

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 past month has seen a series of meetings take place between the US and China, signaling an intent to work diplomatically to resolve growing tensions** between both sides. To start, at the end of October, Chinese Foreign Minister Wang Yi arrived in Washington to talk technology restrictions and US support for Taiwan, with the US side focusing on the ongoing crisis in the Middle East. In mid-November, Presidents Joe Biden and Xi Jinping met in San Francisco at the Asia-Pacific Economic Cooperation (APEC) summit to further discuss the relationship. Ultimately, progress was made on climate change, reducing fentanyl production, and the re-establishment of military-to-military communications. While Biden's undiplomatic "dictator" remark concerning Xi proved a bump in the road, it did not derail progress made at the summit.
- **Following weeks of chaos in the House and numerous rounds of voting, Representative Mike Johnson of Louisiana was elected House Speaker** to replace Kevin McCarthy who was ousted in early October by some of his ultraconservative fellow party members. Meanwhile, government funding continues to be a major hurdle for Congress. Just last week, the **US Senate passed a stopgap bill to fund the government, avoiding a government shutdown for the time being.** The continuing resolution maintains funding at current levels and includes no policy requirements. The bill passed the House of Representatives with near-unanimous support from Democrats and about half of Republicans, with the Senate approving it 87-11. The next looming shutdown deadline will be in late January or early February.
- **US President Joe Biden hosted Latin American and Caribbean countries in the first of a series of conferences** for countries that are a part of the Americas Partnership for Economic Prosperity Initiative announced by Biden in Los Angeles last year. He hosted 11 countries, including Mexico, Ecuador, and Panama, and announced multiple efforts designed to bolster the economies of these countries. These initiatives range from new efforts to

work with the Inter-American Development Bank to modernize digital and physical infrastructure and to support entrepreneurial activity. In addition, Biden announced initiatives designed to support supply chains in areas like clean energy, semiconductors, and medical supplies to try and cut China out of the supply chain equation.

- **Mexico is facing a severe drought, with more than 75% of the nation experiencing drought conditions.** The country has had 25% less rainfall than expected this year, prompting Mexico City and other areas to impose the most severe drought-induced water restrictions in history. Officials say El Niño and heat waves have caused the decline in rainfall but have also added that drought conditions have intensified over the last four years, resulting in the running down of water reservoir levels. The conditions are especially impacting Mexico's crucial agricultural sector, threatening to increase food prices, and posing a risk to food security.

Europe

- **The Ukrainian effort to eject Russian troops from its territory has stalled** as the summer offensive peters out and Russia gains the initiative around some key fortified zones, such as in Avdeevka. **Adding further pressure on the Ukrainian government have been delays in the US Congress to approve additional military aid.** However, during US Secretary of Defense Lloyd Austin's visit to Kyiv this week, he announced \$100 million in new military aid. German Defense Minister Boris Pistorius and European Council President Charles Michel are also in Kyiv to pledge their support. As the "rasputitsa" settles in, Ukraine's rich soil is transforming into mud, making movement difficult until the winter freeze makes the ground solid again. As such, the conflict is expected to slow down further in the short term.
- **Socialist leader Pedro Sánchez has been reelected prime minister of Spain** by securing a four-seat majority in the country's parliament in alliance with Catalan separatist parties after he secured an amnesty deal for those involved in the 2017 secessionist bid for Catalan to leave Spain. In

response to the move, the conservative Popular Party, which won the elections but failed to form a government, and its leader Alberto Núñez Feijóo, criticized the arrangement, arguing it was bad for Spain. Prior to the vote, tens of thousands of protestors gathered against the government's formation, with some protestors booing MPs as they left parliament.

- **A shocking reshuffle hit the UK's parliament as Prime Minister Rishi Sunak named David Cameron the new foreign secretary.** The move comes in a cabinet reorganization that saw Sunak sack Home Secretary Suella Braverman after Braverman released an explosive article in *The Times* in which she claimed that police were treating pro-Palestinian protestors more favorably than nationalists and the far-right. To replace her, James Cleverly was moved to home secretary, positioning Cameron to fill the vacant slot. The appointment has created some consternation due to a lobbying scandal in 2021, his "Remainer" views, and some foreign policy initiatives under his watch that included a state visit by Chinese President Xi Jinping.
- **The European Union (EU) announced \$6.4 billion in investment in the Western Balkans** to support reforms that would allow for EU enlargement into the region. Recipients will include North Macedonia, Albania, Kosovo, Serbia, Montenegro, and Bosnia and Herzegovina, with the goal of opening the EU common market in areas such as free movement of goods and services, transport, and energy. While EU membership talks have been in the works for a long time, the accession process across the Eastern European region has slowed to a crawl as lack of reforms and EU member reluctance to move forward has impeded progress.

