

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

- Newly elected US President Joe Biden has already made big moves in his first weeks in office. **On inauguration day, Biden signed 17 executive orders addressing a range of challenges** from Covid-19 to student debt to rejoining international agreements, including the Paris Climate Agreement. He has signed dozens more executive orders since his first day in office, many of which have reversed some of former President Donald Trump's policies. Last month, Biden also announced his proposal for a \$1.9 trillion Covid-19 stimulus package and pledged to have 100 million people vaccinated in his first 100 days in office, a figure which since then has been upgraded to 150 million vaccinated persons.
- With only days left in office, **former US President Donald Trump was impeached by the House of Representatives.** Democrats were joined by ten Republicans to impeach Trump for inciting the insurrection of the US Capitol building on January 6th. This is the first time in American history that a president has been impeached twice by the House of Representatives. However, it seems unlikely he will be convicted in a Senate trial.
- January 6th, 2021 will forever be remembered as a dark and tragic day in US history. **A pro-Trump mob attacked the US Capitol building, pushing past police in an attempt to stop Congress from certifying Joe Biden's victory** of the 2020 presidential election. Despite the traumatic events, Congress reconvened later that evening to formally certify Joe Biden as the next US President. Many blame former President Donald Trump for inciting his supporters to violence.
- **US President Joe Biden and Russian President Vladimir Putin have agreed to extend the New START treaty for five years.** The treaty, which is the last remaining nuclear arms control agreement between the US and Russia, limits the size of the two countries' strategic nuclear arsenals. While this was a positive step for US-Russian relations, there remains several issues of tension between Biden and Putin, namely the hacking of US private and

government agencies and the poisoning of Russian opposition activist Alexei Navalny.

Europe

- Last week, **vaccine-producer AstraZeneca told the European Union (EU) it would have to send the bloc 75 million fewer doses than originally agreed upon**, outraging EU leaders who are already struggling to ensure a smooth vaccine rollout. AstraZeneca claims the contract it has signed with the EU does not bind it to the original delivery schedule but only commits it to make a "best effort" to do so. After emergency talks failed to bring about a resolution, the EU placed an export ban on the vaccine.
- **Last week, protesters stormed the streets of several of Netherland's cities**, including Amsterdam and Rotterdam. People defied the country's curfew in protest of the lockdowns, vandalized buildings and threw fireworks in the streets. Dozens of people have been arrested as a result.
- **In Russia, tens of thousands of protesters have rallied in the last two weekends in support of opposition leader Alexei Navalny** who was detained by Russian police upon his return to the country. Navalny had spent several months in Germany recovering from being poisoned allegedly by individuals connected to President Putin's government. Russian police arrested more than 5,000 protesters and human rights groups have reported incidents of excessive force by police, including beatings. The US and European Union have condemned the crackdown, calling for the release of Navalny and the protesters.
- **Italian Prime Minister Giuseppe Conte's has resigned in a split over the country's Covid-19 response.** The political crisis began just a few weeks ago when former Prime Minister Matteo Renzi pulled his small liberal Italia Viva party out of Conte's centrist coalition government. Renzi said they would only return if Conte would accept their list of demands. Conte was unable to win a majority vote in the Senate's vote of confidence, leading him

to resign. The parties are primarily divided over Covid-19 spending.

- **Germany's governing party, the Christian Democratic Union (CDU), chose Armin Laschet to be its next leader.** Laschet, who is currently the prime minister of the German state of North Rhine-Westphalia, is a centrist political figure and is very likely to succeed Angela Merkel as chancellor later this year when elections will be held.

Asia and the Pacific

- **For more than two months, the Indian government has been embattled with tens of thousands of farmers over agricultural reforms.** Last week, demonstrations turned violent after farmers stormed the historic Red Fort and clashed with police on India's Republic Day. The farmers' union, the group that has been negotiating with government officials over the last several weeks, say they were not responsible for the violence which it says was caused by a minority of protesters. The government says the new laws will give freedom to farmers to sell their produce outside regulated markets, but the farmers say the legislation does not guarantee the acquisition of farm produce at the minimum support price, as previously provided by the government, leaving farmers at the mercy of private buyers.
- **Myanmar's military has staged a coup, seizing power after detaining the de facto leader Aung San Suu Kyi and other elected leaders.** A top army commander has now claimed leadership and the military has declared a year-long state of emergency. The military's grievances go back to November's general election where the military-backed party, the USDP, performed poorly. Aung San Suu Kyi is urging her supporters to protest against the coup which has received international condemnation.
- **China flew more than a dozen war planes through the Taiwan Strait** a couple of weeks ago, in an obvious display of aggression towards Taiwan, which China says is part of its sovereign territory. The US government has urged China to stop pressuring Taiwan, but it is clear China will not back down even as it calls for a reset in relations with the US as the Biden administration enters leadership.
- **Mongolian Prime Minister Khurelsukh Ukhnaa has resigned following protests** in the capital of Ulaanbaatar against the government's handling of the pandemic. Protests sprang up after a video of mother being hastily discharged from a maternity hospital because she tested positive for Covid-19

went viral. On his way out, Ukhnaa accused President Battulga Khaltmaa, from the rival Democratic Party, of orchestrating the protests.

- **In another military parade, North Korea showed off its newest weapon, a new submarine-launch missile.** Shortly before the parade North Korean leader Kim Jong-un promised to bolster the country's nuclear arsenal.
- **Chinese and Indian troops clashed at the Himalayan border yet again amid stalled talks between the two countries.** India and China have been in a standoff at the border since June when a clash at the border resulted in the death of 20 Indian soldiers. High-ranking military officials from both sides met for their ninth round of talks shortly after the scuffle.

