

GREAT DECISIONS

Spring 2017 Update

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Latin America's political pendulum • Afghanistan and Pakistan • Nuclear security**

The future of Europe

Emmanuel Macron took office as France's president on May 14—the culmination of a tumultuous election season. Macron, whose centrist party, En Marche!, was formed just over a year ago, defeated Marine Le Pen of the far-right National Front by a margin of two to one in the second round of voting. The contest was anxiously watched as a critical test of the populist sentiment that fueled the Brexit vote in the United Kingdom, and Donald Trump's political rise in the United States. A Le Pen victory might easily have signaled the end of the European Union.

Still, Macron faces major hurdles in governing. The election was characterized by the highest abstention rate since 1969. Meanwhile, Macron is the only president France has ever elected from outside traditional left and right parties, with the exception of Valéry Giscard d'Estaing, also a centrist. The collapse of President François Hollande's governing Socialist Party, in combination with the demise of the center-right candidate François Fillon due to an embezzlement scandal, helped pave an unlikely path to victory for Macron. Yet he has no party in Parliament, and must establish a working majority there via legislative elections, scheduled for June 11 and June 18.

Macron is a strong supporter of the European Union and a valuable ally for German Chancellor Angela Merkel. He has taken a tough stance on Britain's decision to leave the European Union, known as Brexit, saying that Britain will come out the weaker player in the so-called "divorce" negotiations.

In March, British Prime Minister Theresa May announced the country's formal intention to leave the EU, triggering Article 50 of the Lisbon Treaty

and setting in motion a two-year procedure for withdrawal. She faces difficult negotiations ahead, as well as domestic tensions, including the possibility of another independence referendum in Scotland, and uncertainty surrounding the 1998 Good Friday peace agreement in Northern Ireland. Prime Minister May has called for early elections, to take place on June 8, despite a previous promise not to do so. She is seeking a stronger parliamentary majority before Brexit negotiations begin in earnest. If her Conservative party wins a majority, a general election won't be required again until 2022.

EU leaders, meeting without May, set guidelines for Brexit negotiations in late April. Agreed priorities include protecting citizens' rights, ensuring that Britain meets its financial obligations, and safeguarding the terms of the Good Friday agreement. Leaders also agreed that Britain must reach a deal on the terms of its exit before talks on post-Brexit relations can begin; namely, talks on a trade deal, which May insists can be worked out simultaneously with the divorce negotiations.

In March, the EU celebrated its 60th anniversary in a climate of crisis and uncertainty. But populist success at least seems to have crested: Le Pen was decisively defeated; Geert Wilders' far-right party lost in parliamentary elections in the Netherlands; voters in Austria rejected their far-right presidential candidate. All eyes are now on the German election in September. Chancellor Angela Merkel looks primed to win, and her Social Democratic opponent, Martin Schulz, is also a mainstream, pro-EU candidate.

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Recommended Readings

Andrew Moravcsik, “Europe Is Still a Superpower,” *Foreign Policy* (Apr. 13, 2017).

Charles P. Ries, “The Snap Election, What’s in It for Theresa May,” *The Rand Blog* (Apr. 23, 2017).

Thorsten Benner and Thomas Gomart, “Meeting Macron in the Middle,” *Foreign Affairs* (May 8, 2017).

U.S. foreign policy and petroleum

President Donald Trump took action on his “America First Energy Plan” in April, with an executive order meant to expand the United States’ domestic energy production. The Interior Department took the first steps toward implementation in early May. The action begins to make good on campaign promises to roll back Obama-era environmental protections, which then-candidate Trump said undermined U.S. national security and energy development. He promised renewed oil and gas drilling to create thousands of jobs.

