

COUNCIL OF COUNCILS

An Initiative of the Council on Foreign Relations



The 2023 Council of Councils Regional Conference *Background Reading*

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Contents

Session One: Increasing Conflict and the Future of World Order

- Abdulaziz Sager, Muriel Asseburg, Jin Liangxiang, and Akram Ezzamouri, “[Global Perspectives on the Hamas Attacks on Israel](#),” CoC Global Perspective, October 12, 2023.
- Manuel Trajtenberg, “[The War in Gaza: A New Middle East May Yet Emerge from Israel’s Darkest Hour](#),” INSS.org.il, October 17, 2023.
- Leslie Vinjamuri, “[President Biden’s Middle East Visit Reveals the Challenges for US Diplomacy – and the Cost of American Withdrawal From the Region](#),” Chatham House Expert Comment, October, 18, 2023
- Richard Haass, “[An Israeli Dilemma](#),” *Project Syndicate*, October 11, 2023.
- Rahman Yaacob, “[History and Domestic Dynamics: How ASEAN Members See the Hamas-Israeli Conflict](#),” *The Interpreter*, Lowy Institute, October 20, 2023
- James Moran, “[It’s Groundhog Day in the Middle East – can the EU Help to get Peace Back on Track?](#)” CEPS Expert Commentaries, October 10, 2023.
- Sanam Vakil, “[MENA Countries Should Lead the Way De-escalating the Israel-Hamas War](#),” Chatham House Expert Comment, October 11, 2023
- Kabir Taneja, “[Israel-Hamas War: A Challenge for the ‘New’ Middle East](#),” ORF Commentaries, October 11, 2023.
- Rohan Gunaratna, “[The Latest Gaza War and the Israeli-Palestinian Conflict](#),” RSIS Commentary CO23149, October 17, 2023.
- “[The Invasion That Shook the World](#),” CoC Global Perspectives, February 22, 2023.
- Juan Gabriel Tokatlian, “[Why Latin America Still Deserves a Role on Ukraine](#),” *Americas Quarterly*, July 12, 2023.
- Ivan Timofeev, “[From the Middle East to Ukraine, A Milestone](#),” Valdai Discussion Club, October 24, 2023.
- Joel Ng, “[The Strategic Risks of Systemic Instability](#),” RSIS Commentary CO23152, October 23, 2023.
- Jörg Lau, “[The Israel-Hamas War and the New World Order](#),” *Internationale Politik Quarterly*, October 18, 2023.
- Tim Murithi, “[Order of Oppression: Africa’s Quest for a New International System](#),” *Foreign Affairs*, May/June 2023.

Session Two: Reshoring, Nearshoring, Friendshoring: The Impact on Economic Growth, Innovation, and Global Value Chains

- Tim Sargent, “When Politics Meets Economics,” CoC Background Memo, November 5, 2023.

Session Three: Is a Green World a Safe World? Insights for New Geopolitical Approaches Toward the Energies of the Future.

- Margherita Bianchi, “Geopolitics and Geoeconomics of the Energy Transition: Reflections on Europe,” CoC Background Memo, November 5, 2023.

- Mely Caballero Anthony, “The Emerging Politics of Green Transition: Perspectives From East Asia,” CoC Background Memo, November 5, 2023.

Session Four: Beyond Planet Earth: Who Controls Space? Outer Space Contestation and Collaboration.

- Esther Brimmer, “Beyond Planet Earth: Who Controls Space? Outer Space Contestation and Collaboration,” CoC Background Memo, November 5, 2023.
- Szymon Zaręba, “One Size Does Not Fit All: Toward Tangible Progress in Space Governance,” CoC Background Memo, November 5, 2023.

Session Five: Latin America in Regional and Global Trade Arrangements

- Patricio Barreiro, “Latin America in Regional and Global Trade Arrangements,” CoC Background Memo, November 5, 2023.
- Fernando Masi, “Latin America and Mercosur: New Challenges for Economic Integration,” CoC Background Memo, November 5, 2023.
- Bartłomiej Znojek, “A Mixed Picture of Latin America’s Regional Integration Efforts,” CoC Background Memo, November 5, 2023.

Session Six: The Age of Artificial Intelligence: Is Consensus Possible?

- Héctor Cárdenas, “Is AI a Threat to Civilization?,” CoC Background Memo, November 5, 2023.

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Session One

Increasing Conflict and the Future of World Order

Global Perspectives on the Hamas Attacks on Israel

Council of Councils (CoC) experts from Saudi Arabia, Germany, China, and Italy react to the surprise assault by Gaza militants on Israel on October 7, detail the regional and international implications, and propose ways forward for managing or ending the conflict in this Global Perspectives Roundup.

Council of Councils Global Perspectives

By GRC SWP, SIIS, and IAI

October 12, 2023

The Palestinian Issue Cannot Be Sidelined Any Longer

Abdulaziz Sager, Chairman, Gulf Research Center (Saudi Arabia)

The attacks by Hamas and the reaction of Israel underscore the continued centrality of the Palestinian issue for overall Middle East security. This is despite the many international attempts to sideline the issue and not give the peace process the necessary and required attention. By paying lip service to the two-state solution for the past couple of decades, the rest of the world bears a share of responsibility for turning a blind eye to the pressure cooker of continued Israeli occupation of Palestinian land. The costs and consequences of this inaction are now clear for everyone to see.

Hamas has scored a victory by exposing Israel's vulnerability, presenting a risk of increased violence and further instability on both sides. Hamas has effectively sidelined the Palestine Liberation Organization and its questioning of Israel's legitimacy offers no alternative way forward. Similarly, Israeli Prime Minister Benjamin Netanyahu's current government is the most right-wing and extreme in its history. It shows an absolute disregard for legitimate Palestinian rights and an unwillingness to compromise for the sake of a fair and peaceful resolution.

All of the above threatens the recent climate of de-escalation visible in the Middle East, from the signing of the Abraham Accords to the rapprochement between Saudi Arabia and other Gulf Cooperation Council (GCC) states with Iran, as well as the political progress to the conflicts in Syria and Yemen. While Saudi Arabia has been engaged in wide-ranging discussions on the possibility of normalization with Israel, the actualization of those talks is now highly unlikely in the foreseeable future.

Continued escalation and tit-for-tat retaliation will benefit no one. Heightened instability threatens not only the wider Middle East but has implications for the world as well. What is needed now is a multifaceted, two-pronged approach.

First, national governments and international institutions should make concerted efforts and use all of their channels of communication to ensure that the situation does not escalate further or involve other parties. A wider Middle East conflagration must be avoided. In addition, all mediation capabilities should be activated to defuse the situation, secure the release of hostages, and prevent a complete siege of the Gaza Strip. On this front, the GCC states are ready to play their part.

Second, the groundwork should be laid for genuine negotiations on the Palestinian issue. This means a combination of effective international endeavors to bring all parties to the table alongside widespread support for regional efforts and initiatives to end the lasting cycle of violence. Here, the Arab Peace Initiative needs to finally be given the proper consideration as a starting point for paving a path forward. Comprehensive peace cannot be imposed but must ultimately come from within. The Arab Peace Initiative is an essential component in this regard and underscores the commitment of Saudi Arabia to the two-state solution as a moderate and rational approach to the crisis.

Preventing Regional Spillovers and Living Up to Humanitarian Responsibilities

Muriel Asseburg, Senior Fellow, Africa and Middle East Division, German Institute for International and Security Affairs (Germany)

The Hamas-led surprise attack on Israel on October 7 by land, air, and sea has been a traumatic rupture for Israel. The infiltration of hundreds of fighters into cities, communal settlements known as kibbutzim, and military sites, the destruction and conquest of military equipment, the gruesome mass murder of Israeli civilians, and the hostage-taking of up to one hundred fifty Israeli civilians and soldiers has shattered Israel's image of military superiority and invulnerability. Operation Al-Aqsa Flood has been widely celebrated on social media [and in the streets](#), well beyond the Arab world.

The United States and most European capitals have positioned themselves unequivocally on Israel's side, echoing the need for retaliation and military victory. While this is understood against the backdrop of the abominable acts of terrorism and war crimes committed by Hamas and the Palestinian Islamic Jihad, third parties should now first and foremost work to prevent further regional conflagration.

They should also take seriously their humanitarian responsibilities by insisting that all actors respect international humanitarian law. In that endeavor, third parties like the United States should focus on negotiating humanitarian corridors that allow Gazan civilians to flee the violence, securing humanitarian access to allow for delivery of drinking water, food, medical supplies, and fuel, and exploring who can play which role in the effort to get hostages released.

In reaction to Hamas's attacks, the European Union and several EU member states announced a review of their aid to the Palestinians. When doing so, they should take into account that Gazans not only strongly depend on humanitarian aid but also that development cooperation in, for example, the water and wastewater sector is critical to providing livelihoods. In addition, they should be aware of unintended consequences of aid cuts that would further undermine those forces who are counterweights to Hamas and Islamic Jihad, such as the Palestinian Authority and a vibrant Palestinian civil society.

Last but not least, the simple lesson learned from many conflict arenas—that the defeat of terrorism cannot be achieved by military means alone—should not be forgotten. American, European, and Arab governments should start immediately thinking about what a durable postwar stabilization could look like that offers an alternative for Gazans in particular and the Palestine question in general.

Major International and Regional Actors Should Push for De-escalation

Jin Liangxiang, Senior Fellow of Middle East Studies, Shanghai Institutes for International Studies (China)

The new round of Israeli-Palestinian conflict will be consequential in many ways.

First, the escalating tensions will add new uncertainty to the regional détente experienced over the past couple of years, peaking in 2023, particularly with the Abraham Accords. The uncertainty will challenge regional security.

Second, the Palestinian issue will rise in importance in, and may move to the core of, regional agendas. Other issues will be de-prioritized at least for some time.

Third, the conflict could trigger Israeli reflections on its long-held approach of maintaining security by building military advantages while abandoning a political solution to the source of problems. The Israeli-Palestinian relationship in the longer term could change for the better if any reconsiderations really take place.

I foresee two scenarios going forward. First, a gradual de-escalation resulting from rational calculations of the conflicting parties and sufficient external pressure. The obvious distance between the two in military capabilities means that the military dimension of the conflict will end soon with Israel occupying significant parts of Palestinian territories; negotiations on the exchange of hostages and prisoners and other crucial issues will last longer.

Second, the crisis could escalate and spill over into the region more generally. If parties do not refrain from exchanging retaliations, if other regional state actors are involved, and if external actors do not push for de-escalation or peace, the conflict will become more serious.

Major international and regional actors should make efforts toward the first scenario due to real concerns for human rights and for peace in real terms. Major global actors could work together to pressure relevant parties to refrain from taking actions to escalate tensions. Putting out, instead of oiling, the fire should be the priority. The United States in particular could pressure Israel to be rational, while regional actors could restrict the behavior of subregional actors. China could also play a bigger role in mediating among various parties.

Unfortunately, the conflict is evolving toward the second scenario as several major external actors are politicizing the tragedy for their own geopolitical interests instead of pushing for peace. There is no concrete evidence linking Iran to Hamas's Al Aqsa Flood operation, even though Iran politically does support Hamas. Such an intentional linkage will add unnecessary volatility to the conflict.

Israeli Arms Will Not Generate Security and Peace

[Akram Ezzamouri](#), Junior Researcher, Mediterranean, Middle East and Africa Research Programme, Institute of International Affairs (Italy)

Since Hamas launched the Al Aqsa Flood operation against Israel on Saturday, violence has reached alarming new peaks. The attacks have killed at least 1,300 Israelis, while Israel's retaliatory strikes have killed more than 1,400 Palestinians. As a substantial military presence currently gathers near the Gaza Strip, Israel seems determined to escalate the conflict through ground operations.

The prospect of direct confrontations with Lebanese armed group Hezbollah along Israel's northern border also cannot be dismissed. Meanwhile, [incidents of violence](#) against Palestinians in the West Bank have grown more frequent since Saturday's events. The situation could deteriorate further as the Israeli government is planning to [equip civilian units](#) with thousands of assault rifles.

Foreign actors such as the United States, European Union, and Egypt, which had previously engaged in negotiations between Israelis and Palestinians, and Saudi Arabia, which was recently discussing normalization and détente with Israel, are now forced to confront what has hitherto been overlooked when working for peace in the Middle East: the colonial subjugation of Palestinians and continued occupation of their territories. This context is a persistent driver of radicalization within Palestinian militant groups such as Hamas. These factors underlie the absence of circumstances conducive to justice and security for Israelis and Palestinians.

Any international endeavour that disregards this factual reality is ultimately an exercise in futility. This holds true for the Oslo Accords, which rested on the power imbalance between Israelis and Palestinians, as well as the U.S. and EU peace initiatives (e.g., the Middle East Peace Process and Peace Day Effort, respectively). In this regard, the swift reactions from European countries and institutions, which have fueled the flames of punitive violence against Palestinians in Gaza and initially threatened the suspension of aid, raise pressing questions about the inadequacies and biases inherent in the prevailing framing and resulting policies.

It is myopic for foreign actors to believe that an eventual erasure of Hamas from Gaza, currently supported by the United States and European countries advocating for Israel's right to defend itself, could prevent future escalation of Palestinian violence against Israel.

In the wake of recent violence, shifting away from the long-held policy of nonengagement with Hamas seems politically unfeasible for the United States and European Union. Yet the complex interplay between oppressive Israeli policies against Palestinians and the surge of military actions of Palestinian militants is undeniably evident. Saturday's events are the most dramatic proof that security—and eventually peace—will not be delivered by Israeli arms, but only by sound diplomacy, and political courage linking Israel's security to the end of the decades-old occupation and violation of basic human rights of millions of Palestinians.

In the short term, the path to achieving this is not an easy task for those foreign actors that have an interest in a stable Middle East, but it may well start with the abandonment of moral relativism, the upholding of humanitarian and development aid, and the call for the protection of civilians and of international law in Israel and Palestine.

The War in Gaza: A New Middle East May Yet Emerge From Israel's Darkest Hour

INSS

By Manuel Trajtenberg

October 16, 2023

It is fair to assume that the whole world is by now well aware of the barbaric attack on Israeli civilians perpetrated by Hamas on October 7, 2023, and cognizant of the atrocities that they committed in Kibbutzim, in a music festival, in peaceful villages along the Gaza border, killing with unprecedented ferocity, raping, kidnapping, and thus evoking memories of the Holocaust.

In view of such despicable acts, the worst in recent memory, Israel is now determined to eliminate Hamas as a terrorist organization, one that is entirely devoted not to improve the fate of the Palestinians in Gaza, but to destroy Israel together with Iran and its proxies, particularly Hezbollah.

Many in Israel thought that Hamas had turned pragmatic, that as the de facto government in Gaza it would gradually turn away from its declared objective of destroying Israel, and instead dedicate itself to the wellbeing of the two million Palestinians living there. Such premise proved to be utterly wrong, and it caused Israel to play in Hamas' hands: we allowed more and more workers from Gaza to enter Israel and get much higher salaries, we allowed Qatar to subsidize them with millions of dollars, and we allowed increasing volumes of goods to enter Gaza.

The fateful attack on October 7 showed that we in Israel had deceived ourselves, and that such self-deception grew into a monumental conceptual failure that blinded us, and made the horrendous attack possible. In fact, Hamas was able to prepare meticulously for their atrocities, relying heavily on our misunderstanding of their true character.

This late realization leads to an unavoidable conclusion: there cannot be any other outcome to this war but the total elimination of Hamas as a terrorist organization. **Nothing else will do.** Incidentally, the Sunni Arab countries in the region are looking very closely at Israel, to make sure that we succeed in doing precisely that – for these countries, Hamas, as well as like-minded Islamic organizations in the region, are not less dangerous. Furthermore, as long as Hamas is a factor, no positive development can happen in the Middle East: neither further normalization, nor a common front vis a vis Iran.

Achieving the goal of eliminating Hamas is a very difficult task, because the terrorists are embedded in the civilian population in Gaza, which they use as a human shield. The IDF is devoting great efforts to try to minimize the suffering of the civilian population in Gaza.

However, Hamas desperately wants the pictures of civilian casualties, in order to use them as a weapon in the arena of international opinion.

Even though Israel's military action on the ground has not yet started in earnest and the war may take long, it is important to try to gain at this initial stage some provisional insights, and to envision what could be the end game.

First, the Hamas attack proves, once again, that *Israel does not have a conflict with the Palestinian people, but rather with Palestinian terrorism*. This became clear already after the Oslo accords, when suicide Palestinian terrorists effectively sabotaged the Oslo process, but unfortunately, we did not really learn the lesson then. Now though it is crystal clear: in order to be able eventually to make peace with the Palestinians (which should be our ultimate goal), Palestinian terrorism has to be totally eradicated.

Second, I am convinced that this terrible war **could become a turning point** towards a more promising era in the Middle East, similarly to what happened after the Yom Kippur War, fifty years ago. The belligerent Arab countries understood then that even in the “best of cases” from their point of view, that is, a dramatic surprise attack on two fronts and an initial stunning military success, it turned out to be impossible to defeat Israel in the battlefield. The alternative had to be to recognize Israel, undertake the diplomatic route, and make peace, as Egypt did, as Jordan did. Unfortunately, Syria did not.

The militant Palestinian organizations will hopefully learn now the same lesson, i.e., that even after taking us by total surprise following a year of internal dissent and perceived weakness in Israel, and even after committing the most unspeakable atrocities, Israel will never be brought down to its knees. Quite to the contrary, Hamas and its acolytes will be dealt a decisive blow. If the recalcitrant militants internalize that lesson, as Sadat did, this war may lead to negotiations and a process of accommodation that may eventually bring a lasting peace. To repeat, that should be the goal.

Third, such process should be part of the drawing of a new regional geopolitical architecture, in which the Sunni Arab countries and Israel will align together with the US and the West, and confront the opposing block made of Iran, Russia and their autocratic followers.

For those embryonic possibilities to become a reality, western democracies should above all give Israel the chance to eliminate Hamas as a terrorist organization, which is the *sine qua non* for the new Middle East to arise from the rubble. Furthermore, they should help in filling the dangerous vacuum that would arise once Hamas is eliminated, as well as partaking in the reconstruction of Gaza. Last but not least, every nation that adheres to the basic tenants of human rights should do their outmost to help free the Israeli hostages from the hands of their tormentors – the world cannot tolerate such barbarism.

President Biden's Middle East visit reveals the challenges for US diplomacy – and the cost of American withdrawal from the region

The war has raised questions about US diplomatic efficacy in the Middle East and its commitment to the region.

Chatham House Expert Comment

By Leslie Vinjamuri

October 16, 2023

As President Biden travelled to Israel, news of the deaths of hundreds of Palestinians in a hospital in Gaza captured headlines, complicating a presidential visit that was bound to be fraught.

Israelis are already grieving the victims of the murderous surprise attacks on 7 October. Now footage of the dead and injured in Gaza, moments after the hospital blast, are playing on television screens worldwide and hundreds of people have protested in the West Bank.

President Biden's trip to Israel this week follows a relentless round of diplomacy across the region by US Secretary of State Blinken.

The notion of a '[post-American Middle East](#)', with China displacing US power, seems remote. On Wednesday, President Xi avoided any mention of the war during a speech marking the tenth anniversary of the Belt and Road Initiative.

China's offer is economic, and this has widespread appeal across the Global South including in the Middle East. But solutions to the region's problems cannot avoid matters of war and peace.

The Hamas attacks and Israel's response have mobilized and divided people around the world, including on America's college campuses, where the next generation of American voters are making their voices heard.

All of this has raised the ante for US diplomacy, which will need to speak to multiple audiences. Quiet diplomacy designed to influence Israel's response to the attacks by Hamas must be balanced by diplomacy that can demonstrate to governments in the region that the US is serious about its commitment to protecting civilians on both sides of the conflict.

This is a tall order, but the US ability to contribute to peace in the region depends on it. The US will need to show that it can work with Israel, Egypt, and other state and non-state actors in the region to help put effective humanitarian measures in place.

America's public diplomacy may be even more essential to prevent the widening of the conflict. US support of Israel is coming under intense public pressure.

A widely anticipated ground war in Gaza will lead to further deaths, stoking the flames of anti-Americanism abroad, and division at home, and increasing the pressure on states in the region to take steps that show their support for the Palestinians.

Public diplomacy has also become far more vital but immeasurably harder after the explosion at the al-Ahli Hospital in Gaza.

Challenges for US diplomacy – a delicate balance

The devastating humanitarian impact of the hospital explosion has complicated Biden's trip. In the week after the Hamas attacks, the US delivered public statements of unqualified support for Israel, while Secretary Blinken's intense in-person regional diplomacy was delivered below the radar.

On Sunday, there was a change of tack, as President Biden called for Israel to exercise restraint and protect civilians, in a pre-recorded interview for *60 Minutes*.

Despite President Biden's decision to 'go public' on this point, the ability of the US to influence Israel in the short term may be limited: Israel's Prime Minister Benjamin Netanyahu has warned that his country's response to the Hamas attacks will 'echo for generations.'

On top of efforts to encourage restraint from Israel, the US has the essential task of trying to deter Iran and Hezbollah from becoming directly involved, and to persuade Gulf Arab states to work towards peace and stability in the region.

Working to ensure Europe and the US remain closely aligned in their response is also critical – anything less could spill over and have a negative impact on areas of ongoing concern for transatlantic cooperation, especially Ukraine.

But the Biden administration must also double down on its public diplomacy. The US President said he was 'outraged and deeply saddened' by the explosion of the hospital in Gaza. As the accusations are traded over who is responsible, he will be aware that American calls for Israel to protect civilians will have greater sway with the public if they can see concrete steps to protect civilians.

Quiet diplomacy has already sought to establish safe zones in Gaza, and worked to persuade Israel and Egypt to provide a humanitarian corridor, and to open the Rafah border crossing.

Pressure from the MAGA Republicans in the US Congress to redirect aid from Ukraine to Israel, and radical partisan polarization risk undercutting diplomatic efforts to signal to people across the Middle East that Israel's restraint is a priority for the Biden Administration.

Disruptive Congressional politics also undermine the effort to build bridges across communities in the US that are divided by the war between Israel and Hamas.

Between withdrawal and occupation

Just days before Hamas launched its attacks, US National Security Advisor [Jake Sullivan](#) [said publicly](#) that the Middle East was 'quieter today than it has been in two decades' and touted the US's ability to focus on strategic priorities outside the Middle East.

The botched withdrawal from Afghanistan in the summer of 2021 and Afghanistan's descent into chaos, and now Hamas' murderous attacks on Israeli civilians are a reminder that the appearance of stability has been a façade.

Both disasters have exposed the dangers of binary thinking, and that US policy in the region must be forged somewhere between occupation and withdrawal.

The attacks by Hamas are also a stunning reminder that the problems of the Middle East remain of major concern for the US. The Palestinians still need a state, and the problem will not go silently into the night.

This war will undoubtedly renew concern about America's capacity to work strategically across multiple theatres. Alongside questions about America's diplomatic efficacy in the Middle East it has exposed another, perhaps greater concern: that of a US retreat from the region, which comes at a high price. In the weeks ahead, US diplomacy will be vital.

The Biden administration must work actively to assure Israel that its security can be restored, to require all parties to protect civilians, and to keep states across the region firmly committed to restoring peace and stability.

In doing so, it must also seek to build bridges that can prevent Israel and Hamas's war spilling over and creating bitter public divisions in the West.

An Israeli Dilemma

While there must be a military component to Israel's response to its security challenge, there is no solely military answer. A diplomatic component will need to be introduced into the equation, including a credible Israeli plan for bringing about a viable Palestinian state.

Project Syndicate

By Richard Haass

October 11, 2023

The history of Israel has often been a history of conflict. A partial list includes the 1948 Arab-Israeli War that followed Israel's birth; the Israeli-British-French attempt in 1956 to seize the Suez Canal and topple Egypt's Arab nationalist leader; the 1967 Six-Day War; the 1973 Yom Kippur War; and Israel's invasion of Lebanon in 1982. There are also the two Palestinian intifadas and numerous smaller conflicts.

To this list must now be added Hamas's October 2023 invasion of Israel. Thousands of short-range rockets were launched from Hamas-controlled Gaza against towns and cities in western Israel. Hundreds if not thousands of Hamas fighters crossed into Israel by breaking through defensive barriers, flying over them, or sailing around them.

The human toll of these attacks is enormous and growing. More than 900 Israelis have lost their lives. Several thousand have been injured. Some two hundred Israelis attending a concert were killed in cold blood. Nearly the same number have been abducted. It was terror – the intentional harming of innocents by a non-state actor – on a large scale.

It was also a colossal Israeli intelligence failure. The most likely explanation for Israel's being caught unprepared is less a lack of warning than a lack of attention. As was the case in 1973, complacency and an under-estimation of the adversary can be dangerous.

It was a defensive failure as well. Deterrence broke down. Expensive physical barriers were overrun. Israeli military readiness and troop levels were woefully inadequate, possibly because attention had shifted to protecting settlers in the occupied West Bank. There will surely be official inquiries and independent investigations.

Why Hamas attacked remains a subject of debate. The most likely explanation is that Hamas wanted to demonstrate that it alone – not the Palestinian Authority that rules the West Bank and not Arab governments – is able and willing to protect and promote Palestinian interests.

The timing of the assault is another matter. It is possible that the date was chosen to coincide with the last successful surprise attack against Israel, carried out by Egypt and Syria 50 years ago almost to the day. But the planning and training for the attack took place over months, which suggests a strategic purpose not tied to a specific event. The timing may have been motivated by a desire to disrupt the

growing momentum in negotiations to normalize diplomatic relations between Israel and Saudi Arabia, an outcome strongly opposed by Iran, the principal backer of Hamas. Hamas may also have sought to take advantage of Israeli political divisions. Or all of the above.

The Hamas attackers took hostages back to Gaza for two reasons: to limit Israel's freedom of action lest those individuals be placed at even greater risk, and to exchange them for Hamas operatives held in Israeli jails.

