



Global Risk Snapshot 2023

Chairman's Message

The world order is in a state of flux. Each day brings forth new challenges as the world navigates choppy geopolitical waters with headwinds of ambiguity and uncertainty. We are in a period of Perma-Risks and need to devise a new paradigm to thrive on risk, and build a continuous and robust resilience mechanism.

To achieve this there is a need for constant monitoring of the risk landscape across the globe, to predict and to a degree pre-empt debilitating situations from developing. While there has been much emphasis on supply chain disruptions and decoupling of the world economy, there is a need to better understand the geo-economic fallout of the world trade imbalance. While globalization maybe weakening, the multi-nation cascading effect of economic woes persists, as do the trans-national climate-change related fault lines.

Many nations in the world are witnessing political and societal upheaval, anger and protests. The lingering Ukraine war has created energy and food security risks, aggravating the frustration and backlash against governments. Both far right and extreme left ideology is gaining ground, and shrinking the moderate constituency. Under these conditions, nations need dynamic and pragmatic leadership both at home, and multilateral organisations. Overall we foresee a period of uncertainty, macroeconomic vulnerability, and danger of conflicts and tension on borders and the high seas.

This Global Risk Snapshot aims to provide a bird's eye view of the key strategic risks in the world.

- Lt Gen Sudhir Sharma, PVSM, AVSM, YSM, VSM



Introduction

The year 2022 was a significant year for the Americas and Europe, Middle East and Africa, a region prone to numerous risks and challenges. Characterized by a war in Europe after more than 75 years, series of bilateral frictions, industrial actions and civil disturbances, natural disasters and environmental concerns, technological disruptions and cyber-crimes, the year 2022 brought in new risks as well as aggravated latent issues; and tested the resilience of the regions. The Global Risk Snapshot is a country-wise risk review that attempts to highlight these underlying as well as contemporary issues that have the potential of escalating into a major risk for the year 2023. MitKat publishes an annual Asia Pacific Risk Review and hence this region has been excluded from the Risk Snapshot.

This document is the result of a year of extensive monitoring of socioeconomic, political, geopolitical and security environment of each of the countries. After collating information, trend analysis was used to identify patterns and understand the intensity of impact and likelihood of recurrence of the threats. Relevant, reliable and authenticated information has been derived from open source, news media and research documents.

Since the Americas and EMEA region includes diverse political, economic, linguistic, and cultural systems; the opportunities, and challenges it poses are also diverse. However, some events like civil unrest and economic crisis have remained a constant in almost all the regions and is likely to persist in 2023 as well. Geo-political rivalry and resultant turbulence will continue to remain one of the top risks to look out for the Americas and EMEA region as it becomes the new geopolitical flash point of the world. This document forecasts three prospective risks, both latent and contemporary, for each country in the Americas and the EMEA region. These risks have been rated as low, medium and high, which could aid strategic planning and decision making for businesses.

AMERICAS



US



Canada



Costa Rica



Mexico



Colombia



Peru



Chile



Puerto Rico



Bermuda



Panama



Guatemala



Argentina



Brazil



Uruguay



Ecuador

Americas Risk Index



US

- Gun Violence
- Climate Change
- Civil Unrest



Canada

- Natural Disasters
- Cyber attack
- Civil Unrest



Costa Rica

- Organised Crime
- Natural disasters
- Civil Unrest



Mexico

- Gun Violence
- Organised Crime
- Refugee crisis



Colombia

- Organised Crime
- Power and Water Crisis
- Climate Change



Panama

- Natural Disasters
- Drug trafficking and insurgency
- Health



Guatemala

- Organised Crime
- Climate Change
- Civil Unrest



Argentina

- Climate Change
- Civil Unrest
- Energy Crisis



Peru

- Civil Unrest and Political Uncertainty
- Climate Change
- Organised Crime

Americas Risk Index



Chile

- Natural Disasters
- Insurgent Violence
- Civil Unrest



Puerto Rico

- Climate Change
- Power Crisis
- Civil Unrest



Bermuda

- Criminal Gang Violence
- Climate Change



Brazil

- Political Civil Unrest
- Climate Change
- Corruption



Uruguay

- Social Civil Unrest
- Criminal Activity
- Natural Risks - Flooding/Wildfires



Ecuador

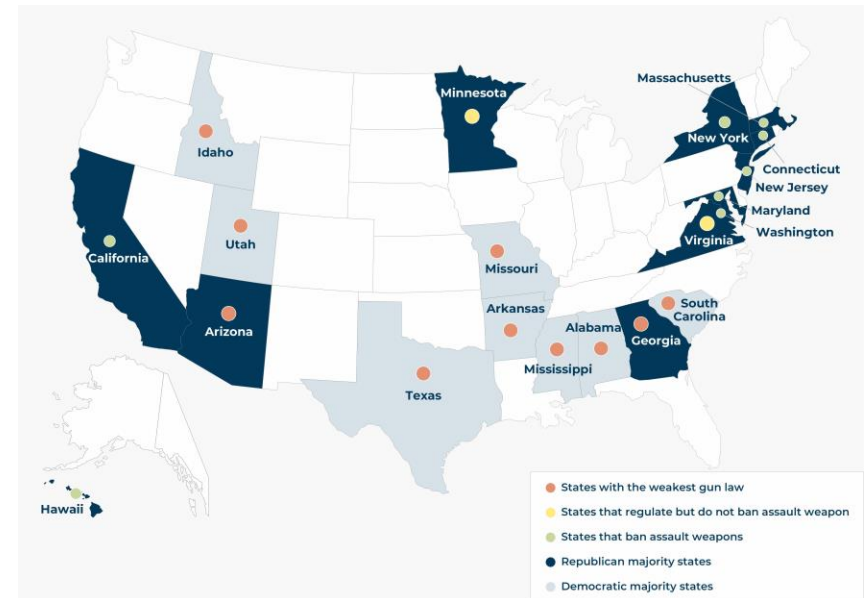
- Social Civil Unrest
- Crime
- Corruption



Gun Violence

United States of America (US) has the highest gun-per-person ratio in the world, with 120.5 estimated firearms owned by 100 residents as of November 2022. Incidents of mass shootings as well as isolated gun violence were frequently reported in the US in 2022, including the elementary school shooting in Uvalde, Texas, and the supermarket attack in Buffalo. States like California, Delaware, and New York have passed new laws to help curb gun violence, such as regulating untraceable ghost guns and strengthening background check systems.

While most Democrats argue that new laws are required to curb gun violence, most Republicans strongly oppose gun restriction stating that it infringes the Second Amendment of the US Constitution. As Democrats have retained control of the Senate after the November 2022 election, chances of more gun laws being introduced and implemented in the federal level cannot be ruled out. Since gun permits and trainings are not required in states like Texas and Utah, more gun-related accidents are likely due to lack of basic shooting proficiency and knowledge about proper firearm storage.



Source: Giffords Law Center



Climate Change

Heat-induced disasters like wildfires, heatwaves and droughts were reported across the US in 2022. The US experienced an unprecedented number of heatwaves and record-breaking temperatures from May to September 2022. Hot and dry weather also created a conducive environment for fires, prompting major wildfires like the Mosquito Fire, Oak Fire, Nakia Creek Fire and Dixie Fire that affected states like California, Colorado, Nevada, Oregon, Idaho, Utah, Arizona, Texas, Montana, North Carolina, Georgia, and Florida. Heat waves also exacerbated flash droughts in the southern and central Plains, which pushed state and local leaders to issue heat emergencies and restrictions on water usage. The 2022 Atlantic hurricane season rose above the 1991-2020 average with fourteen named tropical storms, out of which eight strengthened into a hurricane, and two reached major hurricane intensity.

Natural disasters are expected to increase in 2022 due to rising temperature in the country. Tropical cyclones are likely to become more intense in 2023 due to global warming. However, the risk of wildfire may not be as high in 2023 summer as in some recent years due to the decrease in La Nina weather phenomena. Drought condition is forecast to continue in the south until at least February 2023 as drier-than-average conditions are predicted. Dry conditions are also likely to continue due to water overuse.



Source: 9News



Civil Unrest

Civil unrest continues to pose a risk to the US with several protests reported in the country in 2022. Thousands of people rallied across the United States to demand as well as condemn abortion rights after a leaked draft of the Supreme Court majority decision to overturn *Roe v. Wade* was published, that would end the Court's own legal precedent upholding the constitutional right to abortion and return the power to ban abortion to state legislatures. The murder of two African Americans in June and July 2022 respectively prompted protests to denounce police misconduct, systemic racism, and police brutality in the US. Demonstrations by climate change groups against government inaction to protect the environment, and Asian-American communities demanding racial and social equality were also reported in 2022.

Protests against abortion bans are expected to continue across the US and intensify in March 2023 as it marks month of the International Women's Day. Climate change protests are also likely to increase since the movement is gaining impetus globally. The number of protests against race-based violence and police brutality are directly proportional to the number of incidents of hate crimes and murders that could take place in 2023.



Source: Daily Beast



Natural Disasters

Canada hosts weather patterns that range from Arctic to moderate, from seemingly endless rains to drought, from cold to heat waves. Forest fires, hurricanes, cold weather conditions, tornadoes are the major natural disasters that occur in Canada.

The regions most affected by forest fires in 2022 were British Columbia and the boreal forests of Ontario, Quebec, the Prairie Provinces, the Yukon, and the Northwest Territories. Furthermore, in 2022, the country also witnessed several floods, hurricanes, freezing climatic conditions which has severely affected parts of British Columbia and Ontario the most, with evacuation alerts and major disruptions.

Natural disasters are expected to increase in 2023 due to the climate change in the country. Tropical cyclones or hurricanes are likely to become more intense in 2023 due to global warming. The wildfires may contribute to drought conditions in 2023. Dry conditions are also likely to continue due to water overuse. Power and water restrictions in the country cannot be ruled out due to the continuing drought condition in the region.



Sources: Flood List; The Canadian Press; Global News



Civil Unrest

Canada has reported several civil unrests in 2022 such as ‘Free Convoy Movement’ a protest against the COVID-19 vaccine mandate issued to cross-border trucks, along with protests and strikes by health workers, education professionals and labourers over wage related issues. Climate protests have also been witnessed in the country.

The world economy is moving closer to recession due to COVID-19 along with Russia-Ukraine crisis and its influence on the global economy. Therefore, it is speculated that this will trigger further social and civil unrest in 2023, over price surge on basic commodities and other issues associated with it.



Source: The New York Times



Source: Politico

Cyber Attacks

Ransomware was one of the biggest cyber security risks in 2022 and poses a serious threat to businesses of all sizes in Canada. According to a McAfee study of COVID-19-related malicious file detections, Canada reported 19,353 such incidents between December 2020 and January 2022. Cybercrime in Canada can take many forms, but some of the most common include:

- Phishing scams: These involve fraudulent emails or websites designed to trick people into handing over sensitive data like credit card numbers, passwords, or bank account information.
- Identity theft: This occurs when someone uses your personal information without your permission to commit fraud or other crimes.
- Cyberstalking: This involves using the Internet or other electronic means to harass, threaten, or intimidate someone.
- Denial of service attacks: These occur when a person or group attempts to overload a website or server with requests, making it unavailable to others

The Canadian Centre for Cyber Security (Cyber Centre) has released its National Cyber Threat Assessment 2023-2024, alerting that state sponsored and financially motivated cyber threats are increasingly likely to affect Canadians, and that foreign threat actors are attempting to influence Canadians through use of misinformation and disinformation in online spaces.



Source: Kon Briefing



Costa Rica



Organised Crime

Costa Rica has been used as a transit point for South American drugs since the beginning of 21st century. Criminal groups transport drugs along the Pacific coast, and the government has reported that many homicides there are related to organized crime and drug trafficking.

Violent crime, including murders and armed robberies have also been witnessed across Costa Rica in 2022. However, drug trafficking is common among other crimes in the country, as most of the crime incidents are drug related. The most affected provinces are:

- Alajuela
- Limón
- Puntarenas
- San José

Crime against property, such as house burglary, theft from cars, and vehicle thefts, are frequent. Passport theft is also extremely common and increases in frequency during the peak tourist seasons, from November to May and from July to August.



Source: Q.COSTA RICA



Natural Disasters

Costa Rica is located in an active earthquake and volcanic zone. In 2022, prolonged heavy rainfall caused flooding and landslides in Costa Rica, where several people lost their lives with dozens displaced.

Costa Rica experiences rainy season from the month of May to November. Rainfall generally gets triggered by hurricanes in the Pacific coast. The Costa Rican towns of Jaco, Parrita, and Quepos were the most affected areas due to heavy rainfall in 2022.

Climate crisis exacerbates weather events and creates more of them. So, more tropical storms and floods like situations are expected to prevail in 2023 which will likely affect coastal communities in the country.



Source: Floodlist

Civil Unrest

Although most protests in Costa Rica are peaceful, violent protests increased significantly in 2020. Most protests occur in heavily populated areas on occasion and are focussed on fair pay and working conditions. Most protests in Costa Rica have been organized by labour unions and occurred in downtown San José.

The protests are generally peaceful in Costa Rica; however, the possibility of large-scale protests cannot be ruled out in 2023, due to inflation which could cause high cost-of-living issues in the country.

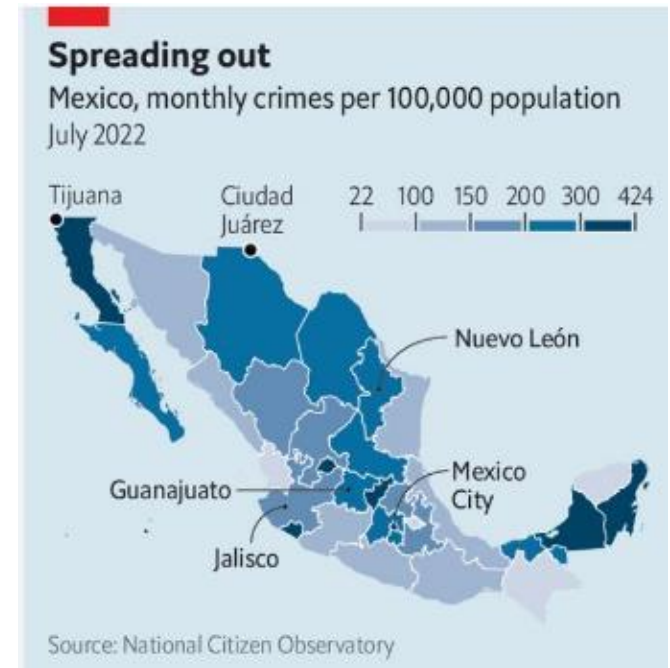


Source: AP News



Gun Violence

Out of 193 member states of the United Nations, Mexico has the fifth-largest number of unregistered firearms in civilian hands. In Mexico, guns are the weapon of choice in 70 percent of total homicides and 60 percent of homicides committed against women. In addition to deaths and injuries, gun violence forces people to leave their homes and try to take refuge in other countries even without proper documentation. According to reports, around 40 percent of Mexican population have either heard or witnessed a shooting incident. Incidences of gun violence are expected to continue in 2023 if no new rules against the unregistered firearms comes into force.



Source: National Citizen Observatory



Refugee Crisis

Mexico is currently facing a major refugee crisis, as refugees from the North of Central America access the Mexican territory via the southern border and apply for asylum in towns in the south of Mexico. Refugees live throughout the country, many in Mexico City and other cities in southern, central and northern states within Mexico.

An increased influx of illegal migrants has been reported at the El Paso border between the US state of Texas and Mexican city of Juarez. The influx is due to the Title 42 policy, introduced by former President Donald Trump, that has blocked thousands of people from crossing the US-Mexico border. Title 42 gives the government the power to automatically expel undocumented migrants seeking entry, and was designed to stop the spread of COVID-19.

The increased influx of illegal migrants is expected to continue in Mexico in 2023, leading to increased surveillance measures by the law enforcement including vehicle stoppages and checks near the border region. The city of El Paso may also witness law and order measures. Meanwhile, congestion on roads due to increased presence of asylum seekers are also expected in 2023.



📷 Migrants surround the US-Mexico border wall to turn themselves in to US border patrol agents in El Paso, Texas, on 3 December 2022. Photograph: Axel Luis Solis/Reuters

Source: The Guardian



Colombia

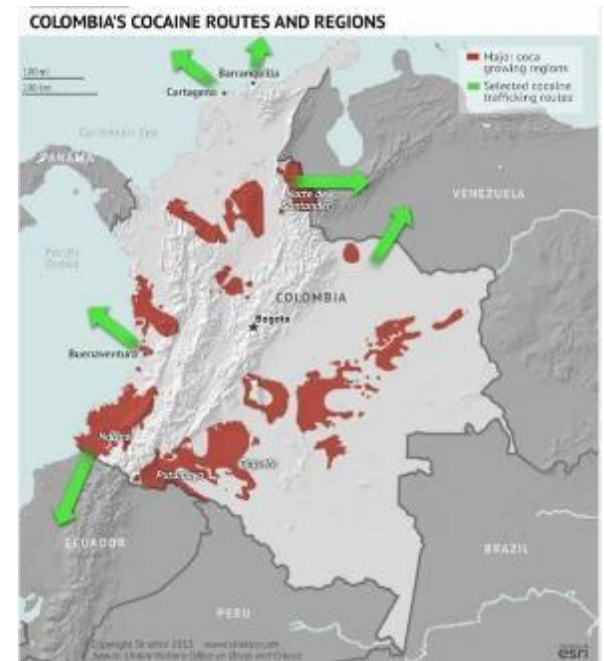


Organised Crime

Multiple criminal activities by various drug cartels, guerrilla groups, organised crime syndicates or underworld activities including drug trafficking, contract killing, racketeering and other crimes were reported in Colombia in 2022.

Colombia's illicit drug trade is the largest in the world with approximately half of the global supply of cocaine being produced in the country. Each year there is an excess of 150 tonnes of cocaine seized by Colombia's defence ministry, a small part of the 1,400 produced annually.

Colombia is currently experiencing a series of situations in which firearms play a decisive role. Those engaged in the domestic armed conflict and in drug trafficking, as well as the highly specialized criminal groups, base their operational capacity and power on firearms. Thus, the enormous demand for arms generated by their criminal activities imposes a critical need to satisfy the demand by resorting to different sources and suppliers. Guerrilla and paramilitary groups, organizations engaging in drug trafficking, and even individuals, have resorted to illicit trafficking in order to acquire weapons for various purposes. The illegal arms traffickers take advantage of Colombia's unique geo-strategic location. Colombia serves as a bridge between Central and South America and has extensive coasts on the Caribbean Sea and the Pacific Ocean, as well as land borders with Venezuela, Ecuador, Panama, Brazil, and Peru. These types of activities are expected to continue in 2023.



Source: Businessinsider



Water and Power Crisis

Colombia has witnessed water and power outages in 2022, which has affected several businesses across Bogota and Bucaramanga metropolitan areas. These outages generally span from eight hours to eight days due to maintenance and repair works.

Similar outages cannot be ruled out in 2023, which may temporarily disrupt commercial and communication services during load shedding and unscheduled interruptions. Cellular and mobile service disruptions could also occur. Travel disruptions can also be anticipated if outages impact signalling devices or overhead wires. Power outages could also result in temporary unavailability of essential services such as ATMs and filling stations.

The possibility of protests and demonstrations prevails in 2023, if water and power crisis continue across Colombia.



Columbia Water and Light
A screenshot of Columbia Water and Light's outage map.

Source: Abc17news

Climate Change

Colombia is highly vulnerable to the effects of climate change. The most notable effects of melting glaciers are ecological degradation, water scarcity, floods, and landslides in highland areas. These effects are caused by excessive rainfall and rising temperatures. Severe water shortages from changes in rainfall patterns and droughts are affecting productivity in the agricultural sector, a major source of food security and export revenue for Colombia.

According to the World Bank Group projections, by 2050, climate change in Colombia will impact 14 percent of the GDP corresponding to agriculture, and that without adaptation, 80 percent of the country's crops could be impacted in more than 60 percent of their current areas of cultivation, especially high value perennial and export crops. Climate change may also contribute to infrastructural damages in the country which will become one of the major risks for the country's economic development.



Photo: Structural damage to buildings, Colombia, November 2022. Photo: Government of America

Source: Floodlist





Peru



Natural Disasters

Situated in the Pacific ring of fire and habituated to earthquakes, Peru experienced a number of earthquakes that disrupted normal life in 2022. While a 7.2 magnitude earthquake in May in the Tiraipa region of southern Peru caused localised power disruptions and little to no damage, a 5.5 magnitude earthquake in the Moquegua department in July caused damages to 100-200 houses, akin to the November 2021 tremors that damaged 117 houses, affecting 2400 residents.

Heavy rains and associated landslips also caused damage in 2022, such as the Pataz province of La Libertad in Peru's north-west; which reported the complete destruction of 20 houses and the death of ten residents, trapped under debris. Peru experiences the highest rainfall from January to March when most of such landslide events are observed. While attempts at instituting early-warning systems have been initiated by the government, a possibility of an El Nino period in the latter half of 2023 may lead to further such incidents of rainfall associated mud slips which may result in damage to property and life.



Source: Floodlist



Civil Unrest and Political Uncertainty

Widespread civic protests were observed across Peru in 2022 owing to economic woes and competing political allegiances. Fuel, fertilizer and food inflation triggered a nationwide strike by truck drivers in March which also saw the blockage of several key public roads and disruption of transport. These demonstrations that often turned violent were quelled with police action, which led to the death of some protesters in Huancayo. Subsequent imposition of a curfew was violated with mass demonstrations in Lima, resulting in the use of tear-gas to disperse protesters with alleged use of firearms against unarmed protesters and reports of attacks on several journalists.

Peru also witnessed an alleged coup in December, with the attempts of former President Pedro Castillo to dissolve Congress leading to his impeachment and the swearing in of Dina Boluarte as President. These events were followed by clashes between the supporters of former President Castillo and police forces with reports of violence in Arequipa and Andahuaylas. With President elect Dina Boluarte declaring that she will serve the remaining term till 2026, the possibility of Presidential elections in 2023 has been ruled out. This might ensure political stability, however could trigger several clashes and anti-government protests by supporters of Pedro Castillo in 2023.



Source: The Guardian

Drug Trafficking and Insurgency

Peru is the second largest producer of Coca and Cocaine drugs in the world after Colombia, majority of which is are cultivated in the ‘Valley of the Apurímac, Ene and Mantaro rivers’ (VRAEM) region in Southern Peru. The region is also a stronghold of the insurgent group which operates currently via the Militarised Communist Party of Peru (MPCP). The MPCP currently focuses on extortion, taxing coca growers and providing armed security to cocaine shipments plying through the VRAEM region. Instances such as the ‘late May massacres’ in 2021 involving the killing of 16 persons by the MPCP, highlights the group’s attempts at punishing anyone who co-operates with law enforcement to curtail their activities.

In 2022, several indigenous groups such as the Kakataibos Community highlighted the threat to their life in Ucayali and Huánuco in central Peru from coca growing syndicates who viewed them as agents of the government. With the government’s drug-eradication operations not being followed through with sustained police presence in these regions, attacks on indigenous residents and unabated drug trade are likely to continue in 2023.





Chile



Natural Disasters

Chile experiences frequent seismic events, situated along the Nazca fault on the Pacific 'Ring of Fire'. A number of earthquakes measuring 5-6.5 on the Richter scale were reported from September to December in 2022. These quakes caused minor damages to property, evacuation of residents and bouts of power outages in areas such as Lebu city, Valparaiso and Araucania. Minor volcanic eruptions were also observed in Chile, with Mount Villarica and Mount Lascar in South west Chile turning active in December, leading to the government's issue of yellow alerts, and disruption of tourism activity in the Atacama region.

Forest fires were also reported in Chile in 2022, with Araucania and Easter islands being the most prominent instances. The forest fires in the Easter islands damaged monolith sculptures called the Moai which are deemed important tourist hotspots. The instances of forest fires are expected to reduce in 2023 as meteorologists predict a phase-down of the La Nina phenomena this year, which may translate to rainfall and cooler climates in Chile.



Source: The Guardian



Insurgent Violence

Chile witnesses scattered events of insurgent violence featuring the Mapuche insurgent groups in the southern Araucanía, Bio-bio, Los Lagos, and Los Rios regions. These groups are found to engage in arson of government installations, warehouses, properties of forest management, Multinational Corporations (MNCs), and attacks on local residents to assert their claims over forest land. Fifty-five events of Mapuche violence have been reported in 2022, with the Arauco-Malleco Coordinating Committee (CAM) claiming responsibility over the August 2022 attack in the Lumaco commune forestry site of the La Araucania region. Continuing events of violence led to a Presidential declaration of emergency in these regions in May 2022, with heightened military deployments; and a Presidential visit to showcase the government’s resolve to tackle insurgency. The absence of headway in dialogue by the government and the failure to accommodate grievances of Mapuche members may further lead to clashes and violence in central Chile in 2023.



Source: Telesurenglish

Civil Unrest

Political protests that started in 2019 in Chile continued to create disruptions in 2022. The third anniversary of the uprising drew large numbers of young citizens who blocked traffic, curbed access to several metro stations and set up burning barricades across key roads in Santiago. These protests and the ensuing police counteraction impacted local businesses and led to school closures. The 2019 uprising which sought to draft a new Constitution replacing Chile’s 1980 Constitution, led to the development of a new draft in 2022, which was however voted against by 62% of the electorate. Disagreements with the new Constitution draft notwithstanding, young Chileans have highlighted that very little improvements have been made with respect to education, healthcare, and inequality since the original protests of 2019.



Source: The Guardian

Though the new government has agreed to rework the provisions of the Constitution, in the backdrop of inadequate reforms in the education sector, contentious issues regarding indigenous rights etc, more student led protests and disruption of public infrastructure cannot be ruled out in 2023.



Puerto Rico



Civil Unrest

Public protests and demonstrations remained a major obstacle to normalcy in Puerto Rico in 2022. A series of protests on issues such as power-supply disruptions, hyperinflation, suboptimal wages for essential workers etc. witnessed mass participation, often disrupting government functioning and hampering business continuity. A spate of strikes by government employees demanding higher wages crippled governance and essential services throughout the year.

In February, the striking of work by teachers brought school education to a standstill, while the firefighters strike in March led to rupture of critical security services. In August, people took to the streets to protest a series of blackouts crippling hospitals, schools and business units. The government response to quell large assemblies on public roads, involving the use of pellet guns and further emboldened the protesters' resolve to organise larger demonstrations. Public demonstrations and allied disruptions are slated to continue in 2023, with hyperinflation (at 4.4 percent, the highest since 2005-2008) and slow revision of government personnel salaries continuing to create cost of living issues for residents.



Source: Al dianews



Climate Change

Puerto Rico witnessed several extreme weather-related incidents in 2022. In September, Hurricane Fiona, a category 4 storm caused widespread destruction of property resulting in power outages, flooding and mud slips in interior regions. Destruction of roads, bridges and the deaths of at least 25 persons were also reported post the hurricane. Areas such as Salinas and Mayaguez saw the wiping out of entire settlements and the deployment of the US National Guard for rescue operations. The fallout of the hurricane impacted the local economy that was just about emerging from the impact of the COVID-19 pandemic. Additionally in February, heavy rainfall caused inundation and flooding in municipalities near San Juan, even beyond the usual hurricane season that stretches from June to November in Puerto Rico.

Situated at an active tectonic plate boundary between the Caribbean and North American Plates, Puerto Rico also experiences intense earthquake activity. A 6.4 magnitude earthquake in January 2020 caused deaths, power outages and destruction that led to a declaration of emergency on the island. Particularly vulnerable areas such as the city of Ponce near the fault boundary continued to experience minor quakes and aftershocks, often measuring 4.5 on the Richter scale, in 2022. Seismologists predict a chance for sustained seismic activity in 2023 as well, given the observed trend of constant northward movement of the Caribbean plate in the past three years.



Source: Salon

Power Crisis

Puerto Rico has been experiencing a series of power blackouts; culminating in public protests against power distribution companies in 2022. In addition to frequent earthquakes and hurricanes disrupting power supply, Puerto Rico has also been reported to have poor power distribution infrastructure, with the islands grid operator Luma's being criticised for power outages amidst constant rate hikes. The power infrastructure in Puerto Rico has been reported to be in a poor state of maintenance even before the takeover of Luma's in 2021. Hurricane Maria in 2017 damaged many distribution lines, which aggravated the inefficiency of power plants that had already been struggling with poor funding due to suboptimal power tariff collections. The aggregate result of poorly maintained power infrastructure and frequent hurricane incidents have led to weeks of power outages, often leading to closure of businesses. With instances of storm activity increasing and little improvement in the quality of transmission infrastructure, power outages are expected to persist and impact business activity in 2023 as well.



Source: Twitter





Bermuda



Criminal Gang Violence

Bermuda continues to witness unrest emanating from gang rivalries resulting in gun violence, often involving juveniles. Bermuda witnessed the death of eight persons in 2022 from gang violence, along with 11 incidents of attacks using firearms and bladed instruments that led to serious injuries. As per Bermuda’s national security ministry, the island nation is witnessing the highest number of murders in 2022 since the last ten years, with around 500 of 61000 residents involved in criminal activities. Propelled by the easy availability of guns despite stringent gun control laws in place, gangsters have often indulged in burglary and armed extortion, such as in the Paget shooting incident on 06 December, causing deaths of unarmed civilians. Gang violence in Bermuda is also perpetuated and funded by proceeds from illicit drug trade that law enforcement has found difficult to curb.

The government has instituted stringent laws and the Bermuda Police Service has also come up with an inclusive Gang Violence Reduction Strategy (GVRS) that has education, prevention, enforcement and rehabilitation components to manage criminal activity. Increased budgetary outlay to upgrade the island’s CCTV surveillance infrastructure in 2022 and identifying long term mitigation measures to act upon, are likely to yield reduction in crime in the medium term. Until these measures pick up, in a scenario of poor economic growth and hyper-inflation, Bermuda is likely to continue to witness instances of gun violence and drug trafficking amidst gang members.



Source: Royalgazette



Climate Change

Climate change poses significant challenges to Bermuda in the form of higher sea levels, unprecedented storms, saltwater intrusions and unpredictable dry weather seasons. The main hurricane season extends from August to November in Bermuda. Based on earlier incidents of storm-water ingress, the government has outlined areas on St. David's Island housing critical infrastructure such as the L.F Wade International Airport and aligned solar farm on the airport finger, port infrastructure in Hamilton and St. George, hotels, beaches and associated tourist infrastructure, to be vulnerable to inundation.

In 2022, tropical hurricane Fiona, a category 4 storm, resulted in windspeeds measuring up to 125 mph on the island, causing localised power disruptions, closures of business and schools along with inundations in areas such as the Pembroke parish. Additionally, many parishes in July 2022 also reported water shortages, with sustained high pressure causing dry conditions exacerbating drinking water scarcity amidst a scenario of inadequate freshwater reserves on the island. Similar conditions can be expected to prevail in 2023 as well.



