

# 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 an unprecedented allegation, Canada accused the Indian government of taking part in the murder of Canadian Sikh activist Hardeep Singh Nijjar.** Nijjar supported the creation of an independent Sikh state in the Punjab region of India called Khalistan, and the Indian government had accused him of leading a militant separatist group - a charge that his supporters deny. India has strongly rejected Canada's allegations and has since called Canada a "safe haven for terrorists," as the Khalistan independence movement is seen as being strongest in Canada among the country's Indian diaspora as it has the largest Sikh population outside of India. This diplomatic spat may weaken Western efforts, led by the United States, to draw closer to India amidst rising tensions with China.
- **The US avoided a government shutdown when Speaker Kevin McCarthy joined House Democrats to support a stopgap funding bill, a surprising development given his party's slim majority and the presence of the far-right Freedom Caucus, which promised to oust him after the bill was passed.** They followed through, removing him in a 216-210 vote in the first time in history a speaker had been removed. The House has since been in limbo, unable to respond to new developments like the Hamas' attack on Israel. Many Republicans are now looking at Representative Jim Jordan to become the next speaker, but there are still holdouts. In today's House vote, Jordan fell short of the majority he needed to secure the speakership, but more rounds of voting are to come. There have also been reports of informal meetings between Republicans and Democrats about establishing a bipartisan coalition.
- **American and Mexican officials held talks in Mexico City where the two parties discussed the expansion of the US border wall as well as the arms and drug trade.** Mexican officials rejected the plans for new sections of the border wall, which the Biden administration says must be built as the money had already been allocated in 2019 during Trump's tenure. US officials expressed that the money would also be used for other technologies

and installations at the border other than a wall. Officials also pledged to increase cooperation to combat the drug trade, organized crime, and to ease migratory pressures.

- **Last month, the US deepened diplomatic relations with both Vietnam and Bahrain.** The US has agreed to enter into a "comprehensive strategic partnership" with Vietnam which will mark the US as a partner of the highest order in Vietnam and puts the US into a category reserved until now for just four countries: China, Russia, India, and South Korea. Meanwhile in the Gulf, the US has entered into a security agreement with Bahrain to defend the country from attacks in a bid to counter Iranian influence in the region.

## Europe

- **Poland's governing Law and Justice party appears to have won the most votes in Sunday's election but will lose its majority in the country's parliament.** An opposition coalition of Civic Coalition, the Third Way, and the Left has enough support to form a government, but it would have a difficult time governing; it's politically diverse with the moderately conservative Third Way, the left-leaning Civic Coalition, and the hard-left Left party. The ruling Law and Justice party has been criticized by opposition and international organizations for eroding the independence of the country's judiciary and state media. Both President Andrzej Duda and the Law and Justice-sympathetic top court have the ability to veto legislation from the opposition governments, which could complicate matters even further.
- **The European Union (EU) sent its top diplomat, Josep Borrell, to Beijing to discuss the flare-up of violence in the Middle East, bilateral ties, and the Ukraine-Russia war.** The two parties agreed that the only long-term solution to the Israel-Palestine conflict is a two-state plan. However, the EU criticized China on its failure to take a strong stance against Russian aggression in its invasion of Ukraine, as well as warned that growing trade imbalances between China and the EU would lead to more protectionism. Chinese Foreign Minister Wang Yi claimed that Beijing took Europe's concerns

about trade seriously, and that it would send a special envoy to the Middle East soon.

- **NATO officials pledged more than \$2 billion in additional military aid to Ukraine. Ukrainian President Volodymyr Zelensky visited NATO headquarters last Wednesday to request additional military aid amidst the backdrop of events unfolding in Israel and Palestine.** Concern over violence in Israel and the budget fight in US Congress threaten to weaken support and undermine long-term funding for Ukraine as Russia's offensive continues. Despite these concerns, NATO Secretary General Jens Stoltenberg sought to reassure Zelensky that "[NATO] will stand by Ukraine as long as it takes"

