



**Control Risks**

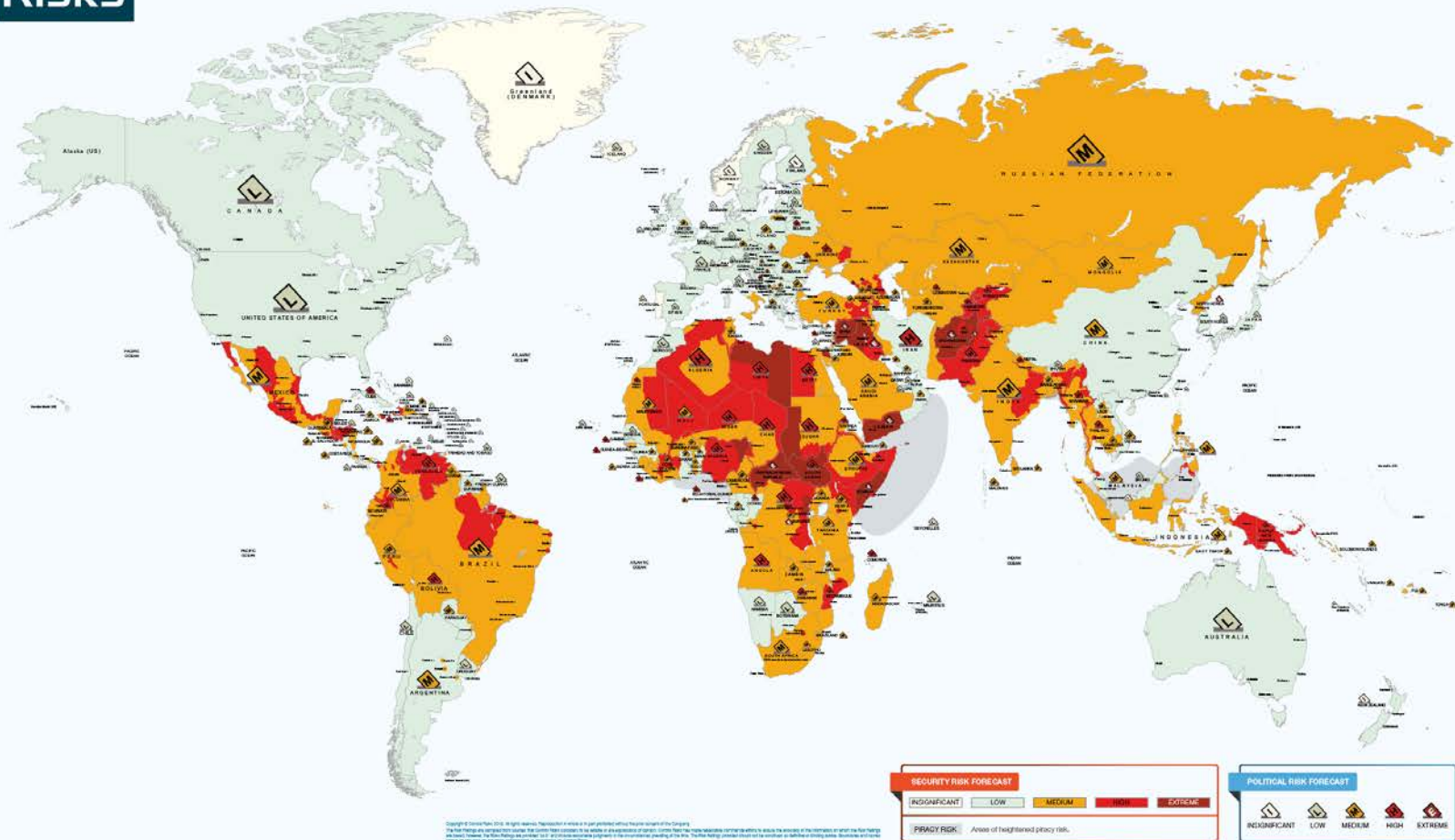


**KPC 4<sup>TH</sup> ERM CONFERENCE**

**27-29/03/2017**

# RiskMap 2017

## Control Risks



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- Please also see [riskmap.controlrisks.com](http://riskmap.controlrisks.com)