Source: Bernews





Panama



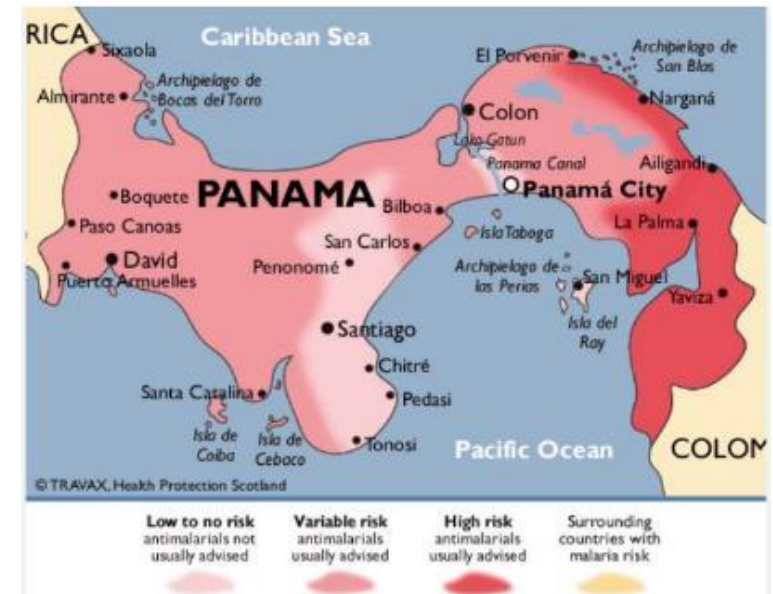
Health

Panama has a range of Neglected Tropical Diseases (NTDs) such as Malaria, Dengue, Chikungunya, Leishmaniasis, Soil-transmitted helminthiasis, Hookworm, Chagas disease, and more recently also the Zika virus. Most of the NTDs are present in the country’s rural regions, however, Malaria has significantly witnessed across the country in 2022.

Health authorities in Panama have reported several cases of Malaria in the year 2022. Risk of Malaria have been witnessed in areas of the provinces of Bocas del Toro, eastern Panama, Darién, and the Guna Yala and Emberá territories. Malaria is a disease caused by the Plasmodium parasite, which is transmitted by the bite of an infected mosquito.

Waterborne diseases are common in Panama, which have significantly affected a major part of the country in 2022. This is expected to continue in 2023 due to the climatic conditions such as tropical climate, heavy rainfall and floods across Panama.

Regulations pertaining to the spread of the vector-borne diseases remain dynamic in nature, in line with the unpredictable nature of the virus, and may be amended depending on the trajectory of daily infections. Therefore, it is advised to visit the official Minsa website (<https://www.minsa.gob.pa/>) to remain abreast with further developments.



Source : Pascarellastudiesthecana.weebly



Climate Change

Panama is considered a highly vulnerable country to climate change impacts. The nation experiences a series of extreme weather events including intense and protracted rainfall, windstorms, floods, droughts, wildfires, earthquakes, landslides, tropical cyclones, tsunamis and ENSO/El Niño-La Niña events.

The Panama Canal is a conduit for six percent of the global maritime traffic. However, climate change is disrupting that trade. While high temperatures and little rainfall are the primary causes, four hurricanes over seven years have been equally devastating.

Global warming and changing weather patterns are affecting the water supply for one of the world's most important waterways, the Panama Canal, as well as access to drinking water for millions of Panamanians. Climate crisis is expected to worsen in 2023, which may further trigger drought conditions and civil unrest associated with such issues.



Source: The Telegraph



Source: Floodlist



Organised Crime

Panama is known for human trafficking because of the economic and political crisis. The victims are majorly women, migrants, and indigenous people from Latin America, particularly Venezuela, well as from Asia. Panama is also a transit country for human smuggling, with criminal organizations taking advantage of the country's strategic location, including the Darien Gap, a lawless swathe of jungle on the border with Colombia. Smuggling rings transport migrants from countries such as Cuba, Haiti, Venezuela, Ecuador, Pakistan, Ghana, Ethiopia, India, and Bangladesh to the United States.

Panama's status as a free port and its strategic location have made it the main point of entry for illicit firearms from the United States and central America in transit to South America, particularly Colombia. Following are the principal routes for the illicit trafficking in arms across this border:

- El Salvador; Nicaragua; Costa Rica; Río Sereno; La Palma ;Cupica
- Colón Panama City; Isla El Rey; Bahía; Cupíca
- Colón; Golfo de Morrosquillo; Tolú Coveñas
- Puerto Obaldía (Panama); Capurganá; Acandí; Tolo River
- Cocosolo (Panamá); Costa Turbo
- Puerto Armuelles; Bastientos; Puerto Obaldía (Panama); Acandí; Mulatos; Necoclí; Turbo Valencia

Panama will continue to witness such instances in 2023 as well, which is expected to cause heightened security and surveillance at the border check post areas especially across Panama-Costa Rica border and Panama-Venezuela border.



Source: Punchng





Guatemala



Climate Change

Guatemala is considered most vulnerable to the effects of climate change. Guatemala continues to struggle with elevated exposure to natural hazards and the effects of climate change, including higher temperatures and variable rainfall that increases the risk of food and water insecurity in the country.

Heavy rainfall and strong winds affected most of the country in 2022 since the beginning of the rainy season (mid-April) causing floods, landslides and other weather-related incidents that resulted in disruptions, damage and casualties. The worst affected region in Guatemala during the rainy season is Alta Verapaz. Changing weather patterns increase disaster risk in urban areas of Guatemala in 2023, typically characterized by highly unstable physical infrastructure.



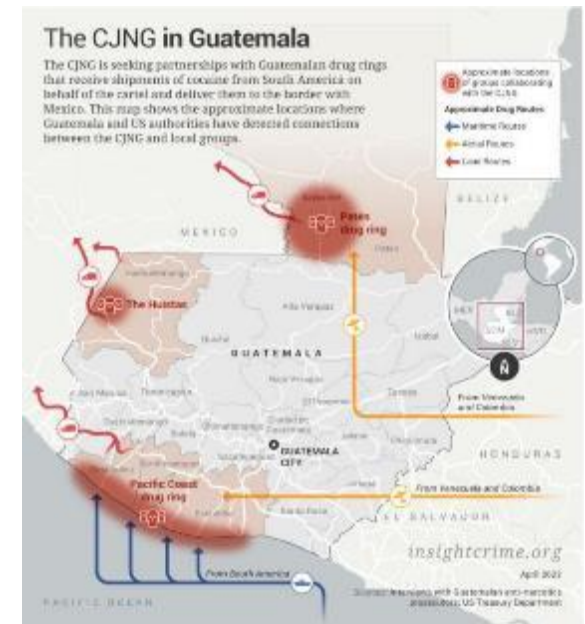
Source: Physis



Organised Crime

Guatemala's criminal organizations are among the most sophisticated and dangerous in Central America. Some of them have been in operation for decades. Two of the Americas' most notorious street gangs the rival Mara Salvatrucha, or MS13, and 18th Street Gang, or Barrio 18 have an especially strong influence in Guatemala and its Northern Triangle neighbors, Honduras and El Salvador.

Transporting illegal drugs north comprises the bulk of their activity, but organized crime in Guatemala is also involves marijuana and poppy cultivation; as well as human trafficking, kidnapping, extortion, money laundering, arms smuggling, adoption rings, eco-trafficking and other illegal enterprises. They often work with groups from Mexico, Colombia and other Central American nations and they have the potential to expand and command other Central American nations' underworlds. Organised crimes continue to remain one of the key risks in Guatemala and syndicates can be expected to thrive, with the drug cartels reportedly being connected across all levels of security apparatus.



Source: Insightcrime

Civil Unrest

On 12 September 2022, hundreds of people demonstrated in Guatemala City against corruption and the high cost of living. The march was led by indigenous authorities. Protesters also demanded the resignation of Attorney-General Consuelo Porras and some called for President Alejandro Giammattei's resignation. Separately in September 2022, Guatemalan journalists warned of the worsening environment for press freedom in the country.

Discrimination against the Mayan community is a major concern and LGBT+ people face major discrimination, violence, and police abuse and are unprotected by legislation. Episodes of civil unrest are expected in the country in 2023, as indigenous communities continue to suffer from high rates of poverty, illiteracy, and infant mortality.



Source: Losangelesblade





Argentina



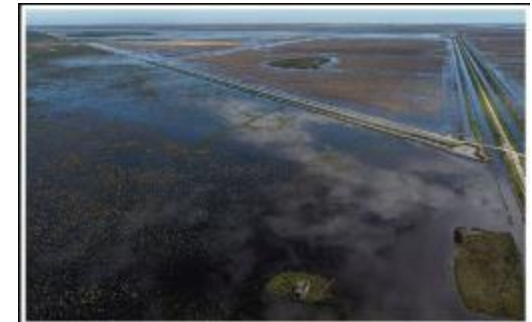
Climate Change

Climate in Argentina is changing with regards to precipitation patterns and temperatures. Increase in precipitation has led to more variability in precipitation from year to year in the northern parts of the country, with a higher risk of prolonged droughts, disfavoured agriculture in these regions. If the situation persists, higher temperatures can reduce winter snowfall, causing river flow to decrease (less water available), which can reduce hydroelectric energy production.

Temperatures across Argentina are projected to continue rising, with mean median annual temperatures projected to rise by +1.6 Degree Celsius by 2050 and by 3.3 Degree Celsius by the end of the century under a high emissions scenario.

Rising temperatures are bound to exacerbate ongoing tensions for water between agricultural and livestock needs, as well as human populations needs; especially during the dry seasons, alter water quality from available surface sources and increase pressures on urban zones as urbanization rates grow.

Rising temperatures, particularly daily maximum temperatures, pose an increased risk of heat stress for livestock and could significantly reduce critical crop yields for agricultural communities in the long term.



Source: Dailysabah



Civil Unrest

Argentina has witnessed several protests in 2022, majorly in the Argentine capital, Buenos Aires, with thousands of protesters urging the government not to sign a loan revision agreement with the International Monetary Fund (IMF).

The Argentine government is in talks with the IMF to review a USD 44 billion deal. The loan was taken in 2018 when Mauricio Macri was president and signed a 57 billion loan agreement, the largest loan in IMF history. 44 billion has been paid, but President Alberto Fernández, who took over the presidency in 2020, has refused to make further payments and has called for a renegotiation of the debt. Under the current agreement, 20 billion will have to be paid in the year 2023. However, under the new terms, Argentina has secured a much-needed grace period that postpones repayment of its debt until 2026.

In 2022, protests have also been reported across the streets of Buenos Aires and other cities protesting against the government of President Cristina Fernandez de Kirchner. The protest was sparked by a proposal to reform the judiciary; however, Argentines are also demonstrating against high inflation and corruption.

Approximately 35 percent of Argentinians are living below the poverty line. Occasionally, there are outbreaks of social unrest and demonstrations, which sometimes turn violent. In Buenos Aires, the Plaza de Mayo and Congreso areas are often the focal points for such protests. Incidents of civil unrest are expected to continue in 2023, due to high inflation and increasing cost of living.



Source: Reuters

Energy Crisis

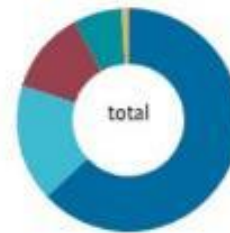
Energy costs have grown exponentially in Argentina due to Russia’s invasion of Ukraine, especially gas prices which have increased 114 percent. Argentina was due to opt for energy imports of USD 5.843 billion, but price increases raised this estimate to USD 12.503 billion. Consequently, Economy Minister Guzmán convened public hearings to increase energy tariffs, although this initiative appears to be insufficient to cover the existing gap between the new energy cost and import capacities financed by the treasury.

The current energy crisis has prompted the government to hasten the tender for construction of the Néstor Kirchner gas pipeline, which will connect the Vaca Muerta shale field with the provinces of Río Negro, La Pampa, Buenos Aires and Santa Fe. The first, USD 1.5 billion stage of the new pipeline, which is being taken on by the state-owned gas company, leasa, is expected to be completed by mid to late 2023. The pipeline is projected to increase transport capacity by 24 cu m per day, reducing import needs significantly and eventually eliminate them altogether. In the meantime, Argentina is facing major difficulty in meeting its energy demands and will continue to face energy crisis until project completion.

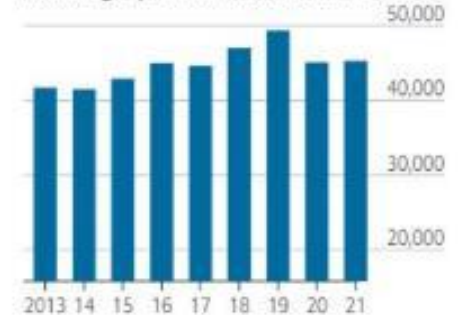
Argentina relies heavily on natural gas for electricity generation And natural gas production isn't living up to potential

Electricity generation by source (% of total)

■ Thermal ■ Hydraulic ■ Renewables
■ Nuclear ■ Imports



Natural gas production (m cu metres)



Source: Economist Intelligence





Brazil

Civil Unrest

The verdict of the October 2022 elections , which announced Luiz Inacio Lula da Silva as the leader, led to protests by the pro-Bolsonaro supporters which had a widespread effect across the country. Most of the supporters included truck drivers. Road blockades and acts of violence have been reported in the states of Rondonia, Para, Parana and Santa Catarina. In the latter, federal highway police stated that protesters blocked highways by using homemade bombs, fireworks, nails, stones and created barricades made of burning tires. Police also noted that roadblocks over the weekend were different from those carried out immediately after the 30 October runoff election, when truckers blocked over 1,000 roads and highways across the country that resulted in trade, transport and supply chain disruptions. Further, increasing inflation and lower standard of living along with unemployment led to demonstrations across the country in 2022.

The incumbent leader, Jair Bolsonaro has appeared only twice in public, urging the people to continue their action, without blocking any highways. Hence, the anti-governmental protests against Lula de Silva can be expected to continue unabated in 2023.



Source: Reuters



Climate Change

Data shows that Brazil is getting hotter and drier, and greenhouse gas emissions by the nation are almost three percent on a global level. Besides, deforestation, illegal poaching and wildlife trade, have significantly impacted the Amazon, which contributes to the negative effects of climate change. Over the last 50 years, more than 500,000 square kilometres of the forest has been destroyed. Water is polluted by severe oil spills and the land is slowly degrading from mining. In 2022, a study found that 28 percent of the agricultural land in Brazil is no more climatically optimal due to climate change and deforestation. Inclement weather conditions were reported in 2022, such as the May subtropical storm Yakecan that resulted in two fatalities in Brazil. Power outages due to severed cables were reported with over 220,000 people impacted by power cuts as a result of the storm.

With the increasing impact of climate change and weak regulations to combat the issue, inclement weather conditions are likely to be witnessed throughout Brazil in the coming year.



Source: Trt World



Source: Wikipedia

Corruption

As per the Transparency International (TI) reports, Brazil's Corruption perception Index score in December 2021 was 38 on 100 meaning the country has a high level of corruption . The slip in its global corruption positioning is being attributed to government interference in the work of law enforcement agencies, causing serious consequences to their anti-graft efforts. Further, it has been reported that, 'Brazil's Cost', a term used to address the additional costs of business operations i.e bribes, have been allegedly built into the business models and compliance systems of the organizations functioning in the region. Further, Lula De Silva was convicted on charges of money laundering and corruption in a controversial trial and sentenced to nine and a half years in prison in 2017.

With the new President in power, possibility of alterations in corruption practices could impact Brazil's investment climate thereby influencing regulatory changes in the medium term. The possibility of demonstrations against corruption cannot be ruled out.



Source: Trading Economics





Uruguay



Civil Unrest

In 2022, workers affiliated with the Trade Union Association of Transport Cooperatives and Workers (Asociación Sindical de Cooperativistas y Obreros del Transporte, ASCOT) organized a strike action in Montevideo in November, wherein the workers demanded improved security following several criminal incidents affecting bus workers in the city. Similar protests have been conducted over the past year by teachers and labourers against gender violence. Protests led by public-sector workers against government policy are frequent and although peaceful, they have the capacity to paralyse traffic with Montevideo protests leading to travel disruptions lasting about 24 hours.

With weak transport infrastructure Unions are also likely to carry out stoppages over working conditions, but these are unlikely to cause significant disruptions. Further, inflation is expected to rise to 7.79 percent, exacerbating the possibility of instances of civil unrest in 2023 due to unfavourable cost of living.



Source: Infobae



Criminal Activity

Crime rates have increased due to rise in criminal networks namely the Lobos, the Sacred Tribe Atahualpa of Ecuador (STAE or ALKQN), the Asociación Ñetas (Ñetas), and the Masters of the Street and have been linked to drug trafficking (46 percent increase in homicides and 53 percent in armed robberies between 2016 and 2019). Further, Uruguay has also witnessed an increase in attacks on police officers. In an unprecedented though likely isolated event, three soldiers were murdered, presumably in relation to gang activities such as procurement of weapons or smuggling. Subsequently, the government has intensified measures including increased intelligence gathering and charging violators with a hefty fee.

Although a decrease in the homicide rate has been reported in 2022, public security continues to be one of the main problems in the country for the citizens and expats through 2023.



Source: Al Mayadeen Español

Natural Risks - Flooding/Wildfires

Flooding is a relatively common occurrence in Uruguay, particularly along rivers and in coastal areas, and can occur all year-round. In January 2022, Montevideo, the capital of Uruguay, and the department of Canelones, witnessed a spell of heavy rainfall resulting in flooding and submerged neighbourhoods. Risk of wildfires prevails during summer, between December to March. 14kha of land was reportedly impacted by wildfires in 2022, a number that is significantly higher as compared to the previous years. Further, Uruguay experienced a total of 2,327 Visible Infrared Imaging Radiometer Suite (VIIRS) fire alerts between December 2019 and December 2022.

With climate change enhancing the impact of natural disasters globally, similar patterns can be expected in Uruguay in the coming year.



Source: Vox



Ecuador



Civil Unrest

Demonstrations occur regularly throughout the country. In July 2022, the protests were carried out by Indigenous activists, in particular the Confederation of Indigenous Nationalities of Ecuador (CONAIE) against the economic policies of Ecuadorian president Guillermo Lasso. The event was triggered by increasing fuel and food prices. Large participation was witnessed by students and workers who have also been affected by the price increases. Lasso has condemned the protests and allegedly referred to the event as a coup d'état. During these protests, exits have been blocked resulting in food and fuel shortages across the country. With anti-government sentiment running high, the President narrowly escaped impeachment in a vote in National Assembly on 29 June.

Socio-political clashes across the country are likely to persist in 2023, with general public discontentment towards unfavorable aspects of the economic policies implemented by the President.



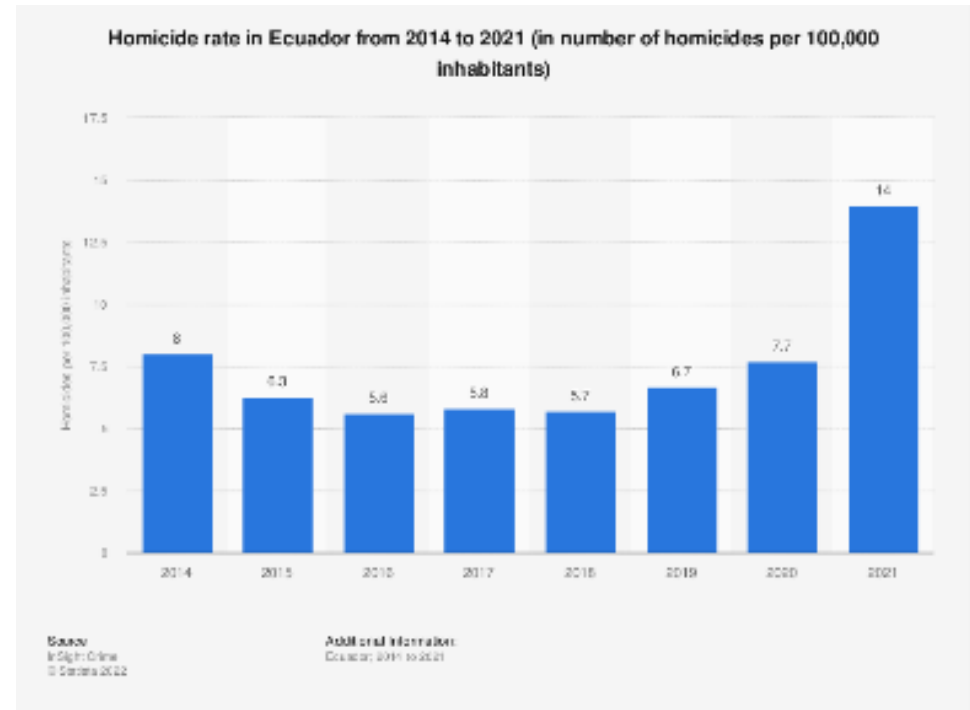
Source: Expectativa



Crime

Crime is a widespread concern in Ecuador. Violent crimes, such as murder, assault, kidnapping, and armed robbery, are frequently reported. Transnational criminal organizations and gangs operate in Carchi, Sucumbíos, and the northern part of Esmeraldas provinces, as well as in Guayaquil where the crime index is 71.80 percent, which is to the south of Portete de Tarquí Avenue . The crime rate in Quito is 61.78 percent. Armed robbery is a risk throughout Ecuador, but Quito and Guayaquil are reported hotspots of armed robbery. Armed thieves have also intercepted vehicles and threatened passengers.

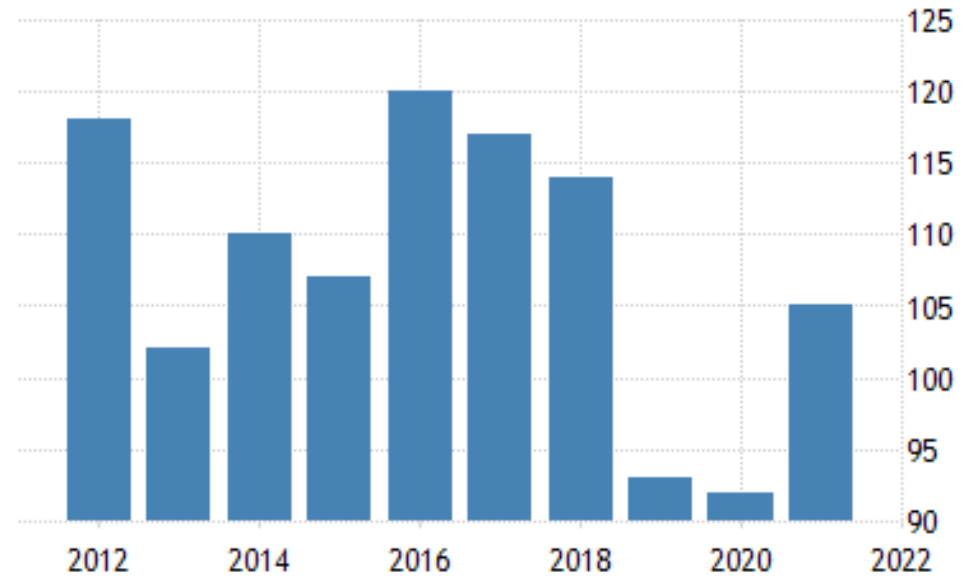
An increase in the crime rate impacts investor confidence. Additionally, high level armed robbery and in Quito would also elucidate the infrastructural damage caused, which would increase operational costs for the business in 2023.



Corruption

The rule of law in Ecuador is undermined by pervasive corruption. Transparency International data from shows that the corruption index in the country is 36, which shows that the country has high level of corruption. As of August 2022, with Ecuador consistently ranking in the bottom, amongst the countries it surveys in the region. Two high-profile cases of alleged official corruption involving state-owned petroleum company PetroEcuador and Brazilian construction firm Odebrecht highlight the significant challenges that confront Ecuador with regards to corruption. Illicit payments for official favours and theft of public funds are reported frequently. Dispute settlement procedures are complicated due to the lack of transparency and inefficiency in the judicial system. Offering or accepting a bribe is illegal and punishable by imprisonment for up to five years. The Controller General is responsible for the oversight of public funds and there are frequent investigations and occasional prosecutions for irregularities.

With high level of corruption being reported in the political domain, the situation is likely to persist through 2023, having a detrimental impact on operational costs.



Source: Trading Economics



EUROPE



Sweden



Spain



Luxembourg



Bulgaria



Czech Republic



Turkey



Hungary



UK



Ukraine



Russia



Romania



Ireland



Poland



Belgium



Denmark



Finland



France



Germany



Netherlands



Norway



Switzerland



Italy



Greece



Austria



Albania

Europe Risk Index



Sweden

- Ethnic violence
- Gun violence
- Cost of living crisis



Spain

- Migration crisis
- Socio- economic crisis
- Natural disasters



Luxembourg

- Civil disturbances
- Energy crisis/ Inflation
- Climate change



Bulgaria

- Cyber crime
- Organised crime
- Civil disturbances



Czech Republic

- Civil disturbances
- Energy crisis
- Climate change/ Natural disasters



Turkey

- Turkey- Greece Crisis
- Natural disasters
- Civil disturbances



Hungary

- Civil disturbances
- Pandemics/ Healthcare
- Energy crisis



United Kingdom

- Energy Crisis
- Cost of Living Crisis
- Civil Unrest



Ukraine

- Russian military aggression
- Damage to critical infrastructure
- Emerging nuclear threat

Europe Risk Index



Russia

- External sanctions and fiscal risks
- Civil unrest
- Environmental disasters



Romania

- Cyber attacks
- Threat from Russia
- Economic crisis



Ireland

- Brexit
- Lack of sustainable energy supply
- Inflation and housing crisis



Poland

- External threat
- Authoritarianism
- 2023 parliamentary election



Belgium

- Slowdown of economic growth
- Gas shortage
- Terrorism



Denmark

- Climate change
- Political uncertainty
- Greenlandic independence



Finland

- Energy Crisis
- Economic risk
- Geopolitical threat



France

- Parliament dissolution
- Economic recession
- Civil disruptions and terrorism






Germany




- Protests
- Heat Wave
- Energy Crisis

Europe Risk Index





 Netherlands

-  Housing crisis
-  Farmer's protests
-  Rail Strikes




 Norway

-  Cost of Living Crisis
-  Protests
-  Shooting Incident

 Switzerland

-  Inflation
-  Drought
-  Climate Protests




 Italy

-  Floods and Landslides
-  Energy Crisis
-  Transport Strikes




 Greece

-  Floods
-  Protests
-  Earthquake

 Austria

-  Energy Crisis
-  Protests
-  Floods and Mudslides

 Albania

-  Protests
-  Floods
-  Migration Crisis



Sweden



Ethnic Violence

In Sweden, tensions between religious groups have increased in recent years. In 2022, the government commissioned a report to investigate the issue of religious intolerance and identified a pattern of increasing tension between religious groups in Sweden. The report highlighted several incidents of violence and vandalism, with reports of discrimination and harassment. In recent years, several attacks on mosques in the country were reported, including a drive-by shooting at a mosque in the city of Malmö, there were reports of anti-Semitic graffiti being daubed on walls in Stockholm, and a Jewish cemetery was vandalized in the city of Gothenburg. More recently, a far-right extremist was sentenced to life in prison for a bombing attack on a Gothenburg synagogue.

In response to the rising tensions, the Swedish government has taken steps to address the issue of religious intolerance. These include increased funding for educational campaigns and projects to promote interfaith dialogue. The government has also put in place a national strategy to combat hate crime, which includes measures to combat racism and xenophobia which can reduce such incidences in 2023.



Source: Freedomhouse



Gun Violence

In 2022, 273 people were shot to death in Sweden. Reportedly, most shootings have occurred in the Stockholm area. It is estimated that there have been 273-gun deaths till September 2022, compared to 344 in all of 2021 and 373 in all of 2020. According to research from the Swedish National Council for Crime Prevention (BRA), the rate of fatal gunshots in Sweden is unusually high compared to other European nations, with around four deaths per million inhabitants each year. Typically, older gang members recruit youths from vulnerable areas to carry out shootings. The most common type of firearms offence is illegal possession of a firearm, which accounted for 67 percent of all reported firearms offences in 2022. Gun crimes are also more likely to be committed in certain areas, with the highest numbers of reported incidents occurring in the cities of Stockholm, Gothenburg and Malmö.

In recent years, the Swedish government has taken step such as restricting possession of handguns to members of shooting clubs and individuals who possess a valid hunting licence. All guns must be registered, and their owners must provide evidence of a secure storage facility and a passing score on a written and practical exam. Likewise, ammunition must be registered. Before any firearms are moved, the police must be alerted. Shooting on private property also requires a permit from the police. These regulations are likely to contribute to the reduction in case of gun violence however sporadic cases are likely to continue in 2023 prompting heightened security in vulnerable areas.



Source: Bloomberg



Source: The Guardian



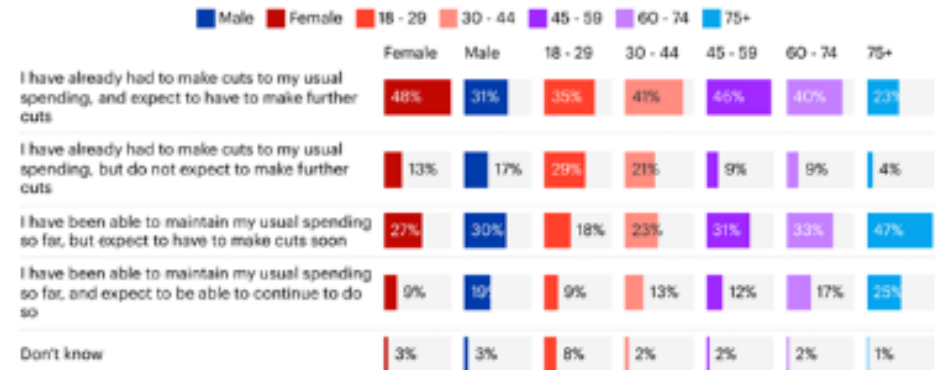
Cost of Living Crisis

In 2022, the cost of living in Sweden has become significantly expensive. In September, the annual consumer inflation rate in Sweden reached 10.8 percent, the highest level since December 1990. The increase was due to the escalation in cost of electricity, food, and non-alcoholic beverages. In September, electricity prices were 54 percent higher than they were one year prior. In September, food and non-alcoholic beverage prices increased 16.1 percent annually, the largest increase since August 1981. The estimated monthly cost of living in Sweden in 2022 is EUR 1,935, an increase of approximately EUR 100 from 2021. In addition, housing costs increased, as rising electricity prices, home ownership costs, and rents contributed to a higher inflation rate. In addition, there were price increases in the transportation sector, particularly for gasoline and automobiles.

