

Far and Wide

Every week we share selection of six news from six continents that we believe will impact our world in the near or distinct future

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Reforming EU Foreign Policy: Unanimity vs. Qualified Majority

Welcome to our fourth edition of the newsletter, Far and Wide, where we bring a collection of interesting stories from around the world. Our lead story this week covers the push by nine European Union countries to review voting rules for foreign and security policy decisions. The formation of the "Group of Friends on Qualified Majority Voting" seeks to gradually move from unanimous agreement among all 27 member states to qualified majority voting, with the goal of expediting decision-making processes. This move comes in response to the geopolitical shift resulting from Russia's invasion of Ukraine, which has demonstrated the need for stronger foreign policy processes within the EU. Germany and France, two of the largest economies in the bloc, lend credibility and visibility to the campaign, which promises to coordinate its work transparently with EU institutions. The proposed shift to qualified majority has the potential to strengthen the EU's role as a foreign policy actor, but it is essential that all member states are heard and that the sovereignty of individual states is respected, particularly in sensitive areas of foreign policy. This move would eliminate the bureaucratic obstacles of working within the EU and encourage smaller member states to initiate proposals and organize coalitions around them. This shift could potentially enhance the influence of smaller states alongside the emergence of a more common strategic culture. The unanimity rule carries the risk of external actors being able to influence a single member state, thereby undermining EU decisions. Another risk is for coalitions outside the EU framework to become more commonplace than EU-level decision-making if the EU machinery becomes stuck. The story raises important questions about the balance between collective decision-making and individual sovereignty, as well as the need for agile foreign policy processes in a rapidly changing world.

We hope this story and the others in this edition of our newsletter will provoke thought and discussion among our readers.



INSIDE

Stories in Focus



Policy

Nine EU Countries join forces to reform foreign policy decision-making process

US President Invites Congressional Leaders to discuss how to avert a debt limit breach



Global Trade

Argentina Proposes New Credit System to Facilitate Imports from Brazil and Reduce Dependence on US Dollar

Australia's exports to China hit record amid a thaw in bilateral relations

Japan's Prime Minister Kishida Visits Africa to Bolster Ties and Counter China's Influence



Military and Defence

US Deployment of Nuclear-Armed Submarines in South Korea Risks Escalation of Tensions with North Korea and China



Europe

Nine EU Countries join forces to reform foreign policy decision-making process



Source: Euronews

<https://www.euronews.com/my-europe/2023/05/04/nine-eu-countries-join-forces-to-reform-voting-rules-on-foreign-policy-and-dent-veto-power>

Nine European Union countries are advocating for a review of the voting rules currently in place for foreign and security policy decisions, which require unanimous agreement among all 27 member states. The recently-formed "Group of Friends on Qualified Majority Voting," which includes Belgium, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Slovenia, and Spain, aims to move gradually from unanimity to qualified majority, allowing for quicker decision-making. The group argues that Russia's invasion of Ukraine and resulting geopolitical shifts have demonstrated the need for adapted processes and procedures to strengthen the EU's foreign policy. The nine nations promise to share their future deliberations with the other member states transparently and coordinate their work with EU institutions. The support of Germany and France, the two largest economies in the bloc, lends credibility and visibility to the campaign. **The proposed shift from unanimity to a qualified majority for EU foreign and security policy decisions can streamline decision-making and strengthen the EU's role as a foreign policy actor. The recent events in Ukraine have highlighted the need for a more agile decision-making process, as veto power can delay crucial decisions. However, it is important that the specific areas of foreign policy to which qualified majority will apply are transparent and well-defined and that the concerns of all member states are taken into account. Additionally, the shift to qualified majority should maintain the sovereignty of individual member states, particularly regarding sensitive foreign policy issues.**



North America

US President Invites Congressional Leaders to discuss how to avert a debt limit breach, expected as early as June 1

US President Joe Biden has invited the top four congressional leaders to the White House in an attempt to negotiate the US government's legal borrowing limit of \$31.4 trillion. The government has been using extraordinary measures since January to keep the government operating. But if the legal borrowing limit is not suspended or raised in the next few weeks, the consequences could be disastrous, including millions of job losses, bankrupted businesses, and lasting economic pain. While the US government faces a critical decision on the legal borrowing limit, there remains a significant divide between Republicans and Democrats. **The Republicans insist on attaching spending cuts as a condition for increasing the debt limit, whereas President Biden and the Democrats seek to raise the limit without any prerequisites. The consequences of the US debt ceiling default could be catastrophic for the US and global economies. A default would undermine the US dollar's status as the world's reserve currency and have far-reaching consequences for financial markets. The US may need to suspend or raise the debt ceiling at the earliest to avoid further uncertainty and damage to the economy.**



Source: NBC News

<https://www.nbcnews.com/politics/joe-biden/president-biden-invites-top-congressional-leaders-debt-ceiling-meeting-rcna82337>



South America

Argentina Proposes New Credit System to Facilitate Imports from Brazil and Reduce Dependence on US Dollar

