

# WORLDWIDE THREAT ASSESSMENT

MARCH 2021

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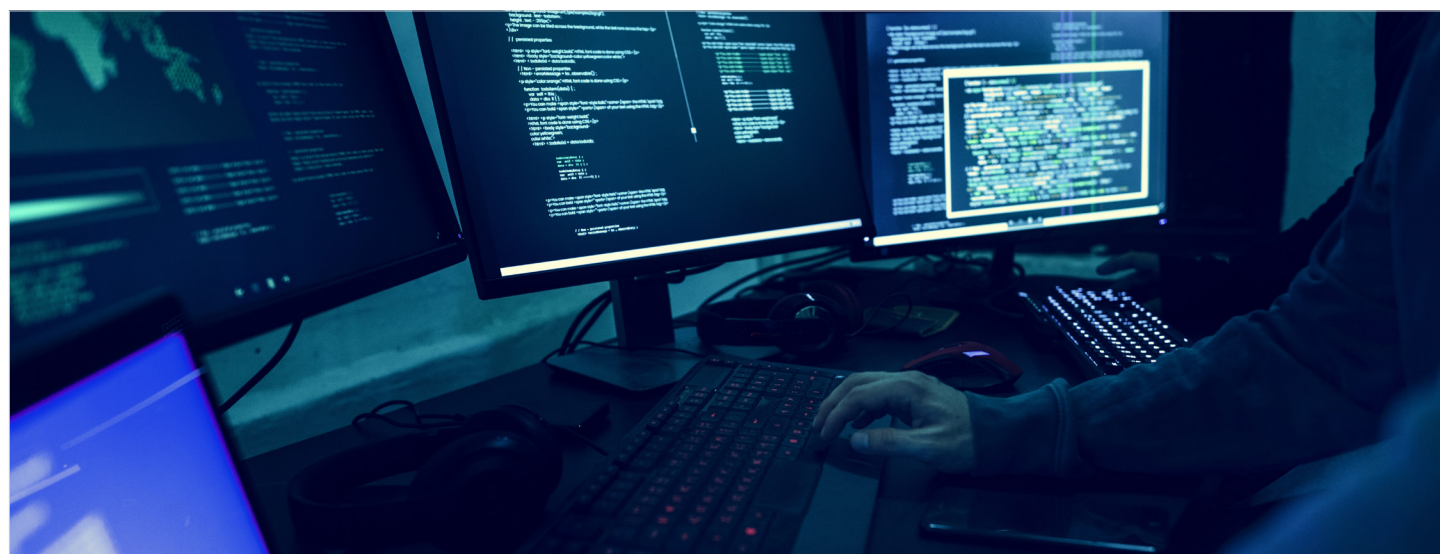
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Once a year, Global Guardian publishes an overview of recent global security developments. It is no shock that this year has been markedly different than years past. For over a year, the news cycle has been dominated by COVID-19, overshadowing many important events and trends that will shape the future safety and security concerns of global businesses and international travelers. The goal of this report is to highlight several of the stories that should be followed closely over the next 12-18 months.

Just as 9/11 changed the global security paradigm and the way we travel; the pandemic will also alter our travel practices, engender long-term shifts in business operations, and transform our threat perceptions. To meet these new challenges, Global Guardian offers an integrated suite of best-in-class security services that help clients identify and mitigate the risks of traveling and conducting business both overseas and domestically. These services include personnel tracking, emergency response, security and transportation support, intelligence and due diligence, medical support and transportation, emergency and custom aviation, cyber security, and video surveillance monitoring.

Global Guardian seamlessly integrates and delivers these capabilities 24-hours-a-day under the close guidance of its Operations Center.

# SOLARWINDS: THE FIRST OF TOMORROW'S SUPPLY CHAIN HACKS



Cybercrime is both the most costly and ubiquitous threat facing businesses today. Damages from cybercrime are projected to reach \$6 trillion in 2021 and increase to \$10.5 trillion by 2025. The recent SolarWinds cyberattack – what may be the most sophisticated cyberattack ever – serves as a stark reminder there are nearly endless vectors through which hackers can penetrate a firm's digital infrastructure indirectly through the supply chain.

## WHAT HAPPENED

On 08 December 2020, FireEye, a prominent cybersecurity firm, announced that it had detected a sophisticated state-sponsored cyberattack on its systems. Five days later, FireEye revealed that the breach it discovered was part of a global supply-chain attack that "Trojanized" SolarWinds' Orion business software updates to distribute malware. SolarWinds is a remote management and monitoring software tool provider with over 300,000 clients, including 425 of the Fortune 500 companies, the top five accounting firms, the top ten telecommunications companies in the United States (U.S.), as well as government agencies and universities. While as many as 18,000 SolarWinds users may have been affected, only 100-200 private-sector entities and nine federal agencies are known to have been compromised, including the departments of treasury and finance as well as several key national security agencies. So far, experts believe that the breach of federal agencies was limited to non-classified systems. Ultimately, the true scope of the intrusion is still unknown.

## ATTRIBUTION

Both government agencies and cybersecurity firms have attributed the attack to APT29 of Russia's Foreign Intelligence Service, who used as many as 1,000 software engineers for the operation. APT29 has been implicated in several high-profile attacks, including on the Democratic National Committee (2016) and on several European governments. While the intent of the operation remains unknown, cyber experts believe that it was likely meant to gather information, primarily from government agencies. The hackers appear to have been highly discriminate, choosing which recipients of the malware to victimize and which to ignore – the malware in the systems of the non-targets was disabled.