Inflation will be further fuelled by price increases for furnishings, household equipment, catering services, hotels, recreation and culture, and personal care products in 2023, as a result of the ongoing Russia-Ukraine conflict, which is contributing to higher energy costs, rising unemployment, and a labour shortage that can increase businesses' logistical costs.

Sweden: Who made cuts to their spending?

Thinking about the cost of living, which of the following comes closest to your view?



Source: Bloomberg





Spain



Migration Crisis

By 31 October 2022, the UN refugee agency UNHCR reported that at least 33,706 people had arrived irregularly by sea to Spain's mainland, the Canary Islands, in the Atlantic Ocean, and Ceuta and Melilla, the country's enclaves in north Africa, while 1,068 had arrived by land. Spain has witnessed a surge in the number of people crossing the Mediterranean Sea in search of a better life in Europe. The country has become one of the main points of entry for illegal migrants and refugees, with more than 120,000 arrivals till 2020 alone. The Spanish government has taken steps to address the migrant crisis, including increasing border patrols and setting up temporary reception centres for those who make it to Spanish shores. The government also provides legal aid to migrants, ensuring they can access the necessary health care and other services. The migrant crisis in Spain is likely to remain a major issue in the coming years as the influx of people from other countries continue.

In addition to the logistical and legal challenges posed by the influx of migrants, there have been increasing concerns about the social and economic impacts of the crisis. This includes overcrowding in shelters, as well as a lack of access to adequate public services and employment opportunities for many migrants. Migrants from Ukraine are likely to enter the country in 2023, which could exacerbate the refugee crisis in Spain and place a greater strain on the country's resources.



Source: Aljazeera

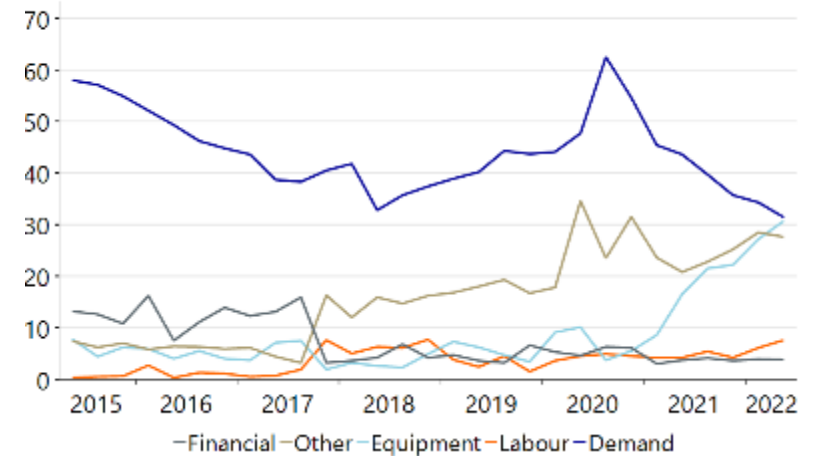


Socio-Economic Crisis

According to reports, 620,000 people joined the 12.5 million population already at risk of poverty or social exclusion in Spain, the first annual increase after five years of steady decline, and it was estimated that by the end of 2022, 4.5 million people in Spain would be living in extreme poverty (defined as less than 40 percent of the median national income, or less than EUR 6,417.30). The crisis has been mainly caused by a housing market crash and a banking crisis, resulting in high unemployment and a large public debt.

The government is taking drastic measures to address the crisis, including a series of austerity measures and labour reforms. As a result, the Spanish economy has slowly begun to recover, but the country still faces significant economic challenges. Further, if structural changes are not made, economic conditions are projected to worsen in 2023 due to the country's low GDP and COVID-19 crisis.

Factors limiting production according to % of businesses



Source: Economics.rabobank

Natural Disasters

Throughout the years, Spain has witnessed several natural disasters, including floods, wildfires, earthquakes, and landslides. In recent years, the most significant natural disasters were the flooding in Valencia and the wildfires in Galicia in August 2022. In November, the storm Denise brought cold, snow, rainfall, and strong winds to Spain, killing one person and injuring many others, as well as closing Valencia airport and leaving thousands without power.

Rising temperatures and changes in precipitation patterns have posed further risks such as an increase in the likelihood of wildfires, droughts, and floods. Climate change may also have significant effects on agriculture, tourism, and the economy. Moreover, in 2023, the intensity of floods is expected to increase due to a shift in precipitation patterns, with Tarragona, Catalonia, and Avila being cities most at risk.



Source: Aljazeera





Luxembourg



Civil Disturbances

Luxembourg witnessed several instances of civil disturbance in 2022. From March through September, farmers in the north of Luxembourg, around Kalborn, protested on the highways and drew attention to the price drop of commodities. In November, numerous more demonstrations by farmers were witnessed. In recent months, the price of milk in Luxembourg has decreased significantly leading to protests. In the months of October through December, several protests against climate change took place in the country's major cities, resulting in the use of tear gas and other restrictive measures by the government. Effective action against climate change, rising energy prices owing to the Russia-Ukraine war, and rising inflation are the primary drivers of unrest.

As the Russia-Ukraine issue continues unabated in 2023, energy costs are expected to increase, posing a significant danger to the nation's economy, and the likelihood of further protests remains strong.



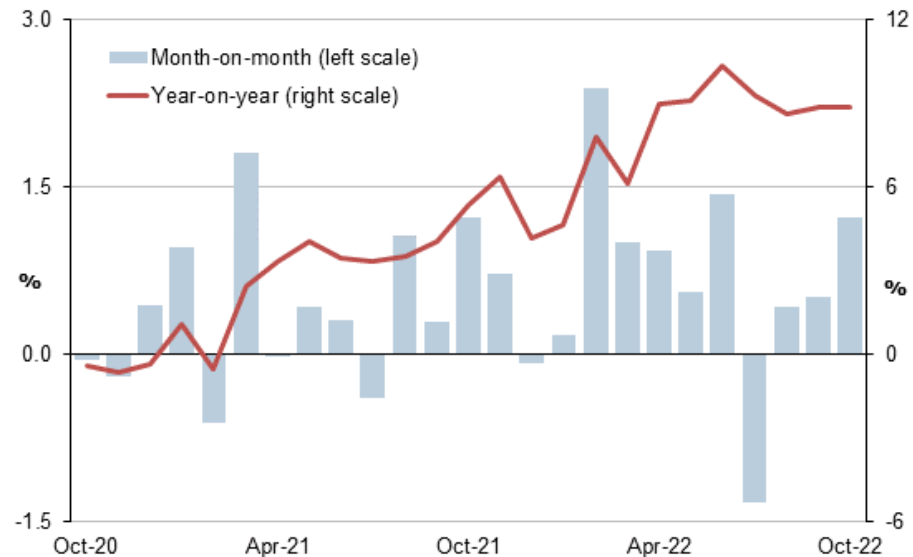
Source: Politico



Energy Crisis/ Inflation

The decline in Russian gas production has caused a gas scarcity on the European market. As the gas price also impacts the price of electricity, energy prices in Luxembourg are increasing. In November of 2022, the annual rate of inflation in Luxembourg increased by 6 percent, down from 6.9 percent the previous month. In October 2022, the annual inflation rate in Luxembourg reached a three-month high of 6.9 percent, remaining unchanged from the previous month. Prices of transportation, food and non-alcoholic beverages, furniture and household equipment, and housing and utilities exerted the biggest upward pressure.

In 2023, the government of Luxembourg is expected to cap the increase in gas prices and freeze electricity prices. However, market energy prices are anticipated to continue to increase. It seems unlikely that Europe would purchase gas from Russia again. In addition, the Organization of the Petroleum Exporting (OPEC+) countries have decided to reduce production significantly in 2023. All these indicators may suggest that energy costs will continue to rise as a result of a substantial drop in supply.



Source: Focus Economics



Source: Luxembourg Times

Climate Change

Climate change imposed significant strain on Luxembourg in 2022. The average temperature in Luxembourg has risen by 1.2 degree Celsius over the last 50 years, with the average temperature in July rising by 1.5 degree Celsius. The number of days with temperatures over 30 degrees Celsius has increased significantly, while the number of days with temperatures below 0 degrees Celsius has decreased. Rainfall patterns have also changed, with more rain falling in the summer months and less rain in the winter months. Wintertime average air temperature in Luxembourg has risen, along with the length of frost-free periods. Hailstorms are widespread in the region and have the potential to cause severe damage to hail-vulnerable structures, crops, and vehicles. Examples include the two hailstorms associated with the low-pressure system Andreas that occurred over central and southern Luxembourg on 27-28 July 2022, causing an estimated total economic loss of around EUR 3.6 billion. On the leeward side of low mountain ranges, the highest frequency of severe storms is seen.

As climate change worsens and temperatures continue to climb in 2023, the likelihood of natural disasters such as thunderstorms, hailstorms, and flooding, which can severely disrupt transportation and supply systems, remains high.



Source: Luxtimes



Source: Luxtimes



Bulgaria



Cyber Crime

Recent research conducted by the Bulgarian Ministry of Interior and the Bulgarian Computer Emergency Response Team (CERT) revealed that over 25 percent of the population had been victims of cybercrime. Identity theft, internet fraud, extortion, and data breaches are the most prevalent types of cybercrime in Bulgaria. Numerous factors contribute to the high rates of cybercrime in Bulgaria, including a lack of public awareness, obsolete computer systems, and insufficient resources devoted to cybercrime prevention and detection. According to the Ministry of e-Governance, 80 percent of all malicious attempts in Bulgaria are phishing attacks, and approximately 57 percent of all Bulgarian institutions have faced attacks daily or monthly.

The Bulgarian government is addressing these challenges by creating a National Cyber Security Strategy, establishing a cybercrime section within the police, and passing an anti-cybercrime statute. In 2023, as cyberattacks increase globally, there is a considerable probability that they will also increase in Bulgaria, posing a threat to the nation's essential infrastructure and sensitive data and security.



#	COUNTRY	TOTAL ATTACKS*	#	COUNTRY	TOTAL ATTACKS*
1	Netherlands	17.64%	17	United Kingdom	3.82%
2	Bulgaria	17.55%	18	Germany	3.61%
3	Belarus	10.83%	19	Estonia	3.54%
4	Ukraine	10.35%	20	Austria	3.47%
5	Bosnia and Herzegovina	7.06%	21	Slovakia	3.28%
6	Lithuania	6.40%	22	Slovenia	3.20%
7	Romania	6.24%	23	Finland	3.02%
8	France	5.41%	24	Czechia	2.74%
9	Hungary	4.83%	25	Luxembourg	2.02%
10	Croatia	4.55%	26	Belgium	1.99%
11	Latvia	4.49%	27	Sweden	1.85%
12	Spain	4.47%	28	Iceland	1.81%
13	Greece	4.28%	29	Switzerland	1.69%
14	Italy	4.19%	30	Denmark	1.60%
15	Poland	3.99%	31	Norway	1.38%
16	Portugal	3.83%	32	Ireland	1.08%

Source: Microsoft Security Intelligence Report

Source: Specopssoft



Organised Crime

Organized crime remains a persistent problem in Bulgaria. The frequency of violent episodes is moderate, and the likelihood of bystander injury is high. Extortion demands, which are aided by corruption, particularly at the municipal level, are probable, and 24 such occurrences were documented in 2022, notably in the tourism and entertainment sectors, with a moderate chance that foreign investors may be targeted. Bulgaria is a major transit country because of its geographical location. The country's weak economic and political situation makes it attractive for drug traffickers. Additionally, Bulgaria has lenient drug laws, which make it easier for traffickers to move drugs through the country. The government is eager to join the European Union's Schengen zone of unrestricted movement, but this has been continually delayed by other member states citing worries over organized crime and corruption. The increased capabilities of cybercriminals represent a threat to organizations, notably financial institutions and huge online retailers.

It is anticipated that Bulgaria's crime rate would increase in 2023 due to surging prices and a deteriorating economic crisis that will result in more people living below the poverty line.



Source: Foreignpolicy



Civil Disturbances

In the backdrop of the Russian invasion of Ukraine, large-scale protests by nationalist, anti-NATO, and/or pro-Russian groups were seen in Sofia in 2022. As a result of the formation of a new administration in December 2021, the frequency of larger-scale, more disruptive protests in Sofia have increased. Thousands of Bulgarian protestors took to the streets in November to demand greater wages in the face of rising inflation. In a separate incident in December, the country's two main labour unions organized a rally in front of the parliament building during which demonstrators held banners and chanted for higher wages. In August, a planned series of demonstrations under the hashtag #GAZwithme took place in front of the presidential building, with organizers expressing a desire for the caretaker cabinet to be more accountable.

As the economic situation is expected to worsen in 2023 and the Russia-Ukraine issue shows no sign of abating, the likelihood of protests that can disrupt supply networks remains high.



Source: Politico



Source: Reuters



Czech Republic



Civil Disturbances

In 2022, there were numerous protests and civil disturbances in the Czech Republic. In October, thousands of people took to the streets of the Czech capital to protest high prices, which they attribute to the focus of the centre-right government on defending Ukraine against the Russian invasion. Earlier in August, seventy thousand individuals gathered in the capital of the Czech Republic to protest rising energy prices. Protesters were also dissatisfied with the European Union and NATO. In November, far-right political groupings, and the Communist Party of Prague organised a demonstration in Prague's central square. Due to discontent with energy prices, protesters waved Czech flags, chanted slogans, and urged separation from NATO and the European Union. High energy prices, exacerbated by the situation in Ukraine, have put pressure on Czech and European governments to mitigate the impact of growing energy costs on consumers and businesses, leading to protests in the Czech Republic.

As the Russia-Ukraine situation may worsen in the coming year 2023, the price of energy and gas might also increase, which could lead to an increase in protests across the nation and have a negative impact on businesses.



Source: Lemonde



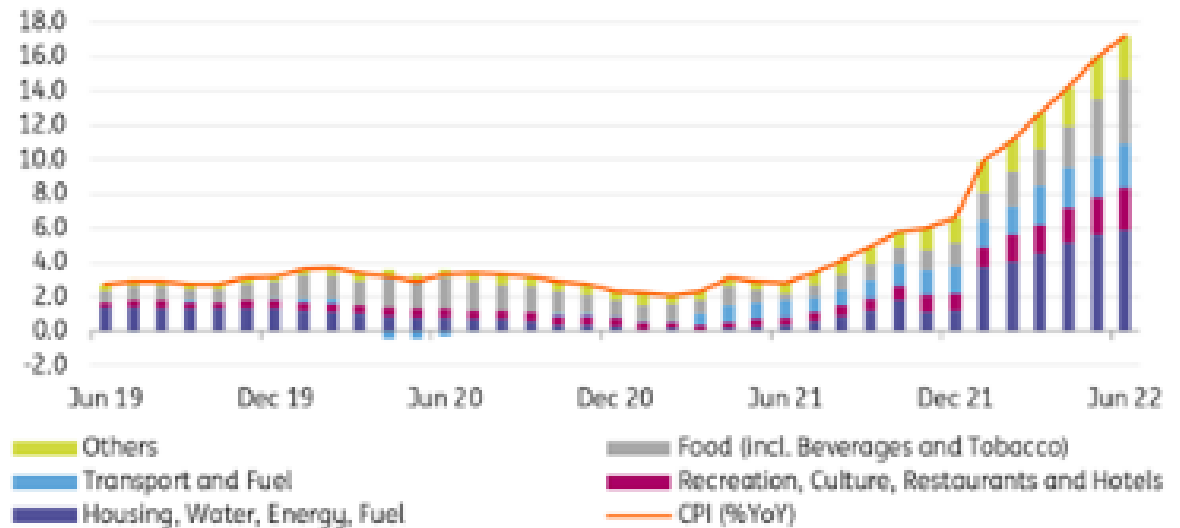
Energy Crisis

Inflation around the world has been fuelled in 2022 by higher energy prices. In September, the Eurozone experienced 10 percent inflation, while the Czech Republic experienced 18 percent inflation. Even though the financial situation of Czech households is comparable to the European Union (EU) average, their savings are among the most threatened by rising energy costs, accounting for 6.1 percent of their expenditures, which is roughly a third more than the EU average. Prime Minister Petr Fiala's government in the Czech Republic has backed EU sanctions against Russia and taken a tough stance against the invasion of Ukraine and made it more challenging to acquire gas from that country. To combat the crisis, it has also adopted a series of measures, including financial aid for businesses and price caps for residential electricity.

Due to ineffective housing and energy policies, as well as the continuation of the Russia-Ukraine war, the Czech Republic's energy crisis is likely to persist in 2023. Therefore, there remains a possibility of the Czech government imposing electricity usage restrictions and scheduled power outages in future.



Source: BRNO Daily



Source: Tradingeconomics



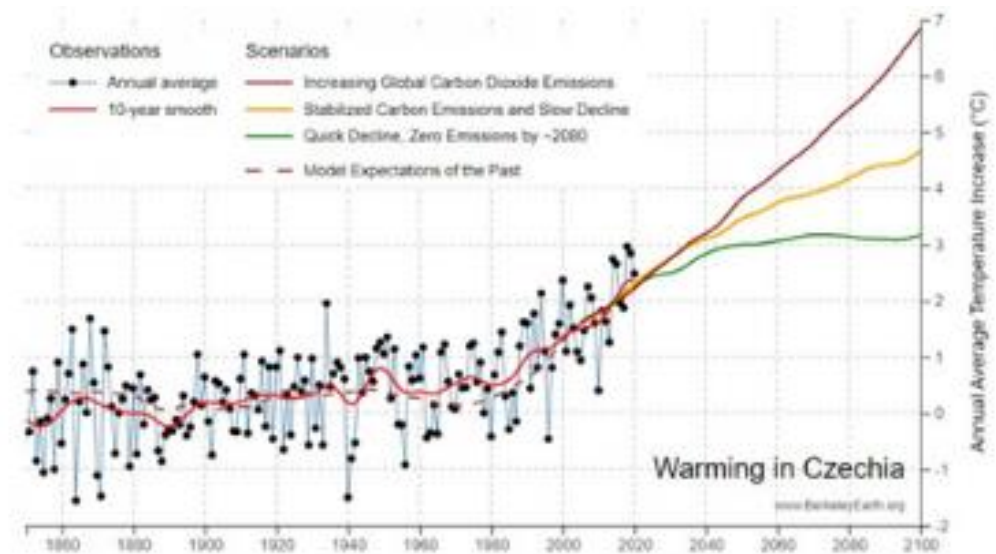
Climate Change/ Natural Disasters

The Czech Republic grew warmer in 2022, with the warming being most pronounced during the winter and summer months. In recent years, the Czech Republic and other European regions have experienced an increase in the frequency of droughts as a direct result of climate change. These droughts have dried forests and impacted people's ability to make a living. From 1961 to 2022, summer heat waves have gotten more frequent, prolonged, severe, and intense. Due to the overflow of the Vltava and other rivers, the Czech Republic has seen a string of major floods in recent years. In August, a storm caused considerable flooding in Prague, leading to the evacuation of thousands of residents. Further, more than one thousand forest fires occur annually in the Czech Republic. In contrast, over this time period in the Czech Republic, the frequency, average duration, severity, and intensity of cold waves dropped in every season except autumn.

In 2023, natural disasters are anticipated to increase due to the country's rising temperature. Due to global warming, heat waves are likely to become more intense in 2023. As drier-than-average conditions are predicted to persist until 2023 in Northern regions, the drought is expected to persist.



Source: vulhm



Source: Climate.peopleinneed





Turkey

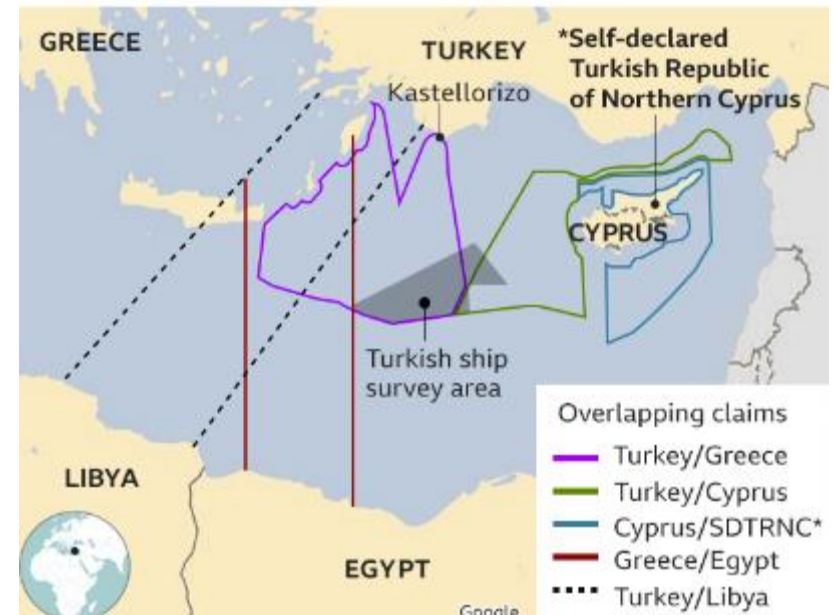


Turkey- Greece Crisis

The Turkey-Greece crisis is a long-standing disagreement about maritime and land boundaries in the Aegean Sea and the status of Cyprus. The debate derives from differing interpretations of the 1923 Treaty of Lausanne and the 1947 Peace Treaty of Paris. Since the 1970s, Turkey and Greece have also been in conflict over the management of airspace, military manoeuvres in the Aegean, and the rights of the Turkish minority in Greece. Turkey and Greece were on the verge of a major confrontation in 2022 over the Imia/Kardak islets in the Aegean Sea, but the crisis was eventually settled diplomatically. In recent years, the controversy has re-emerged, with Turkish warships undertaking seismic surveys in the eastern Mediterranean and Greece asserting ownership over the waters. This has resulted in tensions between the two nations, with Greece accusing Turkey of aggressive behaviour and Turkey accusing Greece of infringing Turkey's sovereign rights.

As 2023 approaches, there is no indication that the matter will be resolved, and tensions are likely to remain between the two nations, creating a hostile climate at the border and perhaps hindering the passage of cargo at the border due to the conflict and disrupting supply chains.

Greece and Turkey have overlapping claims in the Eastern Mediterranean



Source:BBC



Natural Disasters

Turkey is one of the most susceptible nations to climate change. It is situated on the boundary between two major climate zones and has a terrain that exacerbates the effects of climate change. The terrain of Turkey is extremely vulnerable to natural calamities such as floods, droughts, and earthquakes. Turkey has already begun to see the effects of climate change, with long-term trends of rising temperatures and diminishing precipitation. In the past two decades, seven of the ten most destructive natural disasters in Turkey have been caused by extreme weather or climate-related phenomena, such as floods, droughts, and heatwaves.

The most recent instance occurred on 06 February, 2023, when a magnitude 7.7 earthquake struck south-eastern Turkey near the Syrian border, killing more than 200 people and trapping a great number of others. The most affected regions included Gaziantep, Kahramanmaraş, Hatay, Osmaniye, Adiyaman, Malatya, Sanliurfa, Adana, Diyarbakir and Kilis. Extremely cold weather in the region, including snowstorms and blizzards, exacerbated the situation and made rescue attempts difficult.

As a result of the earthquake, the nation declared a state of emergency in order to mobilise additional resources for recovery efforts. Turkey is reducing its vulnerability to climate change through a variety of measures. The government is investing in adaptation measures, including the construction of flood defences, the development of early warning systems, and the establishment of drought management strategies. In addition, the nation has established a target of 30 percent renewable energy by 2030.

The effects of climate change are anticipated to intensify in 2023. More than 300 kilometres of Turkey's coastline are at risk of flooding as a result of the effects of sea level rise. It is anticipated that severe droughts will become more frequent and extreme, increasing water shortages in the country.



Source: static.toiimg

Civil Disturbance

In recent years, Turkey has witnessed a period of unrest and instability. This has been caused by a variety of factors, including the increasing authoritarianism of the government of President Recep Tayyip Erdogan, increasing tensions with neighbouring countries, and the impact of the Syrian civil war. The government's actions have been met with widespread protests, especially in Istanbul and Ankara. In addition, the government has cracked down on freedom of expression and freedom of the press, arresting and imprisoning journalists, academics, and activists.

In Turkey, several protests have been reported due to the unusually high number of women who are murdered annually, and due to high domestic violence reports. For the seventh consecutive year, the government banned the annual LGBT Pride march in Istanbul, and police violently dispersed and detained protesters. In numerous political speeches, senior government officials have allegedly attacked and encouraged discrimination against LGBT individuals. In 2023, various groups are likely to continue with further protests if the government does not meet their demands or address their issues strongly.



Source: Hrw



Source: BBC



 Hungary



Civil Disturbances

Hungary has witnessed multiple protest cycles in response to the government's planned new labour law and other controversial policies. There have also been numerous demonstrations over the cost-of-living crisis, particularly in Budapest. Teachers and educational workers engaged in a series of demonstrations in November 2022 for better pay, which disrupted the routine operation of institutions.

The European Union has criticised the administration's policies, accusing the government of weakening the rule of law and eroding democratic norms. Police forces have been accused of employing excessive force on protesters in response to widespread criticism of the government's response to the demonstrations.

The situation in Hungary remains tense as the cost-of-living crisis worsens, and further protests are anticipated in 2023, which could have a detrimental impact on the nation's peaceful environment.



Source: Reuters



Pandemics/ Healthcare

Long-term neglect of the public health care system and deficiencies in Hungarian hospitals, such as a lack of basic items such as hand soap and sanitizer, has contributed to high death rates — the highest per capita rate in the EU between January 2020 and September 2022. In September, over 30,000 deaths were attributed to COVID-19. The vaccine rollout, which began in December 2020, along with lockdowns and other restrictions, halted the disease's spread and drastically reduced the number of cases, hospitalizations, and deaths associated with COVID-19. However, the nation continues to experience a high number of COVID-19 cases and inadequate healthcare facilities. It has been difficult to contain the spread of new virus strains such as variants of BA.4 and BA.5 throughout the country.

If the budget allocation for healthcare does not increase by 2023, pandemics such as COVID-19 can have a significant impact on the nation's economy and business productivity.



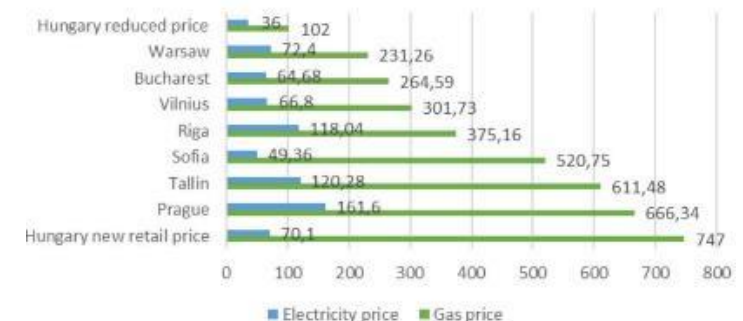
Source: Bloomberg

Energy Crisis

In 2022, the energy crisis in Hungary deteriorated due to the country's reliance on imports for the majority of its energy requirements. Hungary imports more than 90 percent of its energy, which has contributed to its energy dependence on other nations, particularly Russia. This dependence has led to an increase in energy costs and a decline in energy security. The war between Russia and Ukraine forced the Hungarian administration to purchase electricity from more expensive sources. In 2022, more than fifty power outages were reported owing to the crisis. However, the government has recently made measures to solve the problem, including expanding renewable energy output and shifting to renewable energy sources such as hydroelectric, geothermal, and solar power. In addition, the government has adopted energy efficiency measures, such as the deployment of smart metres and the establishment of energy efficiency labelling for home equipment.

As the Russia-Ukraine conflict shows no indication of abating, energy costs will continue to grow, and more power outages can be expected in 2023, with the possibility of impeding business operations.

Gas and electricity prices in the CEE, based on 2022 June data
In Hungary, despite energy price regulation, with the new retail prices due from August 2022, the monthly utility bill could rise significantly



Source: Ceenergynews

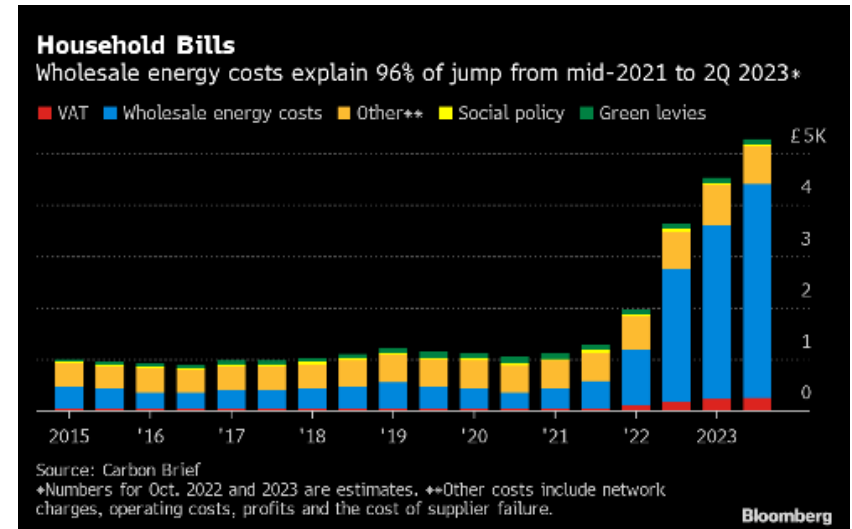




Energy Crisis

The energy crisis is a consequence of the increased demand during the post-COVID-19 reopening of economies, and Russia’s invasion of Ukraine and a subsequent reduction on gas supplies into Europe. United Kingdom (UK) has particularly been affected due to the energy crisis because around 85 percent of households use gas boilers to heat their homes, and around 40 percent of electricity is generated in gas fired power stations. Poorly insulated houses in the UK have further exacerbated the problem. Unplanned outages on ageing nuclear power plants, fire in the main power cable used to import electricity from France and slowing wind turbines due to reduced wind has also been reducing the UK’s energy generation capacity. The UK also has some of the lowest amounts of gas storage capabilities in Europe, leaving the market uniquely exposed to the supply crunch.

The energy crisis is likely to persist in the UK in 2023 due to ineffective housing and energy policies and the continuation of the Russia-Ukraine war. Though Britain has been temporarily reoperating coal power stations, it won’t be adequate to bridge the energy gap. Hence, chances of the British government imposing electricity-usage restrictions and planned power outages cannot be ruled out.



