

Global Insights Geopolitical Forecast Issue 10

Reliable intelligence on political unrest, economic stability and international relations around the world...

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The Future of Guyana

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Domestic Unrest and National
Elections

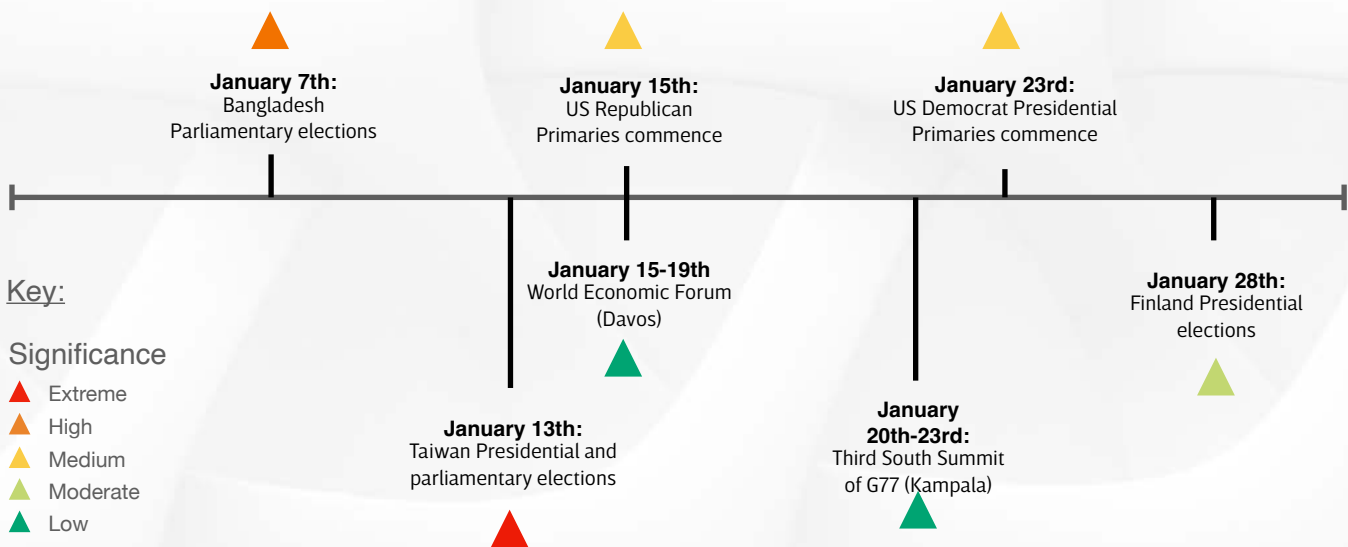
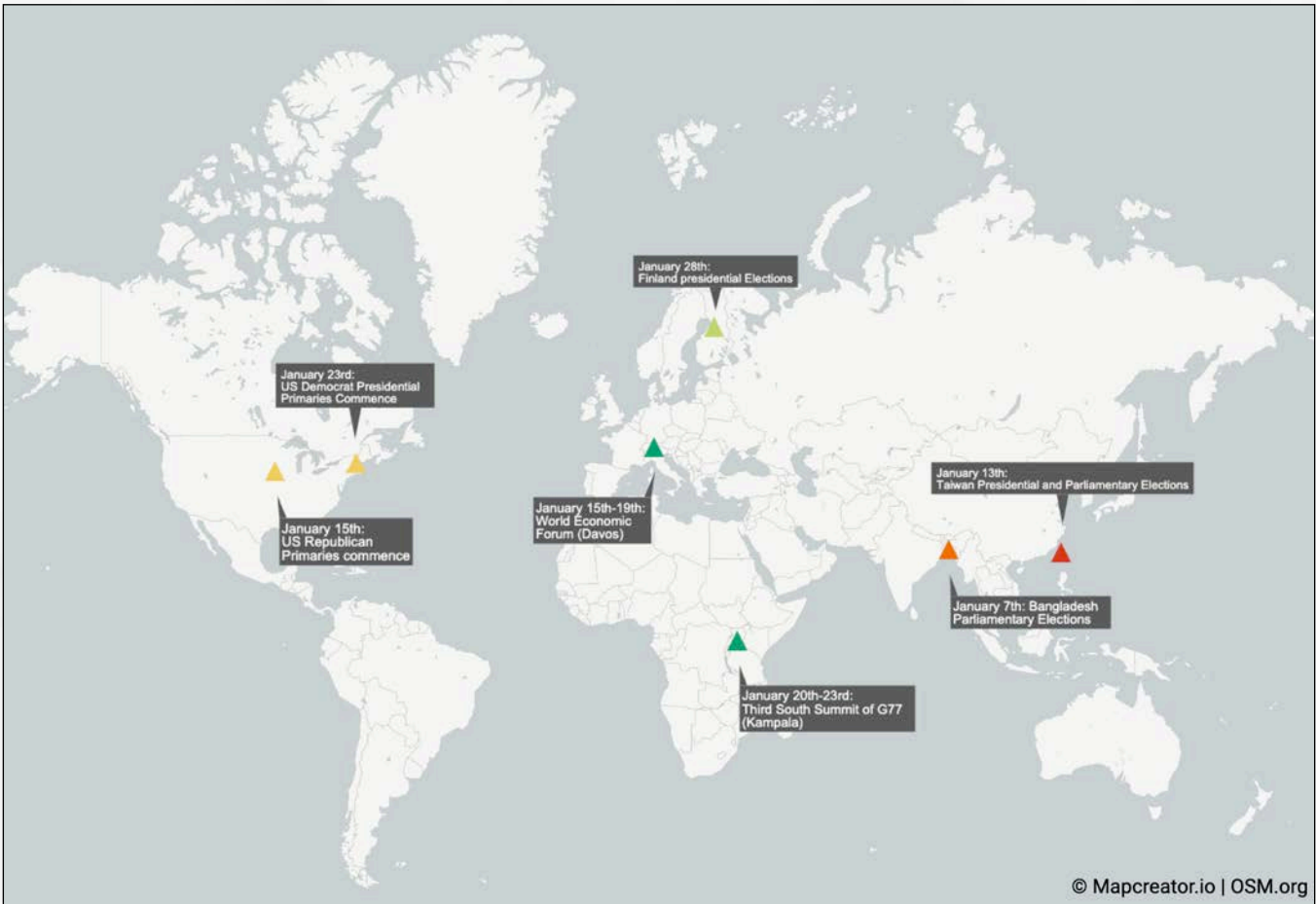
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January Timeline



