Political Risk In The Next Decade

What To Expect In 2010-2019

The main political risks over the coming decade will stem from unresolved succession dramas, internal fault lines within countries and resource conflicts. However, the global impact of individual events will depend on whether they affect any of 14 'pivotal states' that we identify. We also identify several 'wild card' scenarios that could substantially raise risks.

The coming decade will see no shortage of political risks, although whether it will be more turbulent than the previous decade is difficult to predict. When we look back at how the world looked in 1999, and what has happened since then, it is evident that the global political landscape has changed quite dramatically. Among the most notable political developments of the past decade are peace in the Balkans; Russia's revival under Vladimir Putin; 9/11 and the 'war on terror'; the US-led invasions of Afghanistan and Iraq, and the subsequent insurgencies there; renewed tensions with Iran; 'coloured revolutions' in countries such as Serbia, Georgia, and Ukraine, and attempts elsewhere; the expansion of the EU and NATO into most of Central and Eastern Europe; the rise of China and India; the rise and wane of the anti-globalisation movement; and a growing awareness of the security implications of climate change.

As the above examples illustrate, global 'hot topics' can change substantially in the space of a decade. Some issues that seemed highly important in 1999 had fallen off the radar by 2009, and some that seemed irrelevant or marginal in 1999 had become key issues by 2009 or earlier. In order to forecast the key political risks of the coming decade, we have outlined four main risk categories: first, countries facing uncertain leadership successions; second, countries at risk of major political upheaval; third, countries at risk of interstate conflict; and fourth, countries vulnerable to secessionist or autonomous movements, armed insurgencies and civil wars. These four categories are far from mutually exclusive and will overlap from time to time.

Countries Facing Uncertain Leadership Successions

A major threat to stability for more than a dozen countries around the world is the issue of who will succeed ageing leaders who have been in power for decades or who have no clear frameworks for the transfer of power. The more concentrated that power is in one person, the greater the risk of instability, since a successor may lack the personal authority to control the country after the incumbent's departure. Examples of strongmen whose exit caused their countries to experience civil war include Josip Broz Tito of Yugoslavia, Mobutu Sésé Seko of Zaire (now the Democratic Republic of the Congo), and Suharto of Indonesia. In the case of Yugoslavia, a weak, collective presidency held the country together for a decade after Tito's death in 1980, until it succumbed to resurgent nationalism in 1991. Congo was already in a state of civil war when Mobutu was forced into exile in

TABLE: COUNTRIES FACING MAJOR LEADERSHIP SUCCESSION IN 2010-2019

Country	Incumbent	Age	Assumed power	Probable successor	Risk of unstable transition	Likely outcome
Asia						
Cambodia	Hun Sen	57	1985	Unknown	Medium	Regime continuity
Kazakhstan	Nursultan Nazarbayev	69	1989	Unknown	Medium	Regime continuity
Myanmar	Than Shwe	76	1992	Unknown	Medium	Regime continuity, possible liberalisation
North Korea	Kim Jong Il	67	1994	Kim Jong Un*	Medium	Military-led leadership
Tajikistan	Imomali Rakhmon	57	1992	Rustami Rakhmon*	High	Renewed instability
Thailand	King Bhumibol	81	1946	Crown Prince Vajiralongkorn*	Medium	Renewed instability
Uzbekistan	Islam Karimov†	71	1989	Gulnara Karimova†	High	Regime continuity
Europe						
Belarus	Alexander Lukashenko	55	1994	Unknown	Medium	Regime continuity, possible liberalisation
Russia	Vladimir Putin/Dmitry Medvedev	57/44	1999/2008	Dmitry Medvedev	Low	Regime continuity
Latin America						
Cuba	Raul Castro	78	2008	Unknown	High	Possible regime collapse, elections
Venezuela	Hugo Chávez	55	1999	Unknown	High	Possible regime collapse, elections
Middle East and North Africa						
Egypt	Hosni Mubarak	81	1981	Gamal Mubarak*/Omar Suleiman	Medium	Regime continuity, possible Islamicisation of polity
Iran	Ayatollah Ali Khamenei	70	1989	Unknown	Medium	Regime continuity, possible liberalisation
Libya	Muammar Qadhafi	67	1969	Seif al-Islam Qadhafi*	Low	Regime continuity, greater reformist tendencies
Saudi Arabia	King Abdullah	85	2005	Prince Nayef bin Abdul Aziz	Low	Regime continuity
Tunisia	Zine El Abidine Ben Ali	72	1987	Unknown	Medium	Regime continuity
Yemen	Ali Abdullah Saleh	67	1978	Unknown	Low	Regime continuity
Sub-Saharan Africa						
Angola	Eduardo Dos Santos	66	1979	Unknown	Medium	Regime continuity
Cameroon	Paul Biya	76	1982	Unknown	Medium	Regime continuity
Equatorial Guinea	Teodoro Obiang Nguema Mbasogo	67	1979	Teodoro Nguema Obiang Mangue*	Medium	Regime continuity
Eritrea	Isaias Afewerki	63	1993	Unknown	Medium	Regime continuity
Ethiopia	Meles Zenawi	54	1991	Unknown	Medium	Regime continuity
Sudan	Omar al Bashir	65	1989	Unknown	Medium	Regime continuity
Uganda	Yoweri Museveni	65	1986	Unknown	Medium	Regime continuity
Zimbabwe	Robert Mugabe	85	1980	Joyce Mujuru/Emerson Mnagwagwa/Morgan Tsvangirai	High	Possible regime collapse, elections

Indicates son of incumbent; † Daughter of incumbent. Source: BMI

1997, but this worsened after his departure. As for Indonesia, although Suharto was succeeded by his chosen successor, leaving the regime temporarily in place, the country was quickly beset with separatist conflicts that took several years to pacify.