Source: Bloomberg



Cost of Living Crisis

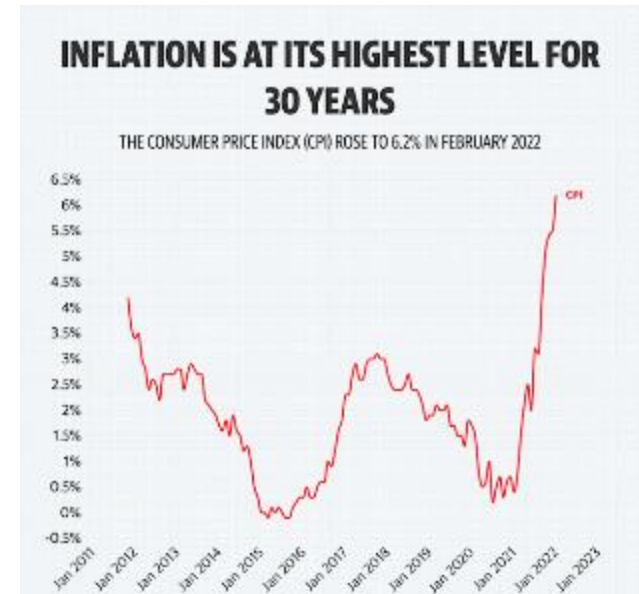
The UK is expected to face its longest recession since records began, with the economic downturn expected to extend into 2024. Inflation exacerbated by worker shortages and energy subsidies could cause the UK economy to contract. Rise in the wholesale price of gas has increased the amount that energy providers pay for gas and electricity. That increased cost is being passed on to the consumer, causing the cost-of-living crisis. The 2022 Autumn Statement outlines around GBP 30 billion in spending cuts and GBP 25 billion in tax hikes, further increasing financial hardship on millions of Britons.

In 2023, the UK's economy is forecast to shrink by one percent, down from its previous estimate for a 0.4 percent contraction. As the UK government's rebate program, which gives residents a discount of GBP 400 on their energy bills is due to expire in April 2023, energy cost for households is expected to significantly increase, further increasing the cost-of-living.

Civil Unrest

The year 2022 was marked by civil unrests in the UK, ranging from workers union strikes to climate change protests. A series of industrial actions took place across various sectors of the UK's economy as workers from different background such as transport workers, nurses, doctors, teachers, barristers and postal workers scheduled strikes demanding increased wages, job security and good working conditions amidst high inflation rate triggered by the COVID-19 pandemic and the Russia-Ukraine war. Climate change groups like Extinction Rebellion, Just Stop Oil and Animal Rebellion also organized civil disobedience movement by using unconventional yet disruptive methods of protest to denounce alleged government inaction on climate change.

Since UK is likely to increase its non-renewable energy consumption amidst the energy crisis in Europe, climate change protests are likely to continue across the country. Demonstrations are expected to intensify in April and May 2023 due to the April Rebellion planned by the Extinction Rebellion group. As recession is likely in 2023, employee layoffs reduced wage rates could prompt additional industrial actions.



Source: Yahoo News



Source: CNN



Ukraine



Russian Military Aggression

The current war in Ukraine poses an unprecedented risk to the country's territorial, economic, cultural and political integrity. On 24 February 2022, Russian forces attacked Ukraine, with motives to establish a pro-Russian government in Kyiv and to seize control over the Donbas region. The ensuing hostilities have led to millions of people fleeing Ukraine and thousands of deaths. The conflict has cost the economy more than USD 750 billion with a 35 percent GDP loss predicted for 2022. Cyberattacks on businesses and government agencies have increased following the Russian invasion, and the risk of spill over cyberattacks against non-primary targets have become much more widespread.

Mutually conflicting positions are expected to make cessation of hostilities difficult in 2023. Ukraine's resilience enabled by the West's sustained supply of weapons and financial support, and Russia's difficulty in retaining control over the four oblasts annexed in October 2022 portrays a slim chance of Russia eventually acceding to some of Ukraine's demands, but this will most likely come with large human and economic cost. The increasing global costs of the war along with shortage of weapons in the west also poses a major threat for Ukraine.



Source: DW



Damage to Critical Infrastructure

Several missile strikes were reportedly launched by Russia to target critical infrastructure such as power plants and central heating facilities across Ukraine. Since the attacks began in February 2022, at least 40 percent of Ukraine's energy infrastructure has been debilitated by continuous attacks. These attacks have damaged power transmission infrastructure, leading to weeks of power and internet blackouts across Ukraine. In cities such as Mykolaiv, there have also been reports of damage to water pumping infrastructure, denying potable water to many residents. Damages to roads and bridges also caused problems for people as well as goods transport.

Intermittent power outages, poor sanitation conditions and a heating crisis are likely to persist in Ukraine in 2023, with maintenance works of damaged infrastructure getting delayed by lack of availability of spares, and repeated missile hits obstructing repairs. Ukraine has attempted to mitigate the crisis by phased load shedding, power rationing and procuring the NASAMS missile defence systems from the US to protect its transmission infrastructure. Despite these efforts, critical infrastructure damages mounting to almost USD 127 billion implies that significant time will be required for normalcy to be restored.



Source: International Construction



Source: World Economic Forum

Emerging Nuclear Threat

Ukraine faces an existential nuclear threat, given the risks to the Zaporizhzhia nuclear power plant in an active war zone, and Russia's asymmetric nuclear capabilities. The Zaporizhzhia nuclear power plant, located south-east of Kiev, houses six nuclear reactors out of which two are currently functioning. Russians fired missiles proximate to the power facility to elicit a retaliatory response from Ukraine. Though the walls of the reactor can withstand artillery fire, the building housing spent fuel has been reported to be amenable to damage posing radiation potential.

The nuclear threat for Ukraine will continue to exist in 2023. The small number of workers left at the Zaporizhzhia power plant may prove inadequate to monitor anomalies. Despite Russia building a concrete dome over the spent fuel chamber post its capture, its destruction via artillery fire leading to catastrophic radiation incidents is a possibility. With respect to the usage of nuclear weapons, Russia may exercise the use of tactical weapons such as the short-range Iskander-M missile systems. With yields of 1–50 kilotons, Moscow may use these weapons to target military or critical infrastructure assets if it loses its conventional battlefield gains.



Source: Mint



Source: USC Dornsife



Russia



External Sanctions and Fiscal Risks

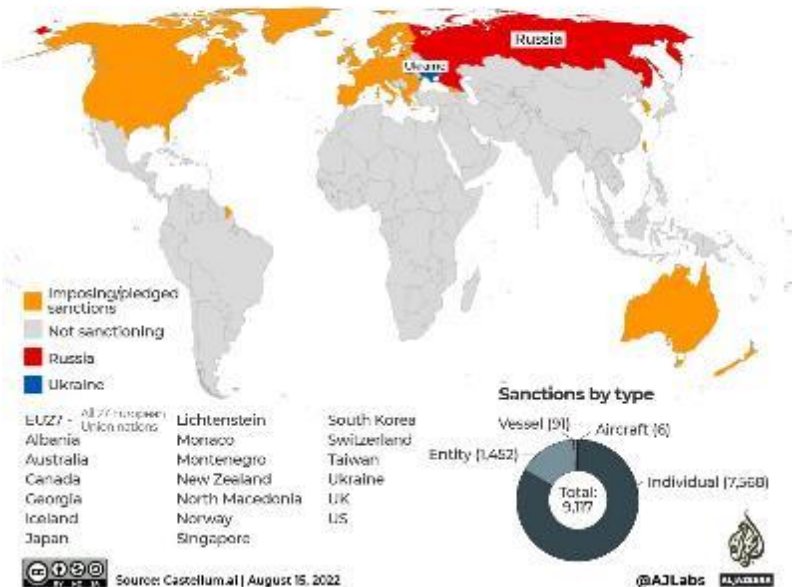
The sanctions imposed by the United States (US) and European Union (EU) on Russia have been predominantly targeting the oil, finance and technological sectors, making trade with Russia complicated and expensive. Though Russia managed to cope with losses by relying on conventional partners such as China, more than 150 MNCs exited business from Russia and the country defaulted on its foreign debt for the first time since 1918. A collective move by G7, EU and Australia in December 2022 to cap oil prices at USD 60 constricts Russia's forex gains from oil trade.

Though the Russian economy is projected to continue experiencing fiscal strain in 2023, it may not suffer the all-out collapse predicted during the start of the war. Factors such as Russia's ability to diversify its oil exports to Turkey, China, Brazil and India, continued import of its natural gas by EU, and the fact that the global price cap on oil has not hurt Russia as was intended, will help the economy remain afloat in 2023. Though Russia will remain a difficult prospect for business re-entry at least till hostilities cease, a total collapse is unlikely in the medium term.

RUSSIA-UKRAINE WAR

Which countries have sanctioned Russia?

At least **46 countries or territories** have imposed sanctions on Russia, or pledged to adopt a combination of US and EU sanctions. Since February 22, **more than 9,117 sanctions** have been imposed on Russia, making it the **most sanctioned country in the world**.



Source: Al Jazeera



Civil Unrest

The Russian state has a track record of containing civil unrest in the past, enabled by strict controls over state media and powerful law enforcement mechanisms. Departing from this trend, Russia's actions in Ukraine have been contested by a number of protests in 2022. In February, large protests were witnessed in Moscow, Yekaterinburg, Chelyabinsk, and Saint Petersburg. These protests were followed by similar mobilisations in March in Vladivostok, Irkutsk and Khabarovsk. Human Rights Watch has expressed concern at the thousands of detentions that followed these protests. In September, Russia's attempts at partial troop mobilisation by conscriptions was protested by thousands in Dagestan followed by incidents of arson at five enlistment centres across Khabarovsk, St. Petersburg, Kira and Volgograd. A sizeable number of men have also been reported to leave Russia, refusing to be conscripted compulsorily into the armed forces.

Though these protests have been contained in 2022, if the war in Ukraine extends indefinitely calling for more military mobilisation, the chance of further spread of civil unrest is highly likely. Coupled with worsening economic conditions, restrictions on emigration and a recession that is to set in by 2023, public angst may prove difficult for the government to control solely by force.



Source: Jewish Policy Center



Source: peoples dispatch

Environmental Disasters

Russia suffered from a number of climate change related weather extremities such as floods and forest fires in 2022. The black sea city of Sochi experienced extreme rains in June and July 2022, triggering widespread floods and landslides. The East Dagomys River and Bzugu River rose to unprecedented levels and caused deaths and damage to property. Several villages in Sakha, in Siberia also experienced flooding due breakages of dam embankments, prompting evacuations of hundreds of residents and declaration of a red alert. Sakha also suffered severe damages mounting to 75000 hectares of losses from forest fires in August 2022, while the Ryazan region suffered damages of 9000 hectares, causing heat waves and smog issues in Moscow.

With climate change presenting starker challenges every succeeding year, in 2023, Russia is slated to experience more challenging wildfire and flooding related incidents not only in its European sections, but also its traditionally cooler north-eastern oblasts.



Source: Mongabay



Source: Bloomberg



Romania



Cyber Attack

In 2022, Romania recorded a significant surge in the number of cyberattacks due to remote or hybrid working regime and the Russia-Ukraine war. A vast majority of the IP addresses where the attacks originated were from Russia, while some were traced back to the US and European countries. Romania's government also announced a series of cyberattacks on websites of key public institutions, including the government, bank, mass media website and the Defence Ministry. According to the Business Internet Security 2022 report, roughly 35 percent of cyberattacks in Romania were done through ransomware, while the most frequently attacked region was Bucharest. DDoS attacks increased by 21 percent relative to 2021, while ransomware attacks also increased by 18 percent.

As per reports, over half of Romanian companies are looking to increase their spending on cybersecurity and safeguarding their data against hackers after the surge in cyberattacks in 2022. However, despite the increased cyber awareness, cyberattacks against Romania are likely to continue amidst the Russia – Ukraine war, if not increase, especially by Russian hacker groups, as Romania is a member of the North Atlantic Treaty Organization (NATO).



Source: Euractive



Threat from Russia

A neighbour of Ukraine, Romania risks being destabilised as the Russia-Ukraine conflict continues. NATO has built a base in Romania to counter Russia's threat in eastern Europe and the Kremlin has already warned of taking necessary retaliatory measures. Additionally, as discussions for unification between Moldova and Romania are ongoing, unification with Moldova means Romania taking in more than a quarter million Russians living in Moldova. This could open the door for significant Russian interference as Russia claims to be the defender of all Russian speakers.

Given that the Russia – Ukraine war is likely to continue in 2023 and the Russian-controlled territory of Transnistria in Moldova is only 100 miles away from the Romanian border, Romania faces a severe security risk in 2023. The degradation of regional security not only jeopardizes Romania's internal security but also affects Romania economically because the entire region is perceived by investors as having a higher risk of investment. The chances of a direct military confrontation between NATO and Russia cannot be ruled out, in which case the confrontation could reach Romania as it a NATO state neighbouring Ukraine.



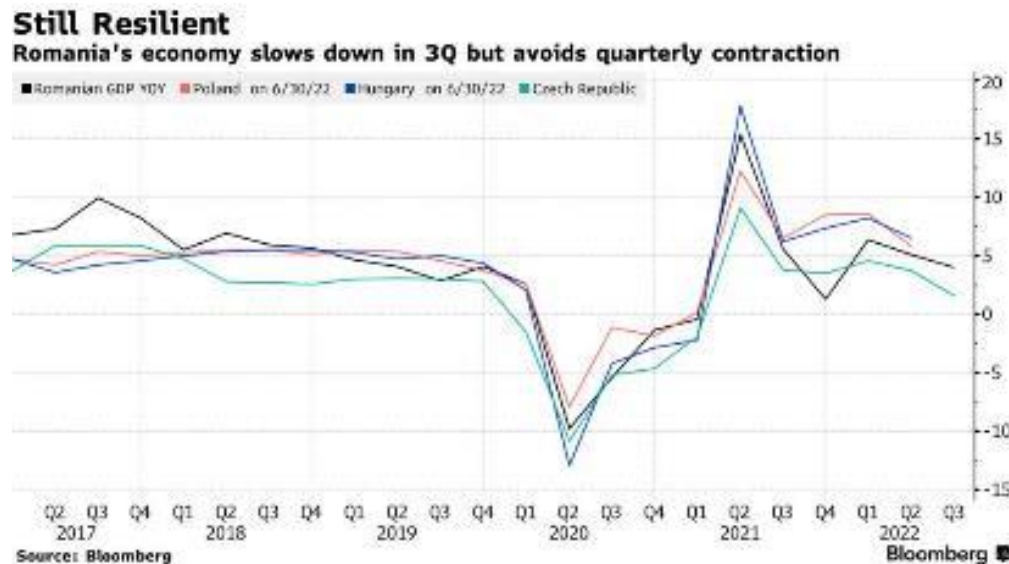
Source: Lefteast



Economic Crisis

Romania’s economic growth slowed more than expected in the third quarter of 2022, weighed down by a severe drought and the energy crisis triggered by the war in neighboring Ukraine. The shocks induced by the COVID-19 pandemic and the war in Ukraine have also exposed structural vulnerabilities in the economy, which includes persistent poverty and disparities in economic opportunity across regions and between urban and rural areas, structural rigidities in the product and labor markets, weaknesses in fiscal policy and significant institutional constraints hindering the efficient use of resources. Inflation accelerated to 15.3 percent in August 2022, led by soaring electricity, gas, and central heating prices. Inflationary pressures also prompted the National Bank of Romania to gradually increase the monetary policy rate to 5.5 percent in early August 2022.

The economic growth is expected to slow down in 2023 as elevated inflationary pressures and the current energy crisis in Europe are likely to affect economic activities. A global slowdown and a possible recession in the main trading partners could impact Romania’s growth in 2023 as the country’s growth is dependent on several factors like inflation, especially related to energy and food prices, and the war in Ukraine and its impact on the European economy, in which Romania is strongly integrated.



Source: Bloomberg



Source: Romania Insider





Ireland



Brexit

Brexit has introduced significant shifts in the relationship between Ireland and the UK. The Northern Ireland Protocol formed part of the framework for the future relationship between the EU and the UK, but ongoing issues remain around implementation of the Protocol. A failure to come to an agreed and sustainable outcome poses a risk to relations on the island of Ireland and between Ireland and the UK.

Post-Brexit, the UK has the capacity to set its own standards in a range of areas such as manufactured goods, agri-food, services, transport networks, the recognition of professional qualifications, and energy markets. This may lead to regulatory divergence from the EU, posing competition and supply chain challenges for Ireland over time, and potentially leading to barriers to the movement of labour and skills.

How checks between Britain and Northern Ireland work

Certain goods, such as meat and eggs, need to be checked when they enter Northern Ireland from Great Britain



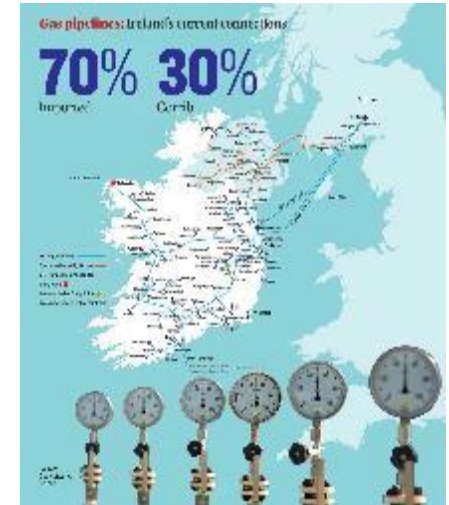
Source: BBC



Lack of Sustainable Energy Supply

Most of the natural gas currently consumed in Ireland is imported from the Corrib Gas Field in Scotland. This reliance on a single source and its associated infrastructure creates a significant risk for security of supply. Risks in relation to secure and sustainable energy supplies have been exacerbated by the war in Ukraine and sanctions on Russian supply which has caused a considerable price shock to global energy markets. Additionally, Ireland is one of the most fossil fuel reliant countries in Europe and imports most of it. The increase in global fossil fuel prices further worsened the energy crisis in 2022.

A lack of storage capacity means Ireland is particularly exposed to risks with regards to gas supply disruption in 2023 as well. The disruption to oil markets is expected to intensify in 2023 as the EU embargo on Russian imports takes effect. Deteriorating thermal electricity generating power plants, as well as the unpredictability of wind energy generation, also pose a challenge for Ireland's electricity supply in the coming year.



Source: Irish Times

Inflation and Housing Crisis

Ireland faced increasing inflationary pressures in 2022 due to increased global fuel and energy costs triggered by the war in Ukraine, as well as rising food prices and decreased exports due to sanctions on Russia. Higher energy, transportation, food and other prices disproportionately impacted the vulnerable sections of society. Shortage of adequate and affordable housing also posed a risk as broad sections of the society were negatively impacted by imbalanced rental and housing markets.

Inflation is expected to continue to remain elevated in 2023 driven primarily by the continued volatility in wholesale energy markets. Wage-price spiralling, which signifies accelerating consumer prices and rising nominal wages, could hamper the economy's ability to compete in the global market. Moreover, housing shortage and pricing issues are unlikely to rectify in 2023 with COVID-19 having impacted housing completions, construction material inflation and shortages in skilled labour. The accumulation of large amounts of household savings from the pandemic could potentially having a further inflationary impact on prices.



Source: Irish Times



Poland



External Threat

Poland experienced a direct repercussion of the Russia-Ukraine war when a missile hit a Polish village in mid-November, killing two people. Though the missile was found to have accidentally landed in Poland, the incident highlighted that the dangers of an escalated war are real. Hence, the eastern regions of Poland are especially susceptible of security threat as it shares most of its borders with Ukraine and Belarus, an ally of Russia. It must be noted that Poland faced a border crisis since 2021 where Poland accused Belarus of funnelling migrants towards its border and equipping them with tools to breach Polish fences. Moreover, Chechen leader and Vladimir Putin's ally Ramzan Kadyrov directly threatened Poland for supplying Ukraine with several weapons to defend itself against the Russian invasion and attacking Russia's ambassador to Poland with red paint on the 2022 Victory Day.

Either stray or intentional missile strike on Poland's energy infrastructure like the Sanok gas storage facility that is located near the Polish-Ukraine border or pipelines like Druzhba could directly risk Poland's energy security. Though chances of the war spreading to Poland is less as it is a NATO member, Poland could be a battleground for NATO countries and Russia if horizontal escalation, which is an expansion of the Russia - Ukraine war to other countries, take place.



Source: Times of India



Authoritarianism

The Polish government has repeatedly been accused of eroding some of the fundamental rights and freedoms by reducing the independence of Poland's media and judiciary system, and extensive policing. Apart from the increased violent repression of demonstrators, the ruling Law and Justice (PiS) party have also been embroiled in a phone tapping scandal of political opponents and journalists, and a dispute with the EU, which accuses it of dismantling the rule of law. Police control is reportedly high especially in terms of internet surveillance and government intervention into online activities. Polish leaders have often taken more hardliner stances on issues around ethnic minorities, sexual rights, the LGBTQ+ community and refugees.

The perception of authoritarianism in Poland has resulted in a large number of demonstrations and resistance from civil society groups and opposition politicians. However, the humanitarian crisis brought the Russia – Ukraine war is expected to stop the government and civil society from differing against each other as much. The war in Ukraine is also likely to help develop a friendlier relation between Poland and the European authorities, as both perceive Russia as a common threat. Since the EU is considered to be a major flag-bearer of democracy, human rights and freedom of expression, Poland is expected to promote these aspects within its territory to form an amicable relation with the EU.



Source: The Guardian

2023 Parliamentary Election

Poland's next parliamentary elections are due to be held in autumn 2023. Confusion persists as to whether Poland's opposition will contest the next parliamentary election as a single joint list or independently. While the opposition may be united in their aim to oust the ruling Law and Justice party from office, their electorates are fairly diverse. PiS will need to form another coalition if they fail to win an outright majority however, PiS might not want to continue its present coalition with United Poland as the two has different opinions in terms of Poland's stance on EU and its pandemic funding issue. The 2020 election has also raised doubts over the fairness of the Polish electoral system.

With the intention to appeal to the masses and gain popularity, parties could misuse state resources and use xenophobic, homophobic, and antisemitic rhetoric, which could have the potential to trigger unrest and violence in the country. Amidst allegation of the government encroaching press freedom in Poland, chances of circulation of misinformation and fake news cannot be ruled out.



Source: Euractiv



Source: freepolicybriefs



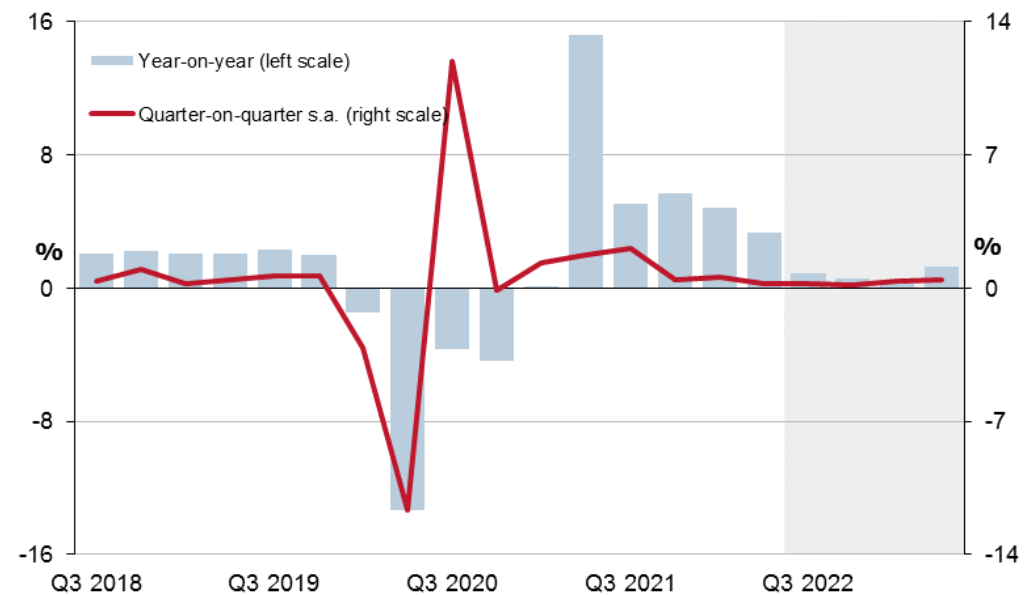
Belgium



Slowdown of Economic Growth

In 2022, Belgium witnessed protests against skyrocketing electricity, natural gas and food prices, which led to a sharp rise in the cost of living. The introduce of the FDI screening regime from 01 January 2023 will affect investors from outside Belgium as the regime will put one-stop-shop mechanism, with Inter-federal Screening Committee in charge of reviewing future FDI notifications.

The International Monetary Fund (IMF) predicted a slowdown in growth for Belgium in 2023, to 0.4 percent. Belgium's fiscal deficit is expected to be one of the highest in the eurozone in 2023 mainly due to Belgium's automatic wage, pension and social benefit indexation, which offsets the positive revenue effects of high inflation. Reduction in foreign investment due to the FDI screening regime could further worsen the economic health of the country. Hence, protests against inflation and unemployment are expected to continue in 2023.



Source: Focus Economics



Gas Shortage

While Belgium hardly imports Russian gas, it remains vulnerable to price fluctuations on the European gas market. Belgium imports natural gas mainly from Norway and the Netherlands. Given that European imports of Russian gas are likely to drop by at least 50 percent and may even cease completely in 2023, and demand for LNG in China is expected to significantly increase in 2023 as China is likely to further relax its stringent zero-COVID-19 policies due to backlashes from citizens, gas prices are expected to increase at a time when global supply remains limited.

Households and SMEs account for more than half of gas consumption in Belgium and the industry and the energy sector each account for about a quarter. While the Federal Government launched the 'I have an impact' campaign in 2022 to stimulate citizens and companies to reduce their consumption, it could pass emergency measures to limit household and commercial gas consumption in 2023 if shortage of gas supplies continues. The shortages would also have serious effects within the EU, given that Belgium currently exports gas to both the Netherlands and Germany.



Source: Italy24



Source: brussels times

Terrorism

Belgium has been grappling with terrorist incidents arising from Islamic terrorism and far-right groups. Despite Belgium's efforts to improve its national security since the 2016 Brussels attacks, the country has continued to experience lone-wolf terror attacks like the November 2022 knife attack near Brussels North station. Belgium reportedly has one of the highest numbers of returning ISIS fighter in Europe, posing a threat to the country. Social radicalization is also disseminating among the youth in marginalized neighbourhoods like Molenbeek. In addition to this, Brussels hosts several international institutions like EU and NATO, and government and foreign embassy buildings, increasing its susceptibility to terror attacks.

Belgium is likely to remain affected by the problems of radicalization and terrorism as its intelligence services continue to face the dual challenges of returning foreign fighters and homegrown jihadists. Internet has been playing an important role in spreading extremist ideologies, and since Belgium has one of the most stringent laws on privacy rights, it limits on law enforcement and makes the country a safe haven for terrorist and extremist elements. Belgium's administrative and law enforcement systems complicate cooperation on counterterrorism with other countries as the country's police is divided along linguistic and regional lines. Its counterterrorism laws also give authorities less scope to investigate terrorism than in France.



Source: Business Insider



Source: ISPI



Denmark



Climate Change

Denmark has a high risk of coastal flooding, with ten flood-prone areas, as the country is located between the North Sea and the Baltic Sea. While rising sea levels following the backflow of water from the Baltic Sea could cause coastal flooding, the country is also susceptible to flooding from heavy rainfall like the cloudburst in Copenhagen in 2011. The Danish Islands are particularly vulnerable from rising sea levels since islands like Birkholm are only two metres above sea-level. Flood-prone areas houses large investments, and the value of assets at risk of flooding is projected to rise by approximately 50percent over the next few decades as sea levels rise and precipitation increases.

Given the geographical position of Denmark, these risks are expected to persist in the coming years and will only be exacerbated due to climate change. Potentially damaging waves could lead to coastal flooding whereas cloudbursts could trigger severe urban flooding. Any unprecedented rise in sea level will lead to mass disruption to infrastructure, supply chain, connectivity, trade, and commerce. All such environmental concerns impact business operations in the country.



Source: Baltic Smart Water Hub



Political Uncertainty

After talks for more than a month since the snap general election in November 2022, Denmark's leftist Social Democratic Party formed a bipartisan government with the political rightist Liberal Party, and the centrists Moderates in December 2022. The Liberals had initially rejected such a coalition during the election campaign, stating they wanted a conservative government. The leader of the Liberal party had also earlier stated that he did not trust the leader of the Social Democratic Party due to the 2020 'mink scandal'.

The new government will be required to come up with consensual policies to address the high energy prices and inflation, amidst geopolitical threat exemplified by the sabotage of two pipelines carrying gas from Russia to Germany through Danish waters. Denmark could witness a severe economic and security risk in 2023 if the underlying differences between the stance, ideology, and political history of the three parties hampers the sustainability of the government. A coalition of the traditional mainstream parties could also eventually strengthen the more radical parties as seen in other European countries like France.



Source: Xinhua

Greenlandic Independence

Greenland recognises itself as a self-governing, autonomous country within the Kingdom of Denmark. While Greenland has the right to declare independence and former Danish Prime Ministers have also vowed to allow the independence of Greenland if the people desire it, talks over how much freedom they should enjoy and on what terms as well as who will assume the responsibility for its budget, have often proved vague and problematic.

Greenland is speculated to harbour huge deposits of oil and natural gas. The ambiguity of whether the Danish or the Greenlandic government will acquire the yields from the natural reserves has the potential to strain relations between the two countries. Additionally, under the 1982 Convention, China only has the same rights as any other country to navigate the Area of high seas in the Arctic Ocean and exploit its natural resources. Hence, China possibly acquiring an important presence in the Arctic region over the coming years could accelerate tensions between Greenland and Denmark and increase security risk in the Arctic.



Source: Arctic Today





Finland



Energy Crisis

The risk of power outages increased in Finland in December 2022 due to uncertainty in domestic production and imports. Russia halted gas exports and cut off electricity exports to Finland after the latter refused to pay for the fuel in rubles and announced its desire to join NATO. Hence, Finland launched an energy saving campaign in 2022 and urged households to save energy in the face of a crisis brought on by Russia's war in Ukraine. Moreover, Sweden, a major electricity exporter, also switched off its biggest nuclear reactor, Oskarshamn 3, for maintenance until mid-December 2022, and the Ringhals 4 reactor until 31 January, further worsening the crisis.

National grid operator Fingrid has already warned of potential power blackouts on 2022/2023 winter, due to the supply outage from Russia and the uncertainty surrounding the start-up date of the new Olkiluoto 3 nuclear power reactor. A significant proportion of Finnish households use electricity to heat their houses during the cold Nordic winter months, so several simultaneous failures in domestic production or transmission connections could lead to electricity shortages with short notice. Chances of the government imposing limits/restrictions on the usage of electricity cannot be ruled out in 2023.



