



# MONTHLY INSIGHTS

January 2016

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# A WORD FROM THE DIRECTOR OF THE ANALYTIC COMMUNITY

We are pleased to send this monthly update summarizing some of Wikistrat's activities during the month of January.

In this first presentation for 2016, we focus on Saudi Arabia and China. The former is concerned with two increasing challenges: ISIS and Iran, especially in the aftermath of the lifting of sanctions against Tehran. As for China, this global power strives to increase its military and economic presence in both the South China Sea as well as Africa. In addition, the Chinese are concerned with two troubling developments in nearby countries: the ongoing development of the North Korean nuclear program and the victory of the Democratic Progressive Party in the Taiwanese elections. This presentation analyzes these recent developments and suggests how the future might pan out.

As always, you are welcome to comment, suggest activities or share your insights with us.

Dr. Shay Hershkovitz  
Chief Strategy Officer and Director of the Analytic Community

A handwritten signature in black ink, appearing to read 'Shay Hershkovitz', written over a light blue circular watermark.

# WIKISTRAT IN THE MEDIA

## THE | DIPLOMAT

Read The Diplomat, *Know the Asia-Pacific*

### FLASHPOINTS

### Can the PLA Navy Make the Indian Ocean Chinese?

Does China need to dominate the Indian Ocean in order to have a world-class navy?

By Robert Farley  
February 01, 2016



4 Shares  
0 Comments



Image Credit: kees torn via Flickr/Wikimedia Commons

A recent Wikistrat simulation (full disclosure: I am a senior analyst with Wikistrat, although I did not work on this project) **investigated the future** of the People's Liberation Army-Navy. In particular, the report (written by David K. Schneider) examined China's effort to establish control over the East Asian littoral (A2/AD and amphibious capabilities) and to establish a presence in the Indian Ocean.

## HUFFPOST TECH

### Let's Get Virtual

🕒 01/19/2016 12:35 pm ET | Updated Jan 19, 2016



Wikistrat  
The World's 1st Crowdsourced Consultancy

By Dr. Shay Hershkovitz

Chief Strategy Officer, Wikistrat

I work at a virtual organization which operates a virtual community of professionals. This means that I work at a virtual entity whose employees are in different offices, cities and countries (and even on different continents), and with a network of experts who collaborate remotely. And I love it!



# THE ISIS THREAT TO SAUDI ARABIA

# THE ISIS THREAT TO SAUDI ARABIA



The most obvious targets of any anticipated ISIS attacks against Saudi Arabia would be the oil infrastructure in the northeast or the Saudi royal family themselves.

What, however, are some targets that are unanticipated?

Wikistrat analysts identified four areas that comprise the “soft underbelly” of Saudi Arabia – where attacks by ISIS could have the greatest impact and are the most difficult to prevent:



**Prison Breaks:** In 2013 and 2014, ISIS organized a number of prison breaks in western Iraq that provided the foot soldiers for its takeover of various cities in early 2014. **ISIS’s latest threat to organize prison breaks should be worrying.**



**Attacks on Holy Sites:** In the latest issue of the group’s magazine *Dabiq*, an article exhorts the followers of ISIS to “free” Mecca and Medina from the grip of the Saudi regime. Any attack on Saudi soil would focus on **delegitimizing the ruling family’s discourse surrounding Sunni Islam.**



**Attacks on Religious Leaders:** ISIS may well wish to target Saudi clerics, particularly individuals who have been critical of the organization. **Just attempting such an attack sends a strong message about possible liability and destroys the myth of invulnerability.**



**Fomenting Sectarian Violence:** Shi’as, who feel like second-class citizens in Saudi Arabia could grow increasingly convinced that the regime is unable to protect their places of worship and population centers – and is potentially in collusion with the ISIS attacks against them. **Increased agitation by Saudi Shi’as, especially in the context of hostile Iranian-Saudi relations, could prompt increased repression and attacks, and lead to a sectarian conflict.**



## EXPLORING SAUDI-IRANIAN TENSIONS



Wikistrat recently ran a crowdsourced simulation entitled “Exploring Saudi-Iranian Tensions” following the January 2 execution of prominent Shi'a cleric Sheikh Nimr Al-Nimr by Saudi Arabia.



**Dates:** January 4–25, 2016



**Purpose:** To outline possible scenarios regarding how this crisis will evolve, and to explore the opportunities, risks and challenges that might arise from it.



