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All illustrations by **Tiago Galo**

When the news is writing a page of history

BY ALAIN SIMON

"The revenge of territories on maps, long arcs of history on short periods, is a bearer of violent conflicts, which accompany affirmations of identity, resurgences all the stronger for having been buried, as a return of the repressed. They destabilize the powers in place that loathe ceding their privileges."

Geopolitical explanations of risks in the new world order

Strange sentiments affect the witnesses and agents in this second decade of the 21st century. The old world seems to them to be unequivocally dead, while the new one is not yet born, with no clear delivery date.

The interaction of these two states is often at the heart of much pessimism but also questions, doubts, uncertainties, concerns and understandable but possibly dangerous nostalgia.

This is by no means the first time that the generations to whom belonged the second half of the 20th century are faced with critical schisms between the past and future.

There was 1989, the fall of the Berlin Wall, the defining symbol of the Cold War.

There was 2001, when, on 9/11, we saw tragically that History was not at an end.

In these two cases, there were certainly remarkable places and images, but nevertheless understandable and interpretable events.

But since 2011, all countries, regions, and continents seem to be in motion simultaneously, without apparent links. This (apparently) senseless motion, almost Brownian in nature, begets anguished bewilderment.

We will suggest here that a geopolitical lens can make a small contribution to fashion comprehension from anxiety.

Let's give geopolitics a chance, with the understanding that geopolitics is the composition of geography and history.

The argument that follows will attempt to demonstrate by just a few examples that it is less the world that is changing so radically than the lenses with which we view it, our geographical and historical perspectives, remain stagnant and anachronistic, making comprehension difficult if not impossible.

Let us use as case studies three places: Libya, Syria, and Iraq. It is now 2016, five years after the start of what we felt able to call the Arab Spring. What season would it remind us of today?

All the readers of this article, as well as the writer, have learned to identify the names of these three countries, to locate them on color-coded maps with names identifying precisely delineated states. There's no doubt, we were dealing with countries or even states. What is the legacy of this?

We see the pieces of a fragmented puzzle superimposed on the names of old ruined countries: in place of exploded Libya there is now Cyrenaica, Tripolitania, and Fezzan.

Meanwhile in Iraq and Syria, Sunni and Shia, Arabs and Kurds (the reality is far more complex than this simplification) have by fire and blood torn apart the countries we had become used to seeing.

But in reality all these entities existed long before our maps were printed, long before we learned to conceive of the world by their neat lines.

Libya, Syria, and Iraq, are in effect voluntary and recent constructs, born out of the desire to overcome old divisions by giving independence to heterogeneous regional agglomerations in the first half of the 20th century.

In the first the desire was Italy's, while with respect to Syria and Iraq it was the Franco-British Sykes-Picot Agreement of 1916 – its centennial being this year – which should be conducive to its co-memorization, meaning the common, popular operational memory.

These realities precede our memory. Long before we were demarcating world maps, complicated identities existed in the places we wished to simplify, sometimes with good reason, by a varnish of homogeneity.

But the old identities have persisted under the thin layer of the will of men. It is as if we wished to hide wall cracks with whitewash.

Everyone agrees that history is written by the victors, we should also add that it is they who draw the maps. But just as the clothes do not make the man, as a beard does not make a philosopher, likewise a map does not create a territory, especially when it tries to agglomerate some and divide others. And identity perseveres, it can be recalled at any time.

ALAIN SIMON

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He previously worked for seven years at COFACE, the French export credit guarantee company.
His field is Geopolitics and Corporate Strategies (Video, in French, on You Tube "Clip Alain Simon Géopolitique").
→ Currently, he takes part in the decision making process of many French and foreign corporates who want to develop their activities on a worldwide basis.
→ He has been Associated Professor at University of Rennes 1 (2003-2011) and is for many years a close partner of Essec Executive Education.
He published several articles and four books: «Geopolitics and corporate strategies» awarded in 1994 the best French financial book; «The map of the new world» published in 1997; "Geopolitics of a melancholy world" published in 2006 and "A time of discredit" that was published in 2008.

And this is what is playing out before our eyes. We have mistaken makeup for skin, constructed appearances for ancient realities. This incredible illusion causes us to confuse maps and territories.

This is my initial hypothesis: we have learned to view the world through the latest maps, while real comprehension requires an appeal to the make-up of the former territories.

Rendered myopic by our acclimation short time spans, we are stupefied by the resurgence of long-term realities. On all sides, the tables turn, tossing off tablecloths and dishes.

Can we find more examples of what could be called territory's revenge on maps?

These could be countless since the process is at work the world over, we can all discover this process around us.

So we see in Africa the reappearance of ancestral rifts between nomads and sedentary peoples, ancient denizens and new arrivals, farmers and stock-breeders, animisto-Christians and animisto-Muslims. And a number of countries recently drawn onto the atlas have already fractured, will they survive?

In Europe as well, the fracture lines, hidden from view by the superficial cosmetics of maps, are reopening: we see in the division of Ukraine, which is itself but a constructed aggregate from 1945, the divisions that emerged during the East-West schism of Christianity in 1054, always alive as testified by the meeting between Popes Francis and Kirill in February 2016. This line also went through Crimea, which only became separated from Russia in 1954. Those who have seen but the edited map, are not aware of these circumstances. And this situation is even more extreme for those who have seen only maps created after 1991, they have learned of the world with no cartographic references to the USSR.

Just as the sign "Wet Paint" signals that it is best to stay away, we should be wary of "recent maps".

There is not enough space here for many more examples. We will contend ourselves with just a few to highlight how troubling and systematic is the current counter-attack of territories on maps.

Greece's Orthodox affiliation appears in its movement away from the European Union and towards Russia. There is no ambiguity here: what is influential here is not primarily religious beliefs or practices, but, above all, a cultural tropism, encompassing believers, unbelievers, and infidels all.

Since the start of 2016 we have seen in Athens a project for the departure of Greece from the Schengen agreement to put it in line with the non-signatory Romania and Bulgaria, recreating the dividing line between the Eastern and Western Roman Empire which dates from the fourth century AD!

As for the independence movements in Scotland and Flanders, notice that these are territories that were not incorporated into the Roman Empire, regions whose people were regarded as barbarian. It appears that the past does not pass.

Let us stop the examples there. Do not doubt that each can find in his own geographic environment illustrations of such processes.

In the Chinese world, unity does not eliminate the Beijing/Shanghai divisions, nor the peculiarities of identity among the Han and other populations. In Vietnam there is the presence and resurgence of specificities between Tonkin, Annam, and Cochinchina.

There are many much more qualified than me who can demonstrate how diverse India persists as just one country.

In the United States itself, are we certain that the divisions of the Civil War are forgotten? A recent quarrel over flags gives reason to doubt this assumption.

Of course, we gladly admit that there may be counterexamples, we are not proposing an absolute theory but a lens to use as a key, with which we do not aim to open all doors.

However, through these examples, several lessons can be offered to readers to inform their viewpoints and reflections on the risks of the world. We offer two:

• The revenge of territories on maps, long arcs of history on short periods, is a bearer of violent conflicts, which accompany affirmations of identity, resurgences all the stronger for having been buried, as a return of the repressed. They destabilize the powers in place that loathe ceding their privileges. Even though they are cyclical, decades serve as brackets on history. It is necessary to explain: in all cases, the aggrandizement of tensions leads to an increase in risk and necessitates investigating a broader scope.

• A second lesson: the proposed hypothesis shows how dangerous it is to confuse short and long time - the duration of our lives, the length of our memory, and the span of history. It is perilous to consider a volcano extinct just because it has long seemed dormant. This is the same error that leads some to renounce vaccinations, having never experienced an epidemic. A specialist in risk management must then have a memory which extends far beyond his or her birth.

Beware, beware of amnesiacs! •

Managing and mitigating the evolving threat of terrorism

BY DANIEL O'CONNELL

DANIEL O'CONNELL

→ Daniel O'Connell is Class Underwriter for War, Terrorism & Political Violence at XL Catlin.
→ He joined legacy XL in 2013, leading the Political Violence team at Lloyd's.
→ He has over 10 years' experience in the insurance industry. He has held senior underwriting positions at Willis and Hiscox.
→ He served in the Irish Guards after joining the Royal Military Academy in 2001, and was awarded the Military Cross for his services in Iraq in 2013.

