



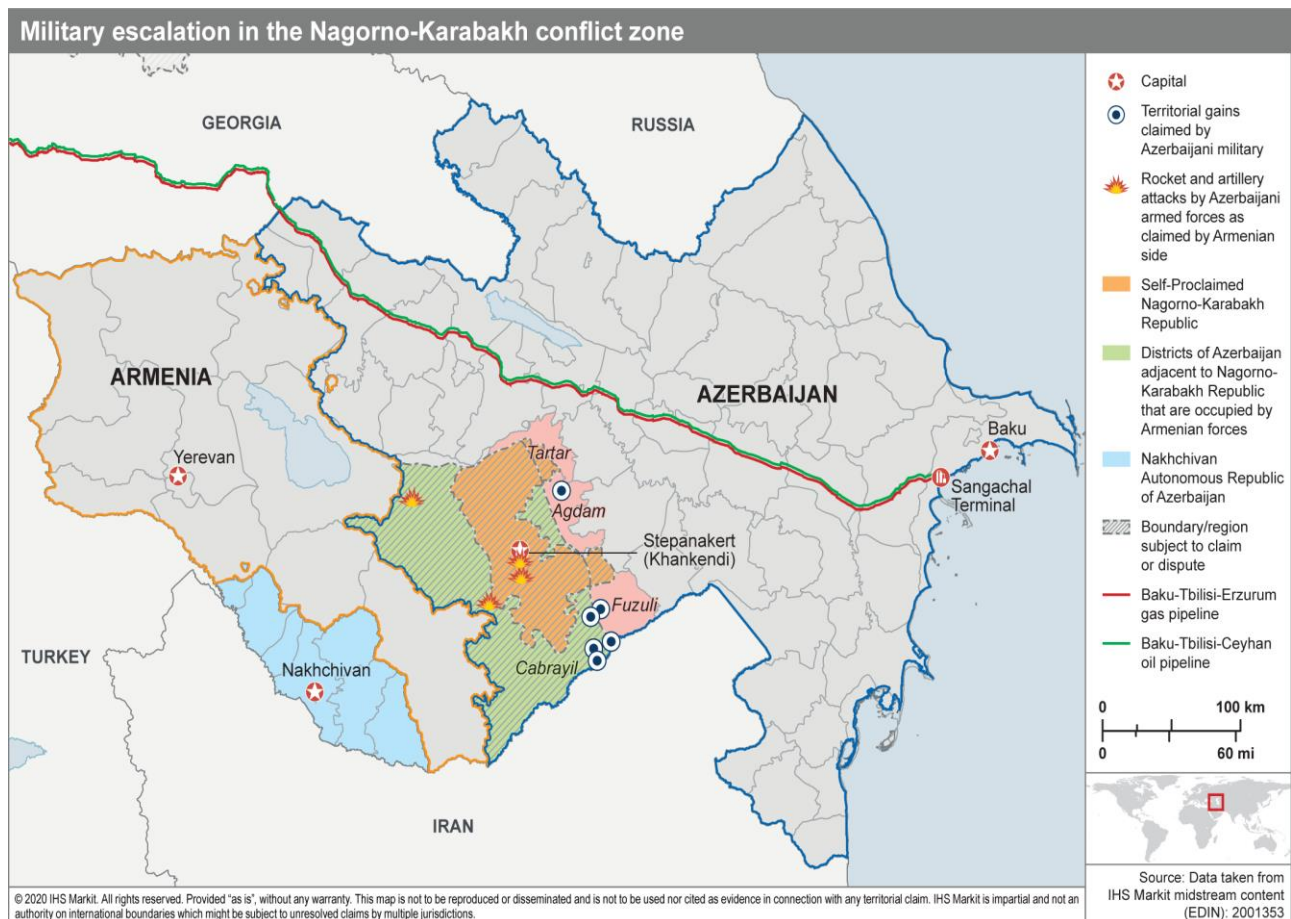
Analysis selection for JCC

September 2020

Armenia-Azerbaijan military escalation

1 Oct 2020 - Country Risk | Strategic Report

Early in the morning (local time) on 27 September, fighting broke out along the Line of Contact (LoC) separating Azerbaijan proper from the Armenian-controlled breakaway region of Nagorno-Karabakh and the seven adjacent districts of Azerbaijan, which are occupied by the Armenian forces.



