



Transcription of the Webinar Russian-Ukrainian war: Regional & Global consequences

(<https://www.youtube.com/watch?v= MTKOqkaB5c>)

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Moderator: Leonardo Paz Neves⁷

Leonardo Paz Neves (0:09:05-0:10:55): Well, thank you everybody to be here with us today. Good morning and good afternoon. This is one of our activities within the Jean Monnet Atlantic Network. The Russian-Ukrainian war: Regional and global consequences. First of all, I thank the Policy Center for the New South for being our host today and all the time that is behind this initiative.

Here is the deal: We are six think tanks in the Jean Monnet Atlantic Network, and each country has its own view about the Russian-Ukrainian war, while we have been discussing about that all along. So, the idea of this small webinar is to give to all of us a flash glimpse in what each country is thinking. As the dynamics, I will be asking four questions to each of the panelists, and each one will talk for about three minutes, just telling graphic information about how their country are positioning themselves, organizing their ideas, and vocalizing their positions towards the conflict.

I will start with the order of the program with Mr. Abdelaaziz Ait Ali. Then I will be passing to Frank Mattheis, then to Lorena Ruano and Eduard Soler, and finalizing with Carlos Gaspar. In fact, I will also be talking about Brazil.

The first question that we are going to account for and we are going to have our colleagues' perspective is: "What are the major impacts to be expected regarding the increase in energy prices taking into account the balance of gains and losses?"

¹ In the YouTube recording, the names of speakers Frank Mattheis and Eduard Soler were switched. The order is correct in this document.

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Mr. Ait Ali, the floor is yours.

Abdelaaziz Ait Ali (0:10:56-0:15:26): Thank you, Mr. Leonardo. Thanks to our partners for the invitation to be with such distinguished panelists. I will try to share with you the perspective of the middle-income economy belonging to the African continent. I am an economist, so you might guess that my presentation will focus merely on the economic implications of the Russian-Ukrainian war. In this sense, there are three points I want to share on three different horizons.

In the short term, as you know, this war is sort of a classic. Supply shock in the form of oil, energy and food prices are affecting African economies differently. Energy intensive economies within the country witness massive surges on the export revenues. And others, like Morocco -- who highly depend on energy imports --, will endure significant stress over the internal and the external imbalances. With all the uncertainties harboring around the global economy and the risk of supply destruction and critical products such as energy and food, the war has actually exhorted additional pressure over commodities prices.

As you know, before the world analysts were questioning the persistence of inflation. Now we are pretty sure inflation is bound to stay. For different reasons of course, but the war will add further to this trend. For energy intensive economies, the improvement in terms of trade will temporarily provide relief. For example, from the inner of Nigeria the budget act of 2022 was based over a price of USD 60 only. And now, the prices are almost the double or 80% higher than that; and they will hover around that level for the rest of the year.

The domestic and external imbalances will be resolved, but the side effect is that all structural issues are challenging. Those countries will be put on hold, and I mean by that: reforms, tackling structural transformation of the domestic fabric, the transition to a greener economy, governance reform and rent-seeking behavior will be taking the lead at the expense of much more profound transformation.

On the other side, we have energy importers. The context is quite challenging for those countries. The macro economy and social stability is straightened, and this comes after, or actually with, the unprecedented Covid shocks. Hence, countries are actually called to come up with innovative approaches to cope with the domestic and external imbalance, and mostly to prevent involving purchasing powers of households and access to affordable foods.

Unlike energy intensive economies, vulnerable economies in this context are tremendously engaged to set the country on a more sustainable path. Here, I will take the example of the Moroccan context: A serious project is well on track aiming to establish a universal social safety net, that will abolish eventually the linear subsidizing system and centralize all social programs under one hand. The project was launched during the Covid crisis and policy makers are now quite aware that these systems are well suited to question the social implications of such a crisis. Still, within this crisis there are opportunities.

Countries such as Morocco and other energy importers are trying to fix the framework and adopt more sustainable policies while energy intensive economies are going through the same



symptoms and the same context that they have witnessed a long time ago, engaging in much more rent-seeking behavior with much more dependence over energy input.

Well, this is what I can say about this dimension.

Thank you.

Leonardo Paz Neves (0:15:26-0:15:38): Thank you very much. I think that was a very good overall view about middle income African countries, especially Morocco. Now, let's go to Europe, in Brussels. Frank, what is your view from Brussels?

Frank Mattheis (0:15:39-0:18:49): Thank you, Leonardo. Parts of the trends in Belgium are similar to what we see in other countries, notably in Morocco. Certainly, the issue of inflation is quite present. It is, to a large extent, linked to the rise of energy prices. It has been also direct political consequences, like the dismantling of nuclear power plants -- on which Belgium relies mainly to produce energy --, that have been postponed and further kicked down the road. These exits that were supposed to be happening will not happen so soon. Hence, there is an idea of staying self-sufficient for a long period of time depending on nuclear energy, but also to accelerate the EU-Wide Green transition that is already in progress, reason why there is an obsession with additional efforts in that direction.

Another important part that drives inflation to some degree, is the disruption of several value chains into which Belgium is integrated: notably in the automotive sector. These car sales have dropped 25% last month, which is partly linked to inflation and to less purchasing power, but to a large extent, it is just simply linked to the fact that there have not been enough cars that have been produced. Also, the ones that were reserved have not been delivered because there are pieces missing that were partly produced in Ukraine. The final assembly in factories in Belgium has not happened, so there is also this issue.

Then, if we go to the labor market, we have also several repercussions. In the sectors where there has been a quite high share of Ukrainian workers, construction, lorry drivers etc., we've seen a flux of those returning to the country to be enrolled and enlisted into the war. In this sense, there has been a crunch on certain activities, but in return we have a high influx of migrants that would work in different sectors since there is a bit of gender reverse: men are going back to the country, while women are migrating to countries such as Belgium.

This will certainly have big repercussions on the labor market as well. But how they will be in the long term, at this point, is quite difficult to assess.

I'll stop here for now. Thank you.

