

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

- **The US carried out an airstrike in eastern Syria against Iran-backed militants** in retaliation for attacks against the US-led coalition in Iraq. A recent attack against US and allied forces in Erbil, Iraq resulted in the death of a civilian contractor and injured many others. Pentagon Press Secretary John Kirby said the offensive was a "proportionate" response and added that the attack was not meant to heighten tensions between the US and Iran or hinder efforts to re-launch nuclear negotiations with Tehran. However, Iran has since decided to reject the invitation to a meeting with the US and European signatories to the 2015 nuclear agreement, citing "recent actions and statements" by signatories of the Agreement.
- **Beijing is calling on the Washington to rollback tariffs on Chinese companies and products**, saying bilateral cooperation is needed to counter global challenges, such as the pandemic and climate change. Chinese Foreign Minister Wang Yi said China-US relations were at a critical point and in need of repair after the damage done by the Trump administration. Wang said China was willing to work with the US on climate change and the pandemic recovery if the US would adjust its policies.
- **US-Turkey tensions flared this month after the Turkish government announced that 13 citizens were killed by the Kurdistan Workers' Party (PKK) in Iraq's northern Gara region.** The US was initially skeptical of the PKK's involvement but later condemned the killings and agreed that the PKK was responsible. However, President Recep Tayyip Erdogan lashed out at the initial skepticism and accused the US of backing Kurdish fighters in Syria tied to the PKK, further straining ties between the US and Turkey.
- **US President Joe Biden announced the US will end its support for offensive operations in Yemen** and that it would increase US diplomacy efforts in concluding the conflict and supporting peace talks and humanitarian aid. The US has supported the

Saudi-led coalition that is fighting the Iran-backed rebels in Yemen for the last several years.

- **President Joe Biden had calls with various foreign leaders over the month.** His calls with Chinese leader Xi Jinping and Russian President Vladimir Putin were cordial but highlighted some of the major foreign policy challenges Biden will have to face. On the other hand, his calls with leaders such as Canadian Prime Minister Justin Trudeau and South Korean President Moon Jae-in, were marked by discussion of cooperation and collaboration on various global challenges from the pandemic to trade to climate change.

Europe

- **Russia rejected the European Court of Human Rights' (ECHR) demand to release opposition leader Alexey Navalny.** Russia is a member of the Council of Europe, which includes the ECHR, but refuses to abide by the ruling saying it is "unreasonable and unlawful". The jailing of Navalny, which has sparked the largest anti-government demonstrations Russia has seen in years, has put a new strain on Russia-EU relations. Furthermore, Russian Foreign Minister Sergei Lavrov said his country is willing to end relations with the European Union (EU) if the bloc imposes more sanctions on the Russian economy.
- **Former European Central Bank President Mario Draghi has agreed to serve as Italy's next prime minister** following the resignation of Prime Minister Giuseppe Conte. Draghi has since been able to form a unity government, unveiling a cabinet with a mix of politicians and unaffiliated technocrats.
- **China has banned BBC World News from operating and broadcasting within Chinese territory.** Beijing has accused the British news agency of damaging national interests and ethnic unity after it published reports about Chinese authorities' abuse of Uighurs in Xinjiang. The move comes shortly after the United Kingdom (UK) stripped a state-run China global television network of its license in the UK. The ban is the latest in a string of disputes between China and foreign media agencies. In the last several months, China has

punished and expelled several Australian and American journalists as well.