To minimise the risk of unstable successions, and preserve their political legacies, several long-time leaders have been grooming their sons or other family members to succeed them. Examples include Hosni Mubarak of Egypt, Muammar Qadhafi of Libya, Kim Jong Il of North Korea, and possibly several Central Asian leaders. However, the notion of dynastic succession is at odds with constitutional republicanism, meaning that the legitimacy of succession may be questioned. In addition, even if there is broad support among the elites and public for a hereditary handover, a son, daughter, brother or brother-in-law of a political strongman may simply lack their predecessor's leadership abilities, meaning that there could be risk of a more capable challenger emerging at a later date. However, given the connection between the elites in power, any challenger would need to be extremely careful lest their power grab unintentionally destabilises the entire regime. The challenger would have to provide assurances to vested interest groups that their privileged positions would not be jeopardised. This may also include granting immunity from prosecution to the former president and his family. Such promises reduce the scope for sudden policy changes, although they would not preclude reforms at a later date, once a successor has consolidated his or her power.

In several countries we would expect to see military or intelligence chiefs assume power, since they hail from what are usually the most effective organisations in their countries. In the case of North Korea, although Kim Jong Il, 67, is reportedly grooming his third son, Kim Jong Un, to succeed him, we expect a military-dominated collective leadership to wield real authority. In Egypt, although President Mubarak, 81, is said to be preparing his son Gamal to succeed him, the intelligence chief, General Omar Suleiman, is considered a serious contender, given that the security service is crucial to controlling the state. In Thailand matters are slightly different, as King Bhumibol Adulyadej, 81, is a constitutional monarch rather than an executive ruler. Nonetheless, he is a revered figure who has mediated between countless coup leaders and political groups over six decades; and his son, Crown Prince Vajiralongkorn, is said to lack the King's authority. Thus, King Bhumibol's eventual death could add a considerable element of instability to Thailand's highly fractious political scene.

Even if authoritarian leaders are replaced by new strongmen, this would not preclude eventual democratisation, albeit after a period in which stabilisation is the priority. For some countries, such as Venezuela and Zimbabwe, which have a longer tradition of elections and opposition politics than, for example, the Central Asian states, we would expect democracy to return fairly quickly, once the president retires or steps down. However, given the economic problems accumulated in Venezuela and Zimbabwe over the past decade, a true return to 'normality' would probably take many more years. Unsurprisingly, countries with the least experience of democracy could quickly return to authoritarian rule, especially if democratisation comes to be associated with chaos.

Of all the countries facing uncertain successions over the coming decade, the most important are arguably Egypt and Iran. These are the most populous states in the Middle East and key determinants of the future of political Islam. Egypt is the cultural hub of