RISKMAP 2017  
OUR TOP FIVE RISKS

## **Our Top Five Risks for 2017**

**The Tower  
of Disruption**



**EU  
Politics**



**Great-power  
Tension**



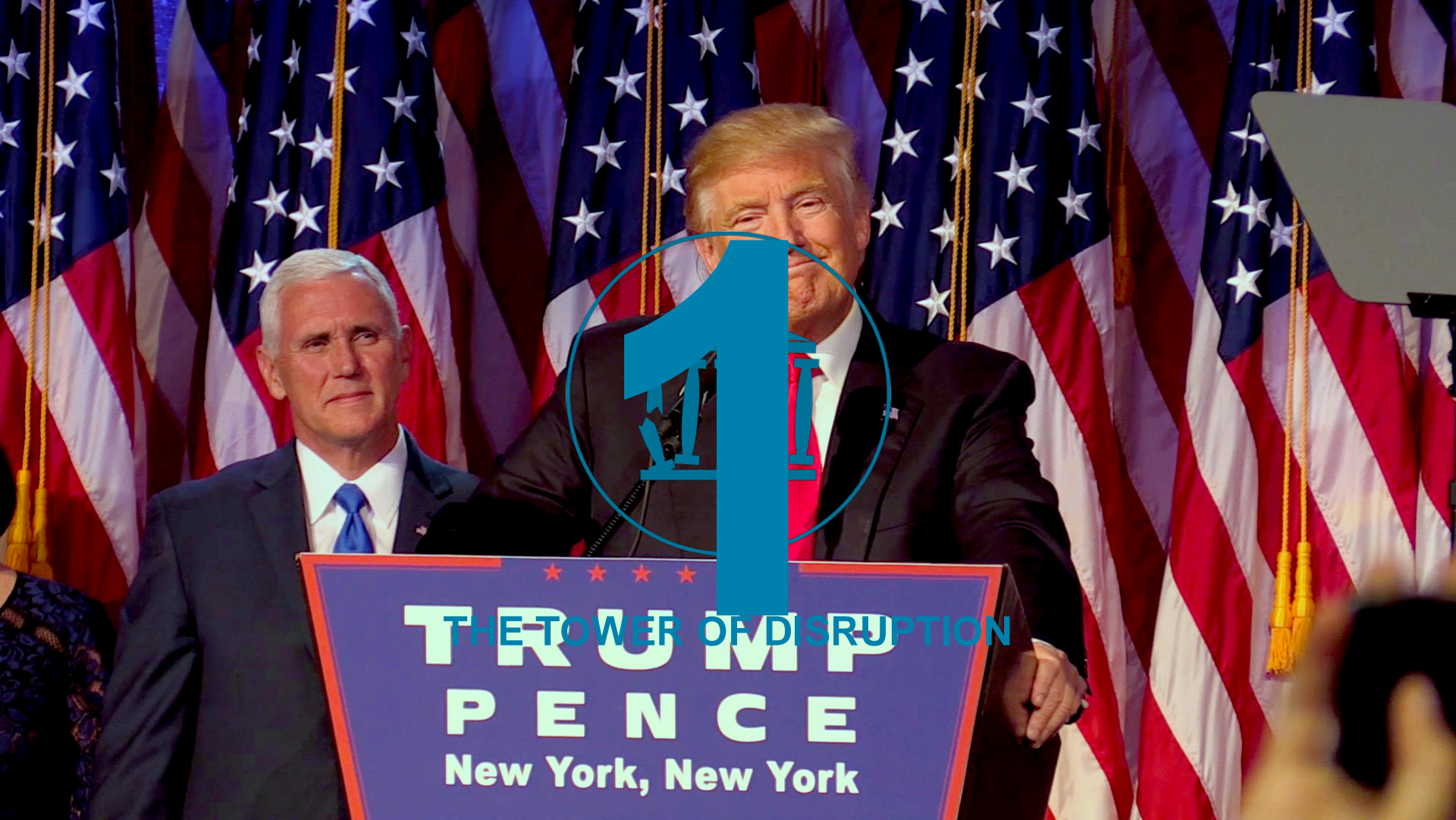
**Regulation  
Disorientation**



**A Fragmented  
Terror Threat**







**TRUMP  
PENCE**  
New York, New York

# The Tower of Disruption

**The US now has a Disrupter-in-Chief: President-elect Donald J Trump.**

- He tweets: “It’s really excellent! And it’s really big!”
  - Everything else is work-in-progress
- He has taken a stand against global trade
- What will happen with Iran?
- Can he control the US border with Mexico?
- How will the domestic environment evolve?

**TRUMP  
PENCE**  
New York, New York





EU POLITICS



# EU politics

**“Brexit means Brexit.” Meanwhile, across the English Channel...**

- Elections in France, Germany, Netherlands
  - No unexpected results, but politics are shifting to the right
- The persistent force of populism
  - And no unified response
- Back to the future: Migration, Greece, Schengen
- The inability to easily resolve critical issues
  - Turkey
  - EU-Canada trade deal





