**CROSSROADS**

*At the Intersection of Geopolitics and Geoeconomics*

November 2, 2020 | Volume 3, Issue 11 | Rachel Poole

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

North America

* After weeks of back and forth between Democrats and Republicans, talks over a new Covid-19 stimulus package broke down last week. There is still a several hundred-million-dollar gap between the two plans. Negotiations will have to wait until after the presidential election. **If the Democrats sweep tomorrow's elections, we can expect to see a rather large rescue package which could be positive for equities but negative for the bond market. As for the dollar, under normal circumstances should decline (due to higher indebtedness), however the projected higher US growth rate may actually strengthen it.**
* It has been an interesting month in the run-up to the 2020 presidential election. President Trump and many of his officials tested positive for coronavirus which altered the traditional presidential debate and campaign schedule. Presidential and vice-presidential debates were held without in-person audiences due to the pandemic and tens of millions of US citizens voted early either in person or by mail. **There is much uncertainty over whether or not a winner will be declared tomorrow night because of the many mail-in ballots which will not be received and counted until later in the week.** During such a divided time in our nation’s history, this election has brought heightened tensions and new issues to the forefront.
* **India and the US have signed a military-information-sharing agreement.** More specifically, the agreement is for sharing sensitive satellite data which will provide India with a variety of topographical, nautical and aeronautical data that is considered vital for targeting of missiles and armed drones. **The two countries have engaged in top-level security dialogue to counter China’s influence in the Indo-Pacific region.**
* **The US has announced new sanctions on Iran’s oil sector.** The action was prompted by Iran’s financial support of Iran’s Quds Force which is considered an elite unit of its Islamic Revolutionary Guard Corps. **Iran’s regime uses the oil sector to fund the destabilizing and terrorizing activity of the** **Quds Force which answers solely to Iran’s Supreme Leader Ali Hosseini Khamenei.**
* Amy Coney Barrett was sworn in as Supreme Court Justice last week in a rather controversial hearing. A much-divided Senate confirmed her nomination with a 52 to 48 vote which marks a conservative shift in the Supreme Court just a week before election day. The Democrats felt very strongly that the nomination should have been held after the Presidential election, accusing Republicans of hypocrisy for rushing through with Barrett’s nomination even though they had refused to hold hearings for a Supreme Court appointee in 2016 who had been nominated nine months before the election.
* The US and Russia are nearing a nuclear deal which would freeze the number of nuclear warheads in both countries and extend the New START treaty for one year. **The year-long deal would buy time for a future treaty to replace New START and potentially include China.**

Europe

* **Over the last month, Europe has entered a second wave of the Covid-19 pandemic.** Just last week, France announced a month-long nationwide lockdown in response to the second wave of the Covid-19 pandemic. Over the weekend, England announced it will enter its second lockdown later this week. Germany's restrictions are, so far, less severe, but it has closed bars, restaurants, gyms, and theaters. Additional countries, (Spain, Italy, Greece, etc.), have also announced additional measures and partial lockdowns. The number of Covid-19 cases in Europe has now surpassed 10 million.
* France is under the highest-level security alert after three people were killed at a church in Nice last week. A guard outside the French consulate in Saudi Arabia was also wounded in a knife attack on the same day, but investigators do not know if the two incidences are connected. French President Emmanuel Macron has described the killing at the church an "Islamist terror attack." The tragedy comes amid tensions between France and several Muslim countries after a French teacher was beheaded for showing students cartoons depicting the Prophet Mohammed, which is forbidden by the religion.
* Despite a month full of **Brexit drama,** the United Kingdom (UK) and European Union (EU) are resuming talks. **EU officials say a deal will have to be reached by mid-November in order for there to be enough time for legislative approval before the December 31st deadline.** Early in October, the UK proposed the Internal Market Bill which violates the withdrawal agreement with the EU. The EU gave the UK an ultimatum demanding it pull back the bill or risk jeopardizing negotiations for a post-Brexit trade deal.
* Kyrgyzstan’s parliament rushed legislation to suspend the country’s parliamentary elections once again. New elections had been set for December 20th after elections in October were annulled after mass protests which led to the ousting of President Sooronbay Jeenbekov. **Interim President, Sadyr Japarov, is moving to consolidate power and wants to amend the constitution so he can run for a full-term.** Currently, Kyrgyzstan’s constitution bars caretaker presidents from running in elections they oversee.
* **Greece is pushing its European Union peers to activate sanctions against Turkey for its major escalation of tensions in the Eastern Mediterranean.** In mid-October, a Turkish ship departed to conduct work south of the Greek island of Kastellorizo which is also close to Turkey’s southern border. The event is Turkey’s latest action to provoke Greece over disputed maritime boundaries in the Eastern Mediterranean. Greece’s foreign minister called the development a “major escalation” and says Turkey is directly threatening peace in the region.

