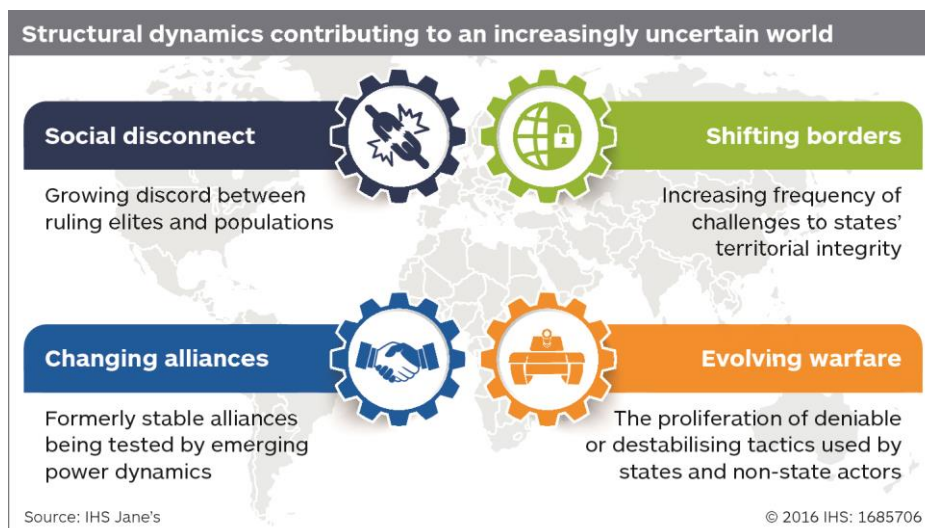


Geopolitical order set to be tested in 2017

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Global security is likely to worsen in 2017 as disruptive long-term trends converge in a challenge to the post-Cold War geopolitical order. IHS Jane’s identifies the trends and events to watch as liberal democracy gives way to increasingly securitised policies.

The victory of Donald Trump in the US presidential election on 8 November defied the predictions of pollsters and analysts in the most significant upset in the modern history of the United States. It helped to define 2016 as one of the most disruptive years of the post-Cold War period, marked by events such as the UK voting to leave the European Union, Russia upscaling its military involvement in Crimea and Syria, a wave of attacks in European cities previously untouched by Islamist terrorism, North Korea intensifying the pace of its nuclear device and ballistic missile testing, and a failed coup and government crackdown in Turkey.



Structural dynamics contributing to an increasingly uncertain world. (IHS Jane's)

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This volatility is set to be a feature of future global stability, with the election of Trump likely to mark - for political and security analysts of the future - a date stamp that signalled the identifiable beginning of a period of global re-ordering. Yet the causal factors behind the volatility of 2016 had already been present for many years. In this analysis, *IHS Jane's Intelligence Review* argues that four factors in particular - social disconnect, shifting borders, changing alliances, and evolving warfare - informed the volatility of 2016, and will continue as the defining traits of new power dynamics.

Notably, events in 2016 highlighted how traditional intelligence analysis, which calls for future scenarios to be assessed with degrees of probability, can continue to be blind to outlier events. Such analysis assumes that policy-makers will pay closest attention to those events judged likeliest to occur and that contingencies will then be most rigorously developed for those events.

This can have the effect of generating little or no contingency planning for events judged to be low-probability but high-impact.

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Global outliers 2017. (© 2016 IHS/Shutterstock/Mauricio Beltrán)

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Social disconnect

Arguably the most important development in 2016 was the consolidation of social disconnect in Western and other developed democracies as a force with the ability to bring about profound change. This phenomenon - broadly, citizens' feeling of growing estrangement from their political and economic elites - was illustrated in two events that will shape the global security outlook in 2017 and beyond: the UK's referendum vote on 23 June to withdraw from the European Union, and the 8 November election of Donald Trump as US president.