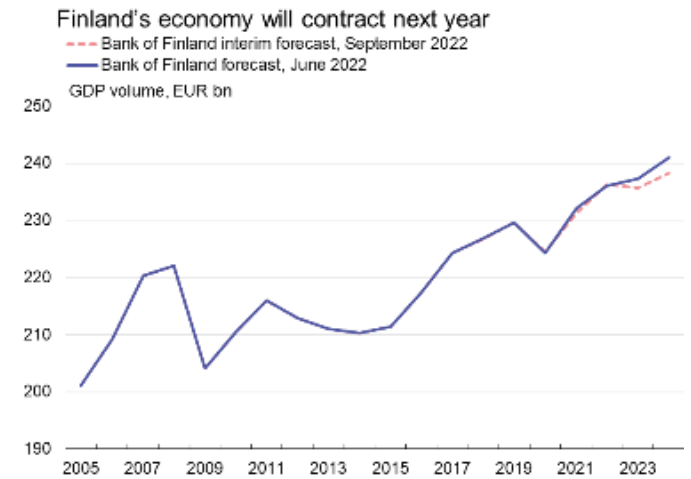
Source : Energy News



Economic Risk

Finland reduced the value-added tax on electricity to 10 percent from 24 percent from December 2022 to April 2023 and will be paying more subsidies to those struggling with rising bills and inflation. The cost of the measure will amount to roughly EUR 800 million euros in 2023's budget, forcing the government to abandon its earlier goal of tightening public spending after the pandemic in order to ease inflation.

Rising interest rates and continued high inflation increases the risk of a recession for Finland in 2023. The economy is expected to contract slightly by 0.3 percent in 2023, which could be reflected as a decline in the employment rate in 2023. With predictions that prices could rise five times more than income within the country through 2023, high levels of inflation could negatively affect consumer purchasing power. The rise in home loans interest rates and energy prices will result in people having less money to spend elsewhere in Finland's economy. The European energy crisis is also likely to be a threat for the business sector in Finland in 2023.



Source: Bank of Finland Bulletin

Geopolitical Threat

Finland not only shares a conflict-ridden history but also shares a 1,340-kilometer (830-mile) with its eastern neighbour Russia, which is the longest of any of the EU's 27 members. Despite maintaining a decades-long tradition of neutrality, Finland has been taking an increasingly hard line against Moscow and even started a bid to join NATO after Russia's invasion of Ukraine. Finland is also planning the construction of a barbed-wired fence along Finland's long border with Russia from early 2023. Tensions between Finland and Russia further escalated after Moscow demanded that Helsinki punish people who burned a Russian flag while celebrating the 2022 Finnish Independence Day.

Significant doubts remain on the ratification of the NATO membership proposal of Finland in 2023 due to the lack of support from Turkey and Hungary. If the country succeeds in becoming a NATO member in 2023, Finland is likely to update its nuclear weapons policy as Russian President Vladimir Putin threatened to use nuclear weapons in the event of a threat to the territorial integrity in September 2022.



Source: Bank of Finland Bulletin



France



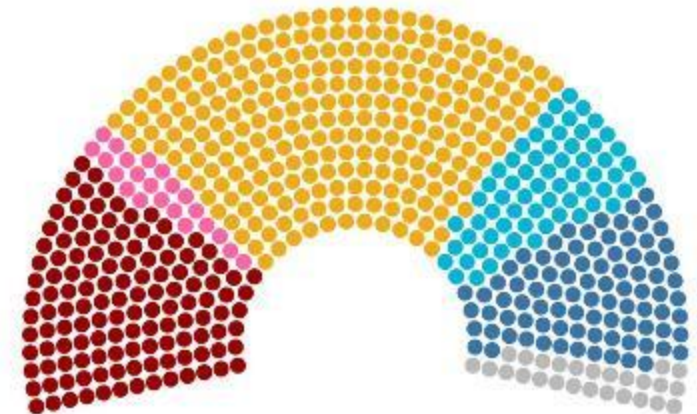
Parliament Dissolution

No party or alliance in France could attain a majority in the 2022 June legislative election. Macron's centrist Ensemble alliance, itself composed of three parties, got 245 seats, which was the highest but still short of the 289 needed for an absolute majority. In the latter half of 2022, Macron's camp suffered a series of defeats over the of proposed amendments to its fiscal plans for 2023. Both Le Pen's Rassemblement National (RN) and the Nupes alliance of leftist parties had proposed motions of no confidence in the government, in protest over its handling of the budget debates. President Emmanuel Macron had stated that if a no-confidence vote passes, he will dissolve parliament and call new parliamentary elections.

Les Républicains still holds a majority in the Senate, the indirectly elected upper house, which can amend and delay legislation, as well as block presidential attempts to amend the constitution. In view of the strong opposition Macron has received for his plan to extend the retirement age from 62 to 64 or 65, and the usage of Article 49.3 in order to force the budget to pass through the blocked parliament, he is likely to have to extensively compromises with opposing parties if he wants to pass any legislation. Hence, either the chance of vote of no-confidence against the government or the dissolution of the parliament by Macron himself cannot be ruled out in 2023, causing a political crisis in France.

French legislative elections

Breakdown of seats in National Assembly



Party	Number of seats
Nupes	131
Other left parties	22
Ensemble	245
Republicans - UDI	64
National Rally	89
Others	26

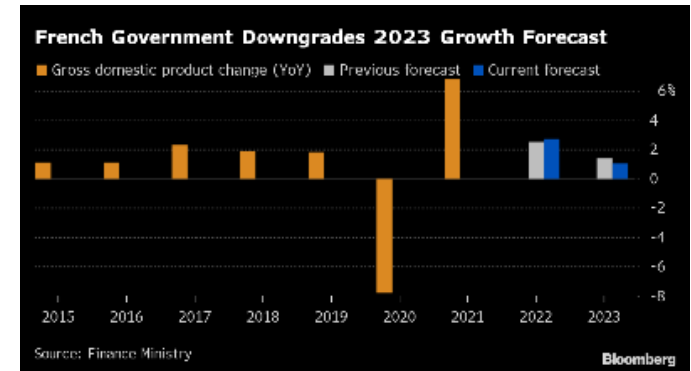
Source: BBC



Economic Recession

France is less exposed than its neighbours to a cut in Russian gas supplies in retaliation for Western sanctions. But an unprecedented number of reactor outages has driven French nuclear power output to a 30-year low. In view of the 2022/2023 winter energy crisis, France even went to the extent of unveiling contingency plans for power cuts, threatening reversal of French market reforms. Apart from rising global energy prices, the French industrial sector also faced difficulties due to the war in Ukraine, lockdowns in China, and rising energy prices in 2022.

France could face significant slowdown and a limited recession in 2023, as firms and households brace for surging inflation stemming from the war in Ukraine. Deteriorating spending power will also weigh heavily on consumer spending and the services sector, a much bigger component of the French economy. From January 2023, increases of electricity and gas prices will be limited to 15 percent, a measure expected to cost EUR 45 billion, which could push the country into deeper debts.



Source: Bloomberg

Civil Disruptions and Terrorism

In 2022, thousands of people took to the streets across France and unions staged a nationwide strike for higher salaries, following weeks of walkouts that staggered oil refineries and sparked petrol shortages around the country. Protesters and strikers demanded pay rises that keep up with the soaring cost of living as France experienced its highest rate in decades in 2022. France is also highly threatened by terrorist attacks and has experienced numerous attacks in recent years. Security threats exist from Islamist terrorist groups and individuals with an extreme right-wing terrorist ideology.

As inflation is likely to increase with grim economic outlook for 2023, industrial actions, demonstrations and walkouts by unions are expected to continue. Hardliner policies against Islam like the ban of Muslim headscarf and circulation of anti-Islam narratives to politicize the religion is likely to increase Islamophobic attacks in the country. France's interventionist foreign policy in the Middle East and North Africa (MENA) region, failed integration of Muslim migrants, and strengthening of Islamic State in Syria and Iraq increases the risk of terror attacks in the country.



Source: The Guardian





Germany



Civil Disturbances- Protests

Germany witnessed various protests and demonstrations throughout 2022. One of the reasons that had fuelled such protests has been the war in Ukraine and its consequences over the German economy in terms of rising energy costs. These demonstrations are regularly held every Monday and have cropped up all over eastern Germany. The far-right party, Alternative for Germany, has been a regular presence at these demonstrations, opposing the arming of Ukraine or the sanctioning of Russia. In December 2022, 25 people belonging to the party were also arrested over plans to storm the parliament.

Further, Germany has also witnessed a series of climate protests throughout 2022, with organizations such as the Last Generation Group intensifying their disruptive protests in Berlin, Munich and other cities across Germany by blocking streets and targeting famous artworks in museums.

Such protests are likely to continue into 2023, with the protesters intensifying their activities recently, particularly after the COP27 climate summit in Egypt held in November, to highlight the climate crisis.



Source: DW



Heat Wave

Germany experienced one of its hottest years on record in 2022, with temperatures reaching as high as 104 degrees Fahrenheit at Hamburg on 20 July. Several other cities and towns across Germany experienced temperatures above 100 degrees Fahrenheit during the summer of 2022. The high temperatures and low rainfall led to many regions of the country suffering their driest summers. The hot and dry weather affected summer cultivation, with crops such as potatoes, sugar beets and maize among the hardest hit. The high temperatures affected water levels in the Rhine River, disrupting river traffic along stretches of the busy waterway that connects Germany's industrial heartland. The drought like conditions also fuelled wildfires in regions such as Hesse and Brandenburg.

Such extreme summer temperatures, blamed on climate change, is expected to continue in 2023, particularly during June through August, in the backdrop of an increase in the frequency and intensity of such extreme climatic events in recent years.



Source: Business Insider

Energy Crisis

Western countries imposed financial sanctions on Russia in response to Russia's war with Ukraine. In retaliation, Russia cut its gas supplies to Europe, with countries such as Germany, the largest consumer of Russian gas, being the hardest hit. The war disrupted gas supplies to Germany and pushed its energy prices to record high. Output from wind and hydro power were low, while domestic nuclear output also fell, with Germany making an exit from nuclear energy following the Fukushima disaster. The energy crisis forced German administrators to look for energy alternatives in coal, which made a comeback in Germany in 2022.

Although, the country is making several arrangements to diversify its energy sources as well as control the high gas and electricity prices, the energy crisis in Germany is likely to continue into 2023, due to the risk of a complete halt of gas supplies from Russia, progress of an extreme cold weather, and projections of an economic slowdown in 2023.



Source: Reuters



Netherlands

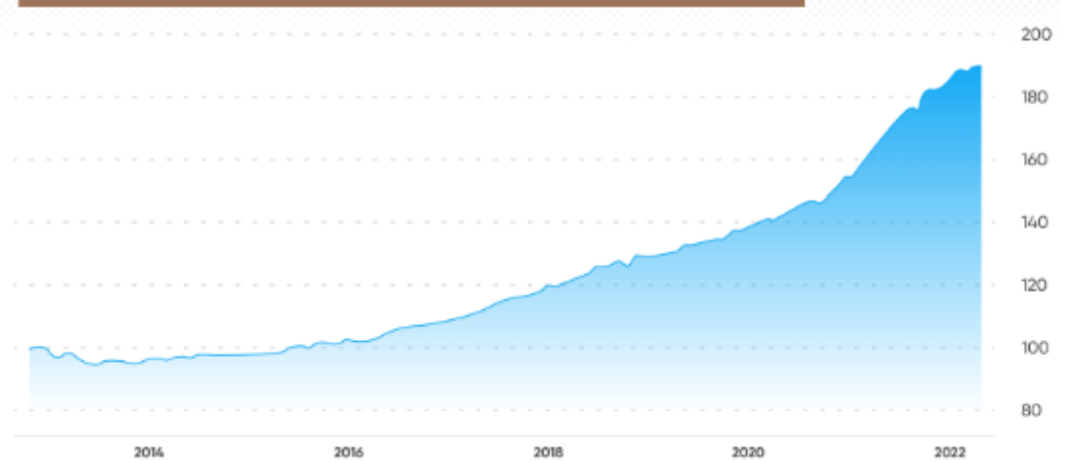


Housing Crisis

Netherlands is experiencing a major housing crisis, with major cities such as Amsterdam, The Hague, Rotterdam etc., particularly under pressure as they struggle to house their inhabitants in an affordable manner. The housing crisis could be traced to strict nitrogen control regulations called the PFAS standard, which were implemented to deal with the high levels of nitrogen being emitted in the country. Although, cleaner for the environment, these regulations led to delays in about 18000 building projects as they were in violation of the PFAS standard. This hit the housing sector of the country, with people struggling to find an affordable accommodation. The housing crisis even forced Dutch lawmakers to introduce a law asking its universities to reduce the number of international students due to the housing shortage in the country.

The housing crisis is likely to continue into 2023 due to a shortage of affordable accommodation in the country, which might also trigger protests, such as by construction workers, who have been hit due to a stall in housing projects.

NETHERLANDS EXISTING HOUSE PRICE INDEX (2012 - 2022)



Source: TradingEconomics, Statistics Netherlands

Source: capital.com



Farmer's Protests

In July, tens of thousands of Dutch farmers came out on their tractors across the Netherlands in protest against government proposals aimed at cutting emissions of nitrogen oxide and ammonia, which the livestock produce. The proposals targeted those farmers which were based close to nature areas that were part of a network of protected habitats. The government warned farmers to either adapt to the new law by changing their farming methods or face the prospect of closing their businesses. The farmers took out protests on their tractors along busy highways, affecting traffic, while many small groups also held demonstrations in several towns and cities.

The government is ramping up its pressure on the farmers by offering to buy out the peak polluters, with the government announcing that forced buyouts will be done in 2023 if the voluntary measures fail, which might fuel further protests in 2023.



Source: BBC

Rail Strikes

Netherlands has been witnessing a series of rail strikes for several months that has disrupted travel across the country. Unions such as the Netherlands Trade Union Confederation (FNV) have been announcing strikes to demand a hike in salaries for their members and to reduce their workloads. The unions have rejected the pay offer made by the companies during the negotiations as they didn't meet their expectations. On 30 August, almost the entire Dutch railway was shut down as workers went on strikes over rising inflation and to demand better pay and working conditions.

Although, several Dutch rail unions ended their strikes after reaching a deal in September, unions such as the FNV representing workers at Arriva, are still holding strikes which are expected to continue into 2023, creating travel disruptions.



Source: ALJAZEERA



Norway



Cost of Living Crisis

Norway is experiencing a cost-of-living crisis, with more and more people struggling financially due to rising costs of food, electricity, and fuel. The crisis has hit in such a manner that people across Norway are now increasingly applying for social assistance from the government to cope with the low income and rising costs. Prices across Norway have risen more than normal hitting Norwegians, particularly the vulnerable and low-income groups, hard. This led to an increase in the number of people applying for and being entitled to social assistance, whose applications increased by 18 percent between October 2021 and October 2022. Further, many municipalities also reported that several low-income groups have been applying for social assistance despite having a job or receiving social security benefits.

The cost-of-living crisis is expected to continue into 2023, due to rising energy prices fuelled by the ongoing Russia-Ukraine conflict and extreme weather events.



Source: livingcost.org



Civil Disturbances- Protests

Climate protests have hit Norway during 2022, with activists resorting to various tactics to highlight their agenda. Activists targeted Norwegian artworks on various occasions in an attempt to divert public attention towards their cause. Greenpeace Nordic activists even held demonstrations in the climate-hit ski town of Beitostolen, where they protested against the sponsorship of ski sports by Equinor, an oil and energy company. In April, several Greenpeace and Extinction Rebellion activists were arrested after they tried to block a tanker from delivering Russian oil to an Exxon Mobil terminal.

Such protests by the climate activists are expected to continue in Norway into 2023, particularly after the COP27 climate summit in Egypt held in November, and the likelihood of other forms of disruptions such as road blockages etc. also cannot be ruled out.



Source: newsinenglish.no

Crime- Shooting Incidents

Although the number of shooting incidents in Norway are not high, mass shootings have occurred in Norway in 2022, that forced the security agencies to raise its terror alert to its highest level in June following the arrest of two radical Islamists having a history of mental illness. The two suspects were involved in consecutive shootings across three locations in Oslo, including a gay bar, which took place on the eve of Norway's Pride celebrations. The shooting led to the death of two people, while eight others were also injured.

Given the trend of such attacks in the past, the likelihood of such mass shootings re-occurring in 2023 cannot be ruled out, due to a rise in Islamic extremism and far-right violence in the recent years.



Source: npr.org





Switzerland



Inflation

Switzerland has been experiencing a general rise in the prices, with the inflation in the country remaining above the Swiss National Bank's target of zero to two percent in 2022. Although the rate of inflation remained at three percent in November 2022, it reached a three-decade high of 3.5 percent in August. The Swiss National Bank (SNB) attributed the rise in prices to strong inflationary pressures from abroad, along with a general rise in prices across various categories of goods and services in the consumer price index.

The inflationary pressures forced the SNB to tighten its monetary policy in 2022, with experts predicting a further rate rise in 2023 during the SNB's monetary policy update in March 2023 to curb the rising inflation, and the government expecting an economic slowdown in 2023.



Source: Trading Economics



Drought

Switzerland has experienced inadequate rainfall since the beginning of 2022, with the level of rainfall being significantly below normal levels, particularly during the first half of the year until May 2022. During the period of January to mid-May, French-speaking parts of Switzerland, including regions such as Valais, Geneva and Lausanne, received less than half the normal expected rainfall, in addition to experiencing unusually high temperatures during the same period. The hot and dry weather conditions led to the ground water level falling below their normal levels, threatening water shortages in the country, even as its glaciers shrink due to climate change. Certain areas in Switzerland such as Obwalden had to even deploy military helicopters to transport huge containers of water in the backdrop of mountain streams drying up due to the hot and dry weather.

Drought in Switzerland is expected to return in 2023, particularly during its driest months from December to February, due to a general rise in intensity of heat wave conditions in recent years as a result of global warming.



Source: RTE

Civil Disobedience - Climate Protests

Climate protests have hit Switzerland in 2022, with its several cantons (regions) facing disruptions due to protests by the climate activists. Climate protesters in Switzerland have been using the tactic of gluing themselves to roads or other forms of civil disobedience that disrupted the flow of traffic. There have been several traffic disruptions in Switzerland due to roadblock protests by the climate activists, particularly in the western French-speaking part of the country. In October, climate activists glued themselves to the Mont Blanc Bridge in Geneva that temporarily blocked traffic on the bridge, while road block protests were also witnessed in Zurich. Activists from the Renovate Switzerland group also blocked the Lorraine Bridge in Bern during their protest.

Such roadblock protests as well as other forms of civil disobedience by the climate activists are likely to continue into 2023, with various climate groups intensifying their activities to highlight the climate crisis.



Source: The Local



Italy



Natural Disasters- Floods and Landslides

Heavy rainfall across Italy in 2022 led to floods and landslides, particularly in the southern parts of the country. Heavy rainfall severely affected the island of Ischia in November, triggering massive landslides and floods that damaged homes and infrastructure and led to several casualties, with many feared missing. Thousands of people had to be evacuated from the island due to the disaster. Heavy rainfall in December affected southern and central areas of Italy as well, with flooding prompting emergency rescues in Sicily and Calabria regions, while roads to parts of Tuscany were cut off and dozens of emergency evacuations were carried out in the Lazio region. Earlier, in September, at least 10 people were killed in the Italian region of Marche due to heavy rainfall and flash floods.

Such disasters are likely to continue into 2023, particularly during October and November, its wettest months, with the frequency and intensity of severe weather events increasing across the country.



Source: New York Post



Energy Crisis

The gas crisis fueled by the Russia-Ukraine war has hit Italy as well. Italy relies on gas, which is an important resource used to generate its electricity needs. Italy met 40 percent of its gas requirements through Russian gas in 2021, making it the second largest importer of Russian gas in the European Union. Due to the Ukrainian crisis and the subsequent reduction of Russian gas supplies to Europe, Italy was affected by a gas shortage that prompted the government to introduce several measures aimed at cutting its gas consumption. This included reducing heating by one degree Celsius in public and private residential buildings in the latter half of 2022. Italians have also been asked by the government to turn off gas consumption for an extra hour a day, while buildings faced an extra fifteen days without central heating.



Source: Euractiv

The energy crisis is likely to continue into 2023, particularly till the end of the winters, with Italy's energy authority expecting further increases in gas prices as the winter season progresses.

Transport Strikes

Transport strikes have affected Italy in 2022, with air staff launching a series of strikes beginning in July to demand better wages and working conditions. Between October and December, multiple strikes have been launched by the air staff, including by air traffic controllers and the cabin crew to demand a better pay amidst a cost-of-living crisis. Further, strikes by motorway system managers in December led to the closure of petrol stations and motorway service areas from 13-16 December. These strikes have been launched in response to the fiscal policies proposed by the newly-elected Meloni government such as the tax reform measures. The workers are also striking as they believe the newly-elected government didn't address their concerns related to wage and pension. In September, Italy's four main trade unions also called for rail strikes across Italy to protest against the failure of transport companies to protect their staff from repeated violent physical attacks.



Source: Anadolu Agency

Transport strikes and travel disruptions are likely to continue into 2023, with workers across the transport sector likely to intensify their demands for a wage hike amid a rising cost of living in the country.



Greece



Natural Disasters- Floods

Heavy rainfall and floods have affected several locations across Greece in 2022, damaging properties and infrastructure and disrupting travel. Heavy rainfall in August led to flooding of major streets in and around Athens and Thessaloniki, while flooding also affected Ptolemaida and its nearby villages such as Ardassa in the north. In October, flooding at Aghia Pelagia, Heraklion, Crete damaged several cars and caused debris flows. One person lost his life, while several others had to be rescued. In November, Storm Eva created hazardous weather conditions across most of Greece, flooding streets, and disrupting travel, including in Athens and Cyclades.

With an increase in the intensity and frequency of extreme weather events due to climate change, disasters such as floods are likely to re-occur in 2023, particularly during the rainy season from November until March.



Source: The Telegraph



Civil Disturbances- Protests

Protests and demonstrations erupted across Greece, particularly in Athens and Thessaloniki, following the shooting and death of a Roma youth by the police on 05 December. Violence erupted during these demonstrations, with protesters clashing with the police in several locations, while the police resorting to teargas, beatings and arrests to suppress the demonstrations. The Roma community denounced the shooting as having racist motives, with several people from the community being injured or killed during confrontations with the police in recent years. Thousands also staged demonstrations in Athens, Thessaloniki and other locations to commemorate the shooting and killing of a teenager by the police in 2008.

Protests and demonstrations called by several trade unions were also held in Athens in December by workers, civil servants and students against the rising cost of living in the country. Earlier, such protests in November led to the disruption of flight and train services across the country, with reports of few instances of clashes.

Such civil disturbances against rising prices in the country can be expected to continue in 2023 as well, with projections of an economic slowdown in 2023.

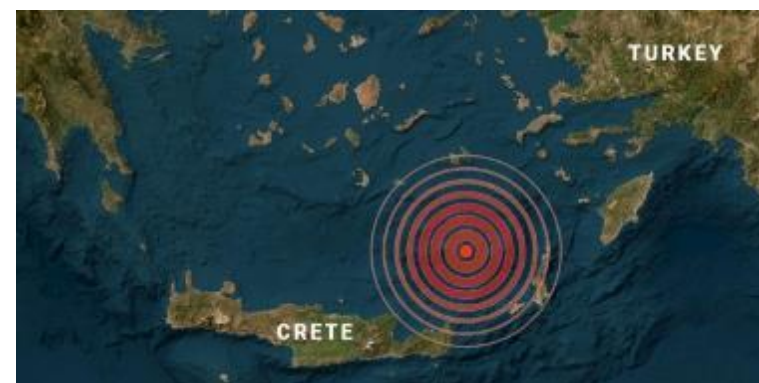


Source: Anadolu Agency

Natural Disasters- Earthquake

Earthquakes occur frequently across Greece, and in 2022 some strong earthquakes were witnessed in the country. In November, a strong magnitude 5.5 earthquake was reported in Crete, that triggered fears of a tsunami, prompting authorities to issue an advisory urging people living in the coastal areas to move away from the coast towards higher places. Another earthquake, measuring 4.8 was reported east of the island of Evia, prompting authorities to order a one-day school closure in the south of the island.

Strong earthquakes are expected to re-occur in 2023 as well, with Greece being one of the world's most seismically active countries.



Source: Metro News





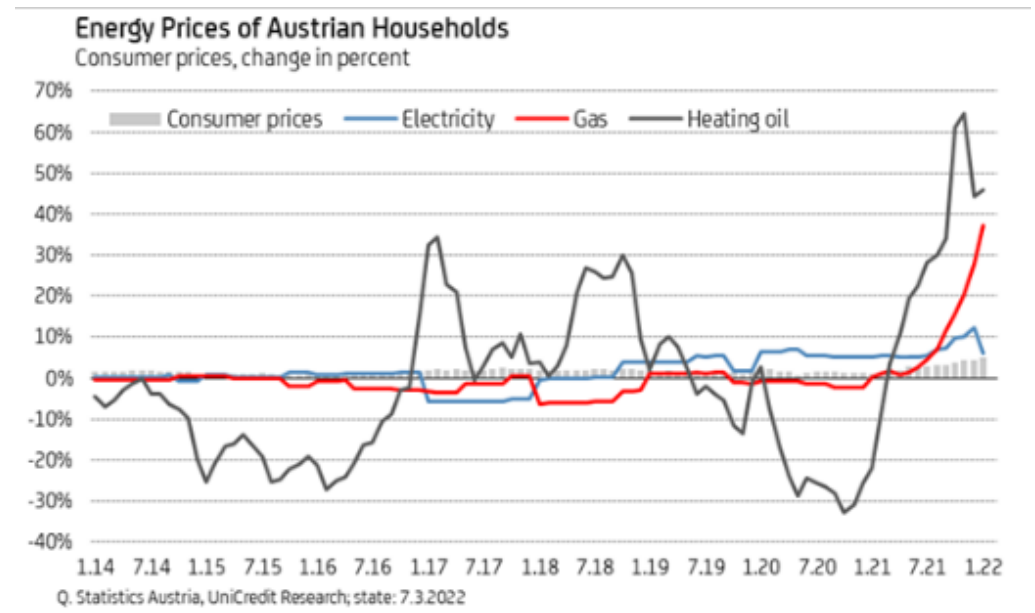
Austria



Energy Crisis

The gas crisis has hit Austria in 2022, following the Russia-Ukraine conflict and the subsequent reduction in the flow of Russian gas supplies to Europe. Austria's economy was predicted to decline during the winter of 2022 due to high energy prices and gas shortages. Due to the energy crisis, authorities planned to turn-off lighting earlier in many landmarks and institutions across Vienna, while electricity price brakes came into effect for every household with an aim to contain the price increases in electricity. Many companies have been struggling with the high energy costs in Austria and were demanding more support from the government. High energy prices have been affecting households across Austria for several months, with many living at the subsistence level due to the rising energy costs.

Gas crisis in Austria is expected to continue into 2023, due to the risk of a complete halt of gas supplies from Russia, progress of an extreme cold weather, and projections of an economic slowdown in 2023.



Source: Bank Austria



Civil Disturbances- Protests

Austria has experienced several protests throughout 2022 over various issues. In September, more than 32000 people across several Austrian cities staged demonstrations to protest against the rising cost of living in the country. Unions in Austria have been demanding higher salaries and more pensions to deal with the cost-of-living crisis. Several radical far-right leaders have also raised calls to join these demonstrations against rising food and energy prices and housing costs. In November, scores of education sector workers staged demonstrations on the streets of Vienna demanding higher wages and better working conditions.

Such protests and demonstrations are likely to continue into 2023, with the Austrian economy slowing down in the backdrop rising inflation.



Source : peoples dispatch

Natural Disasters- Floods and Landslides

Heavy rainfall caused floods and mudslides in Austria in 2022, damaging properties and disrupting travel. In June, one person died and another went missing after heavy rainfall in southern Austria led to floods and mudslides in the Carinthia region, with areas in the districts of Feldkirchen and Villach-Land being severely affected. Rivers broke their banks causing floods and mudslides in the municipalities of Laastadt, Arriach and Treffen am Ossiacher See, while thousands remained without power due to storm damages. Flash floods also hit the state of Vorarlberg in September, temporarily shutting a local highway and rail line, besides causing some localized minor landslides.

Due to global warming, the intensity and frequency of such extreme weather events have only increased in recent years, due to which disasters such as floods are likely to re-occur in 2023, particularly between June and August, when heavy thunderstorms are likely.



Source: FloodList



Albania



Civil Disturbances- Protests

Anti-government protests have hit Albania in 2022, with clashes erupting in many of them as police tried to suppress such disturbances. In November, a mass anti-government protest led to clashes with the police in front of the prime minister's office. The protests were being organized by the opposition Democratic Party and the Socialist Movement for Integration, who accused the government of corruption and of failing to curb the high poverty rate and mass emigration. Public discontent has been rising in Albania due to the rising food and energy costs since the Russia-Ukraine conflict, with the people accusing the government of failing to curb the soaring inflation. An anti-government protest in December even led to attacks on the leader of the opposition Democratic Party.

Such anti-government protests are likely to increase in 2023 as the opposition is expected to step up their efforts in the run-up to the May 2023 local elections.



Source: ALJAZEERA



Natural Disasters- Floods

Heavy rainfall led to floods in Albania in 2022 damaging properties and infrastructure, besides leading to several casualties. Floods hit the northern and central parts of the country in November, claiming several lives, and disrupting transportation in some towns as the local roads were cut off due to the floods. The town of Shkoder and its nearby villages in northwestern Albania were badly affected due to the floods. In December, heavy rainfall affected parts of northern Albania, with several areas being submerged under water in the administrative unit of Ana Mali and Dajc. Flood damage occurred to some apartments in the Kurbin area, while the flow of the Shkumbin River increased following heavy rainfall, causing flooding on lands along the coast.

With an increase in the intensity and frequency of extreme weather events due to climate change, disasters such as floods are likely to re-occur in 2023, particularly during the rainy season on October and November.



Source: FloodList

Migration Crisis

Albania has been experiencing a migration crisis which continued in 2022, with Albanians in large numbers emigrating outside the country in search of jobs and better prospects. The COVID-19 pandemic severely affected people's welfare, employment and savings, and with the government failing to offer adequate support to its citizens, cities, towns and villages across Albania have faced a regular exodus of its residents. The average monthly wage in Albania is very less, while the cost of living is quite high, thereby making life in Albania unaffordable for many of its citizens. In 2022, more than 12000 Albanians have migrated to the UK alone. Corruption and organized crime have also played their role in inducing emigration of its citizens.

Due to a lack of adequate employment opportunities and high cost of living, migration out of the country is expected to continue into 2023, causing a shortage of labour and other challenges for the economy.