Venezuela



Over the past year, the political and economic landscape of Venezuela has been influenced by three key trends: escalating tensions with Guyana over the contested Essequibo region; an easing of American sanctions under the Biden administration; and an evolving relationship with Russia following its full-scale invasion of Ukraine in 2022.

Venezuela is currently Russia's closest ally in the Americas. Moscow has consistently supplied extensive military aid to the country and supported the rule of its socialist leadership, first under the democratically-elected Hugo Chávez and now with Nicolas Maduro's authoritarian regime. In return, Venezuela has cooperated closely with Vladimir Putin's government. Following the invasion of Ukraine, however, an embattled Russian economy, alongside an intensification of American diplomatic efforts, has led to Russia losing influence over Venezuelan foreign policy and a simultaneous

thawing in US-Venezuelan relations. A shifting power balance in relations with Russia has enabled Venezuela to pursue a more open relationship with the United States and the wider West.

This led to the beginning of an open dialogue with Washington in March 2022. Later in the year, the United States granted Eni, Repsol, and Chevron licenses to resume operations in Venezuela, allowing Venezuelan oil to reach Europe and offset losses from collapsing Russian imports. Continuing dialogue reached a new milestone this year when, on the 18th of October 2023, the Biden administration announced it had repealed many of its Trump-era sanctions on Venezuela's oil sector in return for the promise of returning American political prisoners and allowing for free and fair elections to take place. This easing of American sanctions has almost immediately prompted the return of international investment to its fossil fuel industry, including the involvement of Indian and Chinese interest, and has vastly improved long-term prospects for an economy largely dependent on its oil exports. GDP growth stood at 1% in 2021; following the thawing of US-Venezuela relations and the resumption of oil exports to the West, GDP growth in 2022 stood at 8%, 4% in 2023, and is expected to rise once again to 5% in 2024, according to IMF forecasting. Furthermore, the US Energy Administration predicts new ventures will increase Venezuela's total oil output to 900,000 barrels per day by the end of 2024, up from a high of around 790,000 barrels per day in July 2023. These positive economic forecasts are likely to bolster Maduro's domestic popularity, improving short-term political stability, though this remains contingent on continuing positive relations with the United States.