## ANATOMY OF A SUPPLY CHAIN HACK

The SolarWinds case is a typical supply chain hack whereby hackers utilized a third-party software provider (SolarWinds) to gain access to their targets (SolarWinds' customers). In other words, instead of penetrating their targets directly, the hackers infiltrated a third-party who had network access to the primary targets of the operation.

As early as September 2019, hackers had already gained access to SolarWinds and began to inject test code into SolarWinds' build process. In February 2020, a backdoor was deployed and between March and June 2020, it was distributed

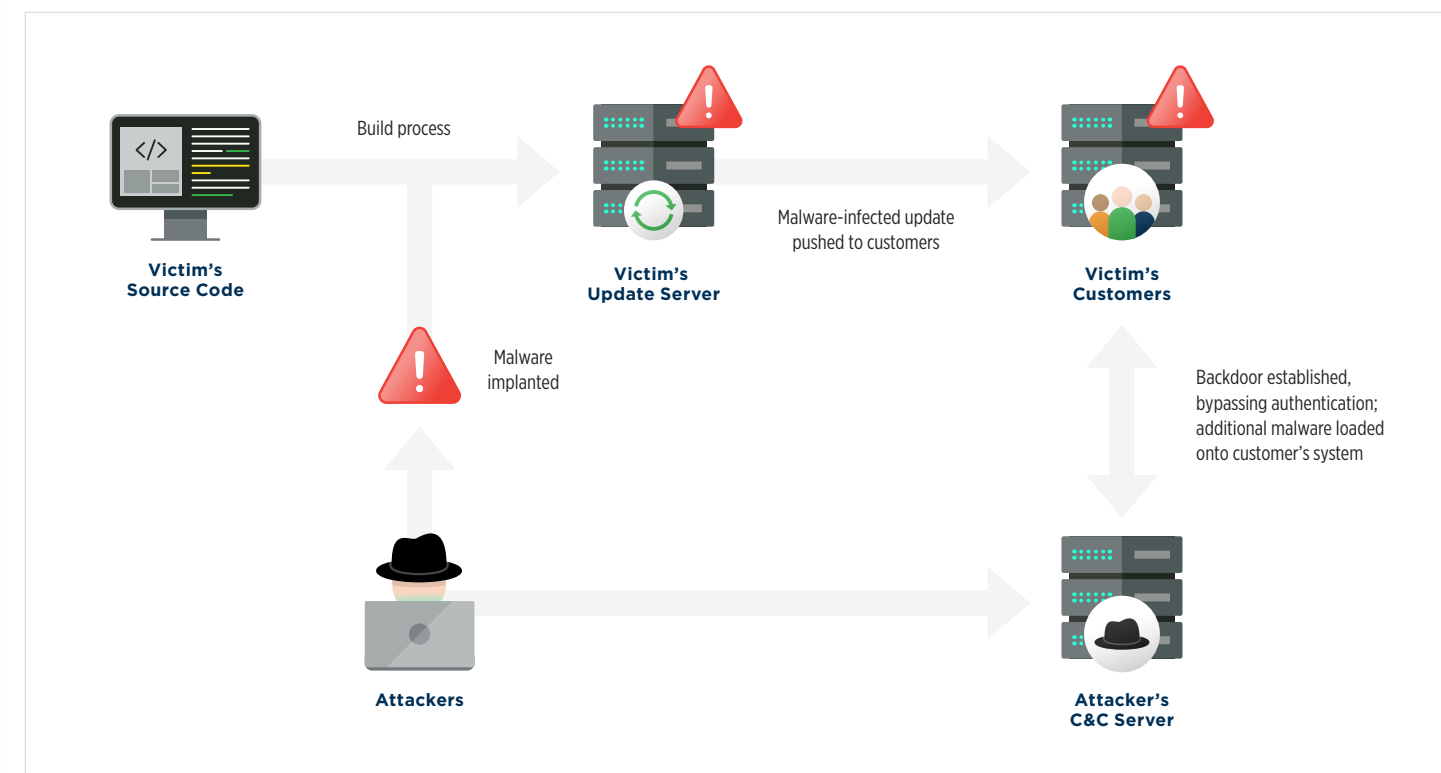


Figure: Supply Chain Attacks

to SolarWinds' clients via its Orion Platform updates. With the ability to read Microsoft's source code for user authentication, the hackers were able to leverage false certificates and validation tokens to gain access to other areas inside their victims' networks. The malware then communicated with the hackers' command and control server (C&C) and allowed them to steal files, profile systems, and upload further malware, all without leaving much of a trace.

## A PERENNIAL THREAT

So far, international law has not caught up to the challenges of today's cybercrime. Cyber espionage – a practice that all technologically advanced nations employ – is not expressly prohibited. State-sponsored cyberattacks that fall within the legally ambiguous "gray zone" pose a catch-22 for the U.S. government. Tit-for-tat

retaliation risks creating an escalatory cycle, while perceived indifference only invites further cyberattacks. In early March 2021, the U.S. administration vowed to respond to the SolarWinds hack with both "seen and unseen" elements. Though questions remain as to how cyber deterrence can even be achieved, given the asymmetry of the threat – the financial costs on business and government agencies will always be higher than those of the attackers, even when factoring in the potential cost of retaliatory cyberattacks.

