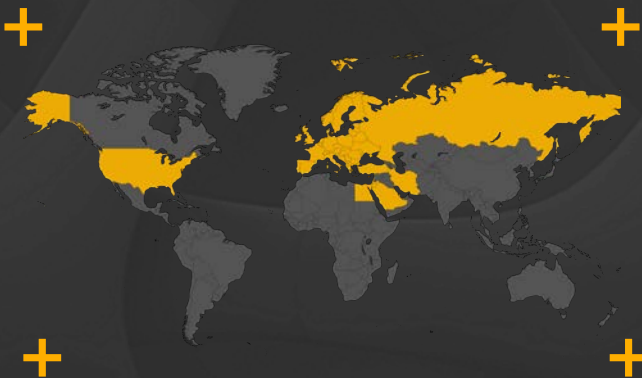


SPS Global Insights

Global Dangers From the Israeli Conflict

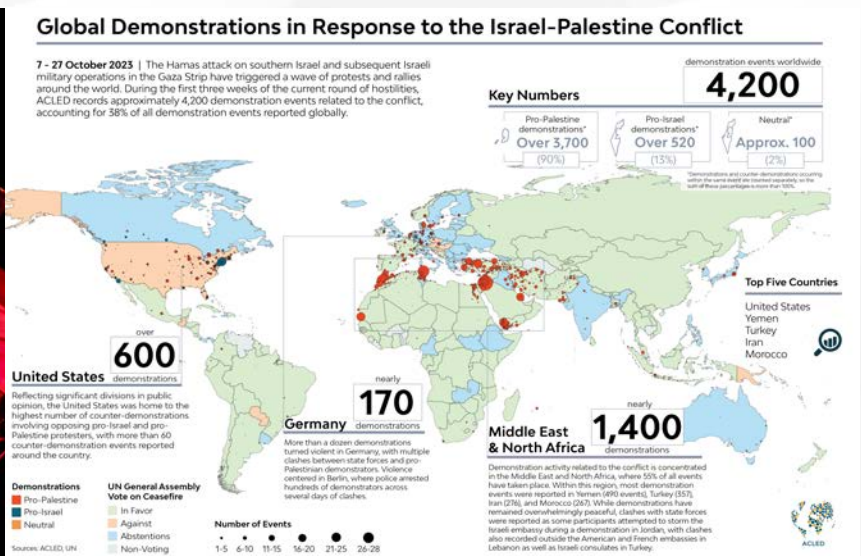


The Israeli conflict has upended the global risk landscape, with the threat of stark global consequences and geopolitical ramifications. In this report we will explore the current and future regional and global implications of the Israeli conflict.

Global Dangers

Introduction:

The conflict in Israel has upended the global risk landscape and may have stark consequences for global travel, business, and personal safety. While the most profound effects will be observed within the Middle East, the conflict threatens a wider destabilisation of the world economy and security environment. The repercussions of the crisis are primarily dependent on the extent and duration of the fighting. As we are likely to see a continuation of the conflict with no immediate end in sight, the global ramifications are likely to escalate. Such global risks will be compounded by any regional escalation or increases in the conflict's range or intensity. This report will be divided into sections, firstly exploring the risk outlook for regional and key international actors before secondly addressing more global challenges arising from the conflict.



Sourced from: The Armed Conflict Location and Event Data Project: <https://acleddata.com/2023/11/07/infographic-global-demonstrations-in-response-to-the-israel-palestine-conflict/>

Regional and Key International Actors Risk Outlook:

Lebanon: Arguably the most at-risk regional country not directly engaged in the conflict is Lebanon. In recent days, some foreign embassies have reduced staff levels in the fear of potential military conflict. Since the Israeli conflict erupted on the October 7, international observers have cautioned of the spillover effects. The powerful Hezbollah militia, the most powerfully armed non-state actor in the world, continues to conduct infrequent missile attacks on Israel's northern border that have witnessed strong retaliation. It remains a realistic possibility that Hezbollah will join the conflict, expanding the violence across Lebanon. To date, the militia has not formally declared its full engagement in the conflict, but fears are rising of a potential second front. Any involvement would lead to a strong Israeli response with Beirut likely to come under bombardment. All this would occur in a nation whose GDP has already plummeted 50% since 2018. Before and throughout the conflict, Hamas, Hezbollah, and other smaller Islamic actors have hosted joint meetings and are believed to have a joint operations room out of Beirut. The miscalculation or deliberate engagement of Lebanese militia groups remains a feared plausible reality that could not only result in violence across Lebanon but draw in increased regional engagement from allies. While Hezbollah's intentions for full engagement in the conflict remain unknown, it is almost certain that cross-border missile and drone strikes will continue to tie Israeli forces to the north of the country and provoke continued heightening tensions and retaliatory responses. The consequences of any escalation would be severe, not just for the conflict's dynamics but globally.