Leonardo Paz Neves (0:18:50-0:18:58): Thank you very much, Frank. Let's go across the Atlantic right now to Latin America and have Lorena to talk about to us from the perspective of Mexico.



Lorena Ruano (0:18:59-0:21:41): Thank you, Leonardo. Thanks to the audience for following us today. It is a great pleasure to be here. Let's say that Mexico is a faraway country from the scenario of war, so the real impact is here mainly economic and political. We do not have this issue of migration, for example, as Frank mentioned. So let me go to the economic side.

Mexico is an oil exporting country. In this sense, the rise in prices, in world prices, is benefiting the state company "Pemex" that exports this oil. And it has helped to ease its balance sheet, which is the most indebted oil producing company in the world. Hence, this rise is helpful for the company. However, Mexico exports crude while it imports gasoline. And there, we have a big problem, because the prices of the imports are also rising. And also, because the government has decided to increase subsidies for gasoline to consumers at a very high fiscal impact for the government. Hence, this is ok only as a temporary measure, but if this continues, in the middle term it will have a severe fiscal impact for the government. So that is one thing.

The other thing is the scarcity of gas that can be expected. Mexico does not produce enough gas for internal consumption. We import most of liquefied gas from the United States. And the problem is if the U.S. decides to help Europe by diverting these exports of gas to Europe, Mexico will probably face a very strong crunch in its gas availability. And of course, like everybody else, we are dealing with high pressures on inflation, which was already high before the war. But this is certainly aggravating the situation, and is affecting growth, which has been in the last three years, zero. So, it's not helping the Covid recovery certainly.

On the political side -- and I will finish with this because I will talk later more about this --, Mexico has had an ambiguous position and this has had an important impact in its relationship with the United States, its powerful neighbor, and also with the European Union.

But I'll leave it there. Thank you very much.

Leonardo Paz Neves (0:21:42-0:25:27): Thank you, Lorena. Before sending back the word to Europe, I'll place my intervention here about Brazil because it is quite similar to what is happening in Mexico.

Energy prices have a dual impact on Brazil. Brazil is both an energy producer and an energy importer, in which exports a lot of oil and a little bit of gas, but mostly oil. And that has been an unexpected windfall to the governments, both to some states and to the federal government (producing states). This is interesting because most of this windfall of cash is filling right now to elections. We have an election by the end of the year, so they are using most of this money to give some kind of benefits in a way to enhance their probabilities in the elections.

The dark side of this problem is the same that is happening in Mexico. We have been dealing with a negative trend of high inflation in Brazil, and a depreciation of the currency, the Brazilian "Real". Hence, the Brazilian Real was like three Reais five years from here, in 2017. And right now, managed to almost reach six Reais, a considerable increase, especially in relation to the American dollar.



So that alone has been impacting in the price of the gasoline pump. And in Brazil, "Petrobras" is the second largest indebted oil company in the world, just followed by "Pemex", and it was the first one four years ago. They use international prices for the gasoline in the pump, in the gas station. Because of that we, Brazilians, pay gasoline through the benchmark of the international prices, not from the producing, in Brazilian Reais. Hence, the price of gasoline has also been increasing a lot for the Brazilians.

In the beginning of the Bolsonaro government the gasoline price was about R\$ 4.50, and right now it is scratching almost R\$ 8. This is a 90% increasing in four years, which is a lot. Especially in a country that depends a lot on gasoline and that does not use, for instance, railways considerably. That issue has been huge in Brazil, especially within the federal government (to the elections). The president has been trying to deal with this problem with several short-sight policies, such as slashing some small taxes that the federal government placed within the breadth of the gasoline. But the bulk of the taxes that go on gasoline are state taxes, so his light signal is just a scratch of taxes -- it does not make a huge difference. However, it is impacting the budget. Hence, it is consuming all these windfalls that went from the high prices.

From Brazilian society in general, it has been a bad deal the price of the gasoline right now and the oil prices. A lot are due to the problem of currency and the problem of the increase of gasoline. But some governments, some state governments, has a windfall for money that they have been using to fuel propaganda, elections and small policies, to enhance their visibility for the elections. Almost nobody is doing a comprehensive fuel policy to Brazil to try to cope with this volatility.

I will leave it here and will go back to Europe. I am sending the word, right now, to Spain for Eduard Soler. Please, Eduard. Welcome.

Eduard Soler (0:25:28-0:32:01): Thank you, Leonardo. Here we could say that Spain, as all the other countries that we have been discussing until now, has been affected economically. This is like a general trend. But there are also issues similar to what Frank was describing in the case of Belgium, and probably to what our colleagues from Portugal will be presenting. Here we are in a different position to Morocco, to Brazil, and Mexico, because we are part of the EU and NATO. There are also some decisions that are not Spain's alone, but the role of the EU and the Alliance, and certainly this puts us in a different situation, and we will have time to come back to Spain's position in the EU and in NATO later on in the debate.

In terms of the impact, as I was saying, obviously there is a clear economic impact, which is most visible when it comes to prices; to inflation. Here, we are among the European countries that have been more affected by inflation. We have one of the highest inflations in the continent, 9.8, almost two digits.

Only the countries from the Baltic Republics and, I think, the Czech Republic have achieved these levels of inflation, maybe a few others. This is twice as much as France, so we are doubling French inflation. This is much due to the issue with energy prices, and we have also



the opportunity to discuss this because here we face many similar things to our Portuguese neighbor.

And there has been also a cooperation here with Portugal to face these disability specificities. I mean, this has been an important role when it comes to these high energy prices, which are also politically and socially very sensitive – actually, they were already sensitive before. Additionally, we also have popular mobilizations, some of which were already going on before the war started. In this sense, this is not only an economical problem, but also a social and a political problem.

In a way, also one of Spain's peculiarities (and also Portuguese's), is the facilities in terms of LNG (liquified natural gas) and regasification in a way you may say that Spain and Portugal have become more attractive, in a way also less affected than other parts of the continent that are more dependent from supplies of natural gas from Russia via pipelines. This is, again, one of the peculiarities.