Israel now faces an acute dilemma. It wants to deal a decisive blow to Hamas, both to weaken the organization militarily and to discourage future attacks and Iranian support for them. And it wants to accomplish this without bringing Hezbollah, which has some 150,000 rockets in Lebanon that could reach much of Israel, directly into the conflict. It also does not want the war to expand to the West Bank. Restoring meaningful deterrence without widening the war will be difficult.

There is the additional consideration that Israel's military options are limited. The hostages are one reason. In addition, occupying – or, more precisely, re-occupying – Gaza would be a nightmare. There are few, if any, military undertakings more difficult than urban warfare, and Gaza is one of the most densely populated urban environments in the world. Many Israeli soldiers would lose their lives or be captured in such an operation.

Massive attacks from the air, designed to avoid the need for a ground invasion, would inevitably kill or injure a significant number of innocent inhabitants of Gaza, thereby decreasing international sympathy and support for Israel. Efforts to shut off Gaza's supplies of food, water, fuel, and electricity also would be counterproductive. Regional and international pressure for a cease-fire would surely mount.

There is also the question of the operation's strategic objective. Hamas cannot be eliminated, because it represents an ideology as much as an organization. Efforts to destroy it risk building support for it. What comes to mind is the famous question posed by then-US Secretary of Defense [Donald Rumsfeld](#), who wondered whether US drone strikes on suspected terrorists, which at times killed innocents, were effective. His question – “Are we creating more terrorists than we're killing?” – remains worth asking.

All of which is to say that while there must be a military component to Israel's response to its security challenge, including reconstituting Israel's ability to defend itself from attacks and targeted strikes on terrorists in Gaza, there is no solely military answer. A diplomatic element will need to be introduced into the equation, including a credible Israeli plan for bringing about a viable Palestinian state.

There is an American saying that you cannot beat something with nothing. Rewarding those Palestinians willing to reject violence and reach an accommodation with Israel is still the best way to marginalize Hamas.

History and domestic dynamics: How ASEAN members see the Hamas-Israeli conflict

No common position unites Southeast Asian nations on the latest fighting.

The Interpreter

By Rahman Yaacob

October 20, 2023

In the days since Hamas launched a deadly attack on southern Israel on 7 October, the Association of Southeast Asian Nations has not made a formal statement about the crisis. This is not surprising, given that each ASEAN member sees the conflict differently. The language adopted and positions taken by individual ASEAN members reflect the interplay of historical or domestic dynamics in their foreign policy. ASEAN is a grouping – but on this issue, not a bloc.

Let's look at the diverse response from the ASEAN members – where at one end of the spectrum, [Brunei](#), [Malaysia](#) and [Indonesia](#) have expressed unity with the Palestinians. None of them has diplomatic relations with Israel and all have remained steadfast in their criticism of Israel despite Western pressure. Malaysian Prime Minister Anwar Ibrahim [spoke](#) to Ismail Haniyeh, the political bureau chief of Hamas, and expressed support for an immediate ceasefire in the Gaza Strip.

In each of Malaysia, Brunei and Indonesia, religion is significant in domestic politics. With Muslim majority populations, there is widespread public [solidarity](#) with the Palestinian struggles.

The significance of religion in Indonesian domestic politics was compelling enough for [Ganjar Pranowo](#), one of the candidates for next year's presidential election, to appear during an Islamic prayer call on a private TV station as part of his campaign. Furthermore, recent [public demonstrations](#) in Jakarta and Kuala Lumpur against Israel and the United States reflect sentiment on the street about the latest fighting, which governments cannot ignore.

Conversely, Singapore took a firm position against Hamas and strongly [condemned](#) the “terror attacks”. The small island-state has close defence relations with Israel, with Israeli military advisers [assisting](#) the Singapore Armed Forces since Singapore's independence in 1965. Defence relations remain strong, as reflected in the joint development and production of surface-to-surface [Blue Spear](#) missiles.

Singapore's strong stance against Hamas leaves it out of step with its larger Muslim-majority neighbours. Bilahari Kausikan, an influential former Singaporean diplomat, made clear [the difference](#) by frankly labelling as “bullshit” a view he attributed to a Malaysian ex-diplomat for the “root cause of the current violence” to be addressed, instead supporting a robust Israeli military response against Hamas.

Nevertheless, Singapore is concerned the crisis could lead to domestic division along religious lines as there is a sizable Muslim minority in the island-state. The government has [banned](#) events and public assemblies concerning the current Israel-Hamas conflict, citing rising tension as a reason. And to avoid a view that the Singapore position was one-sided, a [government](#) minister later said it was possible to be concerned regarding the Palestinian plights while condemning Hamas' action. The [Singaporean President](#) and Prime Minister sent letters to Palestinian leaders, expressing condolences for the mounting casualties in the Gaza Strip, and pledging a \$300,000 donation in humanitarian aid.

Two other ASEAN members, the Philippines and Thailand, have large numbers of nationals working in Israel and have suffered [casualties](#) in the current crisis. Yet each responded differently. The [Philippines](#) condemned Hamas' actions, while [Thailand](#) initially expressed neutrality, stating that "we do not know the truth about the political climate between the two nations [Palestine and Israel]." Manila's response could be attributed to its experience battling militant groups in the [southern](#) Philippines over decades. As recently as 2017, militant groups professing alignment with the Islamic State seized control of [Marawi](#), a city in the south of the Philippines, which led to a months-long campaign by the Philippines military with regional support to drive the militants out.

Across mainland Southeast Asia, [Cambodia](#), [Laos](#) and [Vietnam](#) issued softer statements, expressing concern about the crisis without assigning blame to any party. The military junta in Myanmar is more focused on regime survival, launching an air strike against domestic insurgents, [killing](#) 29 people a few days after the Hamas attack on Israel.

These historical and domestic dynamics inform the policy of individual ASEAN states and provide some perspective in their reading of and response to the current crisis in the Middle East. It demonstrates a lack of unity among the Southeast Asian grouping that some observers argue dilutes its [relevance](#). Yet despite the diverse responses by individual ASEAN members, there has been no official criticism by one member against another. This is consistent with ASEAN's norms of non-interference in each other's affairs, which aims to ensure the stability of Southeast Asia, a region that is still experiencing the threat of terrorism, internal rebellions, and inter-state [territorial disputes](#).

Perhaps the silent acceptance of diverse positions is a strategy for ASEAN to cope in the more volatile world that we live in today.

It's Groundhog Day in the Middle East – can the EU help to get peace back on track?

CEPS Expert Commentaries

By James Moran

October 10, 2023

Blood is once again flowing in the streets of Israel and the Occupied Territories, with many innocent civilians caught in the crossfire. The scale and intensity of the violence, with an alarming death toll on both sides, is very likely to get worse over the coming days, especially if Israel decides to mount a ground incursion into Gaza.

Diplomatic attempts to defuse the situation have begun, but as seen at the UN Security Council meeting on 8 October, there are [clear differences](#) between the US, which calls for the condemnation of Hamas and solidarity with Israel, and Russia, which is focussing on the need to revive peace talks. The wider picture, sullied as it is by disagreements on Ukraine, does not bode well for future UN-led efforts.

Europe finds itself somewhere in the middle, though many EU leaders, notably President Von der Leyen, have tacked close to the US line. It may be some time before there is space for serious negotiations on a ceasefire and, hopefully, for longer-term peace, but there is a role for the EU to play.

What next in Israel?

While the intensity and extent of the Hamas attacks and the Israeli response is unprecedented, it comes against a background of rising tensions since the fifth Netanyahu government came to power at the end of last year.

Since then, inflammatory anti-Arab and anti-Palestinian [statements](#) by far-right Government ministers, the expansion of illegal settlements and state-sanctioned settler violence, including at ultra-sensitive religious sites such as the Al-Aqsa mosque in Jerusalem, have been commonplace. At the same time, Israel has shown no serious interest in reviving the moribund peace process, and the Palestinian Authority (PA) has been marginalised. All this plays into the hands of Hamas and its allies.

For now, Israel is rallying around the flag, but sooner or later very serious questions will be asked about who is responsible for the [blatant intelligence failures](#), and the buck may ultimately stop with Netanyahu. If so, his government could fall. If not, the prospects for any change in the destructive dynamics in the Middle East are dim at best.

Implications for the region

A wider regional conflict cannot be excluded, though it seems unlikely that actors such as Hezbollah will engage with Israel, given the problems they face at home in Lebanon.

Egypt, and to a lesser extent Jordan, have traditionally played a lead role in forging past ceasefires. Egypt in particular has a deep network of contacts with Hamas. Both countries have strong interests in maintaining stability – Egypt because of its border with Gaza and attendant fears of importing terrorism and/or refugees across it, and Jordan with over half of its population being of Palestinian origin.

They will be key players in the diplomatic efforts to come. The Gulf States could also be involved (Qatar is [reportedly](#) trying to organise a prisoner swap between Israel and Hamas), although there is little mutual trust between them and Hamas, not least because of its connections with Iran and the Muslim Brotherhood.

However, Arab countries cannot by themselves spark a new peace process that could break the cycle of violence. That requires a much wider effort by the international community, something that has been absent for a long time now.

As for Israel's efforts to normalise relations with Arab states, the conflict will most likely put them into the freezer, especially the [ongoing US-facilitated talks](#) with Saudi Arabia. Sympathy in the 'Arab street' for the plight of their Palestinian brethren will be running high and their leaders will need to accommodate this.

What role for the EU?

For decades, Europeans have found it hard to accept that despite being the largest trading partner to both sides and the main donor to the Palestinians they have had to take a back seat in peace efforts.

Some of that stems from historical mistrust of Europe by both communities, but the fact is that it's hard power that tends to have the main international clout in this conflict, which in turn has meant US primacy. Economic leverage has always been limited, as shown by the EU's only partial success in enforcing the labelling of goods produced by Israeli settlements for the EU market. Moreover, finding balanced common positions on the region has become more difficult in recent years as Member States like Austria and Hungary have taken strongly pro-Israeli positions.

Some Member States and Commissioner Varhelyi have discussed suspensions and/or reviews of aid to Palestine in the wake of the Hamas attacks, although this would penalise large sections of the population who have had nothing to do with Hamas' actions. Indeed, the EU's High Representative, Josep Borrell, has since clarified that [EU aid will in fact continue](#).

Perhaps most significantly, the EU, concerned about cracks in the transatlantic alliance over Ukraine, is more hesitant than ever to deviate from the US approach.

But that is certainly not to say that the EU does not have skin in this game. What happens in the Middle East seldom stays there, and without a concerted effort to recreate a political horizon for peace there are concerns that extremists, both at home and abroad, could use the conflict to promote radicalisation, especially among young people – and it's Europe which is often first in the firing line.

The EU must also be conscious of being accused of double standards *vis-à-vis* its stance on Ukraine, and the possibility that Russia will use the Israel-Hamas conflict to gain geopolitical brownie points with the 'Global South'.

Borrell has previously highlighted the importance of the [Aqaba](#) and [Sharm](#) declarations for de-escalation and peace. Once the dust has settled, these could provide a foundation for renewed negotiations. The EU, which has not been a part of this process up until now, could make a push to become involved and help raise its profile and effectiveness as a negotiating partner.

However, getting Israel to engage meaningfully will require, among other things, having the US fully on board, reviving the influence and legitimacy of the PA, and most probably a successor to Netanyahu, all major challenges.

Indeed, the [pledge](#) led by former US Secretary of State John Kerry that we should 'never again' have to meet to discuss Gaza's reconstruction, made at the 2014 Cairo international donors' conference held after a previous Israel-Hamas conflagration (this author was present there) could well be broken again.

MENA countries should lead the way de-escalating the Israel– Hamis war

Regional players have spent the last five years finding pragmatic solutions to end conflict and forge connections. Now they must address the issue they have sought to avoid.

Chatham House Expert Comment

By Sanam Vakil

October 11, 2023

The tremors from Hamas' attack on Israel and Israel's military response are being felt far beyond their borders, where the fighting is currently concentrated.

There are clear fears across the Middle East that the region will become mired in a broader war that could draw in Palestinians in the West Bank and Jordan, Egypt (which shares a border with Gaza), Lebanon's Hezbollah, and their patron Iran. Gulf Arab countries also fear their domestic security will be affected by cascading violence.

But the war has erupted following a prolonged period of regional-led de-escalation and reconciliation efforts. Since 2019 countries including Israel have been increasingly willing to find pragmatic, workable compromises based on shared interests – a phenomenon sometimes referred to as building a 'new Middle East'.

Progress has not been complete or perfect, but the regional context for the Israel–Hamis war is very different from that of even ten years ago.

The new war will provide the severest possible test of this regional cooperation. But Middle Eastern countries must not shrink from the challenge. Now is the moment for regional players to collaborate on an effort to find new solutions to de-escalate the war.

An old problem in a 'new' region

Since 2019 Middle Eastern states have embarked on a prolonged period of realist regional diplomacy, driven by decreasing US engagement, geopolitical shifts stemming from the war in Ukraine, and a broader regional re-prioritization of domestic economic needs.

This has seen the normalization of relations between Israel, Bahrain and the United Arab Emirates in the 2020 Abraham Accords, the end of the Qatar blockade in 2021, a reset of Gulf–Turkish relations in 2023, and the restoration of Iranian–Saudi ties brokered by China.

Yemeni negotiations are also underway, as is the rehabilitation of Syria's Bashar al-Assad after a decade of civil and externally sponsored war.

Qatar and Oman, meanwhile, played an important role managing indirect dialogue between Washington and Tehran, helping to secure the release of American hostages. Recent negotiations

between Israel, Saudi Arabia and the US were intended to bring about another round of normalization – though with the outbreak of armed conflict, that is now almost certainly off the table.

This period of de-escalation has been celebrated by US and European partners. Less than two weeks ago, US National Security advisor Jake Sullivan, while acknowledging that challenges remain, stated that ‘the amount of time I have to spend on crisis and conflict in the Middle East today, compared to any of my predecessors going back to 9/11, is significantly reduced.’

A fragile reset

But as the Hamas war has shown, this regional reset, while noteworthy, remains inherently fragile.

Competition has not yet disappeared: Gulf states, especially Riyadh and Abu Dhabi, have distinct visions for Yemen.

Iraq and Kuwait are experiencing renewed tensions over their maritime boundary. Mistrust lingers between Saudi Arabia and Iran despite recent normalization. The role of the US is diminished, the influence of external powers in question.

Crucially, two issues – the Israeli–Palestinian issue and Iran’s destabilizing support for actors like Hamas and Hezbollah – have been left simmering and unresolved as regional players have sought normalization agreements and new economic opportunities.

The region’s reaction

In the immediate aftermath of the conflict, divisions in regional perceptions have clearly emerged. The UAE and Bahrain criticized Hamas, mourned the loss of life on both sides and encouraged support for dialogue.

Saudi Arabia highlighted the Israeli occupation of Palestinian territory, but also encouraged de-escalation and the protection of civilian life. Qatar, Kuwait and Oman criticized Israel for violations of international law and Palestinian rights. Egypt, which has already experienced instability on its border with Gaza, has expressed support for a just peace and a Palestinian state.

But there are also encouraging signs: Qatar is reported to be mediating the release of hostages. Egypt is working to prevent further escalation. Turkey has offered to arbitrate.

A real opportunity

Regional countries have a real opportunity today to build on their recent achievements and create a united, credible effort to de-escalate the conflict.

The last five years has shown their real desire to normalize relations with Israel and settle conflicts in the pursuit of mutual interest.

The Hamas attacks, in turn, illustrate that such efforts cannot move forward without addressing the festering unresolved disputes that previous normalization efforts sought to paper over.

Key to any de-escalation efforts and broader conflict management will be the Gulf states, who have the ability to appeal to both Israel and Palestinians but also to engage with Iran on its regionally destabilizing role.

The part played by the US, China and other international actors may well still be significant. But MENA countries should lead on the creation of a realistic, achievable pathway to peace – built on local knowledge and abilities.

Israel-Hamas War: A challenge for the ‘new’ Middle East

The recent shift by the Middle East prioritising geoeconomics over the Palestinian issue could suffer a setback. The crisis ignited by Hamas highlights that the gap between top-heavy policy decisions and groundswell public opinions, movements, and crisis points need to be addressed by regional powers to ensure long-term sustainability of economic cooperation programmes

ORF Commentaries

By Kabir Taneja

October 11, 2023

The horrific terror attack conducted by Hamas against Israel this past week was of mammoth scale. With over [900 dead in Israel and 500 in Gaza](#) in retaliation strikes, the unfolding crisis has the potential of pulling a “new” Middle East (West Asia) back to its old fractures.

While the Palestine issue has been the nucleus of regional geopolitics for decades, recent shifts in the region prioritising geoeconomics could suffer a setback going forward.

The ideation of a “new” Middle East gained institutional traction in 2020, when the United Arab Emirates (UAE), Bahrain and Israel normalised relations and established official diplomatic contact as part of the “Abraham Accords”, brokered under the auspices of the US and then President Donald Trump.

Prioritising Geoeconomics

This opened new possibilities of economic cooperation, and more importantly, brought Israel closer to the flourishing business environment in Arab centres such as Dubai. Israel’s famed tech sector saw Dubai as a [springboard to access global economies](#), and trade between the two is expected to increase beyond an already impressive [\\$2.5 billion](#) on the back of a [new free trade agreement](#) signed between the two earlier this year.

The fundamental shifts above, breaking decades of monopoly of regional tensions and distrust also gave birth to wider geoeconomics projects such as the setting up the India-Israel-UAE-US grouping, known as the [I2U2](#) in 2022, to foster economic cooperation between the three regions.

More recently, on sidelines of the G20 summit in New Delhi, another economic initiative, the [India-Middle East- Europe Economic Corridor \(IMEEC\)](#) was announced, bringing in even more stakeholders such as Saudi Arabia, UAE, Israel, Italy, Germany, the European Union and in its peripheries even the likes of Jordan.

However, these are the “big ticket” projects. While the I2U2 has still managed to gain some steam behind it, IMEEC is still on paper, and is expected to be fleshed out over the next months. Connectivity projects are clunky, difficult, and can take decades to come to fruition (if at all), requiring both political patience and are massively capital-intensive.

Under these big and marketable announcements, in the Middle East, a lot of regional corrections and dramatic economic shifts are also afoot. A prime example is Saudi Arabia's moves to delink itself from the addiction of petro-dollars as the world moves towards green energy solutions.

Riyadh recognises that while oil will prevail for some time to come, it will not remain the core fuel driving global economics in the future and this requires developing domestic industries, such as in services and manufacturing. This also puts the kingdom and its young new heir apparent, Crown Prince Mohammed bin Salman, in a vulnerable position.

Lessons From This Crisis

Global oil prices flinched soon after the terror attack, potentially an unwanted challenge for net importers like India entering the critical phase of both state and general elections. Other geopolitical fault lines in the region, such as the war in Yemen, the Syrian crisis, instability in Iraq and so on, are also being looked into through mechanisms such as [normalisation between Saudi and Iran](#) brokered by China amongst [other initiatives](#).

All the above-mentioned strategic manoeuvres could be undone by the unfolding events in Israel and Gaza, with one of Hamas's core intentions being to underscore that a "new" Middle East cannot be designed without a resolution of the Palestinian issue. In essence, dragging regional stakeholders back to the drawing boards, and reigniting the biggest fault line.

Attempts to preserve the region's new geoeconomics can already be seen in play. The UAE's initial statement on the attack walked on glass as it [avoided squarely placing the blame](#) on Israeli [political actions](#) over the past months. The Saudis had to be more pragmatic, returning to a nomenclature of [addressing Israel](#) as an "occupying" force.

An Israel-Saudi normalisation is widely believed to be off the table in the coming months, as regional monarchies and states look to pivot with public opinion from the Muslim world which, while may not side with Hamas, but does side with an overall Palestinian cause.

Finally, it is in the interest of the global community to support the regional integration aims initiated by the Arab world, including with Israel. While many across the spectrum, including India, continue to call for a two-state solution to the crisis, the likeliness of that as a final result is minimal.

Situation in the Middle East may get worse in the coming time before it becomes better. The current state of play perhaps highlights that the gap between top-heavy policy decisions and groundswell public opinions, movements, and crisis points need to be addressed by regional powers which will allow a semblance of long-term sustainability and future economic stability of the region.

New systems such as the I2U2, IMEEC amongst others in the long term should and would be beneficial for all, including the Palestinians.

The Latest Gaza War and the Israeli-Palestinian Conflict

Following the surprise launch of Hamas' multi-prong offensive to battle Israel on 7 October, the decades-long conflict between the Israelis and the Palestinian people has moved a step closer to a full-scale war drawing in other countries in the Middle East. The need to find a lasting solution to the simmering conflict has become more urgent than ever.

RSIS Commentary
By Rohan Gunaratna
October 17, 2023

The Israeli-Palestinian conflict has a significant impact on international security and has played a major role in the rise of global terrorism since the 1960s. The world is again reminded of this by Hamas' surprise attack on Israel on 7 October. Hamas is the Palestinian spin-off of the Muslim Brotherhood which is considered a threat to several governments in the Middle East.

Militants from Hamas attacked multiple targets in Israel by breaching the security fence separating the Palestinian enclave of Gaza from the Jewish state. They killed civilians and took many hostages. The surprise offensive and its tactics clearly reaffirmed Hamas as a terrorist organisation, as designated by the United States of America (US), the United Kingdom, member states of the European Union, and other countries in different regions of the world. This practically means Hamas can no longer be a legitimate participant in any negotiations that aim to achieve a permanent solution to the Israeli-Palestinian conflict.

Understanding the Threat

Timed to take place one day after the 50th anniversary of the Yom Kippur War, the unprecedented scale of Hamas' incursion into Israel elevated it beyond a terrorist attack and marked it as an act of war. For Israel, the failure of intelligence to anticipate the attack, the large number of casualties suffered to date, and the terror wrought on society, rendered the attack as Israel's equivalent of the 9/11 attacks on the US twenty-two years ago. The violence wreaked by Hamas, including the kidnapping of hostages and threats to kill or to use them as human shields, highlighted the severity of the threat.

The endless cycle of destruction and grief experienced by the Palestinians since the creation of Israel in 1948 has led them to support Hamas. However, after the events of 7 October, Israeli perspectives towards them, as well as the Arab and Muslim world, will harden. This will make it more challenging to negotiate a permanent solution to the conflict, and Hamas is unlikely to be welcomed as a part of any future Palestinian state.

The 1973 Yom Kippur War, also known as the Ramadan War, ended with a remarkable victory for Israel. From current indications, this time, neither Israel nor Hamas will emerge as a clear winner.

Global Implications

This war between Israel and Hamas is a transnational one, with the latter receiving funds, weapons and other forms of support from overseas. Israel's response to Hamas' attack has already had regional implications, with the Israeli Air Force having struck Damascus International Airport and Aleppo in Syria. In the anticipated ground counter-offensive, the Israeli Defence Forces (IDF) is likely to extend its operations into southern Lebanon and Syria.

Several important questions arise. First, if this were to escalate into a regional war, who would be the parties involved? It is important to note that this is not 1973, and despite appearances that states are aligning against Israel, the support from the region's Sunni states against the Jewish state is limited mainly to the streets than the corridors of power.

Jordan and Egypt are the most pivotal states, and both depend heavily on Western, particularly US, economic assistance. Despite the region's pivot towards East Asia and Egypt's flirtation with Russia, the US remains the largest provider of development and security assistance to the region. Washington continues to hold leverage over Amman and Cairo.

The second question is about the actual level of support for Hamas in Arab capitals. It is important not to underestimate the antipathy towards Islamism and the Muslim Brotherhood in Egypt and Jordan. Neither of these countries want to see an empowered Hamas, especially an Iran-aligned pseudo-state in any part of Palestine. As for Lebanon, its military has limited capacity and would likely not participate in a war with Israel.

The Gulf states are divided and in a difficult position. Qatar and Kuwait openly support the Muslim Brotherhood, while the United Arab Emirates (UAE), Bahrain, Oman and Saudi Arabia have taken a different stance. The UAE has attributed blame to Hamas, and Saudi Arabia faces the challenge of maintaining its previous policy on Islamists without losing prestige in the eyes of the Muslim population not only in the Middle East but elsewhere in the world.

While an inter-state war seems unlikely at this stage, the fate of peace agreements is uncertain. If Israel were to launch a ground invasion of Gaza with the aim of destroying Hamas and reoccupying the area, it would be extremely difficult for Arab states that recognise Israel to manage public opinion, both nationally and within the Muslim and Arab worlds.

Likely Developments

There are many short-term scenarios that could emerge from the current explosive escalation. The likelihood and outcome of these scenarios depend on Israel's strategic goals and variables such as hostage negotiations, the willingness of Arab states, particularly Egypt, to provide material and logistical support to Hamas, and the possibility of an Israeli strike on Iran.

If the Arab states close ranks against Hamas and a "grand bargain" is reached involving Iran, possibly resulting in a weakened Hamas, we might avert a worst-case scenario. It is clear that the Gulf states do not want any conflict with Iran and would certainly not support an Israeli or US strike on Iran.

This emerging regional conflict in the Levant, as did the conflicts in Afghanistan (1979), Iraq (2003), and Syria (2014), will have an impact on the security of Asia, Africa, and the Middle East. While responding to the cross-border flows of foreign fighters, the international community must make comprehensive efforts to facilitate a two-state solution, allowing both Palestinians and Israelis to live in peace.

Beyond Hamas

Debates over responsibility for the current crisis will persist. There will be clashing narratives and the many digital platforms on the Internet and social media will severely distort what is needed to make peace. On one side, the argument is that Hamas has the indisputable right to resist the Israeli occupation violently, regardless of the cost. On the other side, the view is that Hamas is barbaric and willing to resort to extremist methods including killing of its own people and others, which made it necessary to completely destroy the terrorist organisation and its campaign of terror.

Anyone who supports peace and a meaningful two-state solution in Palestine should be horrified by the ongoing state of war. A renewed effort must be exerted to put the peace process back on track while quickly alleviating the suffering of the people in Gaza.