TABLE: COUNTRIES AT RISK OF MAJOR POLITICAL UPHEAVAL

Country/Region	Present Government	Sources Of Instability	Chances Of Regime Change	Likely Outcome/Key Events
Asia				
Afghanistan	Civilian, elected	Islamist militants, regional warlords	Medium	Possible regime collapse, fragmentation
Bangladesh	Civilian, elected	Corruption, weak economy	Low	Elections in 2013
China	One-party state	Economic imbalances, ethnic unrest	Low	Regime continuity
Fiji	Military dictatorship	Ethnic-based inequality	Medium	Elections in 2010
Myanmar	Military dictatorship	Public opposition, rebel groups	Medium	Elections in 2010
Nepal	Civilian, elected	Ex-Maoist rebels	Medium	Continued instability
Pakistan	Civilian, elected	Islamist militants, weak economy	Medium	Continued instability
South Pacific islands	Civilian, elected	Ethnic-based inequality, climate change	Medium	Regime continuity
Europe				
Bosnia	Civilian, elected	Ethnic tensions	Low	Elections in 2010
Macedonia	Civilian, elected	Ethnic tensions	Low	Elections in 2012
Turkey	Civilian, elected	Civil-military, social religious divisions	Low	Elections in 2011
Ukraine	Civilian, elected	Ethnic Russians, unpopular incumbent	High	Elections in 2010
Latin America				
Mexico	Civilian, elected	Drug cartels	Low	Continued instability
Peru	Civilian, elected	Ethnic-based inequality	Medium	Elections in 2011
Venezuela	Civilian, elected	Economic mismanagement	High	Elections in 2013
Middle East and North Africa				
Iran	Clerical regime	Public opposition, weak economy	Medium	Regime continuity, possible liberalisation
Iraq	Civilian, elected	Islamist militants, regional secessionists	Medium	Regime continuity, possible fragmentation
Lebanon	Interim	Sectarian tensions, Hizbullah	Medium	Continued instability
Syria	One-party state	Islamist movement (underground)	Medium	Regime continuity
Yemen	Civilian, elected	Al-Qaeda, Southern secessionists	Low	Regime continuity
Africa				
Chad	Military dictatorship	Rebel groups	High	Continued instability
Congo, Dem. Rep.	Civilian, elected	Rebel groups	Low	Continued instability
Congo, Republic	Civilian, elected	Legitimacy of government	Medium	Regime continuity
Côte d'Ivoire	Coalition	Ethnic unrest, North-South divide	Medium	Elections in 2010
Gabon	Civilian, elected	Legitimacy of government	Low	Regime continuity
Guinea	Interim military	Legitimacy of government	High	Elections pending
Guinea-Bissau	Civilian, elected	Legitimacy of government, drug cartels	Medium	Continued instability
Kenya	Civilian, elected	Ethnic-based inequality, disputed election	Medium	Elections in 2012
Liberia	Coalition	Former rebels	Medium	Elections in 2011
Madagascar	Interim	Allegations of autocracy	High	Elections in 2010
Mauritania	Military, elected	Legitimacy of government	Medium	Elections in 2010
Niger	Civilian, elected	Constitutional violation	Medium	Regime continuity
Nigeria	Civilian, elected	Ethnic unrest, North-South divide	Medium	Elections in 2011
Somalia	Effectively none	Islamist rebels	N/A	Continued extreme instability
Sudan	Coalition	North-South divide, Darfur conflict	Medium	Elections in 2010
Zimbabwe	Civilian, elected	Legitimacy of government, weak economy	Medium	Elections in 2013

Source: BMI

the Arab world, while Iran is the centre of radical Shi'a Islam. If Egypt were to become an Islamist state after Mubarak, it would provide a tremendous boost for global Islamist forces. Similarly, if the very legitimacy of Iran's theocratic rulers were to be challenged when Supreme Leader Ayatollah Ali Khamenei, 70, dies, the country could start moving towards a more liberal or even secular model, taking some of the sting out of radicalism in the Middle East. Indeed, if Iran categorically rejected clerical rule, it would demonstrate that radical Islam had failed in a major Muslim state.

Meanwhile, the Central Asian states are also worth watching for succession battles. The long-serving presidents of Kazakhstan, Tajikistan and Uzbekistan have refrained from naming successors, yet political jockeying is already in motion. Although Turkmenistan has remained stable following the sudden death of autocratic President Niyazov in 2006, it has a smaller and more concentrated population than the other states, meaning it may not be taken as a precedent for stability. Over the coming decade, investors will be watching closely for signs of unstable transitions in a region that has vast hydrocarbon resources, but also faces the threat of Islamist militancy spilling over from Afghanistan.

Countries At Risk Of Major Political Upheaval

Inevitably, our list of countries at risk of major political upheaval to some degree overlaps with those facing uncertain successions. Here, we define political upheaval to mean mass public unrest against entrenched regimes or violence aimed at systemic change, rather than occasional political shifts that take place at elections. For the most part, this risk stems from questions about government legitimacy, constitutional violations, public opposition to repressive governments owing to economic problems, and inter-communal or inter-ethnic violence. These countries are typically one-party states (China, Syria), military dictatorships (Myanmar), states struggling to bridge the secular-religious divide (Afghanistan, Iran, Pakistan, Turkey) or states polarised along regional lines (Ukraine, Nigeria).

Most of these countries are in Africa, where there are still several authoritarian governments in power. However, democratic states such as Nigeria and Kenya are also prone to political upheaval. Nigeria suffers from a schism between the Muslim north and the Christian south, as well as unrest in the Niger Delta. These are structural problems that will not go away quickly. Meanwhile, although Kenya is a democracy, the 2008 presidential election showed that this does not preclude violence, as the country's different ethnic groups came to blows over which candidate was perceived to have won. In the end, the disputed election was resolved through a power-sharing agreement between incumbent President Mwai Kibaki and his opponent, Raila Odinga, who became prime minister. Such arrangements are of course preferable to violence, but mean that the underlying tensions are never too far below the surface and could re-emerge come the next election.

Overall, and somewhat paradoxically, elections may increasingly serve as a trigger for political upheaval, if they come to be disputed, which is something that seems to be increasingly common. At the crux of these disputes is a perception of 'winner takes all' outcomes, namely that the victor will only embrace the interests of their supporters rather than society as a whole. Typically, the losing candidate will seek to overturn the results by claiming fraud and mobilising their supporters on the streets in a bid to force a recount or rerun of the election, or simply to sweep out the existing regime by popular momentum.

This proved successful in Serbia (2000), Georgia (2003-2004), Ukraine (2004-2005), and Kyrgystan (2005), but failed in Venezuela (2002), the Philippines (2004), Mexico (2006), Zimbabwe (2008), and Iran (2009).