When it comes to the economic effects, we are a tourist country, a touristic destination, and Russians were among our wealthiest tourists. Obviously this is an issue, not for the whole country but it may affect some territories or some cities, some touristic destinations. This has an effect also on other territories when it comes to the prices of grain, of cereals (particularly for feeding animals in farming) -- that is an issue. Again, it would be also socially and politically very sensitive.

Another peculiarity is that we had one of the largest Ukrainian diasporas in Europe before the war. More than 100 thousand Ukrainians lived and worked in Spain before the war, so this is an issue because there is also an emotional link here, but obviously it means also we are one of the countries despite the long distance, that is receiving a significant number of refugees, because of these family connections.

On the latest data I saw, 130 thousand refugees have already arrived in Spain. As I said, it is not only the humanitarian or the economic, but also the domestic politics that has been an issue widely discussed. In domestic politics, in principle, while there is an agreement between the mainstream parties, like the socialist party and the popular party, there are some divisions among how to stop the war, let's put it that way, within the junior partner of the coalition "Unidas Podemos" and, as it happens also, in other European member states, with the discussion about the links that our far-right movements now in parliament, "VOX", have had also with either Putin or some of its European allies, such as Viktor Orbán.

Finally, foreign policy has implications. Spain will also host the NATO Summit in Madrid in June. NATO has become more important so, in a way, the war in Ukraine has changed the meaning of that Summit. Interestingly, also for our Moroccan colleagues we could discuss whether the war in Ukraine has pushed for this reconciliation between Spain and Morocco. As you know, we had an important bilateral crisis. Some people say that we did because ... I mean, Spain perhaps could not afford to have to deal with too many crises at the same time. Because of that, Morocco's capacity to put pressure on Spain increased.



But also, Spain feared an increase in migration and social discontent in the Maghreb in Africa. In general, because of the food prices, and how you deal with such a situation if you cannot have a good cooperative relation with your southern neighbor? And also, your neighbor in the Atlantic, because remember that Spain is also in Africa because of the Canary Islands. Obviously, this Atlantic dimension is extremely important.

And I will stop here. Thank you, Leonardo.

Leonardo Paz Neves (0:32:02-0:32:11): Thank you very much, Eduard. And now we forward finally for the last position in this first round. Dr. Carlos Gaspar, from Portugal.

Carlos Gaspar (0:32:12-0:36:57): Thank you very much. I think almost everything has been said about the economic impact and the impact on the energy costs. We have a lower inflation than in Spain. The Portuguese authorities are in denial about the impact of inflation on the medium and long term, but we are convinced that it will be a structural issue in the medium and longer term.

As Eduard said, we have a specific position on energy, which has been discussed with Spain. Countries went together to Brussels to define a specific arrangement on the rise of energy prices. Portugal, as Spain, is mostly dependent on LNG for its gas, and on Nigeria for its oil. In this sense, we have not had a problem of supplies, just a problem of rising prices which are, of course, an important industrial and social impact.

As in the case of Spain, and even more so in a proportional sense, we have a very strong Ukrainian community. We have about 40 thousand Ukrainians – it is the second largest immigrant community in Portugal. It has a very good reputation, and it is very well integrated into the Portuguese society.

We have had several thousand immigrant refugees coming into Portugal and, again, there is a very strong movement of solidarity vis-a-vis the refugees. Some come through their families, other come through other social and civic, even church networks. There is a stream of small groups going to Poland to pick up refugees and bring them back to Portugal. I do not know if some of them will stay in Spain or just come to Portugal, but there is a very strong movement of solidarity vis-a-vis the Ukrainians.

Politically, I was surprised by the strong support for the Ukrainian side in facing the Russian invasion. There is a very strong consensus among political parties. In a part of Ukraine, President Zelensky, as we speak it is addressing the Portuguese parliament to the protest of the Portuguese communist party, which is an old style Stalinist communist party. Our special relic, if you will. But even on the far left, even on the radical left, there has been a moderate support for the Ukrainian side and the movement towards separating themselves from the Russian aggression.

Our extreme right party, unlike VOX, does not have any kind of links to Putin's Russia. I do not know why. I am not an expert on this. It's a small party, it's not a strong one... I think it is smaller and weaker than the VOX party in Spain, but they have been very strong in condemning Putin's war in Ukraine. Hence, it is only the communist party, the Portuguese Communist Party that is protesting Zelensky speaking in Russia. And even the communist party has not come out in support of the invasion. They have this ambiguous position a bit like



the Chinese Communist Party position. They do not condemn Russia and they do not support the invasion. It is not an easy act, but there you have it.

I think this is it from Portugal. I will stop here. Thank you.

Leonardo Paz Neves (0:36:58-0:37:45): Thank you very much. With that I will close the first round of questions. We practically focus a little bit more on economics and now we are moving to politics/geopolitics. Some of you have already brought such points, but we can have a more structured answer in this round. So, the second-round question is: Do you think that this crises will accentuate a war division between the two superpowers with Russia siding with China? And, if so, how is your country deal with this new power dynamic? I will again refer the question first to our colleague Abdelaaziz, so he can give us the Moroccan perspective.

Abdelaaziz Ait Ali (0:37:48-0:40:13): Thank you. I will share with you in fact the implications of this new war and the position of Africa in this new framework. I think that the isolation of the Russian economy has actually pushed it to seek alliances in the east, especially with China, which will likely deepen further the fracture of the economic system, in which African countries might be forced, in a certain way, to choose a side. I think this will have a tremendous implication for the architecture of economic and trade size.

I think this is, at least in the short term, unlikely to happen. And it will depend on the outcome of this war and how Russia would deal with all the pressure coming from the west. But we believe that there are some opportunities that Africa can seize in this turmoil. Africa has been praised by the developing and emerging powers in this 21st century and I think this trend will deepen even further, so everything will depend on the posture of the African continent on the strength of the internal front, to what extent the continent could have one common in the homogeneous position.

