



# Global Intelligence Summary

REPORTING PERIOD: 21 JUL – 28 JUL 2023



Powered by  Solace Global Risk

# Global Intelligence Summary

Week 25: 21 July – 28 July 2023

## Executive Summary

- It is almost certain that high levels of political and civil volatility will persist into the next reporting period in **Israel**. It is realistically possible that terror groups will seek to capitalise on this volatility.
- Wildfires will continue to pose a threat to life across **Greece and Italy**. Expect continued evacuations and major disruption to transport and travel in the affected areas.
- The recent terror attack in **Somalia's** capital, Mogadishu, highlights that Al Shabab continues to retain the intent and capability to conduct mass casualty attacks in the city. As the new counter-offensive against them commences, further attacks in the city are likely.



Figure 1: Significant activity identified during the current reporting period (21-28 July 2023)

### AMER

- Ecuador: Internal security situation continues to deteriorate across the north of the country
- Bolivia: Bolivian-Iranian defence agreement causes regional tensions
- Argentina: Options to avoid default continue to narrow

### EMEA

- Greece: Wildfires continue to plague with mass evacuations required
- Israel: Judicial reform erupts into protests
- Algeria and Tunisia: Fatal wildfires spread rapidly through the coastal regions
- Niger: President detained and declared coup underway
- Somalia: Deadly attack by Al Shabab on military academy in Mogadishu

### APAC

- North Korea: Russian Defence Minister and Chinese delegation attend weapons demonstration
- Cambodia: Hun Sen wins uncontested election and cedes power to son
- China, Taiwan and the Philippines: Typhoon Egay/Doksuri wreaks havoc in East Asia
- Sri Lanka: Increased bilateral cooperation agreed between India and Sri Lanka
- Pakistan: Continued volatility across the country with further arrest warrant issued for Imran Khan



## Americas (AMER)

### Ecuador:

#### Internal security situation continues to deteriorate across the north of Ecuador.

On 23 July, the mayor of the northern city of Manta, Agustin Intriago, was shot and killed by unknown assailants as he was inspecting public works in the area. In Guayaquil, at least 31 people have been killed at Litoral Penitentiary in the last reporting period as a result of violent riots. Ecuadorian president, Guillermo Lasso, has subsequently declared a state of emergency in the country's prisons for 60 days, as well as in the northern provinces of Durán, Manabí, and Los Ríos.

**Solace Global Assessment:** Violence in northern Ecuador, and particularly Guayaquil, continue to follow recently established patterns of deterioration and is highly likely to persist in the longer term without decisive intervention by Ecuadorian security forces. The murder of a high-profile politician only expedites this need. This intervention is highly unlikely to come in the next few weeks however as the nation's political attention is focussed on the 20 August election. President Lasso is unlikely to be willing to commit to any long-term policy commitments that a future president may disprove of. Therefore, in the run-up to the election, violent incidents are almost certain to continue and will very likely remain centred around Guayaquil, northern Ecuador, and its environs. Concurrently, the security situation will highly likely be a central campaign issue and expect whoever emerges victorious to be judged on their ability to manage the internal security situation in their first few weeks in office.

### Bolivia:

#### Bolivian and Iranian defence agreement creates concern.

During the last reporting period, Bolivia and Iran reached a deal on a new bilateral defence agreement. This has led to the emergence of regional tensions, particularly with Argentina. On 25 July, the Argentinian Foreign Ministry sent a note to the Bolivian embassy in Buenos Aires requesting information about the scope of the discussions and the agreement. Just one day later, on 26 July, Bolivia further announced that it is interested in obtaining Iranian drone technology, ostensibly for the protection of its borders and the combatting of smuggling and drug trafficking.

**Solace Global Assessment:** In June 2023, Iranian President Raisi had a tour of South America where he had state visits to Venezuela, Cuba, and Nicaragua. All three states are sanctioned by the United States, much like Iran, and Raisi used this as a springboard to build strategic ties in the region. Iran and Venezuela already have a long-standing relationship, underlined by the 20-year cooperation they signed in 2022. Since the election of a socialist government in 2020 in La Paz, Bolivia moved to rapidly rebuild historical ties with both Caracas and Tehran, after they were curtailed under the right-wing administration of interim President Jeanine Anez. Viewed through this lens, the signing of new defensive agreements between La Paz and Tehran should come as little surprise. Such an agreement, and the fact that Bolivia is interested in Iranian drone technology, will be seen as a major win for Tehran. Currently, it is believed that Venezuela builds drones with Iranian assistance, so Bolivia would be the second nation in the region to cooperate with Iran in this field. Under Raisi, Tehran has pushed heavily to re-engage with South America, to increase its influence in an area historically seen as Washington's backyard. A further visible manifestation of this was the peace missions of Iranian warships to Brazil. As a number of countries in the region look as though they are becoming increasingly autocratic to help clamp down on gang crime, such as El Salvador, Guatemala, and Honduras, there is a realistic possibility that Iran may seek to forge stronger ties with these. With regards to the developments in Bolivia, whilst Argentina is the only state to openly state its concern with these developments, it is almost certain that there will be other major states which share this concern quietly including the United States.