A volatile and unpredictable risk

Terrorism risk is similar in some ways to natural disasters – both tend to occur with some regularity, and cause significant economic impact as well as injury and death. The nature of the events also tends to follow a few common scripts. With terrorism, it's bombings and shootings; with natural disasters, it's hurricanes, typhoons, earthquakes, floods, etc.

Where they differ, however, is in their source and predictability. We know, for instance, the conditions that will generate a hurricane, and can predict with increasing accuracy where and when the impacts will occur. We are only starting to understand the conditions that will cause someone to decide to inflict grievous harm on innocent people. And even as we begin to understand the underlying motivations and pathologies, it is extremely difficult to predict where and how a terrorist could strike.

But, as with natural disasters, that does not mean companies lack options for addressing the threat of terrorism, as volatile and unpredictable as it may be. In the years following 9/11, a number of prudent actions have been identified that will lessen the possibility of a company being targeted by terrorists, and minimize the physical and financial impacts of a terrorist attack. At the same time, the insurance industry has developed a broader range of options for mitigating potential impacts.

Risk management

Terrorism is sometimes treated as an isolated threat, but it is usually better handled within the overall risk management programme. Measures that reduce the risk of attack – such as greater controls over access to premises – are also good practice generally. Steps that companies should consider taking include:

- Implement physical security and personnel measures to reduce exposure to attack.

- Consider potential indirect impacts tied to nearby targets, or from disruption to transport systems or public utilities.

- Ensure that business continuity plans are up-to-date and include terrorism-related measures, such as managing media attention.

- Review insurance policy terms and conditions and revise as necessary to mitigate potential terrorism risks.

Companies should also consistently monitor possible threats and assess potential vulnerabilities, especially as the organisation evolves. As with any catastrophe, distance in time from a well-publicised terrorism plot or event is likely to reduce awareness of warning signs, as well as the perceived likelihood of an event taking place.

Risk transfer

A terrorism attack on property or infrastructure is likely to hit many aspects of an organisation's operations, directly and indirectly, and can cause a wide array of losses including property damage, business interruption and workers' compensation or employer's liability. And while many countries have some form of national terrorism insurance or reinsurance, these schemes often have some material limitations such as:

- An official declaration of an act of terrorism may be necessary to trigger recoveries.

- Only certain lines of coverage are available.

- Business interruption cover, if available, can be limited.

- All assets must be included.

- Coverage for chemical, biological, radiological or nuclear (CBRN) risks may not be available.

However, the commercial market for terrorism insurance protection, either standalone or in combination with a national terrorism insurance scheme, has matured considerably since 9/11. Businesses now have a range of options for matching their risk profiles and appetites to the coverages they buy. The risk transfer options for terrorism risk now include:

Global programmes – it is now possible to incorporate terrorism cover within a global programme, although some considerations need to be addressed. Most importantly: whether there are overlaps or gaps between the terrorism policy and the all-risk property cover; and how a national terrorism insurance scheme, where it exists, differs from the global programme in terms of triggers and coverage levels. In both instances, difference in conditions (DIC) and/or difference in limits (DIL) policies can be used as necessary to help create consistency.

Policy extensions – in addition to standard wordings, underwriters can provide a bespoke or follow form wording with sub-limits and extensions tailored specifically to the company's needs, either within the framework of the property programme or as standalone coverage.

Flexible cover – many insurers now offer terrorism-related coverages tailored to a company's specific needs such as:

- Loss of attraction cover in case a company loses business because of damage to a nearby iconic building or critical infrastructure.

- Contingent business interruption when access to an insured's premises is not possible, including as a result of a civil or military directive.

- For US-domiciled businesses, cover for TRIA captives.

CBRN risks – these are normally excluded in insurance policies, but can be purchased either as a 'write back of an exclusion' or on a standalone basis. Physical damage (including clean-up costs), business interruption and third-party liability coverages are available from a limited number of specialist commercial markets.

Indemnity period – while some loss adjusters advise that the indemnity period for business interruption cover tied to terrorism events should be at least 18 months, insured's generally have the option of specifying the coverage term, from as short as six months to as long as five years.

Contingent business interruption – businesses do not need to experience direct physical damage to suffer a loss. It is now possible to cover the impact of a supply chain disruption resulting from a terrorist action or other indirect causes of loss.

Event cancellation – terrorist attacks or even severe threats can lead an organiser to cancel a major commercial event. This was most extensive after 9/11, but there have been many other instances of events cancelled as a result of a terrorist threat or attack.

Recent events show that terrorism, unfortunately, will remain part of the risk landscape for the foreseeable future. Nonetheless, terrorism risks can be managed in order to minimize the threat and mitigate the potential impacts. In the absence of a loss, insurance provides comfort to an organisation's board and its shareholders; it also offers a path to recovery if a terrorist event does occur. Today, there are wide choices in policies and wordings that enable businesses to create cost-effective coverages tailored to their specific situations and requirements. •

Travel security and crisis management

BY INTERNATIONAL SOS / CONTROL RISK

When large organisations send employees overseas or into regional danger zones, they must ensure the safety of their staff. With that in mind and the logistical nightmare that this entails, there has been a rise in companies working to prepare employees for travel and supporting them whilst they are in unfamiliar locations.

International SOS, the world's leading medical and travel security services company, conducted a Travel Risk Outlook 2016 survey among European organisations from December 3rd 2015 till January 26th 2016.

Business travel is expected to continue or grow, with 91% of the survey respondents indicating international travel within their organisation is likely to remain at the same level or to increase in 2016.

A key outcome of the survey was as well that 88% of respondents are concerned travel risks may have an impact on their business in 2016. Whilst many risks may be mitigated, one in three organisations reported they do not pro-actively educate their travellers before they go abroad. With that in mind, it is crucial for organizations to be able to educate and prepare their employees before travelling, as well as to assist them during a trip or even in the case of a crisis.

International SOS and Control Risks enables managers to mitigate travel security risks and make the right decisions for their staff's health, safety and security. International SOS and Control Risks' local expertise derives from years of operational experience to provide companies with deeper, more insightful, specialist knowledge. The team is composed of 200 dedicated travel security experts, from 30+ nationalities and speaking 30+ languages, who have all lived and worked in the regions they manage. Their extensive experience includes: analysis, commercial security, crisis management, logistics, military, operational intelligence, and police. They have qualifications in relevant areas such as risk management, international relations or security studies.

Dealing with crisis

Dealing with crisis and what you confront in that is difficult. Some of the crisis management teams and incident management teams we have had to drive for our clients are highly challenged. It is how we try to mitigate those risks by better preparing companies for situations before they travel into high-risk environments that can help prevent tragic events. You can't predict an Icelandic volcano or a Japanese tsunami, but you can prepare for emergencies and risks and we act very quickly to try and mitigate those risks.

When an event like Cyclone Pam comes along, we are very skilled at looking at many things at once. First of all we ascertain where our clients are. We do that through our travel tracker solution that tracks their movements.

We also form a crisis management team and an incident management team that we can deploy. And usually we deploy within 24 hours. We sent a medical team, operations team, nurse, doctor and security personnel to the place to ascertain where the people are and account for their safety and make sure we can reach them and look after them. At the same time, we have our crisis management team in our assistance centre to co-ordinate back to the clients what we are hearing.

"You can't predict an Icelandic volcano or a Japanese tsunami, but you can prepare for emergencies and risks and we act very quickly to try and mitigate those risks."

How we have managed crisis during Paris and Mali terrorist attacks

On the evening of 13 November 2015, a series of coordinated terrorist attacks occurred in Paris. Three suicide bombers struck near the Stade de France in Saint-Denis, followed by suicide bombings and mass shootings at cafés, restaurants and a music venue in Paris. 130 people were killed.

Our integrated travel security and medical support teams provided advice and assistance to those in Paris at the times of the attacks, including clients in the vicinity.

In response to attacks, and realising their magnitude, we immediately added teams to our 24/7 assistance capabilities. Our teams supported client crisis management: providing clear, balanced and robust security advice and direct assistance.

Our integrated assessments and advice helped to put media speculations and social media commentaries into context and provided reassurance to our clients and their people.

Ground support was provided for secure escorts, close protection and guarding. TravelTracker support was provided to clients to ensure it was being used most efficiently to locate and support employees.

On 20 November 2015 terrorists attacked the Radisson Blu hotel in Bamako, capital of Mali. They took 170 hostages and killed 20 in a mass shooting.

