

CROSSROADS

At the Intersection of Geopolitics and Geoeconomics

July 1, 2019 | Volume 2, Issue 6 | Rachel Poole



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

North America

- At the G-20 summit this past weekend, the U.S. and China agreed to restart trade talks. This is a step in the right direction after trade tensions escalated with Chinese tech bans and tariff hikes. Despite the ban on doing business with Chinese tech giant Huawei last month, U.S. companies are finding ways to sidestep the ban.
- With trade disputes threatening to weaken the economy, Fed chairman Jay Powell is moving towards cutting interest rates. Markets are expecting a cut of up to half a percentage point between and December. The Fed will be watching how anticipated economic and political events, will unfold in the coming weeks.
- The U.S. Senate voted to block a multi-billion-dollar munitions sale to Saudi Arabia and the United Arab Emirates. This bipartisan decision rejected the Trump administration's attempt to circumvent Congress by declaring an emergency over Iran.
- Tensions between the U.S. and Iran have escalated this month. After the U.S. blamed Iran for attacks on oil tankers in the Strait of Hormuz, Iran shot down a U.S. drone flying over the Strait. In response to the incident, President Trump imposed new sanctions on Iran. Iranian leadership reacted by stating the path to diplomacy is now closed.
- Mexico became the first country to ratify the new North American free trade agreement which was finalized last October. In a meeting between Canadian Prime Minister Justin Trudeau and U.S. President Trump a couple weeks ago, they agreed to be working towards ratification of the agreement.

Europe

- British Prime Minister Theresa May and U.S. President Donald Trump discussed a post-Brexit bilateral trade deal at a meeting in London in early June. President Trump encouraged Britain to leave the European Union and ensured "everything will be on the table" when it comes to negotiating a trade deal between the two countries.
- Hundreds of thousands of protesters have taken the streets in Prague, Czech Republic in the largest demonstration in the country since the fall of the Iron Curtain. Citizens are demanding the resignation

of Prime Minister Andrej Babis as he faces fraud charges.

- European Union leaders cannot agree on who will run the European Commission next. The deadlock is yet another sign of a dysfunctional and fractured EU.
- The race for British Prime Minister has narrowed down to candidates Boris Johnson and Jeremy Hunt. The figurehead of the Conservatives and supporter of Brexit, Boris Johnson, is the clear leader but a rather controversial character in British society.

Asia

- Prayuth Chan-ocha was elected Prime Minister by lawmakers in Thailand this month. Chan-ocha has been leading the country since a 2014 military coup. The election signified a big win for the military as Parliament is now dominated by a pro-military party.
- Since the beginning of June, millions of protesters have taken the streets in Hong Kong in a series of demonstrations against a controversial extradition bill. If the extradition bill is passed by Hong Kong's government, suspects could be sent to mainland China for trial. Protestors are concerned that the bill would allow China to encroach on the rights of Hong Kong citizens.
- India implemented a tariff hike on U.S. exports after the U.S. suspended India from its preferential tariff system. U.S. Secretary of State Mike Pompeo visited India last week to meet with Prime Minister Narendra Modi to discuss trade disputes and reduce tensions.
- North Korea's Kim Jong Un hosted China's President Xi Jinping in North Korea to discuss denuclearization and peace in the Koreas. Though China has been North Korea's only major ally, China has also sided with tougher sanctions on North Korea's nuclear program and pushed for denuclearization.

Middle East

- Egypt's former president, Mohamed Morsi, died while on trial in Cairo a couple weeks ago. Morsi was ousted by the military six years ago.

- It was just announced this morning, that Iran breached a uranium threshold level outlined in the 2015 Tehran nuclear deal. Last year, the U.S. pulled out of the nuclear deal, but it is still likely that Iran's proliferation will heighten tensions between the two countries.
- After losing the election in Istanbul last March and in response calling for a repeat election, President Erdogan lost Istanbul again to opposition politician Ekrem Imamoglu. More people voted in the repeat election, showing a greater endorsement for Imamoglu and greater desertion of President Erdogan and his political party.
- The Trump administration has put a new economic proposal on the table in attempt to mediate the Israeli-Palestinian conflict. Israel is open to giving the proposal consideration, but Palestinian President Mahmoud Abbas has rejected it. While the proposition plans to stimulate the economy of the Palestinian territories and the region, it does not address the looming political conflict and the call for a two-state solution.
- Rebel Libyan forces are refusing to engage in peace talks until they have captured Tripoli. Rebel forces led by General Khalifa Haftar launched an offensive in April but have since been stalled by local armed groups aligned with the U.N. recognized government.
- Afghanistan's President, Ashraf Ghani, met with U.S. Secretary of State, Mike Pompeo, in Kabul to discuss U.S.-Taliban peace talks. The next round of talks began on June 29th in Doha. The United States hopes to have a peace deal in place by September 1st to end America's longest war.

Latin America

- Guatemala held a general election on June 16th. They have begun a vote-by-vote recount of the election results since an alleged software malfunction caused a counting error. The outcome of the election will either improve the corrupt political system or perpetuate it. Furthermore, it could have a dramatic impact on the number of migrants fleeing the country.
- In exchange for food and pay, some Venezuelan refugees are joining militant groups in Colombia including the Revolutionary Armed Forces of Colombia (FARC), National Liberation Army (ELN), and right-wing paramilitaries. Colombian officials estimate that 10 percent of militants in the Columbia are Venezuelan.
- During a protest calling for Honduran President Orlando Hernandez's resignation, four students from

at Tegucigalpa University were wounded by police gunshots. Protests in Honduras have been ongoing for the last several months as citizens are frustrated with the president's decision to privatize health care and education.

- Argentina and Uruguay mainly (but also parts of Brazil and Paraguay) experienced country-wide blackouts in early June. Tens of millions of people were without power, some for several days, due to an unprecedented electrical failure.

Sub-Saharan Africa

- After 100+ protestors were killed by the military-led government in Sudan on June 3rd, tens of thousands of people have taken the streets once more in what has been named the "millions march." Ever since the ousting of long-time President Omar al-Bashir, Sudanese citizens have been rallying to pressure the military leadership into handing over power to a civilian-led administration.
- Two military officials and two political officials were killed in a coup attempt in Ethiopia. One of these people, the Army chief, was shot dead by his own bodyguard. The government has since arrested several individuals involved in planning the coup attempt.
- South African President Cyril Ramaphosa announced new economic reforms in his first state-of-the-nation address since being re-elected in May. Ramaphosa's party, the African National Congress, has pledged to cut the unemployment rate in half and has established a plan for special economic zones. In addition, he has allocated up to \$16 billion to the state power company.
- Over the last month, more than 300,000 people have fled the northeastern region of the Democratic Republic of the Congo due to an increase in violence. The World Health Organization says mass displacement is a risk factor for the growing Ebola outbreak in the country.

Suggested Reading

[How the Belt and Road Gained Steam](#)

Bushra Bataineh, Stanford Press

[The City and Brexit](#)

The Economist

[The China-North Korea Relationship](#)

Eleanor Albert, Council on Foreign Relations