

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 the last month, Republican and Democrat lawmakers have been at odds over military aid,** particularly for Ukraine. Republican senators blocked President Biden's request for further Ukraine funding earlier this month, highlighting waning support for continued US funding for the country. The bill would also have provided military aid to Israel. US President Joe Biden warned Republican members of Congress that they were aiding Moscow's ambitions in Ukraine by blocking aid. Despite pleas from Ukrainian President Volodymyr Zelenskyy during his visit to Washington, Republicans were still not convinced to support a \$61 billion military aid package. Republicans have argued that further aid must be conditioned on immigration policy changes and enhanced border security. President Biden later announced he would be proceeding with a \$200 million aid package that does not need Congress's approval.
- Texas Governor Greg Abbot has signed a bill that would authorize state police to arrest people suspected of illegally crossing the border. **The bill is likely to force Texas and the federal government into a legal battle, as immigration enforcement is a federal responsibility.** While that has been supported by past Supreme Court decisions, Texas Republicans hope that a more conservative Supreme Court would overturn the precedent. **This comes at the same time as US border officials closed international railway bridges in Eagle Pass and El Paso due to a surge of migrants traveling by train.** Mexican civil society groups have criticized the closure, which they say would hamper cross-border trade. All of this has happened after the Asia-Pacific Economic Cooperation (APEC) Summit held in San Francisco this year, where **Biden and Mexican President Andres Manuel Lopez Obrador met and discussed illegal immigration and fentanyl trafficking between the two countries.**
- A Manhattan indictment released within the past month details an alleged plot by the Indian government to assassinate Gurpatwant Singh

Pannun, general counsel for Sikhs for Justice, a group supporting Sikh separatism from India. The filing charges Indian national, Nikhil Gupta, with murder and conspiracy to commit murder for hire after the accused purportedly attempted to contract an assassin in the US. Unbeknownst to Mr. Gupta, the assassin in question was in fact an undercover law enforcement agent, whose testimony served as the backbone for Mr. Gupta's arrest warrant. **The filing comes on the heels of an assassination carried out in Canada, similarly against a Sikh separatist, and risks creating further diplomatic tension between the US and India.**

Europe

- **European Union (EU) members have greenlit accession talks with Moldova and Ukraine.** While Hungarian Prime Minister Viktor Orban made very clear his disapproval of the measure, he nonetheless chose to leave the room rather than veto the vote, paving the way for the measure to pass. As such, the measure was voted in the affirmative by 26 of 27 EU member states. The vote is considered by EU leadership as an important victory for Ukraine against Russia.
- **The EU has agreed to the A.I. Act, a first-of-its-kind, sweeping set of regulations designed to manage the risks associated with the burgeoning technology.** The act focuses on what are considered the riskiest uses of AI and requires transparency from general-purpose AI systems, such as found in ChatGPT; restricts the use of facial recognition software by police and governments outside of certain national security exemptions; and requires AI-generated images to be labeled as such. Failure to comply by companies will result in a fine of 7% of global sales. The law is set to take effect 12-24 months from now, which has raised questions regarding its efficacy as AI has shown rapid advancement in the past few years. Moreover, the novel laws are expected to be tested in court, further delaying their potential impact.
- Finland has closed off its entire eastern border due to the continuing influx of migrants from Russia. In November, **Finland's government chose to close**

the entire 830-mile border with Russia after alleging that Moscow could be using migrants to destabilize Finland in an act of “hybrid warfare.”

However, two sections of the border were previously opened less than two weeks ago on a temporary basis to assess if the “migrant phenomenon” still existed at the border. In November alone, Finnish authorities say that 900 migrants – the majority of which are from Syria, Somalia, and Yemen – had arrived at the border without proper visas or valid documentation, prompting the government to close off the entire border again late last week. Moscow has denied it is encouraging migrants to enter Finland.

- **Serbia’s ruling party, the SNS party of President Aleksandar Vučić, won an outright majority in parliamentary and local elections on Sunday. However, amid widespread reports of vote-rigging, tens of thousands of Serbs protested in the capital of Belgrade on Monday and additional demonstrations are planned. Some election observers, including the Organization for Security and Co-operation in Europe (OSCE), found irregularities in the election, prompting the EU to demand that election procedures are tightened and that all “credible reports of irregularities are followed up in a transparent manner” by Serbian authorities.**