## Argentina:

### Unofficial currency devaluation as Argentina seeks to avoid default.

As Argentina continues to seek way to avoid defaulting on repayments to the IMF and other international lenders, it has announced that it will introduce new tax and currency measures which will further devalue the Argentinian Peso. The new measures include new preferential exchange rates for agricultural exporters and further taxes on imports. As such, crop producers will be offered 340 pesos to the dollar, which compares to the official exchange rate of 268 to the dollar. The import levels will see a 25 percent tax on imports of services and a 7.5 percent duty on goods. On 1 August, Argentina is expected to repay USD 3.4 billion of obligations to its lenders, and it will be hoping that these measures of fiscal consolidation allow for the release of IMF funds, so the country can pay its creditors. However, if the IMF funds are not released, then the country could once more utilise its Yuan Swap lines to avoid default as it partially did in June. Buenos Aires has around USD 6.5 billion remaining of its USD 10 billion of swap lines with Beijing.

**Solace Global Assessment:** Whilst Buenos Aires is careful to not call the new measures a currency devaluation, it is almost certain that these measures will lead to a devaluation of the Peso. As such it is almost certain that they will only further stoke inflation in the country. Inflation is currently running at between 115 to 120 percent, with the July forecast predicting annual rates of 142 percent. Already in the wake of the new measures, it has been announced that the August monthly inflation data release will be delayed until after the August presidential vote, a likely indicator that inflation has only further worsened. These are not the first or only preferential exchange rates that Argentina has implemented, indeed the country has multiple preferential exchange rates across its economy. For instance, vineyards, beef farmers, and tourists all have their own exchange rates and there is believed to be at least 30 “official” rates. This new exchange rate is seen as the compromised position between the official devaluation that the IMF has requested, and the government’s desire not to further devalue the currency during an election year. However, the presence of multiple exchange rates in one economy is not a good indicator of fiscal health, and indeed this has only further introduced distortions into the Argentine economy that discourage trade and foreign investment. If Argentina resorted to using its currency swap lines with Beijing, then it would only further strengthen the ties between the two states and would further allow Beijing to develop Yuan-denominated investment flows into Latin America, of which China is the region’s largest single economic partner. Longer term it will establish China as a last resort lender for any country in economic need. It will also complement China’s existing efforts to position the Yuan as an international reserve currency, in competition with the dollar. These efforts are currently centred on the creation of its own interbank payment system known as CIPS, a rival to the USA’s SWIFT system.

**AMER Regional Forecast.** Argentina will either receive its next tranche of IMF funding allowing it to pay its international creditors, or it will seek to utilise its swap lines with Beijing, in this way, it should once more stave off international default. Peru marks Independence Day on 28 July, and the weekend of 29 and 30 July, is set to see both celebrations and major protests. As such expected major nationwide disruption. In the United States, Donald Trump’s legal issues continue with him now facing over 70 different charges. As the charges keep mounting it is likely that demonstrations in his support will take place across the country. In Canada, it is almost certain that the recent government reshuffle has been conducted with an eye on the polls as the government’s popularity is falling. Expect the new government to focus more on domestic issues such as the housing crisis and the global cost of living as opposed to international issues.

In Colombia, the new six-month ceasefire between government forces and the National Liberation Army (ELN) is expected to commence on 3 August. This will be regulated by a panel made up of the Colombian government, ELN, the United Nations and the Catholic Church. This ceasefire will provide a political boost to the government which has been striving to reach peace deals with the country’s constellation of non-state actors. In Mexico, the country will continue to see a high level of violence as the country’s drug cartels continue to battle both each other and the national security forces.

Across the region, both the US and Canada are almost certain to continue to see heatwaves persist through the next reporting period. This weather system is expected to continue expanding from the Southern US and into the Great Plains, US mid-west and north-east, and possibly affect southern Canada. Over 275 million are expected to see temperatures surpass 32 degrees Celsius in the coming days. Chile is expected to continue to see heavy rains and gale-force winds continue until at least 30 July. These will highly likely lead to flooding and landslides across the country with commensurate disruption to transport, business, and public utilities.