An immediate need to foster domestic popularity for the incumbent regime has been driven by America's second stipulation under its agreement to ease sanctions: the holding of free and fair elections in

Venezuela



Venezuela, involving the participation of the currently-imprisoned political opposition. In October 2023, Maduro’s government announced it would hold an internal referendum on the subject of Venezuelan sovereignty over the oil-rich territory of Essequibo, currently administered by Guyana. This announcement received condemnation from the Guyanese government and the Organisation of American States, who argue it represents an attempt to legitimise an illegal annexation of the region and a rejection of the arbitration of the International Court of Justice. Guyana has mobilised its forces to the region and invited US Department of Defence officials to visit, while Brazil has also mobilised forces to its border with the region. Maduro’s decision to hold this referendum has undoubtedly escalated regional tensions and has raised fears that it may precipitate the first major interstate conflict on the South American continent since the Chaco War of 1932–35. However, while the prize of oil reserves amounting to a 40% potential increase in output remains alluring, the referendum has also likely been orchestrated with the motive of galvanising public support for the government

around a highly-popular policy. As Maduro relaxes his authoritarian grip to remain in line with American demands, he will likely make further such attempts to foster popular support in order to maintain power.

We currently assess that military activity is unlikely before Maduro’s three month deadline for the removal of non-Venezuelan business in Essequibo, while the positive performance of the referendum and the growth of Venezuela’s oil industry may grant Maduro the popular support he requires to be confident in complying with American demands for free elections. Both the Venezuelan economy and Venezuelan democracy may enjoy relative recoveries, though widespread poverty and restrictions on the freedom of the press will also persist. Both diplomatic negotiations with Guyana and next year’s elections serve as critical junctures, either indicating continued positive developments in the country’s relations with the West or a return to the illiberal practices that have long caused the country’s geopolitical isolation within its region.

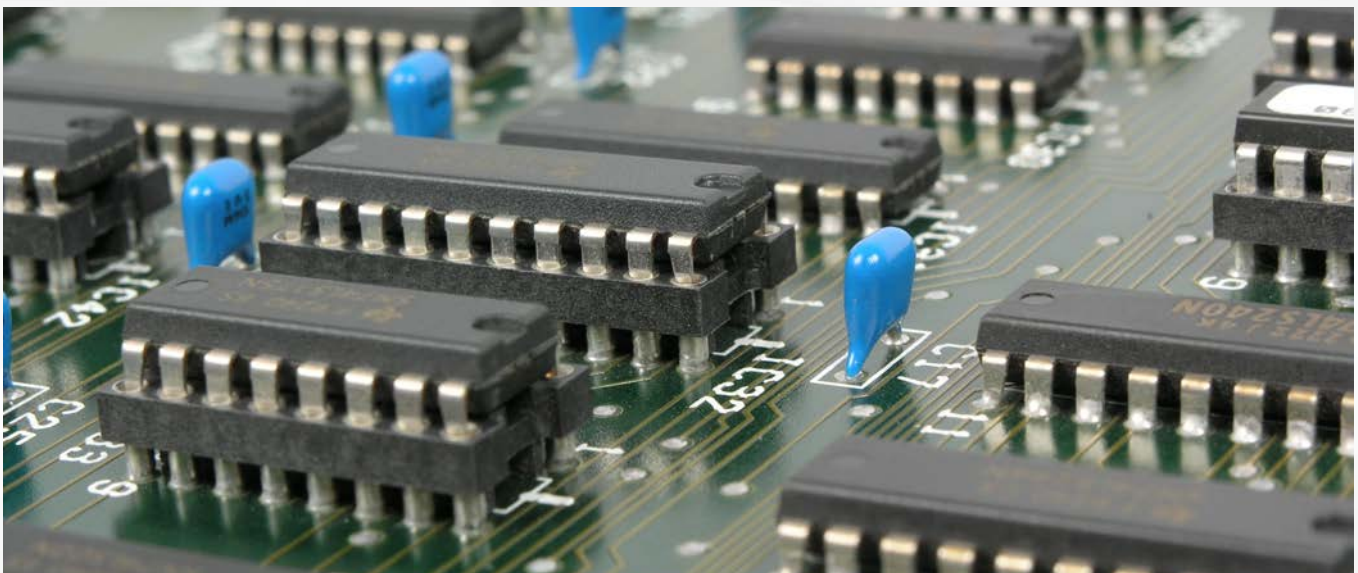
Taiwan

Scheduled for January 13, 2024, Taiwan is bracing itself for the dual impact of Presidential and Legislative elections. The long-term geopolitical landscape remains tense, with the frequently discussed threat of China, casting a formidable shadow. China's pursuit of unifying Taiwan with the mainland has become a focal point for Western politics, heightening the already tense competition between the United States and China. Widely recognised as a linchpin in global technology supply chains, Taiwan holds significance for both major powers. The upcoming elections stand as a watershed moment which will potentially shape the course of Taiwan's relations with the United States and China. The outcomes will also chart the future trajectory of geopolitical dynamics in the region.