Source: The Guardian

AFRICA



Nigeria



Ghana



Kenya



South Africa



Egypt



Eswatini



Morocco



Ethiopia



Botswana



Zambia



Malawi



Lebanon

Africa Risk Index



Nigeria

- Insurgency threats/crime
- Poor Transport Infrastructure
- Flooding/Climate Change



Ghana

- Civil Unrest
- Corruption
- Flooding/Climate Change



Egypt

- Water Scarcity
- Civil Unrest & Religious Violence
- Cyber Threats



Morocco

- Social Unrest
- Drought and Inflation
- Corruption



Kenya

- Water Scarcity
- Crime
- Political and Economic Crisis



South Africa

- Energy Crisis
- Corruption
- Civil Unrest



Ethiopia

- Socio-political unrest/Ethiopia-Tigray war
- Energy Crisis
- Socio-economic drawbacks/poverty



Eswatini

- Droughts
- Economic Unrest
- Anti-Monarchy protests/Political Instability



Botswana

- Climate change
- Health
- Socio- Economic conditions

Low

Medium

High

Africa Risk Index



Zambia

- Socio Economic conditions
- Energy Crisis
- Health



Malawi

- Health
- Energy Crisis
- Socio Economic conditions



Lebanon

- Civil disturbances
- Political instability
- Climate change/ Flooding



Insurgency threats/crime

Nigeria faces several security problems including an Islamic extremist insurgency linked to the Islamic State group in the northeast with Boko Haram being a prominent group, rebels in the northwest, and secessionists in the southeast. Islamist insurgency and militia activity has been a significant threat as vigilante groups, which were initially set up to support an overstretched security apparatus and fight criminality, has now turned into one ethnic group fighting another. It has been witnessed that, across the northwest and central regions, armed groups of former herders fighting communities over access to water and land have led to killings and abductions.

With little government administration and poor security presence in the northern areas, violence remains prevalent as the armed groups are now seeking to consolidate their presence in these areas. In July, the terrorist group, Islamic State for West Africa Province (ISWAP) launched an attack in the political capital Abuja along the Abuja-Kaduna highway, killing soldiers in a shootout. There have also been significant attacks in other states, including in Gombe, Kano, Kaduna, Plateau, Bauchi, and Taraba States. Recent reports indicate that over a hundred security personnel were killed in the first quarter of 2022. The possibility of disruptions to the upcoming elections in February 2023 remain high as the Islamist militant groups Boko Haram, Ansaru and ISWAP threaten to undermine security through kidnapping, arson, banditry, and attacks on security forces along with government facilities.



Source: Newsweek



Transport

In terms of transport risks, rail links are limited, and Nigeria's roads are the dominant mode of overland freight transport. Supply chains face frequent disruptions due to poor quality infrastructure and congestion in urban areas and at border posts. According to the National Bureau of Statistics (NBS) report, 3,282 road accidents have been recorded in Q2 2022 alone. Furthermore, members of the Nigerian Union of Petroleum and Natural Gas Workers (NUPENG), threatened industrial action over poor roads in Nigeria resulting in accidents causing economic losses and fatalities. Subsequently, in rural areas, freight and passenger security remains a key concern. In 2023, similar challenges to poor transport infrastructure can be expected that could lead to disruptions in supply chains.



Source : Independent

Flooding/Climate change

The impact of climate change in Nigeria has been significant over the past year. The 2022 Nigeria floods affected many parts of the country. According to the Federal Government Data, over 1.4 million people were displaced, 603 killed and over 2,400 injured. . About 82,035 houses had been damaged and 332,327 hectares of land had also been affected. Heavy rainfall coupled with poor construction planning for natural flood plains and storm water paths, including drainage systems, in many residential areas resulted in the flooding. Nigeria has been significantly impacted by climate change. Increased incidences of drought, heavy rainfall and loss of natural habitat have been recorded in 2022. Further, weak enforcement of environmental laws has exacerbated problems further. In 2023, similar situation resulting in flash floods and urban flooding can be expected as unorganized construction continues on wetlands.



Source: The Hope Newspaper





Ghana



Civil Unrest

Demonstrations and clashes against the police have been witnessed in 2022 due to the economic downturn and rising inflation. The protest led by 'Arise Ghana' a local lobby group, were reported across the country, calling on President Nana Akufo-Addo to resign for failing to address country's rising cost of living. The government is considering a possible loan program with the International Monetary Fund (IMF) to manage the economic crisis. Depreciation of the Ghanaian cedi against the US dollar and high commodity prices are attributed as the main causes of rising inflation in Ghana recorded at 31.6 percent in 2022. Further, the unemployment rate is projected to be approximately 4.80 percent in 2023. Civil unrest due to high unemployment rates and inflation are anticipated to continue in 2023.



Source: Envoy Post



Source: Guardian



Corruption

Corruption and bribery rates in Ghana have been recorded at 80 percent as of December 2022. Ghana ranked 73rd on the Corruption Perceptions Index in December 2021. Although it fares better compared to other African nations, it has been cited as a major impediment in conducting business operations in the country. Despite the government's efforts to mitigate corruption, it continues to persist within government institutions and law enforcement bodies. It is expected to remain one of the key risks for businesses operating in Ghana, that could lead to procedural delays and an escalation in operational costs.



Source: TradingEconomics

Flooding/Climate change

Series of flooding incidents have been reported in Accra, the capital of Ghana in May-June 2022. Several parts of the city were shut down due to waterlogging and inundation, with an increased risk of diseases such as cholera, typhoid, and dysentery. Similar conditions were reported in Aljao. Influx of property developers building commercial and residential properties over wetlands has been attributed as the main cause of recurring flood incidents. Climate change, particularly the effect of sea level rise, could lead to high temperatures and erratic rainfall patterns impacting business operations in the affected areas.



Source: AP News





Kenya



Water Scarcity

Kenya is known as a water-scarce country due to its low supply of renewable freshwater (<math><1000\text{ m}^3\text{ /capita/year}</math>). Water scarcity has led to poor sanitation and hygiene related issues, collectively posing substantial health risks particularly in low-income regions and thereby contributing to the emergence of diseases. Further, Kenya highly depends on natural resources and agriculture. Growing population is expected to place considerable pressure on water resources including encroachment of marginal lands to cater for human settlement. Water scarcity exacerbates the drought conditions in Kenya, and it is expected to continue despite the mitigation steps being undertaken by the government.



Source: Unicef



Crime

According to the Kenya National Bureau of Statistics, there was a 16.7 percent increase in crime in 2022. Further, data suggests that level of crimes such as mugging, robbery, vandalism, theft, as well as violent crimes such as assault and armed robbery are high in the country. The long coastline and porous borders of Kenya make it a prime location for humans, weapons, and drugs trafficking. Refugees from neighbouring nations, specifically Somalia and Ethiopia, continue to enter Kenya, increasing instances of undocumented immigration.

In 2023, there remains a possibility of increased security risk due to crime. Instances of vandalism and robbery may cause infrastructural damage with increase challenges to employee security.



Source: Warsheekh

Political and Economic Crises

The increase in tax revenues and the launch of the ‘Hustler’s’ fund which aimed at improving the unemployment rate and boosting financial access for the poor, has been viewed as unsuccessful due to poor implementation. Subsequently, incidents such as the impact of COVID-19, food and fertiliser shortage due to Russia’s invasion of Ukraine, high oil prices, persistent drought in Kenya’s north and the locust invasion in 2020, have led to the economic downturn. The Central Bank of Kenya raised interest rates by a cumulative 1.75 percent in 2022, the most in seven years, while inflation soared to a five-year high at 9.6 percent in October. Political and economic uncertainty could result in social unrest, therefore demonstrations and industrial actions by the labour unions can be anticipated in 2023.



Source: Financial Time



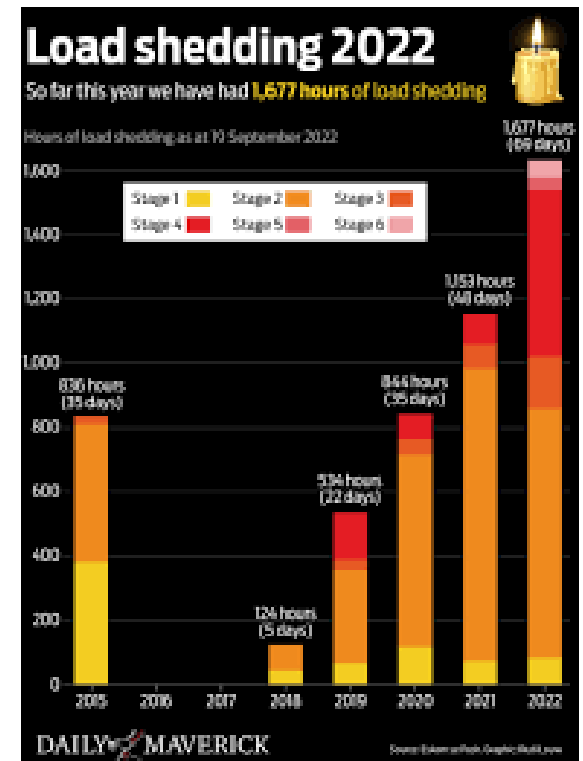


South Africa



Energy Crisis

South Africa produces 80 percent of its electricity from coal. This method of power generation is prone to electric faults, like short circuits etc. as well as large scale power outages. In recent times, the country has been experiencing shortages in power supply. The South African state power utility, Eskom on 07 December 2022 increased the scheduled power cuts to "Stage 6". Frequent voltage surges on restoration of power have also led to local faults in cables and transformers leaving some localities in the commercial capital Johannesburg without power for days. Power generation issues are expected to continue in 2023 and could impact business operations.

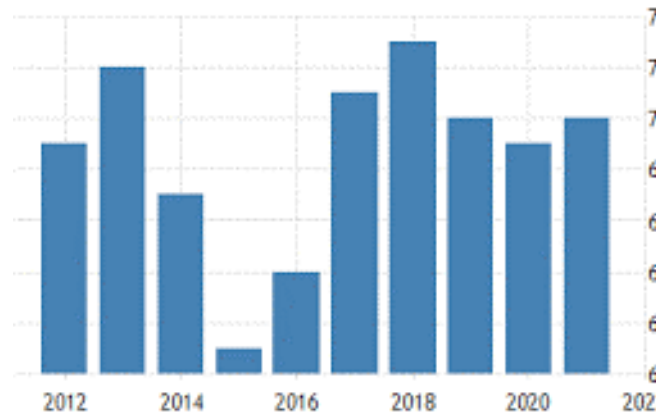


Source: DailyMaverick

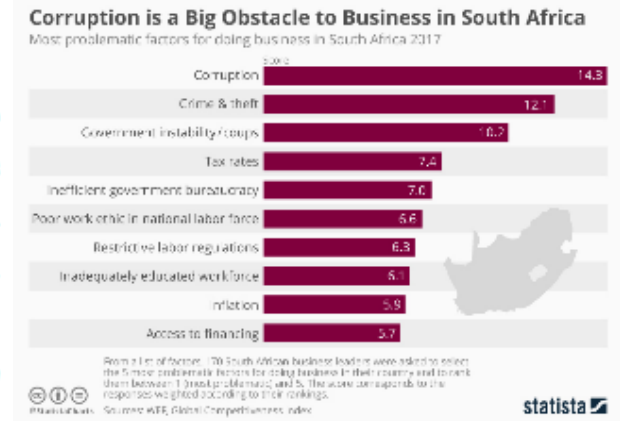


Corruption

Corruption in South Africa includes improper use of public resources for private ends. The 2021 Transparency International Corruption Perceptions Index assigned South Africa a score of 44 out of 100, ranking South Africa 70 out of 180 countries. An inquiry into corruption during the presidency of Jacob Zuma showed the socio-political linkages of corruption, which led to the country into bankruptcy. In 2023, ineffective law enforcement in terms of reducing corruption and political unrest with regards to anti-government protests could create a strained environment for businesses.



Source: Trading Economics



Source: Statista

Civil unrest

Demonstrations were held in parts of South Africa, including Pretoria, Johannesburg among others, where workers have led industrial action demanding better wages. The National Day of Action, held on 22 November, came after wage negotiations between trade unions and the government failed. The government offered a three percent pay hike, but unions demanded a 10 percent rise amid inflation. Seven unions, which represent over 800,000 public servants, including those working in hospitals, schools and police stations marching in eight of the country's provinces participated in the strike. In recent years, South Africa has witnessed protests almost on a daily basis over a lack of proper municipal services such as water, sanitation, and lack of housing. The demonstrations have escalated to cause periodic disruptions as well as blockades on national roads, calls for national shutdowns, and deliberate damage to infrastructure. Unrest is likely to continue in the coming year, impacting business operations due to strike action, infrastructural damage and/or clashes between the organization's higher officials and labor unions.



Source: NBCNews



Egypt



Water Scarcity

In Egypt, water scarcity has become a key concern with the country facing an annual water deficit of 07 billion cubic meters due to which it has been projected, that the country is likely to face high levels of aridity by 2025. Additionally, with rising temperatures, Egypt could lose 30 percent of its food production in the southern areas by 2040. Further, the Nile is a major source of water for Egypt. The river flows through 11 countries in the Middle Eastern region. However, its supply is under dispute between Egypt, Sudan, and Ethiopia. Corruption and regulatory hurdles are likely to remain significant challenges to water security and supply in the country in the 2023.



Source: Global Gravity-based Groundwater Product (G3P)



Civil Unrest and Religious Violence

From 01 October to 14 November 2022, the Egyptian authorities detained several people through a nationwide crackdown on anti-government protests which included journalists, opposition party leaders, prominent lawyers and activists. This unrest coincided with COP 27 meeting, which had more strict restrictions - such as getting a permit to protest 36 hours before the demonstration, as well as random police checkpoints along the streets scanning phones to inspect social media content.

There has been an increase in religious violence in Egypt. In June 2022, Muslim mobs attacked the homes of many local Coptic Christians. The perpetrators, who targeted Christian residences, vandalized homes. Egypt's weak criminal justice system has been responsible for a significant number of religious freedom violations. As the Egyptian government has allegedly not taken visible, systematic efforts to address ongoing obstacles to religious freedom, religion violence between the Muslims and Christians is likely to continue in 2023.



Source: Crux Now



Source: The Guardian

Cyber Threats

A cyber drill conducted by the Egyptian Computer Emergency Readiness Team (EG-CERT) in March 2022 inferred that Egypt is one of the 20 largest countries vulnerable to cyber-attacks. The drill was organized to measure the efficiency of around 100 employees, working at 18 government agencies. Besides, cases of email threats, malware attacks, URL victims' attacks as well as fraud via dating apps are persistent in Egypt. In a report released by Trend Micro Incorporated in May 2022, stated that a new group of hackers, who refer to themselves as 'Egypt Leaks', have been leaking large volumes of compromised payment data belonging to the customers of major Egyptian banks on the Dark Web.

Egypt is susceptible to cyber-attacks, international hackers and cyber warfare because there is a high internet user population, imported phones, commercial emails, lack of an effective cyber protection software, and a dependence on international software and app development. Subsequently, the lack of trained personnel in cyber security, with outdated security and protection systems is likely to make the 'Digital Egypt' platform more vulnerable to cyber threats in 2023.



Source: iFex



Source: Egypt Today



Eswatini



Droughts

Eswatini is affected by droughts caused by low precipitation and increase in temperature. Extreme weather events threaten the country's water resources. Recently, the consequences of severe droughts in the country resulted in 25 percent of the population being vulnerable to food and water insecurity, with many households relying on welfare and social safety schemes. The regions with the highest prevalence of food insecurity are Lubombo and Shiswelweni. According to the State of Environment (MTEA, 2020), 14 percent of the country's population as well as an average of 15 percent of GDP (USD 0.5 billion) is potentially affected by drought.

In 2023, the incessant droughts may lead to wildfires. As a result of water scarcity, operations of heavy manufacturing industries that use large volumes of water in their production processes, such as textile production or the automotive industry may face disruptions.



Source: Independent



Economic Unrest

Inflationary pressures increased during 2022, driven by food and transport costs and a depreciating local currency, i.e., Swazi Lilangeni. Annual inflation averaged 4.2 percent in 2022, continuing an upward trend as it increased to 5.8 percent in August 2022. Transport and food contributed to over half of annual inflation, and the exchange rate depreciated by about six percent during first half of 2022. The Swaziland Transport and Allied Workers Union (SWATCAWU), with the support of the Swaziland Youth Congress (SWAYOCO), carried out protests in Mbabane in November. Demonstrators had also blocked highways which led to significant disruptions. A dusk-till-dawn curfew was also imposed.

In 2023, such protests will persist due to the impact of inflation. Union members trying to cope with the high costs of living are likely to mobilize citizens, with the possibility of travel disruptions and business operation delays.



Source: News on Africa



Source: All Africa



Morocco



Civil Unrest

In Morocco, inflation increased from five percent in March to eight percent in November, raising the cost of living significantly. In view of the rising prices of food and fuel as well as lower pay, protests were launched by trade unions and left-wing political organizations, National Social Front. The contract unionized teachers organized a nation-wide strike on 25 November, protesting the arrests of demonstrators in Rabat on 17 November. The Union Office of Air Traffic Controllers along with the Democratic Confederation of Labor (CTD) in Morocco went on a 15-day strike from 20 December. Further, on 04 December, over 3000 people gathered in Rabat to protest the prevalent despotism and corruption in the country as well as inflation.

Industrial actions and demonstrations in prominent locations, especially Rabat, are likely to continue to demand better employment conditions and job security. The protests may cause disruptions in business operations.



Source: Middle East Monitor



Drought and Inflation

Morocco was impacted by a severe drought in July 2022. According to a report by the Ministry of Equipment and Water, the national average filling rate of Morocco's major dams was only 29.2 percent until mid of July 2022. To conserve water, the authorities implemented restrictions on consumer usage, a ban on the irrigation of green spaces, and golf courses with drinking water. Additionally, illegal extraction of water from wells, springs, watercourses and water transport channels was also prohibited. Additionally, the impact of the drought, compounded by the war in Ukraine, highlights Morocco's exposure to climate and global commodity pricing shocks. The inflation in Morocco is at 6.6 percent, as of 2022. As a result, the people's purchasing power has been put under increased pressure. Similar conditions are expected to persist in 2023.

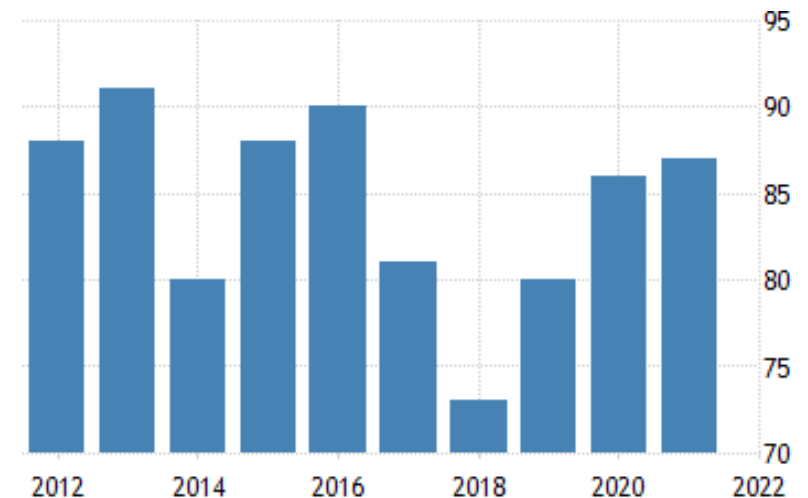


Source: Africa News

Corruption

Corruption has been one of the most prominent factors hindering economic development. Morocco has a history of lack of accountability and transparency of public services and administration, hampering the citizen's right to access information and services. The kingdom still ranks high on Transparency International's Corruption Perceptions Index. Morocco is 87th out of 183 countries evaluated and the 39th most corrupt country out of the 18 Arab states.

In 2023, the situation is likely to persist, that may lead to regulatory hurdles and increased operational costs for businesses.



Source: Trading Economics





Ethiopia



Socio-political Unrest/Ethiopia-Tigray War

Ethiopia's northernmost region of Tigray is at the center of an ongoing civil conflict involving ethno-regional militias, the federal government, and the Eritrean military. The renewed conflict in the region has hampered humanitarian deliveries of food and medical aid as well as led to a socio-political crisis. Widespread famine and blackouts have been witnessed. Many protests were held in Oromia and Amhara regions throughout 2022. Refugee crises are prevalent with 5.1 million people internally displaced. Further, Prime Minister Abiy Ahmed Ali has been allegedly accused of not fulfilling his role of maintaining peace in the region.

Further, Ethiopians are experiencing the highest inflation levels in over a decade. Foreign exchange restrictions and mounting debt amid reports of indiscriminate government spending on the war have contributed to the economic slowdown. The Parliament in early 2022 reportedly approved an additional USD 1.7 billion budget for defense. These factors have contributed to the economic crises in the country. However, on 02 November, a peace treaty was signed between the government of Ethiopia and the Tigray People's Liberation Front (TPLF), where both parties agreed to a "permanent cessation of hostilities" to end the Tigray War.

Although the peace treaty has been signed, protests are likely to continue in 2023; due to the poor economic conditions brought about by the war. Investor confidence is likely to be comparatively low.



Source: Courrier International



Energy Crisis

A large proportion of the population living in Ethiopia have no access to electricity. Among the 110 million citizens of Ethiopia, about 46 percent consume electricity on a ration basis. Consumers are subject to blackouts for several hours and utilize power only for day-to-day activities like food preparation and other essential tasks. In the country's rural area, where 80 percent of the population lives, regular power supply disruptions persist. Data shows that Health Centers in rural Ethiopia are unable to use modern instruments due to unavailability of power sources. There is a possibility that the Renaissance Dam of Ethiopia may eliminate the shortage of electricity via its power generation, however weak infrastructure and political instability are expected to contribute to social unrest in the country in 2023.



Source: Addis Standard

Socio-economic Drawbacks/Poverty

Ethiopia has an estimated 35 million residents who are subjected to abject poverty. This is roughly around 44 percent of the current population. Over 12 millions of these people have been severely affected by food insecurity. Factors such as lack of rainfall, frequent droughts as well as illiteracy contribute to poverty in Ethiopia. The implementation of government subsidies, infrastructure such as renewable energy plants, schools etc. would be essential to deal with poverty in Ethiopia. Further, the inflation rate is expected to be 28.57 percent in 2023, which will increase economic and political marginalization. Protests by citizens against unemployment can be expected. The concern of marginal youth representation in politics is likely to cause demonstrations.

The war in the north of Ethiopia has exacerbated the socio-economic instability in the region. In 2023, investment in developmental projects could face regulatory barriers or corruption blocks.



Source: Bloomberg





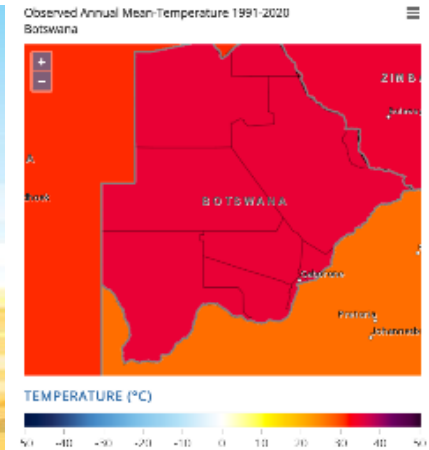
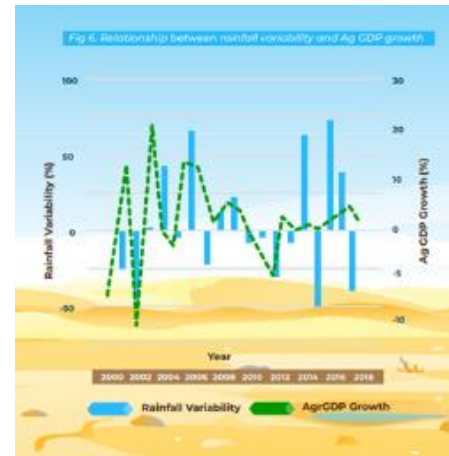
Botswana



Climate Change

Botswana is considered highly vulnerable to climate variability and change due to its high dependence on agriculture and natural resources, high levels of poverty – particularly in rural areas, and a low adaptive capacity to deal with these expected changes. Primary challenges are centred around water resource availability, changing precipitation patterns, and increasing population demands. Climatic and socio-economic environments in semi-arid areas in Botswana make communities vulnerable to food insecurity and unstable livelihoods as well as unsustainable agro-ecological systems, crop failure, and unproductive rangelands. The most visible impact of climate change in Botswana has been the decline in water resources due to decreased rainfall. In the last three decades, Botswana has experienced the worst drought in its history, with rainfall decreasing by as much as 50 percent in some areas. Drought conditions have had a negative effect on the country’s wildlife, vegetation, and water resources, impacting crops and livestock, and resulting in increased dust storms and desertification.

In 2023, climate change is projected to aggravate the negative impact on Botswana resulting in a shift in agricultural techniques and a threat to the country's food security.



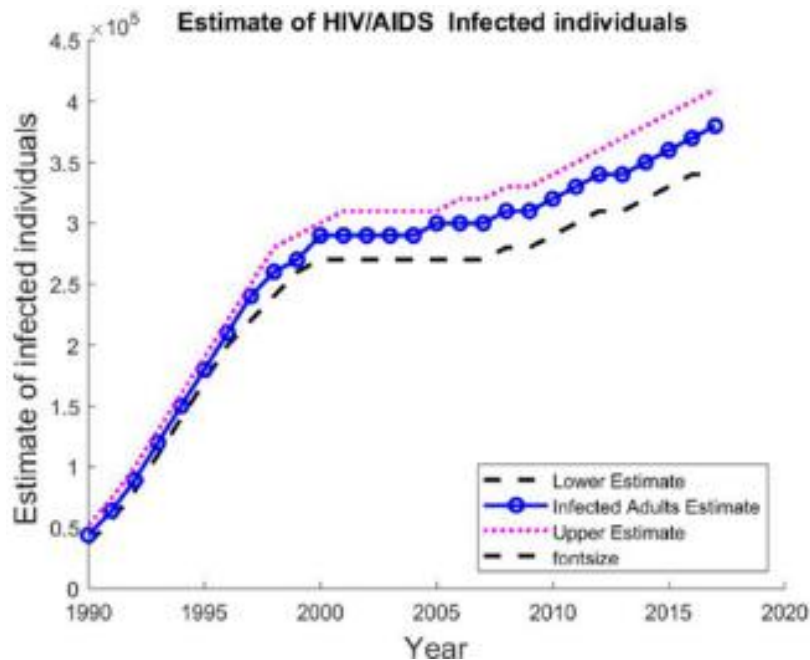
Source: Climate change knowledge portal



Health

Botswana is experiencing one of the world's worst HIV/AIDS pandemics. The national HIV prevalence rate among adults aged 15 to 49 is 24 percent, which ranks third in the world after Lesotho and Eswatini. HIV/AIDS pandemic threatens Botswana's many developmental achievements since its independence in 1966, including economic growth, political stability, life expectancy, and the establishment of functional public educational and health care systems.

Malaria is also a major health concern in Botswana, where it is one of the leading causes of morbidity and mortality. The country is endemic for malaria, with a reported incidence of 6.3 cases per 1,000 people. Botswana's labour force is witnessing a decline as many able-bodied adults develop AIDS, Tuberculosis, Malaria, and other diseases and become unemployed. According to the US Department of State, Botswana lost approximately 17 percent of its healthcare workforce between 1999 and 2022 due to AIDS. It is estimated that by 2023, the loss of agricultural labour force due to AIDS could exceed 23 percent, according to projections.



Source: Link.springer



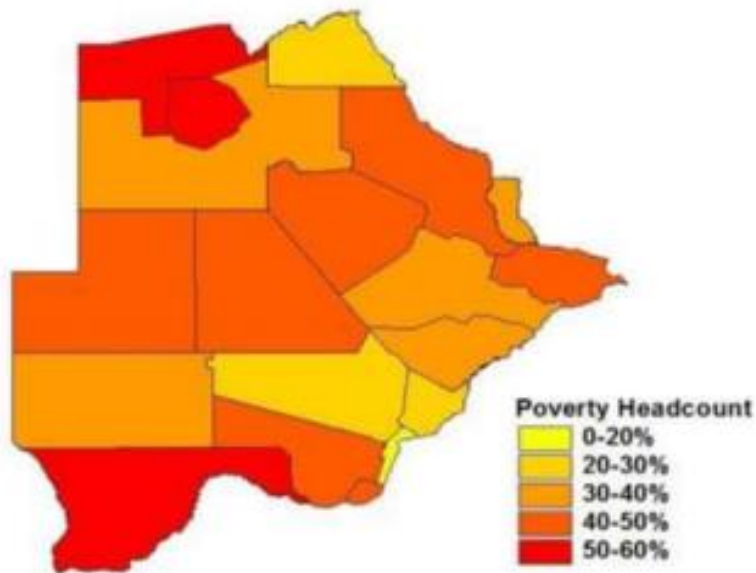
Source: WHO



Socio-economic Conditions

Botswana's economy has been one of the fastest growing in the world over the past three decades, and it has avoided most of the economic challenges faced by African nations. Nonetheless, poverty remains a significant economic and social issue. The discovery of diamonds in 1967 allowed Botswana to transition from one of the poorest countries in Africa to a country with middle income. Ironically, the same discovery contributed to the nation's extreme income inequality and poverty. Botswana is not technically a poor country, but its rural areas still contain significant pockets that are below poverty line. In some rural regions, the poverty rate is as high as 46 percent, while the national unemployment rate is 20 percent. Frequently, the qualifications taught in the education sector do not correspond to the skills required to perform jobs available on the market. This has resulted in a high unemployment rate among graduates. This age group of 15-24 constitutes 51 percent of Botswana's unemployed population.

About 47 percent of farmers do not own cattle, and among those who do, only small herds are kept. Therefore, the wealth in the country remains unequally distributed. In 2023, it is estimated that poverty would increase in the region if adequate steps are not taken, which can affect international investors' confidence and overall health of the national economy.



Source: Startsomegood



Source: MarketScreener





Zambia



Socio-Economic Conditions

Despite having one of the world's fastest-growing economies, Zambia is still features amongst the poorest nations. Approximately 64 percent of Zambians currently live on less than USD 2 per day, and the majority of those who earn more can barely make ends meet. Although Zambia has the ninth-richest copper deposits in the world, still three out of four citizens live in poverty. Copper deposits account for forty percent of Zambia's GDP, while exports account for ninety-five percent. Poverty has had a devastating effect on the health of Zambians, particularly children. Food insecurity is widespread, affecting over 350,000 individuals. External debt has further exacerbated poverty in Zambia.

The country pays more than USD 150 million per year to clear its external debt, resulting in inadequate funding for education and health services which is set to increase in 2023.