Undeterred, state-backed hackers from Russia, Iran, North Korea, and most importantly, China, are increasing their efforts to gather intelligence (data) and conduct industrial espionage. Future technologies leveraging artificial intelligence – the focus of China's industrial strategy – will only make it easier for sophisticated state-backed hackers to penetrate corporate digital networks.

## TAKEAWAYS

The SolarWinds breach showcases the ability of an adept external attacker to quietly gain and retain highly privileged insider access. By using remote and cloud managed tools (with direct privileged connections into mission-critical computers), organizations become vulnerable to supply chain attacks. As state-backed hackers continue to conduct massive cyber attacks on the United States, private corporations will continue to suffer collateral damage.

# THE GEOPOLITICS OF VACCINE DISTRIBUTION



The months of January and February marked the opening salvo in a geopolitical completion for soft power—vaccine diplomacy. Vaccine diplomacy efforts are a microcosm for two of the larger geopolitical trends of the decade: the competition for leadership in the Global South and the erosion of the Western-led international order. With the West's inward focus, China, Russia, and India have taken the early lead in a race for jobs and minds. Yet it is unclear if the first movers will retain their advantage heading into the second half of 2021 and beyond.

Over the last year – and for the foreseeable future – the COVID-19 pandemic figures at the top of the global agenda. Getting “back to normal” will only be achieved through mass vaccination programs. Likewise, the global recovery environment will be largely shaped by the countries that can rapidly deploy and distribute vaccines. But for most of world, vaccine procurement has been elusive, prompting a geopolitical scramble for supply.

## SCARCITY

Currently, fewer than 15 countries possess the capacity to produce COVID-19 vaccines. According to estimates, vaccine makers are expected to make between 10-13 billion doses in 2021, 10 billion of which have already been secured. High-income countries, accounting for 16 percent of the global population, have adopted a “me first” strategy, purchasing 60 percent of available doses. The European Union (EU) and the United States (U.S.) have blocked vaccine

exports (formally or informally), while Canada has purchased enough vaccines to inoculate its population several times over. While the World Health Organization (WHO) led global vaccine-sharing initiative, COVAX, aims to provide two billion doses to 92 low-income countries by the end of the year, only 14 percent of low-income countries have even begun to vaccinate their populations. The urgency to inoculate, paired with the current scarcity of doses, have made coronavirus vaccines the most in-demand diplomatic currency.

Whereas Western vaccine makers have largely been allowed to decide where their vaccines go, in what quantities, and for what price; vaccines produced outside the West have been marketed strategically by governments.

## VACCINE DIPLOMACY – MORE THAN JUST A GOODWILL MEASURE

Driven by the demand of their citizens, vaccine nationalism in the West has presented an exploitable opportunity for other vaccine producers. As the U.S. and EU race to vaccinate their own populations before the fall, it is simply unfeasible for other large powers, including China, Russia, and India, to achieve such ambitious vaccination goals. Beijing, Moscow, and initially, New Delhi, calculated that the political capital accrued by vaccinating foreign citizens is higher than that of vaccinating their own people. This asymmetry of interests, together with the rapid production of vaccines ahead of verifiable clinical results, has resulted

in China and Russia becoming the first movers in a race for influence. As these countries attempt to become strong magnets for emerging market countries, the question remains: what strings are attached?

## THE FIRST MOVERS: CHINA & RUSSIA

By the end of March 2021, China had exported over 110 million vaccine doses to more than 50 countries. Russia, not keeping pace with China, has exported closer to 5 million doses. More important than quantity though, has been the timing. In almost all cases, these two countries have supplied their recipients with critically needed first doses. So far, Russian and Chinese companies have also been more willing than their Western counterparts (with the exception of Oxford-AstraZeneca) to strike licensing deals to allow local manufacturers to produce vaccines for themselves, opening the door for continued cooperation.

## CHINA

China's global vaccination program has several aims:

- Damage control to restore its global image following its mishandling of the pandemic in its nascent stages
- Portray itself as a global health leader, painting a contrast with the West's “hoarding” of vaccines
- Reward current economic partners involved in Belt and Road Initiative (BRI) projects and invite future strategic partnerships by offering preferential access to vaccine doses alongside investments in highways, ports, 5G infrastructure, and renewable energy
- Lure away U.S. allies through local vaccine manufacturing deals in Indonesia, UAE, Egypt, and Morocco opening the door to future science and technology partnerships and transfers
- Buy the silence of would-be detractors:
  - Turkey's (and other Muslim countries') indifference to China's treatment of its Turkic Uighurs in Xinjiang province;
  - Indonesia's muted criticisms of China's maritime territorial claims

In the past, several recipients of Chinese soft loans have fallen into a “debt trap;” whereby Chinese state-owned enterprises take over critical infrastructure in the

case of default. Benevolence or predation aside, China's rapid health response may serve to improve China's image in eyes of the Global South's next generation of leaders. As China leverages its vaccine diplomacy to continue to install the telecommunications infrastructure across the developing world, privacy and data security risks will increase for companies doing business abroad.

## RUSSIA

Moscow's vaccine diplomacy has centered around Europe and Latin America, where in February, 50 percent of the doses ordered by Argentina, Bolivia, Venezuela, and Paraguay came from Russia. Owing to the EU's slow vaccine rollout, Hungary has received doses of the Russian Sputnik V vaccine, while leaders of Slovakia's government were forced to resign over a secret deal to procure 2 million vaccines from Russia. Even Brussels is now open to procuring Sputnik V if it gets the green light from the European Medicines Agency (EMA), which began evaluating the Russian vaccine at the beginning of March. Russia has signed a deal to produce its Sputnik V in Italy and several other countries are open to its use, pending EMA approval.