The Invasion That Shook the World

CoC Global Perspectives

By PISM, CFR, INSOR, IAI, ORF, GRF, NIIA, ISS, SAIIA, CARI, GRC, Lowy Institute, CIGI, CSIS, Chatham House, CEPS, SIIS, RSIS, SWP, Genron NPO, and IISS-PKU

February 22, 2023

It has been one year since Russia invaded Ukraine on February 24, 2022, setting off the largest armed conflict in Europe since World War II. As Russian forces assemble in the eastern Donbas region in anticipation of an expected offensive to mark the one year anniversary of the war, what will the future hold? In this Council of Councils global perspective series, twenty-two experts from nineteen countries reflect on what they think are the most important impacts of the war and what they see as a way forward in managing or ending the conflict.

It is clear that the invasion's disruptions have reverberated around the world, sending shockwaves in the supply of energy and food, causing humanitarian, social, and economic crises, and threatening to fundamentally transform the international order.

The Changing World Order

A Transformative Moment for World Order

Marcin Terlikowski, Deputy Head of Research, Polish Institute of International Affairs (Poland)

The history of world politics leaves no doubt that conflicts are a transformative force. Every time, a new order emerges from a war: the winners dictate peace terms and mechanisms for a lasting peace are put in place.

The Russian war of aggression against Ukraine is no different. The conflict is a transformative time for the world order, at least as understood since the end of the Cold War.

First, the invasion disproved the founding assumption of the post-Cold War order, namely, that Russia—unlike the Soviet Union—would be no longer a threat but instead a partner in common security challenges. Whatever shape the next European security architecture takes, however, it will clearly be built not with but against Russia. Nothing suggests that Russia would cease to be the main challenge for peace in Europe. Consequently, the grand strategy of the West toward Russia will be based on containment, deterrence, and defense.

Second, Europe will no longer benefit from the peace dividend that followed the collapse of the Soviet Union. Since 1991, seeing no direct or existential threats, European governments have underinvested in defense. The invasion of Ukraine has proved a brutal wake-up call: the sheer scale of operations there made European militaries look dangerously irrelevant. Geared up for crisis management missions, European forces largely lack both man- and firepower. Acute capability gaps require a huge effort to be addressed; the stake is Europe's global stance.

Third, the United States will now need to face not only a rising China, but also a Sino-Russian axis, tacitly supported by many countries in the Global South. In its strategic reorientation, Washington

assumed that it would focus on China as the only power that could effectively challenge its global position. Deterring Russia from escalating, it was thought, would not require much effort. Yet, for better or worse, the United States will need to remain committed to both Europe and the Indo-Pacific if Russia and China are to be kept at bay.

One year into the invasion, it is still not clear what the outcome of Russia's criminal quest to subjugate Ukraine will be. Although the free world stands firmly by the goal of restoring Ukrainian's sovereignty within its internationally recognized borders, the task will be neither easy nor quick. One thing is certain: when the fighting stops, the old world order will belong in the history books. Only the persistence of the free world to defend the premise that all states are free to self-determination can guarantee the new order will continue to be democratic.

A Divided and Deglobalized World

Charles A. Kupchan, Senior Fellow, Council on Foreign Relations (United States)

Russia's invasion of Ukraine has two primary consequences for the international system. First, the world is headed back to a militarized, two-bloc system reminiscent of the Cold War. On one side are liberal democracies, knitted together by the U.S.-led alliance system. On the other are Russia and China—an autocratic bloc stretching from Eastern Europe to the Western Pacific.

Even if the emerging world is divided into two competing camps, it will not resemble the bipolar Cold War, when great-power rivalry extended around the globe. Today, as tension builds between the two main blocs, much of the world is refusing to take sides. Effective nonalignment is likely to be the policy of choice for many nations, ensuring that the world is multipolar rather than bipolar in both character and practice. A multipolar landscape will make the world more unpredictable and more difficult to manage. The gap is widening between the demand for and the supply of global governance.

Second, the world has entered an era of deglobalization. The transatlantic community has virtually severed economic ties with Russia. The United States and its allies are backing away from economic interdependence with China and seeking to slow China's technological progress. Global supply chains are being reconfigured. In the United States, bipartisan support for trade liberalization has dwindled in favor of protectionism and industrial policy. The days of expanding free trade and deepening global interdependence are, for the foreseeable future, over.

In the coming months, the war is poised to intensify as both Russia and Ukraine launch new offensives. A military stalemate could well emerge over the course of 2023. Given its military setbacks so far, Russia, even with new recruits, probably lacks the capability to defeat a NATO-backed Ukraine. Indeed, Russia has already suffered a grievous strategic defeat. Its effort to subjugate Ukraine has irreversibly alienated and angered the vast majority of Ukrainians. Russia, of its own doing, has lost Ukraine for good. At the same time, Ukraine, even with NATO-supplied arms, probably lacks the combat power to fully expel Russian forces from its territory.

The prospect of a military stalemate could open the door to a diplomatic endgame. That endgame needs to come sooner rather than later given the death and destruction resulting from the war, the continuing risk of escalation, and the global economic dislocation caused by the conflict. Accordingly, the United States and its allies need to be ready, at the appropriate time, to broker a ceasefire and seek to move Russia and Ukraine from the battlefield to the negotiating table.

Pursuing an Exit From the Crisis—With Global Partners

Igor Yurgens, Chair, Institute of Contemporary Development (Russia)

Russia's radical foreign policy strategy is based on the assumption that the previous world order is dead. Indeed, if collapse—rather than reshaping—is ahead, “to be the crisis” that buries the old order and sets forth the new one could seem to be a reasonable choice. To stand above the rubble of the old rather than be buried under its wreckage would be an advantageous position.

Resolving the crisis, and preventing future crises, would then depend on the willingness and ability to recognize that revolutionary and catastrophic events are still few—and local. Further, even major players who want major changes do not want upheavals. Choosing “to be the crisis” is therefore a dead end. A significant and independent role in international affairs requires being part of the exit from crisis.

The Eastern European military and political environment's influence on Russia's foreign policy is secondary to the international system's—the viability, effectiveness, and relevance of which is critical, as is its ability to adapt to and affect events. The evolution of Russia's strategy is set not in the plains of Ukraine, but on the banks of the East River in New York and in Geneva, Brussels, and other centers of international coordination.

The past two decades of world history, culminating in the COVID-19 pandemic, saw the eroding effectiveness of global governance institutions; the vulnerability of the global economic system; the declining ability of the West and, in particular, of the United States to bear the burden of unipolarity; the emergence of new power centers; and increasing disunity.

The events of 2022 brought about a new consolidation of the West. U.S. and EU leaders appear intent on rebalancing the world order in the spirit of the 1990s, the West playing a central role and the non-Western periphery remaining disparate and disunited. Yet this intent is facing pushback from world powers whose political and economic potential has advanced qualitatively and whose ambitions are growing accordingly. The new players would like to reset the outdated system to fit their needs.

Further, returning to the 1990s would mean repealing the sustainable development agenda as it has unfolded over the past few decades, based on diversity, inclusiveness, equality, justice, and the priority of common good. If it is to succeed, a reshaped world order needs to be grounded in these principles.

Reshaping Russia's foreign policy strategy with a view to breaking the country's isolation and its becoming part of the peaceful transformation of the current global governance architecture will of course depend on the country's domestic evolution. However, the external factor—the solidity as well as flexibility of existing international institutions—is also paramount.

Europe's New Atlantic Order

Riccardo Alcaro, Research Coordinator and Head of the Global Actors Programme, Institute for International Affairs (Italy)

The war in Ukraine has no foregone conclusion, but the future of Europe's security order is not hard to fathom. The NATO-Russia border will be more militarized; U.S.-Russian relations more confrontational; and the EU will continue to apply financial pressure and diplomatic isolation on Russia while reducing energy ties to the bare minimum. Whatever peace Europe will have will not be the result of a collective effort at conflict resolution, but instead the default outcome of a military balance, once again underpinned by nuclear deterrence.

The war's implications extend beyond Russia-West relations. For most EU countries, the U.S. security guarantees extended through NATO and bilaterally have once again acquired existential relevance. The need for the EU to seek alternatives to Russian energy will increase European demand from other countries, including U.S. partners such as Egypt, Qatar, and Saudi Arabia, and even Israel and the United States itself. More broadly, because the war has widened existing gaps between U.S. allies and rivals, the costs of nonalignment with the United States will increase for EU countries, and the return of a separate policy toward the likes of China or Iran will diminish.

Within the EU, a coalition between pro-U.S. Central and Eastern European member states and a Nordic group—destined to be more strategically homogeneous after Finland and Sweden's accession to NATO—has formed around the imperative of deterring Russia. This North-East axis will resist an evolution in EU foreign policy, which could jeopardize the overly important U.S. relationship.

EU strategic autonomy is therefore unlikely to materialize. Yet the need to sustain the costs of an antagonistic order could well result in EU integration moving forward on energy, migration, greater fiscal solidarity, even a rationalization of defense spending. The EU could actually become the main instrument for intracontinental relations through new platforms such as the European Political Community, which includes Turkey and the United Kingdom. But a stronger EU will be less a sign of greater European autonomy and more one of a consolidation of an Atlantic community centered on the United States.

This future is not a given. A domestic change in Moscow cannot be ruled out. The EU could fail to generate the necessary cohesion to sustain antagonism with Russia. And the United States could decrease its commitment to Europe under a different president than the staunchly transatlanticist Biden.

Finding a New Equilibrium in a Militarized World

Harsh V. Pant, Vice President of Studies and Foreign Policy, Observer Research Foundation (India)

As reports emerge of Russia's preparing to launch another offensive against Ukraine a year after invading it, the world seems to be entering a dangerous phase. Russia and Ukraine are unrelenting in

trying to secure their battlefield objectives even as the wider West further entrenches itself in the war. This crisis in Eurasia has further cemented the centrality of geopolitics in shaping the global order, something that many in Europe had believed to be a thing of the past. With conflict in Eurasia and a shifting balance of power in the Indo-Pacific, the world is at an inflection point.

The Russia-Ukraine war has accentuated the polarization in the international system and its long-term consequences for global alliances. The China-Russia axis grows stronger by the day and the West is waking up to the challenge of managing this partnership. The United States and its European partners no longer have the luxury of looking at Eurasia and the Indo-Pacific through two distinct prisms. As a consequence, even with a tactical focus on Russia, the strategic focus on China has not disappeared. How effective the West would be in crafting a policy response to this Beijing-Moscow partnership, however, remains to be seen.

This major power polarization is drowning out the voices and concerns of the rest of the world. The energy, food, and concomitant economic crises engendered by the Russia-Ukraine war have wreaked havoc in many countries, but a distracted world has little time to find resolutions. Global governance is in crisis as multilateral institutions and frameworks flounder across the board. This has given a country, such as India, that believes in championing the Global South a new space to showcase its leadership credentials. New Delhi intends to use its G20 presidency this year to advance the cause of the weakest and poorest countries in an attempt to craft a new global role for itself as a responsible global stakeholder.

Finally, the use of force has returned with a vengeance as the last resort in international relations. Russia's naked aggression against a sovereign nation and China's repeated aggression in trying to change the territorial status quo along its maritime and land borders is forcing nations large and small to relook at their defense postures. The future of warfare is being shaped by new technologies as well as a new recognition of the diminishing effectiveness of nonmilitary coercive measures.

A Test for Democracy and Global Norms

Selim Yenel, President, Global Relations Forum (Turkey)

Russia's invasion of Ukraine is a watershed moment. The aggression has already changed many aspects of international relations. It is a wake-up call that gives new purpose to NATO. Finland and Sweden, long-time neutral countries, have applied for NATO membership. President Putin's invasion and dream of establishing a new Russian empire is ironically causing the expansion of NATO.

Additionally, the EU has shaken off its stupor and gained a new perspective to its enlargement, which has long been on hold, although ongoing efforts to expand in the Balkans have continued. A European Political Community that includes EU members and non-EU countries but excludes Belarus and Russia was created in response to the war.

The invasion also took the veil off Russia's so-called military might. Further, it demonstrated the divide between the West and what is called the rest. Many countries did not support Russia, but they

also did not condemn its invasion. For several African, Asian, and Middle Eastern countries the situation in Ukraine is not a priority. This is unfortunate because Russia acts in defiance of established norms and is a throwback to earlier centuries when might made right. The resolute defiance of Ukraine, however, should make China think twice on how to approach Taiwan.

Although the significance of the United Nations and similar organizations established after 1945 has been questioned, especially of late, a war launched once again by a Security Council member reveals how ineffective international institutions are. Because of this inertia, ad hoc groupings such as I2U2—India, Israel, the United Arab Emirates, and the United States—have been established and give new meaning to others, such as the trilateral security agreement of Australia, the United Kingdom, and the United States and the informal quadrilateral security dialogue involving Australia, India, Japan, and the United States.

The future of the global order will depend on the outcome of this war. If a Western-supported Ukraine can not only stop but also push back and regain its lost territory, it will demonstrate that democracies are strong when united. If, however, the war continues and allies waver in their assistance, giving Russia the opportunity to claim victory, it will send the opposite message.

How and when the war will end continues to rest on President Putin or his removal from power. Whatever the outcome, what is at stake is whether impunity or abiding to rules will be the future norm.

Bolstering the West

How the War Bolstered NATO and the EU but Weakened Food Security

Esther D. Brimmer, James H. Binger Senior Fellow in Global Governance, Council on Foreign Relations (United States)

Three important consequences of Russia's invasion of Ukraine are a strengthened NATO, further development of the EU as an international actor, and increased global food insecurity, which will have deleterious long-term effects.

Pending approval of all current NATO members, the military alliance will gain two strong new members and more than double NATO's land border with Russia. Russia's invasion of Ukraine prompted Finland and Sweden to fundamentally recalculate their strategic postures, relinquishing military neutrality. Both are already members of the EU and have close relations with NATO members. Further, existing NATO members have increased their commitment to the alliance and aim to improve their ability to operate together.

Along with NATO, the EU has also deepened its strategic capacities. EU member states [have provided or coordinated](#) more than \$40 billion in financial and humanitarian support as well as almost \$13 billion in military assistance. The EU also established an integrated set of targeted sanctions against

people and entities. The United States has welcomed the EU's expansion as a strategic actor. Ironically, the complementarity of NATO and the EU has been demonstrated by an existential crisis in a country that is a member of neither institution. The international response manifests the capacity of the coalitions; more than fifty countries are part of the U.S.-chaired Ukraine Defense Contact Group.

Russia's invasion of Ukraine has caused not only devastation in Ukraine, but also disaster in other parts of the world. According to [the World Food Program](#) (WFP), before the war, food exports from Ukraine fed four hundred million people globally. The war has also disrupted the production and export of fertilizer needed to grow food. Combined with climate crises and the COVID-19 pandemic, the war in Ukraine further undermines efforts to fulfill the Sustainable Development Goals. Although the agreement opening a humanitarian channel to export Ukrainian grain across the Black Sea has relieved the situation in some recipient countries, food insecurity remains. The WFP asserts that the war in Ukraine is "creating the biggest global food crisis" since World War II.

After decades of rising incomes and hopes, the fate of the world's people again diverges. More work will need to be done to rally the forces of cooperation to overcome the undercurrents of discord.

Regional Fallout

The View from the Global South: The Bridge to Cross

Eghosa E. Osaghae, *Director-General, Nigerian Institute of International Affairs (Nigeria)*

The war in Ukraine has arguably posed the greatest threat to world peace since the Cold War. Indeed, at various points, the resurrection of old geopolitical polarities and hostilities made it appear likely that a third world war or nuclear holocaust could occur. But even if not, the conflict has had similar effects.

The war has called into doubt the effectiveness of and confidence in UN-centered multilateralism as the anchor of global governance and world order. This is evident in the major powers and allies' new arms race and increased military expenditures, the recourse to self-defense, and the increased vulnerabilities of small and weak countries to the bullish unilateralism of big powers.

The other—more existentially—devastating effects of the war are accentuated by the highly integrated nature of the global system, including energy shortages, humanitarian crises, food shortages and insecurity, decelerating world trade, and rising inflation. Coming immediately after the COVID-19 pandemic, from which many economies and livelihoods are struggling to recover, the human security costs of the war are significant.

However, as always tends to be the case with global emergencies and turmoil, the costs and consequences across regions are not equal, in that the poor and impoverished nations of the Global South have borne the brunt of it, even though they are not directly involved in the war. Their fragile states have faced more serious problems of energy and food insecurity, costs of living, and risks of

protests and conflicts, even as ongoing civil wars and other conflicts in Africa have been overshadowed and forgotten, further diminishing hopes for recovery. Yet, at the same time, the major actors in the war in Ukraine—China, the EU, NATO, Russia, and the United States—have intensified Cold War–type rivalries for allies in the Global South, thereby reducing their space for self-determination.

One year on, it is clear that the world cannot afford the huge costs and devastating effects of the war for much longer. The shared, even if unequal, disruptions suggest that multilateralism offers the best way to bring the war to a peaceful end. The United Nations should be supported in this task, especially given that the sanctions against Russia have not been effective, and the probability of one side winning the war is low.

Why African Leaders Have a Blind Spot for Russia

Steven Gruzd, *Head of the Africa-Russia Project, South African Institute of International Affairs (South Africa)*.

The Russian invasion of Ukraine has had profound effects far beyond Europe. Africa has seen sharp price increases in fuel, fertilizer, and food that have raised the cost of living and worsened food insecurity, poverty, and social instability. According to UN Conference on Trade and Development, some [fifty-eight million people](#) living just above the poverty line in Africa are at risk of sliding into poverty due to the combined effects of the pandemic and the war. Millions cannot pay for electricity.

Beyond economics, however, the conflict has shaken global governance. It has hastened efforts among non-Western major powers to create alternative systems, for example, in currencies and electronic payments. It has posed diplomatic challenges and opportunities for Africa's leaders.

Animosity toward the West, partly rooted in its perceived double standards in its invasions of Afghanistan, Iraq, and Libya has sometimes led to blind support for Russia. Russia's arguments blaming NATO for this conflict, anticolonial credentials, and rhetoric supporting a multipolar, more equitable world, have resonated among African elites. Russian disinformation campaigns have exacerbated societal fissures.

African countries have not reacted well to Western pressure to condemn Russia. Their voting records in the UN General Assembly show the continent's deep divisions. South Africa has declared a nonalignment position yet plans to conduct naval exercises with China and Russia later this month, bringing this neutrality into serious question. The irony of a continent established on the sanctity of borders supporting the violation of Ukraine's boundaries is sharp.

Africa, however, has taken action. A senior African Union delegation traveled to Russia in June 2022 to seek safe passage for Ukrainian grain shipments. These talks paved the way for the Black Sea Grain Initiative between Russia and Ukraine, brokered by Turkey and the United Nations. Africa gets too little credit for this rare diplomatic win. Generally, the West is not especially interested in hearing the views of the developing world on this war.

The conflict does not appear ripe for resolution; both sides still believe they can win on the battlefield. Neither wants to appear weak. The fighting is expected to rise in intensity as winter recedes. But every

conflict ends in some sort of negotiated settlement based on sincere dialogue. Even though South Africa and Global South states are pushing this principle, they could be naïve in thinking that talks at this point can resolve this brutal war.

In War's Shadow, Risk and Opportunity for Africa

Priyal Singh, *Senior Researcher, Africa in the World, Institute for Security Studies (South Africa)*

African states continue to grapple with the implications of the Russian invasion of Ukraine—particularly in terms of food and energy security. Effects vary across Africa's fifty-five states, but the acute economic fallout has disproportionately affected those that depend on imports of grain, fuel, and fertilizers. Additionally, the inflationary effects have further undermined the continent's post-COVID-19 economic recovery. Although replete with opportunities, these immediate risks narrow maneuverability in an increasingly polarized world, pushing African states toward a new nonalignment.

The positions African countries adopted at the UN General Assembly's eleventh emergency special session on Ukraine highlight considerable divisions across the continent. Africa has [consistently been](#) the least supportive regional bloc in condemning Moscow, with fewer than half of African member states voting in favor of the session's first four resolutions – unlike other UN General Assembly regional voting blocs. These divisions further underscore the lack of political will that influential African countries display when purporting to champion consensus on or a collective regional approach to Ukraine.

This situation could be a missed opportunity given that one of the clearest impacts of the invasion is Africa's rising strategic potential in the international system. Since early 2022, the continent has attracted numerous high-level diplomatic visits across prevailing global geopolitical divides.

As Africa's leaders are more aggressively courted by international actors on different sides of these divides, a common approach is vital in leveraging the continent's strategic value. A common approach could not only help negate the detrimental economic fallout of the Russian invasion but also set the continent on a more secure trajectory toward its common developmental and security goals—as outlined, for example, in the African Union's [Agenda 2063 framework](#).

As the invasion of Ukraine continues, African states will be constrained in their attempts to diversify their international partnerships, as a pathway toward stable governance and economic development. Such constraints, however, could present an opportunity for Africa to renew its investment in its conflict prevention capabilities, particularly those related to exogenous shocks. African states can achieve this goal by firmly pivoting their foreign policies toward the principles enshrined in the African Union [Constitutive Act](#) to safeguard the continent's development trajectory against the backdrop of increasingly volatile and fractious international order.

For Latin America, It Is a European War

Juan Battaleme, Academic Director, Argentine Council of Foreign Relations (Argentina)

After the first year of the Russia-Ukraine war, Latin America has remained outside the conflict, avoiding being captured by its good versus evil logic. It continues to focus on its intrinsic political dilemmas, even though it shares in the global disturbances in food and energy supplies.

With the exception of Nicaragua and Venezuela, every country in the region has followed the United States and the West in condemning Russia's aggression in international institutions such as the United Nations and the Organization of American States. Latin America accepts that wars of aggression are wrong under the UN Charter but has gone no further. For instance, the region has avoided applying economic sanctions against Russia.

Some countries, such as Argentina and Brazil, have maintained a calculated ambiguity, not for strategic reasons, but to avoid clashes with highly ideological parts of domestic ruling coalitions or for other various internal reasons. .

A recent [Ipsos survey](#) of twenty-eight countries shows that people pay less attention to the war than they did, highlighting greater concern for inflation and climate change. The Latin American results speak for themselves. The region condemns the invasion but does not firmly support Ukraine. It is worrying that many Latin Americans say that the war was just a European issue, that involvement in the war should be avoided, that relations should not be broken off with Russia, and that troops and equipment should not be sent to Ukraine.

That is why U.S. Southern Command chief General Laura Richardson's [request to unnamed](#) Latin American countries to provide Russian-made equipment to Ukraine has been denied, even with the proposal to replace old Russian equipment with the newer and better equipment from the United States.

Samuel Huntington was right. In his classic book *The Clash of Civilizations and the Remaking of World Order*, he said that Latin American is not part of Western civilization. It is a different civilization, the product of a complex relationship with Europe and the United States, a mixture of necessity, mistrust, and a mosaic of contradictory feelings. As the Ipsos survey demonstrates, one year into the conflict, Latin Americans are saying that it is not their war.

The Effect on the Gulf Region

Abdulaziz Sager, Chair, Gulf Research Center (Saudi Arabia)

Several factors come into play in any analysis of the Gulf's position on the Russia-Ukraine war. First, the Gulf states foresee both substantial changes in Europe's security order and the potential for changes in the global balance of power. Second, although the Ukraine conflict does not directly threaten regional stability, various indirect effects could be significant for Gulf states' interests. Energy market disruptions, economic dislocation induced by international sanctions against Russia,

and new areas of friction in some political relationships with the Joe Biden administration are among them.

The position of the Gulf countries on the war in Ukraine should therefore be seen within the context of their relations with external powers, primarily the United States, and their interest in shifting their relations toward greater parity. Overall, the long-standing bond between the Gulf and the United States is undergoing significant changes over the war in Yemen, U.S. policy toward Iran, conditions on arms sales, and fundamental doubts about the reliability of the U.S. security position toward the region and its allies. Simultaneously, overall development and progress are being made in individual Gulf countries, necessitating a focus on securing their national interests.

The Russian invasion of Ukraine can therefore be viewed as a significant test of the ability of Gulf nations to navigate a multipolar world. Regional countries, including traditional U.S. allies, are hedging their bets between Russia and the U.S.-led Western camp, assessing the effects of the conflict and seeking to relieve its constraints on the region's economy and social fabric. Although the Gulf states seek to avoid being embroiled in a confrontation between Russia and the West, it is still too soon to argue that a fundamental break with the West is inevitable or that the Gulf's positions have permanently shifted to the East. As the situation in Ukraine evolves, the main factor determining Gulf regional security remains uncertain.

This situation necessitates a renewed effort by the wider world to end the Ukraine conflict. For the moment, most of the consequences of the conflict are defined within the framework of its effects on the European and Western security order. But the crisis affects political and economic structures and institutions worldwide. In that context, perspectives from other parts outside the West should be explored and examined in what a potential resolution could look like.

A New Era of Warfare

The Role of Nuclear Deterrence

Sam Roggeveen, Director of the International Security Program, Lowy Institute (Australia)

The first year of the Russia-Ukraine war was marked by persistent fears that the conflict would escalate toward the use of nuclear weapons. But while no nuclear warhead has been detonated, these awesome weapons are certainly being used.

Nuclear weapons are largely containing the fighting to Ukraine's territory because Russia and NATO understand the consequences if fighting spreads. Fear of nuclear war stops the Western powers from selling long-range weapons to Ukraine that could allow strikes deep into Russian territory. Fear of nuclear war explains their hesitancy to support any Ukrainian effort to retake Crimea. It stops Russia from striking NATO arms shipments before they cross into Ukraine and from trying to shoot down NATO reconnaissance planes that feed intelligence to Ukrainian forces.

Nuclear weapons also limit the objectives the West can pursue in the war. NATO and the Biden administration want Russia to lose, but not by too much. If the Russian army is at risk of collapsing entirely, or if economic sanctions bite so deeply as to risk state failure, Putin could use nuclear weapons to force a release of pressure before his regime is toppled.

Finally, nuclear weapons have a clarifying power. They reveal which interests the great powers consider vital and which merely important. For all the rhetoric from Western leaders about how critical it is to stop Russia, Ukraine's sovereignty is clearly not quite essential enough to risk a nuclear war. If its security really were a vital U.S. interest, Ukraine would have been granted NATO membership long ago.