Asia and the Pacific

* **China has placed sanctions on several US defense companies, including Lockheed Martin, Boeing, and Raytheon, over $1.8 billion arms sales to Taiwan.** Despite the sanctions, the US State Department has approved a potential $2.4 billion sale of additional anti-ship missiles to Taiwan. Taiwan has stressed that they are not seeking an arms race with China.
* **Nationwide protests calling for Thai Prime Minister Prayuth Chan-ocha’s resignation and an end to Thailand’s monarchy** have been raging for weeks now. In response to the protests, government authorities declared a state of emergency, launched an emergency decree that seeks to crackdown on protesters, banned gatherings of five or more people, and censored all types of media. In recent days, the state of emergency has been lifted but demonstrators continue to call for the prime minister’s resignation.
* **Australia will join India, Japan, and the US in joint naval exercises next month in the Bay of Bengal.** The “Quad” countries’ cooperation is an apparent challenge to China’s growing regional influence. India has hosted these drills, known as Malabar, annually alongside Japan and the US. This year will be the first time Australia has participated since 2007 which drew stark criticism from China at the time. Tensions between Australia and China have ramped up over the last month over Covid-19 and trade issues.
* After Australia backed an investigation into China’s handling of the coronavirus, Australian cotton is being targeted by China’s top economic-planning body. China has been discouraging Chinese textile mills from using Australian cotton. China is Australia’s top export destination and biggest trading partner, but tensions between the two countries have reached new heights over the last few months.
* **Prime Minister Jacinda Ardern was re-elected in a landslide win in New Zealand.** Her Labour Party won nearly half the votes, allowing it to form a government without a coalition with another party. Ardern has won tremendous support for her handling of the Covid-19 pandemic.
* **North Korea unveiled new weapons in a military parade last month, including an intercontinental ballistic missile, but it is unclear whether or not the missiles are real or mockups.** Both the US and South Korea are analyzing the new weapons while South Korea has also urged Pyongyang to abide by its disarmament pacts and resume negotiations.

Middle East

* **Turkish President Recep Tayyip Erdogan has threatened to launch a new offensive in northern Syria** if Kurdish forces are not removed from the Turkey-Syria border. The announcement comes after an airstrike was launched on Turkey-backed Syrian rebels. Turkey believes the airstrike was the fault of Russia, who backs the Kurdish military group. The airstrike is a potential violation of a ceasefire agreement between Russia and Turkey, though Russian media outlets claim Syrian planes carried out the attack.
* **Satellite images released by the International Atomic Energy Agency (IAEA) have confirmed that Iran is building an underground nuclear facility.** The IAEA also claims that Iran is stockpiling low-enriched uranium, though there is not yet enough for an atomic weapon. The discovery comes at a time when tensions over nuclear activities between the US and Iran are running high.
* Israel and Sudan have agreed to normalize diplomatic ties in yet another US-brokered deal. Sudan is now the third Arab country to re-establish ties with Israel this year, along with the United Arab Emirates and Bahrain. Now that the two countries have agreed to normalize relations, Israeli Prime Minister Benjamin Netanyahu said delegations would soon meet to discuss cooperation on trade and agriculture. The US said it would remove Sudan from its list of countries that sponsor terrorism as part of the deal.
* **Fighting between Armenia and Azerbaijan in the disputed region of Nagorno-Karabakh has escalated over the month.** The third attempt at a ceasefire broke down last week after both sides accused one another of violations. On Friday night, foreign ministers of Armenia and Azerbaijan agreed to take urgent steps to dissolve the conflict after meeting for talks in Geneva. The conflict, which has been frozen for over a decade, has taken the lives of hundreds of soldiers and civilians over the last month.
* **Libya's warring factions have agreed to a permanent ceasefire in all areas of Libya.** The announcement comes after the internationally recognized Government of National Accord (GNA) and rebel commander Khalifa Haftar's Libyan National Army (LNA) met for talks in Geneva. The bloody civil war, which has included the involvement of a host of foreign powers on both sides, began almost ten years ago, after Muammar al-Qaddafi was overthrown.