We expect to see many more attempts at 'coloured revolutions' over the coming decade, although success will depend on the strengths and positions of several key factors and players. These include the perceived margin of electoral error; the size of mass demonstrations; the propensity for violent protest; the attitude of the middle classes; the ability of labour groups to undertake strike action; the views of the media, cultural institutions and religious leaders; the willingness of the military to abandon the regime; and potential splits within the military apparatus. The complex interaction between these variables means that it is virtually impossible to predict where upheaval will succeed. A few days or even hours can make a difference between being on the 'brink of revolution' and moving back towards stability or negotiated settlement. Moreover, minor miscalculations by either side could have disproportionate consequences for the outcome.

Scenarios For Unrest In China

Arguably the biggest unknown as regards political upheaval over the next decade is China. China is an anomaly in that it is the only major economy that has not yet democratised. It does not even have token elections or token opposition parties, and its leaders refuse to introduce democracy on the grounds that this would destabilise China and thus jeopardise decades of economic growth. However, the experience of a variety of emerging countries such as Brazil, Mexico, Russia, South Korea and Taiwan shows that as countries become richer, pressure for democracy gathers force. Certainly, Chinese citizens have no shortage of grievances, despite (or in some cases as a result of) rapid economic growth. Among these are rising inequalities, both between regions and within society; high levels of corruption; forced acquisition of land for new infrastructure and housing projects; worsening pollution; and concerns about job opportunities. Thus far, these complaints have not been directed at the central government, and even the sharp economic slowdown at the end of 2008 and the start of 2009 did not lead to widespread unrest. However, over the next 10 years we see a distinct possibility that unrest could increase, especially if China's economy experiences a meltdown or other structural readjustment that leads to slower growth.

Broadly speaking, there are two ways in which China (and other one-party states) could evolve. The best-case scenario would involve an elite-led transition to democracy, in which the regime realises the necessity of a more competitive political system and phases in multi-party elections at local, municipal and provincial levels, and then at the national level over the course of several years. Under this scenario, the Chinese Communist Party (CCP) could split into two or three parties and compete for key posts and parliamentary seats. China could also adopt a federal model that would allow more provincial autonomy.

However, there is also a possibility that the regime will simply fail to countenance greater liberalisation and through ineptitude or mismanagement end up presiding over weaker growth and rising discontent. Under such circumstances, we would expect more unrest against both local and central authorities, that could lead to a violent crackdown and possibly even greater public anger. In an extreme scenario, the government could lose control of large parts of the country, at least temporarily, until unrest dies down and a new politi-

cal system is negotiated. We also see a third possibility: continued one-party rule without pressures for democracy. However, this would be unusual by the historical standards of the past 25 years. At this stage, it is impossible to predict how China will evolve, but other one-party states such as Myanmar, Vietnam, Egypt and Syria will be watching closely for clues as to how things may develop in their own polities. Democratisation in China would provide a tremendous psychological boost to pro-democracy movements across the globe.

Countries At Risk Of Interstate Conflict

Although interstate conflicts are less common now than in previous decades, they will still be a risk over the next 10 years. Most of these stem from disputed borders or territories and the populations that reside there, and most will not develop into major international crises. For interstate conflicts to develop into global crises, they must typically involve a major power, namely the US, China, Russia, India or European states. Thus, if interstate tensions in Africa attract great power involvement, which is a distinct possibility given the growing competition for African resources, then this could exacerbate them substantially.

At the present time, the most obvious global crisis would result from a US attack on Iran's nuclear facilities. However, the US is already at war in Afghanistan and Iraq, limiting its ability to act against Iran's or North Korea's nuclear programmeme, or against China in the unlikely event of an invasion of Taiwan. Even if the US were to disengage from Afghanistan and Iraq in the near term, the US public is likely to be wary of going to war again too soon, unless faced with a new 9/11-style terrorist attack. This means that the US would probably take a back seat in major interstate conflicts, as was evident in August 2008, when Russia invaded Georgia.

The possibility that Russia could attack Georgia again remains real, especially if Tbilisi attempts to retake the breakaway regions of Abkhazia and South Ossetia. There also remains the possibility that Russia could intervene in Ukraine if ethnic Russians in the east of the country or in Crimea ever sought to secede. At present, there is no obvious trigger for this, but it was evident from the 2004 presidential election that Ukraine remains deeply divided. Within the former Soviet Union, the Central Asian states are also vulnerable to conflict over mismatched populations and borders, a problem that could be exacerbated by regional water shortages. However, given that Russia, China and the US all have a strong interest in maintaining regional stability, we believe they would seek to contain any conflict from getting out of hand.

