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Eurasia's Geopolitical Outlook for 2019: A review-based assessment for Europe and Asia

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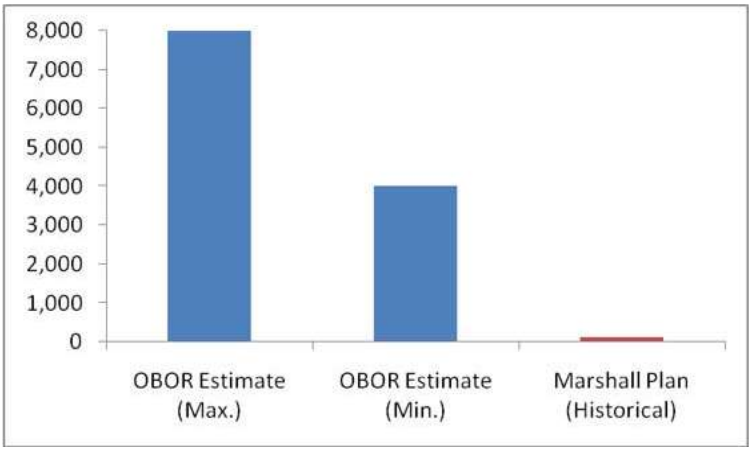
(hg) In 2019, Europe and Asia will continue to experience a course of world history that is increasingly shaped by geopolitics, especially geopolitics in form of rising great power rivalries. The single most representative expression of this paradigm is the Chinese Belt and Road Initiative (BRI), likely the geopolitical project of the century.

Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:Eurasian_continent.jp

The potential impact of the BRI as a geopolitical game changer is only roughly indicated by the endeavor's vast financial dimensions and an underlying grand strategy at work that is based on detailed and long-term calculations and projections. No other geostrategic move exemplifies better what Carl Schmitt wrote in his famous essay on 'land and sea', that every fundamental change of a given larger spatial order results in a transformation of the overarching power structure, often with effects on the global order. The 'spatial revolutions' Schmitt was talking about in this context, supposedly start as transformations of the conceptional structure of the spatial order. The BRI is an expression of such a fundamental, if not eventually revolutionary change of the overarching power structure of Eurasia which has immediate and sustaining effects on global order. The new 'Indo-Pacific'-concept only underlines this stature of the BRI as an attempt to frame and envision a counter-strategy.



OBOR expenditures in billion USD compared with Marshall Plan. Source: *Dan Steinbock, Manila Times, 26*

The grand transformation represented by the BRI takes place in a large space ranging from Portugal to Japan, spanning the Eurasian continent and the surrounding seas. Reminiscent of Halford Mackinder's influential stratagem that whoever rules Eurasia commands the world, the geopolitics of Eurasia are indeed increasingly at the center of global realpolitik. At the same time, realpolitik in terms of

geopolitics has become the predominant conception to drive and conceive current efforts in shaping global order, much at the expense of a universalist normative global order. Eventually, Eurasia has become "[…] the chessboard on which the struggle for global primacy continues to be played", as Zbigniew Brzezinski had predicted already in 1997.

Around twenty years later, in the year 2018, Eurasia is subjected to geopolitical dynamics of transformative impact that have steadily increased over recent years and will almost certainly continue to intensify over the course of 2019. These dynamics contribute to the emergence of a new, still highly fluid Eurasian geopolitical order. While globalization manifests more than ever as a process of an 'Eurasian geopoliticalization', Eurasia's geopolitical dynamics reflect at the same the state of global (dis)order as much as they impact on it.

As one result, the formerly more distinct parts of the Eurasian continent are increasingly interdependent and even coalescing into each other. Europe, the Middle East, South-, Central-, East- and Southeast Asia are now evolving as an increasingly coherent strategic space which, however, is marked by Cold War-reminiscent great power rivalries that are heating up markedly.

One of the driving forces of this world-historic process is a new level of great power rivalry following the waning of the unipolar moment with the US as the only remaining superpower.

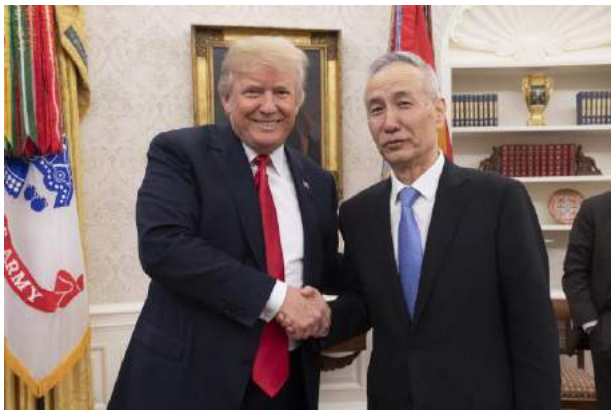
2018 was the year in which this post-primacy world experienced a major shift in the ways the great powers related to each other with a new Cold War looming. This trend is very likely to continue in 2019, probably as a 'more of the same'. Throughout 2018, US relations with China and Russia have reached a new level already. In US-Sino relations, conflict has replaced the poor remnants of cooperation, while diplomatic hardball even toughened throughout the year between Russia and the US and other NATO powers, especially the UK. A significant development in this context of changing great power relations was the US National Security Strategy (NSS) announced in December 2017. The new NSS shifted the focus of US security and geostrategy from terrorism to great power rivalry to explicitly mention Russia and China as its adversaries, labelled 'revisionist powers'. The trend towards tenser inter-power relations was, however, not limited to the US and its allies on the one side and Russia as a declining as well as China as a rising power on the other. The competitive and sometimes confrontational power rivalries that unfolded during the recent year involved also other great powers such as India but also middle powers such as Turkey, Saudi Arabia, and Iran.

Great power rivalry

Most complex and most consequential for the state of the Eurasian order in 2019, however, is the US-China rivalry. Most likely, it will continue to materialize in manifold ways throughout the year even in the case that a truce in the current US-China trade war will be agreed upon soon. What has already begun to emerge in bilateral relations is, in fact, a deeply seated, encompassing rivalry that shapes relations in broad and vital areas such as economic competition, alliance politics, the struggle to define and dominate discourses, military build-ups and the positioning in strategic domains. This multidimensional competition which seems to reflect the 'full-spectrum dominance' approach of an older US military strategy conception is toughening and edges already towards an outright Cold War 2.0.

Trade war between the US and China

Among the various issues to monitor in 2019, the current trade war is one of the most obvious ones. Arguably, the trade war is one among other expressions of a deep, inevitable structural competition. Despite the resulting hardships on all sides, China might have to lose more in terms of trade than the US which seems to calculate with an effect not so much different to that which neutralized Japan three decades ago.



Source: U.S. State Department

Driving up both interest rates and tariffs could indeed make sense as part of a greater 'unplug China' project. Notably, the IMF has warned China that its economy is reliant on too much debt and that the enormous boom in credit would carry a risk of an economic crisis. As long as China's economy grew and credit was cheap in times of historically low interest rates, the Chinese market was attractive for foreign investment which greatly helped to transform the Chinese economy towards the Communist Party's 'new model'. Now, with growing interest rates and an economic growth that had already been slowing down before the trade war was launched, basic conditions are changing. Foreign investment is pouring out of China, monetary reserves are dangerously melting and the huge investments to implement the Belt and Road Initiative could not yet pay out economically. Meanwhile, the trade balance is in favor of the US which is also still influencing global interest rates. China's options to handle this scenario in terms of interest rates are limited. It can devaluate the Yuan to counter the tariff costs but has to keep the Yuan's value also somehow stable if it wants to continue to establish it as an alternative international reserve currency. A different question is whether an entrenched trade war would eventually hurt the Chinese economy enough, whether the trade war is actually supposed to function as a Cold War advancement. Then, there seem to be other active demand management instruments at the Chinese government's disposal that might be mounted or adjusted to prevent a major economic meltdown.

Nevertheless, as much as the current US-China trade war is presumably driven by an inherent logic that is rather political than purely economic, decisions on both sides are not made in a political vacuum. Especially President Trump will, at least to a certain degree, have to respond to a polity which has to also account for economic concerns at the local level where votes are accumulated and political supporters compete for political survival in their respective constituencies. This local dimension makes a compromise in the trade war possible which, however, would not mean at all that bilateral relations are prone to an ensuing general relaxation.

The structural argument for negative expectation of US-China relations is reinforced by other recent signals. The 'new NAFTA' that has been renegotiated between the US, Mexico and Canada last year as 'United States-Mexico-Canada Agreement' or 'U.S.M.C.A.', features as a crucial new section a limitation on negotiating free-trade agreements with non-market economies which directly points at China. Reflecting a rather ideological than purely economic notion, the clause underlines a view of a long-term, zero-sum competition between North America and China. Another quite offensive message at the end of last year was the Canadian arrest of a Huawei C-level executive who, most of all, happens to be the daughter of the tech giant's founder, in connection with U.S. extradition and sanctions law. The move, which added a personal note to conflict, was responded by Chinese arrests of Canadian citizens followed by US and Canadian travel warnings and further arrests of Canadian citizens in China. Eventually, a Chinese court sentenced a Canadian citizen to death on drug trafficking charges after his previous 15-year prison sentence was deemed too lenient which was widely understood as another step in the gradually deteriorating diplomatic relations between Ottawa and Beijing. This expanding 'hostage diplomacy' is an indicator of how volatile relations are already.

