



Joining the dots and making sense of the key geopolitical developments in Europe, Eurasia and MENA

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Key points:

1. *The Coronavirus (COVID-19) pandemics and the reshaping of the world order: one global crisis, several geopolitical perspectives: US, EU, and Russia*
 2. *The current plunge of the oil markets might offer a flavour of possible post-Covid-19 geopolitical shifts in the Middle East.*
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The Coronavirus (COVID-19) pandemics and the reshaping of the world order: one global crisis, several geopolitical perspectives: US, EU, and Russia

In the previous issue (No. 6/April 2020) we highlighted Stratfor's proposed framework for analysis of the implications of the current pandemics: short-term balancing of medical vs. economic needs; mid-term socio-economic recovery; long-term geopolitical trends. (worldview.stratfor.com) The scope of this publication falls on the latter, which brings us into the business of geopolitical forecasting. To start with, we looked at several US, EU and Russian perspectives on geopolitical trends that might be strengthened by the Coronavirus pandemics.

Americans are mostly concerned with the possible changes of the post-Covid-19 world order and their impact on the global economy and the Western societies. Serious concerns that the coronavirus crisis might sharpen existing great power rivalries and hasten the shift in the global balance of power from West to East are dominant. In the words of Richard Haas: "the world following the pandemic is unlikely to be radically different from the one that preceded it. COVID-19 will not so much change the basic direction of world history as accelerate it." (foreignaffairs.com) This means that pre-Covid-19 geopolitical trends, such as: waning American leadership, faltering global cooperation, great-powers' discords might likely intensify and speed up rather than fade off or shift to new trends.

The global spread of the Coronavirus outside China has been accompanied by a worldwide disinformation war. On the one hand, China has sought to minimize its responsibility for the emergence of the virus on its territory by spreading confusion and conspiracy theories. On the other hand, the U.S. has responded by trying to pin the blame firmly on China by using the

designation "Wuhan/Chinese virus". That was partly a way to distract the attention from the early stages mishandling by the Trump administration of the Coronavirus threat, and to highlight the moral superiority of the U.S. over China in terms of openness and transparency of its regime. (eiu.com) This ongoing disinformation war led to exacerbating older economic, geopolitical, and military frictions between Washington and Beijing, while fuelling a long-standing US-China rivalry.

Over the last decades, this brewing rivalry has been accelerated by two parallel processes: on the one hand, China's relative economic and military power in the world has increased continuously, although in absolute terms U.S. power has also gained momentum. On the other hand, the rise of China, and of other powers perceived as antagonistic to the US, including Russia, and Iran, has been galvanised by Washington's faltering political will to continue to sustain the post-Cold War world order. This latter process has been reinforced by president "Trump's "America first" message, which promised that the United States would be stronger and more prosperous if it did less abroad and focused its energies on domestic issues." (foreignaffairs.com)

Therefore, the absence of American global leadership, and the reluctance of China to undertake a bolder role in sustaining global governance have forestalled a meaningful global response to the typical global crisis created by the Coronavirus. The geopolitical implication has been increasing distrust in the ability of international organizations (i.e. the World Health Organization-WHO) to manage global crises, and a worldwide instinctive, though ill-suited, turn towards the "ultimate savers" of humanity: nation-states and populist-nationalists.

Henry Kissinger recently noted the anachronism of the revival of the walled city in an age where

prosperity depends on global trade and movement of people. He warned that a global retreat from balancing power with legitimacy might cause the social contract to disintegrate both domestically and internationally. Restraint was therefore instrumental in handling the COVID-19 crisis and its consequences both in domestic and international affairs, while excessive populism and nationalism might set the world on fire. (wsj.com)

For the European Union (EU), the Coronavirus crisis is first and foremost an existential matter. In the words of Josep Borrell, High Representative of the EU for Foreign Affairs and Security Policy: “We find ourselves living through an existential moment in time for the EU – because how we respond will affect the cohesion of our societies, the stability of our national political systems, and the future of European integration.”(ecfr.eu)

Most Europeans would agree with the Americans that major crises usually have an accelerating effect on existing geopolitical trends. However, their priorities for dealing with the emerging post-Covid-19 socio-economic crisis are quite different from those of the current US administration.

In European eyes, the onus should be on reviewing the modalities and the ideological assumptions of globalisation. That would include questioning: the neoliberal principles of open markets, the downsizing of the states’ role in economy, and the socio-economic benefits of privatisation for the public good. Finding a new balance to prevent a widespread protectionist drive that would result in a global depression would be much more important for the future of Europe than for America, given the EU is the most trade dependent region of the world, and the one which was most affected by the current economic downturn.