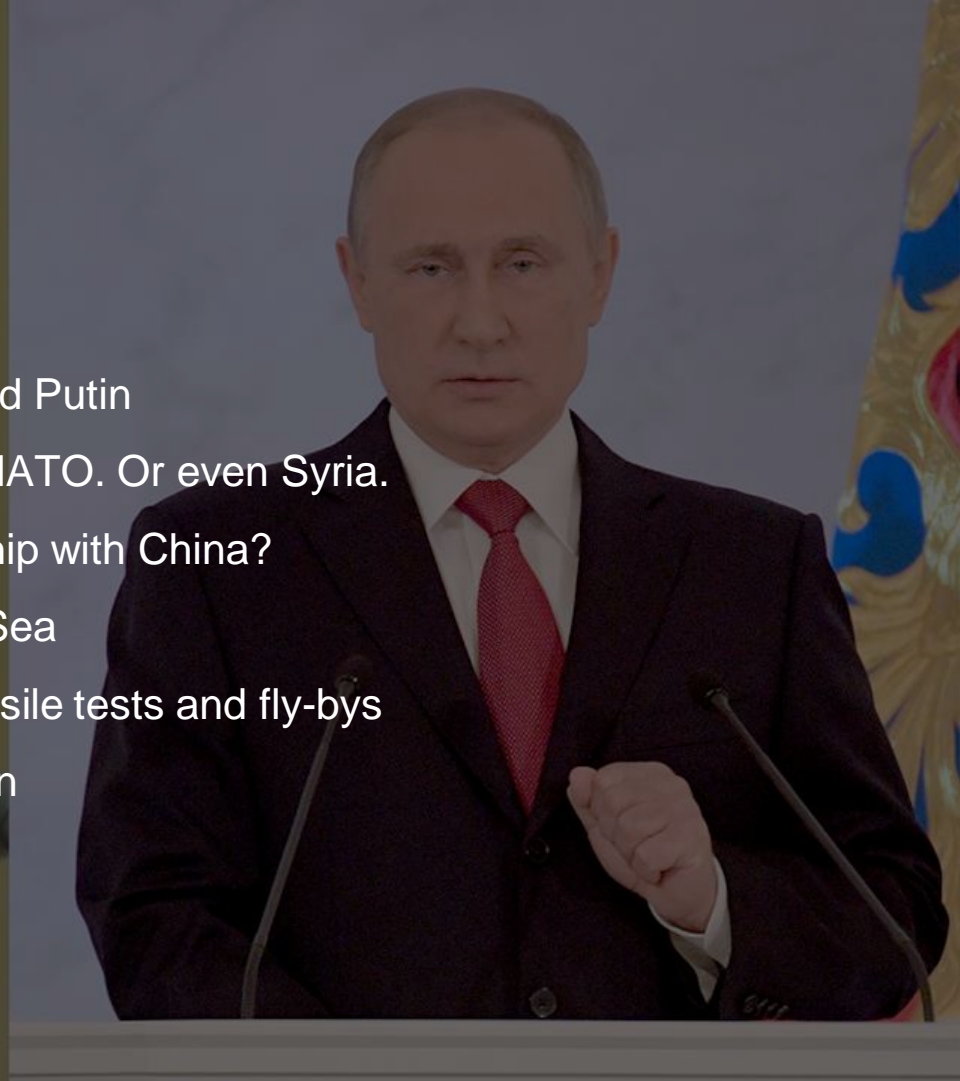
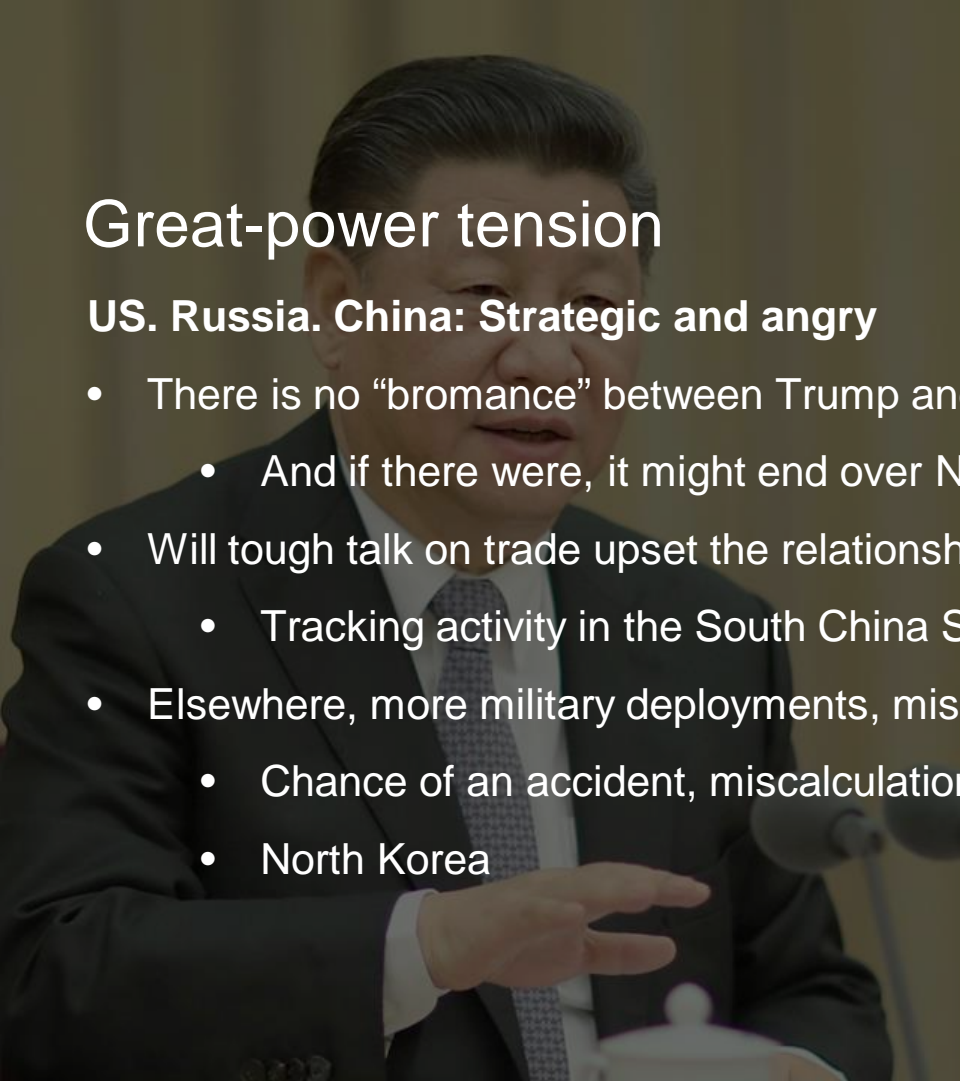
GREAT-POWER TENSION



