

CROSSROADS

At the Intersection of Geopolitics and Geoeconomics

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Here is a summary of the most important events that unfolded this month, and which may affect economic, financial and geopolitical issues in the months ahead:

North America

- The United States (US) House of Representatives voted to impeach President Donald Trump for his conduct with Ukraine. The two articles of impeachment charge him with abuse of power for pressuring Ukraine to help him in his re-election campaign and for obstructing Congress. Trump is the third president to be impeached by the House of Representatives in US history. The impeachment articles have yet to be sent to the Senate where President Trump will be tried. Two-thirds of the Republican-led Senate is required to vote to convict him and remove him from office.
- President Trump announced he will sign the recently negotiated phase one trade deal with China in Washington on January 15th. Included in this deal, China will greatly increase its purchases of US agricultural products and the US will cancel and reduce tariffs, among other items.
- The Taliban's ruling council has agreed to a temporary cease-fire in Afghanistan. Last month, the US had demanded a cease-fire deal before restarting peace negotiations. This new cease-fire opens up the opportunity for continued negotiations on an agreement between the US, Afghanistan, and the Taliban.
- 2019 was a year of excellent market returns, especially for stocks and bonds. Though the year was full of ups and downs as trade fights and recession jitters abounded, the US stock market closed 2019 on a high note. The S&P 500 gained 28.9% this year, marking its best annual performance since 2013.

Europe

- Prime Minister Boris Johnson and his Conservative party won the United Kingdom's (UK) snap election this past month. The party was also able to secure a comprehensive parliamentary majority. The members of parliament (MPs) have passed Johnson's Brexit deal which means the UK will leave the European Union by January 31st.
- Scotland's First Minister Nicola Sturgeon has asked Prime Minister Johnson for the power to

- hold new Scottish independence referendums. The Scottish National party made electoral gains in the recent general election, strengthening the push for Scotland's independence from the UK. Scotland would like to remain in the EU single market and customs union, but their proposals have been ignored, according to Mrs. Sturgeon.
- Ukraine and Russia agreed to an "all-for-all" prisoner swap, marking a major improvement in Ukrainian-Russian peace negotiations. In addition, the two countries finalized deals necessary to continue shipping Russian gas to European markets via Ukraine for the next five years.
- French unions have vowed to continue protests despite President Emmanuel Macron's plea for an end and a solution. Philippe Martinez, leader of the leftwing CGT union, dismissed the call for compromise and instead called on all of the French people to protest.
- Greece had the best performing stock market of 2019. Over the year, its main index rose 43% making it the top performer in Europe and the rest of the world. The country's economic growth accelerated in 2019 thanks to reviving government spending and investment.

Asia and the Pacific

- The US House of Representatives approved a bill that calls for a tougher response to Beijing's treatment of its Uighur Muslim minority. China's foreign ministry has warned that this legislation could complicate trade talks. So far, human rights issues have remained separate of trade issues.
- Separate from US-China trade negotiations, Beijing has announced broad tariff cuts for all trading partners on more than 850 products beginning January 1st.
- In December, India passed a controversial citizenship bill. The bill will give some citizens of Afghanistan, Pakistan, and Bangladesh the opportunity to apply for Indian citizenship based on their beliefs, but the bill stipulates that they must be

Hindu, Christian, Sikh, Jain, Parsi or Buddhist.

Muslims are not listed which has provoked protests from the country's 200-million Muslim minority.

- At a summit in Chengdu, China, the leaders of China, South Korea, and Japan agreed to support nuclear talks between the US and North Korea. Talks between the two countries stalled after North Korea promised the US a "Christmas gift", which analysts predicted could be a missile test. However, no missile tests have occurred to the US' knowledge.
- Wildfires have been raging across Australia's most populous state, New South Wales. The fires have grown as temperatures in Australia have been rising. The country saw its hottest days on record in December.