Just before he left office, President Obama banned new oil and gas drilling in federal waters in the Atlantic and Arctic oceans, putting them off limits until 2022. President Trump’s April 28 executive order, on the “America First Offshore Energy Strategy,” directs the Interior Department to review and replace the current five-year oil and gas development plan for the outer continental shelf, and the ban on drilling off the southeastern Atlantic and Alaskan coasts. It also orders a review and revision of safety rules intended to reduce the risk of accidents similar to the 2010 Deepwater Horizon oil spill. The order further instructs Commerce Secretary Wilbur Ross to reduce and review the boundaries of some federally protected marine sanctuaries, with the goal of adding territory for energy exploration.

The new order could open up drilling in the Atlantic, Pacific and Arctic oceans, as well as the U.S. Gulf of Mexico. “Our country is blessed with incredible natural resources, including abundant offshore oil and gas reserves, but the federal government has kept 94% of these offshore areas closed for exploration and production,” Trump said at the signing of the order. Still, industry demand is weak for this territory. Oil prices are low, stalled at about \$50 per barrel with the world markets inundated, and onshore production skyrocketing.

In another fulfillment of a Trump campaign promise, the State Department in March reversed Obama-era policy and granted permission for construction of the controversial Keystone XL pipeline to go ahead. The pipeline will link oil producers in Canada and North Dakota to refiners and exporters on the Gulf Coast. Most of the refined product is likely to be exported, or used to allow domestic producers to export more of the product produced in Texas, Louisiana and Oklahoma. The decision comes amid limited interest from oil companies in the Canadian oil sands, due to low oil prices. When the pipeline was originally being planned, the U.S. shale boom had yet to hit, and the country was still highly dependent on Middle East oil. Subsequently, domestic production has nearly doubled, exports have steeply increased, and oil prices have been slashed in half over the past three years.

Increased output from the U.S. shale boom contributes to the likelihood that OPEC members will extend production cuts in a meeting in Vienna in late May. The current deal to cut production expires at the end of June, but members are expected to extend it until the end of the year. A Reuters survey released in April anticipates that the extended cuts could relieve the current oil glut by the close of 2017.

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Gregory Korte, “Energy independence, not climate change, becomes priority under Trump order,” *USA TODAY* (Mar. 28, 2017).

Robbie Gramer, “Oil Companies Cool on Arctic Drilling. Trump Wants It Anyway,” *Foreign Policy* (Mar. 24, 2017).

Latin America’s political pendulum

Venezuelan President Nicolás Maduro is facing yet another month of protests against him this May. The latest wave began after the country’s Supreme Court, packed with Maduro loyalists, decided in March to divest the opposition-led legislature of its power. The body is largely seen as the last democratic check on Maduro’s expanding authority. The Supreme

The UPDATES take into account events up to May 14, 2017.

Court swiftly reversed much of its ruling at Maduro's behest, and amid domestic and international outcry. Still, the Court and the legislature remain deadlocked.

Public anger is directed against Maduro's increasingly blatant moves toward one-man rule, in the context of the worst economic crisis in the country's history. The inflation rate is over 400%, and there are food and medicine shortages. The probability that Venezuela will default on its debt is increasing, especially given current projections for oil prices in the near future. International financial experts indicate that the global price would need to rise to about \$70 per barrel to make a significant difference in government and state-owned oil company finances.

On May 1, Maduro announced that he would convene an assembly to rewrite the Constitution, a move that only energized protests for early elections. Maduro claims the revisions will restore order and prevent his opponents from attempting a coup. His opponents see the action as a clear effort to avoid elections, which are currently scheduled for next year. Local elections that were set to take place last year have already been postponed.

The ongoing demonstrations have been met with a violent crackdown by security forces. Maduro has called the protests acts of terror, to be treated as such under the law. The government has also prosecuted around 100 civilians in military tribunals since early April, up from last year, according to human rights organizations. In an unusual joint-statement in March, 14 of Venezuela's neighbors called for the release of political prisoners. In May, reports surfaced that Maduro had also detained at least 65 members of the military, some charged with "instigating rebellion" or "betraying the motherland." Whether the military at large remains loyal to Maduro will prove a critical test of his ability to hold on to power.