In both of these cases, the outcome defied the predictions, highlighting less the fallibility of polling and more the volatility of electorates empowered in part by the digital revolution to work against established political power structures. In the case of the UK referendum, avowedly anti-establishment politicians drove the terms of the debate; in the US, Trump harnessed anti-establishment sentiment, benefiting from the weakness of his establishment opponent Hillary Clinton, to give voice to a demographic of voters who had felt marginalised from elite-driven politics.

Yet the consolidation of social disconnect as a potent force in Western democracies did not occur in isolation in 2016. Its proximate cause was the 2008 global financial crisis, which brought about economic austerity policies, wage stagnation, and a popular perception of rich elites acting criminally but remaining unpunished for a crisis that almost caused the collapse of the global financial system.

Even by the time of the 2008 crisis, a number of factors - some dating back to the 1980s or earlier - had already created the conditions for discontent with the global financial system. These included unprecedented financialisation, the proliferation of opaque investment structures open to corruption and abuse, unsustainable levels of sub-prime debt, and an emphasis on monetary policy and debt restructuring at the expense of traditional productive industries.

Moreover, 2008 itself was only the culmination of a long trend of widening gaps in living standards between rich and poor in Western societies. According to an October 2012 report by *The Economist*, "the share of national income going to the richest 1% of Americans has doubled since 1980, from 10% to 20%", and in a 2015 report on inequality, the Organisation for Economic Co-operation and Development (OECD) assessed that the richest 10% of populations within OECD countries earned 9.6 times the income of the poorest 10%.

This is not likely to be a reversible historical trend: in an earlier 2014 report, *Policy Challenges for the Next 50 Years*, the OECD assessed that global inequality would rise by 40% by 2060. Many semi-skilled jobs will disappear as a result of automation. Such economic disconnect fosters social disconnect: a further aspect to the widening economic squeeze in Western nations is its effect on generational aspiration, with younger generations progressively less expectant about the likelihood of enjoying better living standards than their parents.

Coincidentally, 2008 was also the year that social media exploded as a force on the internet. According to internetworldstats.com, by 2015 total activity on Facebook alone had already matched the entirety of web activity in 2008. Additionally, Twitter usage snowballed from 2008, bringing with it a host of security implications: the fuelling and monitoring of widespread civil disorder (such as in the UK city riots of August 2011); its role in spreading news ahead of traditional media or outside government-sanctioned channels (such as during the Arab Spring beginning in 2011); and its use as a platform for connecting with youngsters susceptible to Islamist radicalisation, removing the need for a charismatic physical presence.

The actual role of social media as a tool for exploiting feelings of social disconnect may nevertheless be over-stated: a 17 June 2015 analysis by *IHS Jane's* of traffic on Twitter in Burundi during the period around the May abortive coup and subsequent civil conflict concluded that, in the main, tweeting was useful for news-gathering and situational awareness, but was not necessarily a catalyst for activism in itself.

Similarly, despite offering an outlet outside state-controlled media in many Arab countries, direct causal links between social media usage and high-impact events are not easily substantiated, suggesting that social media plays a role in informing rather than directing events. Indeed, it also offers a potential security advantage for authorities, such as through cell congestion monitoring, in which concentrations of mobile phone usage can be used to predict the direction taken by a moving mass of people.

Nevertheless, one area where social media is likely to play an even greater role in the future is in enabling the dilution of 'truth' and the furtherance of narratives that eschew facts. Fake news and distorted narratives will make it increasingly difficult to hold policy debates if foundational facts are disputed.



A demonstration turns violent as thousands take to the streets to protest labour reforms in Paris on 15 September 2016. Social disconnect will be a driving factor of global instability in 2017. (PA) 1685234

Regardless of the exact impact of social media in fomenting (rather than reporting on) public unrest, the increase in social media usage since 2008 has offered a medium to bypass traditional media and political structures, thereby magnifying feelings of social disconnect.

Although social disconnect as a phenomenon is muted and managed in countries with authoritarian regimes (such as Iran, Russia, or Turkey), the response of authorities in more democratic nations will in part define how future elite/population relations evolve. As increasing numbers of citizens become tempted by alternative, non-traditional political pathways, notionally liberal states are likely to become increasingly inclined towards securitising their relations with citizens, calculating that mass surveillance with safeguards is the optimum starting point.

