

AFTERMATH OF WAR IN EUROPE

THE WEST VS.
THE GLOBAL SOUTH?

LEN ISHMAEL, Editor



Aftermath of War in Europe The West VS. the Global South?

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ISBN : 978-9920-633-27-7

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List of Acronyms

ADMM	ASEAN Defense Minister Meeting
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ADFC	African Diaspora Finance Corporation
AKP	Justice and Development Party's
AFPM	American Fuel and Petrochemical Manufacturers
AFSM	African Financial Stability Mechanism
AFRICOM	Special Operations at Africa Command
AIIB	Asia Infrastructure Investment Bank
AOIP	ASEAN Outlook for Indo Pacific
ASEAN	Association of Southeast Asian Nations
AUKUS	Australia, United Kingdom, and United States' alliance
BIS	Bureau of Industry and Security
BJP	Bharatiya Janata Party
BNDES	National Economic and Social Development Bank
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, and South Africa
CAATSA	Countering America's Adversaries Through Sanctions Act
CAF	Development Bank of Latin America
CARI	China-Africa Research Initiative
CBAM	Carbon Border Adjustment Mechanism
CBJ	Congressional Budget Justification for Foreign Operations
CCP	Chinese Communist Party
CEO	Chief Executive Officer
CH₄	Methane
CICDA	China International Cooperation Development Agency
CIPS	Cross Border Interbank Payment System
CMR	Conflict Minerals Regulation
CO₂	Carbon Dioxide
CoC	Code of Conduct
CPC	Chinese Communist Party
CPEC	China-Pakistan Economic Corridor
CS3D	Corporate Sustainability Due Diligence Directive
CSP	Comprehensive Strategic Partnership
DSSI	Debt Service Suspension Initiative
DSA	Debt Sustainability Analysis
EAC	East African Community
EAS	East Asia Summit
EFTA	European Free Trade Area
ELI	Export-Led Industrialization
EMDEs	Emerging Markets and Developing Economies

EPC	European Political Community
ETS	Emission Trading System
EU	European Union
EUCAP	European Union Capacity Building Mission
EV	Electrical Vehicle
FDI	Foreign Direct Investment
FIF	Financial Intermediary Fund
FLR	Forced Labour Regulation
FSH	Food Security
FSS	Food Self-Sufficiency
FSY	Food Sovereignty
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GHG	Green House Gas
GPS	Global Positioning System
GVCs	Global Value Chains
HFCs	Hydrofluorocarbons
HIPC	Heavily Indebted Poor Countries
ICT	Information and Communications Technology
IDA	International Development Association
ICJ	International Court of Justice
IFFs	Illicit Financial Flows
IIRSA	South American Regional Infrastructure Integration
IMF	International Monetary Fund
IOCs	International Oil Companies
IPCEI	Important Project of Common European Interest
ISI	Import-Substitution Industrialization
IDB	Inter-American Development Bank
IPEF	Indo-Pacific Economic Framework for Prosperity
ISIS	Islamic State of Irak and Syria
LAC	Latin American and Caribbean
LDC	Least Developed Countries
LMC	Lancang Mekong Cooperation
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LULUCF	Land Use and Land Use Change and Forestry
MBS	Mohammed Bin Salman
MDBs	Multilateral Development Banks
MDRI	Multilateral Debt Relief Initiative
MERCOSUR	Southern Common Market
MFN	Most Favored Nation
MTS	Multilateral Trading System

MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
N₂O	Nitrous Oxide
NAFTA	North American Free Trade Agreement
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NF₃	Nitrogen Trifluoride
NDB	New Development Bank
NSS	National Security Strategy
NO_x	Nitrogen Oxide
ODI	Outbound Direct Investment
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PFCs	Perfluorocarbons
PPP	Purchasing Power Parity
PPR	Pandemic Prevention, Preparedness, and Response
PPRFIF	Pandemic Prevention, Preparedness, and Response Financial Intermediary Fund
PRC	People's Republic of China
PRGT	Poverty Reduction and Growth Trust
QUAD	Quadrilateral Security Dialogue
RCEP	Regional Comprehensive Economic Partnership
RECs	Regional Economic Communities
RIC	Russia-India-China
RUW	Russia-Ukraine War
SCO	Shanghai Cooperation Organization
SCS	South China Sea
SDR	Special Drawings Rights
SDT	Special and Differential Treatment
SF₆	Sulphur Hexafluoride
SOEs	State-owned enterprises
SPFS	Financial Messaging System of the Bank of Russia
SSA	Sub-Saharan Africa
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicle
UN	United Nations
UNASUR	Union of South American Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
UK	United Kingdom

USA	United States of America
USAID	US Agency for International Development
USD	United States Dollar
USMCA	United States Mexico Canada Agreement
USSR	Union of Soviet Socialist Republics
VEOs	Violent Extremist Organizations
WHO	World Health Organization
WFP	World Food Programme
WTI	West Texas Intermediate
WTO	World Trade Organization

About the Policy Center for the New South

The Policy Center for the New South (PCNS) is a Moroccan think tank aiming to contribute to the improvement of economic and social public policies that challenge Morocco and the rest of Africa as integral parts of the global South.

The PCNS pleads for an open, accountable and enterprising "new South" that defines its own narratives and mental maps around the Mediterranean and South Atlantic basins, as part of a forward-looking relationship with the rest of the world. Through its analytical endeavours, the think tank aims to support the development of public policies in Africa and to give the floor to experts from the South. This stance is focused on dialogue and partnership, and aims to cultivate African expertise and excellence needed for the accurate analysis of African and global challenges and the suggestion of appropriate solutions.

As such, the PCNS brings together researchers, publishes their work and capitalizes on a network of renowned partners, representative of different regions of the world. The PCNS hosts a series of gatherings of different formats and scales throughout the year, the most important being the annual international conferences "The Atlantic Dialogues" and "African Peace and Security Annual Conference" (APSACO).

Finally, the think tank is developing a community of young leaders through the Atlantic Dialogues Emerging Leaders program(ADEL) a space for cooperation and networking between a new generation of decision-makers from the government, business and civil society sectors. Through this initiative, which already counts more than 300 members, the Policy Center for the New South contributes to intergenerational dialogue and the emergence of tomorrow's leaders.

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Preface

This publication provides an insight into the lens through which countries of the Global South view the current period of successive crises, brought about by an ongoing global pandemic and a war in Europe. It highlights how the combined weight of history, culture, and geography has shaped the Global South's interests and is influencing its foreign policy stance during one of the most dangerous periods of Great-Power competition in recent times—one that could see the fracturing of the world into different blocs.

Russia's invasion of Ukraine on February 24, 2022, and the Western sanctions imposed in retaliation, have unleashed a domino-like sequencing of effects and consequences, not only for the two countries at war, but for the world. The war has come on the heels of more than two years of a pandemic that has affected global supply chains and output, and has impacted the world's poorest countries even more severely. The World Bank estimates that developing countries added at least 45% of new debt to already unsustainable burdens, in an effort to manage the health crisis and deal with its most egregious economic and social effects. Millions have been pushed back into poverty. Debt repayments, suspended for a short period at the height of the pandemic, resumed in 2022 with stark warnings from the International Monetary Fund (IMF) about the debt-distressed situation of several countries. Zambia and Mali have defaulted on their sovereign debts, so has Sri Lanka, for the first time in its history. Others are on the brink.

The consequences of default are significant. Default affects a country's ability to access capital markets. It increases the cost of borrowing, undermines investor confidence, exerts downward pressure on the local currency and can lead to the roll back of years of working towards gains in the delivery of social goods and services. Egypt has devalued its currency as a precursor to its recent request for standby facilities from the IMF. This will impact prices, inflaming already heightened social tensions. Tunisia has reached preliminary agreement with the IMF for a \$1.9 billion loan. Inflationary pressures, and soaring food and energy prices associated with the effects of the war, have exacerbated an ongoing crisis first precipitated by the COVID-19 pandemic. These two crises and their combined effects have dimmed, even further, prospects for global economic recovery, with no end in sight.