## Europe, Middle East & Africa (EMEA)

### Greece:

#### **Wildfires continue to plague Greece where mass evacuations have been required.**

The last reporting period has seen wildfires across Greece force the evacuation of tens of thousands of locals and holidaymakers, with more than 20,000 people evacuated from the island of Rhodes alone. At least three people have died so far, two of which occurred as an aerial firefighting plane crashed into a hill near Platanistos. On 27 July, Prime Minister Kyriakos Mitsotakis stated Greece needed to take more steps, and be better equipped, to combat the effects of climate change moving forward.

**Solace Global Assessment:** This week has seen Greece's largest-ever wildfire evacuation, with firefighting efforts on Rhodes alone costing roughly USD 8.3 million so far. Highlighting the scale of the current wildfires, between 1 July and 25 July, a record one megaton of carbon emissions were released, nearly double the previous monthly record of July 2007. In the short term, according to forecasts and government officials, every region in Greece remains at risk of wildfires into the next reporting period. Islands in the Aegen Sea are most at risk, with it almost certain more wildfires will ignite in these areas during the next reporting period. The south and east of the country will likely see more wildfires too, with it remaining a realistic possibility in the north. Looking at the longer-term ramifications, hotter, drier and windier summers mean it is almost certain this situation will become more frequent and Prime Minister Mitsotakis' comments about being better prepared reflect this. It is almost certain that Greece will therefore reform its firefighting and fire prevention policies in the coming months, to alleviate the impact of climate change in future summers.

### Israel:

#### **Controversial bill passed in Israeli Knesset leads to mass protests and civil unrest.**

On 24 July, the Israeli Knesset passed the first stage of the governments proposed judicial reform by 64 votes to 0, after opposition MPs staged a walkout during the vote. The bill will severely limit the Israeli Supreme Court's ability to review government decisions and has been received with mass protests and criticism from many of Israel's democratic allies. Thousands of Israeli reservists, including fighter pilots, intelligence, cyber and special operations personnel in the Israeli Defence Forces have refused to report for duty and some businesses have shut in protest. A spokesperson for Hezbollah even opined that Israel was on a path of collapse and fragmentation.

**Solace Global Assessment:** It is almost certain that large portions of Israeli society have deemed Netanyahu's right-wing coalition's bill as a challenge to democracy itself by eroding some of the power of the judiciary. Protests will almost certainly endure for at least days to come and will likely grow in magnitude, with a strong possibility that Israel will have to deal with nationwide strikes, with some sectors of the economy already striking. The bill which has received external condemnation will likely strain US-Israeli relations, with the Israeli Defence Force's intelligence body warning Netanyahu that the ongoing crisis will be perceived as a historic weak point for Israel. Israel's deterrence has traditionally been reliant on four pillars such as IDF strength, the economy, relations with the USA and domestic unity. It is almost certain that every pillar will be tested to some degree, with the IDF distracted by civil unrest, the stock market and currency suffering, US relations strained and domestic unity in a state of disrepair. With Israel's traditional deterrence in a vulnerable position and tensions already flared in both Gaza and the West Bank, it is highly likely that the current instability will be exploited by both Hamas and Hezbollah.

### Algeria and Tunisia:

#### **Fatal wildfires spread rapidly through the coastal regions of Algeria and Tunisia.**

Over the previous reporting period, several fatal wildfires have ignited across the northern coastal areas of Algeria and Tunisia. According to the Algerian Interior Ministry, 34 fatalities have been recorded across the country, including the deaths of 10 soldiers that were engulfed when a wildfire reached their base in Beni



ISO 9001:2015  
Quality Management  
System  
CERTIFIED

ISO 45001:2018  
Occupational Health  
and Safety Management  
System  
CERTIFIED

ISO 18788:2015  
Management System  
for Private Security  
Services  
CERTIFIED

T +1 (345) 949-0004  
F +1 (345) 945-6591

info@security.ky  
www.security.ky

Cayman Technology Centre  
115 Printer Way

PO Box 10055, Grand Cayman  
KY1-1001, Cayman Islands

Ksila. In Algeria alone, over 8,000 firefighters were deployed, with further forces needed on the Tunisian side when the blazes spread across the border. The wildfires in both countries came amid extreme temperatures due to the ongoing Mediterranean-wide heatwave. In Algeria, red alert warnings for heatwaves were issued as temperatures hit 48 degrees Celsius, with parts of Tunisia similarly recording temperatures of 49 degrees Celsius. The wildfires have caused USD millions of damages to the affected areas, destroying dozens of buildings, forested and agricultural areas, and have caused disruption to the tourist season.