For U.S. friends and allies in Asia, this raises an uncomfortable question: is their security truly vital to the United States or just nice to have? To protect South Korea, would the United States be prepared to risk a North Korean nuclear weapon hitting a U.S. city? Would it risk a nuclear war with China to save Taiwan? Successive U.S. presidents—with one notable exception—have declared that America cannot be secure if Asia is not also secure. Washington's allies in the region ought to be asking themselves whether this is really true.

The Future of Modern Warfare on Display in Ukraine

Paul Samson, President, Centre for International Governance Innovation (Canada)

Legions of low-Earth orbit (LEO) satellites providing speedy data and information within the theater of war have so far bolstered Ukraine's defense and counteroffensives and will significantly shape the future of conflict worldwide.

Relying on [satellite-based information](#) is not new, but the latency, agility, and resilience of the emergent system primarily operated by Ukraine has been unprecedented [relative](#) to traditional satellites, which operate at much higher orbits and with slower data transmission speeds. The new Starlink receiver dishes and terminals used in Ukraine are portable and can be run off batteries in remote locations. In addition to being generally more robust to attacks on the electricity grid and other infrastructure, the new system runs off software that can be more rapidly updated to counter cyberattacks. At the beginning of the war, it is reported that Russia successfully attacked the network modems of a main Ukrainian satellite system, and that [nimble Starlink software](#) updates thwarted later attempted cyberattacks.

The demonstrated successes to date in Ukraine of applying this new satellite-based technology to, among other things, troop and equipment positions, will change the future of ground-based warfare operations. In addition, the new technology appears to have triggered [urgency and competition](#) among states for increased military applications using LEO satellites. Starlink has quietly floated the idea of developing a new system called [Starshield](#), presumably consisting of LEO satellites for military use. Companies can also [restrict](#) the application of their technology, as SpaceX has curbed Ukraine's use of Starlink for drones.

It should be assumed that the current conflict has prompted a number of states to develop countermeasures against new systems that have multiple, mobile pieces, as well as potentially against private-sector entities. Private-sector providers could become [military targets](#), even potentially legitimate ones under international humanitarian law. If that were to come to pass, it would have economic consequences. Hopefully, the potential use of anti-satellite missiles will grow less, not more, likely in a system of multiple, relatively easily replaceable satellites. Hopefully also, incentives or new rules will be strong enough to avoid the [Kessler Syndrome](#)—the negative tipping point of space debris volume.

Use of new satellite technology systems in Ukraine have helped to even the battlefield by enabling Ukrainian forces with superior intelligence against superior numbers. The new technology could be contributing to a more drawn-out conflict, increasing the chance for both sides to agree on a negotiated settlement.

Economics

The Lasting Economic Damage of Russia's Invasion

Yose Rizal Damuri, Executive Director, Centre for Strategic and International Studies (Indonesia)

In December 2021, Indonesia unveiled one of its Group of Twenty (G20) presidency's top priorities: synchronizing a safe fiscal stimulus exit strategy to support global economic recovery from the COVID-19 crisis. With economic recoveries diverging across and within countries and varying levels of national fiscal and monetary support, uncoordinated monetary and fiscal policy is creating the risk of unintended pressure on inflation and exchange rates as global financial conditions tighten further.

Indonesia learned this lesson from the 2013 Taper Tantrum, when the Federal Reserve's announcement to reverse its quantitative easing policy caused a surge in U.S. Treasury yields. It triggered massive capital outflows in other economies, notably from emerging markets. Downward pressure on exchange rates across the world led to significant depreciation. Learning from this experience, G20 members in 2021 planned to better harmonize their exit strategies from expansionary policies during the pandemic to prevent another crisis.

This proposal, however, was never taken up due to the war in Ukraine. The war disrupted the global supply chain of energy, food, and various other goods, and increased prices at an unprecedented rate. This forced monetary authorities to tighten their policies and increase interest rates to fight inflationary pressure. The Federal Reserve increased its interest rate seven times in 2022, to the highest level in the last fifteen years. This provoked capital outflows and exchange rate depreciation in economies across the world. These spillover effects, together with domestic inflationary pressures, have forced other economies to also increase their interest rates, risking a premature reversal of fiscal and monetary support to their national economies.

Russia's invasion of Ukraine not only disrupted economic growth and supply chains, but also shattered the plan for coordinated exit strategies. This uncoordinated and erratic normalization of macroeconomic policies has increased the risk of a financial crisis that could lead to a global economic recession.

A Way Forward

Western Democracies Need to Ensure That Ukraine Wins

Orysia Lutsevych, Head of the Ukraine Forum and Research Fellow, Chatham House (United Kingdom)

The brutality of the full-scale Russian invasion has mobilized the Ukrainian nation. Ukrainians are mounting a valiant defense of their country. [More than 80 percent](#) are determined to fight until territorial integrity within the 1991 borders is restored. Kyiv is defending its choice to become a member of the EU and NATO. The prowess of its armed forces will bring real value to the military alliance. EU leaders acknowledge that Ukraine is defending the freedom of Europe.

Russia has already suffered several strategic losses. It is now clear that no constructive relationship with Moscow is possible while Putin remains in power. Enormous casualties, losses of materiel, and questionable strategy have undermined Russia's military power. This in turn threatens its position in Central Asia and the South Caucasus, where China and Turkey are stepping up. The Kremlin has also lost the European energy market for the foreseeable future. A weakened Russia will depend increasingly on China. Most important, inside Russia, Putin has set in motion a turbulent process that will lead to decline and instability with as yet unknown consequences. Russian failure to achieve its military objectives in Ukraine is a warning to China. Western military support and sanctions, especially freezing of Russian state assets, could affect Beijing's calculus vis-à-vis Taiwan.

Western democracies need to ensure that Ukraine wins. The most expedient way to end this war is to defeat Russian troops inside Ukraine. This means strategically arming Ukraine. Incremental military support is increasing casualties, leading to stalemate, and will eventually raise the overall cost of the war. Sanctions need to be strengthened to prevent Russia from rearming and deprive the Kremlin of finances. New measures could impose additional costs: confiscating seized Russian state assets, and expelling and blacklisting it from the Financial Action Task Force.

Ukraine should not be pushed into a [new Minsk deal](#). Such a settlement would only delay a larger war. Conceding territory to Putin that he has illegally annexed will only embolden those who want to use force and will open a global Pandora's box of border revisions.

Europe needs to prepare to confront and deter an aggressive and unstable Russia. This means designing a new policy of that builds on solid Western unity, U.S. commitment, a strong NATO, a well-armed Ukraine, a new wave of EU enlargement, bolstered defenses of democracies against foreign interference, and a wider global coalition in support of the international order.

How to Make Russia Pay for its War Against Ukraine

Steven Blockmans, Director of Research, Centre for European Policy Studies (Brussels)

Although Russia's war on Ukraine did not necessarily start with clear genocidal intent, evidence of [genocidal practices](#) has mounted. According to its own [figures](#), Russia has deported some two hundred thousand Ukrainian children in the first months of this war. Cities around the country have been indiscriminately destroyed by targeted Russian missiles.

Following discoveries of the massacre in Bucha and atrocities committed in other places under effective Russian control, a debate on how to prosecute the perpetrators of war crimes and crimes against humanity got under way in the West. Faced with jurisdictional obstacles and problems of [legitimacy](#) of a special tribunal, however, the European Union (EU) and Group of Seven (G7) countries have made greater strides in adopting sanctions aimed at crippling the Russian economy. The [effectiveness](#) of such sanctions, however, remains [debatable](#).

Because the scale of Russia's destruction of Ukrainian civilian and critical infrastructures increases by the day, the issue of how reconstruction is going to be paid for rises ominously on the [international agenda](#). The disproportion between the needs, to be counted in many hundreds of billions of dollars, and the plausible financial capacities of the EU and other G7 states, which seem to be counted only in the tens of billions, is huge.

In this situation, the Russian Central Bank assets of around [\\$300 billion](#) that are frozen in the hands of the EU and G7 states have become a glaringly obvious solution. [Legally justifiable, multilateral executive action](#) to confiscate state assets would follow the July 2022 [Lugano Declaration and Principles](#). Inspired by precedents such as the Ethiopia-Eritrea Claims Commission, a register should be opened to enter individual claims and an international body should be established to examine the evidence and decide on the scope and size of reparations. A financial mechanism should be created to pay out the damages for narrowly defined purposes, proportional to the damages, that is, compensation for victims, reconstruction of infrastructure or the ongoing provision of essential services.

In the light of Russia's ongoing weaponization of winter and the prospect of a new season of major offensives that includes the threat of tens of thousands more Ukrainian citizens being killed, deported, or displaced, this war has become Putin's version of Stalin's [Holodomor](#) and warrants outright confiscation of the \$300 billion.

Creating the Conditions to End the War

Chen Dongxiao, President, Shanghai Institutes for International Studies (China)

After one year, the Russia-Ukraine war has not only accelerated the end of the so-called post-Cold War order and deepened global divisions, but also raised the risk of protracted war and deadlier escalation. Whether the world can work together to push the warring parties to start a

real political negotiation process will determine the future of Russia and Ukraine, the security and stability of Europe, and the international system writ large.

At present, national governments and international institutions need to step up the regulation and mitigation of battlefield behavior, strengthen communication and diplomatic mediation, and reduce the risk of escalation.

First and foremost, diligent efforts to better regulate and mitigate the battlefield behavior of Russia and Ukraine are needed. These could include, but would not be limited to, joint efforts regarding the humane treatment of prisoners and reciprocal targeting restrictions. Both parties could commit to specific obligations under international law that do not target certain civilian facilities, such as schools, hospitals, or humanitarian agencies. For example, designating areas around nuclear power plants as demilitarized zones under special protection. In addition, efforts should be made to build on the UN-brokered Black Sea Grain Initiative by prohibiting attacks on specific industrial and agricultural installations and the transport of related goods on designated territories.

Second, diplomacy and communication should be strengthened. Such efforts include political coordination at the highest level, including the participation of critical actors such as China, the European Union, France, India, and the United States. They could also include back-channel diplomacy, involving trusted individuals in closed-door discussions. Their purpose is to provide risk assessments, reduce tension and hostile rhetoric, clarify the purpose and scope of military activities, and develop initiatives for risk reduction, among others.

Third, the risk of escalation on both sides of the war should be prevented. Even though ceasefire agreements seem unlikely in the next few months, it is important to recognize that a ceasefire does not necessarily prohibit all military activity, it could simply specify what activities are permitted within a given geographical area. At the same time, the warring parties should actively explore the possibility of a permanent or temporary ceasefire or cessation of hostilities on the entire or part of the battlefield. Successful de-escalation measures could serve as the basis for long-term, sustainable peace negotiations.

Finding a Path to a Neutral Ukraine

Lawrence Anderson, Senior Fellow, S. Rajaratnam School of International Studies (Singapore)

A year after Russian forces crossed the border, an end to the war is not in sight. This is a timely reminder that all states need to embrace the fundamental tenets enshrined in the UN Charter: respect sovereignty and territorial integrity; refrain from the threat or use of force; and settle disputes peacefully. Standing by these tenets is essential to avoiding another calamity like the war in Ukraine.

The conflict has reinforced the adage that ensuring peace entails preparing for war. As countries strive for progress and prosperity, they need to be prepared to defend themselves from larger, predatory neighbors. Operational military readiness better equips a country to hold off the enemy and buy time for friends and allies to provide support. Ukraine's supporters continue to provide it with foreign and

military aid. Russia's supporters in the Shanghai Cooperation Organization and the Eurasian Economic Union have also helped keep the Russian economy afloat and circumvent sanctions.

In Asia, possibly the most important lesson is that in today's world no one wins a prolonged war. This lesson has led policymakers in China, the United States, and their respective allies to pull back from the brink. U.S.-Chinese strategic competition and efforts to undermine each other's economies will continue but all-out war is unlikely.

In the absence of confidence and trust, it is difficult to foresee an early end to hostilities or a long-lasting peace. A halt is possible but would be temporary. No strong Russian leader seems likely to accept an independent Ukraine tied firmly to the West. Conversely, the intensity and resilience of Ukrainian nationalism mean that even if the whole country were to fall, it would take a Russian army of occupation to maintain an uncertain peace.

Since Russia sees its security linked inexorably to the annexation of Ukraine, it makes no sense to weaken Kyiv by ceding Crimea or the Donbas. Instead, it might be prudent to carve out a demilitarized zone between the two countries patrolled by UN peacekeepers.

The idea is to preserve a neutral Ukraine, with security arrangements agreed upon between the protagonists and interested parties. Ukraine could pledge, for example, not to join NATO or to station foreign troops on its soil. In return, as a special case, NATO could consider stationing significant assets in nearby member states that could be utilized should Russia break the peace.

Why a Russo-Ukrainian Peace Process Will Remain Elusive

Janis Kluge, Senior Associate in the Eastern Europe and Eurasia Division, German Institute for International and Security Affairs (Germany)

One year after Russia launched its invasion of Ukraine, an end to the war is not yet in sight. Although the intensity of the fighting could vary in the coming months and perhaps years, a negotiated peace will most likely remain elusive.

Russia is still far from achieving its declared war aims. For Moscow, it is not just about conquering the territories it formally annexed. The greater goal is still to control Kyiv. The scenario of an independent Ukraine that recovers from the war and arms itself against the existential threat from Russia is not acceptable to the Kremlin. Because Russia currently lacks the military means to take over Kyiv by force, it is trying to destabilize Ukraine by terrorizing the civilian population. Meanwhile, the Kremlin still hopes to persuade the West to end its military support for Ukraine by threatening to escalate.

At home, the war is not an immediate threat to the Russian regime, despite the immense human and economic cost. A ceasefire that leaves the annexed territories under Ukrainian control would be a greater risk for Putin than continuing a pointless war. He could also use the ongoing fighting to legitimize his rule. Defending Russia against the supposed existential threat from NATO makes for an effective presidential campaign in 2024. Meanwhile, the constant state of emergency allows for

unlimited repression. Russia also has enough resources to continue the war for several years even though the economic pain is increasing.

Ukraine has little alternative to continuing its self-defense. Kyiv has no illusions about the possibility of a negotiated peace with Putin. In Bucha and other formerly occupied places, it became clear to Ukrainians what giving in to Russia could mean. Kyiv is also confident that it can withstand the attacks after successfully pushing back the Russian forces multiple times.

For NATO, and even more so for the EU, it has also become essential that Kyiv prevails. Although not a party in the war, the West has committed significant political and military resources to Ukraine's self-defense. If Ukraine were to fall, NATO and EU could sink into deep crisis. A collapse of Western unity and support for Ukraine is not likely, even if the upcoming U.S. elections in 2024 could mean some uncertainty. The direct economic costs of supporting Ukraine are overall not a significant burden for Western economies. Meanwhile, the solidarity with Ukraine in Western societies is still high.

Can the United Nations End the War in Ukraine? China Could Help Make It Happen

Yasushi Kudo, President, The Genron NPO (Japan)

National governments and international institutions have not put in enough effort over the past year to end the war or restore international peace and security. What is clear is that the world is unable to join forces to stop a nuclear superpower and permanent member of the UN Security Council from invading another country.

More of an effort needs to be made to restore global peace. What is being done to isolate Russia from the rest of the world and making the United Nations more effective is a great concern. China is vital to both.

This past December, immediately following the National Congress of the Chinese Communist Party, Genron NPO invited one hundred influential figures to a track 1.5 strategic dialogue between Japan and China to discuss the restoration of a peaceful global order. Even after all the acrimonious discussion, the event ended with participants from both countries agreeing that they “support efforts to prevent an escalation of the Ukraine crisis, and to find a peaceful resolution.” In addition, [a recent joint Japan-China public opinion survey](#) was the first to reveal that more than half of Chinese respondents disapproved of Russia's behavior. Regardless, working with China is needed to strengthen international cooperation.

In addition, influential nations such as China, Germany, and Japan should join to launch a peacekeeping operation in Ukraine to provide humanitarian aid after hostilities cease. Although the UN Security Council is not functioning, the United Nations can still act. During the Suez Crisis, at the height of Cold War tensions in 1956, it was the UN General Assembly that approved the dispatch of UN forces. Additionally, China, Germany, and Japan all have experience with peacekeeping

operations in Cambodia. Such a peacekeeping operation would allow the United Nations to play a more meaningful role, and Chinese participation would also be significant.

A Pressing Need for Diplomacy

Yu Tiejun, President, Institute of International and Strategic Studies, Peking University (China)

Although it is too early to discern the most important effects of the Russia-Ukraine war, it is almost certainly the most significant single global event since the end of the Cold War.

As always, the war means different things for different people. Armed forces around the world pay close attention to the performance of the Russian and Ukrainian militaries and analyze the implications for the future patterns of war. Of note are Ukraine's unexpected combat capabilities. For some, the varied noncombatant aspects of the war, including economic sanctions, intelligence failure, food and energy supply, and the humanitarian crisis, are more important. Others are deeply worried by the specter of nuclear weapons use.

Some unexpected but possibly long-lasting repercussions have also emerged. While Russia conducted the war to prevent Ukraine from joining NATO, it resulted in the long-standing neutral Sweden and Finland opting to join NATO. Germany and Japan, two previously quite dormant major countries in the security arena, owing to their defeat in World War II, have decided to double their defense budgets and are likely to be more proactive in geopolitics. This is contributing to a more multipolar world.

The war's effect on China is also enormous given that China is a close strategic partner of Russia. Along with Brazil, India, and other countries, China has not condemned Russia's "special operations" against Ukraine. But Beijing's position is more neutral and cannot be said to support Moscow's war efforts. Pledging to respect the independence, sovereignty, and territorial integrity of all countries, China has repeatedly reiterated that both Russia and Ukraine are friends of China and should not resolve their problems by force. China has made clear that it wants to see the war end through negotiation soon. Chinese President Xi Jinping made it clear in November 2022 that he opposed the use or threat of the use of nuclear weapons.

Considering the situation on the ground and the potential power of Russia and a Western-aided Ukraine, the war is likely to continue for quite a long time if nothing dramatic changes in both countries' domestic politics. The year-long war of attrition has proved that it benefits no one, and that it cannot stop without external intervention. Further attempts at international mediation are therefore sorely needed. The cost, trauma, and hatred brought about by the war have made mediation extremely difficult, but cannot justify standing idly by without an attempt.

Why Latin America Still Deserves a Role on Ukraine

The region's diplomatic efforts have so far been ignored or described as pro-Moscow. That's a mistake, a leading professor writes.

Americas Quarterly

Juan Gabriel Tokatlian

July 12, 2023

Perspective counts. Over the past 16 months, the war in Ukraine has been felt, perceived, and analyzed around the world according to different memories and histories. Sadly, the viewpoints of the Global South, and particularly Latin America, continue to be distorted and mistakenly dismissed as pro-Russian by many in the United States and Europe. This is a lost opportunity, because the region's unique perspectives could still help end the war before it escalates further out of control.

What could Latin America bring to the table on this issue? The region undoubtedly has many shortcomings, including the world's highest rates of inequality and violent crime. Nevertheless, one of Latin America's main successes over the last 200 years is its relative peace when it comes to the number of interstate wars. Indeed, one must go back almost a century or more to find the last true large-scale conflicts, such as the War of the Triple Alliance (1864-70) involving Paraguay, Brazil, Uruguay and Argentina, or the Chaco War (1932-35) between Bolivia and Paraguay.

Perhaps contrary to popular belief, this relative peace does not result from an absence of interstate tensions. Consider for example the periodic tensions over the past two decades between Venezuela's *chavista* leadership and conservative governments in Colombia, which at several points resulted in heated rhetoric, a halt to cross-border trade and even, in 2008, [a brief buildup of troops](#) at the border and talk of mobilizing fighter jets. Going back a bit further, Argentina and Chile [came close to a border war](#) in 1978; a brief border conflict in 1995 between Peru and Ecuador [killed nearly 100 people before a regional mediation effort](#) put a definitive stop to the fighting. Indeed, the fact these disputes did not spill over into broader war speaks to several valuable mechanisms Latin America has developed over the course of many years.

Among them: Latin American countries have long worked to create bilateral diplomatic modes for de-escalating tensions; progressive advancement of and compliance with confidence-building mechanisms; regional dialogue as a means of preventing uncontrolled frictions; acceptance of third-party mediation; and resort to international arbitration. (Note that most of these alternatives were never seriously attempted prior to and during the war in Ukraine.) In addition, Latin America has been asserting for years its singular condition as a zone of peace; it established the first area free of nuclear weapons, and the two most advanced countries in terms of nuclear capacity—Argentina and Brazil—have the only recognized system of verification of mutual commitment to a peaceful use of nuclear energy as part of an agreement signed with the International Atomic Energy Agency.

Consequently, when earlier this year [President Luiz Inácio Lula da Silva of Brazil called for peace in Ukraine](#) he was not only expressing his concern over the evolution of the war, but also representing the peaceful credentials of the entire region. Latin America, after years of stagnant growth since the mid-2010s, the devastating socio-economic effect of COVID-19, and the dramatic recessionary outcomes of the war in Ukraine, cannot opt for passivity: It has an imperative to convey the urgency for global calm. At this stage, the world does not need a broader “coalition of the willing” to exacerbate the war, but a “coalition of the non-aggressive” to further the cause of peace. The specter of a nuclear hecatomb is increasing, and silencing the options to a negotiated settlement is not only counterproductive for the whole international community—but dangerous.

Russia, Ukraine, and the West know perfectly well that protracted wars always degrade if there is no diplomatic solution. The belief that we are just living a “limited war”—*a la* the 18th century—is an illusion: We are in the midst of the most consequential power shift in centuries with multiple hotspots and a growing rivalry between the two major representatives of the East and West, China and the United States. The idea that in Ukraine each party is acting defensively is not evident for the Global South: Moreover, outside the warring contenders there is a sense that escalation is the real strategy of both Russia and the West. Rhetoric aside, very few in the Global South assume that we are witnessing a Herculean struggle between democracy and autocracy, that the core Western countries have historically abided by a rule-based order, and that sanctions are the effective incentive for stopping the war.

Latin America, just as the rest of the Global South, has persistently defended territorial integrity and state sovereignty while rejecting the illegal use of force. An unbiased analysis of most Latin American countries’ recent voting record in the UN Security Council and its General Assembly shows exactly that. Similarly, Latin America’s lack of support for sanctions against Russia, or for the provision of arms for Ukraine, isn’t novel, nor is it part of a pro-Moscow position. Rather, the region has seen firsthand the ineffectiveness of sanctions throughout six decades of blockade on Cuba, while the level of military expenditure of Latin America has been declining in real terms since the 1960s, and the spending among South American nations fell significantly in the last decade. It is important to recall that only 26% of the members of the United Nations participate in the sanctions regime and the military backing of Ukraine.

In addition, in Latin America the memory of another crucial moment in recent history with the possibility of using nuclear armament is still present. The Cuban Missile Crisis of 1962 generated a massive and lasting concern in the region. If then-General Curtis LeMay’s [advice to launch a first nuclear strike had been implemented](#), Latin America could have been the laboratory of a nuclear war between the United States and the Soviet Union.

In conclusion, Latin America’s experience in matters of war and peace is important, and deserves to be taken into account. Europe and the United States should understand that they cannot shape the world system as they had the opportunity to do at the end of the Cold War and that we have been living (and will continue to live) in a post-Western world. A more plural, multidimensional, and complex order is emerging: In that context, the voice and experience of regions including Latin America should be welcomed instead of overlooked. The menu of Latin American practiced options, among them

different discrete modes of de-escalation, quiet diplomacy among the two key participants— Moscow and Washington— and regional backing, can and should be explored.

From the Middle East to Ukraine, A Milestone

Valdai Discussion Club

By Ivan Timofeev

October 24, 2023

The aggravation of the Palestinian-Israeli conflict is an indicator of the growing imbalance in the existing system of international relations. This imbalance is characterised by the emergence of new conflicts and resumption of old ones, with large-scale human casualties and risks of further escalation. While laying claim to international leadership and the role of guarantor of the existing international order, the United States has been unable to prevent the growth of yet another hotbed of conflict. For now, there remains a possibility that the new crisis will be isolated without allowing it to escalate into a conflict between major regional players. However, the very fact of the crisis suggests that the fabric of the order that emerged after the Cold War on the ruins of the bipolar system is tearing at the seams more and more frequently. It is becoming more and more difficult to mend such developments.

The developments in the Middle East have pushed the fighting in Ukraine to the background of the media agenda. Meanwhile, the situation there hardly speaks in favour of the strength of the post-bipolar status quo. A sign of such strength could be Russia's return to the status of a defeated power and the final consolidation of the results of the collapse of the Soviet Union. However, facts on the ground tell a different story. The widely advertised and expensively purchased offensive of the Ukrainian army has not met its objectives. The Russian army is slowly but inevitably increasing pressure at the front. Economic sanctions have not led to the collapse of the Russian economy. Despite extensive damage, it quickly adapts to new conditions. The West also failed to isolate Russia politically. For the Western partners of the Ukrainian authorities, the conflict is becoming more and more expensive. Its price may increase in the future, taking into account the knocking out of Soviet-made equipment from the armed forces of Ukraine and the growing need for new supplies. Ukraine's economy also requires external injections amid military losses, demographic failure and persistent governance problems, including corruption.

The Western allies could concentrate all their power on countering Moscow. But the spread of problems in other directions seriously complicates things. Resources have to be wasted not only on containing China, but also on putting out fires where they supposedly shouldn't have broken out. With a high probability, Washington will be able to provide Israel with significant military and diplomatic assistance, limiting the next outbreak of conflict. But each such fire requires the concentration of material and financial resources, which are limited even for such a power as the United States.

Moreover, there are other unresolved problems. Thus, many years of efforts to prevent the military growth of the DPRK ended in failure. Pyongyang now possesses both nuclear warheads and the means of delivering them. The crisis in Russian-American relations gives the DPRK the means of manoeuvre — a possible increase in cooperation with Russia will run counter to the goals of the United States, whereas previously Moscow was much less of a problem for Washington in that area.