Maduro's control over his own party is increasingly threatened. The attorney general, Luisa Ortega, for instance, spoke out against the Supreme Court decision to wrest power from the legislature. In April, the government barred Henrique Capriles, seen as Maduro's main challenger in the upcoming election, from holding public office for 15 years.

In a further indication of the government's increasing isolation, Venezuela in April announced that it would pull out of the Organization of American States

(OAS). OAS last year invoked its Democratic Charter against Venezuela, criticizing Maduro's moves to weaken democracy and consolidate power. If Venezuela were to withdraw from OAS, it would be the first country to do so, and would be required by the organization's rules to wait two years and pay an \$8.7 million debt.

Setting the tone for Trump administration relations with Venezuela, the U.S. Treasury Department imposed sanctions on the country's vice president, Tarek El Aissami, in February. The sanctions designate El Aissami as a "Foreign Narcotics Kingpin," involved in trafficking operations that span Colombia to Mexico.

Recommended Readings

Michael Shifter, "Venezuela's Bad Neighbor Policy," *Foreign Affairs* (May 5, 2017).

Michael Shifter and Ben Raderstorff, "No Easy Way Out for Venezuelans," *The Cipher Brief* (May 3, 2017).

Shannon K. O'Neil, "Options for U.S. Policy in Venezuela," *Council on Foreign Relations* (Mar. 2, 2017).

Prospects for Afghanistan and Pakistan

Approximately one third of Afghans will need humanitarian assistance in 2017, according to the United Nations, and, 15 years on, the war there remains at an impasse. The Trump administration is expected to make a decision on its Afghanistan strategy sometime before a NATO meeting set for May 25. Following a broad review, senior advisers and military officials have recommended deploying thousands of additional U.S. troops to the country to battle a resurgent Taliban.

The additional troops would enable U.S. advisers to work with more Afghan forces, closer to the front lines. There are currently 13,300 coalition forces on the ground in Afghanistan, 8,400 of them American. The new strategy would also do away with the hard withdrawal deadlines set by the Obama administration.

The United States continues to battle the Islamic State in Afghanistan. In April, the United States dropped its most powerful conventional weapon, known as MOAB, on an Islamic State cave system in Nangarhar Province. Yet the Taliban remains the more prominent threat. At this stage, the proposed U.S. strategy does not directly address approaches toward Taliban and other militant safe havens in Pakistan. In

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an April interview with an Afghan television channel, National Security Adviser H.R. McMaster appeared to suggest a harsher stance on Pakistan. “The best way [for Pakistan] to pursue their interests in Afghanistan and elsewhere is through the use of diplomacy, and not through the use of proxies that engage in violence,” he said.

Whereas in previous years, fighting slowed in the winter season, this year’s battle with the Taliban has been constant, leaving no time for Afghan forces to regroup. In the first few months of 2017, Afghan troops have moved to an almost completely defensive position. In April, the initial contingent of what will ultimately total 300 U.S. Marines returned to Helmand Province—the first Marines deployed there since security was handed over to Afghan forces in 2014. Currently, only the provincial capital, Lashkar Gah, and two of the province’s 14 districts are fully controlled by the Afghan government.

Corruption and incompetence are rife in the Afghan military, and reforms slow-going. In winter, President Ashraf Ghani appointed a board tasked with fighting corruption among security force leaders. It has yet to begin work. Major General M. Moein Faqir, who was appointed in 2015 by Ghani to remedy corruption in Helmand Province, was arrested in March on corruption charges. In April, top military officials resigned in the wake of the deadliest single Taliban assault against Afghan forces, which hit an army base in Balkh Province.