In the race for Taiwan's presidency, the spotlight is on three prominent contenders: William Lai, the representative of the China-skeptic and incumbent liberal Democratic Progressive Party (DPP); Hou Yu-ih, an advocate for the conservative and pro-China Kuomintang party (KMT); and the outsider Ko Wen-je of the Taiwan People's Party (TPP). The proposed coalition between the KMT and TPP has hit stumbling blocks, grappling with challenges in establishing common ground for a unified presidential ticket. Current opinion polls suggest

that momentum favours William Lai's bid for the presidency. However, the prospect of another term for the DPP does not bode well for improved relations with China. The DPP's robust ties with the United States have been a persistent source of friction for Beijing, given the strengthening cooperation between the ruling party and the US over the past four years. China's preference lies with a KMT victory, as it could signal an improvement in cross-strait relations while opening avenues for future diplomatic initiatives aimed at unifying Taiwan with the Chinese mainland.

In the lead-up to the elections, SPS have observed China's longstanding exertion of pressure on Taiwan. This has been exemplified by heightened naval and air activities near the island. However, graver concerns stem from potential Chinese cyber attacks that could disrupt or influence the democratic process, while questions have also been raised regarding financial support for opposing parties, particularly the KMT, with the intent of swaying the election in their favour. In November 2023, Taiwanese prosecutors investigated 22 individuals, including government officials, who had previously visited China, and were believed to have been influenced by the Chinese, in order to sway Taiwanese voters toward pro-Beijing candidates.



Taiwan

Such actions have been deemed by Taiwan as a means to lure officials to influence them. Such electoral interference by a foreign power poses a significant risk to the integrity of the election process and has the potential to escalate tensions in the region. Consequently, heightened tensions are anticipated throughout the electoral period, marked by sabre-rattling from both US and Chinese military forces in the region. The risks presented by overseas electoral influence adds a layer of complexity to an already volatile situation, raising concerns about the stability of the region and the potential for further strains on US-China relations.

Meanwhile, Taiwan's economic prospects also appear dampened, witnessing a significant slowdown in export growth since 2021. In the first half of 2023, exports to China, ASEAN states, and the US from Taiwan experienced reductions. Although the outlook seems favourable for sophisticated microchips produced by Taiwan, overall consumer electronics demand is expected to remain depressed. Furthermore, recent US export control measures, restricting the supply of essential components to China, have adversely affected Taiwanese firms and manufacturing. Amid this economic deceleration, a likely DPP victory in January would bring about an expansion of social welfare benefits, increased minimum wages, and a diversification of trade away from China.

Conversely, a KMT win would prioritise enhanced trade with China, aiming to support export-led growth. The TPP's economic strategy, meanwhile, would promote more economic liberalisation and trade diversification to reduce Taiwan's dependence on China. Overall, the economic picture presented for the eventual winner of the election will be challenging and deeply intertwined by the backdrop of geopolitical tensions which will lead to inevitable uncertainty for investors.

On the geopolitical front, Taiwan will continue to be a focal point amid escalating tensions between the United States and China. For the United States, the strategic importance of Taiwan lies in its role as a bulwark against China's expansive influence in the Asia-Pacific region. The island nation is seen as a linchpin in the broader context of US efforts to counter China's assertive territorial claims and geopolitical manoeuvres. As a result, an ideological clash deepens the complexity of Sino-U.S. relations, with tensions between the two superpowers regarding Taiwan, likely to maintain a stable status quo throughout 2024. While Chinese naval and air operations in the vicinity of the island may rise in the build-up and following the result of the January elections, we assess that the immediate risk of direct conflict through 2024 remains low.