Argentina has proposed to speed up imports from Brazil if the country adopts a new credit system that reduces its reliance on the US dollar. The proposal would reduce trading risks for Brazil, which is currently struggling with high inflation and exchange rate fluctuations, and support Argentine importers by enabling them to trade in real rather than dollars. The move would reduce the pressure on Argentina's central bank for dollars and on its international reserves. The plan aims to facilitate sales by 210 Brazilian businesses that have faced trouble in exporting to Argentina, including the automotive, steel, chemicals, home appliances, and food industries. **This development reflects a growing trend of de-dollarization in international trade. Countries increasingly seek alternatives to conduct trade and manage their foreign exchange reserves. By shifting to a credit system that uses local currencies, Argentina and Brazil are reducing their dependence on the US dollar and enhancing their economic sovereignty. However, the success of this initiative depends on the ability of both countries to manage the technical aspects of the financing system and provide the necessary guarantees to make the operations viable.**

Source: Reuters

<https://www.reuters.com/world/americas/argentina-could-fast-track-brazilian-imports-return-help-financing-them-sources-2023-05-03/>

Asia

US Deployment of Nuclear-Armed Submarines in South Korea Risks Escalation of Tensions with North Korea and China

During his April visit to the US, South Korean President Yoon Suk-yeol's main focus was discussing ways to contain, control, and neutralize the threat of North Korea's nuclear weapons. North Korea has carried out a dozen missile tests since the beginning of 2023 but has been condemning joint South Korean-US military exercises. The US has made an announcement that it will deploy nuclear-armed submarines SSBNs in South Korean waters to protect it from North Korean nuclear threats. However, this could result in direct confrontation between the US and China, as the submarines would be able to strike mainland China. Beijing has already responded by criticizing the US expansion of the nuclear umbrella, which it considers irresponsible and a threat to global peace.

The impact of a US nuclear-armed submarine visiting South Korea could be significant. It will likely escalate tensions between the US, North Korea, and China, as it represents a visible demonstration of US military presence in the region. It could also be interpreted as a provocation by North Korea and China, potentially leading to a military response. The move by the US to increase the visibility of its strategic assets across the region is part of a wider strategy to demonstrate its resolve and commitment to its allies in the face of increasing threats from China and Russia. However, it is a risky strategy that could have serious consequences in terms of military escalation and damage to diplomatic relations.



Source: The EurAsian Times

<https://eurasianimes.com/us-dangerously-close-to-nuclear-crisis-after-russia/>



Australia

Australia's exports to China hit record amid a thaw in bilateral relations

Australia's exports to China reached a record high of \$12.71 billion in March, driven by increased demand for iron ore and a relaxation of restrictions on thermal coal shipments. This surge contributed to Australia's second-highest trade surplus on record at \$10.2 billion. China's lifting of the ban on Australian coal in January 2021 contributed significantly to the increase in thermal coal exports. In addition, the easing of diplomatic relations between the two countries resulted in a resolution of a World Trade Organization (WTO) dispute over Chinese barley tariffs. **The recent surge in Australia's exports to China is a positive development for the Australian economy, particularly for the mining industry. The relaxation of restrictions on thermal coal shipments to China has provided a much-needed boost to the industry, which was previously hit hard by China's trade curbs in 2020. The resolution of the WTO dispute over barley tariffs also suggests that diplomatic relations between the two countries are improving, which bodes well for future trade relations. However, it is important for Australia to diversify its export markets to mitigate any potential risks of over-reliance on China in the long run.**

Source: CNN

<https://edition.cnn.com/2023/05/05/economy/australia-china-exports-record-intl-hnk/index.html>



Africa

Japan's Prime Minister Kishida Visits Africa to Bolster Ties and Counter China's Influence

Japanese Prime Minister Fumio Kishida recently concluded a week-long tour of Africa to raise Japan's profile on the continent and counterbalance China's growing presence. Kishida visited four nations during his trip, seeking support from 54 African countries for the rule of law and the principle that no country can use force against another. This diplomatic visit is a prelude to the Group of Seven (G7) summit that Kishida will host later this month in Hiroshima. Kishida is also trying to restore Tokyo's influence in Africa, which has been declining, as Japanese foreign direct investment in Africa fell from \$10 billion in 2016 to \$6 billion in 2021, while Chinese investment in Africa has surged to \$155 billion over the past two decades. **Africa is an important market for Japan amid rising tensions with China, given that it is the world's second-largest and second-most populous continent. The continent has a fast-growing middle class with significant untapped resources, including minerals, agriculture, and human resources, making it a potential source of economic opportunity for Japan. To engage with Africa, Japan must focus on sustainable development and promoting the rule of law, ensuring that any assistance is of benefit to all Africans, not just the elites who sign the contracts. Tokyo should pursue not only business opportunities but also social development in a sustainable way.**



Source: Quartz

<https://qz.com/japans-prime-minister-is-visiting-africa-in-an-attempt-1850391971>