Asia, Eurasia & the Pacific

- **Armenia and Azerbaijan released a joint statement over the past month claiming that both see a “historical chance” for a “long-awaited peace,”** with both countries hopeful that a peace treaty can be negotiated by the end of the year. In addition to the statement, Baku released 32 Armenian servicemen and Armenia released two Azerbaijanis. Further, Armenia has dropped its bid to host the COP29 conference in support of Azerbaijan's. While talks between the two countries had stalled in the US and Spain due to accusations by Azerbaijan of Western bias, talks resumed in October in Iran, resulting in the current state of negotiations.
- **Former British prime minister and newly-minted foreign secretary, David Cameron, met with Chinese Premier Li Keqiang in the past month to talk business. In addition to support for a proposed EU-China trade agreement, he argued that the Chinese and United Kingdom (UK) economies are deeply complementary, urged greater investment, and announced the institution of same-day business visas for visits to the UK. Meanwhile, the EU also**

visited China for a summit in Beijing. EU leadership pressed China on the trade imbalance between the EU and China and on Chinese support for Russia in Ukraine.

- **The Philippine government and the country’s communist rebels have agreed to resume peace talks aimed at ending decades of armed conflict.** The country’s Communist Party and its armed wing, the New People’s Army, have fought successive Philippine governments since 1969. The conflict has resulted in the deaths of more than 40,000 soldiers and civilians.
- **Two boats filled with Rohingya refugees were found after a UN refugee agency sounded the alarm.** The boats, which had 300–400 refugees including many women and children, landed in Indonesia’s northeastern Aceh province after spending weeks at sea. They had sustained significant engine damage and left the vessels adrift in the Indian Ocean for six weeks. The boats embarked from Bangladesh as part of a typical seasonal exodus of displaced Rohingya peoples stuck in refugee camps in Bangladesh, who are there after having fled repression in Buddhist-majority Myanmar.

Middle East & North Africa

- **Israel's invasion of the Gaza Strip has continued into December** after Hamas' October 7th attacks. US officials have said American support is unshakeable but have also urged for more care for civilians in Gaza as calls for a ceasefire grow at home and abroad. According to Palestinian health authorities, there have been over 19,000 Gazans killed by Israeli assaults, entire city blocks have been leveled, and the fighting has displaced over 80% of the 2.3 million people that live in the strip. **Yemen's Houthi rebel group, backed by Iran, has intensified its operations against shipping in the Red Sea, disrupting global commerce.** The group claims that its attacks are to pressure Israel to halt its offensive. In reaction to the rising tensions and four of the world’s largest container companies suspending services in the Red Sea, **US Defense Secretary Lloyd Austin announced the formation of a new maritime force made up of the US and 9 allies to secure the Red Sea.** At the same time, US, Israeli, and Qatari officials are to discuss a potential deal to secure the release of more Israeli captives of Hamas.
- Russian President Vladimir Putin made a short trip to the Middle East, visiting the United Arab Emirates and Saudi Arabia in quick succession.

Putin discussed economic cooperation and the strengthening of relations between Russia and the Middle East. Many also believe it was a way for Putin to defy Western attempts at isolating Russia for its invasion of Ukraine. This is Putin's first visit to the region since July of 2022, where he saw Supreme Leader Ayatollah Khamenei in Iran.

- **Pakistan finds itself in political turmoil as it gears up for general elections on February 8th.** The opposition party Pakistan Tehreek-e-Insaf (PTI), led by former Prime Minister Imran Khan who is currently in jail for allegedly leaking state secrets, held a virtual rally featuring an AI-generated speech from Khan. The PTI organized the rally to bypass the government ban on public rallies. The opposition party has also accused the government of causing internet disruptions to prevent Khan's supporters from watching the speech, but the speech has garnered more than 5 million views, nonetheless. A Pakistani court recently announced that Khan's trial will be held behind closed doors, prompting criticism from his supporters and from press freedom advocates. Pakistan's parliament was dissolved on August 9th and a caretaker government has ruled since then. The political crisis has come at a time of economic instability as the country struggles to deal with crippling debt and crushing inflation.

Latin America & the Caribbean

- **Venezuela held an unmonitored referendum to annex the disputed Essequibo region which has been owned and governed by Guyana since 1899.** According to President Nicolas Maduro's government, the country has voted overwhelmingly in favor of the annexation. The region is known to have large oil and mineral reserves, and it comprises two-thirds of Guyana's territory while hosting 125,000 of its 800,000 citizens. The referendum was also used as a pretext by Maduro's regime to arrest opposition politicians with links to Maria Corina Machado, the opposition candidate for the presidency. At a meeting on Thursday hosted and mediated by St. Vincent and the Grenadines, Guyanese and Venezuelan leaders agreed to refrain from threats and the use of force in their dispute over the territory. The US and many other international actors have voiced their support for Guyana, but Maduro's move calls into question Washington's recent removal of sanctions on the Maduro government and Venezuela's oil industry.
- **Argentina's new self-described libertarian president, Javier Milei, has begun implementing**