These moves are meant as charm offensives to help lift European sanctions, to sow division within the EU, and add to the leverage Moscow already exerts over Europe's natural gas supply. That said, manufacturing delays, capacity constraints and a heavily foreign production could see many of Russia's first-mover gains erased as the year progresses.

## INDIA – THE WORLD'S PHARMACY

India, the pre-pandemic producer of 60 percent of the world's vaccines, will be producing AstraZeneca, Novovax, Gamaleya (Sputnik V) and Bharat Biotech's vaccines. To date, it has sent over 60 million doses to over 70 countries in Latin America, the Caribbean, Asia and Africa, mostly free of charge under its Vaccine Maitri (friendship) initiative. Vaccine Maitri has two main goals:

1. Push back against Chinese influence in its neighborhood, particularly in Nepal, Myanmar, the Seychelles, and Sri Lanka.
2. Rehabilitate its international standing following controversial domestic moves in respect to its minorities and Kashmir, for example by sending doses to Bangladesh and pledging 200 million doses to the COVAX program.

But unlike China - in no rush to vaccinate its population - India is still in the grips of the virus and vaccinating other nations first has begun to generate political blowback for the ruling party. In late February, India reversed its long-publicized plan to send 50 percent of its locally made AstraZeneca vaccine doses to other nations. On 24 March, it formally enacted export control measures similar to Europe's. It remains unclear if India will be beset by its own rollout issues – as have its democratic counterparts – and whether it will be able to balance its domestic and geopolitical prerogatives.



# CHINESE AND RUSSIAN VACCINE DIPLOMACY

- Approved Russian Vaccines
- Approved Chinese Vaccines

Source: McGill Covid-19 Vaccine Tracker

## WHO HAS THE FINAL SAY?

Despite the early successes of the vaccine diplomacy juggernauts, the race to vaccinate the world is a marathon, not a sprint. For now, Chinese and Russian vaccines are attractive due to their availability. Russia is already encountering production problems in its 15 sites around the world and the efficacy of the various Chinese vaccines has been called into question, especially given the emergence of new COVID-19 variants. By the fall 2021, the U.S. and the EU are expected to have inoculated their populations, creating a massive supply glut. These already

purchased vaccines will be conceivably donated to the WHO COVAX program, which will in turn, distribute excess vaccines from the West to the developing world. In addition, Novavax and other Western vaccines will soon be approved and on the market further adding to the glut. According to a recent diplomatic leak, the Quadrilateral Security Dialogue (also known as the Quad) – comprised of the United States, Australia, India and Japan – have already begun to develop a campaign to distribute COVID-19 vaccines in an effort to match China's vaccine diplomacy.

## TAKEAWAYS

Vaccine diplomacy has become a major tool of state influence. China and Russia, through rapid global distribution programs, have leveraged the West's vaccine nationalism to gain the early upper hand when it comes to vaccinating the Global South at the expense of the Western-led international order. Between the unused vaccines in the West and India's immense production capacity, it is possible that China and Russia's early geopolitical gains could be short lived. Absent an Indo-Western global vaccination push in the second half of 2021, businesses could face long-term risks when operating in nations that have been pulled into China's orbit through its vaccine diplomacy.