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United States: To date, the US has publicly offered unwavering support to Israel and condemnation of Hamas's actions, while engaging in regional diplomacy to prevent escalations. The strategic importance of the region for American foreign policy, the presence of American military personnel, and historical alliances within Israel all serve to continue to drive a strong commitment to support Israel. Such a stance will help ensure Israeli national security but may increase the risks facing the US. Already, the Pentagon has reported that US forces across the Middle East have faced 38 attacks, notably across Iraq and Syria, since the conflict began. Such incidents are likely to escalate as Iranian-backed militias are funded, if not coordinated, by Tehran to attack US personnel. However, the risks to US citizens extend beyond the Middle East itself. Notably, throughout the Islamic world, US embassies and foreign assets will increasingly be targeted by demonstrations as the Israeli military operation in Gaza escalates. Any direct military engagement by US military forces could provoke a heightened risk for American foreign nationals worldwide, which has been reflected in the US State Department global travel warning, cautioning of a globally heightened risk from demonstrations, terrorism, and violent actions potentially targeting US nationals and assets. This was recently seen in Turkey with pro-Palestinian demonstrators storming the US Airbase at Incirlik in southern Turkey. Such events will only increase in probability as the conflict persists and US support remains unwavering.

Europe: Looking to Europe, the conflict in Israel has led to a divided and challenging response. In the UN Security Council votes, EU members have voted in three different ways, unaligned with each other. This contrasts with the regional response to the events in Ukraine. Larger Islamic communities within Europe and a greater concern of an overzealous Israeli reaction have driven diverging opinions. As a result, the continent's political response will likely continue to play a less significant role in the conflict and diminish the continent's ability to deal with the situation. Despite this, the continent remains challenged domestically by a surge in the terrorist threat level and mass demonstrations. Several major cities have witnessed protests, the largest of which have been pro-Palestinian, at times nearing 100,000 citizens. Such scale of demonstrations will drive security concerns. While largely peaceful, a minority of participants at such events have displayed support for terrorist organisations and antisemitic behaviour. This serves to only increase the threat of lone-wolf terror actors on a continent where large migration and open borders provide additional challenges for security. Therefore, as long as the conflict persists, Europe will likely face elevated domestic security threats and the continuing active engagement of political voices, largely in peaceful but potentially violent manners.



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Russia: A main beneficiary from the events in Israel is Russia. President Vladimir Putin will welcome the lost international attention on the events in Ukraine, as Western governments are forced to divide both aid and military efforts to fight multiple conflicts. The US Republican party's insistence on separating the funding of aid to Ukraine from that of aid to Israel will be praised in Moscow as a positive signal of the potential declining ability of Western governments, most notably the US, to support multiple allies. However, despite these geopolitical dynamics, Russia maintains a working relationship with Israel, as Russian influence in Syria and the prevention of Syrian militia involvement is important to Tel Aviv. Yet, this is balanced by Russia's reception of Hamas leaders at least three times before the conflict ensued. As the conflict persists, Israel will likely become increasingly hostile toward Russia's stance on the conflict, and as its primary reliance remains on the US, it will likely pivot away from the working relationship with Moscow. Such events will only increase Moscow's engagement with Middle Eastern actors such as Iran, which remains a pivotal military ally and weaponry provider. Hence, the conflict will likely deepen and cement the existing geopolitical fragmentations and drive continued deglobalisation.