Throughout the day, our crisis management teams in Paris and London provided essential advice to clients. Our unique operations network means we were able to maintain contact with clients and members affected and coordinate the response accordingly. Control Risks' embedded crisis management resource further enabled the effectiveness of support.

One member was trapped in her hotel room during the attack. She called us for support. One of our security experts stayed on the phone with her for four hours to help her through the ordeal.

This lifeline provided essential emotional support in addition to expert advice. "During the call, we advised on how to deal with the smoke in the room, life-safety techniques, and what to do in the event of the attackers trying to gain entry. In addition to safety support, our doctors were also able to provide medical advice. We liaised with the security forces and the local government to coordinate the safe release of the member. She survived the attack as a direct result of calling us."

Everybody within International SOS is working towards the same goal; to deliver more protection and quality health and security services to more at-risk clients. In this world that has become flatter and more dangerous, health and safety and managing traveller risk is a crucial business requirement. •

About International SOS
International SOS is the world's leading medical and travel security risk services company. They care for clients across the globe, from more than 850 locations in 92 countries. They have unique expertise: more than 11,000 employees are led by 1,400 doctors and 200 security specialists. Their teams work night and day to protect their members. They pioneer a range of preventive programmes strengthened by their in-country expertise. They deliver unrivalled emergency assistance during critical illness, accident or civil unrest. They are passionate about helping clients put 'Duty of Care' into practice. With them, multinational corporate clients, governments and NGOs can mitigate risks for their people working remotely or overseas.

About International SOS and Control Risks
The alliance brings together two of the world's leading medical and security specialists. Their combined resources and expertise are well placed to meet the customers' growing need for integrated travel security risk services. Their solutions ensure that mobile employees are safe and productive and help employers with their duty of care obligations. 50 dedicated experts, located across the globe with access to over 200 dedicated travel security experts through 27 regional assistance centres and a partner network of over 700 accredited providers, produce global travel security information and analysis 24/7. They also provide travel security training, preventative travel assessment, support with the development of travel security risk policies, evacuation plans and the latest technology to enable clients to track and communicate with their mobile employees.

Geopolitical Risk – what products & coverages?

BY ROB HOUGH

ROB HOUGH

→ Rob Hough is Director of Financial & Political Risks at CGSC.
→ He has been part of the NMB Financial & Political Risks Division since October 2011 and assists clients with their trade credit and contract frustration, comprehensive contractors plant cover and their terrorism and political violence cover including control of well for energy focused clients. He has seven years' experience in the insurance and reinsurance market and speaks Spanish to an intermediate level.

While it is critical for organizations to be aware of the Geopolitical risks they are facing, the good news is that there are insurance products that may cover them, thus allowing companies to continue developing their activities even in what may be considered risky areas.

Rob Hough of the Financial & Political Risks Department of CGNMB, a CGSC Company, showed Fullcover some those tailored products: "The Lloyd's and London markets offer various products that banks and corporates can use to protect their assets and investments against politically related events. We have summarised the main risk transfer products available and how they can respond below. Coverage can be specifically tailored to the insured's needs and it is important to note that levels of indemnity, deductibles/excess, waiting periods and the breadth of coverage will differ on a case by case basis, reflecting a combination of factors such as the location of the risk and any capacity restraints in the market."

Confiscation, Nationalisation, Expropriation, Deprivation (CEND)

CEND policies indemnify companies operating in foreign jurisdictions, (that is in countries outside their own domicile) against the loss of assets, equity or income arising from selective and discriminatory actions by the local authorities. Events that may be covered also include the cancellation or non-renewal of an operating or import/export licence or the inability to convert or transfer funds due to restrictions imposed on the insured. Coverage is also available against loss arising from political violence or war on land (see below).

Who purchases this coverage?
Corporates with insurable interests in a foreign country, lenders with a contractual insurable interest through their loans and/or investments and foreign equity investors who have an equitable interest in a foreign company/ enterprise.

Contract Frustration

Contract Frustration is a product that covers corporates and lenders against non-payment or non-performance of contractual obligations, by a majority owned state entity or public company. Government contracts are significant business opportunities. However, there is a risk that they may be unilaterally cancelled or amended by that government or its agencies. The perceived level of risk will depend on the country in question, its performance history and insurers' appetite. Terms and prices will reflect this perception. The level of loss which can be compensated is usually up to ninety per cent of the total contract value.

Who purchases this coverage?
Corporates selling or buying from state entities or public companies and banks/lenders financing the specified trade.

GEOPOLITICAL RISKS COVERAGES

CONFISCATION, NATIONALISATION, EXPROPRIATION, DEPRIVATION (CEND) ➡

What covers?
Indemnify companies operating in foreign jurisdictions against loss of assets, equity or income; cancellation or non-renewal of an operating or import/export licence, inability to convert or transfer funds; loss arising from political violence or war on land

Who purchases?
→ Corporates
→ Lenders
→ Foreign equity investors

CONTRACT FRUSTRATION ➡

What covers?
Covers corporates and lenders against non-payment or non-performance of contractual obligations, by a majority owned state entity or public company

Who purchases?
→ Corporates buying from state/public entities
→ Banks/lenders

TRADE CREDIT INSURANCE ➡

What covers?
Protects contracts to finance, buy or supply products or services from or to a private company

Who purchases?
→ Corporates buying from state/public entities
→ Banks/lenders

POLITICAL VIOLENCE ➡

What covers?
Physical loss or damage due to pre-agreed event, such as:

→ Sabotage & Terrorism
→ Strikes, Riots, Civil Commotion (SRCC)
→ War and Civil War
→ Mutiny, Coup D'etat, Rebellion, Insurrection

Trade Credit Insurance

Comprehensive Trade Credit Insurance is very similar to Contract Frustration but the key difference is that it protects contracts to finance, buy or supply products or services from or to a private company rather than a public or state entity. A claim under the policy can be triggered by default or non-payment by the private company.

Who purchases this coverage?
Corporates selling or buying from private companies and banks/lenders financing the specified trade.

Political Violence

Political Violence is defined as the physical loss or damage to an asset due to pre-agreed, defined types of event, such as:

• Sabotage & Terrorism
• Strikes, Riots, Civil Commotion (SRCC)
• War and Civil War
• Mutiny, Coup D'etat, Rebellion, Insurrection

Coverage can be purchased in any territory in which the applicant has an insurable interest, including their own country, provided that insurers have appetite and capacity. As well as coverage against physical damage, extensions are available for consequential business interruption and liability to third parties

Location and type of activity enables or restricts the coverage available. The insurance market continues to proactively respond to the demands and needs of customers with the development of additional coverages such as cyber, denial of access and loss of attraction which can complement an existing property or political risks placement.

This is a brief overview of the solutions that the insurance market can provide to their clients to assist them to mitigate their exposure to financial and political risks. Such covers can make the difference between a company being able to go ahead with a venture or losing a potentially valuable business opportunity. •

DAVID ANDERSON

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→ He started with Zurich in 2002, launched the Sydney, Australia, ZCPR underwriting office in 2006, launched the Singapore office in 2009, and managed the Asia-Pacific regional team until 2012. Following that, he became Director of Global Business Development for the team.
→ Prior to joining Zurich, he led FCIA's eastern region for multibuyer credit insurance out of New York and underwrote political risk insurance for Citicorp International Trade Indemnity.
→ David Anderson earned his B.A. in Political Science (magna cum laude) from Amherst College and his M.A. (Latin American Studies) / M.B.A. from University of Texas at Austin.

New ideas for tackling geopolitical risks in business

BY DAVID ANDERSON

Companies will increasingly need to address geopolitical security as interstate conflict, terrorist attacks and refugee flows, demand greater strategic attention from business leaders and have a bigger impact on the global economy, according to the Global Risks Report 2016 from the World Economic Forum (WEF).

The report, developed in collaboration with Zurich Insurance Group and other leading institutions, argues that states and governments are less able to tackle geopolitical issues alone as these challenges are increasingly interconnected. And the private sector has expertise and resources that can help, such as data for tracking risk factors, information that can be shared on criminal activity, and, crucially, the ability to control supply chains during emergencies.

"There is a growing role for public-private collaboration to tackle global security challenges," states the report. "We need clear thinking about new levers that will enable a wide range of stakeholders to jointly address global risks, which cannot be dealt with in a centralized way."