Asia, Eurasia & the Pacific

- **Hundreds of thousands of people are protesting in Myanmar against the military junta** who has seized power and detained leader Aung San Suu Kyi. Myanmar's junta has denied that the February 1st takeover was a coup and insists it will proceed with fair elections. However, the military has begun to crack down on the dissent by arresting hundreds of protesters and violently clashing with demonstrators, resulting in more than a dozen deaths. The United Nations has condemned the military junta's actions and several countries, including the US, have announced sanctions.
- **Chinese and Indian foreign ministers spoke for the first time in five months as the two countries try to resolve their border conflict.** Troops on both sides of the border have disengaged. Since their tenth round of border talks last weekend, India and China have withdrawn thousands of troops from the Himalayan region of Ladakh, but the un-demarcated and disputed Line of Actual Control remains a source of tension. The decades-long border dispute which flared up last June of after a deadly clash, has hampered relations between India and China and increased calls in India for an economic decoupling.
- **Armenian Prime Minister Nikol Pashinyan has accused top military officers of attempting a coup,** firing the armed forces' highest-ranking officer in response. However, many, including the military, have been calling for the prime minister's resignation for months. Over the weekend, opposition protesters breached a government building in the Armenian capital. Anti-government sentiment has increased over Pashinyan's handling of Armenia's conflict with Azerbaijan over the Nagorno-Karabakh region which resulted in Armenian-claimed territory being lost to Azerbaijan. Demonstrators on both sides of the political crisis have taken to the streets.
- **Georgia's Prime Minister Giorgi Gakharia has announced his resignation after just two years in office.** A disagreement between Gakharia and his own team over the detention of prominent opposition politician Nika Melia prompted him to step down. The prime minister was against detaining Melia, who is accused of inciting violence at street protests in 2019, because he thought the move would fuel political divisions. Since the announcement of Gakharia's resignation, the Interior Ministry has said it would hold off on taking Melia into custody.

- **Australia has passed a new media law that will force tech companies to pay media outlets for the content companies feature** in their news feeds and search results. Facebook strongly opposed the law, retaliating by banning users in Australia from sharing news stories and blocking content from Australian media companies. After negotiating with lawmakers for various amendments to the legislation, Facebook has reversed their actions. The landmark media law will have large implications for US tech firms as other countries follow Australia's lead. Canada is planning to pass its own legislation and the United Kingdom is cracking down on US tech companies by launching antitrust investigations.
- **Last month, China and Singapore held their first joint naval exercise since 2016.** The drill is a part of a 2019 agreement which seeks to deepen military ties between the two countries. China aims to strengthen its relationships with regional partners to protect its sovereignty claims in the South China Sea and counter US presence in the Pacific.
- **Chinese Foreign Minister Wang Yi told the United Nations Human Rights Council last week that genocide, forced labor, and religious oppression have never occurred in China's western Xinjiang province** where Chinese authorities are accused of detaining more than one million Uighurs. Wang also invited Michelle Bachelet, the UN High Commissioner for Human Rights, to visit Xinjiang to see it for herself. Canada's Parliament and the US Congress have voted to formally recognize China's actions towards the Uighurs as genocide.

Middle East

- **The Biden administration has agreed to meet with the signatories of the 2015 Iran nuclear agreement.** However, Iran is holding strong on its position that it will not enter negotiations until the US removes all sanctions on Iran. Over the weekend, Iran rejected an invitation to hold an informal meeting with the US and European signatories, citing "recent actions and statements" by the countries.
- **An unclassified US intelligence report released last week confirms that journalist Jamal Khashoggi was murdered under the command of Saudi Crown Prince Mohammed bin Salman (MBS).** Khashoggi was killed inside the Saudi consulate in Istanbul back in October 2018. Saudi officials have denied that MBS had any role in the assassination. In response to the US intelligence report, the Biden administration has announced

sanctions and visa restrictions on dozens of Saudis who've acted on the government's behalf to suppress journalism, however MBS has not been targeted yet.

- **Yemen is on the verge of large-scale famine.** United Nations (UN) aid chief Mark Lowcock warned the country will reach famine status if the UN cannot raise the \$3.85 billion it needs for humanitarian activities this year. The "man-made" famine, as Lowcock calls it, is the result of years of civil war which has roped in regional and international powers. The UN narrowly prevented famine in 2018 and 2019 when several Gulf countries stepped up to provide funding. Lowcock has urged countries to pledge generously, though funding the Covid-19 pandemic recovery has squeezed countries' budgets.
- **Negotiators representing the Afghan government and those representing the Taliban met in Doha,** Qatar to discuss resuming peace talks after a months-long deadlock. A United Nations report found that civilian deaths and injuries in Afghanistan increased after peace talks initially began, back in September.