Asia, Eurasia & the Pacific

- **Protests have racked Bangladesh over the past month in the runup to the general elections slated for early January.** To start, a massive rally hosted by the Bangladesh Nationalist Party (BNP) opposition turned violent at the end of October as opposition forces called for the resignation of Prime Minister Sheikh Hasina who has been in power since 2009. These protests were followed up by garment worker protests, with demonstrators arguing that wages are too low. The protests, which Hasina blames on the BNP, were likewise shut down. With the Election Commission signaling a go-ahead for the vote scheduled on January 7, the widely held

expectations are that Hasina will win a fourth term, as her approval rating sits as high as 70%.

- **Myanmar's civil war is heating up** as the rebel "Three Brotherhood Alliance" -- an alliance of ethnic minority groups comprised of the Myanmar National Democratic Alliance Army (MNDAA), the Ta'ang National Liberation Army (TNLA), and the Arakan Army (AA) -- captured a swath of military posts in the northern Shan State on China's border. Dubbed Operation 1027 in reference to the date, the operation is a highly visible defeat for the Junta government which risks breaking the country apart per the military-appointed president. It is unlikely that the junta government will take this lying down as it retains superior firepower overall and it remains to be seen what counter-operations the government is set to implement to attempt to rein the rebel areas back under its control.
- **Chinese and Japanese commerce officials met in San Francisco at the Asia-Pacific Economic Cooperation (APEC) to discuss trade and environmental issues.** Relations between the two countries have frayed as China has criticized the Japanese government's decision to release wastewater from the Fukushima nuclear disaster into the ocean, while Japan has joined the US in cracking down on China's ability to access advanced semiconductor technology. The two countries are deeply economically intertwined, and both had the opportunity to work together in San Francisco as the US worked to restore stability to Washington-Beijing relations. The two countries have announced that they will work towards a mechanism that encourages dialogue to reduce the harmful effects of these disputes.
- **Taiwan and the UK signed a framework trade agreement this month**, paving the way for future talks on clean energy, digital trade, and investment. The agreement is the first of its kind between Taiwan and a European country. Both Taipei and London have expressed the hope that it can be a model for future bilateral trade deals between Taiwan and other countries. In response to the announcement, China objected to the agreement and warned the UK to "abide by the one-China principle and stop using trade cooperation as an excuse to engage in official exchanges or enhance substantive relations with Taiwan." In related news, the UK formally launched bilateral trade talks with South Korea this week during South Korean President Yoon Suk Yeol's visit to the country.

Middle East & North Africa

- **The war between Israel and Hamas has escalated, causing a worsening humanitarian crisis in Gaza. Here are some of the key developments of the Israel-Hamas conflict from the last month:** First, Israel has faced increasing opposition from the international community regarding their operations in the Gaza Strip. Bolivia, Chile, and Colombia have recalled their ambassadors from Tel Aviv, while Jordan told Israel's ambassador to leave immediately. Humanitarian conditions in Gaza have deteriorated and thousands of Palestinians have been killed during the fighting. Israeli forces stormed Gaza's Al-Shifa hospital, which they claimed was a headquarters for Hamas, causing a crisis for the hospital's estimated 600+ patients. President Biden has called for a revitalized Palestinian Authority, which currently governs the West Bank, to govern the Gaza Strip to work towards a two-state solution.
- **As the fighting between Israel and Hamas in Gaza continues, threats from other regional actors have escalated.** The US has stepped up attacks on Iran-backed armed groups in eastern Syria in response to near-daily attacks on US forces in Iran and Syria since October 17th. Meanwhile, Israel has intensified strikes on the Iran-backed militant group Hezbollah in Lebanon which has been firing missiles and rockets at targets in Israel since the outbreak of the Israel-Hamas conflict. The activities in Syria and Lebanon underscore the fears of war spreading across the Middle East.
- **Pakistan hosted a weeklong joint naval exercise with China in the Arabian Sea this month,** with drills beginning in Karachi and the waters and airspace of the Arabian Sea. Beijing stated that the drills would include anti-submarine warfare, and the exercise in all would include several warships and submarines. China said that the drills would enhance the two countries' strategic partnership. Beijing has maintained close ties to Islamabad, and both have increased their economic cooperation under China's Belt and Road Initiative over the past few years. Through the China-Pakistan Economic Corridor, which is part of the BRI, Pakistan has seen over \$25 billion in Chinese investment for infrastructure.