The situation is similar with Iran. The US withdrawal from the JCPOA in 2018 did not lead to Iran abandoning positions on its missile programme and policy in the Middle East. Moreover, it created the conditions for Iran to return to its nuclear programme. In both the case of the DPRK and Iran, a military solution to the problem is hardly optimal. Other smouldering fires remain. Afghanistan has been largely forgotten, but forces hostile to the United States and the West are growing stronger there. In Syria, the government of Bashar Assad retains power, despite sanctions and attempts at isolation. In Africa, US allies are losing their influence.

Terrorists, drug traffickers, and transnational criminal networks have not disappeared anywhere. It was possible to fight them in jointly with other major players, coordinating policies with them via the UN Security Council. But the previous level of trust has been undermined.

Finally, amid the “hybrid war” with angry Russia and growing contradictions with China, it will be more difficult to effectively counteract these problems. At the same time, the Ukrainian conflict seems to be key for the post-bipolar order. The launch of the Special Military Operation in 2022 provided the United States with a number of tactical advantages. Washington now has powerful leverage over its allies in Europe. NATO has received a new lease of life, and the process of alliance expansion is underway. The longstanding resistance of major European countries to persistent US calls to increase their defence spending and arms purchases finally has been broken. The militarisation of Europe will proceed at a rapid pace. European countries will have to pay for it themselves, diverting resources from social services. Conditions have arisen for the Americans to at least partially seize the European energy market: what former US President Donald Trump could only dream of happened almost overnight. Another important tactical success was total control over Ukraine. The ability to conduct military operations and support the economy largely depends on the United States. Control of Ukraine or a significant part of it negates the prospects for the revival of the “Soviet empire,” at least in the European theatre.

However, strategically, the Ukrainian conflict has presented the United States with serious problems. The main one is the loss of Russia as a possible ally, or at least as a power that does not interfere with the United States’ interests. At the turn of the 20th and 21st centuries Russia itself was ready for equal partnership relations with the United States, provided that its interests were taken into account, especially in the post-Soviet space. Moscow clearly did not set for itself the goals of “reviving the USSR” and did not strive to reformat the post-Soviet space. On all key issues on the global agenda, Russia has long either cooperated with the United States or refrained from active opposition. One can argue for a long time about who is to blame for the growing mutual confrontation — the positions of the parties here are directly opposite.

Moscow is building close ties with China, which Washington considers a long-term threat. The cost of a conflict with Russia for the United States will be measured not only and not so much by support for Ukraine, but also by the enormous cost of containing the Russian-Chinese tandem, as well as the costs of those problems in which Russia will, with varying degrees of enthusiasm, harm the United States. The fact that Russia itself bears costs and losses does not in any way improve the position of the United States itself.

The bottom line is that the tactical gains from the conflict in Ukraine turn into a major diplomatic defeat for Washington in the form of an increase in the number of influential opponents where there were all the conditions to avoid this. For the EU, the strategic costs of the conflict, despite its tactical advantages, have turned out to be even greater. The geographic proximity of the conflict and the more significant security risks in the event of an intentional or unintentional military clash with Russia play a role here. China, on the contrary, is strengthening its position. Beijing received the peace of its long borders in the north, a large Russian market, and a dispersal of American resources.

It cannot be ruled out that in such conditions the United States and its allies will reconsider their ideas about defeating Russia in the Ukrainian conflict at any cost. The big question is how Moscow will reconsider its approaches? Russia is committed to a long-term struggle for its interests. The level of trust in any Western proposals tends to absolute zero. The burning of American leadership on other “burners” of the world political kitchen further reduces the motivation to support any compromises without the full consideration of Russian interests.

The outcome of the Ukrainian conflict, whenever it occurs, will be a fundamental milestone in the order that is taking shape right before our eyes.

The Strategic Risks of Systemic Instability

The quest for strategic autonomy as a response to risk and uncertainty in international relations is understandable, but its limitations should be recognised and factored in to reduce potentially destabilising actions.

RSIS Commentary

Joel Ng

October 23, 2023

The world, we are increasingly being told, is getting less safe and more uncertain. Events such as the fresh outbreak of conflict around the Gaza Strip or the sudden game-changing developments over Nagorno-Karabakh give credence to this depiction. It has become common to develop “resilience” or to seek “strategic autonomy” under these conditions. The post-Cold War order, everyone seems to acknowledge, is unfit for purpose – challenged by people from the states who were its very architects and by rising powers who decry its inequities and outdated structures.

The Return of Cold War Jargon

As discontent with the current order prevails, scenario planners and policymakers have increasingly been pulling out old Cold War jargon. Vladimir Putin appealed to “indivisible security” as a reference to justify his invasion of Ukraine. It was not lost on observers that its original elaboration in the Helsinki Process was as a concept to craft a *peaceful* resolution to the Cold War. “Strategic stability”, a concept that historically referred to rational deterrence against nuclear first strikes and which was relegated to obscurity following the end of the Cold War, has subsequently come back on the table.

While most would say we are not in a new Cold War, observers searching for anticipatory reference points are increasingly looking back into the past and refreshing old terminology because of their revived salience. Yet, it should be obvious to us that their falling into disuse was due to a process that had successfully neutered their threat: The systemic stability of the post-Cold War order.

The Contradictory Nature of Strategic Autonomy

How then is the post-Cold War order unravelling today? The critical part is rooted in the search for strategic autonomy. States increasingly seek the maximal latitude to respond to the prospect of continued uncertainty. As such, they are less inclined to rules-based frameworks.

Increasingly, agreements ranging from nuclear non-proliferation treaties to free trade agreements have become unfashionable. And as states prioritise autonomy over rules-based frameworks, they ironically create a system that is unable to generate the certainty of a predictability of action by its members.

But one may argue, surely states are rational and disinclined to travel down paths of lose-lose conflict? Should that not, as rational deterrence once did, be enough to provide guardrails against the outbreak of conflict?

The problem is that only nuclear weapons ever had enough force to provide deterrence through the prospect of mutually assured destruction. Conventional arms, on the other hand, have had the greater tendency to generate arms races, power struggles, and inevitably, a requisite number of conflicts to physically resolve who is mightier than whom.

Rational Destabilisation

More worryingly, institutionalists have demonstrated how individually rational actions can lead to systemically destabilising consequences. Douglas Diamond and Philip Dybvig, two of 2022's Economics Nobel Prize winners, illustrated this with their work on bank runs.

How do bank runs work? When individual depositors suspect that a bank does not have enough capital to cover the deposits of all its clients, it is rationally in their self-interest to withdraw their savings before the bank runs out of cash.

Furthermore, the fractional reserve lending system of modern banking assumes that banks only retain limited short-run liquidity. Indeed, as possibility turns to probability, it increases the urgency for depositors to withdraw their deposits, and it soon becomes a self-fulfilling prophecy. From a systemic perspective, it looks like panic.

If done quickly enough, the bank *must* collapse because its capital is invested in loans that it cannot recall quickly enough, or else in recalling loans, it might even trigger recessions as short-term interest rates skyrocket in response to the pressure. Not only do bank failures create disasters for their depositors, but their collapse creates further contagion and knock-on effects in the wider financial system.

How does this relate to the kind of instability we see today? States have largely been reliant on interdependence and found the global trading system adequate for their resource needs. But under conditions of strategic competition, states are increasingly defining certain kinds of resources and components as “strategic” and then limiting their global availability through export controls, protectionism, or “reshoring” and “friendshoring”.

At an individual level, this is a rational response to uncertainty caused by increasing global competition and rivalry. But as states limit or protect their strategic resources, they increase the scarcity of these resources and trigger other states to take protectionist measures in a vicious circle. Like bank runs, this individual state-level logic is rational, but it generates systemic instability. As these actions escalate or intensify competition, the likelihood increases that such acts will be determined to be hostile, requiring more forceful retaliations.

Dampening Tensions

While Diamond and Dybvig's brilliant solution to bank runs was the implementation of deposit insurance, such a policy does not quite translate to strategic resources and components. However, their dual-use nature, increasing importance in digital economies, and the destabilising effects of monopolistic practices in controlling them, suggest that they have the characteristics of public goods. Discussion must be initiated on maintaining inclusive, open access, rules-based orders for their allocation against mercantilist tendencies that historically led to conflict.

Moreover, as institutionalists have demonstrated time and again, just because an action is rational does not mean that it cannot have systemically destabilising effects. Confidence-building measures are in urgent need of rethinking, and part of this conversation might include the way states may actively try to dampen tensions, rather than focus solely on inward resilience. This onus should be greater on states aspiring to global leadership.

It should not be lost on us that the previous rules-based order was itself a solution (however imperfectly implemented) to problems that we are now seeing resurface as the present order is challenged. As Nobel Prize laureate, Amartya Sen, argued in *Development as Freedom*, the creation of institutions (including rules-based ones, when they were conducive to growth) allows for the expansion of choice, and sometimes self-restraint in some areas pays much greater dividends elsewhere.

The desire for strategic autonomy should not come at the cost of destabilising the larger time-tested system.

The Israel-Hamas War and the New World Order

Like Russia's attack on Ukraine, the escalation in the Middle East is part of a global geopolitical transformation for which there is not yet a term. It certainly reveals the Western failure in the region.

Internationale Politik Quarterly

By Jörg Lau

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October 7 and its consequences cannot solely be grasped within the context of the Middle East conflict. The century-long Israeli-Palestinian struggle over national self-determination is not enough in itself to understand the current escalation. The excess of violence used and its obscene presentation by the perpetrators indicate that this is not merely another skirmish in an age-old battle. The genocidal cruelty of the attacks—reminiscent of the murderous actions of German SS *Einsatzgruppen* in eastern Europe in the Second World War—has a political intention, or more precisely an anti-political one. It takes aim at the foundation of any form of politics in which agreements are possible between opponents, and even between enemies.

Worldwide shock at Hamas' barbaric attacks resulted from the brutality unleashed by the terrorists, but also from fears of a larger war that could encompass the entire region.

At the time of writing, it remained unclear if diplomacy and deterrence could prevent the war from turning into a "conflagration," in what would fulfil a persistent Middle East cliché. However, the massacre carried out by Hamas terrorists has made one thing inescapably obvious: the West's Middle East policy lies in ruins. This is equally true for the United States, the European Union, and Germany.

Israeli's overall policy of ignoring the Palestinians and managing the conflict—through deterrence, building settlements, and rapprochement with neighboring Arab countries—has also proven a dangerous illusion.

This war, like Russia's attack on Ukraine, is part of a global geopolitical shift for which we still have no adequate term. There is much talk of a "multipolar world," in which there are no more blocs, no Western dominance, and no American "world policeman." In this new world order, many powers feel encouraged to assert their interests in a way previously open to large powers only. In itself, that is not necessarily a bad thing. Many countries in what is known as the Global South hope that this multipolarity could lead to a fairer global distribution of power.

Emboldened Radical Actors

However, it is now clear that the situation has emboldened the most radical actors and their supporters to take greater risks across the world. Since last year, Russia's war on Ukraine has pushed the envelope of what is conceivable in foreign policy. Azerbaijan views a weakened Russia as an

opportunity to put pressure on Armenia, Moscow's former client state, and for a de facto ethnic cleansing of the Armenian Nargony-Karabach enclave. China feels emboldened to pressure Taiwan with increasingly aggressive maneuvers. And the Islamic Republic of Iran— Hamas' main backer for many years—apparently now feels that an opportunity has come.

The US government says it is still not clear if Iran had specific involvement in preparing the Hamas terror attack. However, what is certain is that meetings were held in advance between Hamas leaders and high-ranking Iranian politicians and military officials.

The Iranian regime has openly expressed its joy at the attack. Fireworks were set off in Tehran's Palestine Square, while the Iranian parliament echoed to cries of "Death to Israel!" An advisor to Iran's leader offered congratulations on a "successful operation." Michael Young, a well-known Lebanese expert on Iranian foreign policy, believes it would have been impossible for Hamas to undertake the attack without first getting the OK from its Iranian backers.

What does Iran stand to gain from this war? The Iranian regime's genocidal intentions toward the Jewish state are no mere folklore. Israel is in a position of weakness unequalled since the foundation of the state. In southern Lebanon, the Shiite militia Hezbollah has stockpiled hundreds of thousands of rockets, giving them the capacity to bombard the entire state of Israel. Were the Israeli military to suffer heavy losses in an invasion of Gaza, Iran might choose to open a second front in the north. The danger to Israel is existential.

This is why the US aircraft carriers USS Gerald R. Ford and USS Dwight D. Eisenhower have been sent to the eastern Mediterranean, on orders given by US President Joe Biden in the immediate aftermath of the Hamas attack. The United States wants to deter Hezbollah from any attack on Israel; in doing so, it is also indirectly threatening Tehran with retaliation.

Even if the United States manages to contain the conflict, Iran will have achieved a lot, above all in hijacking the Palestinian cause for itself. The Iranian message goes something like this: We are the supporters of the "axis of resistance," unlike Arab regimes which come to terms with Israel and accept the fate of the Palestinians.

Tehran calls the shots on war and peace in the Arab world via its proxy militias in Gaza, Lebanon, Yemen, Syria, and Iraq. Iran depicts Arab states as powerless, humiliated onlookers in their own region, including in the eyes of their populations, which tend to sympathize with the Palestinians.

Three Presuppositions

As a final benefit to Iran, the war will torpedo Washington's current Middle East strategy, which had led to the 2020 Abraham Accords, agreements made between Israel and some Arab states.

Agreements were concluded on peace and economic cooperation between Israel and the United Arab Emirates and Bahrain, and later Sudan and Morocco, a process brought about through American mediation.

This strategy—begun by former President Donald Trump and continued by Biden—rested on three presuppositions. First, it is impossible to negotiate a two-state solution between Israel and the

Palestinians. Second, the key problem in the region is not Palestinian autonomy, but Iran's desire for power, including its nuclear program. Third, the Palestinian question will be resolved when Arab-Israeli tensions are resolved, not the other way round, as had been thought previously.

Where previous strategies proposed finding a two-state solution, and thus arriving at peace, the new US strategy first sought peace and then (hopefully, at some future point) a two-state solution. Sabotaging this approach to peace is in both Iran's interest and the interest of Hamas, its Islamist proxy. Neither of these parties wants an Israeli-Arab alliance. Neither has any interest in improving the plight of the Palestinians. Neither wants a two-state solution or any mitigation of the Israeli occupation. The solution they propose is the destruction of the "Zionist entity," whose right to exist they deny: For this reason, they continue to refuse to use the name "Israel."

This logic explains Iran's and Hamas' interest in preventing Saudi-Israel rapprochement, one of Biden's key foreign policy projects. Discussions on this rapprochement had been making good progress. But the war, and the Palestinian victims that may be expected from it, makes further Saudi-Israeli détente unthinkable for the foreseeable future.

But some victories can look very much like defeats. Tehran's achievement comes with a catch: It dramatically confirms that the containment of the Iranian regime is the most urgent problem facing the region. Some day, common interests may again bring Israel and Saudi Arabia together, but only as long as Israel's actions in Gaza do not make this impossible.

Serious doubts remain about the judgment of the government of Benjamin Netanyahu, which was blindsided and exposed by events. The Israeli government may give into the temptation to compensate for its own failures by acting with maximum severity, regardless of the victims this will create among the Palestinian population. This course of action would suit the regime in Tehran very well.

A Major Setback for US

For the United States, the war is a major setback in both diplomatic and military terms. Not long before the attack, Jake Sullivan, the US president's national security advisor, noted that the Middle East was calmer than in quite some time, allowing him to devote more time to the US rivalry with China. There is little chance of that in the near future, as observers in Beijing will have noted with satisfaction.

After its failures in Iraq, Afghanistan, Libya, and Syria, it had been US policy to extricate itself from the Middle East as much as possible. This was also the goal of Washington's Iran policy: to order the region in such a way as to render risky interventions unnecessary in future.

Sullivan is living through what Michael Corleone famously summed up in *The Godfather Part III*: "Just when I thought I was out, they pull me back in!"

The Biden administration's Iran policy is looking into the abyss, and so is Germany's diplomacy on the issue, which follows the American lead. Just four weeks ago, Secretary of State Antony Blinken ordered the transfer of \$6 billion to Iran. The money had been held in accounts in South Korea, frozen because of financial sanctions against the Tehran regime.

This goodwill gesture enabled a US-Iran prisoner exchange, with five people transferred in either direction. It was hoped it might also facilitate the resumption of nuclear negotiations with Tehran. Any such talks are now unthinkable. After the Hamas attacks, the Biden administration stopped any further release of funds to Iran, no doubt fearing accusations of appeasing terror regimes, just as the US election campaign gets into gear.

Annalena Baerbock, the German foreign minister, is also on the defensive, along with Germany's entire Middle East diplomacy. Berlin has refused to classify Iran's Revolutionary Guards as a terrorist organization, despite its brutal suppression of women's protests in Iran. Baerbock has argued that such a step would present legal difficulties. Underlying this, however, was German diplomats' desire not to displease Iran, in the hope that nuclear negotiations might some day be reopened. This hope now looks very naive indeed, given the current situation.

Slogans and Micropolicies

In the wake of October 7, German Middle East policy seems to be at an all-time low. However, to say this implies that Germany has actually had some kind of Middle East policy in recent years. In fact, it is hard to identify anything of the sort: Instead, in the last few years, Berlin has presented a random assortment of noble slogans and unambitious micropolicies.

German Chancellor Olaf Scholz' statement that Israel's security was "part of Germany's *raison d'état*" has been widely quoted, but this remained a strangely nebulous utterance. There were strong regular affirmations from Berlin that the "two-state solution" was the only way to go, along with recurrent warnings against ongoing settlement construction. This was occasionally punctuated by polemical outbursts invoking the supposed "apartheid regime" in the West Bank, a term used in 2018 by former Foreign Minister Sigmar Gabriel.

In reality, until the October 7 attacks took place, German politicians had lost interest in the Middle East. Every year, substantial aid has been funnelled to the Palestinian population, via development projects, NGOs, and UN aid organizations. Since 2008, regular consultations have taken place between the German and Israeli governments, but these meetings have focused on issues like equality, technology, economic cooperation, and renewable energy.

What was ignored in all this was the political core of the conflict, along with the deteriorating reality on both sides. On the Palestinian side, the autonomous Palestinian Authority was weak, corrupt, and lacking any democratic legitimacy. The strongest Palestinian forces, Hamas and other radical groups like Palestinian Islamic Jihad, were aggressively opposed to a two-state solution. On the Israeli side, nationalist-religious settlers—shielded and sponsored by successive Likud governments—have worked to make such a solution virtually impossible.

Trends on either side have been mutually reinforcing for many years. Nonetheless, German politicians have stubbornly repeated the formula that the only conceivable solution was two states for two peoples.

The tacit policy here was to support the status quo: Substantial humanitarian aid and development projects were intended to help sufficiently stabilize the situation in the West Bank and Gaza so that those in power (the Palestinian Authority and Hamas, respectively) would act as responsible stakeholders. Palestinian leadership would be incentivized to distinguish itself through improvements for the general population, instead of clinging to maximalist ideas of Palestinian sovereignty.

This policy failed in the West Bank as well as Gaza. The policy discredited the Palestinian Authority, which was regarded as an accomplice of the Israeli occupiers. In Gaza, Hamas was able to coolly prepare for its big strike against Israel, while pretending—for tactical reasons—to care about questions of governance. Both the Israeli and the German governments labored under the illusion that Hamas could be contained by a combination of high-tech surveillance, blockade, punitive actions, and incentives (most recently, an increased number of Israeli work visas).

Fatal Misjudgment

The constant stream of hate speech directed at Israel—justified by the Hamas charter, which declares Israel's extinction to be a sacred goal—was dismissed as folklore, or as radical branding in the competition between Palestinian factions.

This fatal misjudgment in German policy was repeated with respect to another regional actor. Especially during former US President Barack Obama's second term, German diplomacy in the Middle East had shifted focus toward the Iranian regime, prompted by revelations about the progress made by Iran's nuclear program. The election of the moderate President Hassan Rouhani in 2013 seemed to open space for negotiation. Two years later saw the signing of the nuclear agreement (known as the JCPOA), which offered sanctions relief to Iran in return for temporary limits on enrichment as well as inspections by the International Atomic Energy Agency (IAEA).

These talks did not include Iran's destructive regional foreign policy, its global support for terrorism, or its genocidal rhetoric against Israel. The key guiding principle of diplomacy on Iran was to separate the nuclear program from other issues. The hope was that the Islamic Republic could be persuaded, through a mix of sanctions and incentives, to gradually abandon its disruptive role and integrate into the region. But Iran was not at all ready to give up its influence in Syria, Lebanon, Iraq, and Yemen.

On the contrary, the past decade has seen intensified activity by Iranian proxies in these countries. Houthi militias in Yemen have fired drones at Saudi oil facilities. In Iraq, Tehran's militias have suppressed democratic protests. In Syria, Hezbollah units and Iranian Revolutionary Guards helped the Assad regime crush opposition forces. In southern Lebanon, Hezbollah continued to build up its military capability threatening all of Israel.

On several occasions, the Iranian regime has revealed its character by the extreme brutality it has used against internal opposition. Despite the policy of détente on offer, the Islamic Republic has gradually taken a harder line internally and presented an increasingly aggressive posture toward the outside world. The agreement to the nuclear deal was not based on a desire to become a constructive neighbor in the Middle East. Rather they sought to reap a windfall, achieving relief from sanctions without seriously considering a change in policy.

Tehran seems to believe it can brutally enforce its interests both internally and externally, while suffering no consequences. This perspective may owe something to Obama's blurring of the red line he had drawn for the Assad regime (an Iranian client), when he failed to punish President Bashar al-Assad's use of poison gas against his own population. Tehran could conclude that the United States had neither the desire nor the determination to maintain its role as a force for order in the region. This calculus did not change with Trump's changes to Obama's policy in 2018. Trump withdrew from the nuclear agreement with Iran, adopting a policy of "maximum pressure." By now, Iran had found new diplomatic partners—Russia and China—which could offer support against the West.

Turning Point for Iran Policy

Since Russia's invasion of Ukraine, Tehran has grown beyond this initial role as Russia's client, with Moscow now turning to Iran for the supply of missiles and drones.

For its part, China is now the most important buyer of Iranian oil. Moreover, Beijing has launched two diplomatic initiatives that have alleviated Tehran's previous position as an international pariah. In March 2023, China brokered a rapprochement between Iran and Saudi Arabia; in August came the announcement that Iran would join the Chinese-dominated BRICS+ grouping.

Hamas' attacks on Israel mark a turning point for German policy on Iran, and indeed the Iran policy of the whole Western world. *The Wall Street Journal* [claims to have learned](#) from Hamas and Hezbollah sources that the Iranian authorities had direct involvement in planning of the October 7 attacks. While this has not yet been definitively proven, there is no question that the terrorists could not have succeeded without equipment and training from Iran's Revolutionary Guards. Any revival of the JCPOA has become unthinkable.

Alongside Iran, Russia is another major beneficiary of the war. If the United States has to support Israel with even more weapons and loans in the coming months, its solidarity with Ukraine—already fragile—could come under further stress. There are material limits to how many artillery shells, missiles, and anti-aircraft systems the United States has available to send overseas.

Moreover, in large parts of the world, any United States involvement in a bloody suppression of Hamas rule could be portrayed as supporting the injustices of "settler colonialism": For years, this term has been central to a successful delegitimization campaign against Israel. Moreover, the Netanyahu government, which included right-wing extremist, national-religious members, provide substantial material for this criticism.

Russia may hope that Israel's defensive strike against Hamas will cast its own imperialist attack on Ukraine in a somewhat better light, or even completely overshadow it.

Seen from Beijing, the situation is less clear. China gains leeway since the United States and its allies are preoccupied with another unpopular war. However, interruptions to raw material exports from the Middle East, or even price increases produced by uncertainty, represent a risk for China, not least given its current economic difficulties. (For its part, Russia would welcome either of these developments.) A long, bloody war in Gaza could discredit the United States, Israel, and their

supporters in the eyes of the so-called Global South. In that case, Beijing will attempt to portray itself as an “honest broker” in the region, as it already has between Russia and Ukraine.

Despite all their differences, the attack on Israel and the war on Ukraine are intrinsically linked, as if by a network of pipes. They form part of the same struggle: the struggle for a new international order.

Order of Oppression: Africa's Quest for a New International System

Foreign Affairs

By Tim Burithi

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Following Russia's invasion of Ukraine last year, many African countries declined to take a strong stand against Moscow. Seventeen African states refused to vote for a UN resolution condemning Russia, and most countries on the continent have maintained economic and trade ties with Moscow despite Western sanctions. In response, the United States and other Western countries have berated African leaders for failing to defend the "rules based" international order, framing African neutrality in the Ukrainian conflict as a betrayal of liberal principles. During a trip to Cameroon in July 2022, French President Emmanuel Macron bemoaned the "hypocrisy" of African leaders and criticized them for refusing "to call a war a war and say who started it."

But the truth is that the rules-based international order has not served Africa's interests. On the contrary, it has preserved a status quo in which major world powers—be they Western or Eastern—have maintained their positions of dominance over the global South. Through the [UN Security Council](#), in particular, China, France, Russia, the United Kingdom, and the United States have exerted outsize influence over African nations and relegated African governments to little more than bystanders in their own affairs. The British-, French-, and U.S.-led bombardment of [Libya](#) in 2011, justified by a contested interpretation of a UN Security Council resolution authorizing a no-fly zone, stands out as a case in point. Before NATO intervened, the African Union was pursuing a diplomatic strategy to de-escalate the crisis in Libya. But once the military operation began, the AU effort was rendered moot, and Libya was plunged into a cycle of violence and instability from which it has yet to escape.

For decades, African countries have called for the UN Security Council to be reformed and the broader international system to be reconfigured on more equitable terms. And for decades, their appeals have been ignored. The current global order, dominated by a few powerful countries that define peace and security as the imposition of their will on others, is now at an inflection point. More and more countries in Africa and elsewhere in the global South are refusing to [align](#) with either the West or the East, declining to defend the so-called liberal order but also refusing to seek to upend it as Russia and China have done. If the West wants Africa to stand up for the international order, then it must allow that order to be remade so that it is based on more than the idea that might makes right.