Bangladesh



Bangladesh, a small densely populated South Asian country, has experienced a complex political history since gaining independence in 1971. The political landscape has been characterised by a dynamic interplay between the two major political parties, the Awami League (AL) and the Bangladesh Nationalist Party (BNP), as well as by military coups. The AL, led by Prime Minister Sheikh Hasina, has been in power since 2009. In the coming months SPS assess that Bangladesh is likely to witness further destabilisations. Civil unrest will provide challenges to business and personal safety throughout January as tensions are heightened around national elections.

With Bangladesh's parliamentary elections set for 7th January 2024, the opposition's push for the resignation of Prime Minister Sheikh Hasina and the installation of an interim government has intensified. Those who oppose the AL believe that the upcoming election will not be free, fair, or remotely democratic. On 28th October 2023, the BNP called a "grand rally" in protest against the government. The AL called a counter "peace rally" to showcase its

own popular support on the same date. With the presence of all political competitors on the streets, violence inevitably erupted between BNP supporters and the police-backed AL. Police were seen assaulting unarmed citizens and firing indiscriminately into crowds, whilst anti-government protestors beat a police officer to death and set fire to a hospital. 10,000 opposition protesters were arrested. Since this event, the BNP has been calling for nationwide strikes and blockades to paralyse transportation and commerce across the country, whilst pro-government vigilante groups under police protection have been tackling opposition across the country. The day after the clash between pro and anti-government supporters, the BNP announced that they would boycott the upcoming elections, further deepening the country's democratic crisis. With no sign of a political compromise in sight, the absence of one of the major parties from an election will likely do little to repair Bangladesh's political divisions. Political polarisation is undoubtedly the country's biggest hurdle to overcome. As such, we expect tensions to remain high as we near, and in the immediate period after the 7th January.

Bangladesh's economy has shown significant resilience and growth over the past few decades. The textiles and garment industry has been a major contributor to economic development, providing employment opportunities and contributing to export earnings. However, challenges persist, including income equality, poverty, and environmental sustainability. The agricultural sector, while crucial for livelihoods, faces issues such as land degradation and water management. The government has been implementing policies to diversify the economy, enhance infrastructure, and attract foreign investment to ensure future stability. Despite these strides, the economy has struggled since the COVID-19 pandemic and the impact of the war in Ukraine. The governor of Bangladesh's central

Bangladesh



bank admitted in November 2023 that the economy had hit “rock bottom” after seeking a \$4.7bn loan from the International Monetary Fund. In addition to these challenges, Bangladesh’s ongoing political crisis is undeniably high-risk for its fragile economy. Unrest has crippled the ability of all traders following the BNPs blockades of transport networks. The length of this economic paralysis is unclear beyond the results of the January election. However, with the likelihood that the AL will remain in power, further unrest is inevitable.