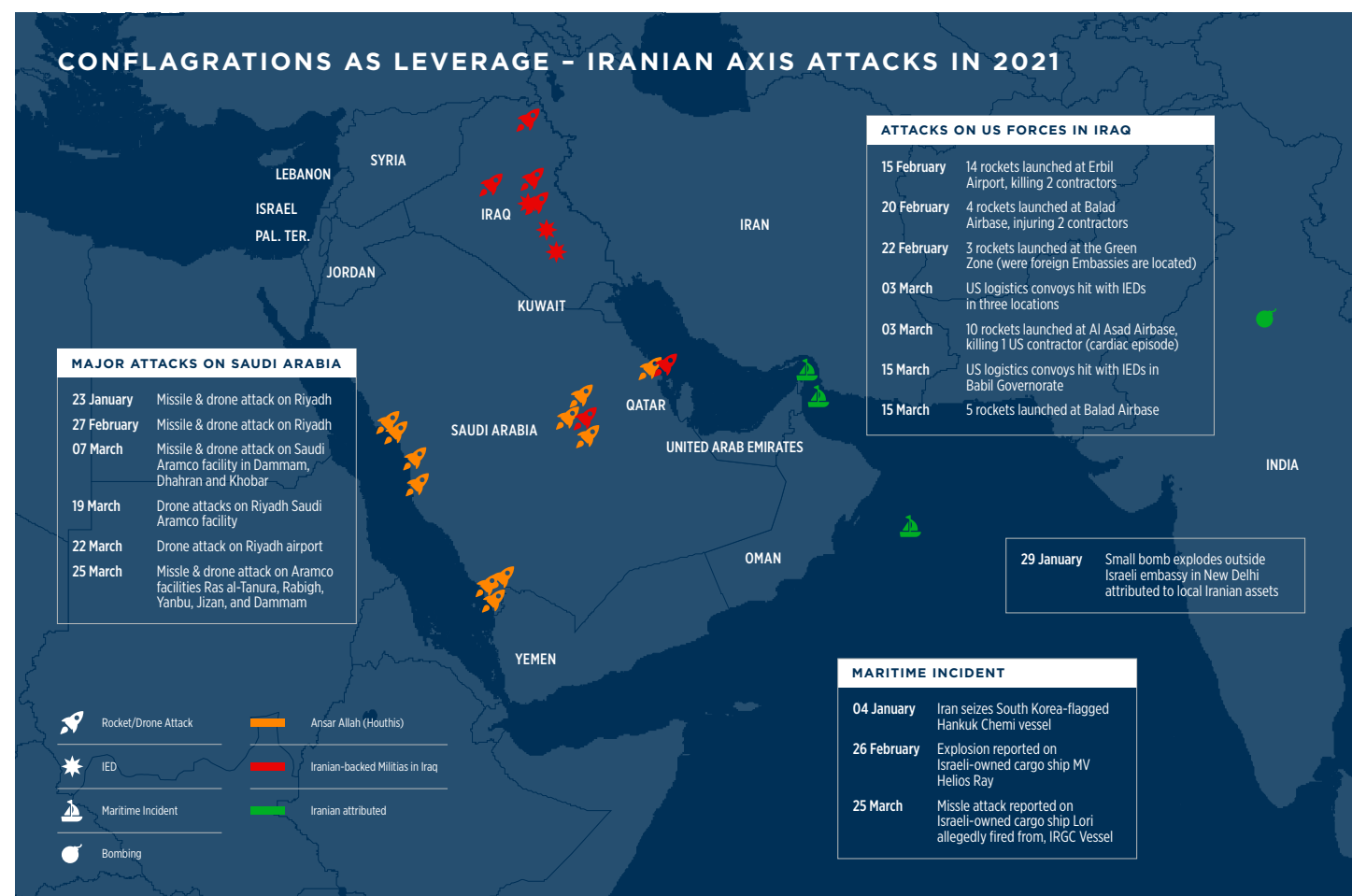
# NUCLEAR CHICKEN: A DANGEROUS GAME BETWEEN TEHRAN & WASHINGTON

In recent months, Iran has dialed up the pressure on the U.S. and its partners on both the battlefield and on the nuclear front to coerce the signatories of the 2015 nuclear agreement back into a new deal on terms favorable to Iran. While it is unclear when and under what conditions Iran will return to its previous non-proliferation commitments, the current period of limbo has dramatically increased tensions in the Middle East.

## MILITARY PRESSURE

After a brief pause in hostilities prior to the November 2020 U.S. elections, Iran has again ramped up its regional aggression directly and indirectly via its

proxies in Iraq and Yemen. Iran has seized and attacked vessels in the Gulf and has been directly implicated in plots to attack Emirati embassies in Ethiopia and Sudan, as well as the Israeli embassy in India. Meanwhile, its proxies in Iraq have upped the intensity of their attacks on U.S. forces (killing two US contractors); and have launched several missile and drone attacks on Saudi Aramco sites and even on the Saudi capital, severely disrupting air traffic around Riyadh. In Yemen, the Iranian-backed Ansar Allah (known as the Houthis) have launched a new offensive and have also increased cross-border rocket attacks on Saudi Arabia. In response to attacks on U.S. personnel in Iraq, President Biden ordered an airstrike on 26 February targeting facilities used by Iranian-backed Iraqi militias in Syria.



## DIPLOMATIC PRESSURE

On the diplomatic front, the Biden administration has made several unilateral goodwill gestures:

- Unfreezing \$5 billion of Iranian assets
- Rescinding snapback UN sanctions
- Un-blocking a \$5B IMF emergency loan to Iran
- Removing Ansar Allah from the Foreign Terrorist Organization list
- Greenlighting the European Union to hold an “Invest in Iran” forum
- Removing travel restrictions on Iranian diplomats for visits to the UN headquarters
- Ceasing arms shipments to Saudi Arabia

These carrots – all short of Iran’s demand for full sanctions relief – have yet to bear fruit with Iran but may have helped bring Britain, France, and Germany (E3) more into lockstep with Washington. Transatlantic coordination will be crucial to getting Iran to agree to a new and more fundamentally sound agreement.

So far, Iran has refused informal talks with the US and E3 and has continued to incrementally breach the nuclear deal’s limits on enrichment – a practice that began in 2019 in response to the U.S. exiting the accord a year earlier. Since January, Iran has started enriching uranium at 20 percent purity at its underground Fordow facility, producing uranium metal, and is deploying advanced centrifuges at several sites. Iran’s most recent move – enacting a new domestic law prohibiting the International Atomic Energy Agency (IAEA) from conducting snap inspections at nuclear sites – was set to have taken place on 21 February but was paused for three months after a flurry of IAEA diplomatic activity. Israeli estimates put Iran two years away from producing the requisite delivery system and detonator needed to actually develop a nuclear missile.

In the current diplomatic stalemate, Tehran and Washington both believe time to be on their side – “breakout” time versus time under sanctions. The U.S. and Iran are engaged in a game of chicken, insisting that the other party must take the first step to return into compliance of the 2015 nuclear deal. But who will blink first?

## TAKEAWAYS

In the lead up to negotiations over Iran’s nuclear program, attacks on Saudi Arabia, U.S. forces in Iraq, and maritime shipping have increased. While it is likely that negotiations towards a new nuclear deal will advance over the coming year, any agreement that does not dramatically expand the various “sunset” clauses could prompt either a regional arms race (with Saudi Arabia and Turkey rushing to acquire nuclear weapons) or provoke an Israeli preemptive strike on Iran.