# Great-power tension

## US. Russia. China: Strategic and angry

- There is no “bromance” between Trump and Putin
  - And if there were, it might end over NATO. Or even Syria.
- Will tough talk on trade upset the relationship with China?
  - Tracking activity in the South China Sea
- Elsewhere, more military deployments, missile tests and fly-bys
  - Chance of an accident, miscalculation
  - North Korea







**REGULATION DISORIENTATION**



# Regulation disorientation

**The US relaxes. Europe cracks down. Data nationalism.**

- International companies will have a difficult time following global regulation trends
- Financial services and environmental regulations will relax in the US
  - The FCPA will not.
- In Europe, the tax man and anti-trust regulations will crack down. Hard.
- Elsewhere, economic nationalism will find its expression via rules and regulations
  - Regulation will be weaponised



**A FRAGMENTED TERROR THREAT**



# A fragmented terror threat

## **IS will be fatally wounded in Syria & Iraq**

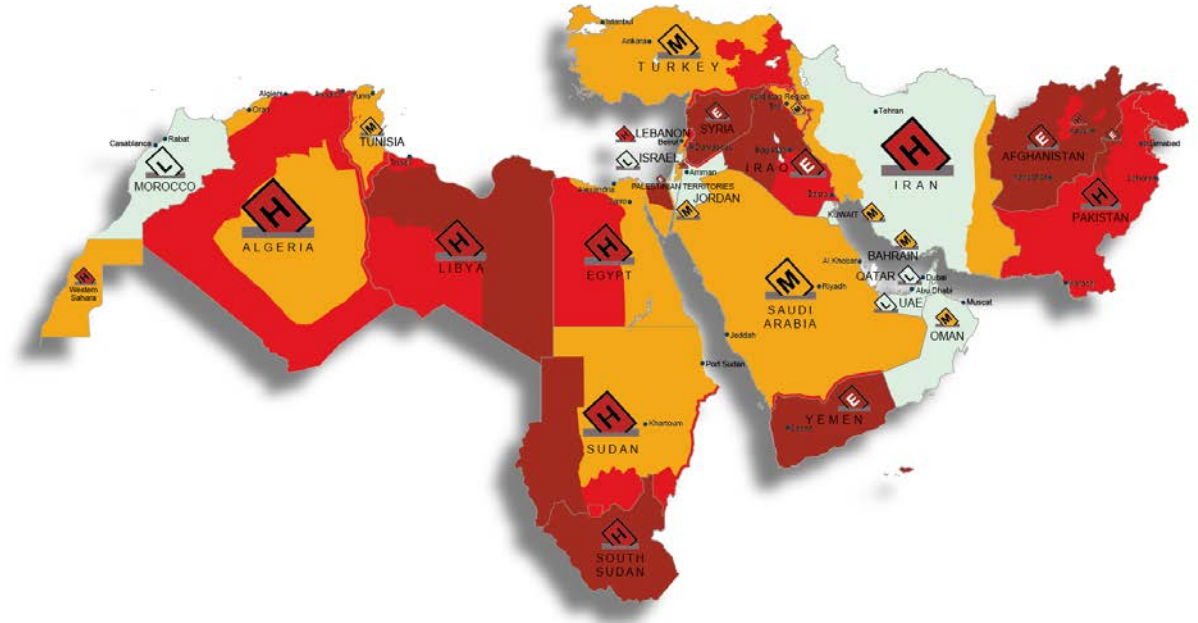
- But the threat will not go away. It will disperse.
  - To other fragile states. Or back home.
- Al Qaeda will continue to compete for local and regional influence
- Left-wing, right wing groups and ethno-national militant groups
- The lone wolf, self-radicalising or without a specific cause
  - The “active shooter”
- Companies face a more varied threat landscape





