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

*In this month's report:
Hong Kong, Guinea, Nicaragua, Yemen*

Hong Kong



Since the implementation of the National Security Law (NSL) in 2020, the Chinese Communist Party has taken a series of measures to align Hong Kong more closely with Beijing, further intensifying these efforts over time. Notably, there has been a significant curtailment of political rights and freedoms in Hong Kong, particularly in the realms of freedom of expression and the right to assemble. China's objective has been to diminish Hong Kong's autonomy and the rights of its inhabitants, aiming for a more seamless integration of the territory into mainland China. Conversely, despite this political turbulence, Hong Kong's economy retains its position as the world's tenth-largest trading power and the largest global financial centre in 2023, being hailed as a continuing paragon of liberal economics.

While in law, Hong Kong's political landscape still operates within the "One Country, Two Systems" framework, a model designed to ensure a high degree of autonomy and freedom for the region following its transfer from British to Chinese

sovereignty, concerns have arisen due to the erosion of this autonomy. The administration led by Hong Kong's Chief Executive, John Lee, is expected to maintain its stability. This is underscored by China's National People's Congress, which, in March, reaffirmed its stance and upheld existing policies. Consequently, the political landscape in Hong Kong is likely to remain steady, with a growing focus on furthering economic development. Notably, Hong Kong's pro-democracy political parties have opted not to participate in electoral activities. As a sign of this shift, in December 2022, the Civic Party decided to suspend its operations. Instead, many members have chosen to relocate to countries that have been supportive of the pro-democracy movement, including the United Kingdom, the United States, and Taiwan. This shift demonstrates that China has succeeded in reintegrating Hong Kong into Beijing's political framework, one focused less on democratic ideals but instead on the political stability of the nation.

Hong Kong



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Since the mass unrest in 2019 and the NSL in 2020, the Hong Kong police have carried out a politicised operation. Between the start of the 2019 unrest and May 2023, there had been 1491 political prisoners recorded, with almost every pro-democracy spokesperson either on trial, in exile or in jail. Coupled with this, at least 85 civil societies have been disbanded, and over 150,000 citizens have emigrated to the UK alone in direct consequence of the NSL. This development underscores the vulnerability of democratic beliefs in Hong Kong now and a threat to domestic and foreign nationals in Hong Kong, who may face detention as Beijing seeks to curb any Western influence in the region. While such anti-democratic measures seem harsh, they have secured law and order in the city and allowed for the return of order and the continued economic success of the city.

On the economic front, Hong Kong's economy rebounded following its emergence from the COVID-19 pandemic. Looking ahead, economic growth will primarily be driven by inbound tourism and private consumption for the remainder of the year, with growth forecasted to rise by a moderate but still positive 3.5%. Nonetheless, it is crucial to note that, as of July 2023, the value of merchandise exports from Hong Kong continued to decline, especially concerning trade with Mainland China, the United States, and the European Union, potentially plateauing this year's growth. Additionally, exports to various key Asian markets also experienced reductions; consequently, the challenging external economic environment will probably continue to exert downward pressure on Hong Kong's exports in the near term, prompting vigilant monitoring by the government. However, while these short-term challenges remain, they provide limited obstacles to Hong Kong's continuing economic stability. Greater concern comes from the international separation of the United States and China. As a major global financial headquarters, Hong Kong is deeply dependent on global financial markets and trade. As such, future escalating trade wars or blockades would severely hamper the stability of the city. Further to this, Hong Kong's success also drives China's ever-greater desire to fully unify the city and will lead to greater political makeovers, potentially hindering the very freedoms that made Hong Kong successful.



Guinea

In September 2021, Guinea suffered a military coup, one of eight in Africa since August 2020, deposing former President Alpha Condé with military leader Mamady Doumbouya now in charge of the National Committee of the Rally for Development. In the coup's aftermath, the UN and African Union sought to negotiate a short transitional period of rule, but two years on, the fate of the democratic transition remains relatively unresolved, and the military junta has increasingly exemplified a disconnect from the later agreed transitional timeline of the end of 2024 start of 2025. Guinea has long been a country suffering periods of autocracy and political unrest as poor socio-economic conditions and a colonial legacy have corrupted institutions and allowed for poor governance, with the UN estimating that 4.7 million citizens rely on humanitarian aid. In the wake of the 2021 coup, much of the country was reportedly in support of the military takeover, following the corruption of President Condé's government and his removal of the constitutional ruling term limit. As part of the transitional period, the military junta agreed to make necessary constitutional reforms to provide future stability to the country, yet little progress has been made, and indeed, in May this year, the country witnessed mass unrest in response to the junta's violations.