Source: Unicef



Energy Crisis

ZESCO, the state-owned power utility company in Zambia, consistently struggles to meet demand, plunging the country into electricity crisis. In sub-Saharan Africa, access to dependable energy remains a problem. Load shedding, the deliberate shutdown of electrical power to portions of a power grid, reached up to 16 hours per day in 2022. The power outages in Zambia in 2022 were unprecedented. In Zambia, hydropower accounts for 85 percent of installed capacity, which is susceptible to changes in rainfall patterns. The electricity crisis of the previous year was caused by extremely low precipitation in 2021 and 2022. Recent low water levels in Lake Kariba Dam, which accounts for 37 percent of Zambia's installed power capacity, underscore the problem.

Due to the likelihood that these climate-related events will reoccur, there are high chances of the energy crisis to continue in 2023.



Source: Theigc

Health

More than 16 million people in Zambia are at risk of malaria with estimates of over 5 million cases in 2022. Malaria remains a significant cause of morbidity and mortality in Zambia, with one in five children under the age of five infected with the parasite and other vulnerable population groups at risk, despite major advances in malaria control. Zambia's National Malaria Elimination Strategic Plan (NMSP) was launched in April 2018 as a strategy to eliminate the disease in Zambia. In March 2019, Zambia established its first End Malaria Council (EMC), which aims to increase resource mobilization for elimination and its maintenance.

In spite of the efforts made by the government, vector-borne diseases would certainly increase in the next years because of inadequate execution. This rise in instances can significantly strain the nation's health infrastructure.



Source: Fitfortravel





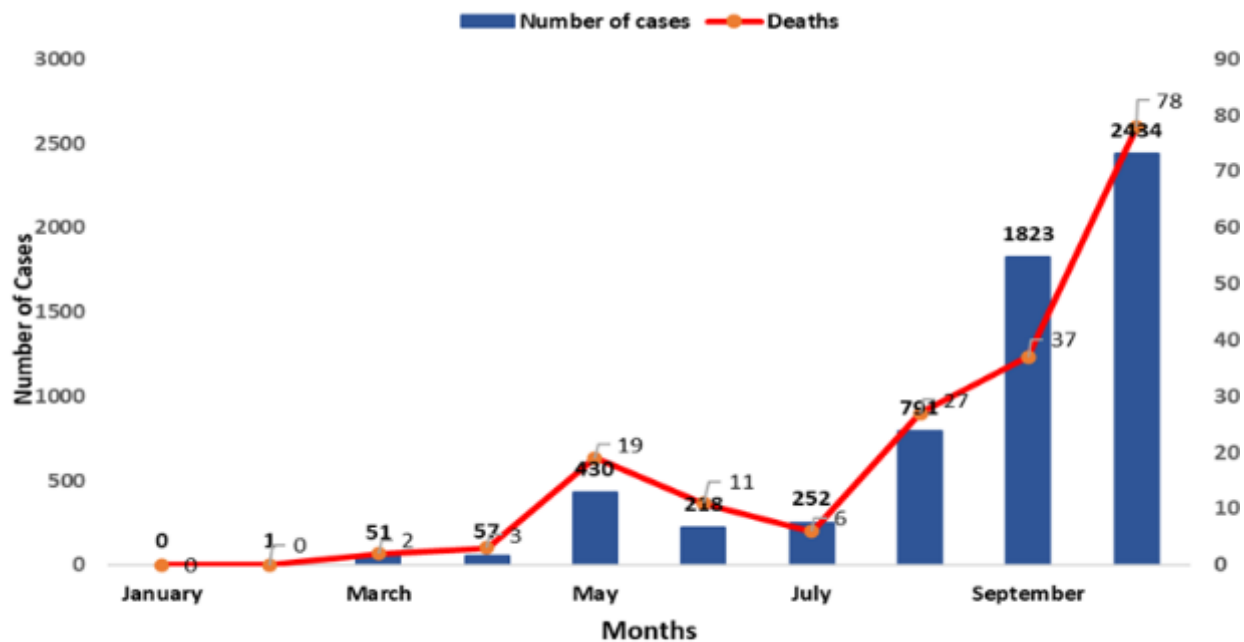
Malawi



Health

Malawi's healthcare and rapidly growing population have an impact on its economic and social structures, as is the case with many other developing nations. The percentage of children born in a health facility increased to 91 percent in 2022 from 73 percent five years earlier. However, chronic malnutrition affected 37 percent of children in 2022, and approximately five million cases of malaria are reported annually. Due to lack of qualified personnel and financial constraints, the healthcare systems continue to be burdened.

COVID-19 crisis has further strained the healthcare sector, similar conditions are expected to continue through 2023.



Source: WHO



Energy Crisis

Approximately only about 11 percent of the 19-million population has access to electricity, that includes just 1 percent of rural residents in Malawi. Malawi is one of the most severely constrained countries in sub-Saharan Africa, as evidenced by the fact that the Electricity Supply Corporation of Malawi (ESCOM) now faces competition from several potential developers providing solutions for the solar, wind, hydro, oil, coal, and biomass sectors. In addition, there were approximately 2200 power outages in the nation in 2022, a number that is anticipated to increase in 2023. Businesses operating in the region have also been negatively impacted by the energy crisis, with indiscriminate power and water outages reducing their productivity.

Malawi's Integrated Resource Plan aims to provide access to 30 percent of the population by 2030. Despite these efforts by the authorities, the energy situation is expected to intensify in 2023 with the country's existing infrastructure unable to meet rising demand.

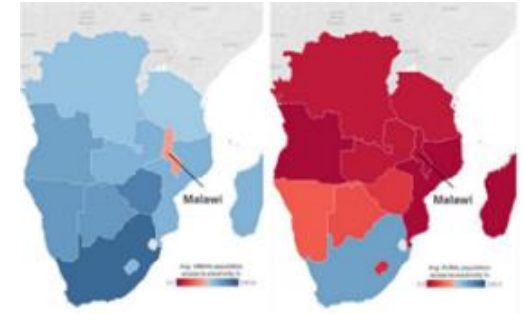
Socio-economic Conditions

Poverty continues to be one of the major risks impacting the people of Malawi, primarily due to their reliance on the agricultural sector and the subsequent effects of inclement climatic conditions, poor economic growth, and a growing populace with limited land infrastructure. As of 2022, the national poverty rate stands at 51.5 percent, with the rural south of the country suffering the most. In April of 2022, Global Finance Magazine ranked the country as the fourth poorest in the world, with a GDP per capita of USD 1,234.

In addition, Malawi's national food security has suffered due to climate change and its heavy reliance on agriculture, and by 2023, the effects of climate change are expected to be more severe, making the nation's socio-economic condition more susceptible.



Source: Springer



Source: Businessmalawi



Source: Borgenproject



Lebanon



Civil Disturbances

In the first half of 2022, the number of incidents of mob violence and armed conflict in Lebanon increased by nearly 15 percent compared to the previous year of 2021. On election day in May 2022, according to official figures supporters of Hezbollah and its allies in the Amal Movement and the Free Patriotic Movement, as well as rival supporters of the Lebanese Forces, participated in half of all incidents of mob violence. Rioters also attacked election officials, observers, candidates, and journalists, despite involvement of opposing party members.

As a result, political instability is likely to intensify in 2023, resulting in instances of civil disturbance in the region with demands for political resignations and substantial reforms.



Source: Arabnews



Political Instability

Lebanon is currently experiencing a period of instability due to a prolonged political and economic crisis that began in October 2019. This crisis was triggered by a series of protests over the government’s plans to introduce new taxes and other austerity measures, as well as the government’s perceived failure to address the country’s economic and social issues. The crisis has been further exacerbated by the presence of multiple political factions within the government, including Hezbollah, the Iranian-backed Shiite political party, and the Future Movement, a Sunni-led political party. These factions have been unable to reach a consensus, leading to the resignation of Prime Minister Saad Hariri in October 2019.

Apart from internal conflicts, the political instability has also resulted in tensions between Lebanon and its neighbours. In addition, the economic situation has deteriorated, with the country’s currency losing value and the government unable to pay its debt. It has further resulted in a refugee crisis with thousands displaced due to conflict and instability placing additional strain on resources and infrastructure. In 2023, when the country's parliament would elect a new president, socio-economic tensions may be exacerbated by the country's already protracted partisan deadlock. Consequently, being the election year, political tensions are likely to intensify in 2023 as opposition parties and organisations plan a series of protests.

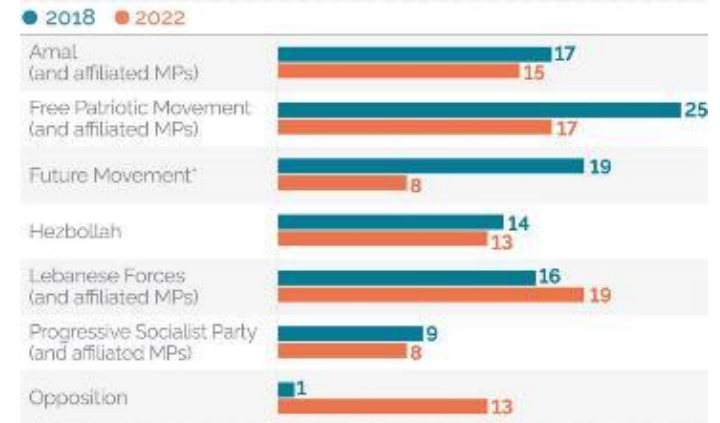
Climate Change/ Flooding

Lebanon experienced an increase in climate change-related vulnerabilities, such as flooding and landslides, in 2022. The primary cause of flooding in Lebanon has been attributed to irregular rainfall patterns. The country experiences five to six instances of flooding every year, a number that is likely to increase as a result of climate change. Recent changes in precipitation patterns have been attributed to the country's rising temperature. Further, changes in rainfall patterns are altering catchments, drainage basins and influencing the frequency of intense rainfall events.

Increased winter precipitation caused severe flooding in 2022 that is expected to worsen in 2023, resulting in impeded travel, traffic congestion, and shipment delays causing supply chain disruptions.

Lebanon's new political landscape

Seats gained by the main political groups in the 2018 and 2022 elections



Source: Ispionline



Source: TheNationalNews



Middle East and Central Asia



Oman



Uzbekistan



UAE



Qatar



Saudi Arabia



Bahrain



Israel



Palestine



Kazakhstan



Kuwait



Iran



Iraq

Middle East and Central Asia Risk Index






Oman

-  Floods
-  Crime
-  Duststorms






Uzbekistan

-  Energy Crisis
-  Protests
-  Floods






United Arab Emirates

-  Organized crime
-  Regional conflict
-  Cyberattacks






Qatar

-  Extreme weather events
-  Civil unrest and labour protests
-  Cyberattacks






Saudi Arabia

-  Regional Conflict
-  Oil dependency and fiscal crisis
-  Extreme weather events






Bahrain

-  Money Laundering and cyber crime
-  Regional conflict
-  Extreme weather events






Israel

-  Political Uncertainty
-  Civil unrest
-  Extreme climatic events






Palestine

-  Violence and Extremism
-  Economic and humanitarian crisis
-  Money Laundering and Corruption



Kazakhstan

-  Regional Instability - Medium
-  Energy Crisis
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Middle East and Central Asia Risk Index



Kuwait

- Extreme weather events
- Political crisis & civil disturbances
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Iran

- Civil unrest
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Iraq

- Terror Attacks
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Oman



Natural Disasters- Flood

Flash floods induced by heavy rainfall impacted several governorates of Oman in 2022. In July, heavy rainfall and flash floods affected the governorates of Ad Dakhiliyah and Al Batinah South (northern Oman), which resulted in several casualties. Many people had to be rescued by the emergency teams as flash floods damaged several road sections. In August, floods and landslides occurred in parts of mountainous areas in the governorates of Al Buraimi, Al Dhahirah, Al Dakhiliyah, North and South Batinah. Road linking the Wilayat of Nakhl and Al Awabi was cut off, while landslides affected travel in the Al Turath neighborhood-Al Rahba road in the Wilayat of Nizwa.

Due to climate change, the intensity and frequency of such extreme weather events have only increased in recent years, due to which disasters such as floods are likely to re-occur in 2023, particularly between June and September, its monsoon season.



Source: Gulf News



Increasing Crime

Oman witnessed a series of stabbing incidents in December 2022, that led to the death of two persons. Four stabbing incidents took place in Oman in December, out of which two incidents were a result of family disputes, while a third incident occurred in an office. Three of the four victims in these stabbings were females. Due to repeated stabbing attacks, the Grand Mufti of the Sultanate of Oman, demanded the most severe penalties to discourage such attacks.

Drug trafficking is another crime that was high in 2022, with local and foreign infiltrators partnering with international drug networks to smuggle drugs into Oman. In October, the Royal Oman Police arrested an Asian infiltrator on charges of smuggling and possessing 65 kg of hashish, 11 kg of crystal drug, and 1050 tablets of psychotropic substances. Earlier that month, 51 infiltrators and five smugglers had been arrested for smuggling large quantities of drugs into Oman. In June, three expats were taken into custody for drug smuggling.

Theft is another crime that had been prevalent in Oman throughout 2022, with individuals and small gangs indulging in stealing from shops and residential buildings across Oman. Stealing of cars, metal structures along with cables and iron were also reported in Oman in 2022.

Due to Oman's strategic location at the crossroads of Asia, Middle East and Africa, its close proximity to the Golden Crescent, as well as due to a rising demand for illicit drugs in Oman, crimes such as drug trafficking can be expected to continue in 2023. Also, due to a rise in unemployment in Oman, crimes such as thefts can also be expected to continue in 2023.



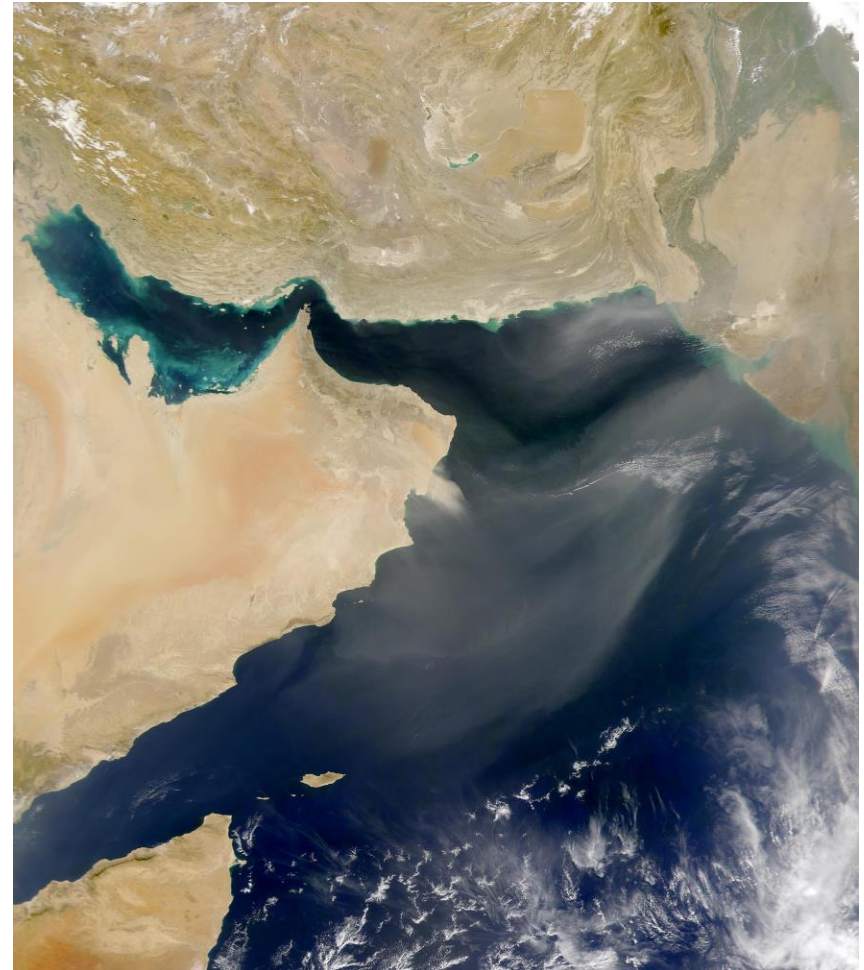
Source: The Arabian Stories

Dust Storms

Due to its topography and climatic conditions, dust storms are a common occurrence across Oman. In May 2022, dust storms affected the governorates of Musandam, Al Buraimi, Al Dhahirah, and Al Wusta, resulting in reduced horizontal visibility and impacted travel across these areas. In August, dust storms affected the governorates of Muscat, Al Dakhiliyah, Al Wusta, North and South Al Sharqiyah, Al Dhahirah, and South Al Batinah. Besides affecting horizontal visibility and travel, dust storms also increased health risks especially for the vulnerable categories, such as the elderly, asthma patients and children, due to the increase in pollutant levels in the atmosphere. Dust storms are expected to re-occur in 2023, particularly during the spring or the summer season, resulting in travel disruptions.



Source: Muscat Daily



Source: Wikimedia Commons



Uzbekistan



Energy Crisis

Uzbekistan has been suffering from energy crisis due to rising demand and stagnant production. Uzbekistan has a fast-growing population, which is Central Asia's largest, as well as a growing industrial sector. Natural gas is used both as a major source of electricity and for industrial production, which has led to an energy deficit. Moreover, falling temperatures during winters have exacerbated gas shortages, with long queues being witnessed outside stations and tanks with citizens queuing for crucial gas supplies. Gas shortages have even led to the closure of a factory in Fergana which prompted demonstrations by workers. Households across the country also reported constant power cuts due to the shortages.

Amid rising domestic energy consumption, natural gas shortages are expected to continue in 2023, with the government backing down on Russian plans for a union, due to rising Western economic sanctions against Russia.



Source: Oilprice.com



Anti-Government Protests

Anti-government protests erupted in Uzbekistan in July 2022 in the autonomous republic of Karakalpakstan following announcements by the government to introduce constitutional changes. The changes that angered the residents of Karakalpakstan included proposals that removed the republic's constitutional right to secede from Uzbekistan through a referendum. Thousands of people took to the streets in the regional capital Nukus despite a prohibition on spontaneous demonstrations in the country, while several arrests were also witnessed, along with restrictions on internet access. Authorities lifted the state of emergency following the death of 18 people in clashes with security forces.

Although the president has scrapped his plans for the constitutional changes, the ongoing trial of 22 people who participated in the anti-government demonstrations, might retrigger protests in the restive Karakalpakstan in 2023.



Source: Nationalia

Natural Disasters- Flood

Heavy rainfall in Uzbekistan have triggered floods and mudslides in 2022, leading to damages to property and infrastructure, besides several casualties. In April, several casualties were reported following floods and mudslides in Farish district of Jizzakh region. Floods and mudslides in the Jizzakh region also damaged crops, homes, schools and other buildings in the districts of Bakhmal, Farish, Gallaaral, and Sharof Rashidov. Moreover, around 100 people were displaced. In Samarkand city, flooding affected several roads, while many buildings were damaged. The regions of Navoi and Qashqadaryo were also affected due to heavy rainfall and floods.

With an increase in the intensity and frequency of extreme weather events due to climate change, disasters such as floods are likely to re-occur in 2023, particularly during its rainy season between November and May.



Source: FloodList



Organized Crime

The United Arab Emirates (UAE) continues to experience incidents of organised crime, money laundering, and drug trade. A 2022 EU document titled "Operational Action Plan 2022 on high-risk criminal networks" highlights the ease with which transnational delinquents find safe havens in the UAE, using them as transit hubs for global contraband drug trade. In March 2022, the Financial Action Task Force also placed UAE on the 'Grey list', implying the acute nature of financial crime in the Emirates. Responding to these incidents, the UAE government has instituted the National Strategy on Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT). UAE has also initiated robust mechanisms to co-operate with other states in matters of extradition, as witnessed in Sanjay Shah's USD 1.7 billion tax fraud case in 2022.

With the vision to improve the ease of doing business and diversifying source of income from oil, UAE is bound to improve its regulations with respect to financial and organised crime in 2023. To this effect, the UAE in 2022 has ensured that the UAE Central Bank, the Ministry of Justice, and the Ministry of Economy have each been active in updating guidelines on the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). Additionally, special money laundering courts set up in Abu Dhabi and Dubai will focus on tackling financial crime in the UAE's largest business districts in 2023. With sustained measures being taken by the government, all financial transactions in UAE can be expected to come under the scanner. Further, organised crime syndicates have been active for a while, and despite government efforts, can be expected to persevere in the near term.



Source: Th-i.thgim



Regional Conflict

UAE faced a number of cross-border attacks in the first quarter of 2022, most of which were launched by Houthi dissidents from Yemen. Though UAE had disengaged from the ongoing war in Yemen in 2021, the increasing influence of the Houthi rebels in the oil rich Maghrib region and fears of supply chain disruptions led to UAE supporting the Giant's brigade, a Sunni militia opposed to the Houthis. The attacks launched by Houthis on 17 January targeting the state-owned Abu Dhabi National Oil Company (ADNOC) oil refinery and the Abu Dhabi airport featured ballistic missiles, cruise missiles, and drones. The attacks led to damage to property and loss of lives. Subsequent attacks on 31 January and 02 February featuring UAVs and ballistic missiles launched by Houthi rebels and Iraqi 'True Promise Brigades' were however neutralised by UAE's missile defence systems. UAE has subsequently armed its borders with the Cheongung II SAM systems from South Korea and updated its US origin Thermal High Altitude Area Defence (THAAD) deployments across its borders.

Despite these measures, UAE continues to remain vulnerable from cross border missile-UAV attacks in 2023. The continuation of hostilities in Yemen and the end of a truce in October 2022 creates a possibility of Houthi attacks on strategic infrastructure such as airports, energy plants, marine and aviation energy assets, as well as French and US military bases in Abu Dhabi. Though UAE remains capable of countermeasures, fedayeen attacks on tourist hotspots such as malls and hotels of Abu Dhabi and Dubai cannot be ruled out.



Source: Cdn.wionews

Cyber Attacks

UAE experienced a rise in cybercrime incidents with increasing digitization of the economy post pandemic, with Kaspersky reporting a 230 percent increase in phishing, social engineering and data theft attempts. As per reports, ransomware attacks on public and private infrastructure formed the largest share of cyber-attacks in 2022 in UAE. Ransomware attacks involve malicious codes that enter devices, encrypt crucial information and demand a ransom in return for re-accessing the information. Some of the major ransomware organisations targeting the UAE are : Gregor, LockBit 2.0, Conti, Snatch, DarkSide, REvi, BlackByte, Xing, AvosLocker, Avaddon, Rook, and Pysa. These organisations are also known to have the backing of international players from Russia, China, Iran etc. UAE's GEM's education group and retail chain Spinney's were the subjects of ransomware attacks in mid-2022, which led to delayed store openings and widespread business disruption. The cryptocurrency boom in UAE has also triggered the demand for large sums of money in the form of bitcoins.

With the advent of Web 3.0 and concepts such as the metaverse getting traction in UAE, 2023 is set to experience increased cyber threat incidents of various levels of sophistication. The Emirati government has taken a number of steps such as instituting a cybersecurity council, roping in players like Deloitte, UAE-based Cyber Protection X (CPX) and Amazon Web Services (AWS) to help governmental and semi-governmental agencies improve their cyber security capabilities and develop cybersecurity solutions. Despite the increased vulnerability, efforts by the UAE to spread cyber literacy and training are likely to bring awareness.



Source: Mei



Qatar



Extreme Weather Events

Qatar faces risk from various types of natural hazards, including floods, droughts, and sand and dust storms. Dust storms in Qatar, with several reported in 2022, are a result of strong forceful winds called “Shamals” that sweep over the desert area. They are dangerous because they tend to reduce visibility and cause respiratory illnesses. In 2022, Doha also witnessed severe rainfall in July leading to floods that brought the capital city to a standstill, causing widespread damage to property. Conventionally unpredictable, erratic rainfall in Qatar in 2021-2022 became a consistent event, posing risks of urban flooding and coastal erosion. Only about 0.01 percent of Qatar's population has historically lived in flood-prone areas. However, this is likely to deteriorate further as rainfall intensity and unpredictability grows.

Heavy rainfall is normally followed by prolonged dry periods in Qatar that result in drought, desertification, and food and water shortages. Unprecedented temperature rise in West Asia propelled by climate change also poses the risk of heat stroke, in 2022 it allegedly caused the death of several construction workers from South Asia working on the FIFA world cup infrastructure. The world cup in itself was postponed to November from June to evade extreme heatwave conditions. Qatar also struggles with freshwater shortage and relies heavily on groundwater for irrigation. Estimates place the annual rate of groundwater depletion at 69 million cubic metres.

Extreme heat and unpredictable rainfall incidents are expected to exacerbate in 2023, with the emerging unpredictability in weather patterns observed across West Asia and the prospects of an El Nino event in the second quarter of 2023.



Source : I.dawn



Civil Unrest and Labour Protests

In 2022, a number of protests and strikes by migrant labourers were witnessed in Qatar. Most labourers had migrated to Qatar exclusively for the FIFA World Cup related infrastructure creation. Protests such as those outside the corporate offices of the Al Bandy construction company in August saw migrants obstructing roads citing grievances of unpaid wages and unsafe work conditions due to the heat. Human Rights Watch highlighted that many labourers from Kenya, Nepal, India and Bangladesh protested at various sites across Doha citing illegal retraction of contract labour and payment of suboptimal wages. Public protests are deemed illegal by law in Qatar. Hence, several protesters were booked under stringent security laws and deported. Despite being mostly contained by the administration, movements such as "Boycott Qatar," which highlighted concerns about democracy, LGBTQ rights, and the exploitation of migrant labourers, made headlines, gaining global attention throughout the World Cup.

Unless standardised wage provisions and demands of labourers are not enforced, chances of further civil unrest and delays in infrastructure creation cannot be ruled out in 2023 . Qatar is set to witness several big-ticket events such as the Formula 1 Qatar Grand Prix and the MotoGP in 2023. The timely completion of maintenance works of the Lusail International circuit is crucial in this respect. The final phase of the expansion of the Hamad international airport is also set to take place. Disruptions and project delays are possible unless the government intervenes and secures the enforcement of labour rights.



Source: Middleeasteye



Source: Global Construction Review

Cyber Attacks

Qatar witnessed a spurt in cyberattacks on its assets and personnel with the FIFA world cup taking place in the country in 2022. Reports suggest that close to 15 million cyber-attack attempts were detected and stopped in the year 2022. Those working on the tournament are reported to have faced multiple phishing attacks, endangering crucial credentials and data. Qatari assets have faced maximum attempts from cybercriminal gangs such as Qakbot, Emotet, Formbook, Remcos and QuadAgent. Attacks ranged from impersonation of the official world cup portal and FIFA logo in a bid to draw gullible consumers to pyramid schemes, sustained phishing attempts to access data pertaining to audience on ticket sale portals, to the issue of fake Hayya cards that gave users access to FIFA events, purchasable only via cryptocurrency. Anticipating these threats, Qatar joined the Interpol initiative 'Project Stadia' which involved continuous monitoring and capacity building to mitigate cyberthreats. Qatar's own cybersecurity wing QCERT was also actively involved in disseminating awareness and instituting cyber security drills for government and non-government organisations. Qatar has also put in place a Cybersecurity framework in 2022 that seeks to shape national policy regarding evolving cyber threats.

With the adoption of cryptocurrency, NFT and blockchain technology by Qatar and renewed business opportunities ushered in by hosting the World Cup, Qatar in 2023 bound to continue witnessing cyber-attacks targeting data and financial assets. Qatar's continuous capacity building and updating of threat assessments by partnering with global cybersecurity frameworks will determine its resilience on this front.



Source: Pbs.twimg





Saudi Arabia



Regional Conflict

In 2022, the Kingdom of Saudi Arabia witnessed a number of commercial unmanned aerial vehicles (UAV) attacks and cross-border missile strikes in connection with its continuing war in Yemen. In March, several Houthi rebel strikes targeting a liquefied natural gas plant, water desalination plant, oil facility and power stations caused damage to Saudi government assets in Jeddah, Khamis Mushait, and Al Shaqeeq. Subsequent attacks on a petrochemicals complex in the Red Sea port city of Yanbu run by the state-owned ARAMCO was thwarted by missile defence systems. Saudi Arabia also finds the Houthi influence present in the Yemenite port city of Hodeida at the head of the Red Sea, as a threat to its own interests. This arises from the easy access of Hodeida to Saudi naval assets. Iran- Saudi tensions also manifest in Tehran's support to the Houthi rebels via armament supplies catered to by the Islamic Revolutionary Guard Corps (IRGC) , Quds force and Hezbollah weapon smuggling networks.

An escalation in US-Iran tensions in the context of the Joint Comprehensive Plan of Action (JCPOA) may see immediate conflicts manifest in the Persian Gulf, threatening Saudi Arabia's land and maritime assets. The end of the ceasefire between the Yemenite government and the Houthis in October 2022 reopens the probability of the resumption of attacks on Saudi assets, which had ebbed post the strikes in March.



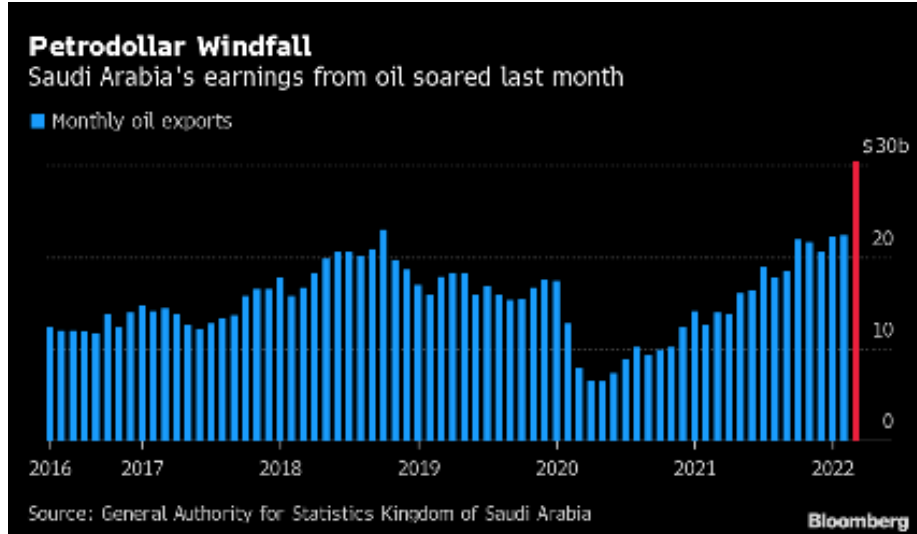
Source: Static.dw



Oil Dependency and Fiscal Crisis

Saudi Arabia’s fiscal position in the 2020-21 has been connected to the trajectory of the crude oil price in the international market. As the world’s largest exporter of oil with close to 85 percent of its state revenues contributed by energy commerce, Saudi Arabia witnessed a fiscal crisis and a pandemic induced recession in 2021. With Brent prices picking up in the first quarter of 2022, Saudi Arabia witnessed a high growth of 8 percent. In the backdrop of pandemic induced slowdowns and the Russia- Ukraine war, Saudi Arabia realised the risks in basing national growth on oil prices. Diversifying revenue streams, the kingdom has launched ambitious programmes such as the Saudi Vision 2030 (including Project NEOM) and the Saudi Green initiative. These projects on completion, seek to enhance Saudi Arabia’s prospects as a global investment destination, a hub of skilled workers and a centre of cutting-edge technology.