In the past many companies have been reluctant to become too closely involved in geopolitical issues. Half the managers surveyed in a 2011 study by Wharton Business School said their most common method of managing geopolitical risk was simply to avoid investing in volatile places. But that tactic is unlikely to hold up as companies seek new markets, with unrest and volatility able to spread quickly from one location to others.

Industry alliances

There is evidence, however, that this is changing. New global partnerships are emerging and action taken by the private sector against human trafficking is an example of the kind of influence companies can have. Initiatives from a number of different sectors including banking, technology and the trucking industry, are outlined in a 2014 WEF report Hedging Risk by Combating Human Trafficking.

That report also highlights the travel sector, which started "the Code", a voluntary set of guidelines to help prevent child sex tourism and trafficking, in 2004. Spearheaded by Marilyn Carlson Nelson, the former chairwoman and chief executive officer of Carlson Companies, the Code was signed by Hilton Worldwide in 2011 and now has over 1,200 company signatories from countries including Colombia, China, Egypt, Thailand, Brazil and Russia.

International partnerships

In the past few decades, companies have also begun to play an increasing role in multi-stakeholder partnerships with UN organizations and non-governmental organizations.

These partnerships have ranged from financial pledges such as Unilever's £27 million of support to the World Food Programme since 2007, to Coca-Cola's 5by20 initiative with UN Women which aims to support five million women entrepreneurs across the company's value chain by 2020.

Economist David McWilliams, a Professor at the School of Business at Trinity College, Dublin, points to the UN Global Compact – a voluntary initiative by the private sector officially launched in 2000 to support UN sustainability goals – as an illustration of how influential corporations can be when they work together with governments on global challenges.

Some 8,000 companies have signed up to the UN Global Compact's ten-point code of behavior around the areas of human rights, labor, anti-corruption and the environment. They submit an audit each year to show how they are meeting these requirements and these are published online. A 2013 statement from the Coca-Cola Bottling Company of Ghana, for example, stated that it had bought a new more energy-efficient plastic bottling line and built a waste water treatment plant for its fruit juice supplier.

Climate action

At the Paris climate talks in December, the 443 corporate signatories of the UN Global Compact's Caring for Climate initiative, set new targets for an estimated collective annual emissions saving of 93.6 million metric tons of carbon dioxide equivalent.

In welcoming the Paris climate agreement, Lise Kingo, Executive Director, UN Global Compact, said the private sector should be applauded for bringing better business practices into the process and sending a forceful message on the importance of a solid climate agreement. "We believe the Paris Agreement sends the right market signals which will provide predictability, unlock capital, drive innovation and reward responsible business," she said. "Never before have we seen this level of engagement from business and it is clear that the momentum is unstoppable."

Addressing the water crisis

Beyond the UN, companies contribute in other ways on global issues. International food company Nestlé, which has made the responsible treatment of water "critical" to its business, proposed its own Sustainable Development Goal to the World Bank in 2013, aiming to cut its use of water to sustainable levels.

"While this measure may not be perfect when looking at the complexities of water withdrawals, usage and return flows," says Peter Brabeck-Letmathe, Nestlé chairman, "I am nevertheless convinced it can work as a good, practical approach for measurement-driven action."

Brabeck-Letmathe takes the issue of water so seriously he writes his own blog called Water Challenge [https://www.water-challenge.com]. In a post entitled "We will fail to feed the world until we fix the water crisis" he cites the experience of the Punjab, where water tables were dropping by one meter per year after pumps were subsidized for irrigation. There was no incentive to limit water use despite the inevitable consequences – drought and failing crops.

The need for partnerships

"Farmers saw the utter futility of changing their own habits without effective joint efforts of all major stakeholders in their watershed; and so they wouldn't," writes Brabeck-Letmathe. "Played out on an international scale, this is the crux: Without partnership between all those who share a stake in the problem we won't make progress towards any meaningful solution."

From water issues to refugee crises, partnerships are vital to finding solutions to the world's increasingly interconnected global problems and, as suggested in the Global Risks Report 2016, many businesses appear ready to play a more important part.

Key takeaways

• The Global Risks Report 2016 believes there is a growing role for public-private collaboration to tackle global security challenges.

• Multinational corporations have traditionally avoided becoming too closely involved in geopolitical issues.

• Action taken by the private sector against human trafficking is an example of the kind of influence companies can have.

• The UN Global Compact is an example of how influential corporations can be when they work together with governments on global challenges. •

Geopolitical Overview

BY IULIA SIMON

IULIA SIMON

→ Iulia Simon has over twenty years of experience in evaluating, designing, and implementing specialized risk programs in the Institutional and Corporate market.
In addition to her specialty in Special Risk insurance, she possesses a detailed and comprehensive understanding of political, economic, and social issues throughout Latin America, Europe, and Asia.
→ She is actively involved in the German, French, and Russian Chambers of Commerce, as well as STEP, a professional association for those advising families across generations.
In her current role as Senior VP Marketing, based in Miami, she serves as the primary Client Relationship Executive for CH Toro International Ltd. clientele throughout the USA, Latin America, and Europe.
→ Through her extensive knowledge and experience in the international market, she has successfully been able to assist executives and family members in designing an optimal coverage tailored to specific needs, protecting the lives and wealth of clients.

The perspective on the year 2016 is quite a controversial one. There are those with an almost apocalyptic vision, who predict that we are headed toward "the perfect storm" created by the stock market crash, another real estate collapse, and skyrocketing unemployment rates. On the other hand, there is a more optimistic outlook from those who forecast a weak, yet steady recovery. Economists are analyzing the maze of objective economic signs and interpreting them subjectively, which leads to certain expectations and more worries. How do we proceed from that point? Who is to be believed and what can be expected?

Despite pessimistic views out there, we all want to hold on to a glimmer of hope for our future, as well as our children's future. As a result, when undesirable news reaches us, there is a tendency to block them out and apply the concept of "If I did not hear of it, it does not exist", which for some is often a survival tactic. Understanding our world, however, is the basic prerequisite for shaping our life and happiness.

The Expert Forecast

The International Monetary Fund projects the world economy at 3.4 percent in 2016 and 3.6 percent in 2017, both years down 0.2 percentage points from the previous estimates in last October. Moreover, it stresses the idea that policymakers should consider ways to bolster short-term demand.

IMF released an updated World Economic Outlook forecasts as global markets have been roiled by worries over China's slowdown and plummeting oil prices. It maintained its previous China growth forecast of 6.3 percent in 2016 and 6.0 percent in 2017, which represents sharp slowdowns from 2015. China reported that growth for 2015 hit 6.9 percent after a year in which the world's second biggest economy endured huge capital outflows, a slide in the currency and a summer stock market crash.

Shares in Europe and Asia rose and the dollar gained after China's data was released, as investors anticipated greater efforts by Beijing to spur growth. Concerns about Beijing's grip on economic policy have shot to the top of global investors' risk list for 2016 after falls in its stock markets and the yuan stoked worries that the economy may be rapidly deteriorating. A steeper slowing of demand in China remained a risk to global growth and weaker-than-expected Chinese

imports and exports were weighing heavily on other emerging markets and commodity exporters. Soft consumer demand in the United States and Japan and weakness in emerging markets due to worries over plunging oil and commodity prices and capital outflows from China are among the main risks. Furthermore, the Fund states that the outlook for an acceleration of U.S. output was dimming as dollar strength weighs on manufacturing and lower oil prices curtail energy investment. It now projects U.S. economic growth at 2.6 percent for both 2016 and 2017, down 0.2 percentage point in both years from the October forecast.

In Europe, lower oil prices will help support private consumption; therefore, IMF has added 0.1 percentage point to its 2016 euro area growth forecast, bringing it to 1.7 percent, where it will remain for 2017.

Brazil will stay mired in recession in 2016, with output contracting 3.5 percent, a 2.5 percentage-point downward shift from the previous forecast, and there will be essentially no growth in 2017 as Latin America's largest economy struggles with lower Chinese demand.

Forbes magazine contributor Bill Conerly reflected on the International Monetary Fund forecast, considering that the commodity-dependent countries, Latin America, Africa and parts of Asia are facing difficult times. Commodity prices being so down, it represents cutback in mining, petroleum and agriculture. Conerly suggests that the world will probably grow a little bit slower than the IMF forecast.

