



WEEKLY RISK ROUNDUP

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KEY STORIES TO LOOK OUT FOR:



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Controversy following parliamentary elections



Barbados
Country becomes republic



Turkey
Unrest intensifies amid ongoing currency crisis



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Deadly school shooting in Oxford, Michigan



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Leftist opposition candidate claims victory in presidential election



GLOBAL HEADLINES



Uganda Airport Ownership at Risk

The country's parliament has conducted an investigation into the terms of a loan that the Government of Uganda took from China's Exim Bank in 2015. It has been found that the terms of the loan, which was taken to help fund upgrades to the country's only international airport, includes the forfeiture of the airport if repayments are missed. Alongside this, the terms of the loan also include giving Exim bank approval powers over the airport's annual budgets. As a result, all airport revenue has to be deposited into an escrow account (a third-party account) and all withdrawals have to be approved by Exim.

Additionally, under the terms, all disputes and arbitration or court hearings have to take place in China, under Chinese law, and in Chinese courts. Exim bank has the right to inspect any government and Ugandan Civil Aviation Authority accounts it wishes at any time.

In March 2021, the government of Uganda unsuccessfully tried to re-negotiate the terms of the loan after they admitted that the loan had been poorly negotiated; however, at the time the government still refused to reveal the terms of the loan. As the news of the new parliamentary probe in the contract and its discovery broke, the Ugandan government swiftly announced that it would once more seek to try and amend the loan deal with China, to make sure the country does not lose control of its only international airport.

Comment: The 2015 loan of 207 million USD with a 20-year maturity was used to fund the expansion of Entebbe International Airport. The terms of the loan, which effectively mean that China has control of Uganda's sole international airport until paid off and can take ownership of the physical asset if Uganda misses a loan repayment, has stoked further fears around Chinese loans in Africa and globally. Critics of Chinese loans have stated that they are a form of debt-trap, designed with onerous conditions that are hard to keep, and coupled with seizure or forfeiture clauses, in the case of repayment issues.

The clause in the loan which states that China can take control of the airport is the one which has generated the most anger. At the time of writing, the Ugandan government has issued several statements clarifying that the Chinese have not taken control of the airport in exchange for cash. Whilst this may not have happened, and if Uganda successfully pays of the loan, may not happen, there are questions around how much operational influence over its airport Uganda may have.

China's loans have been the focus of controversy since the terms of a loan repayment from Sri Lanka saw the country cede the leasehold of a commercial port to China for 99 years in 2017. The news of the exact nature of the clauses involved in this loan detail between Uganda and China will only serve to further fuel suspicion of Chinese loans, and their conditions. In 2018, the risks these loans to Uganda were raised by the country's auditor general who stated that the stringent conditions in the loans not only increased the cost of borrowing for Uganda, but also exposed the country's sovereignty to risk.

Chinese loans are often seen as more amenable to many leaders in less democratic or developing nations. They are often cheaper on the surface, and often come with less stringent conditions on transparency, freedoms and rights. However, as it increasingly seems that these loans come at the risk of jeopardising a nation's sovereignty of key national assets, it remains to be seen how many more nations seek these loans.

Such loans can be the trigger for unrest in African countries. There is a growing anti-Chinese sentiment in many African countries. There have been reported incidents of Chinese workers and business-owners being attacked by locals in some parts of the continent. Recent reports of evictions, discrimination and other mistreatment of Africans in Guangzhou during the COVID-19 pandemic, as well as the deeply unfavourable loans, has led to an increase in animosity from some sections of the continent towards China.



Kyrgyzstan Controversy following parliamentary elections

Parliamentary elections took place in Kyrgyzstan on 28 November to determine the 90 members of the Jogorku Kenesh (Supreme Council), the country's unicameral parliament. With over 97 percent of votes counted, the preliminary results released on 29 November showed a landslide victory for parties allied to incumbent President Sadyr Japarov.