# RiskMap 2017

Middle East & North Africa

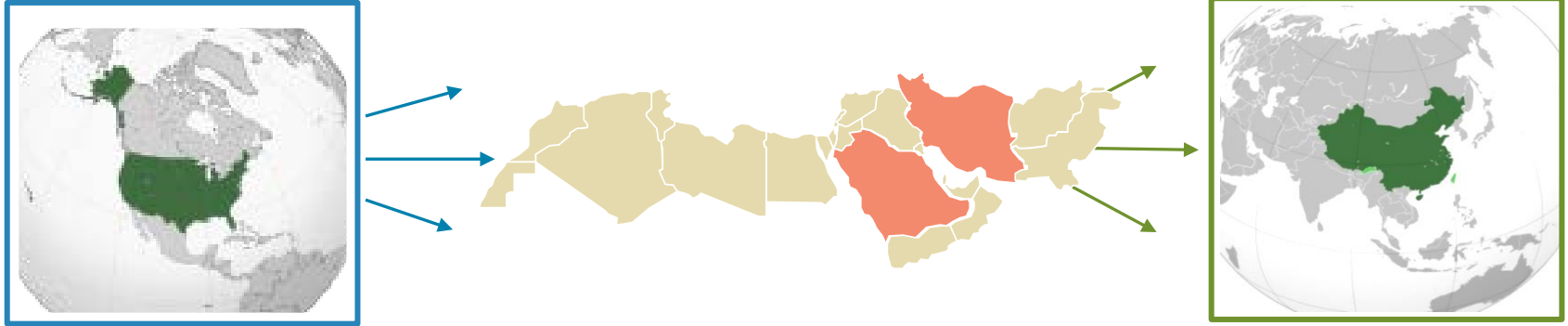


Middle East & North Africa

## Our top risk drivers for MENA in 2017

1. Global and regional geopolitical realignment
2. Post-IS terrorism threat
3. Fiscal adjustment efforts
4. Implementing improved conditions for FDI
5. Leadership succession

## 1. Global and regional geopolitical realignment



Uncertainty over  
US foreign policy

Intensifying global  
multi-polarity

Intensifying global  
arms race

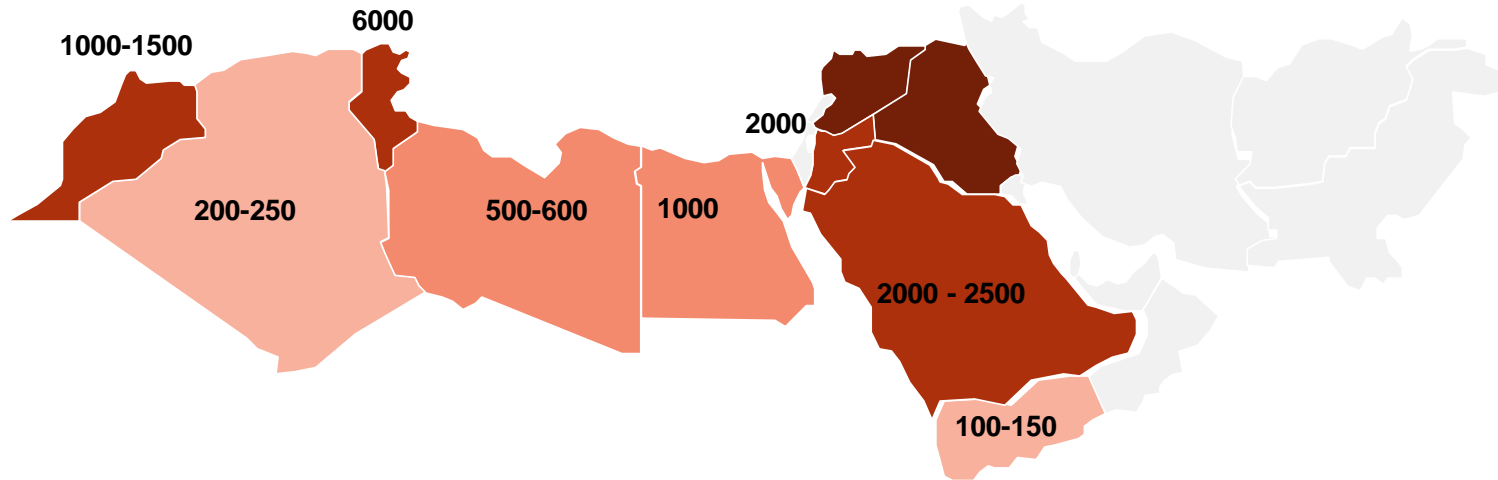
Uncertainty over  
nuclear deal with Iran