Indeed, strategic competition between the US and China has already transformed into a manifest conflict-relation whose nature arguably has to be envisioned as generational and principled rather than opportunistic and periodical.

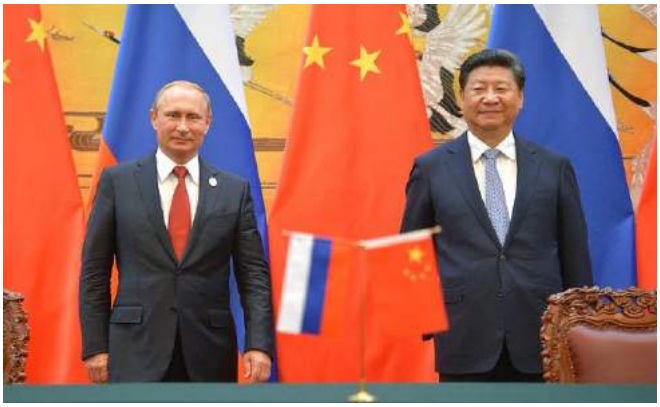
The military dimension

A clear expression of the concerning state of the rivalry are the increasingly threatening mutual security assessments.

For instance, at the beginning of 2019 Chinese President Xi declared the world would currently face a period of major changes not seen in a century to reiterate former demands that the People's Liberation Army must devise strategies for preparing and waging war.

On the American side, newly appointed Acting Defense Secretary Shanahan told key Defense Department staff almost at the same time to focus on the National Defense Strategy envisioning a new era of great power competition with Russia and China to urge the Pentagon people to remember: "China, China, China". Moreover, former commander of the U.S. Army in Europe Lt. Gen. (ret.) Ben Hodges said at the Warsaw Security Forum that it is nothing less than very likely the United States will be at war with China in 15 years: "I think in 15 years – it's not inevitable – but it is a very strong likelihood that we will be at war with China."

These assessments and declarations have to be seen in context with a changing military environment of great power relations in a broader sense. An increasingly tense situation and continuously unfolding great power rivalry between the US on the one hand and China but also Russia on the other, will continue to manifest in 2019 in three related areas of particular analytical interest: war games, military build-ups and an intensifying struggle for the global commons. In all three dimensions the situation will be characterized by a heating-up of a generally tense atmosphere.



Source: www.kremlin.ru

Concerning war games, the year 2018 was already marked by a great number of significant military maneuvers and joint exercises all over the Eurasian continent that indicated the advent of a new Cold War between NATO and especially Russia but also shifting alliances and partnerships. In this sense, war games will continue in 2019 to serve as an important indicator to measure the state of increasingly dynamic and complex inter-power relations. War games are, after all, not only a reflection of operational capabilities of the participating forces, but also a medium to express policy intentions and the willingness to project power.

The increasing militarization of Eurasia goes, however, far beyond war games that are increasing in size, frequency and posture. Another dimension to watch out in 2019 are military build-ups in general and in case of the great powers in particular. Here, the already manifest trend of emerging arms-race dynamics will continue to unfold in and might even accelerate significantly in 2019. This will involve especially a number of new weapon systems that are supposed to exert nothing less than outright transformative effects on warfare.

Among the new weapon systems to watch out are for instance hypersonic arms, a field where Russia claims to soon be first to deploy its “invincible” Avangard hypersonic boost glide vehicle, armed with nuclear missiles. Additionally, Russia has also developed hypersonic missiles. Flying at many times the speed of sound – 20 times faster than sound is claimed possible – these weapons are designed to evade any missile shield system due to their sheer speed making it almost impossible to detect and intercept them. This enables them to strike incredibly fast anywhere in the world. China and the US are likewise working hard on the technology.

Another transformative weapon system is based on the coveted railgun technology that great powers like the US, China, and Russia have been in a race to develop for over a decade. Railguns use electromagnetic force to fire metal projectiles at supersonic speeds from Mach 4 to Mach 7 which makes them operationally especially valuable to gain an upper hand in naval combat. With the huge destructive velocity resulting from their projectiles speed, railguns allow to shoot much farther and do much more damage than any gunpowder-propelled projectile. Any warship weaponized with a railgun would have the power to disable

almost any ship of adversary powers that are not commanding this technology. At the beginning of 2019, China claims to have had a breakthrough in developing its own railgun technology. Beijing claims in fact to become the first country to actually equip this weapon on a warship (most probably China's domestically made brand-new 10,000-ton class guided missile destroyer type 055 which will be taken in service this year). Besides the huge improvement of Chinese naval power, this would also mean a development of great significance for China's generally increasing capabilities to develop its own top military technology. Additionally, to mention in this context are for instance the recently tested second aircraft carrier (type 001A) to be taken in service this year which is its first domestically build one, the new type 095 nuclear attack submarines, but also the recent developments in fighter jet technology based on the J-10 or the new Wing Loong I-D combat and spy drone.

China's Wing Loong. Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:Wing_Loong_(1).jpg

The development of massive aerial bombs, one of the most powerful non-nuclear weapons, also reflects the increasing arms-race dynamics to be monitored in general in 2019, although these weapons do not have the disruptive potential of hypersonic vehicles, missiles, and guns. After the US has dropped their "Mother of All Bombs" (GBU-43/B Massive Ordnance Air Blast or MOAB) in 2017 on positions of the Islamic State in Afghanistan, Russia has developed the "Father of All Bombs", an even bigger aerial bomb using a different technique (a thermobaric mechanism using gas to create a huge fireball rather than a shockwave). Now, at the beginning of 2019, China's defense industry giant NORICO eventually presented its own massive bomb of the 'progenitor'-class as another answer to the US built "Mother of All Bombs".

Source: Fl295 at English Wikipedia, en.wikipedia.org/wiki/GBU-43/B_MOAB#/media/File:MOABAFAM.JPG

Another example of the imminent development of potentially disruptive military technology is a likely quantum arms race aiming at the operationalization of quantum encryption and quantum radar. Both applications could have a transformative effect on future warfare and give the power that makes these quantum devices operational first an important edge. After all, the breakthroughs in code-breaking and radar development changed the course of naval warfare during World War II. While quantum encryption could make

intercepting secret communication almost impossible, quantum radar would make stealth planes visible and thus vulnerable.

A last dimension of current arms-race dynamics are nuclear weapons in general. One example to mention are intermediate-range nuclear missiles. In October 2018, the US announced their withdrawal from the Intermediate-Range Nuclear Forces Treaty (INF) which covers both nuclear and conventional systems. The end of the INF treaty will lead to a repositioning of these missiles by the great powers and also reflects an overall situation in which the turn to the nuclear option has to be acknowledged a real possibility again.

Besides war games and arms races, the struggle to expand strategic reach in the global commons remains another crucial field of great power rivalry to closely monitor in 2019. While this is relevant for all global commons, particular attention might be given to the high seas, the outer space, and cyberspace. The competition to control the high seas is reflected by increasing freedom of navigation operations by the US and its partners, the Chinese militarization of the regionally contested South China Sea reefs and rocks, and the enhancement of encompassing naval capabilities on the side of a growing number of great- and middle powers.

Concerning the outer space, US President Trump assured in 2018 his intention to maintain American dominance in space, revived plans of a new, manned moon landing and signed into law the John S. McCain National Defense Authorization Act for the Fiscal Year 2019, which re-establishes the U.S. Space Command by the end of 2018. Meanwhile, at the beginning of 2019, China has just made a major step forward in outer space competition by succeeding in the first-ever landing on the far side of the moon, whereas Russia is about to send humanoid robots to space as crew members in 2019 marking its advancement in two strategically crucial areas, space and artificial intelligence (AI).

Source: Wiki Commons, https://en.wikipedia.org/wiki/File:Artist%27s_concept_of_Cislunar_Spacecraft_Configuration.jpg

Advanced cyberspace capabilities will also continue to rank as a top priority on national security and defense agendas. The ability to hack into adversaries' systems can be operationalized to gain military, business, or intelligence advantages alike. The demand and potential of great powers to dominate narratives and the weaponization of information in cyberspace make this domain particularly important.

A closely related field where a strategic race is about to unfold in 2019 is artificial intelligence. Since 2017, powers like Canada, Japan, Singapore, China, and France have already put national AI strategies at place. The potentially invaluable edge that developed artificial intelligence promises will very likely produce race dynamics that might not always be easy to discern. On the other hand, the generally disruptive potential of artificial intelligence will start to be felt in 2019 even in everyday life with growing intensity. In 2019,

to give just some examples for the speed and magnitude of change to be expected only in the field of transportation, GM will launch its driverless taxi service, Waymo will expand its Robotaxis to new cities, Chinese giant Bai Du will deliver self-driving busses and Singapore will introduce flying taxis created with German technology.