Initial support for the military junta, including by opposition political groups, faded quickly, and in June 2022, following a fuel price rise, the nation was hit by violent protests resulting in dozens of fatalities and the arrests of political dissidents. In the aftermath, the military junta was accused of human rights violations and the suppression of political freedoms, yet it persisted in passing new laws in July 2022, indefinitely banning all political protests. In spite of this, 2023 has witnessed further escalating tensions, with the military junta continuing to suppress society, and in May 2023, it witnessed further large-scale protests in the nation's capital, resulting in seven fatalities. Throughout the year, the government has increasingly become staunch in their defence of law and order, convicting political opposition, raiding media outlets, and initiating internet and media bans. Such measures highlight the increasing authoritarianism of the nation rather than a period of democratic transition. The agreed-upon democratic transition and constitutional reform, still in piecemeal measures agreed to by the military junta, are increasingly looking in doubt, raising the prospects of further violent unrest and protest events in the build-up to the end of 2024.

Guinea

Such political uncertainty is only further exacerbated by recent regional dynamics. The events in Guinea were preceded and succeeded by further coup events in Mali and Burkina Faso, an attempted coup in neighbouring Guinea Bissau, and the recent coup in Niger and Gabon. Such events weaken the authority of the African Union and limit the likelihood of greater regional involvement in the aftermath of broken promises. Such regional weakness has allowed the military junta to perpetrate escalating human rights abuses and, so far, shows a relative disregard for the future democratic transition. Mamady Doumbouya has voiced support for the recent events in Niger, although not to the same level as military rulers in Mali and Burkina Faso. Guinea's military ruler has played host to a Niger military envoy and condoned any African Union or Economic Community of West African States sanctions. The growing alliance of military leaders in the region, will potentially raise the prospects of regional conflict, including militarily as well as restricting direct outside intervention.

Due to the regional alliances and developments, the escalating state-driven unrest in Guinea will likely be responded to by continued economic sanctions and potential further measures come the democratic deadline. However, the effectiveness of such measures is highly questionable and will likely impact the already impoverished citizens of Guinea rather than its military rulers. Such economic consequences could further provoke violent social unrest, but to date, the scale of protests has not been able to match the military's grip on power. As such, international economic sanctions could necessitate greater human suffering and instability in the country. The future of Guinea is therefore very turbulent, with the democratic transition looking increasingly questionable and mounting social anger; the country looks set to remain combustible for both the medium and short term. The prospects of democracy remain slim, and the nation's instability will likely further undermine its socioeconomic development and security in years to come.



Nicaragua

Nicaragua is steadily descending into an autocratic state. The last remaining threads of its democratic fabric are unravelling under the political dominion of President Ortega and his wife, Rosario Murillo, who also serves as Vice President. Nicaragua's descent into autocracy, though a long time in the making, has sharply accelerated following the 2018 demonstrations. Despite widespread unrest across the nation resulting in a harsh governmental crackdown, Daniel Ortega managed to be re-elected as President in 2021. However, the term "elected" fails to accurately capture the reality. Nicaragua is now only shrouded by a veil of democratic institutions, obscuring its de facto autocratic status due to election manipulation, the disqualification of political opposition and the repression of civil society. Despite President Ortega's best efforts to repress civic voices, the continuing decline of human rights will drive the country ever closer to further unrest and political upheaval, as well as isolation from formerly important Western trading partners.

Such human rights violations and generally poor socio-economic conditions have led to the migration of over 600,000 citizens since 2018 according to US government ministry reports. This migration has not only hollowed out the nation's workforce but also displayed the sheer scale of abuses. Such migration has made Nicaragua's economy heavily dependent on remittances, which provided over \$350 million (USD) through 2022 (Nicaragua Central Bank). The state's economic policy has increasingly utilised extortion, external borrowing, and repression tactics to increase its public revenue and maintain public spending while funding clientelism and security services, all to sustain the political power of President Ortega and his dwindling domestic supporters. Despite the foregone conclusion at the ballot box and President Ortega's tight control of security services, public investment has increased by two-thirds since 2018 (Inter-American Dialogue). This is largely analysed as a measure to sustain the political regime. The need and willingness to do so highlight both a strategic decision and a calculation of the real threat to Ortega's only vulnerability: domestic upheaval. While a relatively secure economic growth prediction of 3% through 2023, according to the IMF, has allowed some state expansion, such scale and future stability are



Nicaragua



questionable. With the country heavily dependent on foreign sources of income, with 81% of the country's GDP originating from exports, remittances, debt, and tourism to a lesser extent (Nicaragua Central Bank), if global headwinds further worsened, the country would see the state's negotiating budget slimmed. Any further unpopular economic or social policies could catalyse further demonstrations against President Ortega's power and undermine national stability.

