

Navigating Trends and New Challenges for 2023

A Letter from BIC's President - Commentary

By Marc Otte – BIC President

Two major developments in the year 2022 have dominated the headlines and attention of governments and policy makers around the world: the return of war in Europe, with impacts on the world at large and no apparent sign of an imminent end, and the impact of climate change on the stability of nature and on the health of the human population.

The first, the Russian aggression against Ukraine, manifests itself with the classic features of war: death of soldiers and civilians, including atrocities and war crimes; destruction of infrastructure, economic assets and private housing; deterioration of the economic system with food and energy shortages, refugees, rearmament, and the strengthening of political and military coalitions. Warmongering rhetoric and asymmetric warfare are also part of this picture, and we see the return of history and geopolitics in the political discourse. The avowed war aims of the aggressor and its ideological allies (including China) are not only, or essentially, the conquest of territory but the change of the Western-dominated world system in place since the end of the Cold War. The Maidan demonstrators in Kiev in 2004 and 2013/2014 waved European flags, which the Russian authorities did not fail to take note of. The EU is the model of governance that Putin fears. His policy is to stop its progress towards the East of Europe, including also to undermine it from within, for example by intervening in national elections, financing extreme right-wing parties, or discriminating among European countries in Russian gas supplies. This must be added to growing concerns of fractures within the democratic system itself, with the rise of ultra-nationalist (and in some cases, violent) movements in Europe and the US, aiming to undermine traditional values (including the European project and respect for democratic debate). Several of these ultra-nationalist movements are

now represented in or leading (such as in Italy) governments. The new Swedish presidency of the EU includes such a party. The turmoil about the January 6th assault on the US Capitol on the day of inauguration of President Biden, and the chaotic election of the new speaker of the US House of Representatives raise concerns about the future of the American democratic system. The assault against government buildings in Brasilia is the most recent example.

Moscow also keeps supporting conflicts elsewhere, notably to encircle the southern flank of the EU and NATO. Syria is a case in point. Russia has sent Syrian fighters to the battlefield in Ukraine. It uses its Wagner militia to support regimes hostile to the West in Africa while exploiting their resources to its own benefit. Other authoritarian regimes such as China share this objective of 'war' on the Western political model and values, even if they do not participate in Russia's military actions. That does not prevent some of them providing armaments to Moscow, including drones by Iran and ammunitions by North Korea, and/or to benefit from supplies of Russian goods under sanctions by the West, mainly energy.

The war impacts the entire world. Energy and food prices, inflation and economic decay are the most visible. Ukraine and Russia are prominent suppliers of cereals and fertilizers. Given that Ukraine was the world's fifth-largest exporter of wheat prior to the conflict, the blockade of its ports has costed the country billions of dollars in lost revenues and, at the same time, pushed up global food prices to alarming levels. As a result, many countries, such as those in the Middle East and North Africa that import more than 40 percent of their wheat and almost 25 percent of their vegetable oil from Russia and Ukraine, faced a double blow in the form of acute food shortages and soaring prices. A four-way grain deal concluded last July between the UN, Turkey, Russia, and Ukraine eased the pressure, but rising inflation worldwide and global supply-chain disruptions now pose a new threat.

Policy corrections, including repatriation to the domestic production of strategic items, threaten a rise in protectionism. The US Inflation Reduction Act is a case in point. It has Europeans scrambling to convince Washington to spare their economies and to plan for similar tools. The US-Chinese rivalry is pushing Washington into a trade war with Beijing about semi-conductors, with new American sanctions on the way. The multilateralist system is, more than ever, undermined and non-functioning. The WTO is losing authority and efficiency (as the WHO is in the case of Covid). The credibility of the UNSC is being challenged every day.