Global (dis)order

Meanwhile, the established normative global order continues to be in a process of rebalancing on a fundamental level. Arguably, the post-WW II order has been further weakened in this context throughout 2018. At present, there are no signs that this process would be halted or reversed. This applies to the impact international organizations such as the UN or WTO are able to exert, but also to more informal multilateral consultation mechanisms dealing with key issues such as international trade, security, climate, and other 'world issues'. The continuing inability to sufficiently address vital issues such as the deteriorating global climate or the war in Yemen and the pale G20 summit performance in Argentina were only some examples for the slowly eroding relevance of the conventional arenas of global ordering last year.

The inability to govern climate change is one of the most alarming manifestations of this trend as the year 2018 has revealed a frightening state of the global climate reflected by droughts, floods, and hurricanes, altogether very unlikely to have happen to this extent in the past. They have, for instance, created a huge migration wave heading from Central to North America last year that was difficult to overlook by those refusing the reality of climate change.

A factor for the weakening of the established model of global order was President Trump's foreign policy stance which is not expected to change in 2019. His foreign policy stance and style manifests continuously as a hyper-unilateralism that often even surprises close advisers, 'teammates' and allies and that does not show much concern of the respective counterpart's interest. An example for the former is the recent announcement to withdraw American troops from Syria and Afghanistan, an example for the latter delays in granting waivers to the Indian government that otherwise would collide with US sanctions law over a weapon-deal with Russia and oil imports from Iran respectively.

Most important in this context, however, is President Trump's hardly concealed disregard for universalistic normative aspirations as they have been integral to the US version of a liberal empire in the past as well as the multilateral structures of world order. In 2018, his decision to pull out of the United Nations Human Rights Council and then to also leave the UNESCO are cases in point. Noteworthy is also the US threat to pull out of the World Trade Organization in August 2018 that weakened the institution as well as the unilateral

withdrawal from the Paris Climate Agreement (June 2017) and the Iran nuclear agreement (May 2018).

It will be interesting to see in 2019 if the US will consider to eventually ratify the United Nations Convention on the Law of the Sea (UNCLOS) given alone the US' vast extended continental shelf, in particular as an Arctic state whose continental shelf at Alaska's coastline extends over 600 miles into the Arctic. After all, the area is estimated to hold significant gas reserves to which the US would have no legal foundation to claim without ratifying. Even if it is not likely that the Senate will overcome its reluctance in ratifying UNCLOS this year, it should be noticed that top U.S. Navy officials such as Admiral Jonathan W. Greenert, former Chief of Naval Operations, are strongly in favor of ratification.

Having markedly alienated core Western allies such as French President Macron in 2018, some non-Western observers, however, welcomed President Trump's UN General Assembly acknowledgment of the world as an assembly of distinct cultures and traditions. Moreover, the President announced that America would honor and respect them in their sovereignty and pursuance of their "own customs, beliefs, and traditions".

Besides the weakening of formal institutions and normative regimes of global governance in 2018, global order is also steadily rebalancing in terms of power and influence. China as the rising global power will increasingly expand its role within the established architecture of global governance in 2019. Here, it will be able to count on a growing number of states dependent rather on Chinese than US support. How much that will change the rules of the game within the UN system can hardly be anticipated. Yet, it is almost certain, that the rebalancing of global power and influence will have some consequences for the informal rules and dispositions within the UN system as well.

This process will be complemented by the crafting and entrenchment of parallel orders of regional, cross-regional and international governance. Examples visible in 2018 were the first China International ImportExpo, the Boa Forum Asia, the Shanghai Cooperation Organization Summit and the Beijing Summit of the Forum of the China-Africa-Cooperation. Besides China, Russia also works hard on bolstering its global diplomatic posture as an alternative to the West amid Western disunity on how global governance should work and reinforced by an unprecedented strong and concerted Western diplomatic advancement in context of the 2018 Skripal affair. In 2019, Russia will continue to position itself on the diplomatic arena as one of the globally relevant great powers. The Syrian theater, where it acts on the invitation of the Assad government, has emerged as the most important platform for this endeavor and might continue to be instrumental. Russia's interactions with Turkey, the US, Israel, and Iran will be important to watch in 2019, with Russia having achieved an unprecedented role in the Middle East in the past years.

All these developments have to be seen in a larger context that has been lucidly described in a 2017 US Army War College study on the status of the international order. The study concluded that the US-backed international order established after World War II is "fraying", and may even be "collapsing" as the US would lose its position of "primacy" in world affairs. This view will remain an interesting heuristic paradigm to assess the larger trend in 2019.

The weakening global order seems to resonate with a global surge in authoritarianism, populism and a growing quest for identity of political communities on the subnational, national, regional and international level. Altogether, these developments will make it harder to reinforce the international order's foundational values. This directly involves also the reach and resilience of human rights which are unlikely to have a better year in 2019. Last year, the fate of the Rohingya served as a sad example of how geopolitical considerations are prone to trump human rights concerns. In 2019, a solution to the Rakhine state crisis has still to be found. Google's 2019 launch of its censored version in countries like China, Russia, and Iran exemplifies both the increasing importance of big companies as responsible parties in the implementation of rights, and the fact that they need to be somehow regulated to ensure that they are also living up to their respective responsibilities. Moreover, China is increasingly enforcing its understanding of politically appropriate speech on sensitive matters far beyond its borders, unfolding a sort of negative rights sphere. One example is the case of a US employee of the American Marriott Hotel chain who "liked" a social media tweet posted by "the Friends of Tibet" in America. When Beijing demanded that Marriott fire the man and issue an apology, the company followed suit.

Source: Tasmin News Agency

An element of globally relevant regional order that is expected to gain traction throughout 2019 is the emergence of new forms of cross-regional governance which will compete with the established, still Western-dominated fora such as the UN or G 20. Recently, the first-ever 'India-Central Asia Dialogue' was held for instance in Samarkand to foster interregional connectivity between South Asia, Central Asia and the Middle East with India and Iran inviting the Central Asian states to participate in the Indian-Iranian Chabahar Port project. The 'India-Central Asia Dialogue' which was attended by foreign ministers of India, Uzbekistan, Afghanistan, Kyrgyzstan, Tajikistan, Turkmenistan and Kazakhstan, noteworthy also addressed the conflict in Afghanistan, suggesting an inclusive peace process supposed to be "Afghan-owned, Afghan-led and Afghan-controlled". Moreover, all countries participating in the dialogue are members of the Shanghai Cooperation Organisation (SCO).

Global financial and economic outlook

In terms of global economy and finance, China's slowing economy, the development of trade war dynamics and rising interest rates are among the major risk factors. The near possibility of a no-deal Brexit with repercussions on the financial markets and a financial crisis in Italy are other manifest risks that soon could materialize. These and other warning signs indicate that a worsening of the overall situation is a real option. A recent and quite impressive warning sign were the significant market plunges at the end of the year, normally a good time for financial markets. Yet, almost all major markets all over the world experienced heavy

losses with the rare exception of Brazil. While Wall Street had its worst December since 1931, Shanghai lost 25% of its composite index.

Moreover, after years of 'unnatural' and historically unprecedented low interest rates, a rise seems economically indicated in Europe now. From a US point of view, they even have an additional strategic value to put economic pressure on China. Rising interest rates will, however, meet a rising corporate debt with a corporate bond market being roughly three times bigger than it was in 2008. Against this overall background, a global recession might be looming rather in 2019 than in 2020.

Complementing the outlooks of disruptive developments, the 11-nation Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) which took effect Dec. 30 as an improved version of the Trans-Pacific Partnership killed by President Trump, will dramatically open the governed markets and thus create strong integrative impulses with an overall market of 13.2% of the world's economic output and 500 million people. An interesting development could be an opening of the CPTPP to China in case that Beijing can meet the high demands required to access the free trade agreement. The first ministerial-level conference of the CPTPP will take place in Tokyo this January to also set the process for admitting new members such as South Korea and the UK.

The fate of the US dollar as the world reserve currency is another issue to monitor in 2019, – not least also as another expression of great power rivalry and increasingly widespread tendencies to revise the established global order. Yet, after countries like China, Russia, Iran, and Venezuela moved in that direction, others closer to the US, such as Turkey, India and even the EU showed signs of leaving the dollar as the world reserve currency. In December last year, India and the UAE have for instance agreed to trade in local currencies instead of the USD, establishing a MoU based bilateral currency swap agreement for their oil business.

European disunity and Eurasia's geostrategic landscape

Against the backdrop of a waning global order and rising great power rivalry, a stricken European Union (EU) has not yet developed any viable vision of reform, even if single voices came up with suggestions, they remained unheeded. Still, representing an important geopolitical weight in the context of the emerging Eurasian order, the EU continued to be under strong duress in 2018 and will remain so in 2019. At the beginning of 2019, there is no doubt that the year ahead will be crucial for the EU in more than one regard. The fact that the EU will nevertheless remain an important player at the end of 2019, however, highlights its resilience and unwavering potential. Anyway, the EU will see decisive developments in a number of areas which include the EU's unity, its political and social cohesion, its economic foundations and its external security.

