

# Quarterly Geopolitical Risk Forecast At a Glance

PGI

The PGI Quarterly Geopolitical Risk Forecast assesses countries that have experienced a changing threat environment in the past three months and provides a forecast for those exposed to changing security or business risks in the next quarter.

The forecast is structured by region, analysing trends in Africa, the Middle East and North Africa (MENA), Europe, Asia, and the Americas. Content is produced by regional specialists from our in-house Intelligence department.

Within this forecast our analysts utilise the PGI Risk Portal to provide both a qualitative and quantitative assessment. Diagrams and maps are placed throughout the report to provide further insight into the written analysis.

Countries are given numerical risk scores for both overall threat levels and within the 11 security and risk categories listed below.

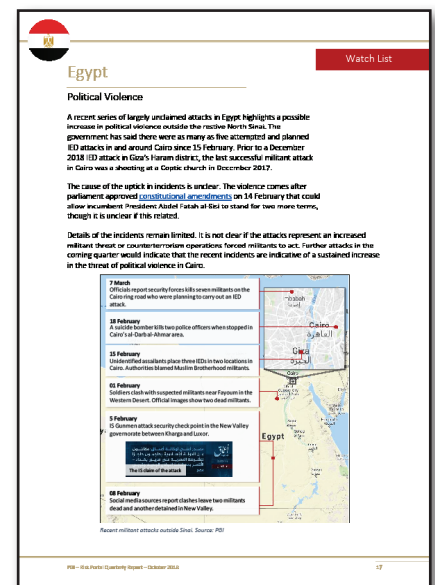
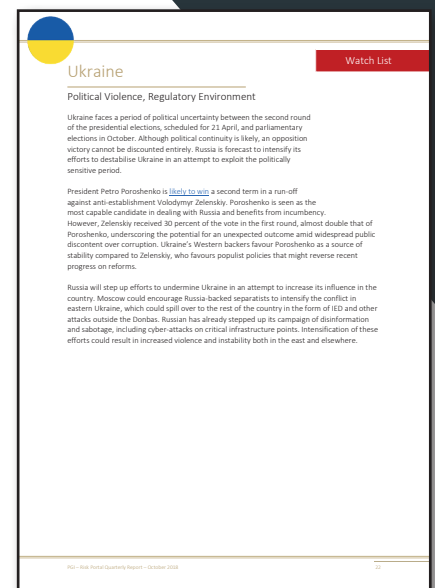
- Regulatory Environment
- Crime
- Kidnap
- Medical
- International Relations
- Environment
- Civil Unrest
- Infrastructure
- Fraud & Corruption
- Political Violence
- Maritime

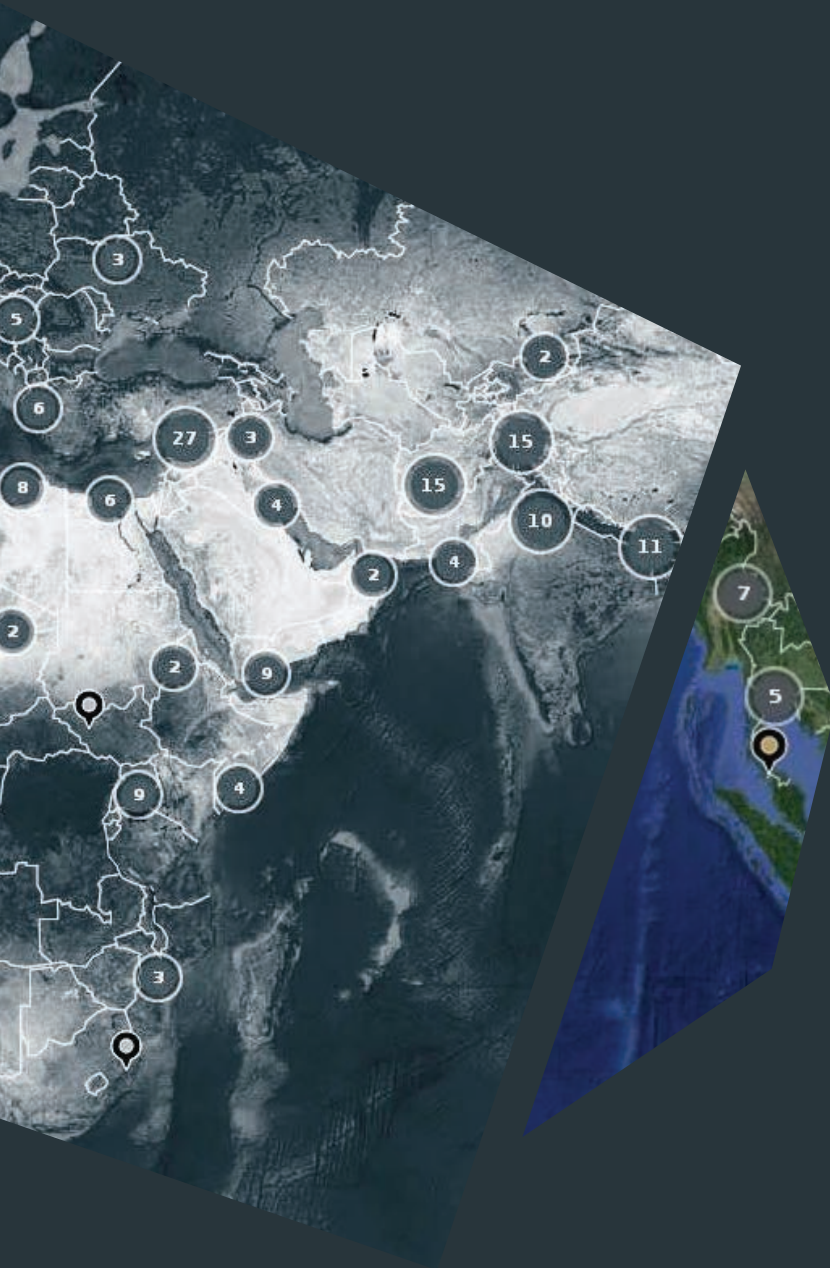
The report positions each featured country on one of two lists depending on the threat climate, either on the Watch List or within the Ratings Change list.