The election of Trump - whose initial intelligence and security appointments in November 2016 indicated a hard line on security policies - suggests that the pendulum will swing towards surveillance rather than privacy. This was foreshadowed by the 16 November 2016 parliamentary passage in the UK of the Investigatory Powers Bill (IPB), which accords UK agencies with the most wide-ranging electronic eavesdropping powers in the West, including bulk data collection and device exploitation, enforceable data decryption, and the creation of large databases of UK citizens' personally identifiable information.

Notably, the IPB passed with little public disquiet. This hints at one possible future characteristic of social disconnect in developed democracies: rather than an outright rejection of authority, its principal future drivers are likely to be economic stress, generational discontent, and a feeling of political marginalisation, played out through the ballot box rather than on the street. This will therefore mean the increasing election of populist, anti-establishment politicians worldwide, and a tendency within even 'liberal' states to favour surveillance over privacy.

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Shifting borders

In parts of the Middle East and Central Europe, the territorial integrity of states is being challenged with increasing frequency in a way that often either involves armed conflict or increases the likelihood of future conflicts. More broadly, by undermining the principle of territorial integrity as reflected in international law, the future threshold for similar challenges to territorial integrity is reduced.

This dynamic can be seen in the difference between orderly state divisions with the support of a majority of the international community (Kosovo in 2008, South Sudan in 2011) and the de facto redrawing of boundaries with only token recognition (Abkhazia, South Ossetia, Donetsk and Luhansk, Crimea). The latter instances were preceded by the de facto takeover of the territory by the armed forces of another state, or by deniable forces.

Since its 2008 intervention in Georgia, Russia has extended varying degrees of recognition to four republics in the territory of other states - Abkhazia and South Ossetia in Georgia and the Donetsk and Luhansk republics in Ukraine - and it annexed the Ukrainian peninsula of Crimea in March 2014. It has strengthened its military position in Crimea; for example, in November 2016 media reporting and *IHS Jane's* analysis of satellite imagery of the peninsula revealed a qualitative shift in Russia's air defence assets deployed in Crimea. A quid pro quo with the US in 2017, co-operating in Syria in return for the lifting of sanctions and the tacit recognition of Crimea's new status, would further cement this re-drawing of the boundaries and ameliorate the consequences for Russia.



An Israeli soldier directs a tank near the border with Syria in the Israeli-controlled Golan Heights on 28 November. Russia may seek a quid pro quo with the US in 2017, co-operating in Syria in return for the lifting of sanctions and the tacit recognition of Crimea's new status. (PA)

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This dynamic does not only reflect expansions of one state's territory at the expense of another's. In Syria, Russia's intervention in 2015 effectively secured President Bashar al-Assad's position in

the west of the country. However, the prospects for Assad's government to regain control over Syria's entire territory are limited, and Russia appears unwilling to support this goal. According to figures from IHS Conflict Monitor for 17 October, this has left 82.3% of Syria's territory (albeit much of it largely unpopulated) under the control of forces other than the government, and in reality divided between a host of competing militant groups and state actors.

Similarly, Libya - after more than two years of civil war - is now effectively divided into two stable but feuding blocs, one of which is recognised by the UN but which lacks domestic legitimacy, and the other controlling a sizeable military force and enjoying external support, but which is internationally unrecognised. This stalemate is likely to continue in 2017.

The Islamic State's declaration of its 'caliphate' in June 2014 represented an explicit challenge to territorial integrity, claiming to subsume parts of the internationally recognised states of Iraq and Syria. The group controls a contiguous territorial entity and maintains some of the apparatus of a state, including police forces and courts, but its claim to statehood has been disregarded internationally. Moreover, by the end of 2016 its removal from Mosul appeared a matter of time, and Raqqa was the target of a gathering offensive by the predominantly Kurdish Syrian Democratic Forces (SDF).