- **The scale of hostilities is larger than during the skirmishes at the Armenia-Azerbaijan border in July and the controlled escalation in the Nagorno-Karabakh conflict zone in April 2016.** The use of artillery, mortars, tanks and UAVs has been documented by both sides. Notably, the Armenian Defence Ministry

claims that the Azeri armed forces employed Soviet-era Smerch, Turkish Kasirga and Belarusian Polonez multiple rocket launch systems, which indicate a significant escalation and the indiscriminatory nature of the assault. On 30 September, the Armenian authorities stated that on 29 September, a Turkish F-16 fighter jet allegedly shot down an Armenian Su-25 aircraft in the Armenian airspace above Gegharkunik province. This information was accompanied by the release of the photo evidence showing the wreckage of the plane and the identity of the pilot, Armenian Air Force Major Valeriy Danilin. If true, this would represent a significant further escalation, indicating spillover of combat into Armenia proper. However, both Azerbaijan and Turkey denied these allegations while, as of 1 October 2020, the Armenian side has yet to produce more evidence, including fragments of air-to-air missile (AIM-120 AMRAAM) that purportedly downed the Armenian aircraft.

- **In response to the hostilities, on 27 September, Armenia declared the nationwide mobilisation of all men (up to the age of 55).** On the same day, Azerbaijan introduced a military state of emergency in most parts of the country, with a curfew in most major cities, including Baku, Yevlakh, Sumgait, Ganja, and others. On 28 September, President Ilham Aliyev announced partial mobilisation of men. That Azerbaijan had not done this during the controlled escalation in April 2016 or earlier this year indicates preparation for the likelihood of a relatively higher level of hostilities. IHS Markit is not in a position to determine which side commenced hostilities but Azerbaijan is dissatisfied with the status quo related to Nagorno-Karabakh, and therefore it would have more incentive to do so.
- **Most of the combat is so far concentrated in the Terter, Agdam, Jabrayil, and Fizuli districts.** Hostilities remain limited to the Nagorno-Karabakh conflict zone and have not spilled over into other locations. This is in contrast with the skirmishes at the Armenia-Azerbaijan border in July, which were at least 200 km away from the conflict zone. On 1 October, a spokesperson for the Armenian Defence Ministry stated that the situation at the frontline had remained relatively stable in the past 24 hours with no breakthrough by either side.
- **The Turkish government has been unusually vocal in its support for Azerbaijan.** The Ministry of Foreign Affairs issued a press release on 27 September stating that Turkey will stand by Azerbaijan “whichever way it prefers,” and accusing Armenia of attacking Azerbaijan. On 29 September, Turkish Minister of Foreign Affairs Mevlüt Çavuşoğlu visited Azerbaijan’s Embassy in Ankara, after which he declared that Turkey was ready to assist Azerbaijan both at the negotiations table and on the battlefield. The use of Turkish-supplied Bayraktar UAVs by the Azeri armed forces has been widely documented during the ongoing military escalation.
- **The level of reported casualties, as stated by each side in reference to the other, is likely exaggerated.** Azerbaijan’s Ministry of Defence has claimed that hundreds of Armenian soldiers have been killed in combat, but media reports of dozens are more likely to be accurate. As of 30 September, the Azeri military had provided no information regarding Azeri losses. The Armenian Defence Ministry and the separatist Defence Ministry of Nagorno-Karabakh stated that the Armenian side sustained 104 deaths and more than 200 wounded.
- **Based on open source reporting, the Azeri armed forces have gained control of at least six villages.** They are Qərvənd, Qaraxanbəyli, Yuxarı Əbdürrəhmanlı and Horadiz in Fizuli district, and Nüzgar and Böyük Mərcanlı in Jabrayil district. More than 50 villages, towns and settlements in the Nagorno-Karabakh enclave sustained artillery and rocket attacks from the Azeri side, according to the separatist ombudsman Artak Beglaryan. These include the capital Stepanakert (Azeri toponymic designation: Khankendi), as well as Shusha, Martakert (Agder) and Karvachar (Kelbajar). This resulted in two civilians dead and 30 wounded, according to Beglaryan. On 28 September, Azerbaijan’s General Prosecutor’s Office issued a press release stating that a family of five was killed due to an artillery attack from the Armenian side in the village of Gashalti in Naftalan district.