**Ratings Change:** An assessment of a change in the quantitative risk score given to a country in the past three months.

**Watch List:** Upcoming events or trends that threaten to contribute to a changing threat rating within a country during the next quarter.

The following pages are taken from this quarter's report to demonstrate a small example of what you receive. There are different options available, as reports can be purchased individually or as a discounted package.





# Quarterly Geopolitical Risk Forecast

## July 2019

Tel: +44 (0) 207 887 2699  
Email: [clientservices@pgitl.com](mailto:clientservices@pgitl.com)  
Visit: [www.pgitl.com](http://www.pgitl.com)

# Contents

Introduction		03
Executive Summary		04
Key Dates		05

## Africa

Snapshot		06	<b>Watch List</b>	
<b>Ratings Change</b>			Benin	11
Benin		07	Congo, Kenya, Uganda, South Sudan	12
Central African Republic		08	Sudan	13
Ghana		09		
Senegal		10		

## Middle East and North Africa

Snapshot		14	<b>Watch List</b>	
<b>Ratings Change</b>			Algeria	16
Lebanon		15	Iran, UAE, Saudi Arabia	18
			Israel	19
			Libya	20

## Europe

Snapshot		21	<b>Watch List</b>	
<b>Ratings Change</b>			Turkey	22
			United Kingdom	23

## Asia

Snapshot		24	<b>Watch List</b>	
<b>Ratings Change</b>			India	26
Sri Lanka		25	China	27

## Americas

Snapshot		28	<b>Watch List</b>	
<b>Ratings Change</b>			Brazil	29
			Argentina	30

Methodology		31
-------------	--	----

# Introduction

The PGI Quarterly Report assesses countries that have experienced a changing threat environment in the past three months and provides a forecast for those exposed to changing security or business risks in the next quarter.

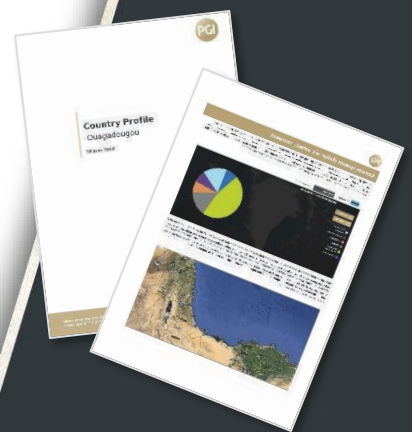
The report is structured by region, and analyses trends. Content is produced by regional specialists from the PGI Intelligence department. The report covers:

**Threat Changes:** An assessment of a change in the quantitative risk score given to a country in the past quarter.

**Watch List:** Current or forecast trends or upcoming events that could change the threat environment within a country during the next quarter.