Middle East

- **Violent protests have erupted in both Lebanon and Tunisia over the last few weeks** as the pandemic has exacerbated the countries' economic crises. Demonstrators in Lebanon are outraged at the country's lockdown which has left people with little means to make a living. In Tunisia, protesters are fed up with high unemployment and a financial crisis.
- **In a compromise with OPEC+, Saudi Arabia has decided to cut its oil output by one million barrels per day.** The cut will allow Russia and Kazakhstan to boost its production slightly, but the overall effect will be a reduction in oil production. Saudi Arabia's decision, largely given to preserve unity among OPEC+, boosted oil prices.
- **The self-proclaimed Islamic State has taken responsibility for a suicide bombing in Baghdad, Iraq** that killed more than 30 people and injured more than a hundred. The attack was the first suicide bombing in the city since January of 2018. Iraq's Foreign Minister Fuad Hussein has acknowledged that Islamic State is still a threat and that Iraq needs support from regional and international allies.
- **At a Gulf Cooperation Council summit last month, a breakthrough agreement was made to end the political rift between Qatar and its Gulf neighbors.** Saudi Arabia the United Arab Emirates, Egypt, and Bahrain announced they will reopen their borders and airspace to Qatar after boycotting the country for the last four years because of its alleged support of terrorism.

Latin America and the Caribbean

- **After claiming victory in the December elections, the political party of Venezuelan dictator Nicolas Maduro retook Venezuela's national assembly.**

Observers, including the US and European Union (EU), have called the elections fraudulent. However, in a serious blow to opposition leader Juan Guaidó's campaign to remove Maduro from power, the EU has stopped recognizing Guaidó as interim president of Venezuela.

- **An estimated 8,000 Hondurans tried to flee their home country by caravan last month hoping to reach the US but were stopped in Guatemala and sent back to Honduras.** The migrants are now directing their anger at President Juan Orlando Hernandez, who has been accused of having ties to drug cartels, by planning a large protest in the country's capital. The migrants say the violence and poverty in Honduras, both of which have been exacerbated by two hurricanes that battered the country in November, have made Honduras unlivable. Mexican President Andres Manuel Lopez Obrador has urged US President Joe Biden to make major reforms in its immigration policy.
- **Thousands of protesters in Brazil are calling for the impeachment of President Jair Bolsonaro.** Bolsonaro is under fire for his handling of the Covid-19 pandemic. Brazil has some of the highest Covid-19 total death and case counts in the world with more than 225,000 deaths and 9.2 million total cases. The president has long resisted lockdown measures and has delayed the country's vaccination campaign. Though calls for his impeachment rise, it is unlikely he will be impeached considering his support within the government.

Sub-Saharan Africa

- **Ugandan President Yoweri Museveni was re-elected in the country's presidential and parliamentary elections** last month, winning his sixth five-year term in office. Museveni's most prominent opposition candidate, Bobi Wine, rejected the results of the election and was put under house arrest by Uganda's military. Last week, a court found his detainment unconstitutional and ordered the military and police to leave Wine's compound. The few months of campaigning leading up to the elections were marred by killings and violence in the government's efforts to squash the opposition. Independent observers question the validity of the election results.
- **The Central African Republic (CAR) has entered a 15-day state of emergency** after rebels tried to blockade the capital in an effort to oust the president. President Faustin-Archange Touadera was re-elected in December and declared re-elected by the constitutional court just two weeks ago, though

every two out of three voters did not cast their ballot due to insecurity in the country which has been caught up in a civil war for the last eight years.

- **Lawmakers in the Democratic Republic of the Congo (DRC) voted out Prime Minister Sylvestre Ilunga Ilunkamba,** the latest move in the power struggle between President Felix Tshisekedi's supporters and those who are loyal to former President Joseph Kabila who ruled the country for 18 years. Upon his election in January of 2019, President Tshisekedi agreed to a power-sharing agreement with the pro-Kabila group which holds the majority in the National Assembly. However, in December Tshisekedi announced he was putting an end to the coalition to seek a new "national majority of sacred union."
- **Talks between Egypt, Ethiopia, and Sudan over Ethiopia's Great Renaissance Dam project broke down again last month.** The dam has been a source of tension between the three countries ever since Ethiopia broke ground on the project in 2011. Sudan blames the impasse on a letter Ethiopia sent to the African Union which says it will continue to fill the dam this year with or without an agreement. On the other hand, Egypt and Ethiopia claim Sudanese objections to the agreement framework are the source of the most recent deadlock.

World

- **A new study commissioned the US International Chamber of Commerce shows that a failure to distribute the Covid-19 vaccine in poor nations this year will worsen economic damage for the global economy as a whole.** The monopolizing of vaccines by wealthy nations could lead to a loss of \$9 trillion globally, with nearly half the costs to be absorbed by wealthy nations such as the US, Britain, and Canada.
- **Multiple scientific reports suggest 2020 has tied with 2016 as the hottest year ever recorded.** A number of natural disasters that occurred in 2020 could potentially be attributed to the high temperatures. California and parts of Australia suffered some of its worst wildfires ever, Siberia saw temperatures more than 10°F above average, and the Atlantic saw the most hurricanes on record this season, among other events. Natural disasters in 2020 cost the globe \$210 billion in damage.

Suggested Reading

[The Global Risks Report 2021](#)
World Economic Forum

[Putin vs. Navalny: Can Russia's Protesters Prevail?](#)

Stephen Sestanovich, *Council on Foreign Relations*

[Can Biden Succeed Where Trump's Venezuela Policy Failed?](#)

Christopher Sabatini, *World Politics Review*