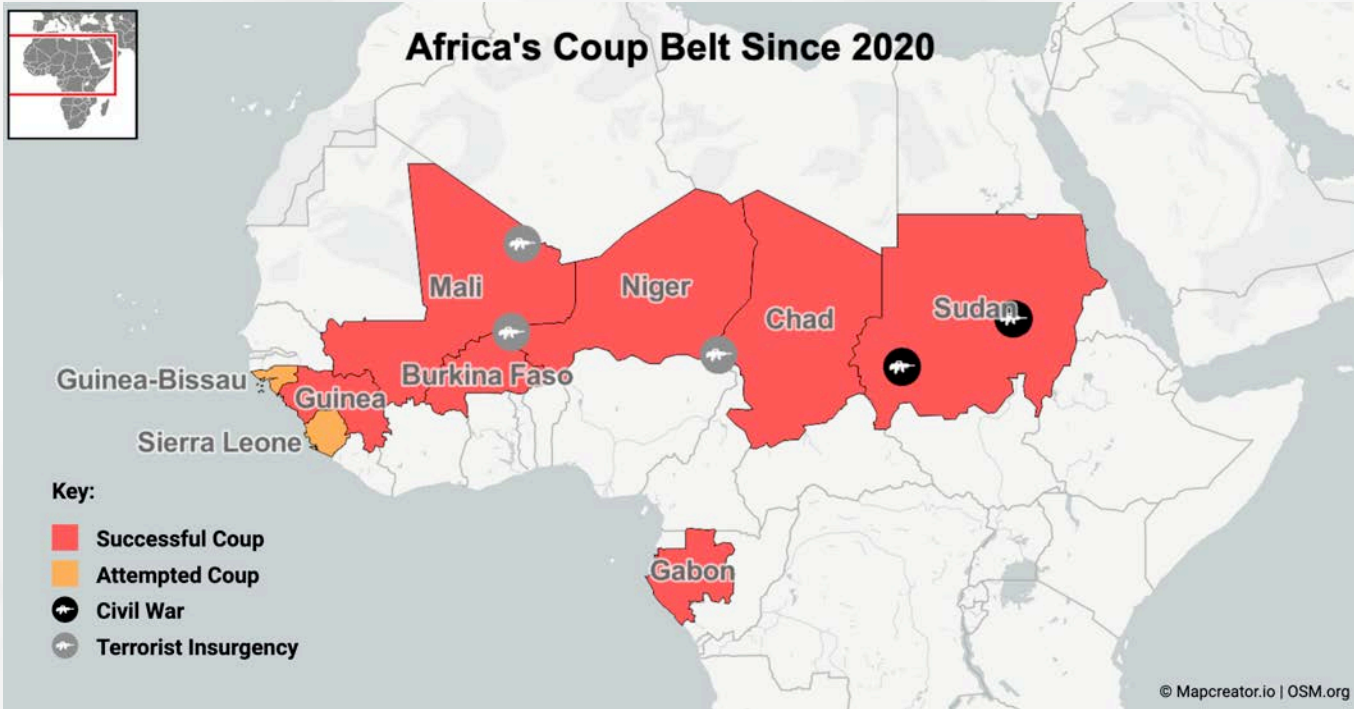
Bangladesh’s foreign policy is largely defined by its relationship with India. The two nations share a friendly relationship, with India being a significant partner in trade, security, and regional cooperation. Recently, the foreign secretaries of Bangladesh and India (Vinay Mohan Kwatra and Masud Bin Momen) met in November 2023 in talks to bolster cooperation in these key areas. The possibility of removing trade barriers was introduced, which would result in an uninterrupted supply of essential commodities being exchanged. India also voiced its appreciation of Bangladesh’s involvement in the G20 summit and the Voice of Global South Summit 2.0. However, the Teesta River dispute continues to define talks between the two countries. The Teesta River is a transboundary river that flows through India into Bangladesh. It is important for both countries as it is a vital source of water for irrigation

and fisheries. Despite there being several rounds of talks attempting to find a solution for equitable sharing of the river, a permanent agreement has not been reached.

China has also emerged as an important player in Bangladesh’s foreign policy, particularly in infrastructure development projects under the Belt and Road Initiative (BRI). The BRI frameworks will aim to improve transport and energy infrastructure connectivity. Their cordial relationship and the sheer economic dominance of China has created a favourable environment for investment through bilateral agreements and joint ventures in Bangladesh. Whilst this trajectory appears promising, trade imbalances, debt-related issues, and environmental concerns in part catalysed by poor infrastructural development require careful proactive management.

The national stability of Bangladesh is a complex subject encompassing political, economic, and foreign policy dimensions. The political landscape, characterised by the interplay of the two major parties and the more recent unrest, poses a significant challenge to sustained stability. Economic growth has been impressive, but addressing issues of corruption and political polarisation must take priority if the economy is to flourish.

GPI Short



Western Withdrawal from the Sahel

In recent years, French and Western influence across the Sahel has experienced a notable decline. Military coups in the region have contributed to anti-colonial rhetoric and led to the withdrawal, both forced and voluntary, of Western forces in the region. The potential security vacuum caused by the absence of Western security forces is a major concern. The Sahel has been a hotspot for extremist groups like Boko Haram and Al-Qaeda, and a Western exodus only further fuels an environment conducive to the potential expansion of terrorism. This may enable the Sahel to become a launchpad for more global terror aspirations, while simultaneously presenting global challenges by triggering forced migration. Recent developments have posed further risks to regional stability. Burkina Faso's adoption of a constitutional amendment prioritising national languages over French, is the latest symbolic move away from the influence of its former colonial rulers. More alarmingly, military leaders from Burkina Faso and Niger have announced their departure from the

G5 anti-jihadist force. This move prompted Mauritania and Chad to end the alliance, signalling a weakening of counter-terrorism cooperation across the region. Mali and Niger have heightened security concerns by revoking cooperation treaties with France, whilst Niger has also scrapped key migration agreements with the European Union. Consequently, these actions have led to increasing violence and risks from expanding terror insurgencies in the country. In Burkina Faso, a recent attack by Jamaal Nusrat al-Islam wal-Muslimin fighters resulted in over 40 fatalities after intense fighting.