- **Azerbaijan is not satisfied with the status quo with regard to the Nagorno-Karabakh region and the continued occupation of seven adjacent districts of Azerbaijan by the Armenian forces.** The controlled escalation in 2016 demonstrated that Azerbaijan was prepared to change it by military means. The current escalation is another demonstration, intended to increase pressure on Armenia and the three main mediators in the moribund OSCE-mediated talks – the co-chairs of the Minsk Group, France, Russia, and United States. On 1 October, the French, Russian and American Presidents issued a joint press release, calling on both sides to immediately cease fighting and start negotiations without any preconditions.
- **In the event that combat spills over outside the Nagorno-Karabakh conflict zone, this will increase the likelihood of an all-out interstate war between Armenia and Azerbaijan.** Under such a scenario, both sides would be likely to employ their ballistic missile arsenals to target each other's critical infrastructure, including critical energy infrastructure in Azerbaijan. It will also raise the likelihood of Russian military involvement as codified in the bilateral defence and security co-operation treaties. Furthermore, Armenia is a member of the Collective Security Treaty Organisation (CSTO) and an attack on Armenia proper could technically trigger a response from this political-military alliance. However, during the skirmishes at the Armenia-Azerbaijan border in July, CSTO was noticeably silent. On 29 September, the Armenian authorities reported that the Azeri armed forces carried out an attack against an Armenian military position in the village of Vardenis in Gegharkunik province, which is outside the conflict zone.
- **Given these latest developments, IHS Markit has revised its previous forecast.** The main caveats still apply – combat is likely to be circumscribed by the Nagorno-Karabakh conflict zone with no spillover into either Azerbaijan or Armenia proper. With winter approaching it is very unlikely that President Aliyev will opt for an all-out assault with the purpose of regaining control over the entire enclave by force, as this would be protracted and costly. Instead, the probable objective is to achieve limited territorial gains, which will be trumpeted as a major military victory in the Azeri state-controlled media, increasing public support for President Aliyev at a time of socio-economic distress due to the adverse impact on Azerbaijan's hydrocarbon-dependent economy of the low oil price environment and the pandemic caused by the coronavirus disease 2019 (COVID-19) virus.

Indicators of changing risk environment

Increasing risk

- Dispatch of more troops to the frontline, including those formed from the recently mobilised reserve officers would indicate that Azeri side is preparing for sustained combat that could stretch for weeks.
- Use of military aircraft, including fighter jets and bombers, would indicate further escalation of combat along with more frequent use of multiple rocket launch systems, which tend to be less accurate and produce significant collateral damage to the civilian population.
- An increased number of cargo flights from Turkey to Azerbaijan and from Russia to Armenia would indicate a likely transfer of military equipment for sustained combat.

Decreasing risk

- Russia intensifies shuttle diplomacy to compel the warring sides to negotiations to work out another ceasefire agreement.
- Russian troops deployed in Armenia commence joint manoeuvres with Armenian forces in close proximity to the combat areas in the Nagorno-Karabakh conflict zone.
- Russia increases its military presence in Armenia by sending additional troops and equipment to the military base in Gyumri to signal its security and defence commitments to Armenia.
- The CSTO convenes an emergency meeting to discuss the situation in the Nagorno-Karabakh conflict zone.

Unrest in Belarus

25 Sep 2020 - Country Risk | Strategic Report

In cities across Belarus, mass protests began after the opposition rejected the allegedly rigged results of the presidential election on 9 August. According to the Central Election Commission's declared result on 14 August, President Alexander Lukashenka, in power since 1994, received 80.1% of the vote, while the alternative candidate, Sviatlana Tsikhanouskaya, received 10.1%. The European Union, United States, United Kingdom, and Canada refused to accept the election results, alleging multiple voting irregularities before and during the vote. The EU said it was planning to introduce personal sanctions against specific individuals in the Belarusian government. Despite the ongoing protests, Lukashenka was reinaugurated during an unannounced clandestine ceremony on 23 September.