**Solace Global Assessment:** High summer temperatures are common in northern Africa and neither temperature recorded in the last week broke national records. However, the extent of the recent wildfires is a rare occurrence and will highly likely cause concern for the leaders in Algiers and Tunis, as well as the affected communities. Neither country appears to have an adequate plan in place to deal with largescale wildfires. Algeria had to deploy over 8,000 fire personnel who were backed by the military and volunteers to contain the fires. Similarly, in Tunisia help was needed from the military and two Spanish Canadair firefighting planes were deployed to the country. This lack of preparation will highly likely cause both states to rethink their strategy in preparing for future wildfires. In Tunisia several tourist sites had to be evacuated as a precaution and a regional airport also had to suspend operations. With the warming of global temperatures set to continue, along with the almost certain wildfires that will accompany it, states will almost certainly have to adapt current policy in order to minimise the potential damages.

### Niger:

**Nigerien soldiers detain country's President within the Presidential Palace and declare a coup is in effect with the head of the Presidential Guard claiming power.**

On 26 July elements of the Nigerien Presidential Guard detained President Mohamed Bazoum as well as other key members of government, such as the Minister for the Interior, in the Presidential Palace and announced that a coup was underway. Within hours the Niger Armed Forces (FAN) and National Guard had deployed to the capital Niamey, and had positioned themselves in the vicinity of the Presidential Palace. Early reports suggested that the FAN and National Guard were opposed to the coup, however Colonel Amadou Abdramane of the Nigerien Air Force has since declared on national TV that the government had been overthrown, Niger's constitution has been suspended, all borders were closed, all institutions were suspended and that a national curfew had been enacted. Colonel Abdramane then stated that the justification for the coup was due to the deteriorating security situation and bad governance that had manifested itself under President Bazoum, who is reportedly in good health and has vowed to fight for the country's "hard-won democratic gains". Large crowds of protestors have amassed in Niamey both against and in support of the coup. Protestors against the coup were condemning the challenge to Nigerien democracy which was deemed the last bastion of democracy in the Sahel. Conversely, rival protestors have burned down the ruling party's headquarters and some have been observed burning French flags and waiving the Russian flag. Warning shots have been fired at protestors with reports of injuries but at the time of writing, there have been no reports of rival security forces clashing on the streets of Niamey. Reports indicate that on 28 July, General Omar Tchiani of the Presidential Guard claimed power as head of the newly formed National Council for the Safeguarding of the Country. The coup has so far drawn international condemnation with the UN, African Union, USA, Russia and major European countries all calling for the restoration of the rule of law in Niger.

**Solace Global Assessment:** The Sahel region has been plagued by instability in recent years, with several coups materialising, most notably in neighbouring Mali and Burkina Faso. The key driver for instability across the region has been the failure of central governments in their attempt to guarantee internal security and contain a plethora of threats presented by a range of insurgencies and terrorist actors. Niger itself has been confronted with a growing number of cross-border attacks from Boko Haram in the southeast of the country, and in the west which has been afflicted by an endemic presence of Islamic State's Sahel Province. As a consequence of these internal and external threats, coupled with a western leaning government, Niger has become a major operating base for Western forces in the region, with both France and the USA having a permanent presence in the country. This relationship was paramount to Western forces in their anti-jihadist campaigns in the Sahel after effectively being expelled from Mali and Burkina Faso after their respective coups. Protestors in Niger had previously decried the French presence, accusing France of modern



ISO 9001:2015  
Quality Management  
System  
CERTIFIED

ISO 45001:2018  
Occupational Health  
and Safety Management  
System  
CERTIFIED