The Afghan government is itself divided. In February, one of the country’s two vice presidents, General Abdul Rashid Dostum was placed under de facto house arrest, accused with his bodyguards of abducting, torturing and raping a political rival. In April, up to 2,000 of his supporters protested his arrest and their perceived marginalization. Critics contend that President Ghani is attempting to centralize power. He recently fired his special representative for good governance and reform, Ahmad Zia Massoud, who was a key Tajik ally during the presidential election. In early May, Gulbuddin Hekmatyar, a warlord who was last in Kabul over 20 years ago, returned to the city by the

terms of a deal with President Ghani. The Afghan government hopes his arrival will open the door for peace talks with the Taliban. But there are fears that he may act to further destabilize the government.

Recommended Readings

Gayle Tzemach Lemmon, “Adrift in Afghanistan,” *Foreign Affairs* (May 3, 2017).

Peter Beinart, “In Afghanistan, Trump is Poised to Re-Escalate a Hopeless War,” *The Atlantic* (May 12, 2017).

Seth G. Jones, “Managing the Long War,” *The RAND Corporation* (Apr. 27, 2017).

Nuclear security

South Korea’s new president, Moon Jae-in, took office on May 10. He was inaugurated just a day after winning the election, which saw the highest voter turnout in two decades, at 77.2%. Moon’s victory puts liberals back in power for the first time in nine years. He replaces Park Geun-hye, who was impeached following a corruption scandal involving millions of dollars in bribes from Samsung and other businesses. She is currently jailed on related charges.

The new president faces an increasingly tense situation on the Korean Peninsula, aggravated by a series of North Korean missile tests and threats of possible military action by the Trump administration. In a phone call following Moon’s swearing-in, he and President Trump agreed to maintain a strong alliance, to cooperate in dealing with North Korea, and to meet in Washington as soon as possible.

Days after Moon took office, North Korea conducted another test of an intermediate-range ballistic missile, which landed in the sea between North Korea and Japan. Experts say it could target critical U.S. military bases in the Pacific. “We keep our door open for dialogue with North Korea, but we must act decisively against North Korean provocations so that it will not miscalculate,” President Moon was quoted as saying in response to the test. He called a meeting of senior military officials and urged hastened development of the Korea Air and Missile Defense, an indigenous land-based ballistic missile defense system.

Moon, in contrast to his predecessor, favors dialogue with the North and has spoken out against the controversial deployment of the Terminal High Altitude Area Defense system (Thaad), saying his admin-

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istration will review it. His position on North Korea is essentially in line with that of China, which would like to maintain the status quo on the Peninsula and bring President Trump into a new set of lengthy negotiations.

Trump meanwhile has tempered campaign trail calls for China to force North Korea into compliance—this after discussing the issue with President Xi Jinping. In a major change of policy, China halted coal imports from North Korea in February. But the Chinese and South Korean positions remain discordant with that of Washington, whose strategy appears to be to pressure the North through sanctions and by military means, hoping to squeeze them into dialogue. Just a day before its latest missile launch, a senior North Korean diplomat announced that talks with the Trump administration were not off the table, given the right conditions.

The Trump administration has sent mixed signals on North Korea. President Trump set South Korea on edge when he suggested that Seoul would foot the \$1 billion bill for Thaad, which went live a week prior to the South Korean presidential election. The United States has since clarified that it will abide by the original deal with Seoul, with the United States paying for deployment, operation and maintenance of the system. Confusion also ensued in early April, when defense officials communicated that the aircraft carrier Carl Vinson was racing toward the Korean Peninsula, a cue to the South that the United States was confronting the North. It was later revealed that the ship was at the time headed in the opposite direction—south, to the Indian Ocean. The ship subsequently arrived in the Philippine Sea to conduct exercises with the Japanese Navy.

Addressing the latest North Korean launch, the White House issued a statement encouraging an international response of “far stronger sanctions.” Secretary of State Rex Tillerson said at a UN Security Council meeting in April that “all options” were on the table if diplomacy failed to persuade the North to end its nuclear weapons program, and called for harsher sanctions. In an interview with Reuters, President Trump warned that “major, major conflict” was possible. But he also told Bloomberg News that he would be “honored” to meet with North Korea’s leader, Kim Jong Un.

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