Brexit

At the end of March, the UK is set to leave the EU. Having been one of the dominating EU-themes of 2018, the reality is approaching fast now. While the UK's departure is set to happen at midnight, March 29, 2019, it is still unclear how Brexit will actually take place. This month, the British parliament had to decide on Prime Minister May's Brexit deal and the very real possibility that the deal was going to be refused by the MPs turned into the reality of a significant loss for the government by a margin that delivered the heaviest defeat in the parliament's history. Once again, the developments have made a no-deal Brexit more likely. Key questions being still unanswered – take alone the future fate of Northern Ireland as an almost unsolvable problem given the sovereignty and security issues involved –, there is still talk of an early general election as well as some temptation to hold a second referendum, even though it is less clear on what exactly. In the end however, this is very unlikely to happen, not least because the immensely powerful City of London Corporation, the governing body for the UK's financial heartland, is among those refusing this option. While Brexit seems unavoidable it is possible that the EU would allow a short extension of the exit-deadline if there are signs that the deal is possible. The historic defeat in the vote on the withdrawal agreement however, does not signal that a workable deal is within reach and EU leaders are frustrated by the fact that there is no unified position coming out of the UK and that they do not feel any further realistic concessions would change the minds of the MPs in Westminster to vote for a deal. The EU has taken the stance that Brexit is predominantly a domestic issue for the UK and remains in a waiting position while getting on with other business.

In any way, the EU is very likely to soon lose a major member state and the UK its membership in the EU. With 15% of the EU's GDP, the UK is the second largest EU economy – way behind Germany with a bit more than 21% and slightly ahead of France with a bit less than 15%. With that, the UK represents almost the same GDP as the 19 weaker EU member states together (16%) and thus is a significant economic weight to lose. Consequences being uncertain, a 'wild Brexit' would greatly amplify these uncertainties and could create strong repercussions. In any way, Brexit will change both the internal balances of power in Europe as well as the strategic posture and outreach not only of the UK but also of the EU and single European powers.

Another important discussion on the UK's future links with Europe will be conducted ensuing Brexit on the possibility of leaving the European Convention on Human Rights in 2019. Although the exemption of members of the British Armed Forces from prosecution under the European Convention on Human Rights (ECHR) is already on the table, a complete withdrawal from the Convention is rather not likely to ultimately happen though.

European social contracts in question: the new populism

A socio-political challenge to the EU as a geopolitical player is the twin-phenomenon of populist-authoritarian government and populist protest movements. Both represent a growing unease with the social contract, the European social contract in the first case, the respective country's social contracts in the second case.

After repeated advancements of various rightist populist parties in Europe over recent years, many European societies now experience protracted mass protests of a somehow different kind and magnitude that put the related governments under remarkable stress. The geopolitical dimension of these movements is not confined to the instability they are able to exert in general but also due to the fact that they could reinforce alternative foreign policy preferences to the presently dominating. With the EU parliament elections in May 2019 approaching as a litmus test, these movements will most probably continue to unfold for the time being. The result could be another major rejection of both the current European project as well as the actual manifestations of the social contract in the respective countries. After previous populist waves which were rightist in essence with their focus on sovereignty, nationalism, and cultural identity, the new movements in their distinct anti-elite and anti-establishment stance command a notably broader, more heterogeneous support base. As a common ground, protesters reject globalism and the socio-economic system linked to it, the EU project, migration politics, and a general political style that they perceive as being detached from the democratic will.

Most visible among these movements are the still virulent 'yellow west' protests in France which were occasionally accompanied by high degrees of vandalism and significant brutality on all sides. Despite their rightist notion, these protests often lacked a single shared ideology and were able to mobilize also leftist and moderate citizens. An indication of the volatility accompanying the phenomenon of these movements is the fact that it is actually often difficult to say where ideologically moderate, average citizens are drawn to the political fringes or where positions of average citizens are declared to be fringe positions by the political establishment.

Moreover, the French protests were not only not limited to rightist radicals but also not without support from elite representatives usually rising their voice. Actually, in the last month of 2018, a group of top-level military officers, calling themselves 'Voluntaires Pour La France', wrote a letter to President Macron warning him that the signing of the UN Global Migration Pact would strip France of even more sovereignty, providing an additional reason for "an already battered people" to "revolt". Moreover, the generals accused the Macron government of nothing less than being "guilty of a denial of democracy or treason against the nation" for signing the migration pact without putting it to the people. An unusual expression of military discontent, reminiscent of the last days of the Fourth Republic, the letter which is

signed by no less than eleven generals, an admiral, and a former French Minister of Defense, illuminates how deep the cracks within the French social contract actually are. In the same context, shortly before Christmas, the Belgian Prime Minister even resigned over similar mass protests against the signing of the UN migration pact.

Probably, the fragmentation of European politics, the convergence of political fringes and the conflation of fringes and genuinely moderate mainstream will likely continue as a significant theme. In one way or the other, this trend might influence if and how the European project will be redefined but also the way the EU and the European powers will position themselves in matters of foreign policy.

European social contracts in question: the new authoritarianism

The second challenge related to the normative fundaments in Europe is the rise of populist-authoritarian government in the EU, most notably in Hungary and Poland. While both countries more or less explicitly denounce some of the core elements of liberal democracy in the EU's understanding, Poland is deeply divided about this development with a disunited opposition facing a firmly consolidated governing coalition.

Given this situation, the 2019 elections in Poland will probably bring no change. Consequently, the ongoing rebuilding of the Polish constitutional state and the gradually enforced political conformity will go on after the security apparatus has been purged, control of the press expanded and the rule of law dismantled in recent years. However, this authoritarian turn is driven and single-handedly controlled by a man who does not hold any office despite being the leader of the governing 'Law and Justice Party', Jaroslaw Kaczynski, and this much dependent on his ongoing de-facto rule. Geopolitically, these domestic predispositions are for a number of reasons relevant for the future of both NATO-EU, and EU-Russia relations.

Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:Jaros%C5%82aw_Kaczy%C5%84ski_(2).jpg

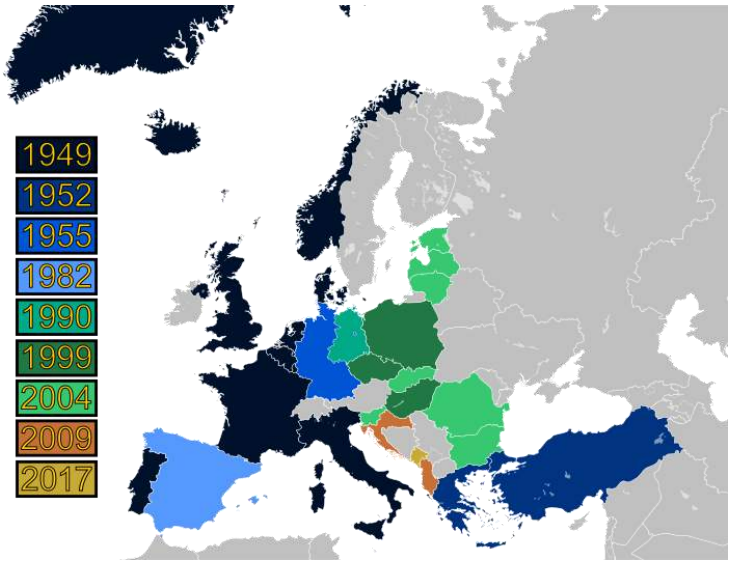
Eurozone crisis/European economy

Economically, 2019 will continue to be a difficult year for Europe as it is for other major economies. Most importantly, the Eurozone is still threatened by the risk of major setbacks in Italy even if the Italian Senate has just passed a revised 2019 budget which represents a compromise between Rome and Brussels after tense discussions at the end of 2018. Despite the compromise, the EU's fear of another debt crisis in the Eurozone's third biggest economy that could trigger a new banking crisis in Europe lingers on as the compromise does not change the basic conditions of the Italian economy in principle. A failure here would inevitably create an incomparably worse scenario than that of Greece.

Moreover, the European economy remains generally vulnerable to the hardly deniable downturn of the Chinese economy that makes the economic outlook of Brexit, especially a wild one, at least potentially, even grimmer. Another big issue looming is the possibility of a US-European trade war. The overall possible volatility of a weakening global economy, the European economic situation and particular a trade war with the US could slow exports beyond a critical level which would hit the European powerhouse Germany hard, thus reinforcing a further weakening of the global economy. European-American trade talks will resume early this year in a strange atmosphere in which two sides are weakened, both being in danger to overplay their hand and both having a lot to lose. This situation rather meets the interests of the Trump administration which might successfully bluff the European side which, fearing the repercussion of Brexit, can be assumed to be the more conservative counterpart. This, however, makes it not unlikely that a trade war is eventually avoided though.

The EU's security outreach and geopolitical balancing

First, there is Polish Prime Minister Kaczynski's unforgiving attitude towards Russia which he accuses of being responsible for the accidental plane-crash that killed his twin brother. Second, this foreign relations stance of a country traditionally already very wary of its big neighbor benefits the transactional approach the Trump administration takes in general and regarding NATO in particular. This leads to the broader attitude of the US administration towards its European NATO partners, especially where it comes to NATO's relations with Russia.



Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:History_of_NATO_enlargement.svg

While NATO will not fall in oblivion, it will continue to play a rather limited role for Washington where it comes to the definition of a joint strategy to engage Russia even if relations further deteriorate. In the present situation, loaded with tension and risk of further escalation, many policy- and decision-makers of the current US administration seem not to see NATO as the major arena of decision making. From this perspective, NATO might be good to mobilize and project power especially in peace times or in context of a clear-cut Cold War theater whose distinct and exclusive delineations indicate the given operational options with sufficient clarity. But where it comes to mounting a strategic posture in the fluid and complex context of the current geopolitical chessboard, these policy- and decision-makers seem to prefer a bilateral strategic advancement. This is the strategy the US pursues at present, especially with countries like Romania and Poland.

On the other side, unilateralism and a policy of picking single strategic partners within NATO are corresponded by some consternation on side of key NATO partners that feel not sufficiently involved. This contributed last year to reflections on the possibility to create new ways to define and ensure the external security of the EU.

The strongest expression of this trend came later in 2018 with French President Macron urging to soon have an 'EU Army'. Macron said: "We will not protect Europeans unless we decide to have a true European army." This not enough, Macron, on the one side, sent also softening signals to Russia. He assured: "I want to build a real security dialogue with Russia, which is a country I respect, a European country – but we must have a Europe that can defend itself on its own without relying only on the United States." On the other hand, the French President went even so far to count the US among the possible contenders of European security, saying: "We have to protect ourselves with respect to China, Russia, and even the United States." Almost reminiscent of the days of General De Gaulle when France even left NATO for a while, the message could hardly have been stronger. Macron outspokenness notwithstanding, NATO skepticism has occurred earlier without much consequences, namely in the 1990s after the end of the Cold War. Moreover, at present, any plan to introduce something like EU armed forces would represent a purely political idea lacking any preparation of a military action plan, let alone a looming consensus in Europe in daring such a step. Brexit makes it also even more probable that especially the UK would not support it making an idea of an 'EU Army' of sufficient scale even less viable. While there will likely no alternative security arrangements to NATO taking shape in 2019, there is a serious degree of uncertainty about NATO's future purpose and the preferred mode to operate it for the sake of the common defense of Europe.

Source: Flickr, https://www.flickr.com/photos/whitehouse/45101575684

Notable among the developments set to happen very likely is the repositioning of US intermediate nuclear missiles in its Eastern European partner states in the wake of the US withdrawal from the INF Treaty. Moreover, this year, several US military bases in Romania and Bulgaria will be enhanced and the building of a base in Poland prepared. Amid increasing tensions with Russia, US ties with partners like Estonia, Latvia, Lithuania, Poland, Ukraine, Moldova, and Georgia will most likely intensify while intra-NATO relations will continue to be bumpy.

Doubts surrounding the current European security architecture were reinforced last year by serious European disappointment on the economic front, especially over the revival of Iran sanctions. One of the strongest signals sent to Washington in this regard was a suggestion of the President of the EU Commission Jean-Claude Juncker to turn the Euro into a global reserve currency. In 2019, the possibility of an entrenched US-EU trade war will also not contribute to quickly improving relations. The magnitude of all the cracks that have

emerged in the fundament of the Atlantic community will continue to be an important geopolitical factor in 2019.

Moreover, Ukraine will continue to figure high as another factor for Europe's geopolitical posture with the Ukrainian-Russian conflict still at the center of prospective key developments on the European security landscape. Two important elections are looming in Ukraine this year. Especially relevant are the presidential elections set for March 31 even if it is not sure if incumbent President Poroshenko will postpone them due to the declared martial law. Parliamentary elections are supposed to happen in October in Ukraine.

A matter of Ukrainian internal stability as well German-American relations and the geopolitics of Europe and Russia at large is the fact that the gas pipeline project North Stream 2 will likely become operational this year (together with Turk Stream). Running under the Baltic Sea, North Stream 2 will bypass Ukraine, strip Ukraine of important transit revenues, endanger the attractivity of US gas exports to Europe, increase Russian revenues and, more generally, add to an increasing 'Eurasiazation' as the grand unfolding geopolitical theme of our times. North Stream 2 is another bone of contention between the US and a major EU country, namely Germany, and might lead to greater tension in case that the US will respond with inflicting sanctions on European and especially German companies involved in the Nord Stream 2 project.

Geopolitically increasingly relevant to Europe is, last but not least, China. This counts especially for the Chinese Belt and Road Initiative taking increasingly root in Europe which exemplifies its quality as a project of the century. After Chinese foreign direct investment in the EU rose with unanticipated pace after the 2008 financial crisis, significant BRI investments followed suit, especially in terms of infrastructure and energy investments in Central, East, and Southern Europe. Since 2012, China operates the 'Cooperation between China and Central and Eastern European Countries Forum' (16+1) with a secretariat in Beijing which links China bilaterally with 16 Central and Eastern European countries complemented by China's significant BRI-based partnership with Southern European countries such as Greece and Portugal.

Since 2016, when the German robotics flagship KUKA was overtaken by a Chinese company, bigger European markets started to feel not only opportunities but also the economic challenge coming with Chinese FDI which is not reciprocally possible for EU investments in China. More important, in 2017 China managed to get indirect veto power over some of those European Union policies that require unanimity. Hungary and Greece blocked, for instance, a reference to China in an EU statement on the Chinese South China Sea only shortly after Hungary broke EU consensus on human rights violations by refusing to sign a joint letter denouncing cases of alleged torture of detained lawyers.

Against the background of transformative developments on the greater Eurasian chess board, the occasionally uncertain future of relations between the US and single EU member states, and the gravity of the Chinese presence within the EU, 2019 will be a particularly important year for the emerging Eurasian order.

The EU and bigger EU member states will deal with China as an important, yet ambiguous partner, engage it to achieve at least a certain level of parity when it comes to barriers against foreign investment and try to find a way to handle the political challenge for EU unity where it comes to re-shaping the EU as a Eurasian geopolitical actor. This last

point, the fact that the Chinese BRI will evolve as the major structure of an ongoing geopolitization of the entire Eurasian space that runs counter to the increasingly fragile regional order in Europe, will pose a conceptional challenge to the EU in 2019 that neither the EU nor its major member states might be expected to clearly address.

A Middle East in disarray, Caucasus and Central Asia not without volatility

The Middle East continues to be a region in disarray that nevertheless attracts increasing external engagement and a dense activity of local powers. The region is home to not less than five, ambitious middle powers that are expected to be prepared to determinately and ruthlessly secure and expand their spheres of influence, namely Turkey, Iran, Egypt, Saudi Arabia, and Israel.

After years of protracted armed conflict in Iraq, Syria and Yemen, not less than five considerable middle powers that are competing for influence are showing an increasingly striding foreign policy. The current regional engagement of at least four of them – Egypt is rather the exception – might even be called daring. At the same time, three rivaling great powers, the US, Russia, and China, are engaged in the region which is shaped by several highly active, entrenched conflict lines and at least two hot conflict areas inhabited by dangerous power vacuums. Given all this, the developments in the region might well spiral towards greater volatility this year.

Flashpoints in the Middle East

A more latent flashpoint to watch in 2019 is still Qatar which endures a sea/air/ground blockade imposed by Saudi Arabia, UAE, Bahrain and Egypt since 2017 accusing Qatar, which itself is still an American ally, to align with Iran. Qatar, hosting the big US Udeid Air Base, is an example for the fact that many Eurasian powers are currently fostering ties with great and middle powers that are adversary to each other. Any future move regarding Qatar might be an indicator also for the further development of US-Iranian relations.

The tense situation between Saudi Arabia and Iran, which strongly involves Israeli and US stakes as well, will remain the most notorious flashpoint in the region. It is prone to a likely escalation that even could turn into a hot conflict. While Tehran is supported by China and Russia, the US will have to build a local alliance to engage Iran. From a US perspective, Turkey, which showed signs of a rapprochement with Iran and Russia in 2018, should be kept out of the conflict, while Egypt, Saudi Arabia, the UAE, and Israel should jointly advance with the US against Iran.

Another flashpoint to monitor in 2019 is Yemen where the Saudi-led coalition forces failed to get final control over the theater of operations. While the United Nations Security Council unanimously approved the deployment of a UN advance team to monitor a ceasefire in Yemen's Hodeidah region last December, a solution of the conflict is not in sight. A temporary easing of the Yemeni situation could also imply that Riyad is about to shift its focus even more on Iran directly. A looming escalation is possible also in Syria after President Trump unexpectedly announced a US troop withdrawal from Syria and partly also from Afghanistan when the year approached its end. The decision was made without former consultation of close advisers or locally involved NATO partners leading to the resignation of Defense Secretary General Mattis and the consternation of French President Macron and Israel's Prime Minister Netanyahu. Turkey, the region's historic hegemon however, seemed prepared to instantly use the announcement to massively advance against Kurdish positions in Syria, which also came under pressure by Syrian government's troops. After the abandoned Kurdish forces seemed to be once more sacrificed by their allies, the US administration backpedaled to the great anger of Ankara. Militarily, the decision to withdraw some 2000 troops from around a dozen scattered positions to re-concentrate forces at other places in the larger Middle Eastern theater might not even be a bad one. The way, the decision was carried out proves to be disastrous though. After it seemed for a moment that President Trump and Turkish President Erdogan could have stroke a deal concerning Turkey's balancing between the US and the Russian-Iranian axis – an indication was the immediate strengthening of the battered Turkish Lira –, the partial withdrawal from the withdrawal might well backfire in the other direction now.