Iran: Like Hezbollah, Tehran's full objectives remain somewhat unknown. While the country has served as the most vocal supporter of Palestine, its full direct role in planning or assisting the offensive is unconfirmed. Western media have been quick to propose the potential escalation and direct engagement of Iranian forces, but at this time, we see this as an unlikely situation. The strong response this would entail from Israel and probable US engagement will likely deter Tehran from such drastic direct measures, as Iran will evaluate the military chances of victory as minimal. Therefore, Tehran is more likely to continue to engage in the conflict via proxy militias and support of Palestinian and Lebanese terrorist organisations. The provision of arms and aid will be critical to the continuing efforts to attack Israel. However unlikely, the scenario of direct Iranian military engagement remains and would have global geopolitical repercussions, resulting in the engagement of forces from across the world. Throughout the conflict, Iran will continue to strongly condemn Israel's actions and be a pivotal actor in discussions of militia groups such as Hezbollah and Hamas in coordinating planned military operations but is likely to be careful to avoid a direct punishing conflict.



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Egypt and Jordan: The two countries directly border Palestinian territory, and as such, they have a unique risk environment and fears of the conflict. The primary concern for both nations appears to be the threat of mass migration and refugee flows. Egypt drew some international condemnation for preventing the passage of Gazan citizens through the Rafah border crossing at the outbreak of the conflict, but has since been pivotal in evacuating foreign nationals. As the only country bordering Gaza apart from Israel, Egypt will continue to serve as the critical entry point of humanitarian aid and a potential outflow of refugees. Egypt, more so than Jordan, is concerned that mass migration into the unstable North Sinai region could lead to increases in terrorism, human trafficking, and violence, in a province long challenged by armed actors. While Jordan is equally concerned over the potential mass migration of Palestinians from the West Bank, the country faces an external debt of 110% of GDP and, as such, is financially ill-prepared to offer mass sanctuary. The two pivotal entry and exit point countries will remain essential for the increases in humanitarian aid needed in the conflict zone and will therefore be central to international attention throughout the conflict. Yet, as the humanitarian cost of the conflict escalates, inevitable flows of refugees will prompt security concerns in both bordering nations.

Türkiye and Qatar: As amongst the largest aid donors to Gaza the countries are uniquely placed in the international arena as potential mediators of the conflict. The countries have been both praised and critiqued for their role in supporting the Hamas government. Eventual diplomatic efforts will almost certainly require the engagement of both countries. However in the short term, this remains implausible. Across Türkiye, we continue to witness some of the largest pro-Palestinian demonstrations in the world, and the storming of the US airbase in the south of the country highlights the strong Palestinian support by much of the country. While, terrorist threats and demonstrations will continue to pose significant risks to Western, notably US, foreign nationals and Jewish citizens as the Islamic majority country continues to see large Palestinian support.

