

CROSSROADS

At the Intersection of Geopolitics and Geoeconomics

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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 months of negotiations, Congress has finally passed a pandemic relief package.** Though he initially hesitated to sign off on the bill, President Donald Trump signed the legislation which funds the government for 2021 and provides \$900 billion worth of pandemic relief. However, after signing the bill, Trump demanded Congress removes wasteful spending from the bill and increases the stimulus checks. In response to the demands, the House of Representatives passed a bill increasing the stimulus checks from \$600 to \$2,000, but once it reached the Senate, Majority Leader Mitch McConnell blocked the vote. McConnell is now pushing a bill which would tie the larger stimulus checks to the creation of a commission to study voter fraud and a repeal of a legal liability shield for tech companies, both issues which are opposed by Democrats.
- **The US has begun a nationwide Covid-19 vaccination campaign.** The Food and Drug Administration approved the BioNTech-Pfizer and Moderna vaccines for emergency use authorization just before the Christmas holidays. Within a couple of days, millions of doses were shipped out across the country. As of January 2nd, more than 4.2 million people had received the first of two vaccine doses needed, falling far below the government's goal of having 20 million people vaccinated by the end of December.
- **Hackers allegedly linked to Russia's foreign intelligence service infiltrated the highest levels of the US government,** including the Department of Homeland Security, the State Department, and parts of the Pentagon. The Department of Homeland Security has ordered all federal agencies to disconnect from the SolarWinds software that was compromised. Hundreds of other US companies, including Microsoft which also reported it has been hacked, use the SolarWinds software and may have been at risk. The National Security Council is coordinating an investigation.
- **The Electoral College has confirmed Joe Biden's win of the US presidential elections.** Biden won with a solid majority of 306 votes despite President

Donald Trump's efforts to overturn the results. Throughout December, Biden continued nominating members of his cabinet, including Deb Haaland to lead the Department of the Interior and General Lloyd J. Austin III to be Secretary of Defense. If confirmed, Haaland will be the first Native American cabinet secretary and General Austin would be the first Black defense secretary.

- **Mexican lawmakers have approved legislation to restrict the activities of foreign law enforcement officers, drawing criticism from the US.** Though the US was not specifically mentioned in the bill, many believe it is in response to the US' arrest of a former Mexican defense minister in October. Mexican President Andres Manuel Lopez Obrador and other critics have portrayed the U.S. Drug Enforcement Administration as an agency which infringes on Mexican sovereignty. US President Trump argues the new law hinders bilateral cooperation on drug and cartel issues.

Europe

- **Despite many months of rocky negotiations, the United Kingdom (UK) and European Union (EU) have agreed to a post-Brexit trade deal.** Though the deal has been signed, there are still many issues that need to be hammered out. Border bureaucracy, new paperwork, and regulatory cooperation could still cause major disruption in trade between the UK and EU.
- **Earlier this month, Great Britain became the first western nation to administer a Covid-19 vaccine.** Since then, the UK has been administering millions of the BioNTech-Pfizer and Moderna vaccines. Just a few days ago, it also approved the Oxford-AstraZeneca vaccine which is cheaper and easier to store than the other approved vaccines but not as effective. The approval of this vaccine comes as a new, more contagious variant of the Covid-19 strain has emerged.
- After weeks of deadlock following Hungary and Poland's veto of the budget, **the EU approved a historic \$2.2 trillion budget agreement which includes Covid-19 recovery funds.** The bloc has

also agreed to cut greenhouse gas emissions by 55 percent by 2030.

- **Russian President Vladimir Putin has denied the Russian government's involvement in the poisoning of opposition leader Alexey Navalny.** Ironically, the Russian government just launched a criminal case against Navalny accusing him of embezzling funds donated to an anticorruption organization that he is the leader of. Recent evidence in an investigation of the incident reveals Russian agents trained in using chemical weapons had followed Navalny before he was poisoned with a Soviet-era nerve agent.

Asia and the Pacific

- **China continues to crackdown on Hong Kong, charging person after person with violations of the new national security law imposed early in 2020.** Most recently, a group of protesters who were arrested in August for fleeing the city by boat were sentenced to 3 months-7 years in prison. Furthermore, Hong Kong media tycoon Jimmy Lai was charged with colluding with foreign forces. Rights groups and several countries, including the US, have condemned the sentencing. China has also announced that Americans with diplomatic passports will no longer be able to visit Hong Kong without visas.
- **For more than a month, tens of thousands of Indian farmers have been protesting new agricultural laws passed by the Indian government,** blocking roadways and railways into the country's capital. Several rounds of talks between government officials and the farmers have failed to produce a breakthrough. The farmers fear that the three agricultural reform laws will end government-supported prices which many farmers depend on.
- **Australia has asked the World Trade Organization (WTO) to investigate the 80% tariffs China has imposed on its barley,** formalizing the trade dispute between the two countries. In addition to barley, the trade dispute has affected Australia's trade in wine, lobster, beef, timber, cotton, and coal. After several failed attempts to resolve the issue privately, going to the WTO was the logical next step.
- **Early in December, the US approved an additional \$280 million sale of military equipment, sparking an expected condemnation from China.** Beijing also protested the transit of a US warship through the Taiwan Strait by sending its own aircraft carrier through the strait on its way to

conduct military drills in the disputed South China Sea. The US continues to support Taiwan as an independently governed nation while China views it as part of their sovereign territory.