Despite the kingdom’s controlled commodity inflation in 2022, economic growth is expected to slow down to 3.1 percent amidst projections of muted oil prices and global recession. The reforms set into motion are bound to decouple Saudi from global energy price volatility, however that would only happen in the medium to long term. Despite these projections, political stability and sufficient sovereign wealth may help the Saudi economy to stay afloat during a period of global recession .



Source: Assets.bwbx



Source: CNN

Extreme Weather Events

Saudi Arabia witnessed intense heatwaves in 2022 with temperatures touching 50 degrees Celsius in places such as Madinah. Extreme conditions led to the kingdom banning work in the sun for three months from June to August during noon hours. The World Resources Institute placed Saudi as the sixth most water-stressed nation on earth in 2019, highlighting emerging challenges that get compounded with climate change. The kingdom also experiences sand and dust storm events in the months from April to June which eroded air quality and impaired vision in urban locations, impacting business operations for intermittent periods of time. Intense rainfall events led to urban flooding, damage to property and loss of lives in Jeddah and Mecca in November and December 2022.

Saudi Arabia is likely to experience such intense events of localised warming in 2023, given the array of new construction projects planned in the kingdom adding to urban heat island effects. Torrential rains and urban floods are also likely to occur as annual recurrences.



Source: l.dawn



Source: Arab News



Bahrain



Money Laundering & Cyber Crime

The kingdom of Bahrain witnessed a 348 percent jump in cyber-attacks on its business establishments in 2022 as compared to previous years. Major attacks involved the use of botnets, phishing mails and the use of password stealing trojan malwares. Studies conducted by Kaspersky underlined that many of the kingdom’s smaller businesses were at risk due to limited attention paid towards cybersecurity. Hacking instances of Bahrain’s government portals and media outreach websites hours before parliamentary and local body elections in November 2022 outlined the systemic vulnerabilities of the kingdom’s cyber defences. The attacks were later tracked to hackers from Iran. Bahrain also suffered from instances of money laundering in 2022. A significant portion of Bahrain’s money laundering episodes involved convictions of several banks with bases in Iran and involved advances from the Central Bank of Iran.

In 2023, as Bahrain increases its digital footprint via initiatives such as the Digital Government Strategy 2022 and the Digital Government Action Plan, instances of cyberattacks will continue to persist from its neighbourhood and beyond.



Source: I.ndtvimg



Regional Conflict

Bahrain's historically tense relations with Iran continues to function as a potential flashpoint in the region. In 2022, Iran's media commemorated Bahrain's founding day by highlighting its claims over the kingdom as its 14th province named 'Mishmahig. Bahrain also alleged Iran of stoking resentment amongst its 70 percent Shia majority population against the Sunni Al Khalifa regime, often resulting in protests in Bahrain on events such as Martyr's Day. Bahrain's close relations with Saudi Arabia, its stationing of the US 5th fleet in Manama, and rapprochement with Israel following the Abraham accords have all created heightened security uncertainty in the region. Bahrain has also been vocal in 2022, highlighting Iran's track record of supporting insurgency across the gulf region, providing armaments to militant groups and destabilizing the region.

With a number of western military assets stationed in the Persian Gulf, Bahrain's immediate neighbourhood is likely to remain tense in 2023 due to multiple reasons. Iran's alleged supply of armed drones to Russia has angered the west whereas Iran accuses Israel and the west of supporting protests across the country. The stagnant nuclear deal and Iran's continued attempts at enriching nuclear fuel have added to existing tensions. Any outbreak of kinetic action in the strait of Hormuz will impact Bahrain's strategic infrastructure and naval assets spread out in the region.



Source: Newarab



Source: Foreign Brief

Extreme Weather Events

Bahrain experienced intense heatwave incidents in June 2022. Temperatures soared to 45 degrees Celsius across the kingdom along with intense humidity at 80 percent. Unprecedented heatwave conditions led to the administration advancing a usual July afternoon work-ban to June, as labourers complained of fatigue. Bahrain also experienced a series of dust storms in April and June 2022 where poor visibility and air quality caused disruptions to business operations. The threat of desertification remains a reality in Bahrain with reports of expansion of sand dunes in civilian areas in the Sakhir region. The World Resources Institute also placed Bahrain as the 12th most water stressed country in the world, highlighting issues of acute water shortage in the kingdom.

Unprecedented weather extremities in 2022 project similar patterns in 2023 in Bahrain. Policy changes such as alteration of workdays indicate loss of productive working hours which may hamper prospects of economic growth in Bahrain. With predictions of the return of an El Nino phenomenon in the second quarter of 2023, instances of heatwaves are set to increase in Bahrain.



Source: Alamy



Source: News of Bahrain



Israel



Political Uncertainty

Israel continued to witness political uncertainty in 2022 with the ruling coalition losing majority in July in the Knesset, leading to the fifth round of elections in just three years. The earlier coalition engineered by Naftali Bennett was fragile owing to different ideological affinities amongst constituent parties. The biggest unifying factor among different parties was the objective of ousting Benjamin Netanyahu, who had served as Prime Minister for 15 years. Differences of opinion amongst various parties in the coalition on issues such as the Israel-Palestine conflict and state – religion nexus in Israel threatened coalition integrity multiple times over the years. The breaking point in 2022 came with the resignation of a coalition member on the question of application of Israeli laws on settlers in the West Bank. The resignation led to a loss of majority for Bennett’s coalition. The coalition flip flops and alleged soft approach towards militancy in West Bank have been subjects of criticism amongst Israel’s public in 2022.

The victory of Benjamin Netanyahu in the November elections and the return of a right-wing coalition with the Likud party securing 64 out of 120 Knesset seats on its own, is likely to ensure political integrity in Israel in 2023. However, the status of Netanyahu’s graft cases and potential polarisation from new legal reforms may throw up pressures for the new coalition as well.



Source: Dw



Terrorism and Civil Unrest

Terrorism incidents in Israel followed an upward trend in 2022, with 2200 big and small attacks leading to a total of 29 casualties, the highest since 2008. The attacks began in March with several shootings, stabbings and car ramming incidents in Be'er Sheva, Jerusalem, Hadera, and Bnei Brak. Multiple shootings and axe attacks in April and May, close to Israel's foundation day caused a heightened sense of insecurity in the country. This led to the launch of 'Operation break the wave' by Israel's security forces to clamp down on terror launchpads in the West Bank. The mushrooming of ISIS allied factions in West Bank's Jenin is a key factor behind increased attacks on Israel. The hot-pursuit and retaliatory operations of Israeli forces in densely populated neighbourhoods in the West Bank have occasionally caused fatalities of innocents in crossfire. Such incidents have attracted anger from Palestinians, resulting in stone pelting incidents at Israel Defence Force vehicles.

With a right-wing government taking power in Israel, there are expectations of more resolute measure against terror in 2023. Reduction of work permits for Palestinians, restrictions on their entry into Israel, tougher action against terrorists etc. are some projected policy decisions that the government is likely to make. Itamar Ben Gvir, slated to become the next internal security minister has also announced plans to upgrade Israel's police force via technology upgradation and increased spending on counter terrorism. These measures, while ensuring security, may also increase polarisation among Palestinians in the West Bank, potentially leading to more clashes.



Source: BBC



Extreme Weather Events

Israel experienced events of flash floods in urban centres in 2022. Instances of heavy rainfall in cities leading to sudden flooding incidents, cutting off transport and civic amenities were reported in multiple cities in Israel such as Lod, Yavne, Netanya, and Petah Tikva in January. These instances have also led to increase in water levels in the Sea of Galilea, threatening settlements close to the floodplains. Southern part of the country remained particularly vulnerable to flash floods, with locations like Ashkelon and the coast of Haifa experiencing sudden events of water level rise in recent years. Heavy rains in November led to flooding incidents and tidal surges in Tel Aviv and Herzliya, threatening the local tourist economy due to the administration's decision to restrict public access to beaches. The Judean desert and Dead Sea regions that experience heatwaves in the summer months also experienced events of flooding due to torrential rains in 2022.

Israel's southern cities are expected to continue experiences of localised flash floods in 2023. The chances of an El Nino materialising in 2023 may lead to increase in local flooding incidents. With the El Nino projected to materialise only in the second quarter of 2023, Israel is likely to experience rainfall and flash floods even in its drier summer months, unlike years where flooding was witnessed only in the winter months .



Source: Timesofisrael



Source: Timesofisrael



Palestine



Violence and Extremism

Instances of violence are widespread across the State of Palestine covering the regions of West Bank, East Jerusalem, and the Gaza Strip territories. The instances include stabbings, mass shooting, stone attacks, unlawful killings and targeted strikes being carried out since the occupation by Israel since the 1967 Six-Day War . The cross-border violence has escalated since May 2021 after a 11-day war between Israel and Hamas, with the Hamas operating in Gaza since 2007.

During the first ten months of 2022 a total of 727 Palestinian-owned structures have been demolished or seized and 175 Palestinians killed, with the recent attack reported in November 2022 resulting in killings of five Palestinians after clashes with Israeli soldiers in four separate incidents in the West Bank. While the shootings carried out in December 2022 marks the ninth Palestinian killed in the occupied West Bank, mostly in clashes with or raids by Israeli forces under ‘Huwara Executions’.

International pressure has been mounting on Israel to stop the attacks in Palestine, however possibility escalation prevails in 2023. Retaliation by the Israeli forces can be anticipated with the town of Huwara, south of Nablus in the northern West Bank likely to be the most impacted regions. General strikes are also likely to continue through the State of Palestine in 2023 causing disruptions.



Source: Gannett-cdn



Economic and Humanitarian Crisis

The West Bank and Gaza strip has been put under economic restrictions, with travel ban imposed as well as cutback on entry and exit of goods. Limited access to energy resources poses a threat, in addition to prevailing food and water scarcity. Violence in the region resulted in demolition of 1269 structures including homes and small businesses in the region in addition to displacement of more than 1600 people in the occupied West Bank, including East Jerusalem since January 2021.

The region has recorded economic stagnation followed by a decline in GDP after the COVID-19 pandemic with the growth projections reaching 3.5 percent in 2022 from 7.1 percent in 2021. There is likelihood of food crisis continuing to affect West Bank and Gaza due to the ongoing Ukraine crisis, as Palestine is dependent upon the warring nations for wheat and sunflower oil imports.

With increasing rate of unemployment, records suggest that over 7 lakh Palestinians have become refugees since 1948. Internal issues persist with those in Gaza Strip facing internal displacement and those in East Jerusalem witnessing forced eviction. Illegal blockades are likely to continue in 2023, resulting in Palestine's continued dependency on humanitarian aid.



Source: The New York Times

Money Laundering and Corruption

There have been reports of money laundering operated by Hamas network following which sanctions have been imposed by Israel for those financing the Hamas, through investments in international real estate and construction firms. Hamas is a Palestinian Sunni-Islamic fundamentalist group which controls the Gaza Strip and has been declared as a terrorist organization by Israel and several Western countries due to its militant attacks against the Israeli civilians.

The major reason against corruption and money laundering to prevail in the region is attributed to the continuation of the political divide between the West Bank and Gaza strip. The absence of administrative control in Gaza has resulted in erosion of trust in political institutions, as Hamas controls majority leadership in Palestine's Legislative Council.

Further, there have been reports of lack in transparency regarding public budget and expenses; due to which, the government has set up The Palestinian Anti-Corruption Commission (PACC). Despite the initiatives, there has been a lack of faith in administrative procedures due to human rights violation of journalists and whistle blowers in the country. An instance of which is the death of political activist and critic Nizar Banat in June 2022, who was under the custody of Palestinian security forces as well as the detention of Journalist Ahmad Saeed, who exposed the alleged involvement of authorities in smuggling citizens from the Gaza strip to Europe in October 2022.

There is a possibility of an increase in organized crime in 2023 due to continuation of international companies operating out of Sudan, Turkey, the United Arab Emirates, Saudi Arabia, and Algeria which promote illicit financing through real-estate and infrastructure sectors. Frequent human rights violations and harassment of whistle blowers can dampen the initiative to report any instances of corruption in the country.



Source: Al-monitor



Kazakhstan



Regional Instability

The country has been witnessing violent fuel protests over the last ten months which resulted in more than 200 deaths. Kazakhstan has been undergoing an economic crisis with high unemployment and income inequality with inflation rate reaching 8.7 percent in February 2022, with the most affected region of southern Kazakhstan which is also affected by water crisis, fertile land and spike in population.

While, the oil and gas enterprises are located in the Western region of the country, which is also a hub of migrants. The increase in the cost of fuel in the first half of 2022 (reaching USD0.45 per liter) make the region vulnerable to social tensions and political unrest as observed in December 2017 and January 2022. Terror attacks have also been reported in the region due to existence of Islamic fundamentalist groups.

The likelihood of regional instability and border attacks increases as the Ukraine crisis escalates. Measures being taken by the government towards strengthening strategic facilities and building infrastructure equipped with modern military equipment are unlikely to have an immediate impact. There exists a possibility of the mass protests to continue due to prevailing conditions of crony capitalism and weak administrative system.



Source: Abcnews



Energy Crisis

Kazakhstan has been witnessing extreme cold wave conditions as an anticyclone resulted in almost no precipitation across the country in December 2022. Excessive snowfall and blizzards were reported to affect the east, centre, and south of the country with temperatures falling up to minus 15 degrees Celsius. There were major power disruptions reported amid excessive cold conditions in the north-eastern city of Ekibastuz with declaration of emergency in November 2022.

More than 1,000 emergency shutdowns have been reported at the thermal power plants and repetitive breakdown of thermal infrastructure with a hike in fuel prices have resulted in volatile protests since January 2021. The situation is likely to continue in 2023 with an increase in demand for fuel and electricity, resulting in power stations to operate at full capacity, thereby increasing risks of accidents and grid failure. Palpable condition of energy infrastructure and lack of funds is also likely to result in fuel protests across the country.



Source: Staticflickr



Source: Caspian News

Money Laundering and Corruption

Corruption is one of the major issues affecting the investment climate of Kazakhstan, in addition to bureaucratic red tapism and a weak judicial system. There have been reports of money laundering and terror financing facilitated by tax evasion, ponzi schemes, cyber-crimes and drug trafficking.

Several suspicious international transactions have been recorded since 2020 with a continuing probe against Qairat Satybaldy, a nephew of the former President Nursultan Nazarbaev, due to embezzlement charges. Kazakhstan scored 37 points out of 100 on the 2021 Corruption Perceptions Index reported by Transparency International in 2021. In the same year, Kazakhstan updated its national risk assessment (NRA) and adopted new regulations to its anti-money laundering/combating the financing of terrorism (AML/CFT) law which also ensures complete compliance of crypto industry to prevent money laundering.

However, in December 2022, massive fraud and money laundering evidence has been reported by the BTA Bank against a scheme orchestrated by Mukhtar Ablyazov. There is a possibility of money laundering and terror financing to pose a hurdle to foreign investments in 2023, while shell companies continue to be formed and investment in sectors such as real estate persists to facilitate the process.



Source: Aifc4



Kuwait



Extreme Weather Events

Kuwait has traditionally experienced extreme temperatures, which have been recently exacerbated by the impact of climate change. In January 2022, Jahara city in Kuwait reported a record high temperature of 51 degree Celsius, amidst an ongoing heatwave in the area. Similar temperatures were recorded across the country in locations such as Kuwait City, Nuwaiseeb, and Al-Wafra on multiple days during summer spanning June to August. Instances of heat waves and extreme temperatures pose risks of dehydration and heart ailments for large sections for Kuwait's blue collar migrant labour from India, Pakistan, Nepal, Sri Lanka and Bangladesh. Statutory restrictions on working outside from June- August during noon hours also proves detrimental to Kuwait's booming economy, obstructing work at its many refineries. Kuwait also experienced extreme rainfall in November and December 2022, leading to urban flooding and widespread damage to property in areas such as Jahra, Farwaniya, Al-Asimah and Hawalli.

With climate change exacerbating existing extreme conditions, Kuwait is likely to continue experiencing extreme weather events in 2023. As per IPCC projections, the rainy season extending from November to April in Kuwait is likely to witness short periods of intense rainfall leading to localised flooding, while temperatures are set to increase leading to more intense heatwaves in the summer months. With chances of an El Nino phase making a return in the second quarter of 2023, drier than usual conditions can be expected in Kuwait.



Source : Thumbs.dreamstime



Political Crisis and Civil Disturbances

Kuwait experienced several instances of political uncertainty in 2022, most instances featuring as a continuum of political incidents from 2021. Since 2021, Kuwait has witnessed the fall of three cabinets, the latest being a no confidence motion leading to the resignation of Prime Minister Sabah Khaled Al-Sabah in April 2022, on charges of corruption and economic mismanagement. The political crisis further delayed the passage of crucial economic reforms that was much required to modify its sovereign debt related issues. The September elections brought the erstwhile opposition to power, with Sheikh Ahmed Nawaf being anointed as the Prime Minister. Kuwait additionally witnessed several protests and civil disturbances, such as the Irada square protests in December demanding better financial rights for citizens and protests by Bidoon community members for availing citizenship rights. The administration’s police action in many of these protests have attracted adverse commentary from international human rights groups.

Political uncertainty may return to Kuwait in 2023, given the absence of a sufficient mandate for the new government to legislate on important issues such as debt law reform and public sector reforms. Parliamentary deadlock and political uncertainty may resurface if a national consensus about urgent reforms is not engineered. Adverse economic conditions may also stoke further protests from blue collar labourers in the energy sector.



Source: Gdb.voanews

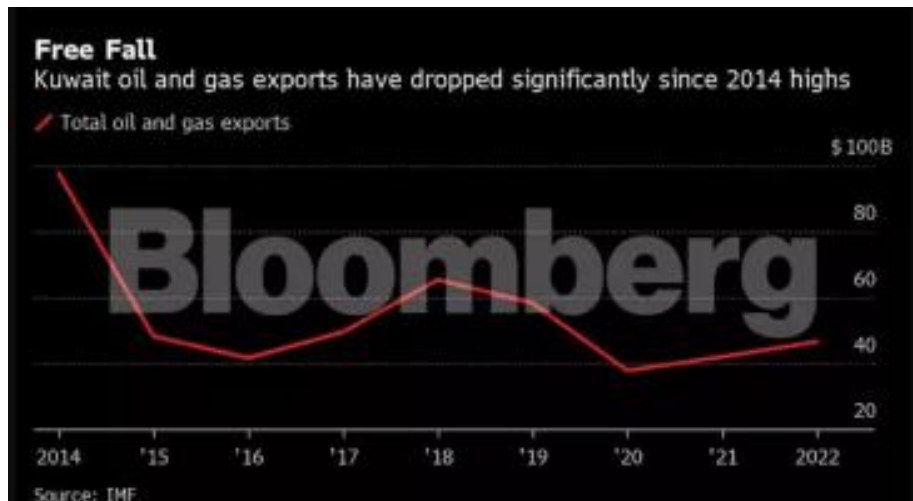


Source: Middle East Institute

Economic Crisis

The political crisis that manifested in 2022 in Kuwait with the resignation of the cabinet had strong economic underpinnings. Since the pandemic, Kuwait's public discourse has included calls for diversifying Kuwait's fiscal receipts from oil proceeds, revamping the welfare system, and restructuring the public sector by reducing the role of the state. Over the past decade, oil money represented an average of 90 percent of all revenues, 50 percent of Kuwait's GDP, and more than 90% of its exports. A fall in global energy demand due to the pandemic and the Russia- Saudi Arabia price war induced energy price deflation, heightened the call for reforms in Kuwait and eventually propelled the political crisis. Later, with the advent of the war in Ukraine and ensuing sanctions on Russia, Kuwait's oil production picked up again, propelling a projected GDP growth of 5.8 percent in and a fiscal surplus in 2022.

Public finance remains a pressure point for Kuwait's economy with economic reforms getting delayed, further jeopardizing sustainable growth in the long run. In 2023, an expected oil output decline in line with OPEC+ policies, along with weak global economic activity may lead to slowing GDP growth projected at 1.3 percent. Though Kuwait has conventionally enjoyed large sovereign assets and a low debt to GDP ratio, Fitch Ratings' recent decision to downgrade Kuwait's credit rating from 'AA' to 'AA-' highlights the fact that, unless urgent economic reforms are not undertaken, Kuwait's economy may display further stress in 2023.



Source: Bloomberg



Source: Pledge Times





Iran



Civil Unrest

In 2022, Iran witnessed widespread public protests across the country for the first time since the 1979 revolution. The death of Mahsa Amini, a 22-year-old woman, at the hands of Iran's Gasht-e-Ershad morality police led to mass protests across Iran, predominantly led by young women. The protests saw mobilisation across ethnicities, posing significant challenges to the government's resolute crowd management systems. Public protest and strikes in Tehran led to closure of universities, highways, schools and business establishments, bringing the country to a standstill in the month of October. The government's response including firing incidents, arrests of 15,000 dissidents and the deaths of 500 protesters attracted international attention, with the US and EU mounting sanctions on Iran. Iran's government has in November announced the dissolution of the morality police, heeding to the demands of the protesters. The protesters however show no signs of compromise and have raised new demands of the removal of the Islamic regime in Iran.

With minimal signs of abatement three months down the line, the unrest in Iran is likely to continue in 2023, with increasing demands for democracy and women's freedom. While the government has shown readiness to accommodate some demands, experts observe that the regime will survive the tumult as long as the government puts up a united front and retains control over the security forces.



Source: Dw



Economic Crisis and Natural Disasters

Iran's economy in 2022 displayed several signs of pressure. Following the global trend, Iran experienced a high rate of inflation at 60 percent, creating a cost-of-living crisis in the country. The Iranian Rial also experienced historic lows in November depicting a 50 percent erosion against the dollar. The retail industry has also been hit by the ongoing protests in Iran. Shutdowns resulting from protests have decreased demand. Small company e-retailers have been hampered by internet restrictions implemented to put an end to protests. Similarly, the public boycott of state-owned companies like Digikala has impacted Iran's fiscal stability. Iran also witnessed a number of natural catastrophes in 2022, including the earthquakes in Hormozgan in July, which killed seven people and destroyed hundreds of houses, and the floods in Emamzadeh Davoud, a village near Tehran, which caused landslides and displaced 500 people. Providing fiscal space to support recovery efforts for these events further stretched an already beleaguered economy.

In 2023, Iran's GDP is projected to grow at 2.9 percent, 0.9 percent lower than what was predicted earlier. An energy crisis is also likely with a looming shortage of natural gas in Iran's South Pars maritime fields. Sanctions imposed by the west has denied Iran technology to improve drilling and pumping systems to boost production in these fields. An energy crisis in the winter months may further erode prospects for Iran's economic sustenance.



Source: Irantraveltx



Source: Al Jazeera

Regional Conflict

Iran's geopolitical tensions with Saudi Arabia, Israel and the west remained volatile in 2022. The stalled nature of the Joint Comprehensive Plan of Action (JCPOA) and mounting sanctions from the West led to Iran increasing its military and economic ties with Russia. Iran's supply of Mohajer-6 drones to Russia in July for its war in Ukraine further strained relations with the west. The International Atomic Energy Agency (IAEA) also reported that Iran had developed 60 kg of Uranium to an enrichment of 55 percent, which could be used to deploy explosives within a matter of months. In November, Saudi Arabia's intelligence alerted the US deployments in the Persian Gulf about a potential Iranian attack, which later turned out to be farcical. Anticipatory attacks by Israel or Saudi Arabia on Iran's assets based on similar intelligence inputs, could quickly escalate tensions and create nuclear threats in the region.

Developments such as the return of a far-right coalition in Israel, Iran's allegations of Israel being the key conspirator behind protests and Iran's nuclear fuel enrichment actions, while the JCPOA remains in limbo could lead to heightened geopolitical tensions in 2023. Though chances of tensions between Iran and Israel spiralling into an all-out war seems unlikely currently, targeted attacks by Israel or US assets on Iran's strategic infrastructure in the region, creating a spiral of violence continues to remain a possibility.



Source: Alonben-meir



Source: National Geographic



Iraq



Terror Attacks

There has been continued threat of terror attacks across Iraq after the downfall of former President Saddam Hussein in 2003, with increased sectarian divide between Sunni, Shiite, and Kurdish population. The Islamic State (ISIS) continue to carry out small scale sporadic attacks especially across the regions of Anbar, Baghdad, Ninewah, Salah-Al-Din, Diyala and Tam'mim (Kirkuk) provinces.

According to the US State Department, ISIS and Iran backed Shiite militias present the primary terrorist threat in Iraq, despite the group declared territorially defeated in Iraq. The latest attacks reported in December 2022 resulted in the killing of Iraqi soldiers in two separate bomb explosion attacks in Al Dibis and the Makhmour area outside the northern city of Mosul, following which militants killed eight civilians in a remote village in nearby Diyala province.

There is a possibility of continuation of hit and run attacks, explosions and kidnappings across Iraq in 2023, especially in the Kurdistan Region. This could be due to a lack of security presence north of Baghdad, in addition to an underground network of between 6,000 and 10,000 ISIS terrorists operating in the region . Volatile clashes in and around the International Green Zone in Baghdad is also likely to escalate as the security situation remains volatile.



Source: Nyt



Energy Crisis

Iraq is undergoing an energy crisis. Power disruptions and outages are common especially during summers ever since the invasion in 2003, with corruption and weak governance affecting infrastructural development. Forecasts project the increase in demand for power supply to double by the year 2030.

Iraq is reportedly dependant on Iran for 40 percent of its power supplies as it has failed to tap into its natural resources. There is a possibility of Iran to cut back on electricity supply due to inability to make timely payments. Agreements with other countries such as Jordan, Turkey, Kuwait, Saudi Arabia, and Qatar are likely to face delays over disagreement on finalization of payment issues amid an increase in global demand.

Rise in demand resulted in the collapse of transmission lines between Wasit and Missan in June 2022, with similar incidences recorded since 2021. Energy crisis is likely to continue in 2023 which could result in general rise in fuel prices, possible caps on pricing issued by power companies due to government subsidies and a potential switch to alternative sources of energy.



Source: Insidearabia



Source: Foreign Policy

Extreme Weather Conditions

Iraq is witnessing a climate change crisis as exposure to high temperatures resulted in reduced rainfall, depletion of underground water levels and drought situation for the second consecutive year in 2022. Moreover, the official border crossings between the Kurdistan Region and Iran including the Haji Omaran in Erbil province, Bashmakh in Sulaymaniyah province, and Parvizkhan witnessed heavy snowfall in January 2022, which is a rare event in the dry and hot country.

More than nine dust storms were reported in first six months of 2022 which proved as an opportunity for the militants to launch attacks on security forces. Due to the dust storms, airport closures were reported apart from hospitalizations due to respiratory issues. Despite the country signing water agreements with Turkey and Iran, decline in agricultural output can be expected. Rise in food prices can result in volatile protests fuelling social tension and political crisis.

Tishreen protests are likely to continue in central and southern Iraq in response to climate change. Health issues such as typhoid, scabies, and other skin conditions persist and continue to be reported across al-Salam district of Maysan province, Dhi Qar province and Sulaymaniyah Governate. Disruptions in water and electricity supply continue to result in business disruptions. Similar situations are likely to persist in 2023 exacerbated by the impact of global warming.



Source: Duststorm w-x.co



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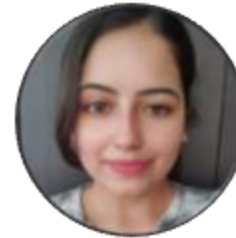
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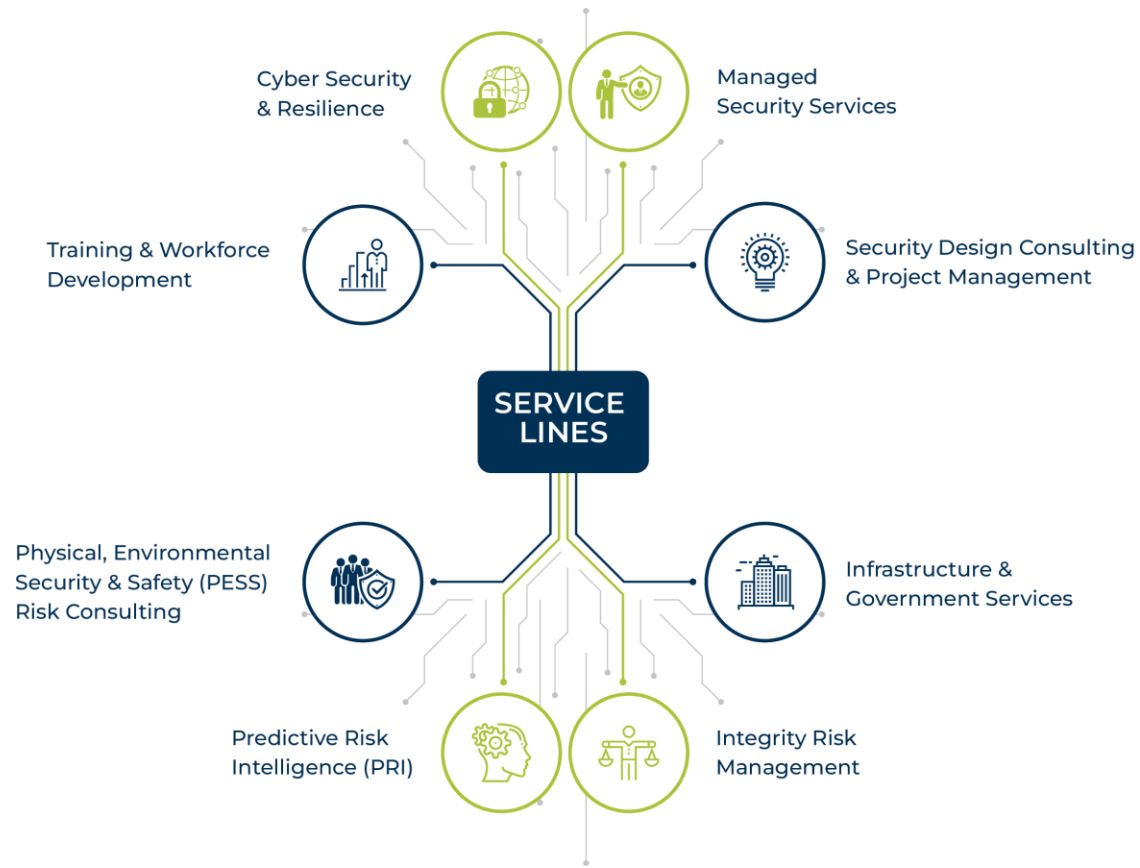


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