Either way, I think that now we are entering a new Era where all countries will seek even more partnership with the African continent and, in this context, Africa can play a role in attracting the best offer and in trying to seize this opportunity. All this trend has been observed beyond this crisis and before the Covid crisis, but this trend will certainly exacerbate. Africa has an opportunity to seize and I think it will depend on its status and the negotiation that we will have with all different partners.

Thank you.

Leonardo Paz Neves (0:40:16-0:40:20): Perfect. Thank you very much. We are going back again to Frank.

Frank Mattheis (0:40:23-0:43:15): The first part of the question is very easy to address. Brussels is the headquarters of NATO and also the EU. There is no debate whatsoever to which side Belgium should side with. This does not mean Belgium has always been completely faithful to the U.S. Belgium was among the countries that opposed the invasion in Iraq 20 years ago. This does not mean unconditional support for the U.S. position, but I think in this



situation it is pretty clear where non-alignment is not an option. And I think colleagues from Lisbon and Barcelona will probably see similarities.

Where the division arises is more ... is on a different front, both within Belgium politics but also looking at the EU institutions. There is more of a division between a more hardliner approach of “those countries that are not with us, are against us”, using the position of third countries whether they are supporting, whether they are neutral, as a sort of test for alliance. And so, to say, if countries are not supporting us in this moment, which we feel as an existential crisis to Europe, then this should have consequences in terms of development aid, in terms of trade preferences, and in terms of political support. Hence, we should tighten these relationships with these countries.

This run, what used to be more of a fraction, is gaining momentum. And on the other side, you have pragmatic approach that is more saying: “Let’s keep foreign policy or let’s keep the Ukrainian issue separate from our other interests that we might have with certain countries”, and not let this interfere so that, for instance, the relationship with China should not depend on whether they keep a sort of non-aligned position or not, but there are other factors that are more important to determinate on how the relationship should go on. I think that’s probably a bigger rift and a more heated debate rather than questioning which side should we be on the U.S. or Russia and China.

Thank you.

Leonardo Paz Neves (0:43:16-0:43:23): Great. Lorena? How can Mexico position itself being so close to the U.S.?

Lorena Ruano (0:43:25-0:47:38): As you just mentioned, Mexico is very close to the U.S. We share a border. It is certainly our most important foreign policy relationship. However, Mexico has had an ambiguous position as I mentioned in my first intervention. In the U.N. Security Council, where Mexico is now sitting together with Brazil representing Latin America, Mexico has aligned with western positions and U.S. positions. However, in the vote that was carried out in the United Nations Human Right Council to expel Russia, Mexico abstained together with other number of Latin American countries. And this is certainly signaling a degree of, let’s say, equidistance or trying to show, especially for internal purposes for the internal audience that Mexico is kind of independent of the United States.

The President has said that Mexico remains neutral in the conflict, that it will not participate in the embargo. Recently, couple of weeks ago, in Parliament, a group of deputies formed a group of friendship with Russia. This triggered a strong reaction from the U.S. Embassy and the Ambassador, and also some United States congressmen called to cancel the Visas of the deputies who signed up to this group -- immediately some of them dropped out of the group - -, so it is an important issue.

Mexico, what is reminiscent of the Cold War, is trying to follow the policy of equidistance, trying to show that it has some margin for independence. Clearly, Mexico, between the U.S. and



China, has to side with the U.S. You know, it is our most important partner; 80% percent of our exports go to the United States. We have 30 million Mexicans living in the United States. So, most of this ambiguity will come rhetorically and symbolically, but I don't think there will be more stronger ways to show that.

An example is the participation in the embargo. Mexico has virtually no trade with Russia whatsoever. So, participating or not in the embargo is really not going to make a difference. It is not going to affect the conflict, but it is a way to signal independence that is not costly for anyone really. In regard to China, Mexico has a very tenuous relationship in economic terms with China. This is different from most Latin America. We have very little investment from the Chinese in the country and we only import things from them, we do not export anything, or very few exports to China. This is in contrast, for example, to Brazil and Argentina which exports a lot of commodities. Hence, Mexico really will be siding with the U.S. with this kind of political and symbolical gestures to show that it has some independence.

Let me just finish by saying that Mexico is currently missing out on the opportunity of near shoring that this trade war between China and the United States has brought because there is a hostile environment for investment currently in the country. Therefore, the companies from the U.S. which are trying to bring back the production chains closer to home, have not been choosing Mexico to do it, and this is really a lost opportunity and it has to do with the populists policies of the current government.

Leonardo Paz Neves (0:47:37-0:47:44): Thank you, Lorena. Going back to the European Union. Eduard.

Eduard Soler (0:47:46-0:52:33): The easiest thing to say is that Pedro Sánchez, the Prime Minister, is visiting Kiev today with the Danish Prime Minister as well. They just met a few hours ago with President Zelensky and Spain announced the shipment of 200 tons of military equipment, the largest supply Spain has given to Ukraine so far. Similar to Belgium and Portugal, as we will listen from Carlos probably soon, there are no reserves in the position of support to the Ukraine and to the Ukrainian government financially, politically and also military. There is also support to the European Union and NATO allies that are closer to Russia.

In the sense, also, before the war Spain reinforced its participation and involvement in the NATO operations in the Baltic States and in Bulgaria; and there has been communication with Turkey in that respect. Also, has no reserves regarding these sanctions in Russia, even for a country like Spain that is not very keen on sanctions normally. I mean, it's one of those countries that will not veto a sanction in the EU because Spain doesn't want to be perceived as, you know, troublemaker. Hence, if there is consensus ... I mean, it goes with the flow.

However, Spain has been among the countries that has been on the forefront and say: "No. We go ahead with the sanctions", not announcing them before decisions were taken. That is perhaps a peculiarity. Hence, when there was this kind of rush, who is closing the airspace quicker, Spain wanted to always say that it was the result of a commonly agreed position at



the level of the EU. However, in the discussions in the council, Spain has not created any major issue or any reservation on something regarding these sanctions. Why? Because of what we said before, mainly which is that probably it is less exposed, that is, very much affected economically, but less exposed when it comes to energy.