- **A sharp increase in protest mobilisation, including labour strikes at major state-owned industrial companies, threaten Lukashenka's hold on power.** Security forces used unprecedented force, including one incident of live rounds fire, to disperse and detain protesters during initial demonstrations from 9–11 August, which attracted around 20,000 in Minsk and 1,000–5,000 in regional cities. The effect, however, has been to sharply increase the scale and extent of protests. On 16 August, approximately 220,000 people joined a protest in Minsk, the largest ever in Belarusian history, to demand Lukashenka's resignation. Rallies in regional cities attracted 10–30,000 people. Similarly, large anti-Lukashenka rallies took place on consequent Sundays. Additionally, labour strikes, which started at individual factories on 11 August, have spread geographically and affected more sectors. Workers at major industrial state-owned manufacturing companies went on strike, indicating that Lukashenka is losing support among the working classes, previously his core constituency.
- **Western governments plan to impose targeted sanctions against individuals in Lukashenka's administration, effectively delegitimising his government and exerting financial pressure.** EU foreign ministers on 14 August refused to recognise the Belarusian presidential election results. They also announced plans to introduce targeted sanctions against individuals in his administration who are deemed to have been responsible for alleged election rigging and police violence against protesters. Non-recognition of the election results was also announced by the UK, Canada, US, and, on 15 September, by Ukraine. They, and other Western governments, most notably the US, are likely to follow suit with targeted sanctions lists aimed at putting pressure on Lukashenka's administration to establish dialogue with the opposition and discuss the possibility of holding fresh elections. Lithuania, Latvia, and Estonia have already introduced individual sanctions against the Belarusian leadership, while EU-wide sanctions are still pending. The threat of sanctions is likely to have an immediate negative economic impact on Belarus, with bondholders already avoiding Belarusian debt.
- **IHS Markit assesses that the Russian government is likely to play the role of king-maker and by mid-September it had opted to support Lukashenka's continued rule.** On 14 September, Lukashenka and Russian President Vladimir Putin held a meeting in Sochi, Russia. Most of the meeting took place behind closed doors, but during a short discussion in front of TV cameras, Putin said that Russia would guarantee the provision of USD1.5 billion in loans to Belarus, and announced plans to hold joint bilateral military exercises in Belarus and Russia on a monthly basis over the next year. Putin also said that he was in support of Lukashenka's proposal earlier in September to introduce new constitutional amendments aimed at increasing the powers of parliament and local authorities. Following the Sochi meeting, the Kremlin's spokesperson said that Russia viewed Lukashenka as a legitimate Belarusian president. The Russian government's public support for Lukashenka makes it very likely that the current Belarusian administration will continue into at least early 2021, when constitutional changes are likely to be announced. The Russian loan will also help Lukashenka's administration to address immediate financial concerns, including refinancing USD1 billion in debt due before the end of 2020, and payment of USD300 million in outstanding debt for Russian gas supply. The announced holding of bilateral exercises will establish a routine Russian military presence in Belarus that

could provide cover for Russian military intervention in support of Lukashenka, should Russia decide on this option. If constitutional amendments are approved and implemented in 2021, the likelihood of an early parliamentary and/or presidential election will become elevated. However, Lukashenka's likely calculation is that in the meantime the current levels of protest will slowly subside, removing the immediate threat to his continued rule.

Indicators of changing risk environment

The three selected scenarios below represent different outcomes for the present crisis in the six-month outlook.

Scenario 1. Continued large-scale protests and labour strikes lead to Lukashenka's departure and a peaceful transfer of power to transitional opposition government. Probability: 30%.

Security forces cannot contain the scale and spread of non-violent protests and strike action and personnel start to defect to the opposition. Lukashenka loses the backing of the ruling elite and his personality-based government means that there is no one from within the administration capable of replacing him. Members of the elite start to leave Belarus while they can. Lukashenka is persuaded to take advantage of safe passage and the rump of his administration make contact with Sviatlana Tsikhanouskaya, who returns to Minsk from exile in Lithuania to form a transitional government, which will consist of opposition figures. Russia makes no attempt to intervene in support of Lukashenka.

Indicators pointing to increased likelihood of Scenario 1

- Labour strikes at state-owned companies, especially in manufacturing and transport sectors, paralyse the economy, leading to resignations in the government, senior management of SOEs, and of high-ranking police and military officers.
- Strikes in the media, especially in state-owned TV, increase the impact of the strikes and prevent the government from communicating its anti-protest narrative.
- Public calls by government officials and prominent figures, including in business, culture and sports, for Lukashenka to resign.
- Russian media begins to support the Belarusian protests and oppositions, indicating Kremlin's preference for Lukashenka's peaceful departure.

Scenario 2. The scale of violent unrest leads to the takeover of government buildings and the administration's collapse; the opposition forms a transitional government. Probability: 10%.

Protests turn violent in response to security forces' use of lethal force; government buildings and detention centres are occupied by protesters who form self-defence militia groups, and the security forces fragment and become non-effective through defections. Russia makes no attempt to intervene in support of Lukashenka. Lukashenka flees, his administration collapses and the opposition takes control.

Indicators pointing to increased likelihood of Scenario 2

- Significant numbers of defections by police, military and security personnel to join the ranks of protesters, and formation of self-defence militia groups, make Lukashenka's forced removal more likely.
- Repeated use of lethal force by the police against peaceful protests and the protesters turn to violence, including the use of firearms and Molotov cocktails.
- Protesters' targeting and occupation of key government buildings, police stations and military bases erode the administration's resistance and cause increasing numbers of its supporters to abandon Lukashenka.

Scenario 3. Lukashenka clings on to power, supported by united and effective security forces, continued loyalty of the elite, and Russian backing. Probability: 60%.

The security forces successfully contain protests, keeping them away from key government buildings and the opposition fragments. Over time protests dissipate in size and impact. Labour strikes end as striking workers lose paychecks or are dismissed. Russia indicates its readiness to intervene to maintain public order, if so requested. Russia's overt backing gives the present administration the confidence to weather the storm.