The destruction of the Islamic State as a territorial entity will be well received internationally. However, as this defeat is likely to be engineered by a group of states and non-state armed groups with their own territorial aspirations, the ultimate demise of the Islamic State as a territory-holding entity - entirely likely at some point in 2017 - may actually undermine the principle of territorial integrity even more than the declaration of the caliphate. It would leave territory in Iraq and Syria under the control of the Turkish military, or Kurdish forces with statehood aspirations (including the autonomy-minded Kurdistan Regional Government in Iraq), or Iraqi Shia groups, some of which are backed by Iran and unlikely to be welcomed by the predominantly Sunni populations in liberated areas.

[Continued in full version...]



Timeline of post-Cold War global security. (IHS Jane's)

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Changing alliances

After the fall of the Soviet Union in 1991, NATO's purpose was called into question. In the wake of the 2001 terrorist attacks on the US, it sought to reorient itself towards tackling security threats such as terrorism, but also other non-state threats such as people smuggling. This trajectory changed again, initially following the Russian invasion of Georgia and then sharply following the Russian invasion of Crimea using deniable warfare, both of which led to shifts in de facto borders. By the end of 2016, NATO was again positioning itself primarily as a collective defence alliance to deter Russian aggression in Europe.

However, challenges to international stability suggest that this deterrent ambition is likely to be tested in 2017. Clad told *IHS Jane's* that one trend to look for in 2017 would be a "shake-out of untenable defence of marginal interests - geographically 'fringe' states expecting reliable security guarantees. The Baltics or Caucasus come readily to mind".

In Europe, an increasingly aggressive Russia is likely to see Trump's victory positively for its strategy of testing the eastern boundaries of NATO and increasing the political and economic costs of military deterrence for its opponents. However, Trump's victory will not necessarily play into Putin's hands: Moscow, used to being the unpredictable partner in the relationship, may find that a mercurial US president responds differently to its attempts at destabilisation, with negative consequences for both sides. Two leaders not averse to taking risks and unbound by longstanding norms, and in charge of the world's two largest nuclear arsenals, may together generate the potential for escalation and miscalculation in Europe. Such a negative scenario notwithstanding, an attempt by Russia to again link the Syrian and Ukrainian conflicts with the aim of securing a resolution to the latter will probably be better received in 2017 than previously.



A Lithuanian soldier during the NATO military exercise Iron Sword at the Rukla military base on 28 November 2016. A realignment of global alliances and shifting foreign policies among their allies and potential adversaries could have significant consequences for the Baltic states in 2017. (PA)

1685235

The UK's historic vote to leave the EU represents another challenge to the embattled union. Alongside France, the UK is one of the two major powers behind European defence and security policy, and it provides a key interlink with the Anglophone 'Five Eyes' intelligence community (Australia, Canada, New Zealand, the UK, and the US). Despite this, the operational impact of the UK's departure for the EU in terms of security and defence is likely to be limited in 2017.

Nevertheless, in the longer term the UK's vote to leave suggests that the trajectory of the EU's expansion has probably been reversed. The prospect of Ukrainian membership of the EU was one of the driving factors behind Russia's invasion of Ukraine, which has been a factor in curbing this expansion. In 2017, there is a low-probability, high-impact scenario in which further states vote to leave the EU, and states with membership candidate status could shift away from the organisation, effectively putting their candidacy on hold.

Regardless of how the EU deals with negotiations over the UK's departure, its immediate posture will become more introspective. José-Miguel Palacios, a former Head of Analysis at the EU Intelligence Analysis Centre, told *IHS Jane's* in late November 2016 that the UK's departure offered Brussels a "window of opportunity" to begin reform of its institutions, and that "as a result of this self-centredness, the EU will be less interested in projecting soft power beyond its borders, and less able to do so, at least for a while". In the longer term, however, the UK's departure is likely to offer other EU countries - albeit far from all of them - an opportunity to forge ahead with greater defence co-operation.

