

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

- **In a long-awaited speech, US Secretary of State Antony Blinken detailed the US' strategy towards China, calling Beijing the “most serious long-term threat to international order”.** Blinken also reiterated that Washington was determined to avoid conflict and would cooperate with China where possible, such as on climate change. Only a few days before Blinken's speech, US President Joe Biden traveled to Asia and unveiled the Indo-Pacific Economic Framework, which is the administration's strategy to strengthen relations among countries in the region. 12 Asian nations have signed onto the framework.
- **The US and Taiwan have announced that they will hold trade talks in Washington, DC later this month.** The agreement between the US and Taiwan – the US-Taiwan Initiative on Twenty-First Century Trade – is expected to be similar to the Indo-Pacific Economic Framework. In response to the announcement, China warned Washington to “stop negotiating agreements with Taiwan that have sovereign connotations and official nature.”
- **During a prime-time hearing which began last week and continued into this week, the House of Representatives committee investigating the January 6, 2021, attack on the U.S. Capitol presented new findings.** The committee has interviewed over a thousand people in their investigation. So far, testimony has highlighted the role of far-right groups the Proud Boys and Oath Keepers in organizing the attack. Other testimony shown by the House committee has claimed that former President Donald Trump ignored aides and advisors in pressing claims of fraud and in declaring victory before votes were fully counted on election night in 2020.
- **In the wake of the Uvalde school shooting, a bipartisan group of Senators has reached an agreement on a package of safety and gun-related measures.** While the bill has not been written into legislative text yet, the package includes money to encourage states to pass “red flag” laws to remove guns from potentially dangerous people, money for

school safety and mental health resources, expanded background checks for 18–21-year-olds purchasing guns, and penalties for illegal straw purchases by convicted criminals. The bill falls short of President Biden's call to ban assault weapons and raise the gun buying age to 21, but the bipartisan proposal may be able to garner the 60 votes to overcome a filibuster in the Senate.

Europe

- **After failing to capture Ukraine's capital, Kyiv, Russia has focused its military efforts on the Donbas region of Ukraine,** shelling several towns and storming into the city of Severodonetsk, the war's biggest battle sight. In the last month, the war in Ukraine hit a grim 100-day milestone, and the warring sides seem far from any ceasefire agreement. Sanctions on Russia's financial and energy sectors have ramped up with the European Union (EU) announcing a Russian oil ban and the US pushing Russia towards foreign debt default by refusing to renew a license that allows Russia to pay its debtholders through American banks.
- **After his coalition lost its majority last week over its support for EU enlargement, Bulgarian Prime Minister Kiril Petkov may be on his way out.** Since the beginning of Russia's invasion of Ukraine, Petkov has taken a hard stance against Russia and has even dismissed his defense minister, Stefan Yanev, for describing the conflict as a “special operation” and not a “war”. However, if Petkov's pro-EU government collapses, the door would be open for Yanev's new Moscow-sympathetic party to take leadership. Right-wing parties, including Yanev's, are expected to make big gains if the country heads into its fourth election in just over a year.
- **The EU is making moves to accelerate its green energy transition.** This month, the European Parliament approved legislation to ban gasoline car sales by 2035. The bloc is also exploring two major energy projects with Israel. One such project is a power cable connecting Israel to Cyprus and Greece and the other is an eastern Mediterranean natural gas and hydrogen pipeline. On the other hand, European

lawmakers have rejected other climate policies up for consideration in the EU's broad agenda including a reform of the bloc's carbon market.

- **British Prime Minister Boris Johnson survived a no-confidence vote brought by his own party.** The 211-148 vote was short of the majority needed to remove him from office. His authority had been brought into question after several scandals that some of his former conservative allies say are "insults to the electorate". A string of parties held at Downing Street during the country's Covid-19 lockdowns served as the headlining reason for the no-confidence vote.

Asia, Eurasia & the Pacific

- **Chinese Foreign Minister Wang Yi travelled to the South Pacific to meet with 10 Pacific Island nations in order to push a security cooperation agreement.** The trip came less than a week after the proposed security agreement – the Common Development Vision – was leaked to the press, and shortly following President Biden's trip to the region (as discussed above). The foreign minister was not met with the acceptance and excitement China was hoping for and Yi left without any signers to the agreement. The proposal stoked controversy among Pacific Island nations with some countries having concerns that such an agreement would spark geopolitical confrontations in the region and undermine the sovereignty of Pacific countries. Beijing has committed to pushing forward negotiations on the agreement in order to broker some sort of security pact in the region.
- **In response to North Korea's recent missile testing activities, the US and South Korea test-launched eight ballistic missiles from South Korea into the sea.** The move, which came a day after North Korea test-fired eight of its own missiles, demonstrated the ability of Washington and Seoul to "respond quickly to crisis events." Earlier this month, leaders from South Korea, the US, and Japan held talks on North Korea and agreed to increase security cooperation. North Korean leader Kim Jong Un has called for sanctions relief before restarting nuclear talks which have been stalled since 2019.
- **Pakistan has spiraled into a political crisis.** Former Pakistani Prime Minister Imran Khan was ousted in April via a no-confidence vote which he argues was the result of a US-led conspiracy. Since then, protests have spread across the nation and Khan is fighting to regain leadership. On May 26th, Khan broke up a protest march held by his supporters, calling off protests for the time being,

but promising he would lead a march to the capital if new elections weren't announced in six days. Protests have since ramped back up and even escalated after the new government led by Prime Minister Shehbaz Sharif increased fuel prices to try to salvage a loan from the International Monetary Fund (IMF). While dealing with growing political unrest, Pakistan is also facing double-digit inflation and an economic crisis.