Indicators pointing to increased likelihood of Scenario 3

- Protest numbers decrease and protests do not affect the operation of the state; strikers return to work as they are threatened with non-payment of wages or dismissals.
- Arrests of the members of the opposition Co-ordination Council, making the body ineffective and pushing more of the opposition into hiding or abroad.
- The morale and unity of the security forces is maintained following their successful policing of protests without resort to further use of lethal force.
- Russian public statements, diplomatic engagement and authorised 'leaks' indicate President Putin's commitment to meet its CTSO obligations if so requested by Lukashenka.

Erbil Airport attack indicates Iran's allies' willingness to escalate against US in Iraq; further attacks likely

1 Oct 2020 - Country Risk | Headline Analysis

On the evening of 30 September, 6 Grad-type rockets were fired in the direction of Erbil airport in the autonomous Kurdistan Region of Iraq, two of which did not explode. None of the rockets landed in the airport, which houses a US base in addition to the US forces and personnel that have redeployed from other bases in Iraq. The rockets reportedly landed about 5 km north of the airport in agricultural land. A US military official at Erbil airport confirmed that there was no damage to the airport and the C-RAM system had not been activated. The rocket launcher was found near the Mosul-Erbil highway in neighbouring Ninevah province. Although there was no claim of responsibility for the attack, the rocket strike is likely to have been carried out by pro-Iran factions of the Popular Mobilisation Units (PMUs), including Kata'ib Hizbullah, which have continued to praise on-going rocket attacks against US forces in Iraq and have an operational presence near the airport in Ninevah.

Significance: The rocket strike was intended as a warning that US interests would not be safe anywhere in Iraq, including in the comparatively secure Kurdistan Region, as long as the United States has not committed to a full withdrawal of its forces in the immediate future. This reflects a pattern of behaviour whereby rockets are fired in the vicinity of Baghdad International Airport and the International Zone housing the US embassy, as well as IED attacks targeting Iraqi convoys transporting logistic equipment for US forces without causing significant human casualties. Iran wants to pressure the US, but likely does not wish to take action that would force a US retaliation that leads to war, given the extent of damage the US can do. The attack also demonstrates that these factions are intent on escalating a confrontation with the US to push for a US withdrawal including the closure of the US embassy, regardless of the threat of sanctions on Iraq. The US will likely view Iran as directing such attacks, heightening risks of a retaliation. In line with threats made by Secretary of State Pompeo on 21 September, the US is increasingly likely to respond by targeting the bases and leaders of a number of groups perceived as being close to Iran in air strikes and through financial sanctions on PMU leaders or politicians seen as close to them. This will lead to further rocket strikes on US interests, likely targeting the remaining US presence in Iraq in the International Zone, Ain al-Assad airbase, and Erbil Airport. The closure of the embassy in Baghdad, which was also threatened by Pompeo if further

attacks were to occur, would heighten the risk of other diplomatic missions leaving. Fewer US and western diplomatic and military targets in Baghdad in turn increases the likelihood of further rocket attacks targeting Erbil airport, with potential intent to cause damage to the military base, rather than the civilian part of the airport, whilst also leaving US companies operating in Basra and throughout the South increasingly exposed to rocket attacks and kidnap.

Risks: War; Terrorism; Government instability

Sectors or assets affected: Aviation; Government and security forces; Energy

RISK NOTE: Anti-government protests in Egypt expected to last several weeks, minor disruption and property damage likely

29 Sep 2020 - Country Risk | Headline Analysis

Protests took place on 26 September, named a “Friday of rage” on social media, involving hundreds of people across at least 17 Egyptian governorates and smaller cities. The protests had been ongoing for at least six days and were largely in protest at perceived corruption by President Abdel Fattah el-Sisi and the Egyptian government.