The prevailing logic in relations between nations and zones of influence sees various countries giving priority to strengthening their armed forces and a growing pattern of power rivalries. The Indo-Pacific is becoming a new rival. Thus, India embarked on the construction of its first home made aircraft carrier, both to counter Chinese maritime power and to strengthen its own shipbuilding capabilities, all in the service of its influence in the Indo-Pacific. This year will likely be remembered for marking its emergence as the world's most populous nation. According to the U.N., China's population last year was 1.426 billion while India's was 1.417 billion. In July 2021, the U.N. forecasted that China's population would fall in 2023 while India's would surpass it. By 2050, the U.N. expects India will have 1.6 billion residents and China 1.3 billion. Moreover, decoupling between the U.S. and China and the rebuilding of technology supply chains to exclude China benefits India. Apple is building iPhone 14s in India. Natarajan Chandrasekaran, chairman of Indian conglomerate Tata Sons, has talked of plans to produce semiconductors on the subcontinent.

The strength of India is its independent diplomacy. While a member of the Quad with the U.S., Japan, and Australia, it participates in military drills with Russia and imports weapons and oil from Moscow. Despite its border dispute with Beijing, India respects the BRICS framework, and Prime Minister Narendra Modi joined Russian President Vladimir Putin and Chinese President Xi Jinping at a bloc summit in June.

The Europeans and the EU have so far shown solidarity and resolve, in agreement with the US, to resist Russian aggression and to help Ukraine with political, humanitarian, economic and military support. In defiance to Putin's design, Ukraine has been offered the prospect of EU membership. A comprehensive and strong set of sanctions have significantly weakened Russia. Finland and Sweden have decided to join NATO. The EU has taken measures to wean itself collectively off dependence on Russian energy and accelerate the pursuit of clean energy solutions.

Transatlantic solidarity has remained strong. Far from the pivot to Asia, Washington has understood and accepted the consequences of the new threats to Europe for its own security. Recent engagements by the US and the EU with the so-called "Global South" are part of a recognition that the latter's voices (Africa, South Asia) should be given more attention. The German minister of foreign affairs has declared that "24 February 2022 has changed our world, has changed Europe".

Other members of the international community have condemned Russian aggression in Ukraine but desisted from imposing sanctions on Moscow, including

in the Middle East. Turkey is trying to play mediator both in the Ukrainian conflict and other places where Russia continues to play a role, such as the Middle East and central Asia. China is taking the opportunity to both align itself with resisting Western influence and to warn Russia against overplaying its hand in the Ukrainian war including the use of nuclear weapons.

That being said, a negotiated solution to the war in Ukraine should remain the priority of the moment. But so far, the situation does not exclude a slippage leading to a catastrophic escalation of the war, guided by the desire for victory of Russia and the United States, as some point out (see the article by John Mairsheimer in Foreign Affairs on August 17).

In parallel, the summer of 2022 highlighted the inexorable advance of climate change and its catastrophic impact on human societies. The year has seen extreme temperatures, violent storms, floods, and human victims. In many countries, 2022 has been the hottest year since weather records began. *'By 2030, what will be exceptional is that we do not know a new year like 2022,'* confirms climatologist Jean Jouzel. The only *"surprise"* in his eyes last year was that temperature records were broken in very large proportions beyond forecasts. Apparently, all models tend to underestimate the temperature records reached each summer.

At the global level, mercury has risen by 1.2°C since the pre-industrial era. The past eight years are on track to become the hottest on record, according to the World Meteorological Organization. The year 2022 is expected to be in fifth or sixth place, despite the cooling caused by a rare La Niña phenomenon extending over three consecutive years. According to the British Meteorological Institute, 2023 could be even warmer, due to the possible return of an El Niño phenomenon from May, which accentuates warming. In Europe, many other countries also experienced their hottest year in 2022, such as Spain, Germany, Italy, and Switzerland. The European continent is warming the fastest. Over the past three decades, warming has been about 0.5°C per decade, more than twice as fast as the global average.

This situation is set to get worse, while the efforts of the international community are totally insufficient to stem the climate crisis. Global emissions of CO₂, the main greenhouse gas, continued to rise in 2022 and the planet is heading for an average warming of 2.5°C by the end of the century, far from the Paris Agreement's goals of limiting it to well below 2°C and if possible, to 1.5°C.