From the environment to international security and the coming Fourth Industrial Revolution, the World Economic Forum's Global Risks Report 2016 finds risks on the rise in 2016. In this year's annual survey, almost 750 experts assessed 29 separate global risks for both impact and likelihood over a 10-year time horizon. The risk with the greatest potential impact in 2016 was found to be a failure of climate change mitigation and adaptation. This year, it was considered to have greater potential damage than weapons of mass destruction (2nd), water crises (3rd), large-scale involuntary migration (4th) and severe energy price shock (5th).

The number one risk in 2016 in terms of likelihood, meanwhile, is large-scale involuntary migration, followed by extreme weather events (2nd), failure of climate change mitigation and adaptation (3rd), interstate conflict with regional consequences (4th) and major natural catastrophes (5th).

At the top end of the scale, 2016's two most interconnected risks – profound social instability and structural unemployment or under-employment – account for 5% of all interconnections.

As an annex to this article our readers will find data sheets with excerpts from a 2016 Threat Forecast provided by Red24, a leading security company, focusing on various political, security and kidnapping risks by region in the year ahead. This information will provide a realistic and alarming overview of threats for the year 2016.
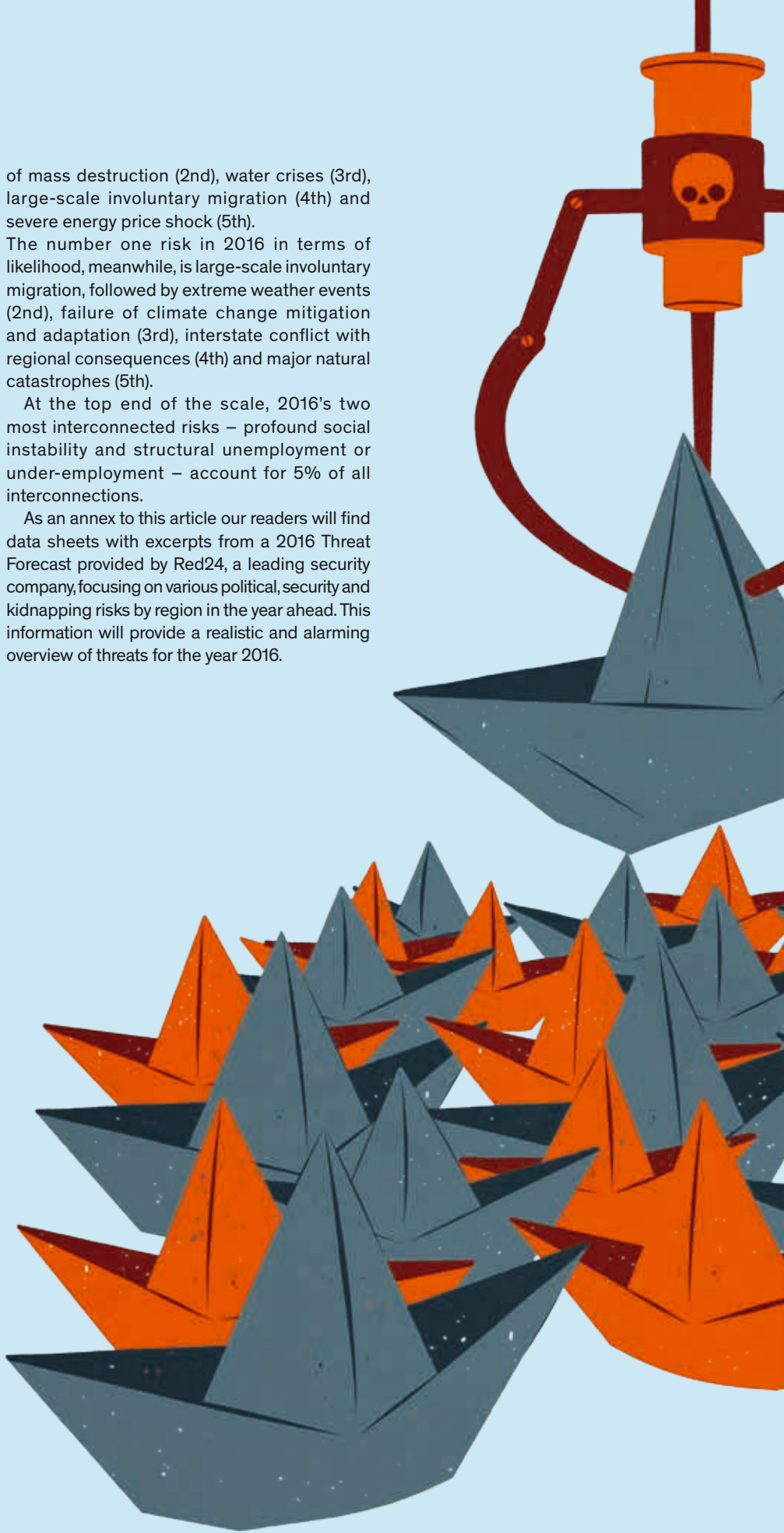
Maritime Crime

The threat from piracy and other forms of maritime crime, in particular robbery at sea, will remain elevated in a number of regions worldwide in 2016. Piracy will continue to pose a specific security risk in the Gulf of Guinea as well as South East Asia. While the majority of pirate attacks are expected to continue in the abovementioned regions, the possibility of incidents occurring elsewhere cannot be discounted.

The gradual extension of the geographical spread will likely continue in 2016. A continuation of 2014 and 2015 trends regarding the nature of attacks in Nigerian waters and its evolution from oil siphoning and bunkering to increasingly well-coordinated and often violent attacks targeting commercial shipping vessels and their crew, including longer-term hijacking and KRE incidents, should also be anticipated. This risk is highlighted by a number of incidents of this nature in 2015.

Maritime security in the waterways surrounding Indonesia, Malaysia, the Philippines and Singapore has been a longstanding concern in the region and is expected to remain so in 2016.

According to IMB reports in mid-2015, pirates attacked a tanker approximately every two weeks in South East Asian waters during the preceding six months. In a high-profile incident highlighting this trend, which took place on 8 August, a Singapore-registered small oil tanker, MT Joaquim, was seized in the Malacca Strait off the coast of Malaysia.

The 2015 uptick in attacks in Vietnamese waters and in the Singapore Strait itself will also need to be monitored closely in 2016.

Regional and international concerted security efforts, particularly on-board security measures and national and international counter-piracy efforts continue to contribute to the ongoing major decline in Somalia-based piracy since the end of 2011. Nonetheless, the regional piracy threat has not been eliminated and there are regional and international concerns regarding a potential uptick in pirate activity. Following no reported incidents for the first six months of 2015, an Iranian-flagged fishing vessel was hijacked and at least ten crew members kidnapped by suspected pirates off Somalia's eastern coastline on 22 November.

Open source information indicates that the approximate cost to the shipping industry of additional counter-piracy security measures in East African waters totaled US $1.3 billion in 2014; war risk and KRE insurance premiums on vessels transiting this region were an additional US $103 million.

In addition to the above-mentioned regions, the risks of piracy and robbery at sea extend to waters elsewhere. In the Indian subcontinent, there has been a rise in attacks off the coast of Bangladesh over the past 18 months. Piracy and armed robbery will continue to pose a potential security risk in South and Central America and the Caribbean, particularly in the vicinity of ports and anchorages in Brazil, Peru, Haiti, Ecuador and Guatemala. Sporadic incidents in this region, such as an attack on a luxury yacht, Pelikaan, in Haitian waters in April, underscore the ongoing risk. Furthermore, an uptick in incidents has been recorded in Venezuela in recent months, particularly near Lake Maracaibo.

The accelerated increase in the use of technology is already demonstrating impact on how traditional kidnap for ransoms are perpetrated and managed.

Information Security

Information security remains a pervasive threat to business, and travelers often do not have the same protection as when working in their offices.

Internet security risks increase the pressure on governments for greater regulation in the years to come. It is imperative that all stakeholders, from government to businesses, academics and consumers, collaborate to ensure that regulations are comprehensive, proactive and improve the security and privacy vulnerabilities of connected devices. For enterprises seeking to take advantage of new IoT technologies, one of the keys to success will be to ensure that new technologies are impervious to cyber-attacks.

The accelerated increase in the use of technology is already demonstrating impact on how traditional kidnap for ransoms are perpetrated and managed. On the one hand, this can be positive for both the potential victims and for those seeking to release them. For example, Aegis Response has noted a shift away from negotiations taking place via telephone calls, to email negotiations with kidnappers, with Islamic State almost exclusively using this form of communication for their demands. This gives a crisis management team the luxury of time in a less pressured environment, enabling them to reach a decision on strategy and to craft an ideal response "behind closed doors".