We could also add additional factors, but the one I mentioned is the most relevant and it helps us. It helps the government to get closer to be perceived as a more solid ally by the other states, but also by the United States, it was an important aspect for Sánchez. We could also say that there is a normative dimension in the position of principles by the government. To emphasize this point about the fact on how to spin canons this response is this multilateral framework of EU and NATO.

It is important also to consider that not only will Spain host the NATO Summit in Madrid by June, but also that Spain will be the EU President of the Council in 2023, which is something important. The other members are looking at the EU to see how much or how well they perceive the EU-Term Presidency of the council. As I said, there is also this issue about hosting and being part of the discussion about how we deal together with the refugee crisis, with the energy crisis and the economic crisis, but we do it together -- not alone, as a member state. That would be the main peculiarity of the EU.

Either way, precisely because we are part of the EU and a committed member in EU and NATO, the question you post Leonardo, whether Spain could hesitate: No. On the contrary, it is very clearly aligned on one side.

Leonardo Paz Neves (0:52:35-0:52:40): Great. Thanks, Eduard. And what about Portugal? Dr. Carlos Gaspar. What can you tell us about Portugal?

Carlos Gaspar (0:52:43-0:58:48): Much the same thing. Equidistance, of course, it is not an option for a NATO's member state or an EU member. The Russian invasion of Ukraine and the pressure against NATO allies, Sweden and Finland make this an European war and this is felt by Portugal. Even if we are somewhat far from the frontline, this is well perceived in Portugal as a European war. As I mentioned, there is a strong political consensus on this issue, with the exception of the communist party. Even the radical left equivalent to "Unidas Podemos" is not out of this consensus, although it is less enthusiastic in its solidarity with the Ukrainians.

Portugal has reinforced its participation in the NATO Baltic Operations. It has sent troops to Romania. We leave Bulgaria for Spain -- we are concentrating in Romania. And of course, we have approved all the sanctions in the European Union as other member countries. There is no impact and no movement towards establishing any kind of conditionality to relations with third countries. Angola and Mozambique both abstained in the U.N. vote condemning Russia. Of course, people took notice of that, but there is no linkage between our relations -- our bilateral relations or our relations within Portuguese-speaking countries community.



The issue of the war in Europe... Your question was somewhat larger, I think. And yes, I do think that the crisis will accentuate the separation between Russia and China on the one hand, and the United States and its European and Asian allies on the other hand. I think this is a very strong trend. We have spoken mainly about the Ukrainian issue and the Russian issue, but there is also a spillover in the relations with China public opinion. China has changed a lot in the last two/three years and, of course, the fact that China is aligned with Russia on the Ukrainian war will further change the European and the Portuguese opinion vis-a-vis China. Of course, again, we do not have an option of thinking of equidistance in this issue. But it is different in the relations with Russian and in the relations with China. And this is not only the case of Portugal. Russia is an aggressor. It has been identified as the major threat to European security in the EU official document. In the new strategic doctrine of the European; the strategic compass of the European Union, it will be further identified as the main threat to European security in the NATO document that will be approved in the Madrid Summit in a few months.

China is partially a separate subject, and it is not identified and enlightened in the United States – it is not identified as a comparative threat. It is identified by the European Union as both a partner, a competitor, and a systemic rival, but not as a threat. And the same thing in the case of the EU strategic compass which was adopted last month. Portugal, however, will always have a very restrained position vis-a-vis China, in bilateral relations between Portugal and China. We still have a sizable minority of Portuguese in Macau; have an agreement on the transition of Macau with the People's Republic of China and we try to avoid any kind of strong position condemning China outside the European institutions. Hence, bilaterally we will be rather cautious in relation with China because of this specific issue of Macau and the Portuguese minority in Macau.

Thank you.

Leonardo Paz Neves (0:58:49-1:05:18): Thank you very much. Well, from a Brazilian perspective, if you analyze all the positions that we have in Brazil, we have clearly two different positions. I would say even two different players dealing with the Ukrainian war.

We have the President with his own agenda, and we have the foreign ministry with its own agenda. From the President's perspective: President Bolsonaro has been nearly radioactive in the last few years. It is almost an internal joke how Bolsonaro is not being received, not talking to most world leaders and would not go to G20, Davos or even the General Assembly in New York. Almost nobody wants to talk with him. At least, not anybody from the democratic countries in the world.

He had been able to meet with Saudi Arabia or Hungary with Orbán in Europe, at least. But finding Russia to receive Bolsonaro in the beginning of the year was key to him in positioning himself as a world leader. "I am here being received by one of the biggest leaders in one of the biggest countries" (at least one of the biggest military countries in the world).

This was important to him to show that he was not alone and not isolated from the world, especially facing elections in October. These ideas that he has been criticized a lot, that he



was not able since Trump left office... He was unable to engage with almost anybody in the world, so his foreign policy was almost non-existent. Being able to meet with Putin was very important to him to say that he was still being received by countries; relevant countries in the world, which is interesting because he basically did not sign anything in Russia. I mean, he went to Russia and did not come back with any policy, any program or almost anything relevant, at least.

And there is the position of the Foreign Ministry, that has been very institutional, very traditional, trying to not engage in positioning himself and being very equidistant between the two poles; to be very vocal about the needs to reduce violence, to stop violence in fact and go to the negotiating table. Although in the General Assembly, within the U.N., Brazil has been voting with the western countries in general in almost everything. But again, it has been very cautious to support sanctions and very cautious to support the banning or suspension of Russia from more agnostic institutions such as the World Bank, the Monetary Fund, and others.

The idea again is to try to place Brazil within the very traditional parting with autonomy. Brazil, since decades, since the Cold War, have been trying to organize its foreign policy as an autonomous position. Autonomy through distance between the U.S. and the Soviet Union and later on, with President Lula, autonomy through diversification. Talking to western countries, but also talking to other countries, and that has led Brazil to the BRICS. Hence, Russia has a very special relation with Brazil within the BRICS and that is, again, a very interesting and important obstacle that almost preventing Brazil to be very harsh with Russia unless it needs to be.