Latin America and the Caribbean

- **Brazilian President Jair Bolsonaro replaced the head of the national oil company, Petrobras, with an army general, sending markets into a spiral.** Petrobras lost almost a fifth of its market value after the announcement and Brazil's currency slid. The President's decision was extremely controversial as he has increasingly relied on loyal former members of the armed forces to accomplish his policy goals.
- **In retaliation for European Union (EU) sanctions on 19 government officials, Venezuelan President Nicolas Maduro's government has kicked out the EU ambassador to Venezuela.** The EU has demanded the Venezuelan government reverse its decision and has urged for negotiation and dialogue.
- **Ecuador will hold a runoff presidential election in April after February's election failed to determine a winner.** Leftist economist, Andrés Arauz, narrowly drew more votes over his competitors conservative Guillermo Lasso and Indigenous environmental activist, Yaku Pérez, according to Ecuador's electoral council. While Lasso and Arauz will advance to the runoff election in April, Pérez is claiming electoral fraud after not being selected by the electoral council to participate in the next vote.
- **Over the last month, thousands of protesters have been calling for the resignation of Haitian**

President Jovenel Moise, who opposition leaders say is ruling illegitimately. In early February, President Moise's administration arrested 23 people, accusing them of an attempted coup just a couple days after opposition leaders say his term ended. President Moise says his term doesn't end until next February. A surge in abductions for ransom has exacerbated the political crisis, sending more demonstrators into the streets.

Sub-Saharan Africa

- **Nigeria has suffered another mass abduction of students.** More than 300 girls were kidnapped from a boarding school by armed militants in northwest Nigeria last week. This is the third incidence in a string of abductions that have occurred in the region over the last couple of months. Just over a week earlier, several dozen boys and staff were abducted from another school and are still missing. Back in December, 344 boys were kidnapped from their school and freed a week later.
- **Ruling party candidate, Mohamed Bazoum won Niger's runoff presidential election** last month with more than 55% of the vote, according to preliminary results. Bazoum was the country's former Interior Minister and close ally of Nigerian President Mahamadou Issoufou. While the election is supposed to facilitate the country's first democratic transition of power, the opposition has claimed election fraud and violent protests have broken out.
- **Luca Attanasio, Italian ambassador to the Democratic Republic of the Congo (DRC), and two others were killed in an attack** as they were traveling in the North Kivu Province. The DRC's government suspects they were killed by Rwandan Hutu rebels, but investigations are ongoing.
- **Somali government forces clashed with protesters in Mogadishu as a political crisis rages on.** Lawmakers were supposed to select a new president on February 8th but they were delayed when the opposition accused incumbent President Mohamed Abdullahi Mohamed of stacking regional and national electoral boards with supporters. Anti-government protests have since broken out.

World

- **The United Nations delivered its first batch of vaccines under COVAX**, the global initiative to ensure equitable access to Covid-19 vaccines. The COVAX program aims to distribute two billion free vaccine doses by the end of 2021. Ghana is the first

of more than 90 countries to receive vaccines thanks to the initiative.

- **Ngozi Okonjo-Iweala has been appointed to lead the World Trade Organization (WTO)** as the organization seeks to revive its influence over global economic rules. Okonjo-Iweala is the first woman and first African to lead the organization. She made her name fighting corruption as Nigeria's finance minister in the 2000s and is a welcomed selection by many global trade officials.

Suggested Reading

[Present at the Re-creation?: U.S. Foreign Policy Must Be Remade, Not Restored](#)

Jessica T. Matthews, *Foreign Affairs*

[The odd couple: Putin and Erdogan have formed a brotherhood of hard power](#)

The Economist

[A Realist Reset for US-Saudi Relations](#)

Richard Haas, *Project Syndicate*