In terms of proof of life, there are many more options for verification – video voice calls, for example – that can provide extra assurance that a victim is alive and being held by the group in question. However, the almost blanket use of forms of social media and popular messaging applications creates new problems in the kidnap for ransom arena. Victims can now be vulnerable to simple reconnaissance on their personal wealth gleaned from photos posted online and employment information, which kidnappers can investigate from the comfort of their own homes, choosing from a wide range of potential victims. There have been cases of kidnappers with sophisticated cyber capability conducting research on their victims' bank accounts, abducting them, and then forcing them to simply use their online bank accounts to personally transfer a specific ransom amount for their release.

While bitcoin, the anonymous currency, is used extensively in cyber extortions, it is spilling over into the realm of kidnap for ransom: we have begun to see cases where kidnappers have demanded to be paid ransoms in this crypto currency. For instance, in October, an executive from Hong Kong was released after being kidnapped and held in Taiwan for over a month by a gang demanding a ransom of US $9 million in bitcoin. Over the coming year, the trajectory of this technological shift will proceed rapidly and – for better or worse – further changes are likely in the field of traditional kidnap for ransom.

In conclusion, based on all the evidence, we can safely deduce that the risk of Kidnap and Ransom is here to stay for the year to come. We live in a world of continuous challenges, as well as evolving dangers. Facing those means understanding our circumstances. Acquiring knowledge on our surroundings, keeping informed on where our world is headed is "sine qua non" for our survival. Let us be equipped for the battle for our future and our children's future, armed with knowledge and an accurate vision of our world, while never losing sight of the wonderful things humanity has built; the acts of greatness and charity that make the human race something so important to fight for. •

Threat Breakdown

Europe

Towards the end of 2015, some of the key political and security risks facing the globe were starkly highlighted by developments in Europe, traditionally a secure business and travel zone. The migration of tens of thousands of people into the region from conflict-ridden and economic-depressed states in Africa, Asia and the Middle East not only impacted on intra and inter-state transport but also disrupted the movement of persons and goods across borders, as states moved to restrict the flow of asylum seekers.

The Paris attacks in November compounded regional unity concerns and highlighted, again, the far reach of Islamist extremist ideology. The link between migration and militants was the focus of far right and leftist groupings, which have continued to seek to benefit from popular concerns regarding the longer-term influence the flow of migrants will have on local states.

In the coming year, there will be a persistent threat of terrorism from international Islamist extremist groups and self-radicalized individuals and an increased frequency in low-level incidents of violence that will be confined to countries that have existing political and social tensions and which are some of the key target locations for migrants, including Germany, France, Italy, Greece and Hungary.

The year ahead will be characterized by a more militarized Europe, the rise of nationalist parties, as well as increased protest activity and associated low-level acts of violence. Non-traditional kidnapping variants, in their physical and virtual forms, will pose the most significant risk across Europe and Russia in 2016. Countries that already have an entrenched organized crime element may be subject to an elevated risk; these may include Russia, Eastern European countries, Spain, Greece and elsewhere.

An additional threat will stem from opportunistic individuals, motivated by financial gain or personal grievances; disgruntled former employees, business associates, suppliers or malicious individuals may pose a security risk to business operations as well as unquantifiable reputational risks. Recent incidents affecting business continuity, such as the persistent extortion of Dutch supermarket chain, Jumbo, highlight this threat as well as the challenges that successful resolution may pose to victim(s). Over a period of several months, anonymous individuals threatened to place explosive devices in Jumbo stores in various locations in the Netherlands; the perpetrators demanded that a ransom be paid in the anonymous digital currency, bitcoin. The situation escalated between May and August, when explosives were in fact detonated in several Jumbo stores. As investigations continued, the company was forced to increase security at over 500 branches countrywide.

Furthermore, political, hacktivist, anti-European Union, ultra-nationalist, anarchist, or extremist entities may choose to use extortion/cyber extortion to target individuals or businesses in relation to domestic, regional or international developments. High-profile cyber-attacks by unconfirmed state/non-state groups on various major European businesses and financial and political institutions during 2015 demonstrate that digital and cyber extortionists are capable of infiltrating a range of prominent targets. A cyber-attack targeting the German Bundestag (Parliament) in May 2015 may require the institution to completely overhaul its IT system at the cost of several million euros. Additional high-profile attacks included the online infiltration of French broadcaster, TV5Monde, in April, during which several of the station's channels and social media platforms were hijacked and negative material related to French military action in Iraq broadcast.

Turkey, September 2015:
The 13-year-old son of a prominent Syrian businessman was kidnapped in Istanbul for a ransom demand of US $1 million. He was freed by police forces in a security operation, which involved a fake ransom.

Latvia, September 2015:
Two foreign executives fell victim to an attempted kidnapping outside of their hotel in the capital, Riga. Seven suspects were arrested during a police sting operation while trying to transport the Irish and Swedish hostages to an undisclosed location.

France, May 2015:
A local millionaire was kidnapped from his residence in France and then transported to Marbella, Spain, where he was held hostage by a group of experienced kidnappers for two months. Following his abduction, he was forced to call his family and tell them he was taking an unexpected holiday; the gang then proceeded to extort him of approximately US $1.37 million. When they released him, they demanded he continue to pay an amount of US $106,000 per week.

Germany, August 2015:
The 17-year-old daughter of a Saxony businessman was kidnapped and subsequently killed by the perpetrators shortly after they made a ransom demand of US $1.27 million; this occurred despite her family stating publicly that they would make the payment. The perpetrators were inexperienced and after some 'easy' money; they chose their victim after coming across her Facebook profile and reading up on her family. One perpetrator reportedly conducted surveillance while walking a dog in the same area the victim walked her dog.

Russia, August 2015:
Police arrested six members of an extortion gang following the abduction of a prominent local businessman; the victim was seized from his vehicle and injected with a substance, which the kidnappers stated was lethal venom. He was told that an antidote would be given if he complied with the kidnappers' financial demands - final ransom demand was US $106,000. The victim reportedly contacted his family and arranged the payment, after which he was given an undisclosed antidote.

Germany, June 2015:
The 50-year-old mentally disabled son of German billionaire, owner of the Wurth Group, was kidnapped from his care home near Frankfurt, and held hostage as the perpetrators demanded a ransom payment of approximately US $2.2 million. The victim's father is reported to have a personal net worth of US $7.2 billion. After becoming aware of the massive police operation underway to rescue the victim, the perpetrators left the hostage tied to a tree in a forest near Wurzburg.

The Americas

In the Americas, slowing growth has served to place stress on populist governments that rely on heavy social spending policies. A change of leadership in Argentina has already occurred and further political upheaval is expected. Pressure from disaffected middle class populations and opposition groups has already increased in various key states, including Brazil, Venezuela and Ecuador. Associated civil unrest will remain a key concern and risk, which both business and general travelers will need to implement mitigation measures for in 2016.

Latin America experienced a period of unprecedented economic growth from the early 2000s to 2013, which pulled tens of thousands of people out of poverty and into the middle class. This success depended largely on export goods that were in great demand by the rising Asian states. Recent decreases in demand have resulted in an increase in poverty rates and slowing growth in the region's largest economies. This economic downturn coincided with and appears to be contributing to increasing anti-government sentiment by many in the lower classes, which are feeling the direct impact of the crisis, and among the fragile middle class, which is traditionally more likely to demand government accountability. In addition to disruptive and violent protests linked directly to the economy, long-standing grievances such as corruption, state mismanagement, environmental concerns, political reform and indigenous rights have surfaced in numerous areas.

Organized criminal activity, particularly in Mexico and other Central American states, will remain at elevated levels throughout 2016. The connection between organized crime networks and political elites will continue to be exposed and, in some areas, these connections may break down in response to political reforms or changes in leadership.

In some areas, the political/organized crime relationship may grow, including in El Salvador, where local gangs, estimated to have 70,000 members, increased activity in 2015 in response to a government crackdown. Overall, the economic downturn is likely to benefit criminal groups at the expense of state attempts to curtail criminal activity, including drug producing and smuggling.

Long established as the kidnapping center of the world, kidnap for ransom and extortion (KRE) will continue to pose one of the key security risks to individuals and companies operating in high-risk locations in South and Central America and the Caribbean in 2016.