With many pro-government blocs performing well, it was a poor showing for the opposition parties, with the Alliance and Butun Kyrgyzstan (United Kyrgyzstan) parties winning just eight and seven per cent of the vote respectively. Several opposition parties failed to even reach the five per cent threshold required to make it into parliament. One such party was Ata-Meken (Fatherland), whose long-time opposition leader Omurbek Tekebaev blamed voter fraud for the poor result.

Following the release of the preliminary results, several opposition parties announced that they would not recognise the results, accusing the country's Kyrgyz Central Electoral Commission of manipulating the vote counts during a 40-minute blackout of its electronic tabulation system. The leader of Uluttar Birimdigi (One Nation), Nurlan Adaev, said his party had more than 47,000 votes before the technical glitch. With only 30,000 being displayed when the service had been restored.

To make matters worse, nearly 122,000 ballots – equivalent to nearly 10 percent of all the votes cast – were marked as invalid, adding to speculation of vote fraud and manipulation. Moreover, there were also complaints of other violations during the election, including claims that some political parties had paid people to vote in their favour.

Last weekend's parliamentary elections marked the first such vote since last October and the third electoral exercise of 2021 for Kyrgyzstan. The results of the October 2020 parliamentary elections were annulled following widespread unrest triggered by alleged vote buying and other irregularities. Amid the turmoil, Japarov became prime minister and then successfully ran for president in January 2021.

Comment: With pro-government blocs and individual candidates winning a commanding majority, the government of President Japarov will enjoy strong parliamentary support. Having already pushed through constitutional reforms in April that increased his presidential powers, the election results will only strengthen Japarov's grip over the central Asian nation. Indeed, the election can be considered the latest step towards a more centralized form of governance that began following Japarov's rise to power.

The elections took place under a new constitution and electoral system and were marred by low voter turnout and technical glitches. In their preliminary report, the Organisation for Security and Co-operation in Europe (OSCE) election monitoring mission stated, "The 28 November parliamentary elections were competitive but constitutional changes weakening parliament, subsequent extensive legislative changes to key aspects of the elections, a stifled campaign and overall voter disillusionment hindered meaningful engagement."

Given all of the above, combined opposition claims of vote fraud and vote buying, it is unsurprising that opposition leaders and their supporters refused to accept the results. President Japarov did acknowledge their concerns and agreed to a recount, however, the results are unlikely to change. As a result, political tensions are likely to remain heightened in the near-term with a strong possibility of opposition-led protests in Bishkek and other cities in the coming weeks.



Barbados Country severs political ties with United Kingdom; elects first president

On 30 November, Barbados removed Queen Elizabeth II as the country's monarch and head of state and swore in its first president, Sandra Mason, the last Governor-General of Barbados. The 30 November was chosen as it coincided with the 55th anniversary of Barbados becoming self-governing in 1966.

Incoming President Mason described Barbados' transition to a republic during the 2020 Throne Speech, "The time has come to fully leave our colonial past behind. Barbadians want a Barbadian head of state." Meanwhile, Prince Charles, who has assumed Queen Elizabeth's Commonwealth duties since 2011, has indicated that the



United Kingdom will continue to seek close relations with Barbados and also acknowledged the legacy of slavery and reiterated Great Britain's deep regret pertaining to this.

Comment: The move is a largely symbolic gesture rather than an impactful political development. The newly appointed President of Barbados will largely be a ceremonial role, similar to that of the office of Governor-General. Mason, and future presidents, will now act as head of state and Commander in Chief of the Barbados Defence Force while the political power in the country will remain with the prime minister, which is currently Mia Mottley of the Barbados Labour Party.

Barbados will also remain a member of the Commonwealth of Nations, which consists of 54 countries that belonged to the former British Empire and Mozambique. The UK is also likely to remain an important trading partner of Barbados; with London being Barbados' fifth largest import partner after the United States, Trinidad and Tobago, the Netherlands and China.