Within the BRICS, we have to try to be softer in our positions not to implode this project that we have been investing a lot, and this has been very interesting. Since Brazil is somehow in the West side of the hemisphere -- at least for Brazilians, in general, we believe that we are westerners. We have been suffering a lot of pressure from both Europe and especially the U.S. As Frank has said before, there is a hard blindness in Europe and in the U.S. that have been pressuring a lot Brazil. Both Presidents and the Foreign Ministry to position itself by condemning Russia in all instances possible.

Again, we have this dual position in Brazil. The President is clearly with his own agenda of elections and have been trying to criticize Russia because he wishes to capitalize that Russia is a relevant player. And so that is how it is being received, that he is a world leader. As within the Foreign Ministry, they have been trying to be very institutional, very traditional. They are not trying to make much movement and are trying to avoid that, just like that they are trying to expect people to forget that we are here. Hence, they are only taking the necessary steps. They are only taking the necessary positions not to create big waves with both the West and Russia, and perhaps China. I think that is more or less the general position in Brazil.

In this sense, I have just closed the second round. As we are very short on time, I will merge the last two questions and just pose one last question to everybody, ok? The last question is: How do you perceive the evolutions in the European Union? We are all part of Europe or very close to Europe, like Brazil, Mexico and Morocco. So, how can we think that our relationship



with the European Union will be impacted from our country's position? And now adding to that: How our countries are feeling about engaging sanctions that European Union and the U.S. somehow, have been trying to impose on Russia through this complex situation?

Again, I will start with Morocco. Professor Abdelaaziz, you can start.

Abdelaaziz Ait Ali (1:05:20-1:05:23): Sorry. I think I missed your questions.

Leonardo Paz Neves (1:05:25-1:06:17): No problem at all, I can repeat. In a nutshell, I am merging the fourth and the third question to make just one final question in the sense that: How are countries perceiving the evolutions of our relationships with the European Union? I mean, how are we trying to engage the European Union and how the European Union is engaging Russia in this conflict? And especially through the lens of the sanctions, how are we engaging in sanctions? Are we engaging in sanctions? And for the European Union colleagues, are those sanctions enough or are you ready to escalate them? And if you are ready to demand from other players, such as Mexico, Morocco, and Brazil, to engage in those sanctions. The floor is yours.

Abdelaaziz Ait Ali (1:06:17-1:10:40): Ok. Thank you for the question. I think the position Morocco has been handling right now is quite neutral in this, although I say it is within the international law that has preserved the sovereignty of a country. But, if I may focus on the relation that Morocco will seek through this crisis with Europe, I think as Eduard said on this relationship between Morocco and Europe, we believe that it is going to evolve. Maybe not due to this crisis, but due to the interest of the economic relation that we are handling with Europe and also the potential that we have on this very long relation.

As you know, Morocco is enjoying a very advanced status with Europe. We are in for a free trade agreement since 2001. We are seeking a very more profound form of integration. There have been negotiations around the very profound economic relation, profound free trade agreement. But negotiations have been stalling lately for different reasons, and we believe that Morocco is quite engaged to push it even further. Especially with this context, as Eduard said, there was some political disagreements with Germany and Spain also.

But I think that they have been solved. Some analysts actually have pointed that Morocco is enjoying a kind of strength position in this context, but I think if you see the historical relation between Morocco and Spain, and also France and Germany, they have been quite cyclical. But, in the long-term trends, they have been improving.

In the past, Morocco has had very important economic and trade relations with France. But lately Spain, for example, is becoming the first economic partner despite all the crisis and despite all the issues that we are facing now. So, I think the future for Morocco is to increase its integration with Europe, although we are seeking diversification with other partners. I do not think Morocco will take a position in this crisis, for example, to seize its economic relation with Russia or other powers. We have been a major provider of agricultural products to Russia, especially after the sanctions that Europe have decreed on Russia after the annexation of the



Crimea. So Morocco, I think, will still enjoy a kind of economic relations, but it will depend, as I said, on this war and the pressure that other countries will exert on Morocco in a way that we need to choose sides.

Beside this economic relation, I see that the future between Morocco and Europe is quite promising. We have some classic rules that Morocco is playing in terms of migrations and in terms of stability in the region, but I think in the long run that is a role that Morocco can play even further with this crisis, in terms of ensuring food security. As you know, agricultural is a very important sector in Europe and Morocco is a major provider of fertilizers and phosphates. And as you know, Russia is the biggest player in this sector. All the sanctions and also the decision of Russia to ban exports of fertilizers, I think Morocco can play a role in providing fertilizers to Europe. Especially with the distance, the cost and comparative advantage that Morocco is witnessing. So, we see that the future is quite promising in this sense. I think that Morocco will integrate more, despite all the diversification process that Morocco is engaging in. I think that Morocco will still be a reliable partner for Europe.

Nice talking.

Leonardo Paz Neves (1:10:41-1:10:57): Thank you very much. Frank, how is Brussels dealing with this? I mean, would you evolve a little bit more about how Brussels is engaging other countries in addressing sanctions? The expectation is to have more rounds of sanctions?

Frank Mattheis (1:11:00-1:14:13): Well, to start with the first part of the questions on evolutions and the EU, I think we have seen a very clear rally behind the European flag movement. I think this is quite clear and probably will also last a bit longer. Of course, there are nuances and there are differences: not every country has exactly the same position otherwise would not be the EU. But generally, one could say that there is a consensus. Is a sort of division of labor. Those countries that for historical and cultural reasons are not keen on delivering heavy weapons into an armed conflict, like Germany and Austria, will finance the armies of like, refill the stocks of other countries that are doing. So, there is a clear joint action there, and this is likely to keep on for some time.

But as with any crisis, it will wear off at some point and then differences might rise again. Particularly with this issue of sanction as you mentioned. So far, Belgium, like Portugal and Spain and many others, has been a full supporter of the sanctions. At this point, it is also likely to support any further ones, but we will inevitably see that the media attention will drop at some point. Now it still makes the headlines every day, but this, as you know from other crisis, this will diminish at some point and will ultimately be a question of how well the EU, and also the individual countries, are managing the effects of the sanctions so far.