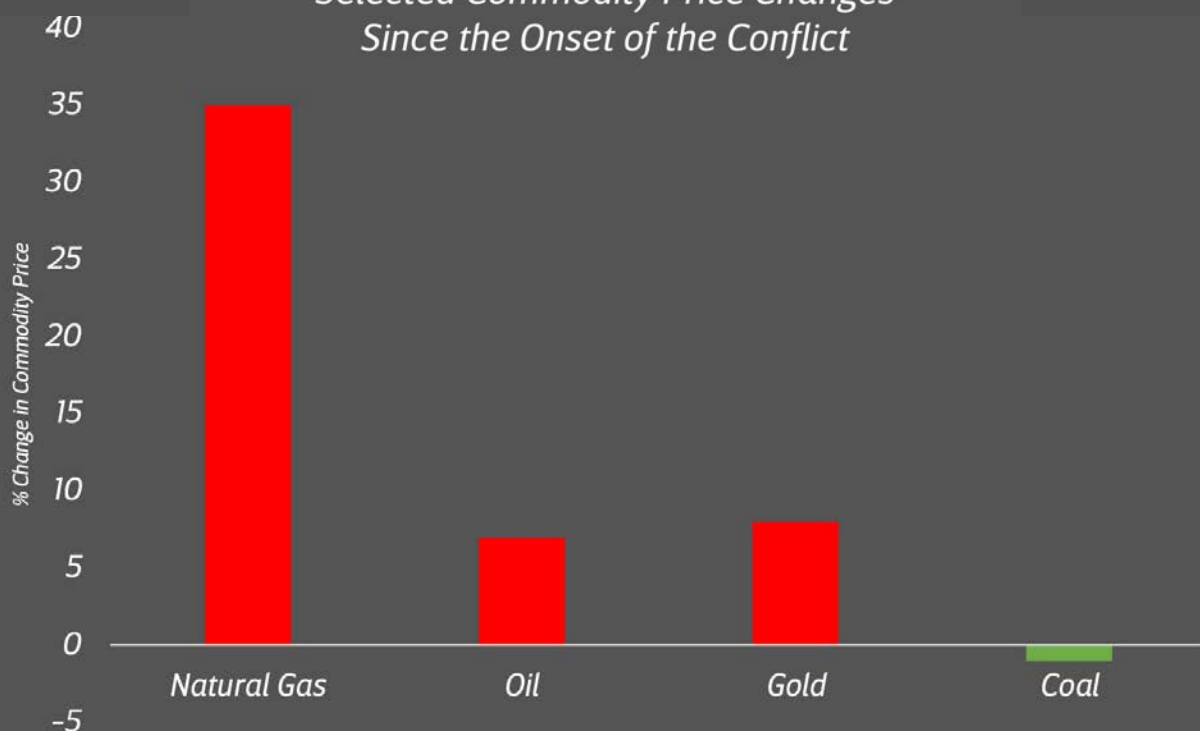
Saudi Arabia: Finally, looking to the Gulf nations and notably Saudi Arabia, the Israeli conflict has upended developing normalisation of relations with Israel, which will now be put on hold for at least the endurance of the conflict, with probable long term impacts. While Saudi Arabia and the Gulf nations have condemned Israel's wave of missile strikes and called for an end to the humanitarian suffering, they are equally keen not to see an expanded Iranian influence in the region. Therefore, they will continue to diplomatically engage with the conflict and seek resolution. However, the presence of US forces in the region does leave potential risks. If regional escalation occurs, we could witness the targeting of US forces stationed in Saudi Arabia, in a similar manner to those in Iraq and Syria. While the military threat would remain manageable with strong defences, such instances would likely spike commodity markets and increase global oil prices, having potentially drastic implications for the world economy.



Economic Dangers

Oil and the Economic Risk: The Israeli Palestinian conflict could have significant ramifications for the global economy. As a conflict located in the Middle East, concerns are raised over global supply chains and energy security. The Middle East was responsible for 33% of global oil production in 2022, according to the World Bank. While energy dependence on oil has been drastically reduced in recent years, the significance of a further energy shock compounding on an economy heavily indebted with high inflation and poor growth could lead to drastic global consequences. In 1973, the Yom Kippur War led to the subsequent Arab oil embargo, leading to a 52% increase in the cost of oil. Such a situation remains highly unlikely, with commodity markets so far acting modestly to the conflict's outbreak. Yet regional embargoes remain a plausible scenario if the conflict escalates and could have far-reaching consequences. In light of the Ukrainian conflict, the global cost of a conflict has been starkly highlighted, with the number of people food insecure rising considerably, notably across many of the world's most unstable countries. A further long-lasting conflict could lead to trade sanctions and regional reductions in oil supplies. Such commodity price rises have a cascading effect throughout the cost of production, so that the IMF models that a 10% increase in the world's oil price would cause a 0.4% rise in global inflation. Such a figure hides the fact that many of the goods most impacted by oil price increases are likely to be food and fertilisers due to a large oil dependency, thus impacting the world's most extreme poor first and driving further second-order political instability. The prospect of such significant oil prices will only be realised if the conflict escalates. The to-date muted market response provides hope for a diminished impact of a regional conflict; nonetheless, any escalation or miscalculation could lead to significant global economic ramifications.

*Selected Commodity Price Changes
Since the Onset of the Conflict*



Source: World Bank, October 23 compared to October 6.
Retrieved from: (<https://openknowledge.worldbank.org/server/api/core/bitstreams/d458fdal-20b0-4d57-b651-351f8612f559/content>)

Travel Risks



Following rising geopolitical tensions, and the heightening of global terrorist threat levels, the issuing of a worldwide US State Department travel advisory is not surprising, as the events in Israel have upended the global risk landscape, posing heightened concerns for travel and personal safety.