Given Trump's pre-election comments about the US security and defence relationship with key Asian allies such as Japan and South Korea, the possibility that 2017 will mark the beginning of a significant re-balancing of regional relationships in Asia is no longer such a low-probability scenario. In China, President Xi Jinping will spend the next four years working to cement his legacy and succession, raising the possibility that Beijing will adopt a more assertive line at a time when Washington's Asian allies feel particularly vulnerable. Clad told *IHS Jane's* , "Smaller countries must accustom themselves to the reappearance of localised 'balances of power', and having to live in a world rediscovering the imperatives of spheres of influence, and 'playing nice' with aggrieved or rising great powers with a long memory."

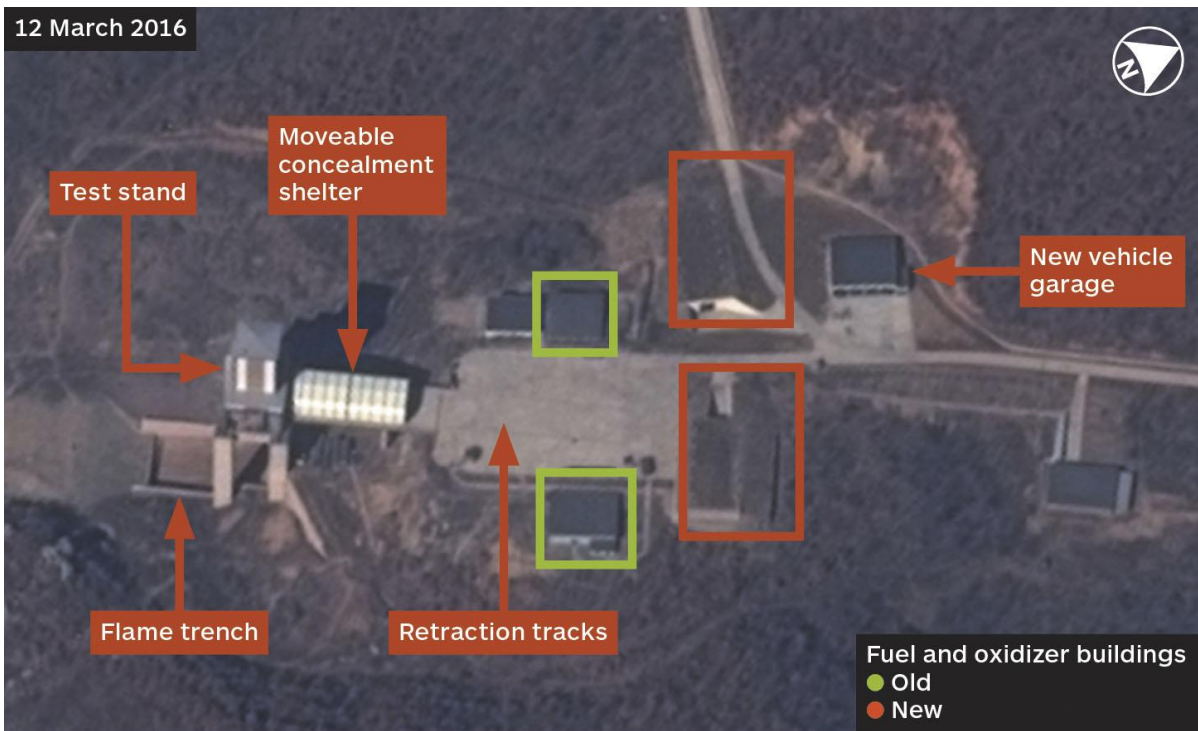
There were signs in 2016 that this shift was already under way. Philippines president Rodrigo Duterte publicly announced his intent to re-balance his country's relationships away from the US towards China. Malaysia has also shown signs of adopting a more pro-China stance, with Prime Minister Najib Razak signing USD34-billion worth of deals with Beijing during a visit in November 2016, including a historic defence agreement. In part, Beijing's diplomatic campaign is a response to the July 2016 PCA ruling.

