damage to our strategic ties.”
- The House of Representatives passed a 2-year debt ceiling and budget deal that raises spending by \$320 billion and allows the government to keep borrowing. If the deal is passed by the Senate, a potential debt default could be avoided, allowing the next budget showdown to be pushed to after the 2020 elections.
- Puerto Rico’s Governor, Ricardo Rosello, has stepped down following mass protests calling for his resignation. Protests sprang up after chat transcripts between Rosello and other officials, viewed as having sexist and homophobic content, were released to the public.
- Robert Mueller’s congressional testimony and a report released by the Senate Intelligence Committee both warn of Russian interference in the 2020 elections. There is evidence to suggest that Russia targeted electoral infrastructure in all 50 states during the 2016 presidential elections and that US electoral systems remain vulnerable.
- The Federal Reserve announced the first interest rate cut since the 2008 financial crisis. The quarter-point move has been made to protect the US economy against harmful effects from growth slowdowns in China and Europe and uncertainty from the US-China trade war.

Europe

- The European Parliament finally decided on who will be their next leader. Ursula von der Leyen, former defense minister of Germany, was elected the new president of the European Commission. Since becoming president, she has vowed to create a European investment bank for sustainable energy and to increase the EU’s border force, among other projects.
- Former London mayor Boris Johnson was elected the new Prime Minister of the United Kingdom. As part of his campaign, he has pledged to leave the European Union by October regardless of whether or not an exit deal has been finalized by the bloc.
- Kyriakos Mitsotakis was sworn in as Greece’s Prime Minister after snap elections held in early July. Mitsotakis election brings the center-right back into power and pushes out the former leftwing Prime Minister, Alexis Tsipras.
- UK foreign secretary Jeremy Hunt has proposed the creation of a European-led coalition to ensure safe navigation for commercial vessels in the Strait of Hormuz. This proposal comes after several incidents in the strait, including Iran’s seizure of a British-flagged oil tanker.
- Britain and France agreed to send more troops into Syria. This decision was made to backfill the withdrawal of US troops. The two countries committed to a marginal increase of 10-15% in exchange for US payment. In December of 2018, President Trump announced the US would completely withdraw from Syria, but there still remains a small US footprint in the country.

Asia

- Protests persist in Hong Kong despite Chief Executive Carrie Lam declaring the controversial extradition bill “dead”. The protests have grown increasingly violent as clashes between police and protestors have intensified. Most recently, 44 people have been charged with “rioting” and Beijing has spoken out about the protests stating they will not accept any challenge to the central government’s authority.
- Japanese and South Korean officials met this week in attempt to quell a trade dispute between the two

countries. The dispute began in early July after Japan put export controls on South Korean chemical materials used for high-tech products. The dispute also has ties to a reoccurring historical issue between the two countries regarding the compensation of forced laborers.

- The US State Department has approved a \$2.2 billion arms sale to Taiwan. In response, China's Foreign Ministry announced it would cut ties with any US firms selling arms to Taiwan. China claims this arms deal is in violation of international law and that it harms their national security and sovereignty.
- China's economic growth rate has fallen to its slowest rate since 1992. The economy only grew at a 6.2% rate in the second quarter. The slowdown is due in part to the consequences of the country's ongoing trade war with the US. Overall, China's real GDP growth rate has been slowly declining over the last decade.
- According to South Korean officials, North Korea has fired several missiles off its east coast in the last few days. The South Korean Defense Ministry said the missiles appear to be new. These tests are the first to occur since US President Donald Trump and North Korean leader Kim Jong-un agreed to resume denuclearization talks. North Korean state media said the missile tests are a warning over planned US-South Korea military exercises.

Middle East

- Taliban and Afghan delegations released a joint statement pledging to work towards an internationally monitored peace agreement. The two sides said they are seeking to bring "civilian casualties to zero". However, the Taliban claimed responsibility for a suicide bombing on a NATO military convoy in Kabul just last week. Additionally, the Islamic State claimed responsibility for three other bombings in Kabul which killed at least 15 people.
- Representatives from the Yemen government and the Houthi rebel forces met on a UN-chartered ship this month to discuss a possible ceasefire deal. Both parties agreed on steps to de-escalate the conflict in the port city Hodeidah and allow humanitarian aid deliveries.
- Iranian Foreign Minister Javad Zarif has proposed a nuclear offer to the US. Zarif said Iran would allow inspections of its nuclear facilities in exchange for permanent sanctions relief. Despite the offer, the White House has further tightened its sanctions on Iran.

- Protests erupted in Pakistan on the first anniversary of Prime Minister Imran Khan's election. Activists were rallying against his economic stewardship and his crackdown on dissidents and the press. Dozens of protestors were arrested in Lahore.
- The governments of Egypt, France, Italy, the United Arab Emirates, and the United States have come together to call for the halt of fighting in Tripoli and urge all parties to resume a UN-mediated peace process.

Latin America

- At the beginning of July, representatives from Venezuela's opposition party and the Maduro regime met in Barbados to try and reach a deal that would resolve the political crisis spanning the last several months. A deal has not been announced.
- President of Guatemala Jimmy Morales and US President Donald Trump signed an immigration agreement that requires US asylum seekers traveling through Guatemala to first claim asylum there. This controversial agreement has sparked protests by Guatemalans and human rights groups.
- Argentina saw some economic improvement the last two months. The peso has stabilized, and inflation dropped from 4.7% to 2.7% in June. This not only gives hope to the Argentinian economy, it also gives hope to President Mauricio Macri's political career as he approaches the October presidential elections.

Sub-Saharan Africa

- Talks between Sudan's military council and the opposition party have been cancelled after at least five teens were killed by security forces during a protest this week. Earlier in July, the military council and opposition representatives signed a power-sharing agreement. The deal establishes a transitional military-civilian ruling body but it has not been implemented.
- The World Health Organization declared the Ebola outbreak in the Democratic Republic of the Congo (DRC) a global health emergency. The disease has killed over 1,600 people since the outbreak began last August.
- The militant group al-Shabab is responsible for two attacks in Mogadishu, Somalia this past month. The first was a gun attack and car bomb at a hotel that killed 26 people. The second was a suicide bombing targeting a UN envoy, but hitting a high-level security meeting at the Mogadishu mayor's office. The bombing killed 6 people and wounded the mayor.

- At a counterterrorism conference in Nairobi, UN Secretary General Antonio Gueterres called for a stronger international response to terrorism in West Africa. Terrorist threats are progressing beyond the Sahel region where millions have been displaced in recent years.

Suggested Reading

[China's economy grows at slowest rate in nearly 30 years](#)

Lucy Hornby and Xinning Liu
Financial Times

[Tensions between Iran and the West have the Gulf states on edge](#)

The Economist

[Fed Cuts Interest Rates for First Time Since 2008 Crisis](#)

Jeanna Smialek
The New York Times