## PGI Risk Portal

The PGI Risk Portal provides subscribers with up-to-date information and analysis of geopolitical events, security incidents and business-continuity threats worldwide. It is central to PGI's belief that risk management should be intelligence led. For further information and to register for your FREE 1 month trial visit <https://riskportalpgi>



Our coverage spans  
130+ markets and over  
70,000 incidents covering:

- Regulatory Environment
- Medical
- Maritime
- Fraud and Corruption
- Environment
- International Relations
- Civil Unrest
- Crime
- Kidnap
- Political Violence
- Infrastructure



## Executive Summary

This report details five threat rating changes that our Geopolitical Risk team has implemented over the past quarter. More than 20 themes feature on our watch list, and the report provides a summary of key dates in the next three months.

Civil unrest features prominently again in this quarter's report. The unrest ratings for both Algeria and Sudan were increased last quarter but both countries remain on our watchlist amid continued mass protests. While protests in Algeria remain largely peaceful, recent violence in Sudan has left many protesters dead. The political situation is also increasingly uncertain in Benin, where tensions over disputed elections in April have fuelled a wave of unrest that has left many people injured.

Tensions between Iran and key US allies in the Gulf have risen sharply over the past quarter and are likely to remain high over the remainder of 2019. The US has blamed Iran for a series of attacks in the region, and though both sides have signalled they hope to avoid an all-out conflict, further violence is likely, making a miscalculation more likely.

Violence also remains a concern in Libya, a country that remains on the watchlist for a second straight quarter. The ongoing conflict between the country's rival political and military factions in the east and west has contributed to the resurgence of the Islamic State group. Benin also faces an increased threat from jihadist groups, who carried out their first known attack in the country in May. In both Benin and Libya, the threat from Islamist militants is likely worsen over the remainder of the year.

---

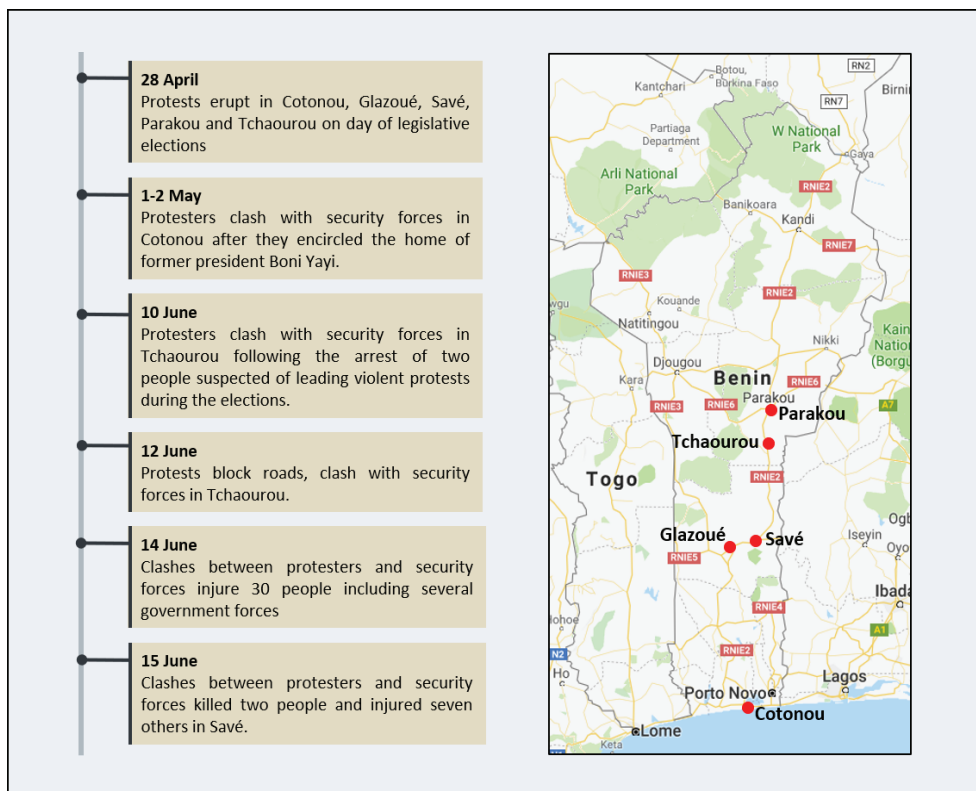


# Benin

## Civil Unrest

Benin has seen a wave of violent unrest since legislative elections in April. The opposition claim that they were excluded from the vote and protests erupted in Cotonou, Tchaourou and Savé after authorities put former president Boni Yayi under house arrest on 1 May for calling on his supporters to boycott the elections.

This led to further violent demonstrations in May and June in the north of the country where Yayi enjoys strong support. The government has so far failed to make any significant concession, risking a prolonged period of unrest that has now seen the opposition call for new elections.