Although Malaysia and the Philippines appear to be seeking improved relations with Beijing, others - such as Indonesia and Vietnam - may find their security tested in 2017. Clad argued, "China has not forgotten the affront delivered to its offshore fishing and monitoring vessels in the Natuna region [by Indonesia]. China is biding its time to deliver a humiliation to Jakarta." On Vietnam, Clad noted, "China perceives a falling off of [US Navy] intrusiveness and, in the protracted shakedown period of the Trump administration, China will test the waters."

China could also seek to re-invigorate its relationship with North Korea. Successive US administrations, including that of outgoing president Barack Obama, have prevailed on China to act as a moderating influence on North Korea as it develops its nuclear weapons programme and

threatens South Korea, for example by calling on Beijing to implement UN sanctions and to curb trade with Pyongyang.

[Continued in full version...]



Airbus Defence and Space imagery showing key features of the engine test stand at Sohae Space Launch Centre following infrastructure upgrades. Incremental but significant progress in North Korea's ballistic missile and nuclear programmes in 2016 is likely to continue in 2017 as Pyongyang seeks to develop a credible nuclear device for missile delivery.

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Soha Space Station, North Korea. (IHS/Airbus)

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Evolving warfare

The final security trend where a marked consolidation occurred in 2016 was in the prosecution of warfare - both in the physical battlespace and the cyber-domain - by state and non-state actors. Many national security doctrines now explicitly hold that cyberspace is simply an extension of 'real world' conflict theatres: even as states publicly discuss the merits of establishing cyber norms of behaviour (such as in the UN Group of Governmental Experts), they covertly develop, maintain, and deploy offensive and defensive cyber-capabilities.

Indeed, Western countries that had previously balked at revealing details of their offensive cyber capabilities became less reticent to do so in 2016: UK secretary of state for defence Sir Michael Fallon revealed that the UK was mounting offensive cyber operations against the Islamic State on 19 October. His announcement followed an earlier April revelation by US secretary of defense Ashton Carter that US Cyber Command was also working against the militant Islamist group.

An overarching driver behind new concepts of warfare is deniability. Inherently an intelligence doctrine, deniability in the physical battlespace was demonstrated in 2014 by the annexation of Crimea by Russia, a country led by a former intelligence officer, as unidentifiable soldiers, commonly referred to as 'little green men', moved rapidly to occupy territory. It continued with deniable Russian operations in eastern Ukraine.

Deniability in cyberspace is a simpler project than in the real world: difficulties in attributing cyber-attacks mean that the domain is an ideal locus for such operations. In contrast, in the physical battlespace, state forces must contend with the ever-increasing digitisation of society - such as growing constellations of commercial satellites, active 'citizen journalists', forensic digital analytics, and aviation and maritime tracking - which together make absolute deniability difficult to achieve.

Consequently, it is likely that deniable warfare in 2017 and beyond - with the exception of more 'traditional' special forces activities such as training, sabotage, and forward air control - will increasingly shift into cyberspace. States will increasingly perceive that the attainment of a strategic goal will necessarily be accompanied by cyber operations of different kinds, both non-offensive (information warfare, psychological operations, disinformation campaigns) and offensive (computer network exploitation and attack, denial-of-service attacks).



Pro-Russian militants gather in front of the home of Ukrainian tycoon Rinat Akhmetov in Donetsk, eastern Ukraine, on 25 May 2014. An overarching driver behind new concepts of warfare is deniability. (PA)

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Of these two categories, non-offensive operations designed to influence an audience are the easiest to undertake and the least likely to cross the uncertain thresholds for adversarial activity in cyberspace that would trigger a kinetic response. Vast volumes of inaccurate information already exist on the internet that may or may not be the results of active disinformation campaigns, making the proposition even simpler: in the wake of the US November election, Facebook announced that it would take measures to stop the dissemination of 'fake news' on users' newsfeeds, reflecting concerns that deliberately deceptive reports may have played a role in the outcome of the election.