Source: www.kremlin.ru

If there actually was a certain understanding between Turkey and the US to enable Turkey to take greater control over Syrian territory for the sake of reversing the constantly deteriorating relations between the US and NATO's strongest force in Europe, the unravelling of the events could indicate a possible, even if not very probable scenario concerning also Saudi-US relations. Saudi Arabia – a globally significant middle power in terms of oil, its unique position in the Islamic world, and its impressive military arsenal – is still battered by its failure in Yemen and Ankara's masterly demotion of Washington's ally Prince Salman's international standing by gradually releasing critical information on the Kashoggi murder case. An interesting picture in this context showed President Putin and Prince Salman at the G20 summit in Buenos Aires on the most amicable terms. While Saudi Arabia and Russia seem to be far away from any future alignment given the close US-Saudi relations, the complex geopolitics of the Middle East suggest to reflect even a less likely possibility of a rapprochement After all, both countries share a strong interest in exporting oil for a better price, while Saudi Arabia is also highly interested in Russian arms, in particular the S-400. Even if not likely, there is therefore some potential that the US-Saudi alliance might be seriously disturbed if US policy

in the region would continue the path taken already. This would, however, most likely not happen to the degree of an unraveling of this core relationship for both countries.

The Red Sea and other subregions to watch in 2019

In any way, the Middle East as a great connector between Europe, Africa and Asia will continue to be a major destination of the geopolitical race for power and influence also beyond possible flashpoints. The ongoing dynamization of geopolitical competition in the Middle East in terms of involved actors, interests and strategically prominent spaces is also reflected in the Red Sea region with a growing importance also of the East African coast as part of a greater geopolitically increasingly integrated strategic area. This holds particularly true for the Horn of Africa, comprising Somalia, Eritrea, Ethiopia and Djibouti but also the Sudanese coast.

A tiny state like Djibouti has, for instance, become home of a stunning number of military bases exemplifying not only US-China rivalry there but also the increasing geopolitical engagement of various middle powers. After France has had a military base there since 1977, when its former colony became independent, and followed by the US which established a base in 2001, Italy, Japan and more recently China and Russia have also secured a foothold in a country with less than one million citizens.

Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:Gulf_of_Aden_map.png

While the Chinese navy has recently stepped up patrols near the Gulfs of Oman and Aden, India is strengthening its strategic partnership with Oman. Notably, Delhi stroke a deal with Oman last year to operationalize Oman's Duqm port which is overlooking the Arabian Sea and the Indian Ocean for the Indian navy as part of Delhi's efforts to push its Indo-Pacific strategy in the rapidly transforming maritime landscape of West Asia. Moreover, exemplifying the growing integration of West- and South Asia from an Indian perspective, Oman is conducting joint exercises of all three branch forces with India which is now considering setting up defense production facilities in Oman. Moreover, both countries' cooperation in outer space activities, with Oman launching its first home-made satellite this year into space, further reflects how even a small West Asian power is becoming increasingly active in the least accessible global common while cooperating with the rising South Asian power.

'Local' powers such as Saudi Arabia and the UAE extended their reach in terms of investments in ports and the erection of military bases in Djibouti, Eritrea and Somalia, while

Qatar and Turkey, who are tending more in direction of Saudi Arabia's arch enemy Iran, are active in Somalia and Sudan.

In 2019, the region will see more of both, an increasingly dense great power rivalry at land and sea as well as a great number of middle and even small powers geopolitically advancing in concert with great powers or independently. Activities will be advanced in the context or under the pretext of the fight against terrorism and piracy in both Africa and on the Arab peninsula, the war of the Saudi-led coalition against the Houthi forces in Yemen, the guarantee of free navigation through the Bab Al-Mandab Strait with large proportions of the oil exports from the Gulf region to the West going through it as well the European and US navies' ships sailing between the Mediterranean Sea and the Indian Ocean, and, last but not least, the race to strategically 'infrastructuralize' West Africa.

An interesting area to monitor in 2019 is Balochistan, a strategically very interesting region that is inhabited by the Baloch and comprises territories of Iran, Pakistan and Afghanistan. Both the Indian-developed Chabahar Port in Iran as well as Chinese-developed Gwadar port in Pakistan, two geopolitically crucial connectivity centers, are located in Balochistan, where insurgents of different ideological outlooks wage war against the respective governments with support from external powers.

In Afghanistan, where the Taliban proved to be militarily quite successful, the US troop withdrawal of half of its presently 14.000 troops will leave both the Afghan National Army and the stability of President Ashraf Ghani's Government at great risk. While Pakistan, the US, and India are the foreign powers most active in Afghanistan, the further Chinese engagement in the country will also be interesting to watch after a troop withdrawal. China is already a significant financial donor to the country where Chinese interests are focused on counterinsurgency operations against Uighurs. Besides the possibility of a Chinese military base in Afghanistan, Beijing is reportedly setting up a military camp to train Afghan forces which China helps set up a mountain brigade.

A Middle Eastern power of geopolitically crucial importance also in 2019 is Pakistan. Pakistan which was in constant conflict with India throughout 2018 hosts China's biggest BRI project after all. Besides this geopolitical importance, the conflict between India and Pakistan is one of the notorious flashpoints in the region. Not only do both countries command nuclear weapons, Pakistan even equips its armed forces with tactical nuclear weapons whose use is lastly up to the decision of the respective field commander who is not even necessarily a flag officer. Likely, Indian-Pakistan relations will not improve in 2019 while they could even worsen.

Another interesting region to monitor in 2019 is the Caucasus with a certain political instability in Georgia and a possibility of another conflict between Armenia and Azerbaijan after tensions between the two countries were recently rising again. In Central Asia, Tajikistan is another case of a looming instability in a larger region that becomes increasingly relevant due to the Chinese, Indian and Russian interconnectivity projects that are already transforming a vastly interconnecting Central Asia.

From South-, to Southeast- and East Asia

The large part of the Indo-Pacific region which is spanning from South-, to Southeast- and East Asia and has been named the Far East once represents that part of the Eurasian geopolitical equilibrium that will continue to produce most of the geopolitical more encompassing and sustainable ordering dynamics that will reshape the grand chessboard of global order in the years to come. Nevertheless, this greater region also contains some latent or acute flashpoints and is generally also pervaded by significant tensions between various powers. Generally, the region is marked by an unprecedented integration across the sub-regions that will continue throughout 2019. In its wake, there is an ongoing transformation of the periphery into strategically relevant spaces, shifting even small powers frequently in the global focus. Part of the overall dynamics of this distinct geopoliticization is a considerable intertwining of geopolitics and foreign relations on the one hand and constitutionalism and electoral politics on the other.

Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:Subasia.

A challenged, a rising and an emerging great power

The major powers in this greater region are the US, China, and India, followed by powers such as Pakistan, Japan, Australia, South Korea, Indonesia, Vietnam and Singapore. The global US-China dichotomy remains the grand organizing principle also in this greater region. India on the other hand will continue to be one of the most important variables in this relation, currently balancing towards the US but not engaging in a firm alliance on US terms.

Despite the fact that a toughening US-China competition, which is setting the most pervasive ordering impulses, is increasingly transforming in a cold war-like scenario, foreign policy relations remain generally multifaceted in the larger region. Often, external relations of single states are bearing ‘paradoxical’ pattern with states simultaneously cooperating with different representations of both of the adversary sides in various dimensions. This and the fact that alignment formation is still much in flux will continue to serve as a restraining factor.

On the Chinese side of this dominating great power competition, the continuously advancing BRI network deserves continuous attention. In 2019, the construction of the ambitious ‘port city’-project in Sri Lanka will be launched for instance as a part of the BRI

which is aiming at nothing less than creating a new Asian trading and financial hub envisioned to be at par with Singapore once finished, currently planned for 2041.

On the American side, the geopolitical importance of the Indo-Pacific has just recently been reaffirmed legislatively. At the very last day of last year, US President Trump has signed into law the Asia Reassurance Initiative Act (ARIA), which passed the U.S. Senate earlier in December. As a bold expression of the US interest and commitment, the law reaffirms the Indo-Pacific as a key strategic space for America's grand strategy and outlines the future engagement with it in some detail.

A major platform for the American commitment to unfold in this sense will be the Quadrilateral Security Dialogue, in short 'the Quad', which the US, Japan, Australia and India have revived in 2017 as an informal strategic dialogue to counter Chinese expansion in the Indo-Pacific. In 2019, it will be interesting to see how strong cooperation and alignment will actually develop based on this platform and how other partners will be involved, especially among the ASEAN, most notably Vietnam and Singapore.