A war involving China would be a major wild card. China has not attacked a sovereign state since 1979, when it launched a cross-border invasion of northern Vietnam in retaliation for Hanoi's overthrow of the pro-Chinese regime in Cambodia. Beijing has generally adopted an extremely cautious position in international affairs, emphasising China's 'peaceful rise', though it has never ruled out using force to attack Taiwan should the latter declare independence. At present, a Chinese invasion of Taiwan seems a remote prospect, given that Taipei has been pursuing rapprochement with Beijing. However, if Taiwan's opposition Democratic Progressive Party (DPP) were to return to power in 2012 or 2016, it could conceivably revive the pro-independence trajectory favoured by former president Chen Shui-bian (2000-2008). If Taiwan were ever to declare independence, China would surely take retaliatory measures. However, short

of an invasion, Beijing may opt to impose a blockade on Taiwan and launch missile attacks aimed at coercing its surrender. Thus, it might not need to invade the island in the conventional sense. A major danger is that any Sino-Taiwanese war would raise the spectre of US or even Japanese intervention. Nonetheless, given the inherent risks of such a move, and the close economic relations between the US and China, any US administration would be under tremendous pressure to avoid entanglement, both from China and US businesses.

TABLE: COUNTRIES AT RISK OF INTERSTATE CONFLICT OR HEIGHTENED BILATERAL TENSION

Protagonists	Other Countries Affected	Sources Of Potential Conflict	Likelihood Of Conflict	Likely Outcome
Arctic				
Russia	US, Canada	Disputed borders, energy resources	Low	Status quo
Asia				
China	India	Arunachal Pradesh state	Low	Status quo
	Taiwan	Disputed sovereignty	Low	Status quo, greater integration
	Vietnam	Disputed islands (Spratly & Paracel)	Low	Status quo
India	Pakistan	Kashmir, Islamist terrorism	Medium	Status quo
North Korea	South Korea	Disputed sovereignty	Low	Eventual reunification after 2020
Thailand	Cambodia	Disputed borders (Preah Vihear temple)	Medium	Status quo
Uzbekistan	Kazakhstan/Kyrgyzstan/ Tajikistan/Turkmenistan	Disputed borders	Low	Status quo
Europe				
Armenia	Azerbaijan	Nagorno-Karabakh	Low	Peace treaty
Cyprus/Greece	Turkey	Northern Cyprus, Aegean Sea	Low	Status quo
Russia	Georgia	Abkhazia, South Ossetia	Medium	Status quo
Russia	Ukraine	Ethnic Russians, Crimea	Low	Status quo
Latin America				
Bolivia	Chile	Disputed borders (access to Pacific)	Low	Status quo
Chile	Peru	Disputed borders (maritime)	Low	Status quo
Colombia	Venezuela	Regional power dynamics	Low	Status quo
Middle East & North Africa				
Iran	US/Israel	Nuclear programme	Medium	Diplomatic solution, gradual rapprochement
Israel	Syria	Golan Heights, Lebanon	Medium	Status quo
Turkey	Syria	Disputed borders, water resources	Low	Status quo
Sub-Saharan Africa				
Chad	Sudan	Proxy war	Low	Status quo
Eritrea	Ethiopia	Disputed borders	Medium	Status quo
Ethiopia	Somalia	Disputed borders	Medium	Status quo
Kenya	Uganda	Disputed borders (Migingo Island)	Medium	Status quo
Sierra Leone	Guinea	Disputed borders	Low	Status quo
Uganda	DR Congo	Disputed borders (Lake Albert)	Low	Status quo
Uganda/Rwanda	DR Congo	Regional rebel groups	Medium	Status quo

Source: BMI

The Korean peninsula will remain a flashpoint, especially in light of the North's missile and nuclear tests in early 2009. The risk here is not so much intentional war but conflict through miscalculation. For example, a naval confrontation between North and South in the adjacent West Sea could spin out of control and spread to neighbouring land areas, leading to a limited war. Alternatively, in the event that the North collapses, the South has contingency plans for moving troops into the country and taking control. China is also believed to have such plans. There would thus be a risk that South Korea and China come to uneasily co-occupy the North. However, any such occupation could face a violent insurgency from die-hard remnants of the North Korean military, which could last for years, judging by what happened in Afghanistan and Iraq. Meanwhile, the flow of refugees and weapons out of North Korea could provide a major boost to organised crime across the region.

Another seemingly perennial flashpoint is Kashmir. In 1999 India and Pakistan fought a limited war there, and came close to conflict in late 2001/early 2002 after terrorists attacked the Indian parliament. Tensions were raised again after terror attacks in Mumbai in 2006 and 2008, but these were subsequently defused. However, India cannot indefinitely tolerate terror attacks on its soil that have logistical support (albeit non-state) from Pakistan, and we do not preclude further episodes of high bilateral tension over the coming decade. War by miscalculation remains a possibility, but we expect the US, which has close relations with New Delhi and Islamabad, to pull all levers to prevent a conflict. Even a limited war between India and Pakistan would be devastating for South Asia's economic growth and business confidence.

A final 'wild card' international flashpoint could emerge in the Arctic or Antarctic. In recent years, there has been growing speculation that the melting of the polar ice caps will pave the way for a new struggle for control over resources in the polar regions, which would manifest in territorial disputes. To this end, Russia has been asserting its claims to the Arctic seabed and could face countermoves by five NATO states: the US, Canada, Iceland, Norway, and Denmark (which formally controls Greenland). Moscow clearly recognises the significance of the Arctic, as shown by the fact that its latest security strategy document for 2020, published in March 2009, identified the region as one of several areas where it could face energy wars. Meanwhile, Canadian Prime Minister Stephen Harper has expressed concern about Russia's increasing assertiveness in the region. None of this means that conflict is likely in the next decade, but beyond this time-frame we would not be surprised to see increased geopolitical manoeuvring with an eye on Arctic resources. By contrast, the Antarctic is much more remote from the world's major powers, but clearly Australia is the best-positioned among major states to lead any resource development there.