Latin America and the Caribbean

* **Chileans have voted to rewrite the constitution and hold a new constitutional convention.** The vote was the product of massive protests that arose last year for what was initially a rise in metro fares but expanded into calls for greater societal reform. Protesters argue that the original constitution let to entrenched inequality. In April, equal numbers of both men and women will be elected as delegates to draft of new constitution.
* Mexico has reached a water deal with the US despite widespread protests by Mexican farmers. A bilateral treaty signed in 1944 says the two countries must share water sources along their border. However, the US claims Mexico owes them nearly a few years-worth of water. Last month, hundreds of Mexican farmers seized La Boquilla dam to stop water being diverted to the US which they say they need themselves for what has been one of the driest years in decades. Mexican President Andres Manuel Lopez Obrador said the country will make up its shortfall to the US.
* Bolivia’s official presidential election results are still pending but exit polls suggest socialist candidate, former finance minister Luis Arce Catacora, won the country’s presidential election in October. Interim President Jeanine Anez announced her congratulations to Arce and his running mate. His win is a surprising comeback for the party after former President Evo Morales was forced to flee the country and was barred from ever running again.
* **Thousands joined anti-government protests in Argentina last month as Covid-19 cases surge.** Protesters are upset with the government’s handling of the crisis and angry at the economic effects of the lockdowns. The number of cases in Argentina has now surpassed one million.
* Brazilian President Jair Bolsonaro has ended “Operation Car Wash”, the largest corruption probe in Brazil’s history. The investigation was initially launched six years ago and resulted in the conviction of several prominent Brazilian political figures, including former President Luiz Inacio Lula da Silva. **President Bolsonaro claims there is no longer any corruption in the government, though many against Bolsonaro would disagree with such a statement.**

Sub-Saharan Africa

* **Over the last month, there have been widespread protests against police violence in Nigeria.** The demonstrations initially began to demand the end of the police Special Anti-Robbery Squad (SARS), but have since become a wider demand for an end to police brutality and for better governance. Amnesty International reported on that Nigeria's security forces had fired on peaceful protesters, killing at least 12 and injuring others. So far, at least 56 people have died during the protests.
* Tanzania’s President John Magufuli has claimed another election victory despite widespread allegations of fraud. **The US embassy in Tanzania said there have been credible allegations of fraud, violence, and intimidation.** Tanzania Elections Watch said the vote “marked the most significant backsliding in Tanzania’s democratic credentials” and claims there was heavy involvement of the military and police to create a climate of fear.
* **The African Union will host another round of talks between Sudan, Ethiopia, and Egypt over the Grand Ethiopian Renaissance Dam.** Just a few months ago, dam talks stalled after Ethiopia decided to allow the dam to begin to fill without reaching a deal with its neighbors. **Egypt sees the dam as an existential threat to its water security** whereas Ethiopia believes it essential to its electrification and development. Last month, the US suspended a portion of its aid to Ethiopia for a lack of progress in talks and its unilateral decision to begin filling the reservoir. Just a couple of weeks ago, the Ethiopian ministry accused President Trump of inciting a “war” over the dam after he spoke out against the project and said Egypt might destroy it.
* **Guinea’s President Alpha Condé has been re-elected for a controversial third term in office.** For months, opposition supporters have been clashing with police over the election. Condé claims a constitutional referendum allowed him to run for a third term despite the two-term limit while opponents say he is breaking the law. While the election results have yet to be confirmed by the Constitutional Court, the electoral commission says Condé has won 59.9% of the vote.
* Sudan’s transitional government and a coalition of rebel groups have signed a peace accord, formally ending the war which has claimed thousands of lives and displaced millions of people. Chad, Qatar, Egypt, the African Union, European Union and United Nations have also put their names on the agreement.

Suggested Reading

[How Erdogan Muscled Turkey to the Center of the World Stage](https://www.worldpoliticsreview.com/articles/29178/for-erdogan-turkish-foreign-policy-was-always-meant-to-be-assertive)

Henry J. Barkey, *World Politics Review*

[China’s Approach to Global Governance](https://www.cfr.org/china-global-governance/)

*Council on Foreign Relations*

[What GDP can and cannot tell you about the post-pandemic economy](https://www.economist.com/finance-and-economics/2020/10/29/what-gdp-can-and-cannot-tell-you-about-the-post-pandemic-economy)

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