Middle East

- US forces carried out an air strike in Iraq and Syria against the Iran-backed Kata'ib Hezbollah Shiite militant group. A few days earlier, the militant group launched an attack that killed a US civilian contractor and wounded four US soldiers. In a denouncement of the US airstrike, Iraqi protestors stormed the US embassy in Baghdad. Protestors fear a proxy war in Iraq between the US and Iran. A separate protest movement has been raging across the country, calling for the resignation of Prime Minister Adel Abdul-Mahdi.
- Kuwait and Saudi Arabia have resolved a territorial dispute which will allow Saudi Arabia to access an oil-rich area. This new access could increase daily oil circulation by 500,000 barrels.
- The Turkish government aims to pass a bill authorizing more troops to be sent to support Libya's internationally recognized government. Libya's civil war has intensified after an offensive on Tripoli by rebel commander Khalifa Haftar, who is backed by Russia, Saudi Arabia, Egypt and the United Arab Emirates. Russian and Turkish delegates are meeting to discuss compromises on both the Libyan and Syrian conflicts. In regard to the Syrian conflict, Turkey has warned Europe that it cannot handle another wave of refugees.
- Israel's Prime Minister Benjamin Netanyahu defeated his opponent lawmaker Gideon Saar in a leadership vote for the Likud party. The win paves the way for Netanyahu to lead the party into the general election set for March 2nd. Prime Minister Netanyahu has failed multiple times to form a government and faces charges in three corruption cases.
- Lebanon has named a new Prime Minister after former Prime Minister Hariri's resignation a couple

months ago. Hezbollah-backed Hassan Diab has been given leadership, sparking protests that decry the formation of a Hezbollah government. Protestors demand an end to the sectarian system and call for the appointment of a politically independent premier that would bring new electoral law.

Latin America and the Caribbean

- Negotiations between a union-led strike committee and Colombian President Ivan Duque's government broke down last month. Protests began in late November against a rumored cut to pensions. Since then, protests have swelled as protest leaders have issued for more than a dozen demands including better public healthcare and education.
- El Salvador has sought out China's investment for several large infrastructure projects. Under the new agreement between the two countries, China will help build a large sports stadium, multi-story library and water treatment plant in addition to infrastructure projects along El Salvador's coastal tourist sites. Salvadoran President Nayib Bukele said the investment represents a "gigantic, non-refundable cooperation" with China.
- After the removal of some price controls, Venezuela's economic free fall has begun to slow. In November, its monthly inflation rate dropped to 35.5 percent after reaching a high of 233.3 percent in September 2018. So far, economic easing measures are showing improvements though the political turmoil in the country is far from resolved.
- The Organization of American States has reported evidence of election fraud in Bolivia's most recent presidential elections. The report describes "deliberate actions" were taken, including the use of a computer server that tilted the results in favor of former President Evo Morales who has since resigned in the face of nationwide protests.

Sub-Saharan Africa

- Despite a month-long protest movement, Algeria held presidential elections for the first time since President Abdelaziz Bouteflika was ousted in April. Abdelmadjid Tebboune, a former Prime Minister, was elected president, but protestors are not pleased. Many view this recent election as a strategy to return power to Algeria's current establishment led by the military-backed elite. President Tebboune has offered to engage in dialogue with the protest movement, but his offer has been rejected.
- Sudan's Prime Minister Abdalla Hamdok is calling for a political solution to the Yemen conflict. Sudan has reduced the size of its military force in Yemen,

bringing the number down to 5,000 from a peak of 15,000.

- France conducted its first-ever drone strike in Mali this past month. The strike targeted a jihadist group and allegedly killed 40 jihadist fighters. France has been fighting terrorism in the Sahel since 2013.
- Militant group, al-Shabab, has been blamed for a car bomb that killed at least 78 people in Somalia's capital, Mogadishu. Somalia's president has condemned the attack as a "heinous act of terror" and the US has reported that four al-Shabab militants have been killed in retaliatory air strikes.

[Suggested Reading](#)

[How US-China Trade has Changed](#)

The Economist

[The State of Democracy in 2020: Crisis or Renewal?](#)

Council on Foreign Relations

[How the U.S. Embassy in Iraq Became a Target](#)

Alan Yuhas, *The New York Times*

[Could Turkey's military capacity match Erdogan's ambitions in Libya?](#)

Metin Gurcan, *Al-Monitor*