WHOSE ORDER?

For most of the last 500 years, the international order was explicitly designed to exploit [Africa](#). The transatlantic slave trade saw more than ten million Africans kidnapped and shipped to the Americas, where their forced labor made elites in Europe and the United States exceptionally wealthy. European colonialism and apartheid rule were likewise brutal, extractive, and dehumanizing for Africans, and

the legacies of these systems are still felt across the continent. The CFA franc, a relic of the colonial past that still gives [France](#) tremendous sway over the economies of 14 West African and central African countries, offers a daily reminder of this historical subjugation, as does the persistence of white economic power in South Africa. Both reinforce the perception that today's international order still treats Africans as global second-class citizens.

Many Western pundits are quick to demand that Africa “get over” these injustices and stop harping on the past. But African societies do not see the past as past. They see it as present, still looming large over the pan-African landscape. Moreover, the tormentors of yesteryear have not changed their mindsets and attitudes—just their rhetoric and methods. Instead of taking what they want with brute force, as they did in the past, major powers now rely on preferential trade deals and skewed financing arrangements to drain the continent of its resources, often with the collusion of corrupt African elites.

And of course, major powers still use force. Despite claiming to uphold an international system based on rules, these powers and their allies have frequently imposed their will on other countries, from the [NATO](#) bombardments of Yugoslavia and Libya to the U.S.-led invasions of Afghanistan and Iraq to the Russian invasions of Georgia and Ukraine. In 2014, the United States, the United Kingdom, and France led a military intervention in Syria in support of rebel forces, which was followed, in 2015, by a Russian military intervention in support of the Syrian government. Russia's 2022 [invasion of Ukraine](#) is not a departure from this pattern but a continuation of the reign of the powerful over the less powerful.

Major-power interventions have steadily eroded the pretense of a rules-based order and made the world much less stable. For instance, the illegal invasions of Iraq and Syria stoked violent extremist movements, including [al Qaeda](#) and the Islamic State (also known as ISIS), which have since spread like a virus across Africa. Thanks in part to the chaos spawned by NATO's intervention in Libya, Islamist terrorism has taken root across the Sahel region, affecting Burkina Faso, Chad, Mali, Mauritania, and Niger. Similarly, in East Africa, religious extremism imported from the Middle East is undermining stability in Kenya, Mozambique, Somalia, and Tanzania, all of which are terrorized by an extremist group known as al Shabab. These threats are not acutely felt in Washington, London, Paris, Brussels, Moscow, or Beijing. Rather, they are faced by Africans who had little say in the interventions that ignited them.

The major powers have created a curious juxtaposition: on one hand, illegal interventions that have sowed terror across the global South, and on the other, international failures to intervene in humanitarian crises—in Rwanda in 1994, Srebrenica in 1995, Sri Lanka in 2009, and now in China, where more than a million [Uyghurs](#) have been imprisoned in camps. This discrepancy exposes the lie at the heart of today's international system. Those who continue to call for the protection of an illusionary rules-based order have evidently not been on the receiving end of an unsanctioned military incursion. Many Africans see these voices as part of the problem rather than part of the solution.

The myth of a functioning system of international norms that constrains the whims of nations must now be discarded. World powers must acknowledge what African countries have known for decades: that the dysfunctional international order poses a clear and present danger to many developing

countries. The [United Nations](#)' system of collective security is slowly dying, suffocated by the egregious actions of some of its most powerful members. Not only does this system exclude a majority of the world's population from international decision-making, but it also often leaves them at the mercy of hostile powers and forces. It is past time to rethink and remake the global order. That does not necessarily mean throwing the UN baby out with the bath water, but it does mean reimagining multilateralism and redesigning international institutions to create a more effective global system of collective security.

A PAN-AFRICAN VISION

An African vision for global order would be based on the principle of equality and the need to redress historical wrongs. Africa's political and intellectual tradition draws on its experience as a freedom-seeking continent, deriving insights from the anticolonial and antiapartheid struggles. This emphasis on self-determination is evident in the work of many African governments to advance economic development, which is the ultimate form of empowerment. Solidarity among African states and societies helped sustain the campaigns against colonialism and apartheid in the twentieth century. Today, that sentiment underpins the AU and its Agenda 2063, a development plan that seeks to transform the continent into an economic powerhouse. And although the pan-African project remains a work in progress—and more must be done to consolidate democratic governance across the continent—it has much to teach the world.

Africa is constantly struggling for a more equitable global order. As targets of historical injustice, Africans are leading voices for justice—defined as fairness, equality, accountability, and redress for past harms. African societies have also shown the world how to promote reconciliation between warring groups and communities, most notably in [South Africa](#). Africans are “reconciliators,” as they proved at independence. When the former colonial powers withdrew from Africa, Africans did not immediately retaliate against Europeans for the brutal and exploitative system that they imposed on the people of the continent.

This long record of pursuing peace and reconciliation gives Africans the moral authority to demand a reconfiguration of the global order. Indeed, segments of the African foreign-policy-making community are clamoring to reform the multilateral system, replacing an order based on might makes right with one grounded in the pursuit of self-determination, global solidarity, justice, and reconciliation. In particular, they are pushing to transform the UN system into something fairer and more consonant with Africa's own historical experiences.

THE NEW MULTILATERALISM

No institution epitomizes the paternalistic exclusion of Africa more than the UN Security Council. According to the nonprofit International Peace Institute, more than half of Security Council meetings and 70 percent of Security Council resolutions with Chapter 7 mandates—those authorizing peacekeepers to use force—concern African security issues. Yet there are no African countries among the Security Council's five permanent members, who are empowered to veto any resolution. The continent must make do with two or three rotating member seats that lack veto powers. It is a travesty

of justice that African countries can only participate in deliberations and negotiations about their own futures on such unequal terms.

[Africa](#) has made the case for reform of the UN system before. In March 2005, the AU issued a proposal for reforming the world body that noted that “in 1945, when the UN was being formed, most of Africa was not represented and that in 1963, when the first reform took place, Africa was represented but was not in a particularly strong position.” The AU went on to state that “Africa is now in a position to influence the proposed UN reforms by maintaining her unity of purpose,” adding that “Africa’s goal is to be fully represented in all the decision-making organs of the UN, particularly in the Security Council.” But for almost 20 years, this appeal has been rebuffed by the permanent members of the Security Council, many of which are now scrambling to enlist African countries in their struggle over Ukraine.

Instead of attempting to resuscitate the 2005 AU proposal, which has largely been overtaken by events, African nations should go back to the drawing board and begin a new process for reforming the multilateral system. The founders of the UN recognized that the world body would not be able to survive indefinitely in its original form. As a result, they included a provision to review and amend its charter. Article 109 of the UN Charter enables a special “charter review conference” to be convened by a two-thirds majority of the UN General Assembly and a vote from any nine of the members of the Security Council. Such a vote cannot be vetoed by the permanent members, which in the past have sabotaged attempts to reform the council. Theoretically, therefore, there are no major obstacles to convening a charter review conference, apart from securing a two-thirds majority in the General Assembly. A coalition of African countries and other progressive states could immediately begin drafting a General Assembly resolution to put a charter review conference on the agenda.

Such a review conference would have the power to substantially alter the UN Charter and introduce new provisions that would transform the multilateral system. Unlike the current system, which privileges the interests of a few powerful states, the conference would be relatively democratic, since Article 109 states that “each member of the United Nations shall have one vote” and that provisions shall be approved by a two-thirds majority. Its recommendations would therefore hold a high degree of moral legitimacy, and the conference could further buttress its standing by conducting broad-based consultations with governments, [civil society](#), businesses, trade unions, and academics.

The specifics of a revised multilateral system would be hashed out in the review conference, but the new order should be more democratic and better able to address the needs of the downtrodden—those who are displaced, affected by war, or simply impoverished. In practical terms, a new multilateral system should not be two tiered, as the current one is, since history has repeatedly shown that more powerful countries will abuse their privileged positions. No country should enjoy veto power over collective decision-making, and authority should be split between nation-states and supranational actors, including the AU, the EU, the Association of Southeast Asian Nations, and the Organization of American States. A world parliament akin to the current UN General Assembly, except with expanded democratic powers, might be reinforced by a global court of justice, both of which would have their own sources of funding—for instance, from taxes on international capital flows.

A SYSTEM REBORN

It would be naive to think that the beneficiaries of the current system, notably the five permanent members of the Security Council, would allow a review of the UN Charter simply because African countries have demanded one. Consequently, Africa will have to build a coalition of the willing, rallying the rest of the [global South](#) and whatever developed countries can be persuaded behind its bid to remake the multilateral system. But an institutional overhaul on this scale is not without precedent: other international organizations have transformed themselves in the past, notably the European Economic Community, which became the EU, and the Organization of African Unity, which became the AU.

African countries have an important role to play in reforming a multilateral system that is failing a majority of the world's population. But until their interests and concerns are taken seriously, African governments will continue to pursue a strategy of nonalignment and intentional ambiguity in their dealings with major powers. Attempts to cajole or strong-arm them into picking a side in the latest might-makes-right contest in Ukraine are bound to fail, since no one in Africa believes that the international order is based on rules. It doesn't have to be that way, however. Africa is showing the world how to build a fairer and more just global order.

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Session Two

*Reshoring, Nearshoring,
Friendshoring: The Impact on
Economic Growth,
Innovation, and Global Value
Chains*



Background Memo

When Politics Meets Economics

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Tim Sargent, Centre for International Governance Innovation

In the last few years, a spotlight has been shone as never before on the global economy’s intricate network of supply chains. The COVID-19 shock, which disrupted production and led to significant inflation in goods prices, Russia’s invasion of Ukraine, which pushed up both food and energy prices, and the potential Chinese threat to Taiwan, which is the world’s leading producer of semiconductors, have focused policymakers’ attention on the potential economic and national security risks of geographically dispersed production processes. As a result, the concept of “nearshoring” has gained in interest: shortening and therefore de-risking supply chains by relocating them to countries that are geographically closer.

However, broader concerns about whether globalization has gone too far predate the 2020s. The global financial crisis of 2008–09 showed how the interconnectedness of the world’s financial system could allow problems in a couple of countries to metastasize across the globe. The vote by the United Kingdom to leave the European Union and the election of the avowedly anti-free trade U.S. President Donald Trump were propelled by regions in those respective countries that felt—with some justice—that freer trade had led to deindustrialization in former economic heartlands. The failure of the lame duck Barack Obama administration to persuade the U.S. Senate to ratify the Trans-Pacific Partnership signaled the end of a bipartisan commitment to free trade in the United States, and since then, administrations of both political parties have pursued much more protectionist trade policies designed to encourage reshoring of manufacturing activity back to the United States.

The mid-2010s also saw the elevation of Chinese President Xi Jinping. Xi’s entrenchment of his power, aggressive foreign policy, and explicit strategy of economic competition in high-tech industries convinced Western policymakers that China was not going to evolve into a rule-of-law based, Western-style democracy. Moreover, Western powers concluded that they needed to take action to contain China, and especially to maintain their lead in high technology so as to preserve their existing military superiority. Those concerns have given impetus to the idea of friendshoring—a term coined in 2022 by U.S. Treasury Secretary Janet Yellen—which means moving sensitive parts of supply chains away from China and its allies to countries friendly to the West.

Thus, nearshoring, reshoring, and friendshoring, while all aimed at restructuring supply chains, are actually responses to different problems and have different goals. Nearshoring responds to a logistical problem of reducing risk from unanticipated political and economic shocks. Reshoring responds to the economic and social problems of deindustrialisation. Friendshoring responds to the national security risk of dependence on a potential adversary for critical elements of military equipment or other strategic resources, as well as the desire to maintain a technology advantage (which would also have economic benefits).

Therefore, different countries could be affected differently by varying strategies, depending on which of the three goals is paramount. For example, moving production from China to Thailand would help the United States advance friendshoring, given that Thailand is a military ally, but would not advance either nearshoring or reshoring. Moving production from China to Mexico would advance friendshoring and nearshoring but not reshoring.

The United States has advanced its supply chain ambitions in several ways. The Trump administration focused on tariffs, particularly on China, but also on friendly countries such as Canada, as a way to reshore manufacturing. The Joe Biden administration, while maintaining Trump's tariffs on Chinese imports and eschewing further trade liberalization, has used subsidies to entice manufacturers in critical areas to move production back to the United States, or, in some cases like electric vehicle subsidies, to free trade partners such as Canada and Mexico (but not the EU, with which the United States does not have a free trade agreement).

Leaving aside the implications of those policies for both the United States's bilateral relations with its allies and the multilateral system, it is worth examining their impact on U.S. trade. In the most recent period available from the second quarter of 2023, the overall import share of U.S. economic output was 13.9 percent, down only slightly from 14.0 percent just before COVID-19 started in the fourth quarter of 2019, and from 14.4 percent in the first quarter of 2016, when President Trump was inaugurated. However, the composition of imports has changed significantly. China's share of U.S. imports has dropped by a third, from 18 percent in the first quarter of 2016 to 12 percent in the second quarter of 2023, while Mexico, Vietnam, and Taiwan have seen significant increases. Indeed, Vietnam has seen its share of U.S. imports double, albeit from a low base.

The relative stability of import market share, but with reallocation between importer countries, is also evident in critical sectors such as autos and auto parts, electronics, and semiconductors. In each case, China's share has fallen, with other countries benefiting, particularly Mexico in autos and Vietnam and Taiwan in electronics and semiconductors.

This would seem to represent a failure, at least so far, for onshoring (and indeed manufacturing employment is little changed from before the pandemic), but at least a partial success for nearshoring and a success for friendshoring. However, this success could be less significant than it seems. While China's share of U.S. imports has been dropping, its share of imports into countries such as Vietnam and Mexico has been rising. This has been accompanied by significant Greenfield foreign direct investment by China in those two countries. Thus, it appears that Chinese firms are responding to higher tariffs by exporting through other countries, or by producing in those other countries. As a result, the lessening of U.S. dependence on China could be more apparent than real: China could still have considerable scope to disrupt U.S. supply chains should it so choose.

This also has consequences for the rest of the world, particularly developing countries such as India or Vi-

etnam that seek to follow the Chinese example to attain middle income status by expanding their manufacturing base, and for middle-income countries such as China itself that seek to follow South Korea or Taiwan to advance to developed-country status.

In the next few years, countries that can convincingly position themselves outside of China's defense orbit have a considerable opportunity. Countries like Vietnam or India can continue to expand their trade with the United States at the expense of China without having to reduce their trade with China or side with the West on issues such as sanctions on Russia. They can do this in part because the United States needs them both economically, as a supply of low-wage labour, and diplomatically, so they do not fall into China's orbit.

China is not a passive player. The Belt and Road Initiative is itself an attempt to influence supply chains for the twenty-first century in a way that not only secures China's place in the supply chains of developed European economies, but also incorporates developing countries into China's own supply chain.

However, in the longer term, the picture is less optimistic for developing countries. First, it looks like the expansion of world trade, particularly in goods, that began after World War II and which intensified in the 1990s and 2000s, is over. Exports as a share of world economic output peaked in 2008, and foreign direct investment peaked around the same time. Automation has reduced the benefits of offshoring by reducing the number of workers required in the production process and thus labour costs, and advances in robotics and artificial intelligence will likely continue this trend.

Furthermore, while the United States and other Western countries have not diminished their dependence on imports, they are determined that it not become greater. The EU, normally a bastion of the rules-based economic order, has made it clear it will not allow cheap imports of electric vehicles from China to undermine its auto industry; the United States has the same determination.

This suggests that it will be harder for poorer countries to follow China's path and pursue an export-led industrialisation strategy unless they have preferential access to Western markets (e.g., Mexico) or a strong government that can guarantee labor peace and reasonably low levels of corruption (e.g., Vietnam). For China, it will need to focus more on internal rather than external demand and exports to developing countries or economies.

These trends have also affected the multilateral trading system. Here it is important to distinguish between the formal institutional mechanisms—the World Trade Organization (WTO) and the various plurilateral and bilateral trade and foreign investment agreements—and the actual world trading system, composed of millions of private sector firms spread across world.

The institutional mechanisms are in poor shape, and the more multilateral in design they are the worse shape they are in. While the WTO still has value as a standard setter on more technical aspects of trade, both its negotiation function and increasingly its dispute settlement function have become moribund as the United States refuses to play by rules it thinks are not in its best interests and which it asserts that others do not abide by. While a number of trade agreements were signed in the late 2010s, progress has slowed, and the value of agreements with the United States was called into question by its decision to force Canada and Mexico to renegotiate the North American Free Trade Agreement.

The actual world trading system is in a better state. Although it will not expand further, at least in goods (more opportunities exist in services although even here artificial intelligence could substitute for outsourcing), it is also difficult to envision a significant retrenchment. Because private sector actors built the system to maximize production efficiency of complex products with many components, it is complicated and geographically distributed. Substantial change to this system, especially change imposed by governments that cannot possibly understand all of the ramifications of their actions, will result in significant increases in costs that Western populations, already weary of inflation, are unlikely to accept.

It does not seem that Western governments' attempts to drastically reshore, nearshore, or even significantly friendshore global production are likely to be successful. However, it also seems that the march of globalization, which seemed inevitable only fifteen years ago, has been arrested. The future is likely to be one where the world trading system continues to operate, albeit with less predictable rules, but where opportunities for rapid industrialization through export-led growth are limited. Developing countries will either have to export more between themselves or fight each other for market share in developed countries. This implies continued large economic disparities between the West and the rest of the world, with all that implies for international cooperation and cohesion.

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Session Three

*Is a Green World a Safe
World? Insights for New
Geopolitical Approaches
Toward the Energies of the
Future.*



Background Memo

Geopolitics and Geoeconomics of the Energy Transition: Reflections on Europe

Council of Councils Fourteenth Regional Conference

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Fundação Getúlio Vargas, Rio de Janeiro, Brazil

Margherita Bianchi, Institute of International Affairs

Renewable energies—including wind, solar, geothermal, and hydroelectric power, among others—contribute to a diffusion of power across actors and geographies. They favor decentralization and regionalization of energy production, consumption, distribution, and trade.¹ Their large availability could be beneficial to countries dependent on foreign supplies or for those suffering from energy poverty. However, energy self-sufficiency through renewables will not always be achievable, as countries will likely face buy-or-produce decisions between cheaper imports from countries with more favorable conditions, costs, or greater security of supply guaranteed by domestic production.

Renewables retain a global dimension, as well: global market developments, critical mineral availability, and the integration of global value chains all affect green technology.² In an open world, a country will more likely specialize in the aspects of the renewables value chain in which it has comparative advantages based on variables such as endowment, capabilities, costs, and transport options. Likewise, some companies will be better positioned to succeed in the clean technology market, affecting their country's position in this new energy paradigm.

The transition to renewables will also result in a redefinition of energy security.³ On the one hand, renewable systems mainly depend on exploiting cost-free flows rather than extracting stocks, reducing the incentives for parties to engage in conflicts. However, tensions could rise over the transfer of technology. Electricity trading is also more reciprocal than the fossil fuel trading, and the security of an electricity-based system can be provided by different actors as opposed to the oligopoly of a fossil fuel-based system. On the other hand, the growth of digitalization in the energy sector could raise security and privacy risks in the absence of a clear rules-based framework. Strong dependence on single suppliers of critical minerals or of green technology manufacturing could translate into greater vulnerability for some actors. Nonetheless, unlike fossil fuels, supply disruptions in clean technology would not undermine the functioning of existing systems, but rather they would slow the rollout of new clean capacity additions (and this, too, is something the world cannot afford).

Other aspects, such as the use of resources, are relevant from a security point of view. The nexus of food, climate, and energy is set to become increasingly relevant, intersecting with weak governance and security in

many parts of the world (e.g., the Sahel).⁴ A broader uptake of renewables could significantly reduce water stress and offer attractive solutions to power desalination. Such a deployment of renewables could also be critical for sustainable development. Making energy cleaner and more accessible will have major geopolitical impacts and create a baseline for security.

In certain regions, oil and gas revenues currently represent the bulk of economic output and exports (e.g., the Middle East and North Africa region).⁵ In this sense, if the energy transition is abrupt, it could give rise to unprecedented social and political turmoil within and around those regions. On the other hand, if well managed, diversification away from fossil fuels could play a role in reducing rent-seeking behavior, corruption, and authoritarianism. Cross-country and cross-regional trade in renewables could allow new bonds of win-win interdependence (e.g., in the [Europe-Mediterranean region](#)), provided that major investments are allocated to make that possible.⁶

Energy policy is covered by organizations that are multilateral but have low or no normativity; have regional instead of global membership; have membership based on energy interests or position; and have weak political energy grip. There is no global mechanism to address the world's collective energy needs and there is still a stark division between energy governance and climate governance. This structure(s) should be adjusted

No country can pursue total energy self-sufficiency. A successful transition needs a balanced mix of cooperation—the Paris Agreement illustrates the benefits of multilateralism—competition—China's rise as a renewables manufacturing leader has contributed their mass cheaper deployment globally—and consistency—private sector actors and national governments that remain committed to net-zero trajectories and embrace complexity in their policies, including foreign policy, will help mainstream climate action.⁷

This balance is deceptively difficult to strike. Intensifying confrontations can undermine multilateralism—China's activism in the renewables sector has been fraught with commercial disputes. Given a combination of supply chain disruptions and spiralling energy commodity prices in recent years, several governments have put new emphasis on their economic resilience, at least partly reconsidering the benefits of an interconnected world. Clean supply chains are increasingly framed in security terms, especially in the United States, which recently passed the Inflation Reduction Act. Europe then proposed a new Industrial Plan.⁸

Those considerations are important for Europe in the context of a shift from the traditional understanding of energy security to one of strategic positioning in clean technology. The European Union has increasingly taken an ambitious lead in global climate with the European Green Deal (EGD), thus standing as a major institutional mover. Europe launched this leadership vision based on the relatively high share of renewables in its energy mix, and its high levels of innovation, specialization, renewables integration policies, and political support. The EGD has been further strengthened by the two major recent crises that have affected Europe: the COVID-19 pandemic and Russian aggression in Ukraine, as evidenced by the upward revision of climate targets at the EU level. Simultaneously, progress in reducing emissions is still too slow, and the bloc is facing internal and external fault lines and impasses.

The EGD is entering a delicate phase with several policies now approved for implementation and the approach of the 2024 European elections.⁹ Climate policy appears subject to increasing politicization. Exercising leadership at the global level will accordingly be more difficult. Socio-political acceptance is vital for sustainably deploying green solutions in the long term, and the underlying institutional, economic, and social ecosystem supporting the transition in Europe should be reinforced. The acceleration of European decarbonization also necessitates a rethink of neighborhood relations, without which challenges to the transition could emerge beyond the European Union's borders: Europe's southern flank is surrounded by fossil-fuel

exporters that regained centrality following Europe's energy divorce from Russia. Despite the rhetoric of parallel plans for more renewables-generated power and green-hydrogen links with the Mediterranean, an integrated European-Mediterranean vision around decarbonization is still at an embryonic stage and lacks a timeline that considers the diachronic transition and needed investments.

For many years, moreover, the pursuit of decarbonization in Europe has remained relatively disconnected from reflection on its industrial repercussions.¹⁰ A complex trade-off now emerges for Europe between decarbonization, strategic autonomy in green supply chains, and fiscal discipline. Rearticulating decarbonization around stronger domestic supply chains—as recently proposed by the EU Commission—would result in increased costs and time for the transition that would be difficult to address without significant public intervention. This dynamic opens new areas of contestation. Also, the prospect of misalignment between the growing demand for the raw materials needed for the energy transition and a supply that needs significant time to be adjusted appears evident. There are several barriers to de-risking supply chains in Europe (of economic and political nature). It is difficult to persuade the private sector to de-risk in certain areas as well. The EU should also address the fragilities and risks presented by green technologies, which are based more on social and normative concerns, such as sustainability and transparency of the suppliers, human rights, and social responsibilities. A related priority is the need to promote resource-efficient supply chains, including pushing for recycling, stockpiling, efficiency, and demand-side management.

The EGD also calls for the development of green-deal diplomacy, aimed at persuading countries around the world to pursue the transition. The EU can use tools to promote its climate diplomacy, including its regulatory power, trade, bilateral and multilateral alliances on single technologies, and finance.¹¹ Some tools are, however, perceived as controversial, such as the Carbon Border Adjustment Mechanism (CBAM) that is strongly contested by emerging economies, neighboring countries, and developing countries. The potential tensions related to EGD external policies are set in a particularly complex context in the EU's relations with several developing countries, some of which were severely impacted by the EU response to the energy crisis, which redirected significant quantities of liquefied natural gas from low-income importers to Europe. The Global South also rightly demands to be integrated into supply chains and not just be an exporter of raw materials. A reorganization of the European Union's priorities is needed to navigate the complexities of green energy transition.

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Background Memo

The Emerging Politics of Green Transition: Perspectives From East Asia

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Mely Caballero Anthony, S. Rajaratnam School of International Studies

A New Area of Geopolitical Competition

Geopolitical competition between the United States and China has intensified, challenging the global cooperation needed to accelerate energy transition. With green energy as a critical emerging industry and enterprise, both are competing for markets and global energy supply chains.

Tit-for-tat exchanges between the United States and China threaten to complicate and slow the fight against climate change: recently, China restricted exports of gallium and germanium—metals used in the production of electric vehicles and microchips—in response to U.S. restrictions on selling computer chips to Chinese companies.¹ These type of exchanges have a ripple effect on the production of clean technology and the global energy market. Closer to home in Asia, Indonesia’s proposal for a trade deal covering minerals with the United States was reportedly rebuffed due to concerns over China’s investment in Indonesia’s nickel industry.²

China currently dominates global clean-energy supply chains. It is also the leading manufacturer of renewable energy sources: China is the world’s largest producer and consumer of hydrogen, its share in the solar-energy supply chain exceeds 80 percent, and it controls more than 85 percent of rare earth minerals processing.³ Developed countries are highly dependent on Chinese exports for access to critical minerals. The United States, European Union, and Japan import 80 percent, 98 percent and 90 percent of their critical minerals respectively.⁴ This has raised concerns in the United States about energy-security risks and losing its edge in emerging markets.