### Asia, Eurasia & the Pacific

- **The chairman of China Evergrande Group, the world's most-indebted property developer, has been placed under police control.** Hui Ka Yan was taken by Chinese police and has reportedly been placed under residential surveillance, a measure just short of being arrested. It also doesn't mean he will be charged with a crime. However, the crackdown does signify that Evergrande's fate is more uncertain, as the firm suffered setbacks to its restructuring plans that raised the risk of a liquidation. Hui was once considered the most politically connected businessman in China and was in charge when Evergrande's shares rose to their highest in 2017. The firm is central to an unfolding property crisis that has hampered the Chinese economy and housing market, and it currently faces a hearing in a Hong Kong court which could force it into liquidation.
- **The president of the self-declared Nagorno-Karabakh Republic, Samvel Shahramanyan, has declared the dissolution of all state institutions of the breakaway republic by January 1, 2024.** The region – an Armenian enclave – has ruled itself, in contravention of its recognition internationally as a part of Azerbaijan, since 1988 and been at the focal point of armed conflict between Azerbaijan and Armenia since. As a result, as many as 93,000 Armenians from Nagorno-Karabakh have fled the region, with expectations that all 120,000 Armenians may ultimately flee. Though the Nagorno-Karabakh conflict has seemingly come to an end, Azerbaijan may now be setting its gaze on the southern Armenian border provide of Syunik, or what Azeris call "Western Azerbaijan."
- **Sri Lanka said that it had reached an initial deal to restructure its debt with the Export-Import Bank of China, a hurdle which stands in the way of the South Asian country's eligibility to receive the next tranche of funds from the International Monetary Fund (IMF).** Sri Lanka became the first Asia-Pacific country to default on foreign debt, valued at \$41 billion, with the most bilateral credit coming from China. The newest preliminary agreement covers around \$4 billion of the debt, and is the largest single portion owed to Chinese creditors. Talks on restructuring the country's debt have been complicated, as Sri Lanka's other creditors formed a committee which China had refused to join. Policymakers have been watching these negotiations closely to see how Beijing would react to debt crises, given its growing importance as a lender to developing countries. Sri Lanka is still in an economic mire after last year's default left it unable to import fuel, medicine, and even food.
- **The IMF bumped up its forecast for India's growth from 6.1% to 6.3% in 2023, saying that the country's growth would remain strong through the end of this year and 2024.** The strength of the Indian economy has been attributed to a rise in consumption, infrastructure spending, the country's youthful demographics, a growing middle class, and the expansion of business activity across the country. However, some have warned that rising inflation, climate change-related extreme weather events such as droughts and heatwaves, and geopolitical tensions could hamper the country's growth. India's consumer market is projected to be the world's third-largest by 2027 as incomes rise, and many economists are bullish about the country's future.
- **China's and India's Defense Ministries issued a joint statement saying that the two countries would commit to "maintain the peace and tranquility" along their disputed border,** a statement that emerged after the 19th round of commander-level talks between the two parties. The statement also claimed that the two sides would aim to resolve the disagreement "in an expeditious manner," but offered no details about a timetable. China claims around 35 thousand square miles of territory in India's northeast, and India claims that China occupies 15 thousand square miles of the territory. The two countries fought a war over the dispute in 1962, and armed clashes reoccurred in 1967 and 1975. Violence broke out again in 2020 where 20 Indian soldiers and four Chinese soldiers were killed.

### Middle East & North Africa

- **The conflict between Israel and Palestine reignited last Saturday as Hamas – widely recognized as a terrorist organization – launched a surprise attack against Israeli positions and civilians.** Following the attack, Israel declared war against Hamas, in addition to unfolding a total blockade against the Gaza Strip. Over the weekend, Israeli forces have begun retaliating against via air strikes, resulting in the deaths of dozens of Gazan civilians. Israel has warned civilians to evacuate Gaza ahead of a possible ground invasion. US President Joe Biden is expected to visit Israel tomorrow and US Secretary of State Antony Blinken, who met with Israeli Prime Minister Benjamin Netanyahu yesterday, said the US and Israel were developing a plan to allow humanitarian aid to reach civilians in Gaza. The United Nations warned yesterday that hospitals in Gaza are expected to run out of fuel within 24 hours and food and water resources are dwindling quickly across the territory. Thousands of Israelis and Palestinians – including many civilians – have died and many more have been wounded in the recent attacks, with the death toll climbing.
- **Turkish forces have increased the scale of their operations against the Syrian Democratic Forces (SDF) and the Kurdistan Workers' Party (PKK) along the country's border with Syria and Iraq, respectively.** A suicide bombing in Turkey's capital, Ankara, that targeted the country's Interior Ministry spurred the intensification, with Turkey accusing the PKK of being behind the attack, an allegation which the PKK took credit for. Turkish military action has, in the past, been limited to precise and targeted attacks of enemy leaders within no more than 10 kilometers from the border. This new wave, however, saw attacks around 70 km from the border, and these attacks also targeted oil fields and refineries with the aim of cutting PKK's revenues. The attack was also uncoordinated with the Global Coalition to Defeat ISIS, a group that includes the US. A Turkish drone was shot down by an American F-16 after it flew too close to a Global Coalition base, a signal that the US would not tolerate unilateral Turkish action in areas where Global Coalition forces are active.
- **A flareup between Saudi Arabia and the Houthi movement in Yemen threatens to destabilize the ongoing civil conflict there once more.** Houthi forces have been accused of launching a drone attack that killed two Bahraini army personnel along the border of Saudi Arabia, an action that has been condemned by the Saudi-led coalition and the US.