- **In 2019, 1.67 million people were killed by air pollution in India.** The number accounts for nearly 18 percent of total deaths in the country in 2019 and is believed to have led to a 1.4 percent decrease in India's gross domestic product. The country is home to some of the world's most polluted air.

Middle East

- **The Israeli government has collapsed again.** The Knesset was dissolved after Prime Minister Benjamin Netanyahu and Defense Minister Benny Gantz were unable to reach a deal on the national budget. As a result, Israel will be holding their fourth election in less than two years, scheduled for March 23rd.
- **Lebanon's caretaker Prime Minister Hassan Diab and three former ministers have been charged with criminal negligence** over the August explosions at a port in Beirut which killed more than 200 people and injured thousands. In response to the charges, the prime minister's office said the judge had violated the constitution by bringing the charges.
- **Iranian President Hassan Rouhani said he has "no doubt" the Biden administration will rejoin the 2015 nuclear agreement.** US President Trump withdrew the US from the agreement in 2018 and reinstated sanctions on Iran. Since then, Iran has fallen out of compliance with the terms of the agreement and has proceeded with enriching their uranium stockpile. However, Iranian Supreme Leader Ali Khamenei has appeared to support a return to the country's commitments under the nuclear deal if US sanctions were lifted.
- **Egyptian officials visited Libya's capital of Tripoli for talks with the Libyan Government of National Accord (GNA) over the implementation of a ceasefire** in Libya between the UN-backed GNA and the rebel group led by General Khalifa Haftar who is backed by Egypt's government. This was the highest-level visit by Egyptian officials since 2014.

Latin America and the Caribbean

- **After Venezuelan President Nicolas Maduro's party reportedly won the country's parliamentary elections, the opposition-held National Assembly voted to extend its term.** The extension will allow opposition leader Juan Guaido,

who many countries view as Venezuela's interim president, to remain speaker. Only 31 percent of eligible voters voted in the parliamentary elections and the United States, along with several European nations, have said they will not recognize the results of the election.

- **Rio de Janeiro's mayor, Marcelo Crivella, has been arrested and charged with corruption** alongside 25 others. Prosecutors claim Crivella has been leading a "well-structured and complex criminal organization" in city hall since he was elected in 2016.
- **Nicaragua's congress, which is dominated by President Daniel Ortega's party, has passed a new law giving the president unilateral power to declare citizens "terrorists" or "traitors to the homeland"**. Such a designation would prevent an individual from running in the Nicaraguan presidential elections next November. Despite already exceeding his term limits, President Ortega intends to run again.
- **A few weeks ago, Colombia expelled two Russian diplomats from the Russian embassy in Bogotá.** In retaliation, Russia expelled two employees from the Colombian embassy in Moscow shortly after. The Colombian government said the two Russian diplomats were engaged in activities that are "incompatible" with Vienna Convention on Diplomatic Relations but did not give further details. It is assumed they were involved in espionage.

Sub-Saharan Africa

- **Ghana's main opposition party is formally challenging the results of the country's presidential election that was held on December 7th.** It was reported that incumbent President Nana Addo Dankwa Akufo-Addo of the New Patriotic Party was re-elected for a second term, winning 51.3 percent of the vote. So far, there is no evidence of election fraud, but the election was marked by violence and tension.
- **Despite violent clashes between government and rebel forces, the Central African Republic held presidential and legislative elections.** An alliance of political and other groups named the Democratic Opposition Coalition has called for the cancellation of the elections which they say, "were not fair and inclusive and are in no way the expression of the people's will."
- **More than 300 boys were abducted by terrorists a few weeks ago from a school in Nigeria.** Though the assault was initially blamed on local gangs, Boko Haram, the jihadist terrorist group, claimed

responsibility for the abduction on a few days after. A week later, Nigerian President Muhammadu Buhari confirmed that the boys have returned home safely.

- **The EU has postponed aid to the Tigray region of Ethiopia in response to the escalating conflict between the Ethiopian government and opposition forces in Tigray.** Just a couple of weeks ago, troops shot at and detained United Nations staff members who were trying to access the region. The staffers were later released. Humanitarian aid groups have struggled to access the area where nearly a million people have been displaced by fighting.

Suggested Reading

[How Brexit happened](#)

The Economist

[Latin America's Lost Decades](#)

Luis Alberto Moreno, *Foreign Affairs*

[2021 Will Be a Make-or-Break Year for Multilateralism](#)

Joshua Lincoln, *World Politics Review*