At the E.U. level, one possible option might be built around the emerging concept of “strategic

autonomy” being expanded beyond the military sphere, to possibly include: reducing dependency and extending regulatory powers in the field of new technologies; preserving control of strategic activities; protecting critical infrastructure; showing leadership where the lack of global governance is destroying multilateralism (i.e. joining issue-specific middle-powers alliances). (ecfr.eu)

Secondly would come the restoring of global governance which is viewed in the EU-zone on two dimensions:

1. The *internal dimension* concerns the limits of European solidarity and the looming deepening of the North-South divide. In a recent interview with the Financial Times, president Macron warned that the failure to support the Southern members might help populists to win elections in Italy, Spain, and France. For Mr Macron, “We are at a moment of truth, which is to decide whether the European Union is a political project or just a market project. For me it is a political project” (ft.com)

2. The *external dimension* envisages The E.U.’s role in managing the growing US-China rivalry in the wake of the Covid-19 crisis. However, while the ability of the E.U. members and institutions to broker political or economic compromises between Washington and Beijing would be quite limited, the global role of the E.U. and its interests in various regions around the world might be at stake due to the fall-outs from unmanaged US-China confrontation.

Nevertheless, the E.U.’s vulnerability to the U.S.-China rivalry would be higher in the European neighbourhoods, where the current flashpoints also involved third party regional players, such as Russia, Iran, Israel, Turkey, or the Gulf monarchies. This would make the geopolitical context of restoring the external dimension of the global governance more complex, while it might offer the

E.U. with more geopolitical opportunities to mitigate its vulnerability to US-China rivalry. The main challenge for the E.U. will consist in how to play out those options in its favour without endangering the long-standing Trans-Atlantic relationship.

As seen from the West, before the Covid-19 crisis, Russia sought to capitalise on the increasing fragmentation of the global order by asserting its leadership in the Eurasian “backyard”. Furthermore, Moscow took advantage of the shrinking engagement of the US in the Greater Middle East to increase its own influence therein. From this perspective, in spite of its initial short-term setbacks (i.e. due to the temporary fall of the oil markets, and the ensuing economic recession), the Coronavirus pandemic is seen as a potential opportunity to bolster Russia’s regional and global presence, building upon the accelerated fragmentation and decomposition of the global world order. (eiu.com)

However, from Moscow, the geopolitical trends brought up by the COVID-19 pandemic are far from being as beneficial and risk-free as imagined in the West. The likely emergence of a new US-China bipolarity, built upon their intensified rivalry fed by the pandemic crisis, has raised serious geopolitical concerns, and created new challenges for Moscow.

While Russia’s relations with the West seriously deteriorated in the wake of the 2014 Ukraine conflict, its relations with China have turned towards a stronger strategic, economic, financial, and technological partnership. According to D. Trenin, “The underlying principle of the relationship has been “never against each other, not always with each other.” [...] However, for Russia, developing further cooperation with China only makes sense if it does not lead to one-sided dependence on it. Becoming part of a *Pax Sinica*,

China’s sphere of influence, is absolutely unacceptable to Russia.” (Carnegie.ru)

Furthermore, other Russian experts feared that the main problem with an emerging US-China bipolarity is that, given the high degree of mutual interdependence between Washington and Beijing, it can turn out to be a fairly quick prelude to a real military conflict. Or that the pandemic could tighten China’s grip on Eurasia as “Beijing is set to boost its role across Eurasia as the major driver of economic growth, the provider of critical technologies, and the enabler of establishing new forms of political control for regimes that are feeling a whole lot wobblier”. (valdaiclub.com)

Therefore, Russia’s main post-pandemic geopolitical challenge would not consist in withstanding its long-term confrontation with the U.S., but in maintaining the *equilibrium* of its strategic partnership with China. To do so, “Moscow needs to reenergize its relations with other major outside sources of economic modernization across Greater Eurasia, namely the European countries, Japan, and India.” (Carnegie.ru)

Notably, but not surprisingly, Russian experts tended to underestimate the ability of the EU institutions to partner with Moscow in jointly keeping a lid upon the emerging US-China rivalry. Instead, they would be prepared to see Moscow selectively work to that end with the major European capitals: Paris, Berlin, Rome, and London. In addition, Moscow was seen as having to take the lead in building new Greater Eurasian strategic initiatives to engage Japan and India in multilateral cooperation, rather than let Washington coalesce them in the competition with China and Russia, in the Indo-Pacific region.

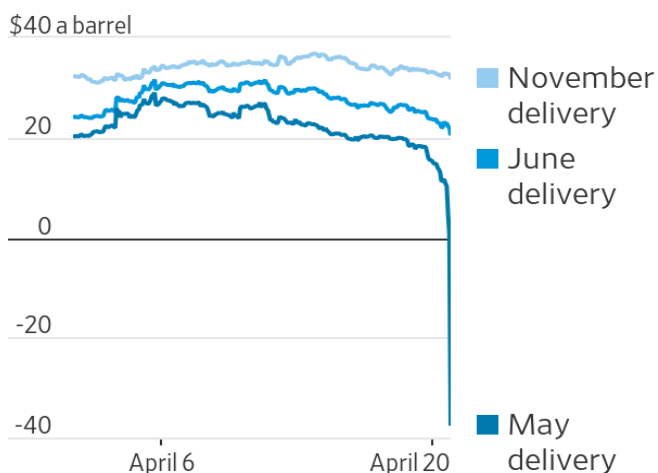
While the origins of the Coronavirus have been excessively politicized and the U.N.-based international system remained unreformed, the

risk of having the unmanaged US-China rivalry lead into a future crisis threatening international peace and security in, for example, Taiwan, North Korea or in the South China Sea, cannot be excluded. Within the post-pandemic increasingly fragmented geopolitical context, such a crisis could quickly evolve into regional war that might heighten the risk of splitting the world into new regional spheres of influence. Alternatively, a gradual return to multilateral security cooperation policies and practices, and the rejection of “zero-sum” games might eventually lead to a peaceful shift to a new world order, better fitted to respond the 21st century global security challenges.