Regional political  
rivalries

Intensifying regional  
arms race

Realignment of  
foreign and commercial  
policies

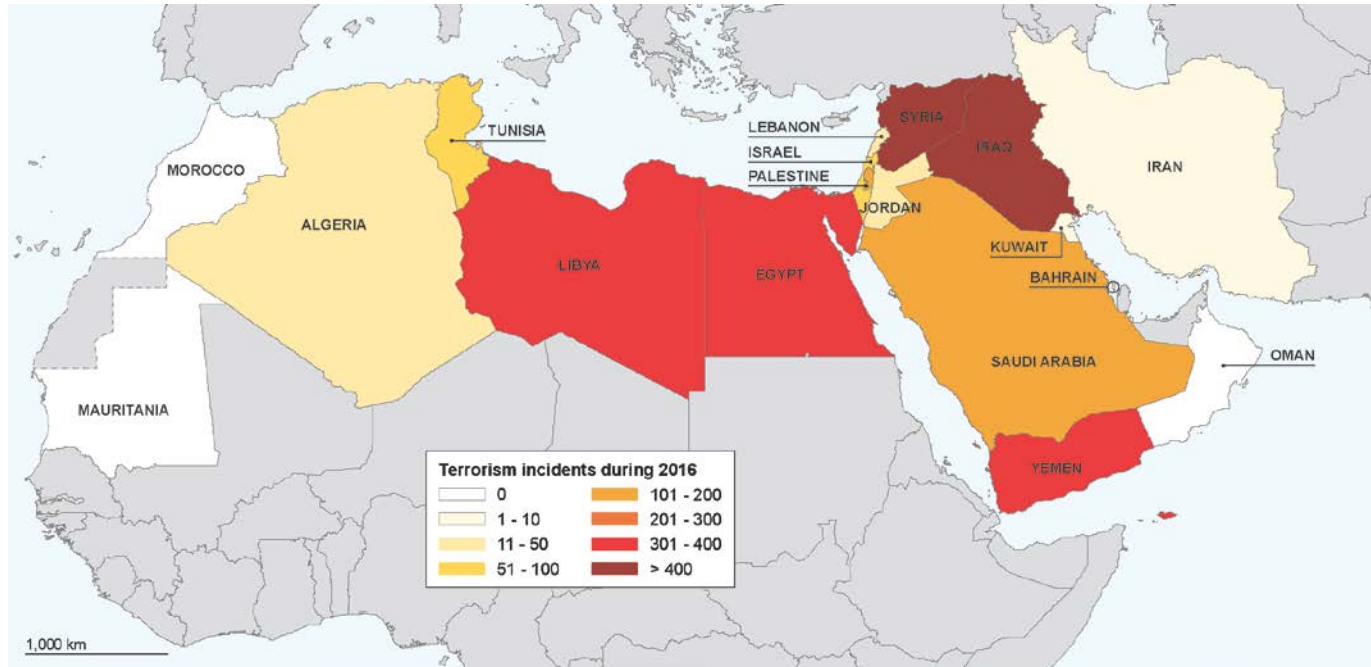
## 2. Fragmenting terrorist threat



- **Higher threat from returning fighters:** Morocco, Tunisia, Jordan, Saudi Arabia
- **High threat in weak states:** Yemen, Iraq, Syria, Sinai (Egypt), Afghanistan
- **Continuity:** Gulf states, Iran, Pakistan



