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BRIEFS

CANADA: Political Success of Marijuana Legalization May Provoke Local Issues

Summary: Prime Minister Justin Trudeau's marijuana legalization will likely generate revenue for Canada, but local governments will likely face the backlash of regulatory issues.

Development: On 17 October, Canada fully legalized the use of recreational marijuana. Canada follows Uruguay as the second nation in the world to legalize the recreational purchasing and use of marijuana for citizens over the age of 21. As part of the regulation, the federal government will tax the higher of either \$1 per gram or 10%. It will keep 25% of the tax revenue and return the rest to the provinces, which can then add further taxes and regulations. Provinces can operate their own dispensaries, and citizens can grow limited amounts in their home. Economic analysts expect the market for marijuana to be a \$4.2-to-8.7-billion industry, with 3.4-6 million people using marijuana by the end of the first year of legalization. Canadian Prime Minister Justin Trudeau promised legalization during his 2015 campaign for Prime Minister.

Analysis: Canada's legalization of marijuana will likely generate major new sources of revenue, as similar laws have in other parts of the world, but crime related to marijuana consumption and increased litigation of marijuana regulations will almost certainly result from the legalization, which will likely fall to local governments to deal with these issues. Legalization represents a significant symbolic victory for Trudeau and his more liberal social policies. The federal government's broad policies will most likely allow it to collect significant amounts of tax revenue, while leaving narrow regulation to the discretion of provinces and cities. This likely means that local governments will bear most of the political fallout for specific regulatory issues, while the federal government can claim a general victory for its policy.

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GERMANY: Preliminary Results from Bavarian Election Likely a Sign of Political Shift

Summary: Results from the recent Bavarian state parliament elections signify a shift in politics across Germany, as voters are straying from centrist parties and toward relatively extreme ones.

Development: On 15 October, the Christian Social Union (CSU) experienced a significant loss in the preliminary elections for the Bavarian state parliament, losing its long-held majority. German Chancellor Angela Merkel's party, the Christian Democratic Union (CDU) and the Social Democratic Party (SPD) also suffered losses in exit polls, while Germany's Green party and the far-right Alternative for Germany (AfD) made significant gains. Experts claim that these losses pose a risk to Merkel's coalition of the CDU/CSU and the SPD. The CSU reached the majority in Bavaria for the last 12 of 13 elections.

Analysis: The election results indicate a shift in political power in German politics, as voters are moving away from traditional centrist parties and further toward both extremes of the political spectrum: to the right with the AfD and the left with the Green party. This trend will likely continue, especially as some of Merkel's policies become more and more contested. This combination means that Merkel will likely not serve another term as Chancellor of Germany and open the door for less centrist candidates. As Merkel has held power for almost 13 years, any forthcoming shift has the potential to dramatically alter Germany's political landscape. If the SPD does leave the coalition, while still having similar views as the CDU and CSU, it could represent a return to the party's more liberal origins. Regardless, the SPD will likely face another disappointing election due to its previous affiliation with the CDU. With the overall loss of power of the coalition in Bavaria, political power will likely shift from the hands of traditional parties to those currently gaining more popularity.
[Alli McIntyre]

JAPAN: China Urges Reluctant Japan to Join OBOR

Summary: At an annual conference, China encouraged Japan to join its One Belt and One Road Initiative (OBOR), in which Japan seems reluctant and unlikely to participate amid ongoing territorial disputes and Chinese expansionism in the region.

Development: On 14 October, Japanese and Chinese government officials discussed joint economic projects during the 14th annual Tokyo-Beijing Forum. Chinese officials repeatedly urged Japan to join its "third-country development projects" (an alleged euphemism for China's OBOR) while Japan urged China to increase the transparency of OBOR and other infrastructure projects to avoid damaging its debtor countries. That same day, Japan's Ground Self-Defense Forces (GSDF) conducted its first joint drill with the US Marines in which the GSDF trained to retake control of enemy-held remote islands, as Japan and China have a long territorial dispute over the uninhabited but Japan-controlled Senkaku islands in the East China Sea (ECS). This US-Japan joint drill follows the freedom of navigation naval drills Japan recently conducted in the South China Sea (SCS), as Japan shares US concerns about China's aggressive maritime presence in both the SCS and ECS. China is Japan's biggest trading partner, and Japan is China's second largest trading partner after the US.