It is possible that the move will politically inspire other Commonwealth members to follow suit and become republics themselves. In Jamaica, debate regarding becoming a republic has been ongoing for some time and the recent declaration in Barbados has seen Antigua and Barbuda, The Bahamas and Saint Lucia all looking at following Barbados' example. In the long term, it is a significant possibility that other countries will make such a move upon the death of Queen Elizabeth, such as Australia. This has been cited by political figures across the Commonwealth as a suitable time to remove the political role of the British monarchy in their respective countries.

The potential for anti-British sentiment to be cultivated in the short and long term cannot be ruled out but remains unlikely. As a rule, travellers should avoid inflammatory political remarks regardless of destinations.



Turkey

Unrest intensifies amid ongoing currency crisis

A depreciation in the value of the Turkish lira by over 20 percent since the week beginning 15 November has prompted scattered incidences of unrest across Turkey. At least 55 people were arrested on 24 November following protests in Istanbul that called for the resignation of the incumbent government and resulted in the deployment of riot police to the streets of the city. Similar scenes have been repeated in the Turkish capital of Ankara, where large crowds of demonstrators were also met with police armed with riot gear.

The origins of the crisis lay in President Recep Tayyip Erdogan's pursuit of an unorthodox policy of cutting interest rates to combat soaring inflation levels – a move that has drastically increased the cost of living in Turkey. Currency markets have reacted negatively to the interest rate cuts, fuelling the continued depreciation of the Turkish lira. The Central Bank of the Republic of Turkey (CBRT) cut interest rates by 100 basis points to 15 percent on 18 November; a decision that compounded upon earlier interest rate cuts pursued by the CBRT since September 2021.

Individuals within the CBRT who have advocated for a more traditional policy of raising interest rates to stave off inflation have been repeatedly dismissed by President Recep Tayyip Erdogan, including the previous Governor of the CBRT who was dismissed in March 2021. The incumbent administration has sought to justify these policy measures on the back of a belief that low-interest rates will spur economic activity capable of wrestling inflation into control. However, opposition parties and civil society groups remain unconvinced by these arguments and have begun to explicitly call for the resignation of President Recep Tayyip Erdogan over his handling of Turkey's inflation rate.

Comment: Turkey's struggle with currency depreciation and a rising inflation rate will continue into the first quarter of 2022. An expansionary economic climate in the past has helped to fuel the incumbent administration's previous electoral victories, and President Recep Tayyip Erdogan is likely to continue to prioritise access to easy credit in the form of low interest rates in an attempt to deliver further economic growth and investment.

An economic recession would harm the incumbent administration's electoral chances in the run-up to the 2023 Turkish general election, and President Recep Tayyip Erdogan has repeatedly refused to change the governing philosophy of his administration. However, Turkey's currency depreciation and soaring inflation rates are likely



to exacerbate the cost of living and weaken foreign investment even further, exerting a negative effect on Turkish growth rates.

Recent unrest will continue and is likely to be seized upon by opposition parties in order to foster public sentiment against the incumbent administration. Early signs of the economic crisis impacting the electoral performance of President Recep Tayyip Erdogan and his political allies appeared in 2019 when opposition parties gained ground in a set of nationwide local elections. However, political crackdowns and allegations of electoral interference have helped to bolster President Recep Tayyip Erdogan's performance in the past, and the administration has proven resilient in the face of previous expressions of substantial public discontent.



Honduras

Leftist opposition candidate claims victory in presidential election

Left-wing opposition candidate Xiomara Castro has claimed victory in the Honduran presidential election, ending the 12-year tenure of the incumbent right-wing National Party. Castro secured more than 53 percent of the vote, beating ruling party candidate Nasry Asfura by a margin of more than 20 points as votes continue to be counted. Her victory came on the back of an unprecedented turnout of more than 68 percent.

After pre-emptively claiming victory and scheduling public celebrations, Asfura proceeded to concede the vote and visit the residence of Xiomara Castro to publicly congratulate the country's first female president, calming immediate fears of antidemocratic practices and any subsequent social upheaval.