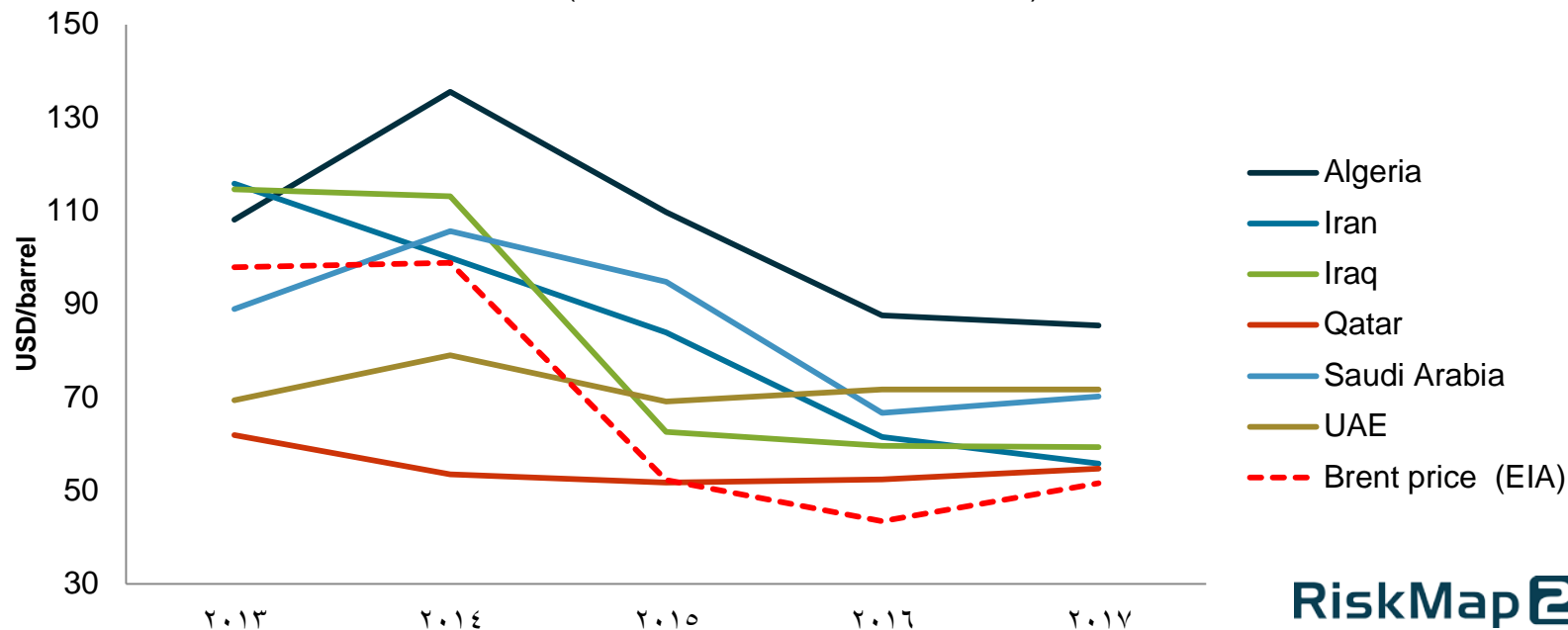
## 2. Fragmenting terrorist threat (cont'd)



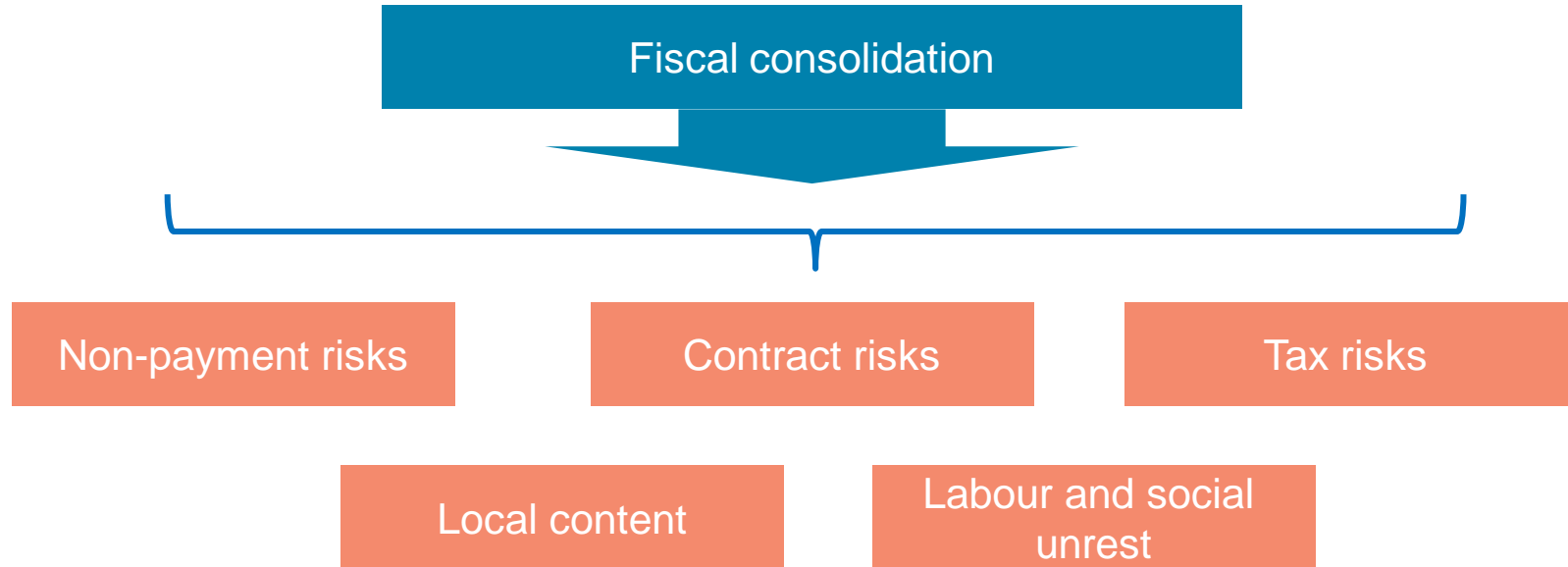
### 3. Fiscal adjustments

#### Breakeven oil prices

(IMF outlook, 2016 and 2017 est.)