Latin America & the Caribbean

- **Radical libertarian Javier Milei won Argentina's presidential runoff election Sunday, beating Economy Minister Sergio Massa by 11 points.** Milei, who campaigned on widespread disillusionment with the country's ruling party over triple-digit inflation and mismanagement, has

promised sweeping changes to Argentina's economy and government. Some of his plans include the dollarization of the economy as well as drastic cuts to state spending. On foreign policy, Milei has said he will reject the invitation to join BRICS, an economic bloc which includes China and Russia, in favor of growing closer to the US.

- **Paraguay and Venezuela have decided to restore diplomatic ties after a near five-year freeze.** Ties were cut in 2019 when Paraguay recognized Venezuelan opposition leader Juan Guaido as the country's president instead of Nicolas Maduro, the country's current leader who has clung to power. This development follows a gradual cooling of tensions between Washington and Caracas, with the US announcing the easing of oil sanctions after negotiations in early October. Paraguay's foreign ministry said that the ambassadors should be formally accredited in the coming days, and that both countries are committed to restarting bilateral ties with one another.
- **Peru's foreign minister and ambassador to the United States both submitted their resignations earlier this month following a diplomatic blunder.** Peru's President Dina Boluarte was supposed to meet with US President Biden during the Summit of Leaders of the Alliance for Economic Prosperity in the Americas (APEP) on November 3rd, a meeting that never happened. Instead, Boluarte only spoke to Biden briefly on the sidelines of the summit while her counterparts from the Dominican Republic and Chile met with Biden in a formal setting. Peru's ambassador Gustavo Meza-Cuadra, in his resignation letter, lamented his embassy's failure to properly prepare for the summit. The foreign minister Ana Cecilia Gervasi, on the other hand, expressed gratitude for the time she served in her resignation letter. Lima has appointed conservative academic Javier González-Olaechea as its new foreign minister in Gervasi's absence.

Sub-Saharan Africa

- **A record 6.9 million people have been displaced in the Democratic Republic of Congo (DRC) due to conflict in the country's east,** according to the United Nations. Rebel forces, called the March 23 Movement (M23), have intensified their operations in the DRC's North Kivu province, particularly close to the provincial capital of Goma. United Nations officials have called for greater focus on the immense humanitarian needs of the DRC's displaced population, needs which will only increase as the violence escalates. The rising violence in the east

has increased tensions around the country's December elections, scheduled for this year. The current president, Félix Tshisekedi, is the favorite to win, despite his tumultuous term that included Covid-19's outbreak, violence in the east, and accusations of corruption.

- **Sudan's warring factions -- the country's armed forces and the paramilitary Rapid Support Forces (RSF) -- announced that they would work towards allowing humanitarian access** into the country after Saudi-hosted talks in Jeddah. Progress has not been made on a potential ceasefire or political settlement to the conflict which has killed an estimated 10,000 people so far. Truces made early in the war were quickly violated, and talks are expected to continue coming up short in the near term. US Secretary of State Antony Blinken warned that RSF forces planned an imminent large-scale attack on North Darfur's capital, where thousands of refugees had sought safety. In recent weeks, the RSF has taken several army bases across the Darfur region, becoming the dominant player in the area.
- **Former Vice President Joseph Boakai won Liberia's presidential election this weekend in a narrow victory over current President George Weah.** According to data from Liberia's electoral agency, Boakai secured 50.89% of the vote with 99.58% of the results counted. While the final results are expected in the coming days, President Weah has already conceded defeat. Many expected 78-year-old "Sleepy Joe" Boakai to retire following his defeat to Weah in 2017's election, but he capitalized on the growing unpopularity of Weah and ran on the platform of investing in infrastructure development and agriculture programs.

Suggested Reading

[The World Ahead 2024](#)

The Economist

[Is Argentina's new president too divisive to fix a broken economy?](#)

The Economist

[How Do Humanitarian Corridors, Cease-Fires, and Pauses Address Violence in Conflict?](#)

Rachel George & Roza Kavak, *Council on Foreign Relations*

[Latin America Is Running Out of Water](#)

Grant Burrier, *World Politics Review*