ISO 18788:2015  
Management System  
for Private Security  
Services  
CERTIFIED

T +1 (345) 949-0004  
F +1 (345) 945-6591

info@security.ky  
www.security.ky

Cayman Technology Centre  
115 Printer Way

PO Box 10055, Grand Cayman  
KY1-1001, Cayman Islands

colonisation, suggesting that their anti-jihadist campaign was ineffective or even exacerbating the situation. It is highly likely that elements of the Nigerien security forces and large portions of the Nigerien populace are dissatisfied with President Bazoum's western leanings and track record of containing jihadist threats, with a recent uptick in attacks likely being the catalyst for the attempted coup. President Bazoum had previously explained that his government had been the target of a sustained Russian disinformation campaign aimed at discrediting the government and its western allies. It is almost certain that if the coup succeeds, the presence of western forces in the country will be immediately revised which could ultimately lead to a similar expulsion as seen in Niger's neighbours. A retrograde of Western forces from their last operating base in the Sahel will undoubtedly lead to a security vacuum in the region which will likely be exploited by violent extremist organisations. The waving of Russian flags in Niamey is likely indicative of a successful Russian disinformation campaign and suggests that elements of Niger are wanting to emulate their neighbours and look to Russia's controversial Wagner Group to ensure security, however it is unlikely that Wagner currently has the capacity to undertake such a responsibility. At the time of writing, there has been no evidence of rival Nigerien armed factions fighting and early indications suggest that the wider armed forces have supported the coup in order to avoid bloodshed. Nonetheless, it is almost certain that key transport routes and critical locations will be seized by the military and a curfew will be enforced until the situation is resolved.

## Somalia:

### **Al Shabab attack on military base kills at least 30.**

On 24 July, a suicide bomber managed to gain entry to the Jale Siyaad military academy in the capital and was able to successfully perpetrate an attack which left at least 30 dead and more than 70 injured. In the wake of the attack on, 26 July the Somalian authorities announced that they had arrested several military officers who "aided and abetted" al-Shabab into the academy. Those arrested included Colonel Abdullahi Dabow, an infantry operations officer, others arrested had not been named at the time of writing.

**Solace Global Assessment:** This is the deadliest attack that Al Shabab has carried out in recent years. It comes after a series of successful campaigns from the Somalian authorities that have pushed Al Shabab from large swathes of territory in the southern parts of the country. Despite this success, the group have maintained the capability to conduct attacks, with this attack just the latest in a series of attacks and raids which Al Shabab have conducted in the Somalian capital. In the wake of this recent attack, it was once more speculated that Al Shabab must have had help from officials as otherwise, they would have found it highly difficult to gain entry to the Jale Siyaad military academy. There has long been a suspicion that al-Shabab operatives have infiltrated elements of the Somalian government and military. The fact that in the wake of this incident, several members of the Somalian military have been arrested for aiding this attack will only give credence to those suspicions. It may well spark a further wave of arrests and detentions as the government seek to weed out those sympathetic to the group or those believed to have helped al-Shabab as it prepares to recommence its operations against the group and take over increasing responsibility for domestic security.

**EMEA Regional Forecast.** Last week's Spanish election results failed to produce a majority for either of the two main coalitions, likely leading to a prolonged period of political volatility. The People's Party (PP) have the first chance at forming a government, and have started negotiations with the Vox Party, but it is unclear where further support would come from. The socialist PSOE will get the second attempt at forming a government, and there is a realistic possibility that they form a government, but this would require the controversial support of some separatist groups. There remains an unlikely possibility one of the major party's rules in a minority government, but it looks increasingly like a second election will be required to break the impasse. In other electoral news, the Central African Republic will hold a constitutional referendum on abolishing term limits on 30 July, with this almost certain to be approved and lead to an extended rule of President Faustin-Archange Touadera.

Protests are expected across the next reporting period all over the region. Following the ruling of courts this week, future protests over abortion issues are highly likely, including this weekend (29-30 July). In Israel, expect protests against the proposed judicial reforms to intensify after the initial bill was passed in

parliament, bringing the legislation one step closer. These demonstrations will highly likely be disruptive and there is a realistic possibility clashes between protesters and security forces takes place. In Tunisia, the socio-economic situation of persistent food shortages, high unemployment, and political freedom curtailment, is stirring unrest in the country and it is thus likely more protests occur in the near future. Disruption should also be expected across Portugal, particularly in Lisbon, as 1.5 million pilgrims arrive in the city for Catholic World Youth Day. Transport, health, and security will almost certainly be under pressure, and the expected attendance of Pope Francis at the event, only exacerbates these services. In the Democratic Republic of Congo (DRC), the International Francophone Games will take place from 28 July to 6 August, and increased security in the capital Kinshasa will almost certainly lead to disruption.

Tensions are growing between numerous states in Africa, with the potential for armed conflict increasing in likelihood. DRC forces in the east of the country accused the Rwandan military of attacking their border security forces, a clear escalation and follows reports last week that both sides were deploying more assets near the border. It is likely that small scale incursions continue to occur at a regular tempo for the time being, with there being a realistic possibility of armed conflict in coming months. Ethiopian Prime Minister Abiy Ahmed has laid down an ultimatum to Eritrea that the nation will gain sea access. Whilst not an outright declaration, it is a rhetoric that brings the two nations closer to the brink, two nations that have previously fought wars over disputed borders. On the other hand, more than 55,000 former Tigray fighters have been sent home to their communities having been demobilised. This is in line with the peace agreement reached last November, suggesting that peace is holding in the country.