Developed countries have sought to shift the sourcing and production of green technologies to like-minded countries to reduce their dependency on China.⁵ An example is the U.S. Inflation Reduction Act, which provides subsidies for electric vehicle purchases with components produced in the United States, its allied countries, or those that have free trade agreements with it. Japan has also sought to incentivise the relocation of Japanese-owned facilities from China to countries in the Association of Southeast Asian Nations (ASEAN). The EU Critical Raw Materials Act has similarly aimed to increase the supply of critical minerals from within the European Union to 10 percent, and reduce the dependence on China from 80 percent to 65 percent.

In a move to protect critical-minerals supply chains and national security, Canada in November 2022 ordered

China to sell its holdings in three Canadian mining companies.⁶ Canada, together with the United States, Australia, France, Germany, Japan, and the United Kingdom, has also launched the Sustainable Critical Minerals Alliance, which aims to develop sustainable mining practices and source critical minerals.

Implications for the Developing World

Against the emerging geopolitics of energy transition, many developing countries in East Asia, particularly Southeast Asia, face challenges and opportunities. Energy demand in Southeast Asia has been steadily increasing, with electricity being the fastest growing energy end-use, growing at an average of 6 percent year-over-year from 2010 to 2019.⁷ Investors looking to diversify from markets harmed by the U.S.-China trade war have turned to Southeast Asia as an alternative. The region's emergence as a player in the green supply chain, particularly as a source for minerals needed for green technologies, is a positive outcome of this geopolitical competition.

Critical minerals from Southeast Asia could fuel the green energy transition by virtue of its significant mineral deposits. Indonesia has the largest nickel reserves in the world, the Philippines also has large nickel reserves, Myanmar is a producer of tin and rare earth minerals, the Lao People's Democratic Republic exports large quantities of critical minerals, and Vietnam has critical minerals along the Vietnam-China border.⁸ Those minerals serve as essential components for solar panels, batteries for electric vehicles, and wind turbines.

Some view these reserves as an alternative to China, which largely controls the extraction and processing of rare earth minerals such as cobalt and lithium. However, experts point out that using Southeast Asia as a way to decouple with China is unrealistic. Forcing Southeast Asian states to choose between the United States and China has too many negative implications. Decoupling with China would lead to rising costs, damage supply chains, and prompt a loss of expertise. Such strategies and industrial policies could prove to be counterproductive and slow the progress of green transition, with disruptions to or increased costs for critical minerals and green technologies. Instead of creating strategic alliances, investing in developing countries would help to diversify supply; China should be included, too, as it reduces the cost of decarbonization in other countries.⁹

Yet, there are also challenges to diversifying investment in developing countries with critical mineral resources. Indonesia, for example, banned the export of nickel ore, in a bid to push foreign companies to invest in nickel-processing facilities in Indonesia. While this move was largely a success for Indonesia, this could not be the case with other commodities. Ultimately, keeping trade open and predictable is the best strategy, as green technology requires access to other critical minerals. This would also allow for a diversification of processing capacity that would reduce dependence on China.

What Comes Next?

For the acceleration of energy transition, and to reach global targets to reduce carbon emissions, cooperation between the United States and China is vital. Conversely, geopolitical competition between the two threatens to impede progress in the fight against climate change. The development of critical minerals in Southeast Asia needs to be done in partnership with the West and China. Experts observe that with the development of solar panel, lithium battery, and electric vehicle industries in the region, ASEAN would likely move up the supply chain to downstream processes of refining and processing.¹⁰ Those developments would require investment and collaboration with other countries. Investment and expertise from both the United States and China are needed for progress in the green transition.

In East Asia, China, along with Japan and South Korea, plays a key role in allocating financial and technological aid to support developing states in sustainable energy transition. Having ratified the Paris Agreement and the 2030 Agenda for Sustainable Development, these countries are gradually leading in emerging energy technologies. In 2022, the United States announced a \$150 million spending package for Southeast Asia to develop renewable energy, infrastructure, and maritime security, and promised to launch a climate solutions hub to provide technical assistance to ASEAN states.¹¹ Regionally, the ASEAN Plan of Action for Energy Cooperation 2016–2025 has set a renewable energy target of 23 percent by 2025 in total primary energy supply. A scoping study on critical minerals supply chains in ASEAN was also conducted in 2023 by ASEAN and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development.¹²

To ensure that the critical minerals required for clean technology are responsibly sourced, ASEAN needs to identify a common definition of critical minerals.¹³ This is important as the region has a wide range of development and minerals are concentrated across ASEAN states, which could potentially cause regional insecurities triggered by population movements, maladaptation practices, and societal tensions. Stronger governance mechanisms of critical minerals would be a preventative measure to mitigate interstate tensions over critical mineral resources in future.¹⁴

While renewable energy is cleaner and more sustainable, those sources still have some measure of environmental harms. Rare earth mining releases toxic chemicals into the environment, which pose environmental and health hazards to nearby communities. Thus, advancing the norm of environmentally sustainable development is critically important and should be integral to green energy industries. It is imperative for countries and companies to adhere to environmental standards, mitigate pollution, and ensure workers' rights are met. To ensure that the extraction and refining of these minerals is done in a sustainable manner, environmental impact assessments should be conducted and consulted throughout the process.

In conclusion, the geopolitical competition between the United States and China will likely have a largely adverse impact on the global energy transition due to supply-chain disruptions and market fluctuations. Moving forward, the United States and China should cooperate on energy transition, failing which would result in setbacks and slowing down of any progress toward meeting global climate targets. As Southeast Asia emerges as a vital player in clean energy production and markets, ASEAN should pay attention to a shared regional definition of critical minerals to ameliorate the possibility of tensions between states and establish guidelines to ensure that the processing of those minerals is sustainable and environmentally friendly. Increased financing for renewable energy projects and infrastructure in developing countries within the region is also vital. ASEAN should also explore dispute-resolution mechanisms between states regarding energy resources and rare earth minerals.

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COUNCIL OF COUNCILS

An Initiative of the Council on Foreign Relations



Session Four

*Beyond Planet Earth: Who
Controls Space? Outer Space
Contestation and
Collaboration.*



Background Memo

Beyond Planet Earth: Who Controls Space? Outer Space Contestation and Collaboration

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Esther Brimmer, Council on Foreign Relations

From personal internet access, to map reading, to global weather tracking, modern life relies on information from satellites. For decades the space race was dominated by two national governments, the United States and the former Union of Soviet Socialist Republics (USSR). Now, eighty countries have assets orbiting the Earth. Private companies are also fundamentally changing human uses of space. Citigroup projects that the space industry could achieve one trillion dollars in annual revenue by 2040. The space race has already entered a new era; now, better rules are needed to guide it.

More comprehensive rules are needed because of the intersection of three phenomena: technological and business innovation by private companies offering commercial services in space, an increase in the number of countries operating in space, and the extension of great power contestation into space operations. The expansion of human activity raises fundamental questions of international relations, including who will set the rules, who will benefit, and how will great power competition be handled. The world stands at an inflection point for a significant increase in sustained human activities in space. The question is how to organize the new world.

In the next few years, policymakers need to bolster rules for commercial operations in low Earth orbit (LEO), decide how to organize access to the Moon, and how to manage U.S.-China relations in space. Managing human activity in space will require layers of governance, not just one institution. Updating or creating rules could be based on several premises, including where the activity occurs or the type of activity.

Space Is Congested and Contested

At the end of 2022, 6,718 active satellites encircled the Earth. The UN Office for Outer Space Affairs notes that it received registrations for more than two thousand satellites in 2022 alone. Thirty-five percent of all satellites orbiting were launched in the past three years, and there could be one-hundred-thousand satellites launched in the next decade. Three more companies—OneWeb, Telesat, and Amazon’s Project Kuiper—are planning to launch mega-constellations—systems utilizing hundreds to tens of thousands of satellites.

The Starlink system and many other satellites operate in low Earth orbit, a zone that is increasingly congested. LEO spans altitudes from 160 kilometers to 2,000 kilometers (about 100 miles to 1,243 miles). Geosynchronous orbit is much higher, occurring at an altitude of 13,820 kilometers (22,236 miles). The International Telecommunications Union allocates frequencies for satellite use. It provides one pillar of space governance, but no vehicle exists for arranging movements of satellite mega-constellations.

In addition to the more than six-thousand operational satellites, Earth orbit is clogged by more than twenty-nine-thousand pieces of debris larger than ten centimeters encircling the globe. At their velocity, impact would disable delicate satellites. LEO is valuable real estate. This is where humans live: both the U.S.-led International Space Station and the Chinese Tiangong space station operate in this zone, and both have had to maneuver to avoid being hit by debris. In the past sixteen years, the United States, China, India, and Russia have all demonstrated the ability to destroy a defunct satellite, but doing so creates thousands of pieces of debris. In 2022, the United States declared a national moratorium on direct-ascent anti-satellite missile tests. Then it led the campaign for the nonbinding UN General Assembly resolution against such tests that was adopted in December 2022.

The United States has reorganized departments to enhance services to the spacefaring community. In 2023, the Federal Communications Commission created two new departments, the Space Bureau and a restructured Office of International Affairs. The Department of Defense issued a U.S. Space Force document outlining “specific behaviors” based on its 2021 Tenets of Responsible Behavior in Space. The State Department also issued a “Strategic Framework for Space Diplomacy.” Furthermore, the Donald Trump administration began, and the Joe Biden administration has continued, to transfer the critical space traffic management function long performed by the U.S. Air Force to the Department of Commerce.

Managing Use of the Moon

Four countries have landed a device on the Moon successfully: in chronological order, the United States, the USSR, China, and India. Additional Moon missions by more countries are planned. The Japan Aerospace Exploration Agency launched its Smart Lander for Investigating the Moon on September 7, 2023. It left Earth’s orbit on October 1, 2023. Its mission is to land accurately in a specific place. The United States intends to send astronauts to the Moon and back in 2025 or 2026; China plans to do so in 2026.

At this point, no mechanism exists to agree on which entity should land where on the Moon. There is ice (and hence oxygen and hydrogen) on the Moon, but no way for countries to agree on how much of this special resource can be used and by whom. On the Moon, pressing questions concern landing spots and rules for what materials can be extracted, where, and for what purpose. Under the 1967 Outer Space Treaty (OST)—or, more formally, the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies—the Moon is the “province of all mankind” and is “not subject to national appropriation.” How the lunar commons should be managed is an open question. Should all countries be involved, as in the UN General Assembly following the model of the recently concluded High Seas Treaty? Or should the lunar-landing countries take the lead, following the model of the Antarctic Treaty System?

Great Power Competition

Both the United States and China have ambitious long-term plans for space exploration. The United States has developed a voluntary code of conduct for spacefaring nations known as the Artemis Accords (formally, the Principles for Cooperation in the Civil Exploration and Use of the Moon, Mars, Comets, and Asteroids for Peaceful Purposes). As of mid-October, twenty-nine countries had signed it, including India and Japan.¹ International cooperation is embedded in the Artemis Accords space strategy. Meanwhile, China is planning an International Lunar Research Station along with partners including Pakistan. Both the United States and China operate space stations. In 2011, congressional legislation barred NASA from cooperating with China on a space station, prompting China to build its own.

Yet, China and the United States share an interest in safe conditions in space. The extreme conditions of space could create the right environment for great power cooperation. In the 1970s, the Apollo-Soyuz process helped détente. At minimum, the United States and China could use space safety imperatives as a basis for opening a new diplomatic channel of communication.

Managing competition and congestion in space requires international cooperation because this area is not sovereign territory; every state has a right of access. The OST has 112 states parties, including the United States, China, India, and Russia. The treaty recognizes that space is a global commons which all countries have a right to access.

We Have Been Here Before

Such inflections points have occurred before. The push of new technology, commercial interests, scientific inquiry, and diplomatic competition generate the need for new governance regimes. Technological innovation creates greater interaction and eventually states realize they need rules to manage interaction. Often, governments have formed competing regimes, although at times they have developed a single regime. In the next few years, governments will need to decide if they want an integrated regime for managing human activity in space or be content with fragmented efforts. Aviation merged separate regimes into one after World War II. Conversely, internet connectivity began with greater cohesion but is fracturing into national or non-universal multinational systems.

In the nineteenth century, the spread of railroads and clipper ships accelerated trade, creating a need for coordinated time zones. Countries previously had uncoordinated internal time zones. The United States hosted the 1884 Meridian Conference in Washington, DC, which set the Prime Meridian through Greenwich and a Mean Solar day of twenty-four hours. At this conference of twenty-five countries, including the emerging naval power, the United States, and the existing one, the United Kingdom, eventually worked together. Nowadays, the internet uses the successor to Greenwich Mean Time, Universal Coordinated Time. In this case, an established and an emerging power eventually saw common interests.

In the twentieth century, the rise of aviation created a need for international agreement. The 1919 Paris Convention adopted the concept of sovereignty over the airspace above national territory. Ultimately, the United States was not able to ratify this agreement (just as it could not ratify the Covenant of the League of Nations). Instead, the United States ratified the Pan American Convention on Commercial Aviation in 1928, creating a parallel regime. Planning ahead for a world after war, the United States hosted the 1944 Chicago Convention

on Civil Aviation that shaped a single system for modern civil aviation. That unified system is embodied in the International Civil Aviation Organization that governs our current international civil aviation regime.

Next Steps

Countries, companies, and international organizations are hosting conferences on the expansion of human activity in space. In 2024, the UN Summit of the Future will include a segment titled “Sharing the Benefits of Space.” There is a swirl of activity, but a more cohesive process is needed.

It would be helpful to know if other Council of Council members are examining the diplomacy of space. If your institution is working on space governance issues, please contact Esther Brimmer at ebrimmer@cfr.org.

1. As of September 30, 2023, the signatories are Argentina, Australia, Bahrain, Brazil, Canada, Colombia, the Czech Republic, Ecuador, France, Germany, India, Israel, Italy, Japan, Luxembourg, Mexico, New Zealand, Nigeria, Poland, the Republic of Korea, Romania, Rwanda, Saudi Arabia, Singapore, Spain, Ukraine, the United Arab Emirates, the United Kingdom, and the United States.



Background Memo

One Size Does Not Fit All: Toward Tangible Progress in Space Governance

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Szymon Zaręba, Polish Institute of International Affairs

Recent years have seen a surge in interest in the use of outer space. In addition to existing applications such as satellite imaging, mobile satellite communications, and satellite positioning, internet access and space tourism are also growing. A number of major space agencies are planning, among other things, to meet terrestrial clean energy needs with space-based solar power or the development of space mining. China and India have already established themselves as leaders in the space race with the United States and Russia. Actors such as Brazil, Japan, South Korea, the United Arab Emirates, and European countries are simultaneously increasing their ambitions.

All of this is happening at a time when the role of the private sector is transforming. Once only a contractor to government agencies, the private sector is becoming one of the leading players in its own right, largely due to cost efficiency and creativity. The most notable example is SpaceX, which owns the largest constellation of satellites ever built, handles about two-thirds of NASA's space launches, and about half of the world's launches. Space is no longer the exclusive domain of states.

Those developments pose new challenges and raise the question of whether space governance policies are keeping pace.

The Four Main Priorities

All major countries involved in space activities (except Israel) are parties to four main treaties: the 1967 Outer Space Treaty (OST), the 1968 Rescue Agreement, 1972 Liability Convention, and 1975 Registration Convention. However, applying and enforcing these legal frameworks on the private sector has become one of the most pressing issues. For example, it is unclear how to deal with the international liability of states for damages in the case of transnational transfers of ownership of space objects—with the OST and Liability Convention leaving this liability with the original launching state rather than the country of origin of the buyer. How the OST and Rescue Agreement will apply to space tourism is also uncertain. Under these treaties, states have an obligation to rescue “astronauts” and “space personnel” in distress, but whether these terms cover commercial

participants in tourist flights remains unclear.

Given the ever-increasing number of actors involved in space activities, developing rules for deconflicting space activities, including the extraction and use of raw materials from celestial bodies, is becoming increasingly urgent. The four main treaties are formulated in general terms. Only a dozen countries are parties to the more detailed 1979 Moon Agreement, which proved untenable for major space players. Meanwhile, a number of countries, including China and the United States, are planning to take advantage of the presence of water at the Moon's south pole to create human habitats that would allow, in the long run, to facilitate expeditions to Mars.

Another major challenge is space debris in low Earth orbit, which poses a real threat to the safety of satellites and astronauts. Debris already makes it difficult to use parts of Earth's orbit, and reckless behavior by owners and anti-satellite missile tests carried out by some countries, such as Russia, exacerbate the problem by creating more debris. At the same time, according to the European Space Agency (ESA), more than 10,500 satellites are orbiting the Earth, and this is expected to grow to 60,000 by 2030. This means that both the amount of debris and the number of objects in orbit are expanding, increasing the risk to over-orbit launches and of a potential chain reaction that would destroy existing satellites and eventually render low Earth orbit unusable.

Finally, space is being militarized. So far, the lack of agreement between the United States, other democratic countries, and China and Russia has led both to the failure of talks on the Chinese- and Russian-backed draft Prevention of an Arms Race in Outer Space Treaty and the broader adoption of the EU-proposed Code of Conduct for Outer Space. Discussions at the UN General Assembly are also highly polarized and display a lack of trust between stakeholders.

In Search of Solutions

Resolving doubts about the application of the treaties to the private sector is relatively straightforward. The 1969 Vienna Convention on the Law of Treaties allows the parties to issue interpretative declarations that can address how certain provisions are to be understood or applied. Thus, nothing is preventing the most interested countries from adopting such declarations and clarifying problematic issues in the four major space treaties. Together with the subsequent conforming practice, they could contribute to the formation of universally applicable norms of customary international law. In this case, the objections of China or Russia would not mean much because of the marginal role of the private sector in their space activities (and in the formation of customary law, the activity of states in a given sphere is crucial). These declarations could be supplemented by changes in the space laws of respective countries.

Regarding the competition for sites on the Moon or the problem of extracting resources, it is difficult to point to any other reasonable solution at present than the U.S. proposed Artemis Accords. While there has been some outcry among legal scholars about the compatibility of the provisions of the space resources and deconfliction of space activities (safety zones) with obligations under other treaties, including the OST, it appears to have been off target. Except for Australia, which is party to the Moon Agreement, no other country appears conflicted due to the vagueness of the OST. Moreover, since at present the signatories to the accords already include the vast majority of countries active in space and leaders in space technology, the solutions it adopts could later be adopted as standard by countries that have not yet signed. However, it will be more difficult for norms of customary international law to develop on this basis, especially if non-signatories to the accords,

such as China and possibly Russia, establish their own bases on the Moon relatively quickly.

The four major space treaties are silent on the debris problem, so the solutions need to be found elsewhere. The ESA has already declared that it intends to implement a “circular economy” in space to become space debris-neutral by 2030. Recently the U.S. Federal Communications Commission has imposed a new rule on satellite operators seeking U.S. market access to drag their object out of orbit within five years after the end of their mission. It has also fined, for the first time, a company for leaving a retired satellite in orbit. These steps will influence other satellite owners present in the U.S. market. Still, other domestic bodies have been slow to react, and relying on unilateral action by responsible actors may not be enough. Companies could start seeking to register and launch in countries that impose minimal requirements or do not enforce them. As the problem affects every spacefaring country and does not provoke conflict, the competence to remove dangerous objects (private entities are already developing solutions here) could be transferred to an impartial body, such as the International Telecommunication Union, which already allocates geostationary orbital slots. Financing such activities would require establishing a fund to which all satellite launchers contribute a minimal fee to, and a waiver of sovereignty over identifiable space debris by respective states (under the OST and Liability Convention, unused space objects and their parts are still considered the property of the states from which they were launched).

Finally, as far as the militarization of space is concerned, given strong political polarization, the most sensible solution would seem to be to restrict ourselves to codes of conduct adopted by groups of like-minded states (such as the European Union) and guided by the logic of deterrence through unilateral declarations. The latter could, for example, specify how individual states define the concept of weapons in outer space and their use, and announce that they themselves will not undertake certain actions until they observe them on the part of other states.

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Session Five

Latin America in Regional and Global Trade Arrangements



Background Memo

Latin America in Regional and Global Trade Arrangements

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Patricio Barreiro, Center for the Implementation of Public Policies for Equity and Growth

Multilateralism is crucial to foster cooperation, reduce conflicts, promote economic growth, and ensure that the benefits of global trade are shared more equitably between countries, ultimately contributing to a more stable and prosperous world. Think tanks play a crucial role in supporting the work of multilateral organizations by conducting research, offering policy recommendations, raising public awareness, building capacity, fostering innovation, and facilitating dialogue. They should not only rely on the investigation and recommendation of good practices at a national or subnational level, but also cooperate with each other, taking advantage of globalization and adopting proven policies from around the world.

Latin America has actively engaged in various trade agreements and collaborations, both within its borders and with other regions. In an increasingly interconnected world, fostering cooperation and collaboration between countries is essential for economic growth and stability. Multilateral trade agreements and international organizations provide several platforms for countries to negotiate, resolve disputes, and promote fair-trade practices.

Moreover, multilateral trade ensures that smaller and developing economies have a voice in the global market, promoting inclusivity and reducing economic disparities. The coordination of joint efforts between countries, facilitated by multilateralism, not only amplifies national interests but also contributes significantly to overall global welfare. Those collaborative efforts can be further refined and explored through discussions between civil-society institutions, including influential think tanks. Think tank discussions should aim to foster innovation and progressive policies that benefit states and their citizens alike.

Implementing the UN Sustainable Development Goals (SDGs) is one of the critical multilateral processes that could help policymakers address global challenges. These goals are part of an unprecedented global effort to address pressing challenges, including poverty eradication, gender equality, climate action, and sustainable cities. Argentina, with its rich biodiversity and natural resources, has a crucial role to play in achieving many of the SDGs related to environmental sustainability.

South-South cooperation is another important aspect to consider. It involves developing countries working

together to achieve individual and collective goals through the exchange of knowledge, skills, and resources. In Latin America and the Caribbean, South-South cooperation is characterized by core principles of equality, reciprocity, fairness, and acknowledgment, and aims to enhance the living conditions of the population.

Argentina's Latin American Trade Relations

When discussing trade multilateralism, it is crucial to highlight the vital importance of the Argentina-Brazil relationship, both on a regional and global scale. Within this framework, the Southern Common Market (Mercosur) plays a pivotal role in advancing economic integration, political stability, human rights, and cultural interchange across South America. It boosts the international competitiveness of its member states, supports regional growth, and amplifies its members' combined influence in global matters.

In terms of Argentina's trade policy, it must revitalize both Mercosur's external and internal agenda; redefine guidelines with the Pacific Alliance (a Latin American trade bloc formed by Chile, Colombia, Mexico, and Peru) and the European Union; and define a feasible program to improve intra-zonal trade space by reviewing the common external tariff and its exceptions.

As for sectoral policies, it is necessary to review and assess the effectiveness of promotional regimes that lead to increased public spending. Countries should emphasize programs prioritizing foreign-exchange generation or competitiveness improvements, supplemented with specific actions that complement export diversification.

The Role of Think Tanks

Latin American think tanks should play a central role in shaping regional and global trade policies where multilateral opportunities present a milestone for Latin American development.

As part of the Global South, Argentinian think tanks should contribute to international discussions from a southern perspective by debating regionally relevant topics and crafting tailored policy options. This is vital because think tanks from countries in the Global South can construct their own criteria and policy suggestions based on their shared experiences. The research of think tanks can complement the work of other institutions, enhancing the impact of multilateral processes by creating diagnoses as well as measuring and evaluating policies against international standards (e.g., the SDGs). In this way, they contribute to the fulfillment of global goals.

Therefore, international cooperation among think tanks is crucial. It leverages their collective strengths, improves the quality and effectiveness of policymaking, and provides evidence-based information and policy recommendations to important policymakers. Think tanks should establish partnerships and collaborate with their international counterparts, including other think tanks, research institutions, and multilateral organizations, such as China's Belt and Road Initiative. Those partnerships can facilitate knowledge exchange and collaboration on common goals. Think tanks, like the Center for the Implementation of Public Policies for Equity and Growth (CIPPEC), conduct research, develop alternative policy agendas, and act as a crucial link between academia, policymakers, governments, and civil society. Think tanks should establish partnerships at the national, regional, and global levels, encouraging innovation and creating platforms for delivering their products and services to a wider audience.

For Argentina and other Latin American countries, numerous opportunities exist for think tanks to engage with multilateralism, from participating in initiatives organized by multilateral organizations to pursuing South-South cooperation. Those endeavors can enhance their research capabilities, promote knowledge exchange, and improve policy advocacy skills.

As an example, CIPPEC has started to think about possible democratic scenarios for the next forty years. First, by analyzing the trends that will affect Argentina; and second, by identifying ten concrete recommendations regarding social, economic, and institutional matters. The recommendations are feasible and implementable at the national level from the technical, political, and fiscal points of view, without neglecting a respectful view of a fair green transition, which is the desire of the young people and public-private partnerships. In this regard, CIPPEC identified the assets and pending debts, taking into account constraints and making the most of the available resources through long-term policies that promote a sustained development strategy. The main priorities for work are achieving educational justice, reducing poverty, strengthening the production matrix, achieve a just green transition, contributing to macroeconomic stability, and a transversal axis of institutionalism.

For several years CIPPEC has been working on the diagnosis of the structural problems that affect the Argentine reality. Always based on evidence, and thinking of feasible public policy proposals that can transform the Argentine socioeconomic reality, it understands that this moment urges us to reach consensus among all sectors involved in long-term development and, above all, it urges us to act.

Conclusion

Latin American think tanks have a critical role to play in shaping the global policy agenda and influencing local and international policymakers. Their participation in global forums, their active engagement in multilateral processes, and their collaboration with international counterparts are vital for addressing global challenges and finding innovative solutions. By leveraging international cooperation and sharing their expertise, think tanks contribute to a more equitable and sustainable Latin America and world.