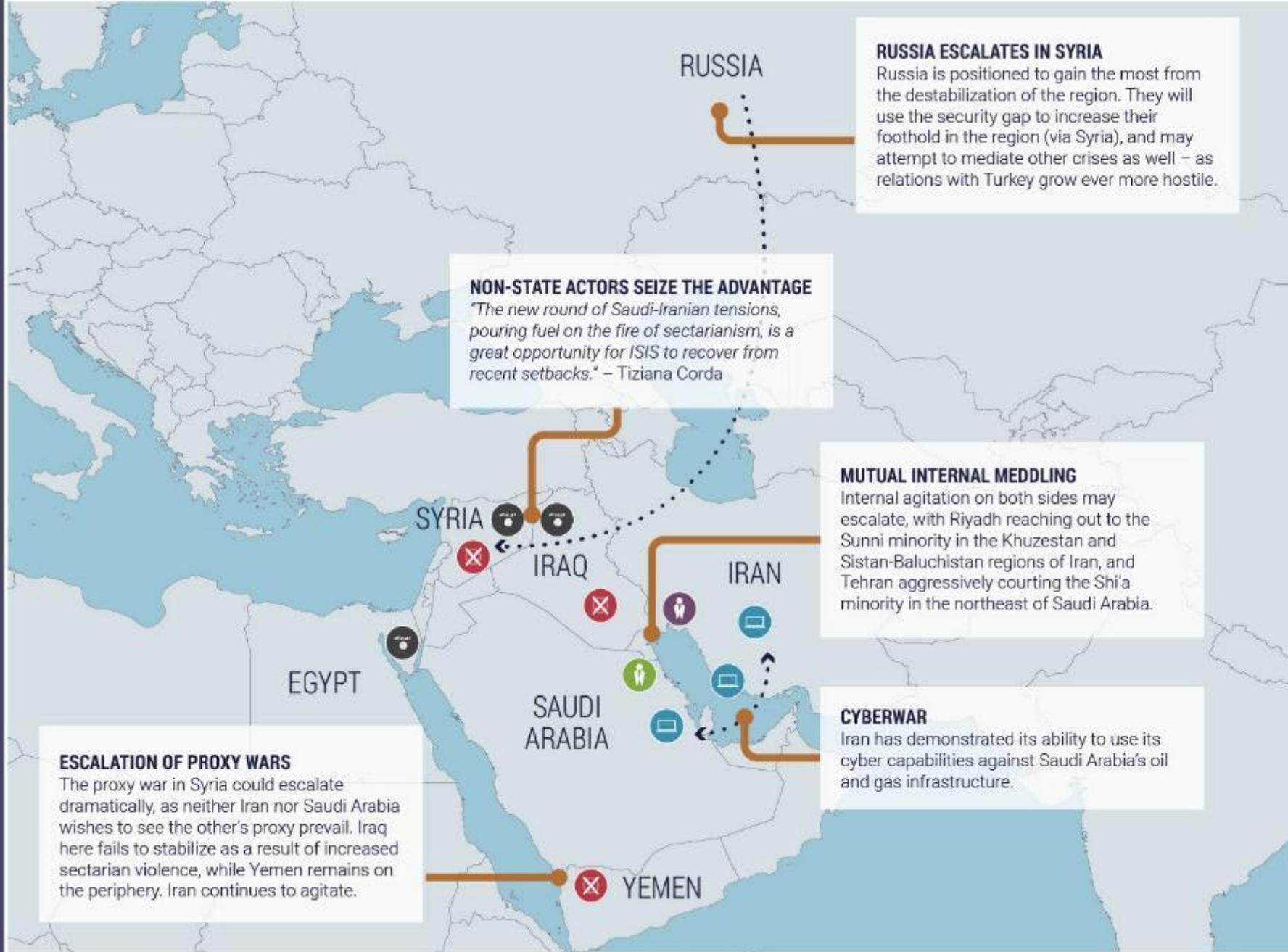
**Participation:** 60 community analysts

To view the full infographic, click [here](#).

# SAUDI-IRANIAN TENSIONS

How might the ongoing crisis between Saudi Arabia and Iran further develop? Wikistrat analysts proposed five major pathways by which the diplomatic row may escalate.

-  CONFLICT
-  CYBERWAR
-  ISIS
-  SUNNI MINORITY
-  SHI'A MINORITY



# CHINA'S STRATEGIC CALCULUS IN NORTH KOREA



Wikistrat recently ran a crowdsourced simulation entitled “North Korea and the Hydrogen Bomb: A Game Changer” to analyze the background and ramifications of the rogue state’s January 6 nuclear weapons test.



**Dates:** January 7–28, 2016



**Purpose:** To explore the possible motives behind North Korea’s January 6 nuclear test, and to analyze the possible implications on the U.S. and North Korea’s neighbors.



**Participation:** 45 community analysts

To read the full report, click [here](#).



# CHINA'S STRATEGIC CALCULUS IN NORTH KOREA

North Korea's nuclear weapons program is a grave indirect diplomatic and strategic liability for Beijing. But the worst-case scenario for China would be the collapse or removal of the North Korean regime. Thus, the international community should not expect China to significantly toughen its stance on North Korea.

## China's Response

- China is likely to stand in lockstep with its fellow U.N. Security Council members as they move to impose fresh sanctions.
- If China hardens its stance against North Korea, the international community should not simply expect the regime to abandon its nuclear weapons program. North Korea might be the junior partner in the relationship, yet it shows little inclination to defer to its senior.