It is almost certain that wildfires will continue to spread across the Mediterranean with little rain forecasted throughout much of the region. To date, major tourist destinations such as Italy, Greece, Spain, France and Turkey have been engulfed by wildfires which have caused major disruption to the tourist industries during what is being labelled as the hottest July ever on record.





## Asia Pacific (APAC)

### North Korea:

#### **Russian Defence Minister Shoigu attends a North Korea arms demonstration.**

Russian Defence Minister Sergei Shoigu was in attendance alongside Chinese officials at a North Korean weapons demonstration in the capital Pyongyang as well as a military parade showcasing North Korean military capabilities. Shoigu was hosted by North Korean leader, Kim Jong Un, with the visit coinciding with the anniversary of the armistice that marked the ending of the Korean War. It is reported that they discussed “matters of mutual concern” pertaining to defence and issues concerning regional security. The North Korean leader led Shoigu on a tour showcasing new North Korean weapons and military equipment. The tour included drones; transporter erector launchers that can fire a range of missile systems, and most notably, ballistic missiles that had been banned under a U.N. Security Council resolution adopted with both Chinese and Russian support. The tour prompted condemnation from South Korea’s foreign ministry, with a spokesperson stating that it had been Russia’s official position to oppose North Korea’s nuclear programme.

**Solace Global Assessment:** Shoigu’s and the Chinese delegation’s attendance at the North Korean weapons demonstration is likely indicative of a growing tolerance from Moscow and Beijing regarding North Korean nuclear modernisation and a symbolic demonstration of support as the visit coincides with the armistice that ended a war where both China and the Soviet Union supported North Korea. The last reporting period observed a tri-lateral naval exercise conducted by the USA, Japan and South Korea, as well as a US nuclear-capable submarine conduct a port call in South Korea for the first time in forty years. It is almost certain that both Russia and China fear a strengthening military alliance between the USA, Japan and South Korea and will likely accept North Korea’s nuclear modernisation as a necessary evil to counter this emerging threat. As a consequence of the war in Ukraine, Russia has almost certainly used more arms than its domestic production can replace, evidenced by turning to Iran for materiel and by the re-purposing of existing weapon systems to fulfil alternative roles. Therefore, it is highly likely that the Russian Defence Minister is looking to North Korea as an alternative procurement source for weapons and ammunition to be used in Ukraine.

### Cambodia:

#### **Prime Minister Hun Sen wins controversial election and signals intent to hand power to son.**

On Monday 24 July, incumbent Cambodian Prime Minister, Hun Sen, announced a landslide victory for his Cambodian People’s Party, winning 120 out of 125 seats after a purported turnout of 84 percent in the national elections held the previous day. Analysts had long forecasted a win for Hun Sen after a sustained campaign of discrediting and disqualifying any rival parties through the country’s courts, which ultimately led to the complete banning of Hun Sen’s greatest rivals and only real credible opposition, the Candlelight Party. Hun Sen, who has been Prime Minister of Cambodia since 1998, then announced on Wednesday 26 July that he will be standing down as Prime Minister and handing the reins over to his son, Hun Manet. No exact date has been identified as to when Hun Sen will step down, however, in a speech to the nation, Hun Sen declared that he had already met with the King of Cambodia to signal his intent to step down, and that Hun Manet may assume power in a matter of weeks.

**Solace Global Assessment:** Although Hun Sen has officially declared that he will step back from Cambodian politics and allow the younger generation to take control, it is almost certain that he will remain a formidable force in Cambodian politics and will assume the role of President of the Senate, acting as head of state when the King is overseas. The degree to which Hun Sen will pull the strings from behind Hun Manet is yet to be determined. However, Hun Sen has exclaimed that if Hun Manet fails, he will be forced to re-assume his role as Prime Minister, likely suggesting Hun Sen has yet to fully relinquish control over Cambodian politics. Hun Manet attended West Point Military Academy and New York University in the USA, as well as Bristol University in the UK. However, despite his western education, Hun Manet’s style of rule is expected to be as oppressive and controversial as his father’s, a reign marked by corruption, human right’s abuses and electoral fraud. The election has already provoked western condemnation, with the FCDO issuing a