## DANGEROUS MONTHS AHEAD

Despite the U.S. administration’s intent to widen the scope of a new pact to potentially include Iran’s ballistic missile program and its support for regional armed groups, it is highly unlikely that Iran will agree to extend the parameters of an agreement beyond nuclear proliferation. If, how, and when the sides will come to an agreement is still uncertain. Given the domestic priorities of the U.S. administration and the legal and administrative hurdles of de-listing Iranian economic entities designated as terrorist entities, navigating a path forward will be a challenge. What is clear are the short-term risks associated with the current period of diplomatic limbo.

- **Saudi Arabia** – Further attacks against Saudi territory originating from Yemen and Iraq targeting the Kingdom’s airports and oil infrastructure are likely. Successful attacks on oil production sites, similar to the 2019 Abqaiq attack, carry the risk of temporarily driving up oil prices. The killing of Saudi or expatriate nationals could lead to significant escalation or further complicate diplomatic proceedings in Yemen and with Iran.
- **Iraq** – Further assaults on U.S. forces in Iraq are likely. Iraq is the theater where there are the most U.S. and Iranian-backed forces in proximity. Further American deaths also risk military escalation and complicating U.S.-Iran negotiations by pushing the Biden administration to include Iran’s regional proxy strategy within the confines of a future nuclear accord.
- **Israel-Lebanon** – Iran’s Lebanese proxy, Hezbollah, is widely perceived to have a “deterrence gap” vis-à-vis Israel following failed reprisal efforts to avenge the killings of Hezbollah officers during Israeli air strikes in Syria. Closing this gap, by launching a limited operation against Israel, is seen as a priority for Hezbollah, and if not calibrated, may escalate into a wider conflict similar to what occurred in 2006.
- **United Arab Emirates** – In 2017 and 2018, the Dubai and Abu Dhabi airports came under threat of rocket attacks from the Houthis in Yemen. Since the September 2020 signing of the Abraham Accords with Israel, the risks to the UAE, particularly to its airports, have increased.



## MYANMAR: COUP CREATES UNCERTAINTY



The military coup in Myanmar on 01 February dealt a significant blow to the fragile democratic gains made in this Southeast Asian nation over the past decade. It has led to weeks of anti-coup protests, a violent military crackdown, internet blackouts, cash shortages, airport closures, and concerns over human rights abuses, and over the possibility of expanding insurgencies.

### CIVIL DISOBEDIENCE MOVEMENT & INTERNET BLACKOUTS

Since the 01 February coup, tens of thousands of people have taken to the streets in anti-coup protests. These have happened all over the country but primarily in Mandalay, Naypyitaw, and the economic capital of Yangon. The military – known as the Tatmadaw – initially responded with water cannons and rubber bullets, but clashes have escalated with troops now using live fire. At least 500 protesters have been killed and thousands have been arrested. At least 114 people were killed by military forces on 27 March, the single deadliest day since the coup.

The Civil Disobedience Movement (CDM) has gained traction, with hundreds of thousands of professionals, including doctors, nurses, bankers, and other service workers participating in strikes since 01 Feb. This has led to the closure of banks,

clinics, shops, and a significant decline in COVID-19 testing. Other tactics of the CDM include withdrawing as much cash as possible from Tatmadaw-owned banks in an effort to deprive the military of funds and prevent them from expropriating cash assets. These banks quickly responded by limiting hours and withdrawals. Cash levels are reportedly running low due to widespread bank closures and early runs on bank deposits.

To combat the mass protests and CDM strikes, the military junta has imposed a nightly curfew and near-daily internet blackouts, typically during overnight hours. These blackouts are especially common in Yangon, the epicenter of anticoup protests, though internet services have been suspended nationwide at times. Reports indicate that dozens of Chinese “advisers” have been flown into Myanmar to assist the junta in maintaining control over the internet and mobile phone networks.

There is significant risk of unrest escalating in Myanmar, especially in Yangon. While the citizens are generally not armed, and there are no foreign countries or groups likely to fund and arm anti-coup protesters, defectors from the police and military could start carrying out more violent anti-coup acts.

The situation in Myanmar highlights the need for contingency planning, whether that be an extended period of sheltering-in-place or a full evacuation of expatriates. Complexities around airport closures, COVID-19 testing, military checkpoints, curfews, and internet blackouts complicate the situation and make planning even more important.

### THE PLIGHT OF THE ROHINGYAS

In 2017, General Hlaing oversaw a brutal campaign against the Rohingya ethnic minority. More than 700,000 Rohingyas fled across the border into Bangladesh. Myanmar, a Buddhist nation, considers the Rohingyas illegal immigrants, and a 1982 law denied them the right to hold citizenship. The military has since perpetrated a campaign of violence against the Rohingyas that both the [United Nations](#) and the United States have described as “[ethnic cleansing](#).” Aung San Suu Kyi, the Nobel laureate and former de facto head of state, infamously defended the military against accusations of [genocidal crimes](#) against the Rohingyas at the International Court of Justice in 2019.

With Hlaing now ruling the junta, the plight of the Rohingyas may get worse. Such a situation would also call into question the plan to repatriate the Rohingyas from Bangladesh back to Myanmar. Bangladesh houses around 1 million Rohingya refugees.

### SHARPENING CONFLICTS?

Myanmar’s border areas are wracked by conflict involving armed ethnic separatist movements, including the Arakan Army in Rakhine State, the Karen National Liberation Army in Kayah State, the Kachin Independence Army in Kachin State, and the Shan State Army as well as the United Wa State Army in Shan State.