- Protests and demonstrations are unlikely to expand to the centres of major cities or increase in participant numbers. At the time of writing, protests had been recorded in multiple cities and towns across Egypt, including poorer suburbs of Cairo, Damietta, Suez, and Luxor. Although the protests were partially motivated by the anniversary of anti-corruption protests that took place in September 2019, they also incorporated ongoing demonstrations against the government destruction of allegedly illegal informal housing across Egypt that has taken place since March 2020. Approximately 36,000 illegal or unlicensed structures have been destroyed by the government in that time. The latest protests have involved far fewer participants when compared with the 2019 anti-Sisi demonstrations and the attempts at driving up national participation with online movements has been largely unsuccessful. A significant deployment of additional security forces to disperse the protests using lethal force, in which dozens of protesters were killed, would be likely to mobilise greater numbers of protesters, as would the currently less likely scenario that a second wave of COVID-19 cases overwhelm the Egyptian public healthcare system. The protests have been largely criticised by Egyptian politicians, media, and Sisi himself, but before the 26 September protest, the government announced that it would extend the existing deadline for reconciliation payments for informal housing until the end of October 2020.
- There is a moderate risk of protest violence against security forces and collateral damage to buildings in remoter governorates. The large-scale deployment of security forces to main cities will likely prevent violent demonstrations from gathering significant support on the streets of Egypt’s major centres such as Cairo and Alexandria. Police deployments in the downtown areas of Cairo will likely result in minor disruption to traffic for several weeks. Where protests do occur in the more remote governorates and rural areas, participants are more likely to throw stones or incendiary devices at security forces and are likely to be met with riot control charges, live fire, and tear gas. Although the overall numbers of those arrested in the past weeks has been far below the 2019 protests, at around 400 rather than 4000, any attendance at protests carries a high risk of arrest or detention.

Increasing risks to aviation and energy assets in Yemen's Ma'rib as Houthi militants intensify their offensive

17 Sep 2020 - Country Risk | Headline Analysis

On 15 September, United Nations (UN) envoy for Yemen, Martin Griffith, stated that the Houthis' recent advances into Ma'rib were undermining any prospect to restart the diplomatic track to end the conflict. His comments followed the seizure by the Houthis of Jabal Murad and Harib districts on 14 September, as part of a larger offensive aimed at capturing Ma'rib City from three directions. Since early September, the Houthis have been leading major attacks from Hazm in Jawf to the north of Ma'rib, from the southern districts between Ma'rib and the province of Bayda, and from Sirwah area east of Ma'rib. Ma'rib is the last major city in the north that is controlled by the legitimate Yemeni government and the city is home to the bulk of the country's energy assets. The Houthis' successful advances into Ma'rib were likely facilitated by the lack of cohesion and effective leadership amongst forces opposing the militia, and by a no-aggression deal that they had succeeded in signing on 5 September with four major local tribes, which have so far supported the Saudi-led coalition.

Significance: These advances will now enable the Houthis to push deeper into the energy-rich Ma'rib province, restrict the ability of Saudi-backed forces to attack Houthi positions in central and northern Yemen, and hamper any potential government plan to try to recapture the capital Sanaa. Given Ma'rib's flat terrain and the Saudi intent to prevent the Houthis from controlling oil and strategic assets there, the Ma'rib airport and energy infrastructure in the province are expected to face a severe risk of damage. This would be likely to come from heavy fighting in their proximity, and from Houthi use of ballistic missiles and weaponised drones in their offensive operations. Moreover, large-scale fighting in Ma'rib would significantly exacerbate the already severe humanitarian crisis, as the province hosts over 750,000 people displaced by the conflict; humanitarian access is likely to be almost entirely blocked, as major highways into the governorate will be cut off. An indicator of reduced risk would be the warring sides accepting calls by the UN for an immediate ceasefire to protect civilians from the COVID-19 pandemic.

Risks: Civil war

Sectors or assets affected: Oil and Gas; Aviation; Cargo

Prolonged rail blockades in Mexico's Chihuahua state show increasing supply-chain risks for export and manufacturing firms

1 Oct 2020 - Country Risk | Headline Analysis

The Nuevo León Industrial Chamber (Cámara de la Industria de Transformación: CAINTRA) estimated yesterday (30 September) that rail blockades by agricultural workers in Meoqui, Chihuahua state, have caused losses of USD700 million since they began on 26 August. The blockades are part of protests over a water supply agreement with the United States, which is opposed by local agricultural workers and local government officials. The blockades have reportedly prevented more than 14,000 freight train wagons from continuing their route north to date and have caused stoppages in at least four factories in Ciudad Juárez due to lack of supplies, according to manufacturing association Index Juárez. Disruption has been severe because of the importance of this rail route both for transporting inputs to manufacturing hubs near the US border in Chihuahua and for exports to the US, including automotive parts, chemicals, construction materials, and agricultural products.

Significance: Mexican President Andrés Manuel López Obrador has ruled out any revision of the US water supply treaty and has criticised the protests, saying they are being organised by his political opponents.