Across Europe, we have witnessed the increasing targeting of critical travel infrastructure by protests and terror actors in relation to the Israeli conflict, leading to heightened travel risks and delays. Such events have included the violent anti-Israeli riots at Dagestan airport in Russia, which led to 60 arrests. The hoax bomb threats across French airports, including Lyon, Lille, Nice, Toulouse, and 18 regional airports, resulted in over 130 flight cancellations and the closure of Manchester Piccadilly train station due to the presence of a significant number of pro-Palestinian protestors. Such tactics have been previously operated by climate activists and critical transport infrastructure, and remain a high-value disruptive location for protests, both peaceful and violent. The frequency of such incidents at major transport hubs has increased in the aftermath of the conflict and could be considered a key new modus operandi for large demonstrations, raising the risks of travel.

As the conflict persists, we are likely to see further demonstrations and, more worryingly, lone wolf terror offenders. The fatal stabbing in France on October 13th was followed by the arrest of a

planned terrorist actor in Germany. The rise of lone wolf offenders provides a complex security challenge for governments to manage, and the risks of such attacks are likely to remain elevated worldwide. Simultaneously, the conflict will drive terrorist organisations to attempt larger operations and atrocities against perceived enemies. While such coordinated attacks may be attempted in the United States or Europe, the difficulty of executing such an attack makes foreign nationals an easier target. Israeli, US, or perceived Israeli-aligned citizens and assets worldwide could face an elevated threat from terrorist organisations. Travellers therefore are in a heightened risk environment, especially when traveling to locations with less established security protocols and well-established terror networks. In this regard, travel across MENA countries at this time faces an additional heightened risk environment.

A final travel concern comes from the rise in antisemitic violence globally. In the aftermath of the conflict, Jewish citizens globally have reported increased violence and hate crimes across the world. In the US, the personal safety risks were highlighted by the death of a Jewish man on the 5th of November from blunt force trauma in altercations between pro-Palestinian and pro-Israeli supporters. The fatality has come amidst record rises in antisemitic hate speech. In France, there were more antisemitic attacks in the three weeks following the conflict's outbreak than in the entire preceding year. While in the UK, a minority of pro-Palestinian protestors were arrested for displaying terrorist-supporting flags and imagery while shouting "death to Jews." The horrific rise in antisemitism is matched by concerns of growing Islamophobia, and therefore, the personal safety of minority communities, especially when traveling at this time, is of elevated concern.

Travel Guidance

Travel Guidance for Travellers in a High-Risk Environment

Given the current heightened global travel risks stemming from the Israeli conflict, it is crucial for travellers to exercise caution and prioritise personal safety. The following provides some generic travel guidance for assurance at this time.

1. Stay Informed:

- Before you travel, research the latest information and travel advisories, understanding the need for additional security requirements or personalised risk assessments.
- While travelling, monitor the news for updates on geopolitical tensions, security incidents, and developments related to the Israeli conflict.

2. Choose Your Destination Wisely:

- Consider whether it is essential to travel to regions with heightened risk levels. If possible, choose alternative destinations with lower risks.
- Avoid travel to areas where there is limited or unreliable security infrastructure.

3. Expect Delays:

- Be aware of additional security protocols in place at airports, train stations, and other transport hubs. Prepare for potential delays and heightened security measures.
- Cooperate with security personnel and authorities during checks and inspections.
- Exercise extra caution when at major transport hubs. These locations are increasingly targeted for protests and potential security threats.

4. Stay Vigilant:

- If you witness any suspicious activity report it to the authorities immediately.
- Maintain situational awareness and be alert to your surroundings. Avoid engaging in political discussions or activities that could provoke conflicts.
- Trust your instincts. If something doesn't feel right, leave the area and seek assistance if necessary.

5. Personal Safety:

- Keep a low profile and avoid displaying any affiliations or symbols that could make you a target.
- Share your travel itinerary with a trusted person and stay connected throughout your travels
- Avoid crowded places and gatherings, particularly if there is no visible security presence.

6. Travel Insurance:

- Consider purchasing comprehensive travel insurance that covers potential risks, including medical emergencies and political evacuations
- Ensure you have access to emergency assistance lines and consular advice throughout your travels.

Remember that your safety is paramount. If you are unsure about the risks associated with your travel destination, consult with a security expert for personalised guidance. Always prioritise your well-being and make informed decisions to ensure a safe and enjoyable journey.



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