While several groups, including the Arakan National Party and the Mon State Unity Party, have accepted the junta, other ethnic separatist groups have rebuked junta rule. Now, with the Tatmadaw as the country’s sole power political power, these regional ethnic conflicts could intensify.

### TAKEAWAYS

The coup in Myanmar highlights the fragile nature of democracy in Southeast Asia. The situation is likely to get worse before it gets better, and both foreign investment and travel are expected to remain weak, even after the COVID-19 pandemic wanes.



### WHAT’S NEXT?

There are three likely scenarios in the foreseeable future:

1. The Tatmadaw quickly delivers on its promise to return Myanmar to democratic rule. If the junta is seen as being serious about restoring democracy, the United States will be more willing to engage with the military rulers. The international community would also likely hold off on imposing further sanctions, which it would view as counterproductive.
2. The military takes a page out of the playbook of the generals in neighboring Thailand and scraps the constitution altogether, imposing a new system that allows greater control of parliament, and redesigns the electoral system to ensure that the opposition wins fewer seats. It could also use the COVID-19 pandemic to justify delaying elections. Such measures would trigger even larger and more widespread protests. The international pressure that this would conceivably cause would create an opportunity for China to further expand its influence in Myanmar.
3. Unrest continues and the situation devolves into civil conflict involving armed ethnic groups and a resistance movement based in Yangon, Mandalay, and Naypyitaw.



# THE TIGRAY CONFLICT: A DESTABILIZING FORCE IN A FRAGILE REGION

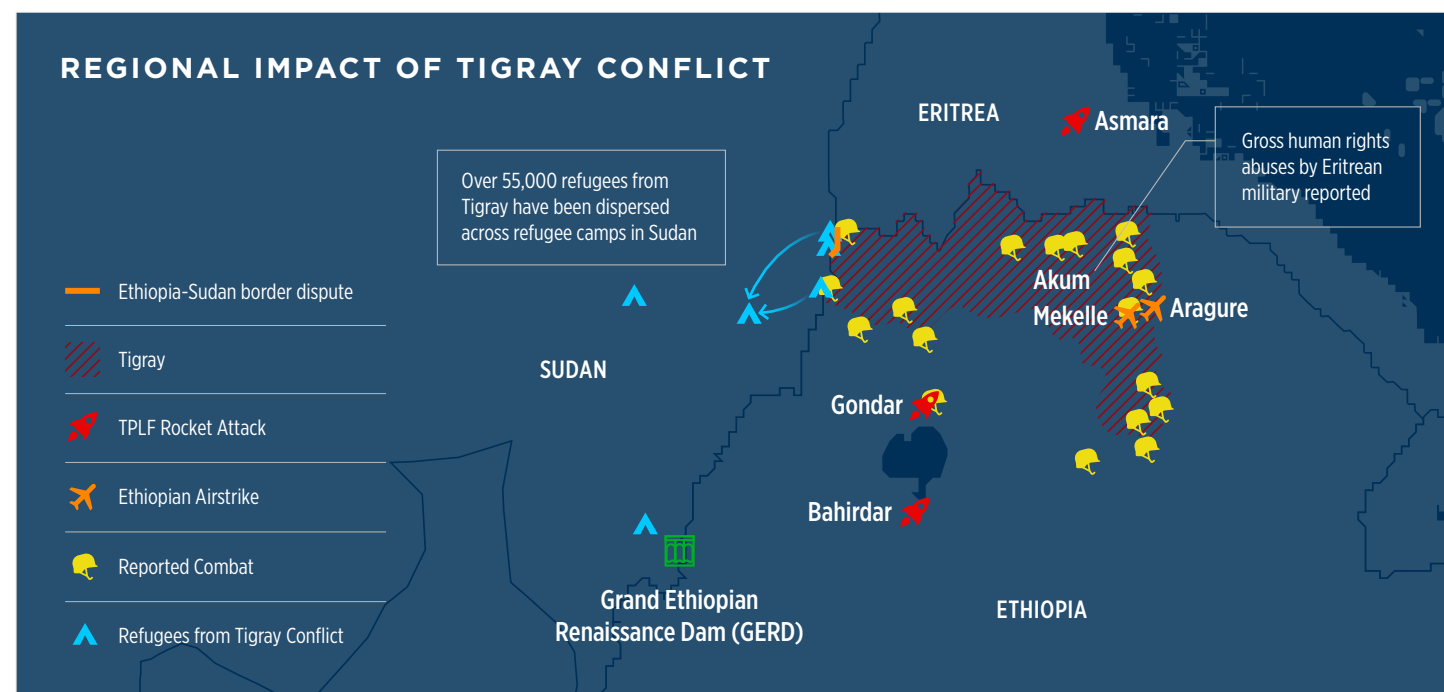
In November 2020, the Ethiopian central government launched attacks against the Tigray People's Liberation Front (TPLF). Over the last four months of conflict, 30,000 people are estimated to have been killed or injured and over 56,000 refugees have fled to Sudan. The fighting has destabilized the region and risks throwing Ethiopia into prolonged internal conflict.

The Tigray region is home to the Tigray People's Liberation Front, the former ruling party of Ethiopia. In 2018, Prime Minister Abiy Ahmed created an alternative ruling coalition known as the Prosperity Party, excluding the TPLF. After postponing the August 2020 general election to June 2021 citing COVID-19, the Tigray region hosted regional elections, publicly defying the central government. In November 2020, a reported attack on federal forces by the TPLF was met with

By concentrating federal power, Abiy has signaled a willingness to use military means to maintain control. This has made other ethnic groups within Ethiopia wary of Addis Ababa's increasingly militarized forms of coercion and control.