ISO 9001:2015  
Quality Management  
System  
CERTIFIED

ISO 45001:2018  
Occupational Health  
and Safety Management  
System  
CERTIFIED

ISO 18788:2015  
Management System  
for Private Security  
Services  
CERTIFIED

T +1 (345) 949-0004  
F +1 (345) 945-6591

info@security.ky  
www.security.ky

Cayman Technology Centre  
115 Printer Way

PO Box 10055, Grand Cayman  
KY1-1001, Cayman Islands

statement decrying a lack of freedom and fairness in Cambodian politics. Conversely, China's President Xi Jinping was quick to congratulate Hun Sen and reinforced China's commitment to the developing Southeast Asian nation. Of note, China perceives Cambodia as being integral to its Belts and Roads Initiative, with Cambodia being the beneficiary of Chinese loans, investment and infrastructure projects. In addition, China is clandestinely building a naval port on the Cambodian coast in the Gulf of Thailand, which would be only the country's second foreign military installation after Djibouti, with Cambodia being one of the few Southeast Asian nations that has no territorial disputes with China in the South China Sea. Should Hun Manet's tenure be plagued by the same controversies as his father's, then it is almost certain to receive further western condemnation and likely be exploited by China to strengthen Sino-Cambodian relations.

#### **Sri Lanka:**

##### **Increased bilateral cooperation agreed between India and Sri Lanka.**

This reporting period has seen further announcements on cooperation between India and Sri Lanka after the visit of Sri Lanka President Ranil Wickremesinghe to India to meet with Prime Minister Narendra Modi. Out of this visit have come proposals to strengthen cooperation in matters relating to maritime, air, energy, power, trade, and higher education. Additionally, the two nations signed an agreement on working to connect their electricity grids and study the feasibility of building both a petroleum pipeline and a land bridge between the countries. Finally, it has been announced that the Sri Lankan government is considering allowing the direct use of the Indian Rupee in Sri Lanka as Colombo strives to rebuild both its economy and foreign exchange reserves after its crippling economic crisis last year.

**Solace Global Assessment:** India is one of Sri Lanka's largest trading partners and oldest allies. In recent years, however, this position has been aggressively challenged by China. During Sri Lanka's economic crisis, New Delhi was one of the first countries to come to Colombo's rescue providing financial and humanitarian assistance worth USD 4 billion. Furthermore, it was also the first international creditor to support a restructuring of Sri Lanka's debt, and this position allowed Sri Lanka to begin receiving support from the IMF. This financial help allowed India to regain a significant amount of its influence in Sri Lanka which it had lost to China, and Beijing's financial largesse in recent years. Further assisting India in this is the fact that many of Beijing's overtures and loans to Sri Lanka, such as new ports and international airports have directly led to Sri Lanka's economic crisis. This is because many of these projects are financially unviable, but have been funded with over USD 11.7 billion of Chinese debt. Colombo permitting the free use of the Indian Rupee in Sri Lanka would further strengthen Sri Lanka's position within New Delhi's sphere of influence and will likely attract Indian businesses and tourists. If a fixed land crossing is also built, this will almost certainly further cement the strategic relationship between New Delhi and Colombo as it would give India a land corridor to the key ports of Trincomalee and Colombo, which would be further strengthened by the proposed power and oil infrastructure links across the Palk Strait. It would also allow for a reduction in the cost of transportation between India and Sri Lanka of between 50 and 75 percent, providing a major boost to both economies by opening new avenues for increased trade and investment flows.

#### **Pakistan:**

##### **Continued volatility across the country.**

On 24 July, it was announced that the country's election commission had issued a further non-bailable arrest warrant for the former Prime Minister, Imran Khan, however, it was not immediately apparent on which charges the arrest warrant was issued. This new case, however, only increases the legal troubles Khan finds himself in. Meanwhile, on 27 July the country's supreme court rejected Khan's plea to halt criminal proceedings against him in the corruption trial he is currently embroiled in. This means this case will continue to proceed at the Islamabad High Court. The Pakistani finance minister has announced that this reporting period has seen the conclusion of negotiations with China for a USD 2.4 billion loan to be rolled over for a further 24 months. If this deal had not been agreed, Pakistan would have had to pay the money back in instalments in 2024, something it was highly unlikely to be able to do. In tandem with this, the IMF has deposited a further USD 1.2 billion in the country as part of the ongoing IMF stabilisation and bailout programme. Finally, the country continues to see insecurity with a suicide bomber targeting a roadside mosque in KPK province. This attack collapsed the mosque and killed one police officer.