## The U.S.

- The United States should continue to reassure regional allies and partners and emphasize that it will not tolerate any North Korean aggression.
- Although results have thus far been limited, Washington should continue to encourage stronger efforts from Beijing to rein in Pyongyang. Beijing's diplomacy has been rapidly maturing under President Xi Jinping.



# THE CHINESE NAVY: A LOOK AHEAD

To read the full report, click [here](#).



# THE CHINESE NAVY: A LOOK AHEAD

Military modernization has been a core objective of the People's Republic of China since the mid-1970s. By 2020, China will possess the second-best navy in the world.

As a result, China is likely to become over the next ten to fifteen years a far more interventionist power than it has been so far in its history.

South China  
Sea

- The move to control the South China Sea is a crucial element of Beijing's A2/AD strategy for defense of the homeland, and is also the eastern end of a growing area of operations that runs all the way to East Africa.
- This places China in a position to bring significant military force to bear on key strategic points in the region, as demonstrated via anti-piracy and humanitarian operations in recent years.

Long-Term

- It becomes less likely that China will allow the United States, Japan or India to determine political outcomes in such sensitive geostrategic areas as Myanmar and Pakistan, or in areas where China has crucial energy and economic interests, as in Africa.
- A world-class navy would give Beijing such hard-power options as gunboat diplomacy and expeditionary intervention in crucial situations.



# IMPACT OF TAIWAN'S ELECTION ON CROSS-STRAIT RELATIONS

To read our report on the pre-election meeting between Chinese President Xi Jinping and (now outgoing) Taiwanese President Ma Ying-jeou which accurately projected the geopolitical situation following the elections, click [here](#).



The victory of Tsai Ing-wen and her Democratic Progressive Party in the January 16 presidential and parliamentary elections is of grave concern for China. Yet Beijing is likely to exercise caution while seeking ways to secure the KMT's own subsequent return to power, as any attempt to endorse the KMT in any way could lead to further failure of the party in future elections.

# IMPACT OF TAIWAN'S ELECTION ON CROSS-STRAIT RELATIONS

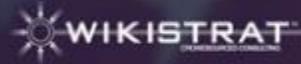
KMT

- The biggest challenges for the KMT are regaining public trust, as well as shedding its image as an elitist party that both caters to the wealthy and focuses on cross-strait relations merely for the benefit of its big business benefactors.
- Beijing's greatest fear is that the KMT will fail to reinvent itself or will have to abandon its support for "one China" in order to win the support of the people of Taiwan.

U.S.

- In past years, the U.S. has not supported formal Taiwanese independence, and it is unlikely that Tsai Ing-wen will seek de jure recognition thereof.
- The U.S. should remain engaged with both Taiwan and China, try to understand their respective assessments and policies, and influence both to adopt moderate, pragmatic approaches. A "do nothing" approach is a bad choice.

# CHINA'S TRAJECTORY IN AFRICA



**Dates:** January 12–25, 2016



**Purpose:** To explore and analyze China's interests in Africa while looking at its actions and exploring possible trajectories regarding how these might develop.



**Participation:** 40 community analysts



# CHINA'S TRAJECTORY IN AFRICA



While the growth of China's influence in Africa in the past decade has been remarkable, Beijing will increasingly be forced to act in defense of its interests – i.e., becoming more actively interventionist, which will in turn endanger the “impartial benefactor” role that has served it so far.

## What's Next

- While China's political and economic presence in Africa will continue to grow, it will do so at a slower rate than in previous years.
- This will be due to shifts in the Chinese domestic economy leading to lower demand for commodities, as well as a recognition that many of the challenges facing Western investors in Africa also impact Chinese investors.

## Access to Markets, Not Minerals

- Chinese state-owned enterprises and private companies are investing more than they are extracting from Africa. Chinese foreign direct investment in the region has exceeded \$40 billion.
- Chinese businesses also view Africa as an excellent potential market for Chinese products. It is becoming a more attractive export market and one where China is winning most of the infrastructure contracts.

## Power Projection

- Africa has become an important location from which China can demonstrate “positive” multilateral security engagement. By participating in multilateral naval operations off the Horn of Africa and peacekeeping in South Sudan, China demonstrates that it is a capable and willing global power.

# UPCOMING ACTIVITIES: FEBRUARY



ACTIVITY



METHODOLOGY



SIM'S OBJECTIVES



LAUNCH DATE

**Lights Out for Putin?**

**Red Teaming**

**Red teaming and proposing counterarguments to the idea that Putin's regime is facing collapse**

**February 8**

**Russia's Surprise Move in Syria**

**Wargame**

**Wargame exploring a sudden Russian move in Syria against an attempt to overthrow Assad**

**February 29**



For more information on Wikistrat's crowdsourced solutions and systems,  
contact [info@wikistrat.com](mailto:info@wikistrat.com)

[www.wikistrat.com](http://www.wikistrat.com)