Countries Vulnerable To Separatism, Insurgencies Or Civil Wars

The fourth systemic threat to countries stems from separatist movements, armed insurgencies, or civil wars. There are scores of ethnic groups lacking their own sovereign states, as well as groups seeking autonomous regions in which they can preserve their cultures and traditions. There are also many ethnic populations that reside in countries adjacent to their ethnic homeland, to which they would like to belong. The problem is that no country, no matter how large, is willing to give up territory. This is especially the case if the separatist territory has some strategic value or is rich in commodities. That is why Russia

fought so hard to prevent Chechnya from seceding; an independent Chechnya would have raised question marks about Russia's position in the energy-rich Caucasus, not to mention its ability to control other parts of the Federation. For similar reasons, China will not countenance independence for Tibet, Xinjiang and Taiwan. Indeed, Xinjiang's proximity to Central Asia means that it is now an essential gateway to a region rich in the resources that China so desperately needs. Meanwhile, small countries are by no means immune to separatism. Georgia sees no contradiction in emphasising its independence from Russia, while at the same time refusing to allow independence for breakaway regions Abkhazia and South Ossetia.

Overall, in order for secessionist movements to gain momentum, several conditions must be met. Firstly, the separatist group needs to distinguish its population from that of the host country. This can be emphasised through cultural, linguistic or religious characteristics. Whether outsiders recognise these distinctions is not the issue; so long as they perceive themselves as different, that is what matters. Secondly, the separatist community must perceive itself to be discriminated against or suppressed by the state in which it lives, and must perceive itself as being better off through independence or merger with a neighbouring state. Thirdly, there must be popular support for separation, ideally proven by a referendum. Fourthly, if the separatists seek to break away from a repressive state, they may have to wage an armed struggle. To this end, they may also need covert backing from an external power. Fifthly, the separatists will need the diplomatic support of the 'great powers', if their state is to be recognised as a sovereign entity. A sixth factor, albeit rare, is for the host state to collapse, thereby conferring separation on a territory. This was the case with Belarus and several Central Asian republics in 1991, when the Soviet Union collapsed. However, most of the dozens of separatist movements worldwide meet only a few of the above conditions; we consequently see only a low likelihood of a significant number of new states emerging over the coming decade (*see table, opposite*).

One of the most important drivers of separatism is the perception that the breakaway region will be economically better off post-independence or at least under greater autonomy. For example, Croatia and Slovenia, the wealthier Yugoslav republics, became tired of subsidising poorer Bosnia, Serbia and Macedonia, while Italy's Northern League no longer wishes to pay for the development of poorer southern Italy. Elsewhere, Bolivia's commercially powerful lowland provinces feel that they would be better off without the drag of the politically powerful upland regions, while some Scottish nationalists feel that their putative state would be richer if independence means control over oil resources. Control over resources has major political implications, since all too often commodity-rich regions feel that the central government is taking the lion's share of their wealth and not spending it in the region of extraction. This is evident in Angola's Cabinda exclave, Nigeria's Niger Delta, various regions of the Democratic Republic of the Congo, Pakistan's Baluchistan province, China's Xinjiang province and several Indonesian provinces, among others.

A further source of internal instability is when the cultural identity of the country comes to be contested. For example, if the largest ethnic group does not comprise a majority of the population, and if there are other groups that alone make up more than 20%, then there is scope for severe tensions and a move to war. Bosnia was a case in point, with the Bosnian Muslims making up 45% of the population, Serbs 30%, and Croats 17%. Afghanistan is another example, with ethnic Tajiks, Uzbeks and Hazaras having fought against the