Therefore, it appears unlikely that the federal government will concede to demands to amend the treaty. Eventual intervention by security forces is likely to disperse the blockades within one to two weeks, but the risk remains high of them resuming on both railways and highways over the next 12 months while local concerns over water scarcity remain unresolved. Improved communication and dialogue between the federal government and Chihuahua's opposition-led state government would help the two develop a more coordinated response to de-escalate the protests. Risks of rail and road blockades are rising across Mexico more broadly as a result of increasing economic and labour grievances in the context of economic recession. The Mexican Association of Rail Workers has reported that there have already been more than 100 days of rail blockades during 2020, more than double the number reported in 2019. As well as Chihuahua, rail blockade risks are highest in Michoacán and Sonora because of ongoing grievances among teacher and indigenous groups, respectively. In Michoacán in particular, teacher union CNTE is highly active and has blocked railways on repeated occasions in the last 18 months, particularly around Uruapan, disrupting cargo to and from Lázaro Cárdenas port.

Risks: Protests and riots

Sectors or assets affected: Ground cargo; Manufacturing; Agriculture; Exports; Automotive; Construction

Argentina's strikes risk increases, likely to disrupt cargo, transport, and key sectors, but major property damage unlikely

15 Sep 2020 - Country Risk | Headline Analysis

On 13 September, thousands marched in Argentina's capital, Buenos Aires, to protest against the government of Alberto Fernández. This follows a strike by the Buenos Aires province police on 7–11 September over pay rises, which resulted in roadblocks and marches. A strike at Buenos Aires port on 6 September caused export delays and ended in confrontations between different groups of workers, some of whom used firearms, although no casualties were reported. Annual salary negotiations ("paritarias"), which normally take place in the first months of the year, have been delayed in 2020 due to the COVID-19 pandemic. So far, few unions have reached agreements, including the truckers', mining, and banking unions.

Significance: The risk of protest and strikes will increase in the three-month outlook, as unions across the board are demanding pay rises and re-opening the "paritarias", including teachers, public-sector workers, and retail, which is the largest union with 1.1 million members. The sectors most affected by the COVID-19 pandemic, such as tourism, gastronomy, hospitality, and construction, are unlikely to complete salary negotiations this year. Strikes are expected to include marches and stoppages but are unlikely to escalate into violence. The influential truckers' union, which has the capacity to mobilise thousands, is likely to call for strikes in support of other unions. This is likely to cause major disruption for 24–36 hours, particularly in Buenos Aires, paralysing transport, government services, and cargo, and causing delays at ports. Strikes by the oil and gas union, which are currently in negotiations, have the potential to disrupt fuel supply. Salary negotiations being delayed beyond September would indicate an increasing likelihood of concerted action between different unions, raising disruption risks. If this is the case, more militant left-wing social organisations are likely to join protests, increasing the risk of confrontations with the police, with demonstrators using sticks, stones, and Molotov cocktails and the police using tear gas and water cannons. In that case, there is a risk of collateral property damage at hotspots, mainly in Buenos Aires' city centre, at 9 de Julio Avenue, Plaza de Mayo, Casa Rosada, Plaza del Congreso and the Congress building.

Risks: Labour strikes; Protests

Sectors or assets affected: All; especially Cargo; Transport; Energy; Government services; Retail

First post-lockdown Yellow Vest protest indicates French movement struggling to regain momentum; property damage risk remains high

14 Sep 2020 - Country Risk | Headline Analysis

According to the French Interior Ministry, the police detained 300 people on 12 September after around 2,500 Yellow Vest demonstrators protested in Paris and a further 6,000 across France. The police deployed tear gas during violent confrontations with demonstrators, who engaged in several arson attacks on vehicles, bus stops, and rubbish bins. Yellow Vest protesters answered the movement's spokesperson Jérôme Rodrigues' call to organise nationwide rallies on 12 September as an effort to revive the movement after its weekly anti-government protests were halted in mid-March owing to the national lockdown introduced to contain the coronavirus disease 2019 (COVID-19) virus outbreak.

Significance: The Paris Police Prefecture's decision to ban most of the planned Yellow Vest rallies in Paris on 12 September, along with a significant deployment of riot police officers, prevented activists from reaching their objective of gathering on the central Avenue des Champs-Élysées. Police preparedness to respond with effective cordons and tight crowd kettling indicates the security forces' priority to prevent a repeat of the December 2018 violent incidents, which had led to extensive property damage on Champs-Élysées and caused around USD225 million in damages nationwide as of March 2019 according to government data. While police cordons reduce the likelihood of property damage and looting to high-end retailers in central areas of Paris such as Champs-Élysées, they are likely to lead to business interruptions lasting for several hours on protest days, particularly on Saturdays. The number of participants in the 12 September protests was overall low compared with the rallies staged between November 2018 and March 2019, which had attracted hundreds of thousands of people nationwide, and is in line with the participation levels registered in early 2020. This indicates that the movement is struggling to regain momentum and is unlikely to return to higher participation numbers in the three-month outlook. Nevertheless, the risk of violent confrontations between demonstrators and the police will very likely remain high during Yellow Vest rallies because of the continued involvement of protesters using 'black bloc' tactics aimed at causing damage to public and private assets, as well as directly targeting security forces with projectiles. The presence of a high number of Yellow Vest demonstrators during the general strike on 17 September would be an indicator of the movement's attempt to increase co-operation with other pressure groups to push their economic revendications.