The negative ones, because it is clear the diminishment of wells in European countries. So, what are the social repercussions? How are they being handled? How this is being assured or not that this does not fuel more inequality, more poverty? That the negative consequences are not disproportionately born by the poorest sections of societies? Which would then create more of a backlash against imposing any more sanctions that would go on top of this.



This is largely, I think, more of a question whether this is implemented in a socially acceptable manner rather than an ideology question. I think, from the ideology, Belgium and many other countries would continue to support further sanctions if the war continues to escalate. Especially if more war crimes are happening. But then, it will become a domestic issue as to negotiating what kind of sanctions are acceptable or not. Thank you.

Leonardo Paz Neves (1:14:14-1:14:16): Thank you, Frank. Lorena?

Lorena Ruano (1:14:18-1:19:54): Let me start by saying just that as Brazil, as you mentioned Leonardo, in Mexico we have several foreign policies running at the same time in parallel. There is some sort of polyphony going on regarding to the conflict on the one hand. We have the Foreign Ministry which has led a very sort of traditional, international law kind of position. Whereas the President and his Party have had more sort of populist kind of policy. Or positions -- it is not even a policy, really.

Let me say, as well that as similar to other Latin American lefts and also the Portuguese Communist Party as was mentioned before, there is sort of a confusion about what Russia is. There is this view that equates Russia with anti-imperialism. And this vision of the Cold War... of Russia being sort of left-wing, etc. And I think this: A lot of the Latin American left has not downloaded the new version of Russia. Steal into their computers to see that Putin is nothing even close to what the USSR used to be.

There is an important sector, not just in Mexico, but in Latin America that sort of supports Russia. In addition to this, there is also a lot of misinformation going around. A lot of propaganda from Russian television, on Twitter and in general. It is a conflict that has divided public opinion. So, this is one of the things that I wanted to make clear, because it translates to this ambiguity.

The thing of what is happening with the EU... The EU has been quite perplexed by Mexico's ambiguity, because for them it is quite clear there has been an aggression; that there is a victim. Ukraine is a victim, and it should be helped, and they do not see that for Mexico or for countries in Latin America they simply do not understand how we are not upholding international law and we do not defend the aggressed, the victim of the aggression.

So, there is sort of a difficulty going on there. Having said that, I have to also put this in a wider context which is that Mexico's relations with the EU are currently at a historic low. Before the war started, there were rounds with Spain and Germany for climate change, with the European Commission and also with Austria because we were asking for some archaeological pieces that are in museums in Europe, and most recently with the European parliament that criticized the assassination of journalists in Mexico. Besides, there was a big diplomatic round going on. The only bright side has been the cooperation with France in the U.N., both in the Security Council and in the General Assembly. But otherwise, the relationship is in a very difficult situation now and the war in Ukraine is not making it better.



I think there is more distancing and less understanding of each other. The treaty that Mexico and the EU finished negotiating in 2020 to upgrade their current association agreement is not going to be signed and ratified in the near future. It has been put in the freezer and it will stay there for a long time. I think that we are currently facing a very, sort of, downward trend in relations with Europe. Mexico, as I mentioned, is not joining Sánchez or the embargo. And it does not really matter because there is very little trade.

We also had some Russian tourists and also some Ukrainian ones. Flights with Russia have not been interrupted. However, you know, the airspace is complex to navigate without going through Europe. So basically, Mexico is still open for Russian tourists, but there has been no help to those who were stranded when the war started and their flights got canceled. And the same with a few Ukrainians who were visiting Mexican resorts. So basically, Mexico is not really doing anything about the tourists -- not blocking their arrival nor helping them to return.

Hence, I think that the big picture is going to be defined generally by what happens in the U.S. in the next elections in November. Because there is also this issue of whether Trump is going to come back to power next year and I think that will be a variable that might change everything about what we have been saying today.

Thank you very much.

Leonardo Paz Neves (1:19:58-1:20:01): Thank you very much Lorena. Eduard?

Eduardo Soler (1:20:03-1:24:39): It is difficult to speak after this scary thought that Lorena has put on the discussion. But to answer the question: Spain's government is ready for more sanctions if needed. Some of the sanctions that were discussed in the Council and have not yet been approved, being among those that would be in favor and think on this issue mainly about coal, gas, oil. As I explained before, we have less of a dependence that may explain why it may be easier.

Does everyone in the country has the same position? Well, not everyone, but most of the people are in the same position. But you have, as Lorena was saying and Carlos before, some segments that, in our case, are a minority among the extreme left or the radical left in Spain. But in our case, it also has this dimension of "sanctions only harm people, while oligarchs will always find a way", making parallels with other sanctions imposed in Iraq in the 90's or the ones imposed on Cuba. So, these things, for some constituencies in the radical left, they are not in a position to even influence the government, despite "Unidos Podemos" being the junior partner of the government. Hence, it is like a segment of a segment, in a way. And for part of the right, I mean the radical right, it is a difficult situation because in a way this is an opportunity to have like a more militaristic rhetoric. This also speaks well in the mindset of part of the constituencies of the party, but at the same time it is also an opportunity to criticize, not only the government of Spain, but also the EU about this is partly the fault of how we have been doing things until now. So, you may have these kinds of controversies. But ultimately, the position of the government and even of the main opposition party are quite clear.



There has been this discussion that you raised and also Carlos mentioned before about Angola... I mean, are we ready to ask our partners to uphold the same positions we have? I think we are not. I could not imagine Spain in its relations with its most important partners in Latin America, or in Maghreb or in Sub-Saharan Africa saying "no, we will not cooperate with you, unless...". I don't think this is part of the agenda. On top of things, I think we are very much concerned, and we understand how difficult the situation is for some of our partners in terms of social destabilization, but even security destabilization. We are very concerned about this situation in the Sahel, and in Mali where Russia is present. Remember also, as I mentioned about our proximity, particularly when you integrate what Spain is. You integrate the Canary Islands. We are very close also to the Sahel.