While Vietnam significantly expanded cooperation with all Quad members throughout 2018, relations between India and Australia remained mixed. Japan, obviously disappointed by President Trump's foreign policy, eventually softened up to both Russia and China, slowing down the momentum of further developing the Quad. More sustainably restraining even is India.

Given the relative stability of the Chinese-Russian alliance, the future balance of power in the emerging Asian security order would be determined by no other power's alignment as much as by India's. Nothing shows how much the Asia order is in flux than the mere fact that the US' old ally and India's arch enemy Pakistan has sided with China, keeping only an increasingly thinner partnership with the US, while India is balancing its foreign policy alignment increasingly towards the US. For the US today, India is arguably not less important than Pakistan for China. Even more notable were the difficulties in US – Indian relationships in 2018 after both countries found themselves in a marriage of convenience with great strategic potential.

Two times during the recent year, Delhi has experienced unpleasant encounters with US sanction regimes. First, India still has to fear sanctions according to the US "Countering America's Adversaries Through Sanctions Act" which is ultimately directed against Russia. Reason for the looming sanctions that are expected to be finally waived is an arms deal Delhi has concluded with Moscow to purchase the Russian state-of-the-art S-400 Triumf missile defense system. Moreover, after Washington withdrew from the Iran Nuclear Deal, Delhi had to fear sanctions again for buying oil from Iran, one of its close partners. This situation was especially inconvenient for the Indian government as the country, which is highly dependent on oil imports, just suffered severe supply shortages causing a domestic political crisis over rising fuel prices with national elections approaching. Even if Delhi eventually received a waiver, the episode left a mark and is also likely to repeat as waivers only represent a short-term solution and India has a continuing interest in buying arms from Russia and oil from Iran. In Iran it is also deeply engaged in building up the mentioned alternative infrastructure project to the Chinese-Pakistan BRI cooperation centered at Chabahar port. In 2019, it will thus be interesting to see if India is able and willing to rebalance its weapon and energy

supply in sync with US sanction regimes and how strict the US will deal with its Indian partner, the most potent possible ally in Asia to engage China.

Given India's potential to emerge as a great power, India's long-term strategic posture will be decisive for the larger Asian geostrategic order which renders this May's national elections in India so important.

India and China, Asia's great rivals, will continue to compete in spite of the fact that bilateral relations have relaxed in the wake of the two countries leaders' informal summit in Wuhan last year. The positive notion the dialogue left after a rapid deterioration in wake of the 2017 Doklam standoff does not change the fact, however, that both countries pursue ultimately opposing strategic goals that can hardly be reconciled. With China continuing its agenda of establishing hegemony in Asia and India aspiring to emerge as a great power conflict seems structurally inevitable.

Source: Flickr, https://www.flickr.com/photos/narendramodi official/28064300002

Above, the impressive and accelerating improvement of China's military power has been indicated. Yet, India is also showing a constantly growing military stature: In November 2018, to give just one example, India's new nuclear submarine INS Arihant has completed its first indigenous ship submersible ballistic nuclear maiden deterrence patrol. In other words, India has achieved nuclear strike capabilities now at land, air and sea. Only five other countries have the capability of building a nuclear submarine armed with nuclear-tipped missiles and deploying it operationally, namely China, France, Russia, the UK, and the US. However, only Russia, France, the US and the UK can sustain continuous-at-sea deterrent patrols. While India is just at the beginning of developing a fully operational fleet of nuclear submarines – a minimum of four are required for continuous patrol –, the Arihant's nuclear power reactor enables it to remain submerged for months without contacting the base. This enables it to travel long distances with greater stealth making India's nuclear deterrence applicable to all major powers including the US. With all caveats the Arihant is thus a major achievement in the endeavor to project power globally. It is, moreover, a significant contribution to the development of an effective blue-water navy. After all, the second and third Kalvari class submarines are likely to be commissioned by the end of 2019, while two air-craft carriers will be operational in 2024. Notably, Prime Minister Modi has referred to the INS Arihant as an "important pillar of global peace and stability".

Given that US-China competition will remain the geopolitically organizing principle in the larger region in its entirety, the Indian-Chinese competition has also gained traction in 2018 especially in South Asia and Indian Ocean. For instance, as a trend that will continue this year, the Indian-Chinese competition for influence has significantly reinforced the increasing interconnectedness of constitutional politics and geostrategy in the last year. After China had made remarkable inroads in a number of smaller South Asian countries in recent

years due to pro-China forces in government, India had to struggle hard to regain relative influence over its traditional backyard. To a certain degree, China has arguably also benefitted in this context from an Indian foreign policy to engage its smaller neighbors that was marked more by hegemonic claims than effective advantages of being part of Delhi's sphere of influence. In the last months of 2018, an increasingly worsening geostrategic trend for India partly reversed however with the electoral defeat of Abdulla Yameen in the Maldives and the failure of Sri Lanka's President Maithripala Sirisena to bring back Mahinda Rajapaksa as Prime Minister. Both politicians were intimate with Beijing and had greatly helped China to expanse its influence in the Indian Ocean.

Conversely, in Nepal the communist election victories at the end of 2017 and March 2018 respectively, strengthened a pro-China government that Delhi had to lobby intensively to regain some influence, while Bhutan also shows signs of unhappiness with the traditional hegemonic stance taken by Delhi. This year, the Sino - Indian competition for influence will remain to dynamically influence both foreign policy and constitutional politics of the smaller South Asian powers. They will continue to lever great power rivalry to their advantage while alignments are anyway not exclusive but rather relative. The best examples are Sri Lanka and the Maldives where Chinese investments remain a strong lever despite the fact that the respective governments are rather pro-Indian.

The geopolitical impact of electoral politics is however not limited to the smaller South-Asian powers. In 2019, the Indian general elections set for mid-May will also have strong geopolitical implications. The electoral race will be even more interesting as incumbent Prime Minister Narendra Modi has lost a good piece of his formerly very comfortable position after stunning election victories of the oppositional Congress Party in three especially important state elections at the end of last year.

ASEAN

Geopolitics and elections are increasingly intertwined also in another subregion, namely Southeast Asia. The historic election victory of the oppositional coalition led by Mahathir Mohamad in Malaysia last May for instance has led almost immediately to renegotiations of the vast investment deals of the former UMNO government within the Chinese BRI frame. Given the experiences of 2018, increasing geopolitical stakes in the context of a heating great power rivalry and the relative vulnerability of most Southeast Asian countries against sophisticated psyops and cyberattacks, the integrity of elections might become a factor of concern and uncertainty in 2019. In ASEAN elections are due in Thailand, the Philippines, and Indonesia this year; besides, also in Afghanistan and Australia.

Source: Tasmin News Agency, https://newsmedia.tasnimnews.com/Tasnim/Uploaded/Image/1392050515071886089228 4.jpg

In Indonesia, the world's largest Muslim majority country and ASEAN's only G 20 representative, electoral politics have steadily been defined in terms of an occasionally feverish conservatism and ongoing Islamization. With 'Islam' as the most important election issue in the Indonesian political landscape, China's increasingly harsh and increasingly exposed treatment of Muslims in Xinjiang is likely to be politicized. Moreover, incumbent President Joko Widodo's opponent General (ret.) Prabowo Subianto who is representing a right party with Islamic leanings that favors old-style authoritarian leadership has already included the BRI as a negative issue in his campaign. After the stunning election results in Malaysia, it might be expected that vows to review BRI projects will generally increase in the Indonesian lead-up to the elections with no party being able to take an outright pro-China stance.

Source: Philippine Presidential Communications Operations Office, https://pcoo.gov.ph/photos/?post_id=57757

After India has reached out unprecedentedly successful to ASEAN in 2018 when it managed to assemble all 10 ASEAN leaders on its Republic Day in Delhi to also mark 25 years of India-ASEAN relations, it remains to be seen if mutual ties will strengthen and deepen in the framework of the ASEAN-India Strategic Partnership and as a part of India's Act East Policy in 2019. Under the Thai chairmanship of ASEAN in 2019, it will be interesting to see how the single ASEAN member states will position themselves in relation to India, the US and China. Among all ASEAN countries Cambodia will remain most clearly aligned with China which is on the whole rather losing than gaining ground in ASEAN. After Malaysia moved gradually away from China under Prime Minister Mahathir who has never been close to the US it remains to be seen if ASEAN as a regional organization will develop decelerating effects in an increasingly contested strategic area. Former Australian Prime Minister Kevin Rudd sees the ASEAN therefore even as the locus of an emerging 'Great Game'. Geopolitical dispositions and preferences will however not only depend on domestic politics and the outcome of elections but also the respective economies which are much dependent on the Chinese economy.

Economic developments

Given the particular importance of China's economy for Asia in general – China is the key trading partner for the vast majority of Asian countries besides being a major investor and a major source for tourism, especially in South East Asia – a further economic slowdown in China will have ripple effects, particularly throughout Southeast Asia. The ongoing trade negotiations between the US and China could, therefore, have a direct impact also on ASEAN.