Timeline and location of post-electoral unrest in Benin (Source: PGI Risk Portal)



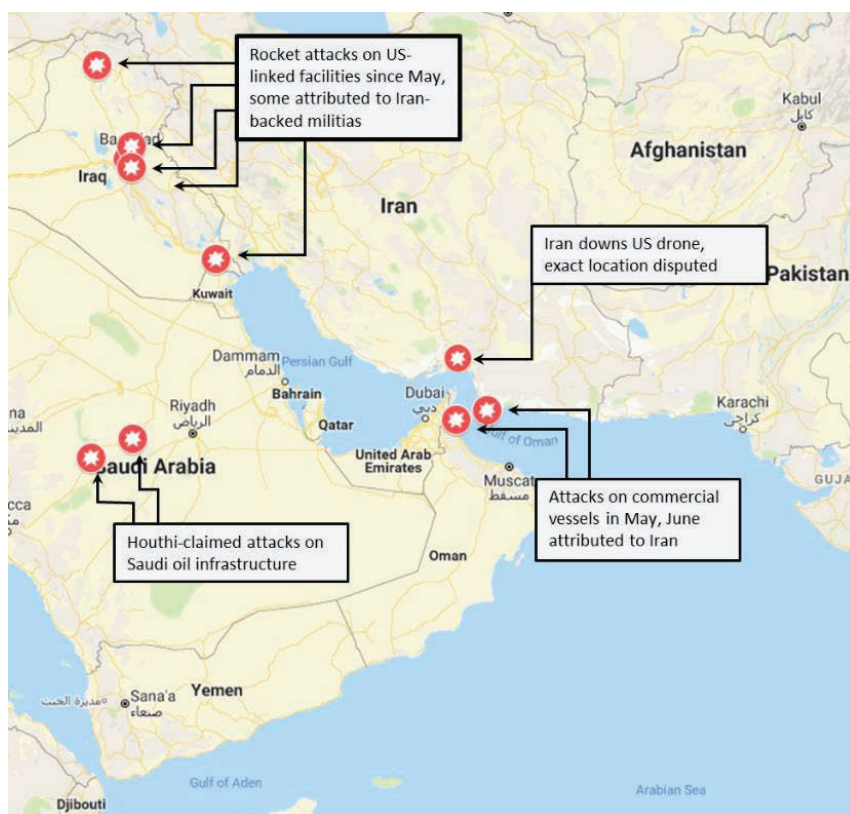
## Iran, UAE, Saudi Arabia

### International Relations

Worsening relations between Tehran and Washington are likely to manifest in further regional attacks by Iran and Iran-backed groups. The US lacks a clear strategy in its "maximum pressure" campaign against Iran, which includes sanctions and military deployments to the region. US pressure has not been accompanied by effective diplomatic outreach, limiting the channels for de-escalation.

Iran is likely to continue or even intensify its attacks in the region in response to worsening US economic pressure on the country. The IMF had already forecast Iran's economy would contract by 6 percent in 2019, and the economy is likely to shrink further as this was before the US ended waivers for countries importing Iranian oil in May.

The energy sector will remain an attractive target for future Iran-linked attacks, which could again be directed at vessels or even offshore oil and gas fields. Iran also possesses sophisticated conventional and unconventional capabilities, including cyber capabilities, that it could deploy against the US and its allies, especially Saudi Arabia and the UAE. Iran could also direct or encourage its proxies and allies in Yemen, Iraq and elsewhere to target US interests in the region. Iran has likely determined that despite recent posturing, Trump is reluctant to start a new conflict in the Middle East as he launches his re-election campaign. However, further Iran-attributed attacks, especially if they cause serious disruption or casualties, risk provoking a US-led response, which could escalate to a full-fledged conflict.