Increasing authoritarianism is increasingly threatening businesses as well as citizens in Nicaragua. Over 3,000 nonprofit organisations, including environmental groups, universities, and charities, have had their assets expropriated on charges of money laundering and terrorist financing. This has been recently seen in the closure of the Jesuit-funded University of Central America in August this year. Such measures were seen earlier in the year when 222 political prisoners were released and extradited to the United States in what was seen as a positive development. Yet these citizens faced the stripping of national citizenship, preventing further engagement in Nicaraguan politics, and currently, at least 64 government critics remain incarcerated. This was followed by further repressive measures, revoking the legal status of 19 leading business chambers and limiting business advocacy. Therefore, operations in Nicaragua carry substantial risks due to the authoritarian regime. The suspension of civil rights, detainment of

political adversaries, seizure of private property, and blatant disregard for the rule of law create an unpredictable environment. Such measures have impacted foreign companies and organisations, with the Catholic Church being a long-term target, and international organisations like the Red Cross facing forced closure.

Such measures have angered Western nations and increasingly driven sanctions and condemnation. Yet overall international pressure has remained relatively subdued. With mounting Western pressure, Nicaragua's foreign policy is increasingly looking to China. The recent free trade agreement is just the latest measure in a closing relationship after the nation previously flipped its stance on the issue of Taiwan. However, foreign policy has long come second to the personal aspirations of President Ortega. His commitment to maintaining power will continue to drive Nicaraguan society further from human rights and distance Nicaragua further from its most important trading partner, the United States. However, the general apathy amongst the international community and piecemeal interventions look set to allow the autocracy to continue its repressive practices. Previous measures have historically resulted in domestic unrest, and forthcoming political or economic strategies have the potential to trigger additional national turmoil similar to the events of 2018, or potentially even exceeding them, despite President Ortega's strong grip on power.

Yemen



Since 2011, Yemen has been a nation marked by divisions along tribal, ethnic, ideological, and religious lines, a situation that has given rise to persistent unrest and an enduring civil war since September 2014. Yemen's political landscape has been and continues to be marred by turmoil and competing interests that have resulted in the destabilisation of the nation-state.

The initial sparks of Yemen's conflict were ignited by widespread protests against President Ali Abdullah Saleh. Subsequently, the nation witnessed the rise of Abdrabbuh Mansur Hadi, who was unable to secure unity in the nation resulting in the 2014 civil war, between the internationally recognised government and Houthi rebels. The United States and Saudi Arabia claim the Houthi rebels to be Iranian proxies, contributing to increasing international arms involvement and prolongation of this nine-year conflict. Regrettably, Yemeni society has collapsed under the weight of this protracted war, culminating in one of the world's most dire humanitarian crises, as reported by the United Nations. Shockingly, 21.6 million Yemenis are in need, and a further 13.4 million in acute need of humanitarian assistance, firmly establishing Yemen as a failed state with no national authority to rule as infrastructure and financial services continue to be disrupted, resulting in a staggering increase in Yemen's poverty rate.

Yemen's central government, backed by Saudi Arabia, has managed to hold its ground throughout the conflict. However, its authority has significantly waned amidst internal divisions and territorial tensions. This environment has fostered rampant corruption, with traditional tribal justice often taking precedence over state laws. In April 2022, the political scenario took another turn with Hadi's removal following the rise of the Presidential Leadership Council (PLC). This council assumed power while the Southern Transitional Council, a secessionist organisation in South Yemen, also gained considerable influence. The PLC's assumption of power also coincided with the announcement of a UN-brokered ceasefire.

Yemen



While the 6-month truce significantly reduced fighting in the country, the UN has so far been unable to get the government and the rebels to agree to a lasting peace deal that would end the conflict. The exclusion of Houthi rebels from the presidential council is just one obstacle in this ongoing crisis. Another stems from the regional interests of members of the PLC so that measures have only partially reduced the political instability of the country with violence continuing to threaten long-lost stability.

Yemen's complexities remain intertwined with regional power dynamics, involving Saudi Arabia, Iran, and the United States. To find lasting stability, comprehensive peace talks hinted at in the last year must encompass all Yemeni factions, even as violence threatens to erode the nation's prospects. Deep distrust after nine years of conflict means the Houthis simply view the PLC as proxies for Riyadh, while the PLC are wary of Iran's influence on the Houthi rebels. In this light, the recent improvement of relations between Saudi Arabia and Iran with the Chinese reconciliation efforts is potentially a positive development for Yemen and could be the key to unlocking the conflict.

Yemen's political structures are weakened, from nine years of conflict, and both sides are weary and dependent on regional support, any future peace will likely come from the normalisation of dialogue between Riyadh and Tehran.

Further hope is witnessed from developments in April this year, when peace negotiations formally commenced, involving the Houthis, the internationally recognised Yemeni government, and Saudi Arabia. This development ignites aspirations for a diplomatic resolution to the Yemeni conflict, echoing hopes for regional stability. However, the path back to statehood for Yemen will remain long and fractious. Deep divisions will always remain, other security challenges notably from terrorism will continue to undermine development and the humanitarian damage of nine years of conflict will persist. With Yemen's future remaining at a critical juncture, warming regional relations provide hope of reconciliation but persistent threats lie ahead with deep entrenchment of both sides whether peace is secured remains unknown but Yemen's future nevertheless will remain highly unstable.



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