Traditional and short-term kidnappings for financial gain will continue to affect locals and foreign nationals in Mexico Venezuela, as well as in Colombia, Argentina, Brazil, El Salvador, Guatemala, Honduras, Haiti and elsewhere in 2016, albeit at varying rates. In addition, threats posed by express and virtual kidnapping and cyber extortion are expected to increase.

Actual and attempted extortion incidents, be it of local or foreign staff, may potentially hamper business operations and impact profit margins.

In one such example, a distribution center for Coca-Cola in Guerrero, Mexico, was closed in June 2015, reportedly because of ongoing extortion attempts by a criminal group. In addition to threats of violence, which will be used to coerce payments, past incidents in Mexico and Venezuela suggest that groups may physically attack critical infrastructure, including oil pipelines, manufacturing sites or transportation services, in order to solicit payments. An increase in extortion activity is highly likely in areas where foreign investment is expected to grow in 2016.

Express kidnappings will occur regularly and hold the potential to evolve into a longer-term kidnap for ransom incident, depending on the circumstances, perpetrators and victims. The death of a Spanish tourist during a December 2014 urban express kidnapping in Maracaibo, Venezuela, as well as similar fatal outcomes in incidents elsewhere in the region, point to the potential for such an incident to rapidly deteriorate into violence.

Furthermore, virtual kidnappings have grown in frequency and scope across Central and South America over the past year. Virtual kidnappings, which often emanate from incarcerated individuals, have increasingly included a cybercrime element; surveillance of potential victims is increasingly gathered using social networking platforms, or via stolen identity data. For example, in 2015, South America-based criminal entities orchestrated virtual kidnappings targeting victims in the US and Spain. A further uptick in incidents, both domestically and across geographical borders, is anticipated in 2016.

Traditional long-term kidnapping levels are expected to remain highest in Mexico and Venezuela. Kidnappings orchestrated by organized crime groups will continue to pose a security risk in countries such as Argentina and Brazil, and persistent lawlessness together with high crime and homicide rates in El Salvador, Haiti and Honduras will contribute to the ongoing elevated kidnapping risk in these countries.

Finally, politically motivated and/or communal protest activity is a common occurrence in lower kidnapping-risk operating environments such as Bolivia, Ecuador, Peru, Chile and Paraguay. The possibility of recreational travelers being affected cannot be discounted; in 2015, approximately 40 tourists were detained overnight by protesting community members in Peru.

Middle East and North Africa

The Middle East and North Africa's security and political troubles continue apace. The conflicts in Syria, Yemen and Libya, the persistent menace of the Islamic State and its various affiliate groupings, and rising tension between the region's two powerhouses, Saudi Arabia and Iran, threaten to draw in major global powers in even greater ways in 2016 and heighten already elevated sectarian tensions. The prospect of an end to the region's various conflicts remains remote, while the risk of interstate conflict continues to increase.

The high-profile conflict in Syria continues to impact on the security environment and political stability of states across the region. Major regional and global powers are increasingly viewing Syria as a battleground to preserve or enhance influence through support of proxies, to support or topple the Bashar al-Assad regime, or to contain what is increasingly becoming a bloody and most likely drawn-out conflict lasting for many more years.

Western, Saudi Arabian, Turkish, Jordanian and Qatari support for anti-al-Assad forces, and Iranian, Russian, Chinese and Hezbollah support for the al-Assad regime is likely to escalate through 2016. The involvement of so many states and, by association, larger military alliances like NATO will serve to increase the risk of low-level interstate conflict.

In Yemen, Saudi Arabian support for the regime of President Abd Rabbuh Mansur Hadi has been overt and significant. The fighting in Yemen, which is expected to persist through 2016, has left thousands dead and has further devastated the Yemeni state.

In restive Bahrain, Iran's support for Shiite protesters against the Sunni minority and Bahrain's Saudi-backed regime will persist. Political support may increasingly be complemented by support with resources.

Since the establishment of a caliphate in June 2014, with Abu Bakr al-Baghdadi as its caliph, IS has continued to make gains, albeit at a lower rate compared to its 2014 victories over the Iraqi military. In May 2015, the group captured Ramadi and, despite losing territory in Diyala governorate in Iraq and in northern Syria to the Kurds, it has managed to hold Raqqa, Mosul, Fallujah and parts of Ramadi.

In 2016, IS will seek to strengthen defenses in the Sunni heartland of the Anbar governorate and will continue to harry pro-Iraq forces elsewhere in the country. In Syria, IS will look towards the Aleppo governorate to make additional gains against the regime and rebel forces, while seeking further thrusts into central Syria.

Coinciding with the rapid rise of IS in Syria and Iraq has been the emergence of various IS affiliates or provinces across the region and the globe. Provinces have emerged in North Africa (Egypt, Libya and Tunisia), the Arabian Peninsula (Yemen and Saudi Arabia), Asia (Bangladesh and Afghanistan) and Africa (Somalia and Nigeria). Many of these 'new' groups are simply rebranded former al-Qaeda-aligned groupings. These groups may pose a significant threat to foreign interests and local tourist industries.

In 2016, mass-casualty and high-profile attacks are likely to continue in Egypt, Libya, Algeria, Yemen and the Gulf States.

IS has played a major part in driving sectarianism. Since emerging as a major regional power in mid-2014, its propaganda machinery has presented Shiites, apostate states (those in coalition against it) and infidels (foreign powers) as the clear enemies. The group's establishment of a caliphate and its remarkable battlefield successes have drawn thousands of fresh recruits to its banner from across the globe. Mixed communities, such as Tripoli in Libya, Beirut in Lebanon and the Eastern Province of Saudi Arabia, which borders Bahrain, will increasingly become flashpoints of confrontation.

Kidnapping for the purposes of financial, political and ideological gains will be a key security risk in many countries within the Middle East and North Africa (MENA) region in 2016. Pre-existing kidnapping risks from criminal, extremist and militia groups will remain elevated.

Precedent has shown that, when compared to other regions, the potential for negative outcomes in kidnapping incidents in MENA is elevated. This has been clearly demonstrated by the abduction and subsequent execution of dozens of foreign nationals (including Chinese, Egyptian, Norwegian, UK and US citizens) by the Islamic State (IS) and affiliate groups. IS has made financial demands for the release of hostages in Syria in the past; in 2015, the group demanded a US $200 million ransom payment for a Chinese and Japanese hostage and a US $6.2 million ransom for a 26-year-old US national. The threat stems from individuals or groups affiliated with IS as well as unknown IS sympathizers. The kidnapping and execution of a French tourist in northeastern Algeria illustrate this threat. In addition, the possibility of opportunistic kidnapping and short-term hostage taking incidents occurring in countries with a medium or even low overall kidnapping threat may grow. The kidnapping and beheading of a Croatian national near Cairo, Egypt, by a previously unknown IS-affiliate group in 2015 illustrates this new threat posed by little-known militant groups keen to gain attention and support from IS.

Ransom demands and settlements increased in countries such as Libya, Syria and Yemen, as unaffiliated groups have taken advantage of growing fears of a negative outcome fueled by IS execution of foreign hostages. This has been compounded by a number of instances where unsophisticated criminal groups are believed to have sold foreign hostages to IS after being unable to absorb delays in negotiations due to operational inexperience or inability to hold hostages for longer periods of time. This possibility adds a new dynamic to the regional kidnapping threat and is expected to continue in 2016.

Africa's complex political and security environment remains a point of concern for foreign business operators. The regionalization of the Boko Haram insurgency is a key focus area, while the mineral-rich
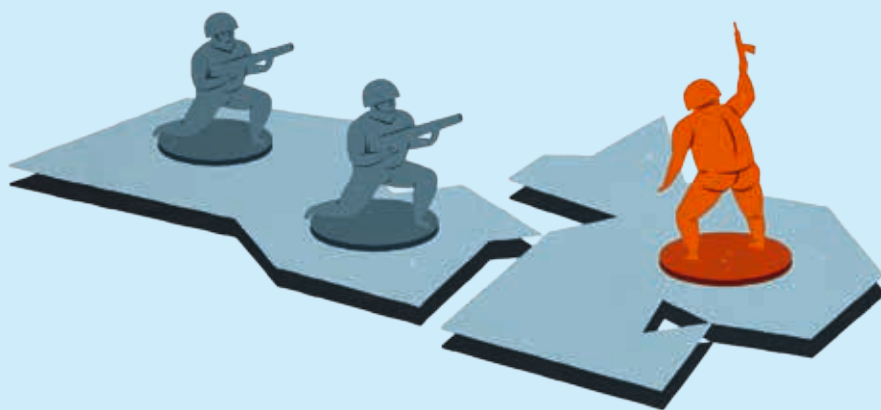
Congo region continues to struggle with stabilizing increasingly restive polities. Within restive zones, kidnapping threats will remain elevated.