TABLE: COUNTRIES FACING SECESSIONIST OR AUTONOMY MOVEMENTS, INSURGENCIES, OR CIVIL WARS

Country	Separatist Region/Group	Popular Support	Referendum Expected?	Likelihood Of Secession
Asia				
China	Tibet	High	No	Low
	Xinjiang	Medium	No	Low
India	Assam	Medium	No	Low
	Naxalite militants	Medium	na	na
Indonesia	Kalimantan	na	No	Low
	Maluku	na	No	Low
	West Papua	na	No	Low
Myanmar	Karen State (autonomy)	High	No	Low
	Shan State	na	No	Low
Pakistan	Afghan border regions	na	No	De facto
	Baluchistan	High	No	Low
Papua New Guinea	Bougainville	High	Yes (2015-2020)	High
Philippines	Mindanao (autonomy)	High	No	Low
Sri Lanka	Tamil region	High	No	Low
Thailand	Southern provinces (autonomy)	Medium	No	Low
Uzbekistan	Karakalpakstan	na	No	Low
Europe				
Belgium	Walloon and Flemish regions	Low	No	Low
Bosnia	Republika Srpska	High	No	Low
Denmark	Greenland	High	Yes	High
Georgia	Abkhazia	High	No	De facto
	South Ossetia	High	No	De facto
Italy	Northern League	Medium	No	Low
Macedonia	Ethnic Albanian regions	High	No	Medium
Moldova	Transdniestria	High	No	De facto
Russia	North Caucasus republics	Medium	No	Low
	Tatarstan (autonomy)	High	No	Low
Serbia	Vojvodina (autonomy)	Medium	No	Low
Spain	Basque region	Medium	No	Low
	Catalonia	Medium	No	Low
Turkey	Kurdish region (autonomy)	High	No	Low
Ukraine	Crimea	Medium	No	Low
	Eastern region (autonomy)	High	No	Low
	Subcarpathian Rus	High	No	Low
United Kingdom	Northern Ireland	Medium	No	Low
	Scotland	Low	Yes	Low
Latin America				
Bolivia	Santa Cruz (autonomy)	Low	No	Low
Colombia	Drug cartels, FARC rebels	Low	na	na
El Salvador	Drug cartels	Medium	na	na
Guatemala	Drug cartels	Medium	na	na
Mexico	Drug cartels	Medium	na	na
Nicaragua	Drug cartels	Medium	na	na
Middle East and North Africa				
Algeria	Islamist militants	Low	na	na
Iran	Azerbaijani regions	Low	No	Low
Iraq	Kurdistan	High	No	High
Israel	Palestinian Territories	High	No	Low
Morocco	Western Sahara	na	No	Low
Saudia Arabia	Eastern Arabia	na	No	Low
Yemen	Southern region	Medium	No	Medium
North America				
Canada	Quebec	Low	No	Low
Sub-Saharan Africa				
Angola	Cabinda	na	No	Low
Cameroon	Southern Cameroons	na	No	Medium
Congo, Dem. Rep.	Eastern region (autonomy)	na	No	Low
	Katanga province (autonomy)	na	No	Low
Côte d'Ivoire	Northern region	Medium	No	Medium
Ethiopia	Ogaden	Medium	No	Low
Mali	Tuareg rebels	High	No	Low
Nigeria	Niger Delta Region (autonomy)	High	No	Medium
Senegal	Casamance province	na	No	Low
Somalia	Puntland	High	No	De facto
	Somaliland	High	No	De facto
Sudan	South Sudan	High	Yes (2011)	High
Tanzania	Zanzibar	Low	No	Low
Uganda	Buganda (autonomy)	High	No	Low
	Lord's Resistance Army	Low	No	Low

na = not applicable/available.Source: BMI

predominantly Pashtun Taliban movement. Thus, birth rates among different population groups need to be watched carefully for signs that demographic balances will be upset.

How a country responds to separatism depends very much on the character of the state. Authoritarian Yugoslavia fought hard to keep parts of Croatia and Bosnia under its control, but democratic Serbia accepted Montenegro's peaceful secession (Belgrade opposed Kosovo's independence, but did not wish to go to war again). Meanwhile, democratic Czechoslovakia did not fight to stay together, and democratic Canada and the UK are unlikely to resort to military measures to prevent Quebec and Scotland, respectively, from becoming independent. However, democracy alone does not guarantee tolerance for separatism, and this is evident from Turkey's attitudes towards its Kurdish population, Sri Lanka's 30-year fight against Tamil separatists, and Israel's opposition to a Palestinian state.

Finally, there is another kind of internal conflict that could occur which is not connected to ethnicity, economy or politics, namely violence between armed gangs. Over the past few years, Mexico has descended into drug cartel violence, which resulted in around 6,000 deaths in 2008. Given that these battles are primarily being fought over criminal turfs, it is very difficult for the central government to find a political solution. This kind of conflict could become more prevalent if we see an increase in state failure due to economic mismanagement and the corruption of institutions, especially law enforcement agencies and the military. Pessimists now refer to the 'Colombianisation' of Mexico, and see the conflict spilling over into neighbouring Central American states. If this trend continues, or were to spill over into the US, border security issues could tarnish US-Mexican relations and even prompt some form of US intervention in the border regions.

'Pivotal States' To Watch

As is evident from the variety of examples cited above, most of the countries at risk of instability, while important in their own region, will not necessarily have an intercontinental or global impact. Therefore, we have identified 14 'pivotal states', which, if they were to undergo systemic change, could have a major impact beyond their immediate region and perhaps globally. These pivotal states are not major powers (although some of them clearly have the capacity to become major powers), but they are of great importance on the international stage, due to some combination of their large population, key geographical location, cultural influence, or commodity resources. These countries are Mexico, Brazil, Ukraine, Turkey, Egypt, Iran, Saudi Arabia, Indonesia, Korea (North and South), Pakistan, Uzbekistan, Nigeria, and South Africa (*see table, opposite*).