**Solace Global Assessment:** This new non-bailable arrest and the denial of his request to suspend the ongoing corruption trial are just the latest blows to Mr Khan. The last time security officials tried to arrest Mr Khan it sparked deadly unrest across the country. If another attempt is made following this latest warrant, it is almost certain such scenes would be repeated. As such, the government will seek to attempt to try and incapacitate Mr Khan politically, through other means such as the ongoing corruption case, or barring him from running again. The news that the IMF has loaned Pakistan a further tranche of money and China has agreed to roll over a loan will continue to allow Pakistan to avoid economic default. From the nadir of its economic crisis, it has now rebuilt its foreign exchange reserves to USD 5 billion and as a combination of these factors, Prime Minister Sharif has stated that the country no longer faces the imminent threat of default. Despite this, the country remains in an economically precarious position with high inflation, and a continued need for both structural reforms and fiscal consolidation, otherwise a deterioration will once again take place. Finally, whilst no group has yet claimed responsibility for the attack on the roadside mosque, it is almost certain that it was perpetrated by the TPP, based on their historical attack methodologies and their known preference for targeting police and security officials. The attack also continues to underscore the inherent insecurity in the country since the collapse of the government – TPP peace deal in 2022.

### The Philippines, Taiwan and China:

#### Typhoon Doksuri/Egay wreaks havoc across much of the Asian Pacific Coast.

On 28 July Typhoon Doksuri landed in the southern Chinese province of Fujian, with windspeeds reaching in excess of 100mph. Reports indicate that over 124,000 people had to be evacuated from the province and over 500,000 homes lost power but with no immediate reports of fatalities. Windspeeds have since decreased after the typhoon hit land and had since been downgraded to a severe tropical storm. The typhoon had previously battered Taiwan with heavy rain leading to the closure of schools and businesses, the cancellation of all domestic flights and the suspension of multiple ferry lines. In the Philippines, where it was referred to as Typhoon Egay, the effects were most notably felt in the country's most populated island, Luzon although at least 11 of the 17 regions were affected by heavy rain. Reports indicate that over 30 people were killed in the Philippines, with at least 26 confirmed deaths after a ferry capsized just southeast of the capital Manila.

**Solace Global Assessment:** Although the most immediate effects of the typhoon have now subsided, it is highly likely that the heavy and persistent rains throughout the region could lead to severe flooding and landslides. In China, the tropical storm is forecasted to head north and affect inland provinces such as Anhui, which is a key agricultural region where soybean, rice and corn is grown. It is likely that the heavy rains will damage much of this year's harvest with Chinese authorities previously stating that many farmers should harvest their crops prior to the arrival of the typhoon. In the Philippines, it is likely that many of the deaths were a result of a lack of preparation from the authorities who failed to announce and enforce the suspension of ferry lines within much of the island nation.

**APAC Regional Forecast.** In Thailand, the Pheu Thai Party will hold a meeting with its seven coalition partners next week in an effort to seek support for the next parliament vote for a prime minister after the Move Forward Party leader, Pita was blocked from becoming the nation's leader due to a controversial amendment of Thailand's lese majeste law. Thai politics are likely to be further rocked by the proposed return of exiled former prime minister, Thaksin Shinawatra. Mr Shinawatra has made false promises of returning in the past, however, if he returns during such a period of political uncertainty and is immediately arrested then there is a realistic possibility of civil unrest throughout the country where he still commands considerable support.

Tensions between the Asia-Pacific powers will likely remain strained after US Secretary of State Antony Blinken visits New Zealand and Australia to boost the US anti-China campaign in the region, with the "comprehensive strategic partnership" signed earlier this month between Beijing and the Solomon Islands being of prime importance. Blinken stated that the door was open for New Zealand to engage with the AUKUS weapons development and procurement project between the United States, Britain and Australia. New Zealand, which is already a member of the Five-Eye intelligence-sharing alliance, has said that it is open to discussions on a second phase of AUKUS focusing on military technology, but has stressed that it is "not

prepared to compromise or change our nuclear-free position”. It is almost certain that China will respond with condemnation to Blinken’s tour of Oceania and will frame it as further US provocation that will ultimately lead to the militarisation of the South Pacific. It is likely that both New Zealand and Australia will be forced to delicately balance their alliances with the USA with their developing trade partnerships with China.

In India, the monsoon season is showing no signs of abating with heavy rain forecasted across much of the country. Flash flooding and landslides have already plagued much of the country, with one landslide disrupting traffic on the Mumbai-Pune highway. It is almost certain that river levels will rise across India and threaten much of the country with flooding, with several population centres already severely flooded.