## REGIONAL FALLOUT

The neighboring states of Eritrea and Sudan have also felt the effects of the conflict. Eritrean forces have stepped in on behalf of the Ethiopian government, conducting artillery strikes and committing ground troops to the conflict. Eritrean forces have also been accused of committing crimes against humanity against TPLF members and the civilian population in the city of Axum, a predominantly Orthodox Christian city in the Tigray region where hundreds were reportedly killed.



quick retaliation. Since then, the central government has conducted extensive air assaults and followed up with ground forces movements in an effort to control the TPLF's rebellion. While the fighting intensity has diminished, the conflict is ongoing with reports of war crimes being committed on all sides.

Sudan has managed to avoid direct involvement in the armed conflict but has seen an influx of over 56,000 refugees. This has placed significant strain on its already overburdened economy and introduced fears that the TPLF are using Sudanese refugee camps as a safe staging ground for protracted conflict.



The diplomatic tensions over the GERD combined with the influx of refugees from the Tigray Conflict have also soured bi-lateral relations with Sudan. Diplomatic talks over the GERD have stalled and the Sudanese Ambassador to Ethiopia has been recalled. Border skirmishes between the Sudanese military and Ethiopian ethnic militias have erupted in the contested al-Fashqa region where the Sudanese province of al-Qadarif and the Ethiopian state of Amhara meet. What had originated as a clash between the TPLF and the Ethiopian central government has broad implications for Ethiopia and the region at large.

## IMPLICATIONS OF TIGRAY CONFLICT:

1. The ethnic tensions in Ethiopia between the central government and the TPLF represent two dueling futures for Ethiopia: ethno-pluralism and ethno-nationalism. The TPLF and other ethno-nationalist groups wish to maintain the ethnic federal system of government that has existed since 1991. PM Abiy's Prosperity Party represents multiple ethnic and regional constituencies while excluding the Tigray. Without a clear resolution that addresses inter-ethnic tensions and issues of representation, civil conflict in Tigray and elsewhere in Ethiopia is unlikely to end.
2. The conflict and stalling of the GERD talks has strained an over-leveraged and overextended Ethiopian economy. Already in significant debt to China, PM Abiy risks throwing the country that has been rocked by the Tigray Conflict into economic turmoil. COVID-19 has only exacerbated the issue, increasing the price of basic goods, and deepening poverty and unemployment levels.
3. Sudan and Eritrea – the two countries neighboring the Tigray region – have been drawn into the conflict. Eritrea has stood alongside the central government but has been accused of human rights abuses by a number of international institutions and governments. Meanwhile, tens of thousands of refugees, including TPLF militants, are pouring into neighboring Sudan, creating a humanitarian and a potential security crisis that cannot be easily resolved.

The ripple effects of the conflict have also impacted the regional politics associated with the construction of the Grand Ethiopian Renaissance Dam (GERD) – a project on the Blue Nile River that promises to bring reliable power to over 70 million Ethiopians. For Ethiopia, the project is an economic boon, connecting a massive untapped workforce to the global economy. Though once the dam is completed, 65 percent of Sudan and Egypt's freshwater supply will be controlled by Ethiopia, raising serious concerns over water security. Egypt is particularly wary of this possibility and has requested legal safeguards to prevent the manipulation of water levels to exert economic or political influence. Cairo has repeatedly threatened military action against Ethiopia should the dam be filled before an agreement is reached.

## TAKEAWAYS

A fragile Ethiopia could destabilize the entire region as tensions between Ethiopia and its neighbors are brewing over the GERD and refugee flows from the Tigray Conflict. Internally, Ethiopia's economic slowdown, the Tigray Conflict, and consistent levels of inter-ethnic violence have created a volatile situation with the 05 June general election as a potential flashpoint for violence and unrest.





## OUTLOOK AND TAKEAWAYS

The COVID-19 pandemic has been the most disruptive shock of 21st century with far ranging global impacts. The world's preoccupation with the virus has provided cover for power grabs in Hong Kong, Belarus, and Myanmar; and the re-delineation of contested borders between Azerbaijan and Armenia and between China and India. Indirectly, election delays due to public health concerns, as in the case of Ethiopia, have inflamed preexisting political tensions. The next 12-18 months will see familiar threats reemerge and new threats arising from the second and third order effects of the COVID-19 pandemic.

Overall, the pandemic has slowed some trends in the global security environment while accelerating others. The lack of international travel, closed borders, and limits on public gatherings have caused a dramatic reduction in terrorist attacks Europe and mass shootings in

the United States. However, as mass vaccination programs return us to normalcy, these threats are reemerging, recently demonstrated by the Atlanta and Colorado shootings.

The pandemic also accelerated global trends such as remote work, leading to an increased risk of cyberattacks, including ransomware and IP theft, from criminals and sophisticated state actors. Global inequality has been exacerbated, with vaccine access showcasing the stark "North-South" divide. The pandemic has also served to deepen distrust of global institutions, and has led to a new form of diplomacy centered around vaccine production and distribution. Most importantly, the already poor relationship between the U.S. and China only got worse with COVID-19 and will continue to deteriorate as China's diplomatic confidence increases and as vaccine diplomacy takes center stage.

## CONTACT US

Please contact the 24/7 Global Guardian Operations Center at any time with questions or comments on this special report, or for any travel security need.

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