Attacks in the region linked to Iran-aligned groups. Source: PGI



# Israel

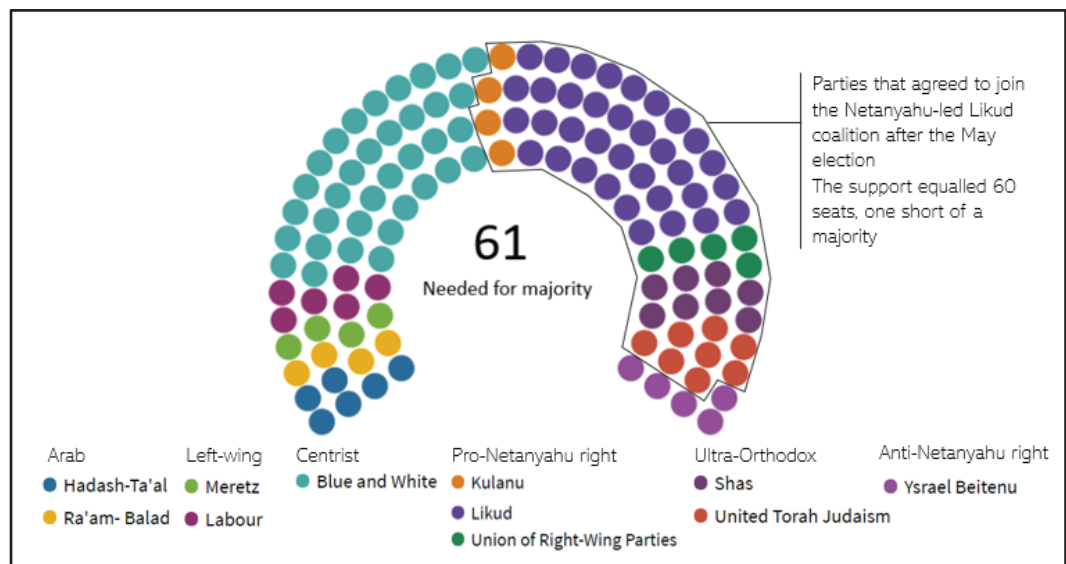
## Regulatory Environment

The ruling Likud party's failure to form a coalition after the April parliamentary polls has triggered unprecedented repeat elections that could eventually lead to the downfall of Benjamin Netanyahu, the country's longest-serving prime minister.

Likud is likely to win the new elections scheduled for 17 September but could face another coalition deadlock. In such a scenario, Likud's most likely way of forming a government would be an alliance with the centrist Blue and White alliance – a possibility aggressively pushed by the influential right-wing Ysrael Beiteinu party. Blue and White has ruled out sitting in a government led by Netanyahu due to his likely indictment over three corruption cases, which could lead to an internal Likud push for a coalition under a different leader.

Even if Likud wins the election and manages to form a government, Netanyahu's future might be compromised by his likely indictment, which would place him under significant pressure to step down.

The prime minister has signalled his intent to pass immunity legislation, but the delay induced by the new elections means he is unlikely to do so before the expected indictment.



Israeli parliamentary seats. Source: PGI

The do-over elections will also have a detrimental impact on the economy, increasing the already above-target budget deficit and delaying planned tax increases and spending cuts. The postponements of the tax increases might result in a short-term boost to growth, but they could hit the economy in the medium term. Campaigning and the potential for protracted coalition talks will also slow down policy making, while a potential Netanyahu indictment and resignation will introduce fresh regulatory uncertainty amid an unclear path to succession.





# Argentina

Watch List

## Regulatory Environment

Argentina's regulatory environment is likely to further deteriorate following the October presidential elections. The two frontrunners, incumbent President Mauricio Macri and the de facto contender Cristina Kirchner, are likely to reverse the current liberal economic trend and adopt populist policies following the October election.

Macri has already shown signs he is willing to partially reverse his liberal economic agenda. The president implemented price freezes and chose a left-wing candidate to run as his vice-president ahead of the October elections.

However, the risk of populism is greater if Cristina is elected. Although she decided to run as vice president because she faces multiple corruption allegations, she is expected to be Argentina's de facto leader if her running mate Alberto Fernandez wins the presidency. Cristina's two previous terms as president from 2007 to 2015 were marked by extreme populist policies, including the nationalisation of private companies and debt defaults. The risk of a debt default under an administration led by Cristina is more likely due to her hostility to international financial organisations, particularly to a USD 50 bn loan agreed by Macri with the IMF in September 2018.

### Argentina's 2019 presidential election



#### President Mauricio Macri

Expected policy outcome if elected:

- ❖ High inflation
- ❖ Low economic growth
- ❖ End of unpopular austerity measures
- ❖ Price freezes



#### Senator Cristina Kirchner

Expected policy outcome if elected:

- ❖ Possible debt default
- ❖ Increased export taxes
- ❖ Nationalisation of private assets
- ❖ Increased public spending, esp. subsidies
- ❖ Low economic growth
- ❖ End of unpopular austerity measures
- ❖ Implementation of capital controls and price freezes

**Election date: 27 October**

**Electoral system:** Ballotage System. Candidates require 45 percent of valid votes while finishing with a 10 percent margin over the second candidate to be elected in the first round.

**Voters:** 35 mn people are eligible to vote. Voting is compulsory for citizens between 10-70 years old. Suffrage was extended to 16 and 17-year-olds without compulsory voting.

To receive access to the full report please contact us for further information and pricing:

**Email:** [riskanalysis@pgitl.com](mailto:riskanalysis@pgitl.com)

**Tel:** +44 (0) 207 887 2699