We assess that violence is likely to continue in the coming months as regional stability deteriorates. The withdrawal of Western military forces and the ongoing efforts of military leaders in the region to symbolically and militarily distance themselves from the West will result in heightened security concerns, and may also undermine the economic and political aspirations of Sahel countries heading into 2024.

GPI Short



Ukraine's Future Funding

As we move into next year, the Ukrainian conflict appears poised for prolonged attrition, while concerns have arisen regarding the sustainability of the Western aid upon which Ukraine heavily relies. Throughout the conflict, Western powers, notably the United States, have supplied Ukraine with military and financial aid, for their territorial defence. However, the lacklustre results of Ukraine's summer counteroffensive and entrenched positions on both sides have heightened concerns over the longevity of aid supplies from both Washington and Brussels.

Amidst yet another major conflict in the Middle East, US presidential elections, European elections, and various national elections across Europe, the continuity of aid to Ukraine faces significant challenges. In 2024, while aid is expected to persist, it will increasingly become politicised, with political rhetoric diverging around each renegotiation and budgeting. This trend is evident in Washington, where the recent budget renewal prompted a Republican challenge to Ukrainian aid levels. Consequently, President Biden was compelled to separate Ukrainian aid and Israeli aid into distinct legislations, raising the possibility of Congress blocking future financial commitments. While a complete cessation of US aid is not anticipated, a reduction in aid spending impacting Ukraine's military capacity is likely, under a potential future Trump administration. Biden could also be forced to restrict Ukrainian aid if the conflict in the Middle East escalates or the Republican-controlled lower chamber rejects proposals.

Simultaneously, debates in Europe have also intensified. Despite the continent's initial unity, the heavy economic toll of sanctions, efforts to find alternative energy sources, and continued sluggish economic performance prompt questions about the continuation of support to Ukraine. Populist figures like Hungary's Viktor Orbán increasingly look set to gain support in the 2024 European elections, reflecting a scepticism towards foreign aid. This growing political challenge to European unanimity is expected to hinder commitments, leading to reductions in financial aid to Ukraine throughout the duration of the conflict.

Overall, decreases in funding would hinder Ukraine's ability to mount major counteroffensive efforts. While a complete capitulation of foreign aid is not foreseen, the increasing politicisation of aid favours Russia's objectives and heightens the likelihood of Ukraine surrendering some territory in the long-term outcome of the conflict.

GPI Short



DRC Elections amidst Instability

The Democratic Republic of the Congo (DRC) is at a critical juncture with upcoming elections on December 20, 2023 encompassing the selection of the president, parliamentary representatives, provincial leaders, and municipal officials. Unfortunately, this electoral process is set to be marred by a host of issues.

These elections come as Eastern regions of the country are plagued by renewed armed conflict involving ethnic militias and M23 rebels, violating a ceasefire brokered earlier in March. Due to the fragmentation of militias, they are unlikely to threaten governmental change or nationwide conflict. Nevertheless, regional violence is expected to persist into the new year. This comes as the fate of the United Nations Peace Operations Mission (MONUSCO), boasting 18,000 troops, remains uncertain; a withdrawal agreement has been signed with unpublished timelines and, to date, has been largely unimplemented.

In this hostile climate, doubts remain over the integrity of the electoral process, compounded by the DRC's history of electoral malpractice. Such concerns have recently been exacerbated by President Tshisekedi's politically partial appointments to the Independent National Electoral Commission (CENI), raising fairness

concerns, especially with alterations to seat allocations favouring the ruling party. A technological debate has also erupted surrounding the introduction of electronic voting machines, criticised internationally and prompting calls for a return to paper ballots. The electoral landscape is further complicated by longstanding logistical challenges, health concerns, and widespread unrest leading to displacement.

Analysing the elections, it is highly likely that tensions during the run-up and on the day of the election will result in isolated incidents of violence and may increase the potential for violent demonstrations. President Tshisekedi is expected to retain power, given the absence of a united opposition, reducing the risks of a nationwide power struggle. The election is, however, poised to be undermined by escalating violence in the eastern regions. The conflict may also motivate Rwandan military activity across the border, raising international tensions. The convergence of electoral, security, and diplomatic challenges underscores the fragility of the situation, with the outcome of the elections, the future of MONUSCO, and the resolution of security challenges collectively set to shape the trajectory of the DRC in the year to come.



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