Risks: Protests and riots; Death and injury; Road cargo

Sectors or assets affected: All, particularly defence and security forces, hospitality, retail and trade

Cargo flows in southeastern England at risk of disruption through protests and UK's post-Brexit border management

9 Sep 2020 - Country Risk | Headline Analysis

Around 400 anti-immigration protesters on 5 September blocked the A20 motorway in southeastern England for several hours and interrupted operations in the Port of Dover. The gathering was a response to a recent increase in illegal Channel crossings, which peaked on 2 September, with 409 people reaching the United Kingdom in a single day. To date, UK authorities registered at least 5,025 illegal immigrants throughout 2020 arriving near Dover with small boats. Meanwhile, UK media published the latest in a string of leaked government documents relating to border management. In the memo, a government official states that it would be "unmanageable" to fully install a new IT system in preparation for seamless cross-border trade with the European Union before the current post-Brexit transition period ends on 31 December.

Significance: Cargo flows through the Port of Dover and the wider region of southeast England are at risk of experiencing further disruptions in the coming weeks through protests and, further ahead, Brexit-related border delays from January 2021. It is likely that right-wing groups and otherwise affiliated activists will continue to stage mainly peaceful protests in Dover, which is likely to remain a key symbolic target for anti-immigration and Brexit-related activism. However, the probability of major protests will reduce from around October as precedent shows that people are usually less likely to gather in the UK during the winter months (December-February) and illegal crossings are likely to fall, and will rise again from the second quarter of 2021. Separately, there is also a heightened risk of supply-chain disruption in the event that the UK and the EU fail to implement a fully fledged trade deal by the end of 2020. The most disruptive scenario would then be one in which the UK imposes checks on goods but is unprepared to deal with the new customs regulations. The UK could also unilaterally forgo checks, which would be less disruptive. However, goods would probably still be checked on the EU side and there is a risk of legal challenges in the context of the World Trade Organization's (WTO)'s most-favoured nation rule. IHS Markit assesses that the most likely scenario would likely be the least disruptive; the UK and the EU agree on temporary emergency measures to secure continued trade until a longer-term solution is found. These measures would probably require a degree of continued regulatory equivalence.

Risks: Policy instability; Protests and riots

Sectors or assets affected: Cargo; Cross-border supply chains

Farmer and labour protests likely to lead to sporadic violence, including road and rail blockades across Indian states

28 Sep 2020 - Country Risk | Headline Analysis

A group of individuals set a tractor on fire at India Gate in central Delhi on 28 September in protest against three bills passed by the Indian government in the agriculture sector over the past week. This incident is part of ongoing farmers' protests against these bills since 14 September. About 30 farmer organisations called for a nationwide strike on 25 September, which took place in at least 10 states across the country and involved a few hundred thousand protesters engaging in road and rail blockades.

Significance: The nationwide farmer-led protests will likely intensify in participation and scope of action over the next fortnight – especially given growing support from opposition political parties, including the main opposition Indian National Congress party and other regional parties from Delhi, Tamil Nadu, Bihar, and Kerala. Forthcoming protests will continue in cities across these states and will likely invite support from additional regional opposition parties. Road and rail blockades will continue; Indian Railways has announced the suspension of some inter-state trains in anticipation of continued protests in Punjab and Haryana. Besides blockades, thousands of farmers are likely to march across major highways near cities like New Delhi, Mumbai, Bengaluru, Chandigarh, and Amritsar, and to conduct sit-in protests outside state legislature complexes and parliament. The government has also passed three bills affecting the labour sector, which trade unions say significantly weaken job security, social security, and the right to strike action. It is likely that farmer protests during October will merge with those of trade unions opposing the labour bills – with opposition parties continuing to support both. Merged protests will lead to one- to two-day complete shutdowns of public transportation and local businesses in states such as Punjab, Haryana, Karnataka, West Bengal, and Bihar. Police action will involve force if the authorities anticipate property damage, including the use of baton charges and water cannon. India's president gave his assent to the agriculture bills on 27 September. Although a policy rollback is unlikely, if the government indicates willingness to further amend these bills to include farmers' demands – including continued state involvement in setting the prices of crops – this would reduce intent for continued protests.

Risks: Government instability; Protests and riots; Labour strikes

Sectors or assets affected: All