The attack likely appears to have come in response to an attack by the Saudi coalition forces, in which the Houthi's claim to have lost 12 of their soldiers along the border with Saudi Arabia in September.

- **The Tunisian government has returned €60 million in financial aid disbursed to it in what is a first-of-its-kind move.** The aid was designated for Tunisia as part of a previous Covid-19 recovery program and was to be the first installment in a package totaling €127 million. The Tunisian president, commenting on the move, called the offer "derisory" and contrary to the agreement between the EU and Tunisia. The rebuke represents a further deterioration in EU-Tunisia relations and further complicates EU efforts to deal with migration, as the subject becomes increasingly contentious within the bloc.

### Latin America & the Caribbean

- **Ecuadoreans elected Daniel Noboa in a runoff election, receiving 52% of the vote against his leftist opponent, Luisa González.** Noboa, a 35-year-old, US-educated businessman, was elected in the hopes of jump-starting economic growth and tackling drug-fueled violence in the country. The president-elect campaigned on creating high-security floating jails to attempt to tackle crime and pledged to attract foreign direct investment into the country to create jobs. Noboa will act as president until May 2025, completing a shortened term for Guillermo Lasso, an unpopular conservative politician that has been accused of embezzlement.
- **Protests kicked off in Guatemala, with protestors seeking a peaceful transition of power** after Bernardo Arévalo's party Movimiento Semilla was suspended by Guatemala's Supreme Electoral Tribunal just hours after Arévalo's overwhelming victory in the polls. In addition, the protestors have called for the resignation of Attorney-General Maria Consuelo Porras, who has been accused of plotting to prevent president-elect Bernardo Arévalo from taking power. Consuelo Porras has refused to step down. Meanwhile the current Guatemalan president has stated that he cannot remove her and has requested that protestors take down the roadblocks that they have set up.
- **According to two people familiar with the talks, the US and Venezuela are expected to announce a deal today that would entail the US easing sanctions on Venezuela's oil industry if Venezuelan President Nicolás Maduro agrees to allow free and fair elections in 2024.** The Maduro government and the US-backed opposition party are

meeting in Barbados today to sign an agreement that include commitments from the Maduro regime, including a competitive, internationally monitored presidential election next year.

- **The United Nations Security Council has approved sending a multinational armed force to Haiti, led by Kenya, to combat violent gangs in the country.** The mission marks the first time in 20 years that a foreign force will be deployed in the country. The Security Council resolution was drafted by the US and Ecuador and passed with 13 votes in favor and two abstentions from China and Russia. The force is authorized to deploy for one year with a review after nine months' time. No deployment date has yet been set.

### Sub-Saharan Africa

- **The US has formally declared the Niger military takeover in July a coup, halting counter-terrorism cooperation and \$500 million in aid to the country.** Nonetheless, the US is committed to maintaining troops in the country, which number around 1,000, and will continue to fly drone missions in the region, including for counter-terrorism purposes. Meanwhile, France has withdrawn its ambassador from the country and has begun pulling its troops out, signaling a further collapse of French influence in the Sahel region of Africa, as anti-colonial sentiment continues to spread.
- **Burkina Faso's military leadership released a statement saying that it thwarted a coup attempt against it by the country's intelligence and security services.** This would mark the third coup attempt in under two years, as the current government led by Captain Ibrahim Traore seized power in September 2022 from another coup government that deposed former president Roch Marc Kabore. In response to the statement, thousands took to the streets in the country's capital, Ouagadougou, and elsewhere, to show support for the current government.
- **Liberia's first election since 2018 has turned into a nailbiter, as only around 3,500 votes separate the two candidates.** October 15th data shows current president George Weah with 43.80% of the vote, while his primary opponent, former vice president Joseph Boakai, maintains 43.54% with 4,295 of 5,890 polling places tallied. George Weah's platform consists of his achievements during his first term, including infrastructure development and economic reform, while Joseph Boakai is billing

himself as an experienced statesman and has focused on healthcare, education, and social welfare.

- **The World Health Organization (WHO) has approved a new malaria vaccine for children.** The R21/Matrix-M vaccine developed by Oxford University is the second malaria vaccine approved for children by the WHO. The approval could provide countries with a cheaper and more readily available vaccine as the RTS,S malaria vaccine is in short supply. According to the WHO, malaria “places a particularly high burden on children in the African Region” with almost half a million children dying every year from the illness. The new vaccine will be rolled out in early 2024 in some African countries including Burkina Faso, Ghana, and Nigeria.

### Suggested Reading

#### [Israeli-Palestinian Conflict](#)

*Council on Foreign Relations*

#### [Africa's coups are part of a far bigger crisis](#)

*The Economist*

#### [Who Killed the Chinese Economy?](#)

*Foreign Affairs*

#### [The Great Debt Conundrum](#)

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