The year 2015 was one of milestones in Boko Haram's near-decade-long armed insurrection against the Nigerian state. The year commenced ominously, with the sect inflicting its deadliest act of mass violence since its inception, when Boko Haram militants allegedly killed as many as 2,000 people in the northeastern village of Baga between 03 and 07 of January. The Baga massacre and the global outcry it evoked served as the catalysts for a regionally coordinated counter-offensive against the Islamist extremist group, launched in mid-January.

For the first time, the military forces of Nigeria, Cameroon, Niger and Chad conducted joint military operations against the sect, culminating in Boko Haram losing swathes of territory in northeastern Nigeria, which had been declared part of the group's nascent caliphate in late 2014. However, the relative success of these joint military operations triggered another, albeit far less desirable, accomplishment in the Boko Haram insurgency.

Although Boko Haram developed as a grassroots Nigerian organization with a domestic focus, the group's rhetoric and ideology have always suggested a much wider ambition. Central to its recruitment strategy has been the sect's manipulation of the historical narrative of the Kanem-Bornu Empire – an Islamic kingdom that once incorporated parts of modern Nigeria, Cameroon, Chad and Niger. For Boko Haram to achieve its purported goal of resurrecting this ancient Islamic empire, the sect would be required to export its armed insurrection beyond the confines of Nigeria's borders.

By submitting to IS, Boko Haram has effectively pledged to pursue the IS agenda of creating a unified Islamic caliphate spanning all Muslim-dominated regions of the world.

Although the terrorism threat in Lagos is assessed as most acute in its densely populated mainland region, the threat will extend to the Victoria and Lagos islands' commercial districts, which host both foreign diplomatic and business interests.

In Chad, acts of terrorism are likely to continue in the capital, N'Djamena, which may also serve as the operational base for a regional force mandated to spearhead counterterrorism operations against Boko Haram in 2016.

In neighboring Niger, an expansion of Boko Haram activity to the respective south central and southwestern Zinder and Dosso regions, where a number of humanitarian organizations have based their operations, will be a credible concern in the coming year.

Sub-Saharan Africa

Kidnapping for the purposes of ransom, as well as short-term variants such as extortion and express kidnapping, will remain a primary security concern in many high-kidnap risk countries in Sub-Saharan Africa and may increase in frequency in some low- to medium-risk locations in 2016.

In particular, foreigners involved in the construction and/or engineering sectors have emerged as frequent targets, particularly in Nigeria; this trend is expected to continue in 2016. Furthermore, longer-term business travelers and expatriates will also face an elevated kidnapping threat.

Furthermore, the kidnapping of locals employed by foreign companies will remain a major concern in high-risk countries.

The presence and activities of well-organized criminal syndicates in relatively stable security environments within the SADC (Southern African Development Community) region, particularly in Kenya, Mozambique and South Africa, have the potential to continue to contribute to what may become an increasingly embedded kidnapping and extortion industry in 2016. Further sporadic kidnappings of locals and foreign nationals by extremist groups should be anticipated in 2016, as well as short-term hostage-takings such as the November assault on the Radisson Blu hotel in Mali's capital, Bamako, which left approximately 19 people dead.

The abduction of a Romanian national from a poorly secured mining site in northern Burkina Faso by AQIM (Al-Qaeda in the Islamic Maghreb) splinter group, al-Mourabitoun, in August 2015 speaks directly to the threat of operating in insecure regions without adequate risk mitigation measures in place.

Asia

The Asian region's primary security issue in 2016 will remain the conflict in Afghanistan while the emergence of other IS-linked groupings in South Asia, South East Asia and Australia will gain popular attention and raise concerns among foreign and local security agencies. Afghanistan has served as a breeding ground for Islamist extremists and the threat of a greater spillover into neighboring states remains a persistent likelihood. The connection between political and security threats and KRE (Kidnap, Ransom and Extorsion) risk levels remains strong, and in areas where the former risks are present, kidnapping threat levels and incident rates are generally elevated. The types of KRE risks associated with travelling to or operating in each region are becoming increasingly diverse.

The increased conflict in Afghanistan is likely to negatively affect the security situation of its northern neighbors, Tajikistan, Turkmenistan and Uzbekistan, albeit in an indirect manner. There are many citizens of Central Asian states fighting for militant groups abroad, including in the states listed above and Kyrgyzstan. Some estimates place the number of Central Asian fighters in Syria alone at between 1,000 and 1,500.

Australian security operations have also escalated in response to government concerns of radicalization among the population. Following the December 2014 'Siege of Sydney', a hostage crisis involving a single and apparently IS-motivated individual, and more recently, the October 2015 Parramatta isolated shooting incident, Australian intelligence services have escalated surveillance of those suspected of harboring extremist sympathies, and have carried out numerous raids and arrests. In Bangladesh, two separate killings of Italian and Japanese nationals were reported in September and October, respectively.

Kidnapping in its various forms will pose a credible security risk to local and foreign personnel as well as business interests in many parts of Asia in 2016. The threat of financially motivated kidnapping will remain significant in numerous locations in the region. Although the kidnapping risk posed by regional and international Islamist extremist groups garnered widespread media attention in 2015, in terms of incident rates and frequency, the primary kidnap threat in the majority of countries in Asia continued to stem from criminal groups; a significant change in this dynamic is not anticipated in 2016.

The express-kidnapping risk will be most elevated for persons operating in larger cities in Bangladesh, China, Hong Kong, India, Indonesia, Malaysia, the Philippines and Taiwan. With over 40,000 kidnapping cases reported per annum, the kidnapping rate in India is expected to remain one of the highest in the world during 2016.

Incidents of virtual kidnapping are also growing in frequency. In 2016, this risk is anticipated to be most prevalent in India, Taiwan, Hong Kong and China. In India and Bangladesh, tiger kidnapping[1] gangs are expected to continue to target cash-rich organizations, such as banks and financial institutions, as well as jewelry and other high-end stores. Cyber extortion may present a significant security risk to individuals and businesses in 2016. Extortion will remain endemic in the insecure and conflict affected areas of Afghanistan, Pakistan and the Philippines, where rebel and militant groups and their criminal counterparts operate well-established extortion rackets that target various sectors. High-risk operating environments include Bangladesh, India and Papua New Guinea. However, extortion will not remain limited to the above high-risk destinations. In 2015, incidents were frequently reported in China, Taiwan, Hong Kong, Indonesia, Malaysia, Singapore and Sri Lanka.

Wrongful or illegal detention by state or non-state groups will pose a risk to individuals and companies in certain Asian countries in 2016. China has emerged as a particular hotspot, where the wrongful detention of managerial staff by employees or business partners/suppliers is a common response to corporate disputes or misunderstandings. Furthermore, wrongful detention by official government entities will remain a concern for business and recreational travelers.

Travelers from Asia face a general higher risk of being kidnapped in many countries in the region due to their perceived wealth, history/culture of paying ransoms and the fact that they are less likely to attract the type of media attention associated with the kidnapping of Western nationals. Chinese, South Korean, Taiwanese and Malaysian nationals, in particular, are subject to an elevated kidnapping risk in several Asian states.

In the Philippines, specifically, the criminal kidnap threat will remain high in the restive southern areas, as well as in urban centers such as the capital, Manila. Urban centers in low- and medium-risk destinations such as Malaysia, Indonesia, China, Hong Kong, Singapore and Taiwan are not immune to the KRE threat. In particular, the abduction of company employees, termed 'economic kidnapping', is fast becoming a lucrative business; individuals in the retail and manufacturing industries are subject to the highest risk. In addition, the targeting of high-net worth individuals and their dependents by criminal entities was highlighted by several high-profile cases in Hong Kong, Taiwan and Singapore in 2015.

In addition, while not comprising the primary threat, the risk of being kidnapped by Islamist extremist, politically motivated, rebel and separatist groups in certain locations in high- and extreme-risk destinations will remain elevated. •

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1 It's a kidnapping in which one or more hostages are taken to coerce another person, usually a relation of the person or people held, to take part in a crime (In Colins English Dictionary).