Russia's invasion of Ukraine has united the western world more swiftly and robustly than expected, and has strengthened the resolve of the transatlantic partners to stay the course in a relationship that, even under the Biden Administration has proven to be challenging. There is a sense of fierce reaffirmation of the ideals that bind Atlantic partners to each other, to NATO, and to their allies. Yet there is also a sense that the world order in place since the Second World War is being upended, and trends that were emerging at the beginning of the pandemic have now coalesced and are accelerating.

Countries of the Global South and some others have mostly declined to implement Western sanctions against Russia. They represent more than half of the world's population and their shares of global economic resources and output are significant, and growing. In this conflict they have adopted a neutral stance. Interests are intertwined and too complex. They seek an end to the war and yearn for conditions of stability to allow global economic recovery to take place, and issues of global governance to be addressed. The level of sanctions deployed against Russia is unprecedented in modern history, and many of these countries ponder a future in which seats at the table of global governance and rule-making shrink, rather than expand, reducing the options available to them. Such a world does not promote their interests and they are pursuing various modalities to secure the future they need and want. Deepening and enlarging distinctly non-Western alliances is one such option. This only enhances the view that a two-bloc world is in the making.

At the same time, the European Union's (EU) drive to wean itself from Russian oil and gas, while promoting opportunities for greater exports from Africa and other countries of the Global South, raises awkward and vexing questions. So too does the EU's renewed efforts to enact carbon taxes on the border of the single market—with significant implications for countries of the Global South. This not only raises new issues at the World Trade Organization (WTO), but its timing comes at the very moment when these countries need to trade their way out of poverty and relieve the burden of significant debt, which has accrued during the pandemic and the war. This publication frames the voices of the Global South and their pronouncement on the multiplicity of issues arising from this period of disruption and Great-Power rivalry. The very act of their neutrality and the deepening of alliances with 'like-minded' others is accelerating a period of change in the international structure. For all countries, for the West and the rest of the world, the stakes are high.

We thank the many colleagues whose efforts were instrumental in supporting the final product, and wish also to acknowledge the assistance of Avantika Singha in compiling the background research that contributed to the chapter on India. Finally, I wish to specially recognize the superb efforts of my PCNS colleague Nabil El Qamçaoui, who provided invaluable support to me over the course of an entire year in moving an early idea for this publication through all the stages and across the finish line. His unflagging dedication, enthusiasm, and skill in navigating the logistics and countless details along the way, have been priceless.

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November 2022

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In multiple ways, the year 2022 is proving to be one of the most conflicted since the end of the Cold War. The International Structure is at an inflection point; global power is shifting. A series of crises, including a global pandemic and war in Europe, have ushered in a period of division, disruption and discord, fragmenting the world into blocs: a resurgent West, and a growing alliance of the Global South. Each bloc has its own interests. These are multilayered and complex. While the war in Europe grinds on, countries of the Global South want only that it ends. They too are paying the price for a war which is not in their interests, and 2022 was to have been the year of global recovery. Western sanctions imposed on Russia have received a lukewarm reaction by the rest of the world. The ranks of the G20 highlight this division. On this matter, they split evenly, between West and Global South. The latter seeks to balance and accommodate divergent interests while protecting its own. Deepening bilateral and multilateral ties in distinctly non-Western groupings has become an attractive option. Increasing multipolarity provides a menu of greater choice in a landscape within which global power is shifting. Despite its profound challenges, this era is not without opportunities. This book discusses the geopolitics of the day, and the issues thrown up during this period of Great Power rivalry, through the lens of the Global South. It also speaks to the manner in which geography, history and culture have shaped their response to this war in Europe, and the events around it.

ISBN : 978-9920-633-27-7



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