And finally, just one small little comment: it is important to see also how the war has modified a little bit our relations with some other European actors. We want the Commission to see Spain as an ally because we need the Commission's President as an ally. It is an opportunity to cultivate the relationship with those with whom relations were not strong. Baltics, Nordic, Black Sea region, Romania, Bulgaria. Hence, to have also diversified alliances and not only the franco-German couple. It has consolidated our already excellent relations with Portugal. We see things quite right; it has revived some disagreements with people with whom we have had disagreements before. The Dutch and Netherlands, Prime Minister Rutte and, in a way, with France and Italy. It is this always mix of cooperation. Because we do cooperate. They are our normal partners, but also competition. And this competition is mainly on the energy front.

Thanks.

Leonardo Paz Neves (1:24:40-1:24:43): Great. Thank you, Eduard. Dr. Carlos Gaspar?

Carlos Gaspar (1:24:44-1:30:16): Thank you. I would like first to stress that the European Union institutions have proven to be stronger than expected in facing successive crises. This was the case during the financial crisis back in 2010. This was also the case in the Covid crisis where the European Commission took on new competencies to ensure the supply of vaccines. And so on and so forth. And now also, the European Union is taking a strong stand in the Ukrainian war, and the European Commission, including Mr. Bogel, has taken not only a strong stand, but they have engaged in buying weapons to supply the Ukraine.

This is unprecedented in our European experience, so I think it is important to stress that the European Union is stronger now than it was in the beginning of the series of this crisis. We do not know how it will perform in the next crisis, but so far it has performed rather well and surprisingly well for these institutions who were not really designed to face these crises. Hence, the European institutions have shown the degree of adaptation which I think is quite remarkable.

Regarding the relations between the European Union and NATO, it has also improved. NATO was immersed in a very deep political crisis before the Ukrainian war. Even after the election of President Biden and, again, its response to the war has strengthened the relations between



the allies. And it is now in a stronger position than it was before. In that sense, the European multilateral order, if you will, it is stronger now than it was before this Ukrainian crisis. Before the Russian invasion of Ukraine.

On the sanctions... Yes, of course we will be ready. If the war escalates and goes on, it will be more sanctions. There is a division within the European Union in what regards extending the sanctions to oil and gas. This is especially a problem for Germany, Portugal, and I think Spain will not take a stand without consulting Germany. There is a socialist solidarity between Lisbon, Madrid and Berlin, which is an important factor in this process. But the division is there, and it will be increasingly difficult for the Germans not to cut energy supplies if the war goes on. And there is a possibility, of course, that it will go on for some time.

My last point. I am well aware that in Latin America and also in the Middle East, my friends see this Ukrainian war as a Cold War conflict. It is not a Cold War conflict. It is a very bad precedent for international relations all over. When a large State simply invades its neighbor without any kind of pretext, just because it has some kind of ideological fiction about the unity of the Slavic nations or where the borders should be redrawn. This is a very, very bad precedent not only for Europe, but for the Middle East, for Africa certainly, and perhaps also for Latin America. So, I understand that this is seen as a Cold War conflict, but I think this is an old thinking and that the Ukrainian war opens a new cycle in international relations. And that is a precedent, which is as significant and important for Europeans as for other international regions.

Thank you.

Leonardo Paz Neves (1:30:17-1:34:56): Thank you very much. Well, from a Brazilian perspective, as was in Mexico, Brazil's current government is in its all-time low relation with the European Union. We have been, since 2019, bashed a lot, especially because of the deforestations and the forest fires that we had by that time. That led to some spots between President Bolsonaro and Macron, and then later with Madame Merkel. So, the relationship between Brazil and Europe is not at its best. This core has led to a halt in the negotiations, the signature of the European Union and Mercosur trade agreement it is in freezers right now and we have no expectations of anything going further until, at least, President Bolsonaro as to be in power -- as so we believe here. We can perhaps see a change in this scenario after the elections in October if there is a change of government. We believe so, at least in Brazil.

And that has led somehow to strengthening the position of Brazil not favoring sanctions. I mean, if there are sanctions, within the Security Council, towards and against Russia, I believe only then Brazil might abstain from the sanctions. Not vote against it, but abstain from it. Not, again, vote towards. As I said, Russia is somehow a special key country in our foreign politics for a couple of decades, at least, within the BRICS umbrella. Russia is not a key trade partner in the sense of volume, but it is a key trade partner in the sense of the components of the trade. A third of Brazilian's fertilizers come from Russia and Belarus, a little more from Belarus but a third from Russia. That means that we need a lot of the fertilizer from Russia to keep up with our agricultural efficiency, which is key to Brazilian economics. So, until Brazil has



managed to deal with this vulnerability, Russia is key to Brazilian developments in that sense. But again, it is not a huge volume of trade. Russia is like the 20th; 15th trade partner of Brazil. It is not that much. I cannot see anything very new happening in the near future between our relations.

In the perceptions of the government, even if Brazil agreed with everything that came from the European Union and the U.S., condemning Russia, sanctioning Russia, that would not generate dividends to Brazil so we can improve its view towards the European Union. The damage has been done with these governments towards Europeans. So, the perception of the government is that is better to abstain, it's better not to meddle too much. It's better to be equidistant and expect everything to go away. Then, we can check what we can do. So that's the general idea that we can analyze and interpret from the government positions.

Hence, with that and a few minutes after our time, I would like to thank everybody for all your views. It has been excellent, very telegraphic, but with a lot of information. I think our viewers learned a lot today. So, thank you for our colleague Abdelaaziz Ait Ali, Frank Mattheis, Lorena Ruano, Eduard Soler and Carlos Gaspar. Thank you very much again for the Policy Center for the New South for hosting us here today, and all the staff that made it possible. And to the European Union through the program that have been helping the Jean Monnet Atlantic Network to engage all these activities that have been doing into this program. Check please the YouTube channel's description that we have the website of the projects with everything that we have been publishing and all the work that have been done in the past couple of years. And again, thank you very much for all the audience for being with us right now. Bye bye to everybody and have a nice weekend.