### 3. Fiscal adjustments (cont'd)



### 4. Implementing improved conditions for FDI

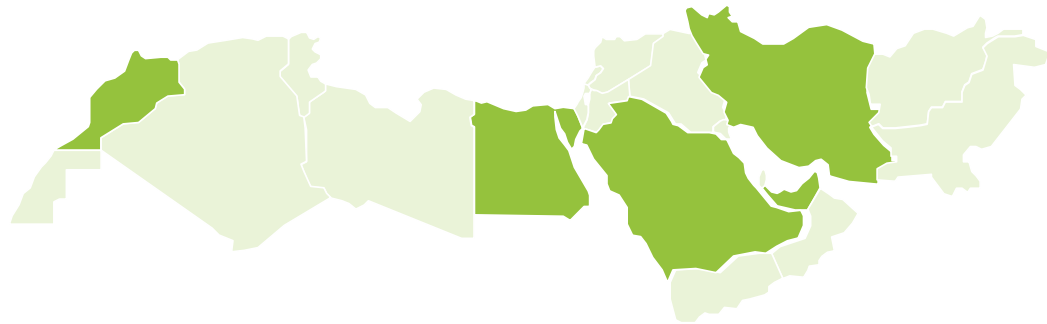
#### How?

- Economic diversification
- Privatisation
- Liberalising investment codes
- Incubating start-ups

#### What?

- Oil and gas is moving again
- Social/ government services
- Renewables and technology

#### Where?

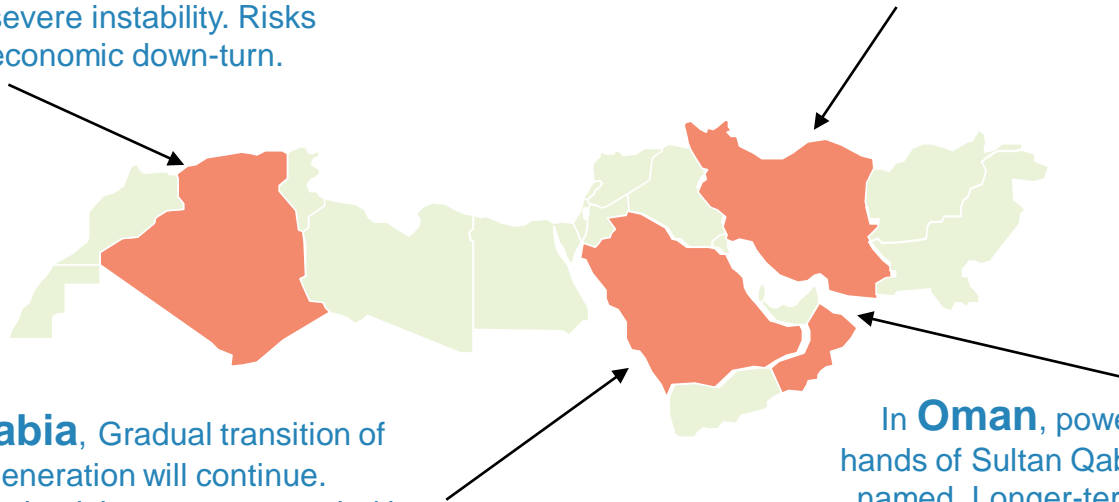




### 5. Leadership succession

In **Algeria** President Bouteflika is unlikely to complete his final term, but a managed transition will prevent severe instability. Risks will persist due to the economic down-turn.

In **Iran**, the Supreme Leader Khamenei has been in power for three decades. Factions will seek to influence the nature and profile of the most important position in the country.



In **Saudi Arabia**, Gradual transition of power to new generation will continue. Similarly to Algeria, risks are compounded by the need for economic adjustment

In **Oman**, power is concentrated in the hands of Sultan Qaboos, with no successor named. Longer-term consequences of this transition are likely to be significant.

A world map is centered on a dark blue background. The map's landmasses are white, and various countries are filled with images representing global risks and events. North America is filled with a dense crowd of people holding many national flags. Europe is filled with the European Union flag. Asia is filled with the Chinese national flag. Africa is filled with a person in a yellow shirt and a red headscarf. South America is filled with a port scene featuring large green cranes and colorful shipping containers. Australia is filled with a large, ornate golden structure. A horizontal white bar with a thin black border is positioned across the middle of the map, containing the word "QUESTIONS" in bold, dark blue, sans-serif capital letters.

# QUESTIONS