Likely, China's economy could not compensate the consequences if no trade agreement is reached with the US by the March 1 deadline if the Trump administration further tightens the tariff screw with tariffs hiking up to 25% on the affected goods then. Economic repercussions would most likely begin to be felt in the second half of the year, however, after elections are hold in all three ASEAN states having general elections this year.

In China itself, a weakening economic is not likely to immediately challenge the government, but would strongly reinforce nationalist impulses the government would have to serve. This could increase a leaning in China to further freezing relations with the US.

On the other hand, it remains to be seen in how far the Chinese government's economic reformers will succeed in continuing the badly needed opening of the Chinese financial market, especially for fully foreign held banks and other financial providers, to discipline its domestic market forces by means of competition throughout the year.

Generally, the Indo-Pacific will see more economic integration within and between subregions as much as a continued interdependence of constitutional politics and geopolitical developments.

The trend towards a growing cross-regional dynamization and integration is reflected in Asia by an increase in bi- and multilateral free trade agreements. While Asian countries such as Japan, Singapore, and Vietnam are signatories of the CPTTP which is already in force, it remains to be seen in 2019 if an even greater free trade area will emerge with the proposed Regional Comprehensive Economic Partnership (RCEP) that would comprise 16 economies in Asia-Pacific with the ASEAN states at its heart plus the six Asia-Pacific states with which ASEAN has free trade agreements, namely Australia, China, India, Japan, South Korea, and New Zealand. While the RCEP was supposed to be concluded at the end of this year, it remains to be seen if this is actually possible. The RCEP would stand for a population of 3.4 billion people with a total GDP representing approximately 39% of the world's GDP. Especially for China, it would be much easier to meet the terms of the RCEP than those of the CPTPP. Moreover, last year, on occasion of the recent Asia-Europe Meeting (ASEM) summit, the EU-Singapore FTA was concluded while the EU-Vietnam FTA is scheduled for spring this year as well. Talks on the conclusion of an ASEAN-EU FTA have been revived last year. If successful, they would lead to an FTA that would represent a market of more than 1.1 billion consumers. Besides, a number of Asian countries have concluded bilateral FTAs last year, a trend which is likely to go on, further exemplifying the increasing cross-regional integration in Asia. An example in case is Sri Lanka having concluded bilateral FTAs each with Japan and Singapore in 2018. Currently, Sri Lanka negotiates or considers FTAs with Thailand, Bangladesh and Malaysia respectively.

Militarization of the maritime commons

Ongoing attention has to be given to the maritime commons in Asia. While India will continue to build up its maritime control in the Indian Ocean, the South China Sea (SCS) remains the most critical maritime area to watch in 2019. Among claimant states relations between China and especially Vietnam have to be observed as Vietnam has a strong interest to drill for oil and gas in its Exclusive Economic Zone which China denies.

Source: Wiki Commons, https://commons.wikimedia.org/wiki/File:South_China_Sea_vector.svg

Meanwhile, in the first quarter of 2019, the next round of negotiations between China and ASEAN on the Code of Conduct (COC) in the South China Sea is scheduled with Vietnam to be expected the most outspoken contender of Chinese claims, likely to be carefully supported by Malaysia while the Philippine stance will likely to be more neutral.

Given the volatility in US-Chinese relations China might be reluctant to show a too demanding attitude on the official arena while it might increase bilateral lobbying in dealing with internal divergence within ASEAN. Avoiding to coincidently alienate the majority of ASEN member states while contributing to an internal consolidation might be more important to China than short-term success in COC negotiations which is anyway hard to achieve. Therefore, negotiations on the COC, which are not expected to conclude this year but earliest in 2020, might not produce too far-reaching outcomes in the coming round anyway.

Besides Vietnam-China relations, the collision of Chinese and Western advancements in the SCS is particularly risk-prone. The US ARIA foresees US support for ASEAN to adopt a code of conduct in the SCS as well as the conduct of joint maritime trainings and freedom of navigation operations in the Indo-Pacific region. In August this year, all ASEAN states will hold, for the first time, a joint maritime exercise with the US. Moreover, the US and its allies, especially Japan and the UK, will conduct joint naval exercises and freedom of navigation operations (FONOPS).

FONOPS in refusal of China's sweeping sovereignty claims in the SCS, that are regularly conducted near Chinese-claimed features in the Spratly and Paracel Islands, are

among the currently most contentious issues in the SCS theater. China presses to cease them and has recently again threatened to ram U.S. Navy destroyers in response. When a US destroyer encountered an advancing PLAN warship around a Chinese-claimed feature in the Spratly Islands last September, a collision of the two ships was narrowly avoided. After a recent transit of US destroyer USS McCampbell this January, Chinese state media displayed the deployment of the PLA's advanced DF-26 anti-ship ballistic missile on mobile launchers as a response. There are, however, still measures taken to mutually avoid unwarranted chain reactions. This month, US chief of naval operations Adm. Richardson participated in a risk reduction dialogue with his PLAN counterpart Vice Adm. Shen Jinlong and leaders of the Central Military Commission in China.

Still, the SCS remains a potential flashpoint in 2019, more than the East China Sea after China-Japan relations have relaxed in the second half of last year.

Taiwan & Tibet

A possible reason for escalation in US-Chinese relations remain Chinese claims to respect its sovereignty over Taiwan and Tibet. Both are affected by recent US legislation, the US "Reciprocal Access to Tibet Act" from December 2018 and the "Taiwan Travel Act", which was made law earlier last year.

Taiwan especially will be one of the most critical flashpoints globally. For the first time, the Council on Foreign Relations' Centre for Preventive Action, for instance, has ranked Taiwan as a hotspot to watch in its 2019 Prevention Priorities Survey. Taiwan-related tensions are expected to grow against the background of both US-China tensions as well as the 2020 presidential elections in Taiwan. At the beginning of 2019, the situation is so serious that a further deterioration leading even to a major conflict seems possible.

After the government of Taiwanese President Tsai Ing-wen has maintained an unprecedentedly daring pro-independence stance towards China throughout 2018, tensions might rise to a dangerous level this year. In her New Year's address, the President presented China "four musts" to be observed for a "healthy and normal" relationship between Beijing and Taipei. With a frankness unheard before, she announced that China "must face the reality of the existence of the Republic of China (Taiwan); it must respect the commitment of the 23 million people of Taiwan to freedom and democracy; it must handle cross-strait differences peacefully, on a basis of equality; and it must be governments or government-authorized agencies that engage in negotiations." "These 'four musts'", so the President, "are the most basic and crucial foundations that will determine whether cross-strait relations develop in a positive direction."

About 24 hours later, President Xi Jinping, marking the "40th Anniversary of the Chinese Mainland's Message to Compatriots in Taiwan", named unification of China and Taiwan as "the great trend of history" and as an important part of his China Dream of national rejuvenation. Leaving no room to discuss Taiwan's status, he maintained the promise of a "one country, two systems" framework for unification while, at the same time, reserving the military option of an 'Anschluss' by force.

While Xi's speech remained in the line of former announcements, President Tsai whose party received a strong blow in recent local elections, was surprisingly outspoken in

her resolute rejection of the "one country, two systems" framework. Further adding to the volatility of cross-straits relations is US support for Taiwan. The deputy head of the Chinese Academy of Military Sciences exemplified the risk of an escalation when envisioning an invasion of Taiwan shortly after President Tsai's speech. Explicitly calculating with a supposed American fear of casualties the rear admiral contemplated that, in case the US naval fleet "dares to stop in Taiwan", to sink one or two US aircraft carriers which would cost the lives of 5000 to 10.000 servicemen.

While these developments are hardly signaling any reason for optimism, the geopolitical calculus is, once more, intimately interwoven with domestic politics. As much as an escalation up to an armed encounter or even invasion is actually possible in 2019, a change in government could quickly relax tensions. Yet, legislative and presidential elections are only due in 2020 and much might happen throughout the year, especially if the present pace of deterioration in US-Sino relations is retained. Given this, a military escalation related to the Taiwan issue could unravel over the course of a short time.

North Korea

Another potential flashpoint that could become critical again is the Korean peninsula. After the relaxation in relations between Washington and Pyongyang in 2018, not much discernible progress on the removal of nuclear weapons by North-Korea has manifested. This year, President Trump will have to follow up on the matter, which will not be supported in the probable case that relations between the US and China are worsening. In his new year address, Kim Jong Un has displayed some deferential notions towards Washington even if he seemed more compliant in others. Noteworthy, however, he has not only visited President Xi in Beijing but will also visit Russian President Putin soon with a second summit with President Trump to be set. Less volatile than the South-China Sea and the Taiwan issue, the Korean peninsula could become more critical again this year.

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German-Southeast Asian Center of Excellence
for Public Policy and Good Governance (CPG)
Faculty of Law, Thammasat University
2 Prachan Road
Bangkok 10200, Thailand
Phone: +66 2 613 2971
Fax: +66 2 224 8100
Website: www.cpg-online.de
E-mail: contact@cpg-online.de
Facebook: facebook/CPGTU