a series of "shock therapy" reforms to Argentina in the throes of one of the country's worst economic crises in decades. Argentina's economy chief announced that the country would cut the value of its peso by over 50% against the US dollar. The peso would plummet from 400:1 against the USD to over 800:1. Other austerity measures to be implemented are large subsidy cuts, cancellation of tenders for public works projects, and plans to end nine official ministries. On the other hand, the government also plans to double social spending for the poorest to help them through these measures. Milei's harsh austerity plans will certainly face opposition from progressives and the left-leaning Peronist movement, which still has significant influence in the legislature and civil society even after it lost the presidency.

- **During a meeting of the leaders of the Mercosur trade bloc - an economic group including Argentina, Bolivia, Brazil, Paraguay, and Uruguay - and four investment banks announced they would pledge \$10 billion for infrastructure projects aiming at interconnecting South America.** The projects include funds for ports, airports, roads, railways, and energy infrastructure. The initiative is called "Routes for South American Integration," and many of the planned projects are concentrated in Brazil's northern regions. Brazil's Planning and Budget Ministry said the new projects were focused on facilitating commerce between Brazil and Asia, and it would be the biggest fund ever put together for South American integration.
- **Haiti's Police Chief, Frantz Elbe, has visited Kenya ahead of Kenya's potential deployment of 1,000 police officers to Haiti as a part of a UN security mission.** The Haitian police chief spoke with Kenyan law enforcement officials about security cooperation in Nairobi, the capital. Haiti has long been plagued with instability, made worse by the assassination of President Jovenel Moïse two years ago. **The Caribbean country's capital, Port-au-Prince, is under the control of various gangs and criminal organizations,** compounding other issues such as a humanitarian crisis and poverty, making for a climate of extreme violence.

Sub-Saharan Africa

- **Sudan's civil war has escalated as Sudanese paramilitary group Rapid Support Forces (RSF) has entered the city of Wad Madani which has been a hub for aid and shelter.** The RSF's latest advancement on the Sudanese military has displaced up to 300,000 people. Sudan's war is one of the

world's worst humanitarian crises with at least half of the country in need of aid. Fighting between the RSF and Sudanese military broke out in April of this year after months of tensions over power-sharing.

- **Somalia has reached an agreement with its international lenders under the Group of 20 (G20) debt-relief initiative, which would cancel \$4.5 billion of debt.** Previously, its external debt equaled 42% of the country's GDP, but it will now fall to less than 6%. The Somalian government had to reach 13 targets for economic governance in order to achieve this deal, and the IMF has praised the country's progress. Over the last 10 years, Somalia has increased annual domestic revenue from only \$69 million to \$345 million. This new deal will allow Somalia better access to international debt markets and to potentially begin attracting foreign investment.
- **The Democratic Republic of the Congo and rebel groups in the country's east have agreed to and extended a ceasefire for two weeks as the DRC's election comes up on December 20th.** The ceasefire was facilitated by the United States and has mostly halted the broad violence in the country's east, which has killed thousands and displaced nearly 7 million people. One of the most powerful rebel groups, called M23, has been accused of being an arm of the Rwandan government by the DRC, a claim which Rwanda denies. If conducted peacefully, the upcoming election could mark the second successful transition of power in the DRC's six decades of independence.

World

- **The 28th United Nations (UN) Climate Summit, hosted in Dubai, has come to a close with a historic deal saying that countries would transition away from fossil fuels.** While critics of the deal say it doesn't go far enough, governments around the world have hailed it as a huge step in the fight against climate change. Throughout the summit, a series of pledges and agreements were reached by the 199 attending parties. For instance, the terms of a fund that would help countries vulnerable to the negative effects of climate change were agreed upon. Rich countries committed \$260 million to kickstart the program. Additionally, 119 countries have endorsed the Global Renewables and Energy Efficiency Pledge, alongside an initiative to reduce emissions in heavy-emitting sectors. Furthermore, the Oil and Gas Decarbonization Charter (OGDC) saw 51 companies, including 29

national oil companies, support targets for net zero emissions by 2050.

Suggested Reading

[A new Suez crisis threatens the world economy](#)
The Economist

[Who Gets to Tell China's Story?](#)
Ian Johnson, *Foreign Affairs*

[The Real Impact of Maduro's Guyana Referendum](#)
Oliver Stuenkel, *Americas Quarterly*

[Visualizing 2024: Trends to Watch](#)
Matthew P. Goodman, et. al, *Council on Foreign Relations*