Background Memo

Latin America and Mercosur: New Challenges for Economic Integration

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getúlio Vargas, Rio de Janeiro, Brazil

Fernando Masi, Center for Analysis and Dissemination of the Paraguayan Economy

The post–COVID-19 global economy has resulted in low economic growth and changes in trade integration trends. The pandemic has greatly affected Latin America in social terms, although the macroeconomic fundamentals have remained resilient. However, public debt has risen and fiscal space has been reduced.

According to the latest World Bank Economic Report on Latin America and the Caribbean, the region faces a double challenge.¹ First, the region should work to take advantage of nearshoring (moving production closer to the U.S. and European markets). Second, it will need to harness the advantage of its important energy capital, mainly from renewable sources of energy, to attract investments oriented to confront climate change.

According to this same report, contrary to expectations, Latin America is less integrated into the world economy today than it was twenty years ago. A significant trade reduction—measured by exports—has taken place since 2010. In terms of the ratio of trade in goods and services to economic output, Latin America and the Caribbean appear to have one of the lowest percentages in the world. The United States continues to be the main market for Latin American exports, although China has become the main export market if Mexico is excluded. Compared to other regions such as Central Asia, East Asia and the Pacific, and Europe, Latin America mostly concentrates its exports in commodities, mainly food and minerals. Latin America is also the least integrated region into global value chains, participating mostly as a supplier of raw materials.²

Simultaneously, foreign direct investment toward Latin America has diminished consistently over the last ten years, with the exception of Mexico. This drop is fundamentally due to a reduction of EU investment in the region.

Mercosur

The Southern Common Market (Mercosur) bloc is a clear example of how Latin American economies have been less integrated with the world over the last ten years. The countries of Mercosur—Argentina, Brazil, Paraguay, Uruguay, and Venezuela (which has been suspended since December 2016)—have reduced their

participation in world trade and their efforts to capture foreign direct investment from various regions of the world, mainly from the most-developed countries.

In terms of exports, Mercosur accounted for 2.4 percent of world trade in 2011. Today, that has declined to 1.8 percent. Trade dynamism has also decreased within Mercosur's internal transactions: 18 percent of all Mercosur exports were within the bloc in 2011, decreasing to 12 percent in 2022. In the case of Brazil, the largest Mercosur partner, exports to the bloc only represented 7 percent of its total exports in 2022.³

Mercosur's involvement in global-value chains is mainly through exports of raw materials and agro-industrial products. On the contrary, intra-Mercosur value chains are more concentrated in nonagricultural manufacturing. However, foreign direct investment decreased in Mercosur from \$99 billion in 2011 to \$77 billion in 2022.⁴

Mercosur's low participation in world trade could be due to several reasons. One is its lack of trade agreements with developed countries. Currently, Mercosur has free trade agreements with countries from the rest of South America, Egypt, and Israel, and preferential trade agreements with India and South Africa. An agreement reached with the European Union in 2019 has not yet been ratified due to new EU demands concerning environmental rules, and trade provisions that the current government of Brazil considers unfair.

Over the last ten years, Mercosur's share of exports to the EU decreased from 21 percent to 16 percent of its total. EU imports to Mercosur have also diminished from 17 percent to 15 percent over the same period. Currently, China is the main destination for Mercosur exports, accounting for 25 percent of its total exports, followed by the EU at 16 percent, and the United States at 11 percent.⁵

Despite continuing to have a dominant position as a foreign investor in Mercosur, the European Union has reduced its investment in Mercosur from 56 percent of all foreign direct investment in 2011 to 37 percent in 2021. At the same time, North American and Central American countries have increased their investment in Mercosur from 10 percent in 2011 to 22 percent in 2021.⁶

Conclusion

It is paradoxical that as the international economy is changing to allow for greater economic integration, Latin America is far from catching up to the opportunity.

Greater integration of Latin America, and Mercosur in particular, into global trade and investment flows will require several conditions. First, it should aim for more trade agreements with developed countries and emerging economies, mainly those in East Asia and the Pacific. Second, it should work on its competitiveness in nonagricultural manufacturing, both for exports and to attract foreign investment.

Third, it should attract more green investments, providing existing assets of renewable energies in the region as inputs for the global energy transition to confront climate change. This new line of investments has the potential to be a new and significant line of exports from Latin America and Mercosur to developed and emerging countries.

1. William Maloney et al, "The Promise of Integration. Opportunities in a Changing Global Economy," *Latin America and the Caribbean Economic Review*, World Bank, Washington, DC, April 2023.

<https://openknowledge.worldbank.org/entities/publication/9128f96e-727f-4635-925d-0f6f386ede39>.

2. Ibid.

3. Data obtained from the Mercosur Technical Secretariat.

4. Data obtained from UNCTAD/FDI/MNE database.

5. Data obtained from the Mercosur Technical Secretariat.

6. Data obtained from CDIS-IMF database.



Background Memo

A Mixed Picture of Latin America's Regional Integration Efforts

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Bartłomiej (Bartek) Znojek, Polish Institute of International Affairs

With its heterogeneous character, Latin America has produced many diverse regional initiatives. They vary in their economic and political potential, and in their ability to respond effectively to volatile and fast-changing domestic, regional, and global dynamics. Whether those schemes have lived up to their potential is a mixed picture. Charts that attempt to visualize those processes present a complex set of networks of old and new regional schemes, some of them overlapping each other.

The Southern Common Market (Mercosur) and the Pacific Alliance (PA) are two prominent examples that reflect the gap between ambitious integration objectives and the ability to accomplish them. Mercosur, established in 1991 by Argentina, Brazil, Paraguay, and Uruguay, has never reached its original goal—as its full name portends—and is only classified as an incomplete or imperfect customs union, full of national exceptions in its common tariff regime. The PA was created in 2011 by Chile, Colombia, Mexico, and Peru on a free-trade-agreement network each of the four member states had built earlier. In its founding treaty, PA's members explicitly signaled the Asia-Pacific as their priority and declared their intent to quickly liberalize, boasting the new organization as an attractive alternative among Latin America blocs.

Both initiatives, however, failed to expand intra-regional trade. According to the UN Conference on Trade and Development, the value of Mercosur's exports in goods within the bloc rose threefold from 1995 to 2022, but the share of intra-bloc exports compared to the total value simultaneously fell from almost 21 percent to a little more than 10 percent.¹ It looks even bleaker in the case of the PA. Between 2011 and 2022, the value of intra-bloc exports barely increased, and their share fell from a mere 3.2 percent to 2 percent. Excluding Mexico—which on average sends 80 percent of its exports to the United States—the rest of the PA's trade value improved only slightly, and its share of intra-bloc exports oscillated around 5 percent. At the same time, Mercosur and PA (excluding Mexico) registered a boost in trade with China.

Some of the factors that have undermined integration efforts include overambitious goals with unrealistic schedules, economic and political instability, insufficient transport infrastructure, low complementarity of economies, and insufficient institutional framework, for example, linked to the—mostly—intergovernmental model of cooperation. Add to that the vulnerability to external shocks and crises or, for example, attractive

alternatives such as free trade agreements presented by major economic partners, such as the United States, European Union, or China to individual Latin American partners. Still, one should not underestimate the positive function of regional initiatives as a significant tool for Latin American countries to create and broaden platforms for cooperation and frequent dialogue on common challenges, such as improving the region's international competitiveness or encouraging sustainable economic growth and social development.

The current economic prospects for the region are, however, not optimistic. In its annual study published in September 2023, the UN Economic Commission for Latin America and the Caribbean claimed that Latin America's economic output would likely grow by 1.7 percent in 2023 and 1.5 percent in 2024, compared to 3.6 percent in 2022 and a 3.7 percent average from 2010 to 2019.² The region is still on the post-pandemic path of recovery, complicated by the adverse effects of the increased costs of food and energy—a trend aggravated by Russia's full-scale war against Ukraine. The expected slowdown in job creation and the increase in low-quality jobs could amplify the challenge posed by the region's extensive informal employment market, and deepen inequality and poverty rates. Additionally, if the region fails to invest in climate mitigation, adaptation, and energy transition, it will also face the adverse effects of climate change.

Improving regional infrastructure and connectivity, expanding regional value chains, advancing digital and green transformation, and investing in education and health systems are some of the recurring solutions proposed to tackle Latin America's socioeconomic challenges. The increasing importance of the region in the global energy transition, especially as providers of green hydrogen, lithium, and several other critical materials, offers another important opportunity.

The European Union's current strategy toward Latin America and the Caribbean, presented in June 2023, apparently tries to address more efficiently those needs, especially the Global Gateway investment program's commitments, which are worth \$45 billion until 2027.³ The initiative is one component in a broader framework of bi-regional initiatives, in particular trade agreements. The European Union has successfully negotiated such arrangements with many Latin American partners. Still, an association agreement with Mercosur—particularly in trade—remains an essential missing part, despite more than two decades of negotiations and the political agreement on concluding the talks in June 2019. The main obstacles to overcome include longstanding differences on liberalizing market access for agriculture, food, and industrial goods; disagreements on opening public procurement; and the clash over the European Union's additional requirements in sustainable development linked to its increased green ambitions, especially to tackle deforestation outside the EU.

While the EU-Mercosur deal is expected to increase trade through an improved mutual access and legal framework, it is easy to overlook its strategic importance. That latter aspect has gained much more significance given global reconfigurations over the last few years. For the European Union, an agreement with Mercosur could be a beneficial means to strengthen its relative position in Latin America and possibly compete more efficiently, especially with China. For Mercosur, a deal with the European Union could potentially boost relevance and contribute to internal consolidation.

It is easy to draw dire scenarios for Latin America's regional cooperation and integration efforts based on its current economic prospects. Still, paradoxically, the current context could also suggest a dose of cautious optimism, as it could offer particular opportunities for the broader economic and social development goals.⁴ The region's geographical distance from major military conflicts could be an important asset for Latin American countries to promote themselves as a relatively safer place for nearshoring, friendshoring, and building

stable and secure supply chains. While taking a neutral stance on issues such as the war in Ukraine has raised controversy in much of the most-developed world, balancing between partners that are ideologically diverse could prove rewarding for Latin America. For major economies such as the United States and European Union, engaging with Latin America will not only require more investment for inclusive growth and social development, but also addressing increasingly vocal demands from Latin America (and a broader Global South) for its adequate representation and voice in the global decision-making bodies and processes.

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COUNCIL OF COUNCILS

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Session Six

*The Age of Artificial
Intelligence: Is Consensus
Possible?*



Background Memo

Is AI a Threat to Civilization?

Council of Councils Fourteenth Regional Conference

November 5–7, 2023

Fundação Getulio Vargas, Rio de Janeiro, Brazil

Héctor Cárdenas, Mexican Council on Foreign Relations

A specter is haunting society—the specter of artificial intelligence. The advent of generative AI, notably marked by the emergence of models like ChatGPT in November 2022, has thrust AI into the forefront of public and political discourse. Tools such as ChatGPT, Google’s Bard, and Anthropic’s Claude have captivated many with their human-like interactions, evoking wonder, perplexity, and trepidation.

Widespread apprehension exists about AI’s pervasive integration, echoed by intellectuals, technologists, journalists, and politicians. Yet, like many topics that suddenly capture public attention, the hype, both negative and positive, is likely overblown.

A comprehensive assessment of AI requires three primary considerations: the necessity for nuanced and informed discussions on AI grounded in a risk-based approach, the focus on immediate risks over distant hypotheticals, and the advocacy for a flexible, principle-based international cooperative framework for AI governance that preserves space for innovation, adaptation, and evolution, rather than rigid regulatory approaches.

What Is AI?

The Organization for Economic Cooperation and Development (OECD) defines artificial intelligence as “a machine-based system that can, for a given set of human defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments.”¹ This definition of AI is notably broad, enveloping an extensive spectrum of computational models and algorithms, from basic statistical models to advanced generative AI. It is essential to discern the diversity within this spectrum, recognizing the distinction among four fundamental categories of computational models: supervised learning, unsupervised learning, reinforcement learning, and deep learning.

Supervised learning uses labeled data as its primary input. Each example in the dataset is paired with the correct answer. It is labeled as supervised because it learns from this data to make predictions, as it always has some examples with the right answers to guide or supervise it. Regression analysis—a common statistical

technique used by social scientists—is an example of this, because in a regression model you have both dependent and independent variables, and the model tries to find the line of best fit that explains the relationship between them. Some supervised learning models go beyond traditional statistical models and rely on machine learning—that is, on feedback loops the computer uses to improve model fit through iteration— techniques that are not amenable to purely analytic solutions. Some examples of such models are random forests and support vector machines. These kinds of models are used today for such disparate purposes as credit scoring and handwriting recognition respectively, among many other uses.

Unsupervised learning, on the other hand, does not use labeled data. Instead, it finds patterns and relationships in the data on its own. K-means clustering and principal components analysis are two of the most widely used unsupervised learning algorithms. They are exceedingly good at identifying the critical characteristics of elements in a data set and classifying data points accordingly. Principal components analysis excels at filtering out noise from unimportant variables. These types of algorithms are used in customer segmentation in retail and finance, and genetic research to stratify populations according to relevant genomic information.²

Reinforcement learning is about decision-making. This is an evolutionary type of model, in which the agent learns by interacting with an environment and receiving feedback. One use of such models is in optimizing energy distribution in power grids, where vast numbers of potential decisions and outcomes exist and operators need to iteratively find the best combinations of decisions to generate optimal outcomes. A reinforcement learning model plays repeated games with itself, scoring itself based on the outcome and then recalibrating its policies—or decision rules.

Deep learning is a subset of machine learning inspired by the structure of the human brain that uses artificial neural networks. Deep learning can be used in supervised, unsupervised, and reinforcement learning, but its defining feature is the use of deep neural architectures. A transformer model, which uses a neural network, lies at the heart of ChatGPT (GPT stands for generative pre-trained transformer), for example. But it is not the only use. Convolutional neural networks are another type of neural network that are particularly good at working on image analysis as they can see and recognize patterns in images.

These different families show the diversity of models that fall into the general concept of AI. The differences are not just technical; they are functional and have implications for our assessment of the potential risks involved in their use.

These diverse models underscore the multifaceted nature of AI. A crucial aspect to consider is algorithmic transparency—the comprehensibility of the decision-making pathways of these algorithms. While models like supervised and unsupervised learning offer clear insights into their operational logic, the realms of reinforcement and deep learning, particularly generative AI, dwell in opacity.

Stephen Wolfram, in his recent book about ChatGPT, *What is ChatGPT Doing ... and Why Does It Work?*, concludes that its architecture of 175 million different weights, albeit a paltry amount compared to the billions of potential neural synapses of the human brain, has achieved remarkably human-like behavior in its use of language. The biggest surprise is that such a small and simple model can achieve so much. It defies many conventional understandings of the structure of language and, as Wolfram concludes, could represent the greatest opportunity for understanding how language works in two-thousand years.³ Remarkable tools like ChatGPT, despite their astonishing capabilities, still cloak their precise operational mechanics in mystery.

Is the World Focusing on the Right Risks?

The risks involved in AI can be broken down into three categories. First, the discourse seems clouded by the looming notion of a singularity, a futuristic concept where AI could eclipse human intelligence, potentially redefining societal structures and power hierarchies. The alarm that AI could herald an existential crossroads is indeed profound but tends to overshadow immediate concerns. A group of prominent AI scientists warned that “mitigating the risk of extinction from AI should be a global priority alongside other societal-scale risks such as pandemics and nuclear war.”⁴

A second thread of the narrative focuses on the near-term economic effects of AI, especially its impact on jobs. A Goldman Sachs report estimating that more than three-hundred-million jobs could be affected by AI has been often cited in the press and by pundits. However, it has been mostly cited selectively, with the emphasis on the three-hundred-million figure, while neglecting the broader conclusions: The report is so often cited out of context that it bears quoting. “Extrapolating our estimates globally suggests that generative AI could expose the equivalent of 300 million full-time jobs to automation.” Goldman Sachs is not saying three hundred million jobs will be lost, but that three hundred million jobs could be exposed to automation. Moreover, the report goes on to state that “the boost to global labor productivity could also be economically significant, and we estimate that AI could eventually increase annual global GDP by 7 percent,” and that “although the impact of AI on the labor market is likely to be significant, most jobs and industries are only partially exposed to automation and are thus more likely to be complemented rather than substituted by AI.”⁵ The report, and frankly any reasonable analysis, should lead to the prediction that AI will have medium-to-large contributions to economic growth in the mid- to long-term, with job displacement more than compensated by the creation of new jobs that do not yet exist, but with short-term effects on workers and businesses that could be significant.

In the last few months, industrial action has been taken that included—although not exclusively motivated by—demands for protection from encroachment by AI. Notably, the Hollywood writers negotiated that studios “cannot use AI to write scripts or to edit scripts that have already been written by a writer,” just as they are not allowed to “treat AI generated content as ‘source material’ that screenwriters could be assigned to adapt for a lower fee and less credit than an original script.”⁶ However, AI was by no means banished from the industry; on the contrary, the contract explicitly allows writers to use AI tools if they want to.

A third set of concerns include issues of rights centered on how the right to privacy, nondiscrimination, security of information, and copyright will be protected. In U.S. courts, at least two class-action cases are pending against AI companies for copyright infringement because of the use of artists’ copyrighted material to train the models.

The first apocalyptic concern of singularity is vastly overblown. Not because it is not a real and foreseeable risk. It is indeed conceivable that in the future—perhaps in two decades—AI could achieve singularity: the moment when machines achieve general artificial intelligence and become in practice smarter than people. Focusing on this possibility ignores two crucial facts, however. First, that far into the future cannot be predicted with any confidence. Second, and more importantly, the future is dynamic. People will adapt to it, make decisions, and adjust behaviors, so it is a grave mistake to posit linear or quasi-linear extrapolations of the present into the future.

The second fear is worth greater consideration. Undoubtedly, the introduction of an innovative technology, especially one so intertwined with the means of production, will have disruptive effects on the economy. But, once again, it is a grave mistake to predicate fears on a static model of economic development. Neither economies nor societies are static. They are living, breathing, and constantly evolving complex systems. The world economy is extraordinarily resilient in the long run. Witness the capacity of the world to bounce back from the devastating short-term effects of the COVID-19 pandemic. Suppose that Goldman Sachs is right that three hundred million jobs worldwide could be disrupted by AI in the next twenty years: it is unclear if that is a good or a bad thing. The history of technological innovation demonstrates that every time a major disruptive technology has emerged, the economy has adapted to it, creating more jobs, not less than before, and more wealth, not less than before. Of course, disruptions have caused dislocations, but over time, it is difficult to find an example that permanently marginalized any significant group of people solely because of technological innovation. However, this does not mean that the world should not be planning to mitigate the short-term effects of the economic transition, just as many countries are doing with the transition from carbon fuels to renewables.

The world should pay the most attention to the third group of concerns, which could take affect either right now or in the near future. Policymakers and technology companies need to protect people's privacy, the security of their data, and to ensure that new technologies do not perpetuate bias and discrimination. The issues of privacy and data security are not qualitatively different from what the world deals with outside of specifically AI-powered applications. Governments should ensure that they foster the right conditions for companies worldwide to protect consumer privacy, security, and copyright. Some frameworks are in place, but they could need to be refined. The most relevant impact of AI on those issues is quantitative rather than qualitative. AI models, even outside of the deep learning family, but especially in that case, require vast amounts of training data. This means that security breaches and lapses in the ethical harvesting of data can have much greater reach.

On the bias and discrimination front, the greatest hazards lie in two areas: the quality of the training data in terms of embedded biases, and the opacity of the decision-making processes used by the algorithms. The right framework for dealing with this is a risk approach. Under this approach, you classify applications that use AI into risk tiers. This is what the European Union (EU) is on the brink of doing in their new AI legislation. The riskiest use cases require the highest level of scrutiny, and the level of scrutiny descends as the potential risk diminishes. A good framework would be flexible and adaptive, in the sense that as technology and use cases evolve, it should also evolve. EU-type regulation has not historically been particularly good at that kind of adaptation, as the commission seems to favor highly detailed and prescriptive rules. Canada is on a better track with their legislation that applies only to high-impact applications but leaves the definition of what is high-impact to regulations so that it can be more flexibly tailored and easily modified to keep current. A standards approach would be an effective way to go, with industry developing these standards and governments incorporating them by reference in regulations.

What Could an AI Governance Agenda Look Like?

As outlined above, priorities should be to: (1) ensure data security and privacy should be protected; what copyright means in this age should be figured out and then protected; and bias and discrimination should be avoided; (2) build mechanisms to make the economic transition smoother and less painful for the losers; and (3) monitor but not over dramatize the worst fears about the advent of an AI singularity. This should allow the

world to reap the enormous benefits of the AI transformation that is already happening while managing the costs. Here's how to do it.

Individual countries have already started legislating, with the EU at the forefront, followed by many others including Canada. The United States is at a political impasse on this matter as on many others, but California is making progress. And where California goes, the rest of the United States tends to follow, if only because of the overwhelming size and influence of its economy. Disturbing trends are also at play, including: export restrictions, data residency requirements, and ineffective outright bans on certain applications of AI. This is not a good direction. Countries that implement such measures—even if they are now leaders in AI—will hinder the development of their industries.

From an international perspective, national governments and international institutions should do three things:

- **Converge toward a risk-based approach to AI regulation.** This could include a focus on the highest-risk use cases such as automated decision-making on fundamental civil rights, law enforcement use of AI, and private sector applications that could cause grave harm to individuals. This risk-based approach should be rapidly adaptable, which means countries should not embed specific prohibitions, limitations, or technical specifications into their legislation, but rather outline general principles while keeping the details in lower-level rules, preferably standards. Concentrate on current high-risk use cases and keep a vigilant eye out for new emerging high-risk use cases but leave industry to work things out through the discipline of the market on other use cases.
- **Avoid the temptation of protectionism and paternalism.** Countries will not safeguard their people by putting up cyber walls. The only thing they will achieve is to hamper the development of their own AI industries, reduce the significant benefits of AI to their consumers, and gain an illusory sense of safety. Concretely, this means avoiding export controls; not creating new—or removing existing—requirements for domestic hosting of data, except for extremely limited national security reasons; and trying to align domestic legislation with international best practices to avoid a global patchwork of conflicting and complex domestic regulations (like in finance and other vital industries).
- **Do everything domestically to create fertile ground for innovation in AI.** Governments should continue to invest in digital access for all. In education, they should also prioritize the humanities and social sciences—not just science, technology, engineering, and math—as they are critical to ensuring future generations have the wisdom to steer the right course, make it easy for researchers and companies to work across national boundaries, and put programs in place to mitigate the short-term dislocations that the AI revolution is sure to bring.

From a global governance perspective, the use-case perspective, or what is also known as vertical regulation, has much to offer. Policymakers should not aim for all-encompassing AI governance, except in the sense of proposing general principles like the OECD has done with its 2019 “Recommendations of the Council on Artificial Intelligence.” Instead, policymakers should consider the kinds of use cases to be governed at the sub-national, state, or global levels, or in the private sector.⁷ New use cases will arise as the technology advances, but, today, but these three high-level use case families demand international or global governance mechanisms:

- **Military, security, and law enforcement use cases.** These are the best candidates for global, multilateral, regional, or bilateral governance approaches—akin to weapons of mass destruction. It would be good to start building agreements about rules regarding the deployment of AI in military systems, especially in lethal autonomous weapons systems. These could be discussed on a global scale, even leading to an international convention, but a start would be to get defense issues on the agendas of existing international cooperation. On law enforcement, national governments and international institutions should strive to create common standards for the use of AI that protects human rights and avoids unreasonable government intrusion into private lives.
- **Cybersecurity.** This emerging field has garnered much attention at the domestic level, with countries building up their cyber defense capabilities and trying to make their industries and citizens more resilient to cyberattacks. Yet, at the global level, it could make sense to step up cooperation in this field, not just to develop agreements on cybersecurity cooperation, but to begin developing joint efforts to prevent and resolve cyberattacks that cross state boundaries. The world is nowhere near this yet, but it could soon be necessary to design global defense mechanisms against AI-initiated cyber risks.
- **Global finance.** Machine learning and AI are extensively used in finance, whether to score credit risks or facilitate automatic high-speed trading. As AI becomes more powerful, unintended consequences will have to be guarded against, including market volatility induced by AI powered-trading, and other yet unidentified risks. This too, is a plausible use case for international governance. Yet in this area, various global financial institutions populate this field and can deploy AI-related initiatives, including the International Monetary Fund, World Bank, Financial Stability Board, International Bank of Settlements, OECD, and Basel Committee on Banking Supervision, among others. The world does not need more institutions, rather, the existing institutions need to integrate AI in their supervisory mandates.

Other use cases could benefit from international cooperation, of course, but we should focus our initial efforts on these three critical aspects. For everything else, prudence and regard for the extraordinary dynamism of economies and societies suggest that governments should step back from rulemaking, observe, let things unfold, and intervene only when it is certain that intervention will lead to better outcomes than letting present trends continue.

Conclusion

A nuanced, careful, risk-based, and flexible approach to AI regulation focused on the use cases that present the most immediate risks is the best path forward. Much of this work will happen in the domestic sphere, as countries strive to adapt to their specific conditions. Yet some areas of interest require international cooperation and a global approach to governance. Among these are the military and security applications of AI, cybersecurity, and buttressing the international financial system against potential risks. This is not to say that international cooperation in other areas is not valuable, rather, that efforts should be focused on the most critical areas.

Countries could go too far in regulating AI by creating regulatory frameworks that unnecessarily hamper the development of these important technologies. This is a greater risk than under-regulation, especially in countries that are already prone to developing burdensome rules and possess heavy bureaucracies.

AI leadership is currently concentrated in the companies, research institutions, and governments of just a handful of countries. The rest of the world's governments should make significant investments so as not to

fall behind, but most importantly, they need to let their research institutions and businesses be free to innovate and experiment, invest, and collaborate both internally and internationally. The best way to ensure that the benefits of AI are there for all to realize is for governments to continue to make investments that ensure access to digital technologies is widely available, to resist the temptation to isolate themselves from global competition, and to redouble their focus on developing an educated population that is ready to work with, benefit from, and guide AI into the future.

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