Last year offered some perspectives for action. The first was COP27, in Sharm el-Sheik, November 6th to 18th, but it remained short of major success. It failed to reach agreement on green finance targets for developing countries and on sufficiently ambitious measures for mitigation. One major advance of COP27 however was the recommendation addressed to multilateral development banks and international financing systems to reform and ease developing countries' access to green financing. (see BIC report December 15 2022).

On the other hand, COP15 on biodiversity held in Montreal, December 7th to 19th, adopted a new set of goals to guide global action through 2030 to halt and reverse nature loss. In short, it resulted in

- The adoption of an equitable and comprehensive framework matched by the resources needed for implementation
- Clear targets to address overexploitation, pollution, fragmentation, and unsustainable agricultural practices
- A plan that safeguards the rights of indigenous peoples and recognizes their contributions as stewards of nature
- Finance for biodiversity and alignment of financial flows with nature to drive finances toward sustainable investments and away from environmentally harmful ones.

It is obvious that these two main challenges (including pandemics like Covid) demand a consensual and coordinated approach which current confrontations between world powers render impossible. 'Effective multilateralism' appears out of reach for the time being.

And of course, other crises and conflicts are concerning and continue to challenge the world order.

Syria is a case in point (climate was an underlying cause of the civil war). Despite continuing efforts by the UN Special Envoy, no progress has been registered on the front of negotiations under UN resolution 2254. Confidence building steps have not taken place. In the meantime, the humanitarian situation is worsening and the fate of prisoners and the disappeared remains dire. According to OCHA, the number of people in need of humanitarian aid has climbed to 14.6 million in 2022, an increase of 1.2 million compared to the previous year and the number will increase to 15.3

million in 2023. Inflation and rising prices of food and fuel are putting essential needs out of reach for millions of families. Cholera outbreaks are made worse by the lack of clean water and access to health facilities. OCHA reports that 62.000 cases have been reported and 100 people have died as of December 18th.

Military confrontations continue between the regime (and its supporters) and various opposition groups. Six armies are active on the ground (the regime, Russia, Hezbollah on behalf of Iran, Turkey, the US in support of the Kurdish militia fighting IS, and Israel striking regularly the Iranian-linked infrastructures and supplies). Turkey has bombed Kurdish positions in the Northeast and has repeatedly threatened to launch a ground operation against them. It has even gone as far as opening channels of communication with the Assad regime. While the US has turned its head away somewhat from the Syrian conflict, the Europeans cannot afford to be distracted from a conflict that remains a threat to their stability. The more so that the rest of their neighbourhood continues to present challenges.

Tunisian legislative elections last December demonstrated disaffection of voters amid scepticism that they would help solve the socio-economic problems confronting the country (see BIC report December 23). Since, multiple independent initiatives, regrouping political parties and corporate and civil society organizations have been launched, the most notable being the tripartite call for dialogue by the Central Labour Union (UGTT), the Bar Association, and the Tunisian League for Human Rights (LTDH) to exit Tunisia's political and socioeconomic stalemate. Political parties are excluded from this initiative. So far, President Saied has not responded to the invitation.

As the 12th anniversary of the Tunisian revolution on January 14th is approaching, there are multiple calls to rally against President Kaiis Saied's policies and protests are to be expected. Saied's new constitution – replacing the 2014 statute written following Tunisia's 2011 revolution, which ousted dictator Zine El Abidine Ben Ali – has given Saied far greater powers and has been blasted by rights groups. Most national organizations have been denouncing Saied's unilateral decision-making since his 25th July 2021's takeover as having worsened Tunisia's socioeconomic and political crisis.