The current plunge of the oil markets might offer a flavour of possible post-Covid-19 geopolitical shifts in the Middle East.

On April 20, the ink had barely dried on the latest OPEC+ agreement reflecting a US-mediated truce in the latest oil price war (see previous issue) when the oil markets had been shattered by the main benchmark price of crude oil in the United States falling to negative, for the first time ever. The negative price concerned only contracts for deliveries in May that were traded on the so-called futures markets.

U.S. crude-oil futures, by contract



Source: FactSet

In strictly technical terms, this temporary anomaly signalled that there was no more place to store all the crude the world was producing but not using because of the worldwide measures to contain the spread of the Covid-19. However, from a broader economic perspective, the negative price of oil was the most striking sign of the deflationary impact of measures to counter the Coronavirus. The past weeks have also shown that the oil production cuts enshrined in the OPEC+ agreement were too slow and too small to effectively tackle the plunge of the oil demand behind the current turmoil in the global oil markets. (nytimes.com)

As one could learn from history books, big changes on energy markets often precipitate significant geopolitical changes. More recently, the boom in the shale oil production, which elevated the United States to net oil exporter status, has resulted in a geopolitical rebalancing of power in the Middle East (see EGF GT No.1/2015 and No.2/2016 on gpf-europe.com).

The current turmoil in the global oil markets might also lead to a reshuffling of regional power relations in the Middle East. In that vein, a recent article entitled “Oil's Collapse Is a Geopolitical Reset in Disguise” noted four challenges and opportunities that were already manifest: prepare to deal with more fragile, or failed, oil producing states; double-down on contingency planning and red-teaming for Iran and Venezuela; defuse a looming U.S. crisis with Saudi Arabia; expand contacts over managing the oil market into more lasting areas of détente. (Bloomberg.com)

Take for example the Gulf monarchies’ shifting policies towards the US, Russia, and Iran. Many international experts wondered why Saudi Arabia decided to trigger the March 2020 oil price war against Russia, which appears to be detrimental to its own economic interests? One possible answer could be that Crown Prince Muhammad bin

Salman (MBS) concluded that the kingdom could no longer fully rely on the US and needed to somehow recalibrate its regional strategy and policy in a way that would affect Iran's quest for regional dominance and re-ignite US interest for cheaper Saudi oil. To that end, he might have attempted to embark on a high-risk game to lower the oil prices to force Iran to reduce its military involvement in the region (Syria, Iraq, Yemen) by cutting deep into Iranian oil revenues, and to ensure continued American military support by stifling its oil fracking industry and make the US dependent again on imports of Saudi oil. (besacenter.org)

Or the United Arab Emirates' (UAE) attempts to use the pandemic to solidify its limited outreach to Iran, designed to shield it from becoming a battlefield in any US-Iranian military confrontation, while flying under the US "geopolitical radars". Emirati officials insisted there would be no real breakthrough in bilateral relations as long as Iran supported proxies like Hezbollah in Lebanon, pro-Iranian militias in Iraq, and Houthi rebels in Yemen. But such diplomatic statements didn't upend UAE's recent outreach to Syria and Iran which ran counter to US policy. (besacenter.org)

Those policy shifts might reflect Gulf monarchies' efforts to ensure that entrenched conflicts in Syria, Iraq or Yemen did not spiral out of control, particularly as they battled the pandemic and struggled to cope with the economic fallout. However, at times of global economic recession and ensuing turmoil in the oil markets, such policy shifts might prove the precursors of possible post-Covid-19 geopolitical shifts in the Middle East.



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Mr. George Vlad Niculescu is originally from Bucharest, Romania, and is currently acting as the Head of Research of the European Geopolitical Forum. He is also currently acting as co-Chair of the Regional Stability in the South Caucasus Study Group of the [PfP Consortium of Defence Academies and Security Studies Institutes \(PfPC\)](#). In October 2019, he has successfully defended his PhD thesis on "[SECURITY SCENARIOS PLANNING IN THE GEOPOLITICAL AREA FROM THE BALTIC SEA TO THE WIDER BLACK SEA \(INTER-MARIUM\)](#)" at the National School of Political Studies and Public Administration (NSPSPA) Bucharest. He has also academic experience as a member of several other PfPC working groups, as well as assistant professor and/or visiting lecturer at the NSPSPA, "Dimitrie Cantemir" University, NATO Studies Centre, and the PfP Training Centre from Bucharest (1997-2004). Mr. Niculescu has been involved in several international research projects sponsored by the German Marshall Fund of the United States (Black Sea Trust for Regional Cooperation), the European Commission (HiQSTEP Project), and the Friedrich Ebert Stiftung. His full CV and list of publications could be found [here](#).

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