Middle East & North Africa

- **Russian Foreign Minister Sergei Lavrov traveled to Saudi Arabia to meet with Gulf officials.** During the visit, Lavrov said Saudi Arabia hailed their oil-market cooperation in the OPEC+ alliance and "noted the stabilizing effect that tight coordination between Russia and Saudi Arabia in this strategically important area has on the global hydrocarbon market." Saudi Arabia and other OPEC members have maintained ties with Moscow despite the war in Ukraine which has brought sanctions on Russia from the US and its European allies. Despite calls from Western leaders to increase oil production, OPEC+ has done little, if anything at all, to bring down skyrocketing oil prices which have resulted from Russia's invasion of Ukraine. US President Biden will travel to Riyadh this month to encourage oil-producing Gulf countries to increase production.
- **Talks to revive the 2015 Iran Nuclear Deal are continuing despite some recent delays.** US lawmakers are keen on reviving the agreement but are awaiting a constructive response from Iran without "extraneous" issues. Tehran had recently put forward a new proposal but has so far refused to have direct talks with Washington, channeling all of its communications regarding the deal through European diplomats. The US and Iran seemed near an agreement in March, but talks were stalled partly over whether the US would remove the Islamic Revolutionary Guard Corps from its Foreign Terrorist Organization list. Rumors of delays related to Russia's invasion of Ukraine have also swirled.
- **Israel and the United Arab Emirates (UAE) signed a trade agreement last month.** The trade deal is Israel's first major trade accord with an Arab state. The agreement, which defines tax rates, imports and intellectual property, and removes tariffs on 96% of goods, was created to establish formal trading ties between the two nations and bolster diplomatic cooperation. The deal was signed amidst escalating violence in East Jerusalem and the West Bank due to the ongoing Israeli-Palestinian

conflict. UAE officials condemned the storming of Israel's Al-Aqsa Mosque in Jerusalem by "extremist settlers under the protection of Israeli forces", creating some concern that the trade agreement would not be signed, but so far, the conflict has not prevented Israel and the UAE from strengthening ties.

Latin America & the Caribbean

- **Venezuela and Iran signed a 20-year cooperation plan** when Venezuelan President Nicolas Maduro was visiting Tehran this weekend. Ties between the two oil-rich nations have strengthened in recent years as both are experiencing economic turmoil from US sanctions. Iranian President Ebrahim Raisi applauded Venezuela for its "incredible resistance against threats and sanctions by enemies and imperialism." President Maduro began his Eurasia tour after President Biden decided not to invite him to the Summit of the Americas. On his trip, Maduro also visited Algeria, Turkey, Qatar, and Kuwait.
- **Last week, the US hosted the Summit of the Americas in Los Angeles. At the conference, Western Hemisphere leaders focused on regional economic engagement, migration, and democracy.** On the last day of the summit, President Biden announced a regional migration plan and pledged hundreds of millions in aid for Venezuelan migrants, among other measures. However, the Biden administration received a lot of criticism for not inviting the leaders of Cuba, Nicaragua, and Venezuela. Mexican President Andres Manuel Lopez Obrador skipped the summit in protest and several leaders rebuked Biden face-to-face over the guest list. The absence of the leaders from the Northern Triangle - Guatemala, Honduras and El Salvador, where many migrants come from – raised further doubts on the future success of the proposed programs and pledges that resulted from the conference.
- **Colombia is heading into the second round of its presidential election this weekend.** Leftist candidate Gustavo Petro came out on top after the first round of the election with 44.9% support, according to national polls. Real estate mogul and 77-year-old populist candidate, Rodolfo Hernández, garnered enough votes in the first round of the election to earn himself a spot in the runoff against Petro. Hernández has promised drastic budget cuts and jail for corrupt officials while Petro has campaigned on enhancing the country's peace deal and moving away from fossil fuels.

Sub-Saharan Africa

- **Algeria suspended a decades old treaty with Spain after Madrid voiced its support for Morocco in a dispute over Western Sahara.** In March, Spain publicly recognized Morocco's autonomy plan for the disputed territory, but Algeria said Spain's action had been "in violation of its legal, moral and political obligations". Algeria backs the Polisario movement seeking independence in Western Sahara while Morocco controls 80 percent of the disputed territory. Spain finds itself stuck in the middle of these two bitter rivals as it shares borders and strong economic ties with Morocco but also depends on Algeria for natural gas.
- **Mali's ruling military junta has declared a two-year transition to civilian rule.** The junta took power in a coup in August 2020 and had, until now, failed to propose an acceptable plan for transition back to civilian rule which led to crippling sanctions on the country from the Economic Community of West African States (ECOWAS). Mali's generals hope the decree will result in the lifting of sanctions. Burkina Faso and Guinea face similar threats from ECOWAS as they continue to drag their feet on democratic transitions as well.
- **The chair of the African Union, Senegalese President Macky Sall, met with Russian President Vladimir Putin to discuss the food crisis that has resulted from Russia's invasion of Ukraine.** At the meeting, President Sall urged Putin to lift Russia's blockade on urgently needed cereals and fertilizers from Ukraine. Russia and Ukraine account for more than 40% of Africa's wheat imports. President Sall left Russia "reassured" after the three-hour meeting with the Russian president. The United Nations has warned that Russia's naval blockade in Ukraine could lead to famines around the world.

Suggested Reading

[A Disjointed Western Hemisphere Gathers](#)

Catherine Osborn, *Foreign Policy*

[The Consequences of Conquest](#)

Brendan Rittenhouse Green and Caitlin Talmadge, *Foreign Affairs*

[Sensing Opportunity, Erdogan Is Back to Playing the Spoiler](#)

Frida Ghitis, *World Politics Review*