Honduras has struggled to regain political stability since the US-backed military coup of 2009 that unseated Xiomara Castro's husband and former President Manuel Zelaya. The right-wing National Party had won every post-coup election, facing widespread allegations of fraudulent and corrupt behaviour in 2013 and 2017 with the support of an increasingly powerful and influential military.

Comment: Tuesday's vote was a hard-fought victory for democracy in a region that has faced numerous challenges to political freedom during a frantic and consequential 2021 election cycle. Although international observers praised the calm and peaceful atmosphere of polling day, the runup to the vote was comparatively volatile. The campaign was marred by episodes of political violence and numerous abuses of state power, drawing criticism from international bodies including the European Union. Ultimately, Castro's victory may constitute a turning point in a gradual descent towards authoritarianism, similar to the political trajectory of neighbouring Nicaragua under the contentious administration of Daniel Ortega.

Now in power, Castro and the Libre (Free) coalition will attempt to manage the complex and precarious criminal landscape in Honduras with a vastly different approach to a previous administration that heavily militarized its police force and continually dealt with allegations of narco ties and corruption. Castro's platform aims to deescalate the unprecedented levels of violence on the country's streets by investing in community police units and demilitarizing Honduran security forces, in contrast with the iron-fisted approach of ex-President Hernandez and other previous right-wing administrations. Her government will also seek to reprioritize anti-corruption efforts while dismantling an entrenched framework of 'narco politics.'

Political interests in the United States and Mexico will also be actively monitoring Castro's success in handling Honduras' epidemic of organized criminality, as the escalating threat of violent crime continues to drive migrants to seek refuge in North America. Significant resources and political support will be required to enact transformative changes.



United States

Deadly school shooting in Oxford, Michigan

Three high school students were killed, and eight others wounded, in a shooting at the Oxford High School in suburban Detroit on 30 November. Police arrested one suspect at the scene, a 15-year-old pupil, whom they allege used a semi-automatic handgun purchased by his father four days prior to the shooting.



The first emergency calls were received at 12:51 local time about an active shooter at the school. Officers from Oakland County Sheriff's Office, along with multiple medical and SWAT units, arrived at the scene minutes later. According to police, the incident unfolded in about five minutes and between 15 and 20 shots were fired before the suspect was apprehended.

Following the attack, the Oakland County Sheriff's Office said that a special investigations unit had been deployed to process the scene and it was likely to be a lengthy investigation. A search warrant was executed at the suspect's home and police seized a phone and other items. Investigators were not immediately able to identify a motive for the shooting and it was reported the suspect was not co-operating with authorities on the advice of his attorney and parents.

Governor of Michigan Gretchen Whitmer offered her condolences on Twitter, saying "The deaths of multiple students and shooting of others, including a teacher, is horrific." She also mentioned the joint responsibility to reduce gun violence, which she described as a "public health crisis that claims lives every day." President Biden also expressed compassion for the families of the victims.

Comment: The attack at Oxford High School marks the deadliest school shooting in the US this year, according to Education Week, which tracks such incidents. Incidents of this nature, given their location are always highly likely to reignite the polarizing debate about gun ownership, arming teachers and school safety in the United States.

Similar incidents in recent years have prompted calls for tougher gun controls and have, on occasion, resulted in the introduction of new regulations. However, despite attempts to curb gun ownership, gun violence remains a huge problem in the US, with 2021 on track to be the worst year for gun violence in decades.

Statistics published by Everytown - the largest gun violence prevention organisation in the US - show shootings on school grounds have steadily been increasing in recent years. In 2013, Everytown recorded 51 incidents of gunfire on school grounds. In 2019, there were 130 such shootings, representing an increase of over 150 per cent over a six-year period. Although the pandemic did appear to interrupt the upward trend line, with the 2020 figure significantly lower than 2019 and 2018, so far in 2021 there have been 138 incidents – the highest number since Everytown began recording shootings on school grounds.