Any systemic changes, for better or worse, in these countries are likely to have a transcontinental, if not global, impact. For example, if Mexico were to become a failed state, this could trigger some form of US intervention to secure their mutual border, which would limit Washington's ability to act elsewhere in the world. Or, if Brazil were to become a hard-leftist state along the lines of Venezuela, this would be a major boost for the global left. Similarly, systemic change in Egypt, Saudi Arabia or Pakistan would provide new momentum for the forces of radical Islam, while the future of the Korean peninsula could determine the balance of power in East Asia and the relationship between China, Japan and the US. Elsewhere, the fate of Nigeria or South Africa will be very important in determining how Africa develops economically.

Possible Wild Cards In 2010-2019

Aside from the risks and scenarios we outlined above, there are a number of 'wild cards' that could substantially increase global political risks over the coming decade. These include:

New 9/11-scale (or greater) terror attack: This would put a renewed emphasis on the global 'war on terror', and could prompt the US and its allies to take more aggressive action against Pakistan, Somalia, or other state with suspected terrorist infrastructure. Depending on the nature of the attack, it could also lead to increased cross-border security, which could hamper international trade and travel.

TABLE: PIVOTAL STATES

Country	Region	Strategic Value	Sources Of Instability	Issues At Stake
Mexico	North America	Large population; borders US	Drug cartels	Border security; refugees, spillover into US; distraction of US from global threats
Brazil	Latin America	Large population; dominant state in South America; major commodity producer, key voice in the 'Global South'	Economic inequalities	Evolution of Latin America
Ukraine	Europe	Large population; east-west land bridge; proximity to Russia and Black Sea	Ethnic Russians, Rusyns	Power balance in Central and Eastern Europe and Western Eurasia; expansion of EU and NATO; US-Russia relations
Turkey	Europe	Large population; important location between Europe, Middle East, Caucasus, Central Asia	Civil-military relations; secular-Islamist divide; Kurdish groups	Evolution of EU; power balance in Middle East and Western Eurasia
Egypt	MENA	Large population; traditional hub of Arab world	Economic inequalities; uncertain political succession; rising Islamism	Future of Arab world and political Islam
Iran	MENA	Large population; location between Middle East, Caucasus, Central Asia; major oil producer	Economic inequalities; rising opposition to clerical rule	Power balance in Middle East and Southern Eurasia; future of political Islam
Saudi Arabia	MENA	Large population; spiritual centre of Muslim world; world's major oil producer	Opposition to monarchy; rising Islamism; Sunni-Shia sectarian divide	Power balance in Middle East; future of political Islam; global oil supplies
Indonesia	Asia	Large population; world's most populous Muslim state; key East-West trade route; major commodity producer	Economic inequalities; separatist regions; Muslim-Christian tensions; Islamist militants	South East Asian and Australian security; global liquefied natural gas supplies
Korea (North & South)	Asia	Large population; key location in North East Asia; major industrial power; vast armed forces	North-South tensions	Power balance between China, Japan, and US; global nuclear proliferation
Pakistan	Asia	Large population; major Muslim country; frontline state in 'war on terror'; world's sole Muslim nuclear state	Political schisms; Islamist militants	Power balance in South Asia; future of political Islam; nuclear proliferation, India's security
Uzbekistan	Asia	Large population; dominant state in Central Asia	Autocratic rule; uncertain political succession; rising Islamism	Power balance in Central Asia; future of political Islam; US-Russia relations
Nigeria	SSA	Large population; dominant state in Africa; major oil producer	North-South; Muslim-Christian and regional tensions; rebel groups	Economic future of Africa; global oil supplies
South Africa	SSA	Large population; dominant state in Southern Africa; key voice in the 'Global South'	Economic inequalities	Economic future of Africa

MENA = Middle East and North Africa; SSA = Sub-Saharan Africa. Source: BMI

Western failure to win decisively in Afghanistan/Iraq: This could lead to a period of relative US introspection and isolationism, as happened post-Vietnam, during which Islamist forces would seek to increase their regional and global influence. Major powers such as China and Russia would also increase their clout and be emboldened to challenge the US in international forums.

Renewed ideological divide: Although the recession of 2008-2009 has failed to provide a major boost for the radical left or even a decisive shift towards the moderate left, it is possible that the debate over statist versus free market ideology could rise up the agenda post-recession.

Global pandemic: The past decade has seen outbreaks of SARS (severe acute respiratory syndrome), bird flu and swine flu on a global scale, although the death tolls have been relatively contained. However, the emergence of any new virus that kills hundreds of thousands or even millions of people would severely raise political risks worldwide. The spread of viruses will be facilitated by increasing population densities brought about by urbanisation and by increased international travel.

Major cyber attack: Recent years have seen a growing awareness of cyber-warfare or cyber-crime, and many governments are developing offensive and defensive cyber-warfare plans. For example, Russia was blamed for a series of cyber-attacks on Estonia in 2007, and North Korea against the South in 2009. That the US military approved the creation of a new Cyber Command in June 2009 demonstrates that Washington now considers cyber attacks a national security threat.

Climate change-related incidents: A perceived increase in the frequency of natural disasters or droughts attributed to climate change could have economic and therefore political consequences. The US Defense Department now regards climate change as a key international security issue. Two major problems are that marginal land continues to be developed, and that the populations of countries most vulnerable to climate change (eg. Bangladesh) are still rising.