Analysis: Amid perpetual maritime tensions between the two nations, Japan will probably decline China's offer to join OBOR. Given Japan's recurring drills directed at Chinese aggression, Japan defense officials seem wary of OBOR's military implications in the ECS and SCS. In addition to these concerns, officials also seem to disapprove of the lack of transparency in many of China's "third-country development projects," as a number of these left China's debtor countries in an immense amount of debt, leading many to perceive such projects as scams. As a result, China probably seeks Japan's participation in the initiative because its addition to OBOR would likely improve its current reputation. China's proposal also comes amid trade frictions with the US, possibly indicating a shift to replace the US (its largest trading partner)

with Japan (its second largest trading partner) in the case of a full-scale US-China trade war. Japan, however, will likely try to avoid escalating the current conflict and remain apart from OBOR. Considering its joint drills with the US and their shared security concerns regarding China's expansion and increasing presence in the region, Tokyo will likely continue countering Beijing both militarily and economically.

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MEXICO: Trade Officials May Seek New Alliances, Countering New NAFTA Deal

Summary: Foreign Minister Luis Videgaray publicly assured that pending “NAFTA 2.0” will not impede Mexico’s ability to form bilateral accords with “non-market” nations, probably in part to create leverage with Washington by showing that Mexico City has other options.

Development: On 13 October, Foreign Minister Luis Videgaray told Chinese Foreign Minister Wang Yi over a phone call that new trade deals with the US and Canada will not prevent Mexico from developing economic relations with other countries. On 30 September, Canada agreed to join the preliminary pact between the US and Mexico to revise the North American Free Trade Agreement (NAFTA) and to rename the new proposal the US-Mexico-Canada Agreement (USMCA), commonly referred to as NAFTA 2.0. One specific provision of the USMCA details that either country may quit the agreement if one of the three partners signs a trade deal with a “non-market” country, like China.

Analysis: Although the ratification of the USMCA is pending, Mexico’s reassurance to China regarding free trade potential likely indicates that it wants leverage with Washington and other options in case new trade disputes arise. While Mexico almost certainly does not intend to toss out its strong economic relationship with the US, it seems to show interest in the option of turning to China as a main trading partner as a fallback and source of future export growth. Additionally, other Latin American countries might view China’s growing economic power as attractive potential for financial support—just as Venezuelan President Nicolás Maduro agreed to let Chinese President Xi Jinping invest up to \$5 billion to rebuild Venezuela’s oil production industry. If Mexico shows hesitance to follow provisions under USMCA, its government will likely find loopholes through the agreement to keep its opportunities open for building stronger economic alliances. Since Videgaray has publicly assured China that USMCA will not prevent Mexico from forming bilateral accords with third-party nations, some world leaders might misinterpret Mexico’s intentions by believing it will not take the new agreement seriously. Mexico may likely value China’s trade support more so than that of its northern neighbors, possibly indicating that Mexico may be forced to pick sides between two rivaling economic giants (the US and China) in the future.

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RUSSIA: Russian Orthodox Church Severs Ties with Constantinople Over Ukraine

Summary: The Russian Orthodox Church announced its decision to break with Constantinople after it endorsed the independence of the Ukrainian Orthodox Church, creating conflict in Ukraine.

Development: On 15 October, The Russian Orthodox Church declared its decision to sever all relations with the Ecumenical Patriarchate of Constantinople, the spiritual leader of Orthodox Christians located in Istanbul. This follows the Patriarchate's support of Ukraine's request for an independent orthodox church. Ukraine secured this endorsement a week prior, obtaining its own patriarchate following worsening relations with Russia after the 2014 annexing of Crimea and Russia backing separatist movements in Eastern Ukraine. The Moscow Patriarchate, aligned with the Russian Orthodox church, quickly criticized the decision, and compared Ukraine's efforts to that of the Great Schism in 1054 that sundered Western and Eastern Christianity. The Moscow Patriarchate long controlled Orthodoxy in Ukraine, until 1991 when the rival Kyiv Patriarchate challenged it, fueling the dispute until the present.

Analysis: While many in Ukraine are celebrating, Russians are still reeling, and the new split will almost certainly create many problems with Russia and within Ukraine. Priests and worshippers from separate patriarchates cannot worship or take communion together and clashes may result from holding Moscow Patriarchate services. The divide also may exacerbate the already highly strained relations between Ukraine and Russia, and the religious nature of the conflict will make the issue difficult to resolve diplomatically. Additionally, the loss of Moscow Patriarchate in Ukraine may also have symbolic repercussions as Kyiv is considered the birthplace of Russian Orthodoxy. The rift signals perhaps the fraying of the last imperial cord tying Ukraine to Russia, with Ukraine's nation-building winning out over perceived Russian imperialism. In time, more faithful will likely join the newly independent Ukrainian Church, as the Moscow Patriarchate's isolation and the continued conflict in Eastern Ukraine further fuels Ukrainian nationalism.

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