IHS Jane's has previously analysed potentially destabilising Russian cyber-information operations in countries of the post-Soviet space, and these are likely to continue in 2017. Moscow will be keen to maintain such operations as a strategically valuable deniable asset, regardless of how the Moscow-Washington relationship evolves under Trump.

The tripwire that has not yet been triggered - but which may be in 2017 - is a cyber-operation resulting in significant infrastructure damage or loss of life that invites a real-world military

response. However, this is an outlier scenario for major inter-state conflict: the states that are likely to possess the most advanced offensive cyber capabilities (including China, Russia, the UK, and the US) will also be the most cognisant of 'red lines' that would hold them back from a massive, pre-emptive cyber-strike.

Although potentially willing to carry out non-offensive operations, such states may also calculate that a cyber-operation close to the threshold would initially invite retaliation within cyberspace. For example, the US intelligence community in early October 2016 publicly accused Russia of directing hacking operations - including against the Democratic National Committee - that could interfere with the upcoming election, leading administration officials to hint at the possibility of a cyber counter-attack.

[Continued in full version...]

Outlook

How the world looks at the end of 2017 will largely depend on the actions taken by one man in the early months of the year. With the US facing the greatest challenge to its superpower status since the era of the Soviet Union, Trump's policy decisions in the earliest days of his presidency will shape the direction that many events take in 2017. Yet Trump will take up the presidency as a largely unknown quantity in foreign and security policy, with no legislative voting record, military or diplomatic service, policy white papers, or history of engaging with world leaders.

The event most likely to substantially alter the global security balance in 2017 would be a reiteration by Trump that the US would not necessarily offer Article V NATO assistance to a smaller European country under attack, a move that would destabilise the Baltic republics and offer Putin a chance to probe the mettle of the West. Yet Trump by the beginning of December 2016 had already rowed back on much of his more intemperate campaign rhetoric, and in any case will find his NATO policy constrained by a cautious military leadership and a potentially hesitant Congress. Although he will almost certainly push allies in NATO and beyond (such as Japan and South Korea) to make a greater financial contribution to defence burden-sharing, a wider retreat from Article V appears significantly less likely.

Indeed, with Trump beholden to a domestic constituency of aggrieved and expectant lower-income voters, it is likely that the early days of his presidency will be marked most prominently by a greater neo-mercantilist and protectionist emphasis on trade and economic policy, coupled with the pursuit of total energy independence. He is likely to cast this as challenging the march of globalisation, and his foreign policy may actually register fewer dramatic changes in direction.

Palacios told *IHS Jane's*, "Economic rather than foreign and security policies will probably have the highest impact on the international situation," with the populism reflected in Trump's election being driven by "a growing resentment against economic inequality brought about by globalisation. This trend is here to stay". According to Arcos, such a focus on protectionist economic policies could therefore "result in an increase in economic intelligence activities".

Outside the immediate control of Trump, certain trends are highly likely in 2017: North Korea will continue to make progress towards its goal of creating a viable nuclear device to be delivered by a reliable ballistic missile; China will continue a policy of probing the limits of internationally acceptable behaviour in the South China Sea; the Islamic State will continue to be forced back to its Raqqa stronghold, where it is likely to be territorially defeated; the risk of a de facto civil war in Turkey will increase; Russia will continue a concerted campaign of deniable warfare, including

increased operations in Europe, while strengthening its security apparatus at home in anticipation of public unrest ahead of the 2018 presidential election; and there will be further mass-casualty Islamist terrorist attacks on European and US cities.

[Continued in full version...]



Airbus Defence and Space imagery showing various Russian and former Ukrainian fighter aircraft in the maintenance area at Belbek Air Base, near Sevastopol, in Crimea. Imagery throughout 2015 and 2016 indicated that units were at or near full-strength at Russian air bases throughout Crimea as Moscow extended its air defence capabilities in the region, a trend that will continue in 2017.

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Belbek air base, near Sevastopol, Crimea. (IHS/Airbus)

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