A 2022 opinion poll has shown that most Moroccans are dissatisfied with their government's performance on the country's cost of living crisis. They're also disappointed with the opposition. The study reveals great dissatisfaction with the

government's performance throughout last year with regards to managing the economy and cost of living crisis. A large majority of 95 percent of respondents said they were unhappy with how the government has handled price hikes in fuel and other basic commodities, while 93 percent believe the government is not taking measures to protect the country's middle class. Like most economies in the region, Morocco is reeling under inflation that has seen the price of basic goods skyrocket. Sparks between the EU and Morocco have happened recently because of European accusations of Moroccan involvement in the "Qatargate" scandal, adding to the known tensions about Western Sahara.

The EUHR Josip Borrell went to Rabat 5 to 7 January to re-affirm the solidity of the EU-Morocco partnership. The EU is Morocco's largest trade partner, accounting for 56% of its goods trade in 2019. 64% of Morocco's exports went to the EU, and 51% of Morocco's imports came from the EU. Morocco is the EU's biggest trade partner among the Southern Neighbourhood countries, with 25% of total EU trade in goods with the region. In the year 2020, the EU mobilized more than 5 billion dirhams to meet the immediate health and socio-economic needs of its partner. The EU and Morocco committed to supporting post-Covid 19 recovery with the transition to a more sustainable society and consumption patterns; a stronger ambition to fight against climate change; a highlight of the economic opportunities of a greener and cleaner economy; and the development of regional cooperation.

EU-Israel relations have taken a turn for the worse after the swearing in of the latest government coalition, including provocations in Jerusalem and the occupied territories by some of its most extreme members. There is little chance to see better relations between the EU and Israel or any progress in the search of peace with the Palestinians. This might also slow down the normalization process between Israel and Arab regimes. The southern region of the Sahara remains a concern. It is not only the main victim of climate change, but also the scene of continuing conflict between states and non-state actors. Ethiopia, the Sahel, and Eastern Congo must continue to be watched closely.

The biggest challenge besides the war in Ukraine and climate change however remains Iran and its behaviour in the region and at home. Popular protests against the death of a young woman at the hands of the Iranian police have been ferociously repressed by the regime, leading to thousands of arrests and detentions. Four men have been hanged recently for participating in the protests. The fate of the JCPOA

about Iran's nuclear programme has become uncertain in this context, while Tehran is delivering drones to Russia and is accused of developing new missiles. US Special Envoy to Iran, Robert Malley, has declared last month that the nuclear deal "is not dead". He added that negotiations on reviving the deal reached a point last September where "we even thought for a day or two that Iran was on board" until it presented new demands at the last minute that removed the chance of moving forward. The International Atomic Energy Agency has reported on the intention of Iran to install new centrifuges at the Natanz Fuel Enrichment Plant and to produce more uranium enriched up to 60% at the Fordow Fuel Enrichment Plant. While the Agency has not been able to verify the stockpile of enriched uranium in the country, it estimates that Iran now has a total enriched uranium stockpile of more than eighteen times the allowable amount under the JCPOA. This includes large quantities of uranium enriched to 20% and 60%. The Agency also reported that the decision of Iran to "remove all of the Agency's equipment for surveillance and monitoring activities in relation to the JCPOA has also had detrimental implications for the Agency's ability to provide assurance of the peaceful nature of Iran's nuclear programme."

Because of their role in bringing about the negotiations on the JCPOA and their lead in carrying them, but also because of their essential security interests, the EU should invest intensively into the potential to resume the process and succeed even despite the current strategic circumstances.

As 2023 brings new challenges, us from the BIC will continue to help policy makers translate today's problems into pragmatic, understandable, and usable solutions. And our goal is that these bridges will help dismantle cultural boundaries, break the status-quo, and promote more peaceful and resilient societies for a brighter future.

About the BIC

The BIC is an independent, non-profit, think-and-do tank based in the capital of Europe that is committed to developing solutions to address the cyclical drivers of insecurity, economic fragility, and conflict the Middle East and North Africa. Our goal is to bring added value to the highest levels of political discourse by bringing systemic issues to the forefront of the conversation.



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