



# MONTHLY INSIGHTS

May 2016

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# A WORD FROM THE DIRECTOR OF THE ANALYTIC COMMUNITY

We are pleased to send out this monthly update summarizing some of Wikistrat's activities during May.

This month, Deloitte introduced Deloitte Pixel, a new service that leverages crowdsourcing technology. Wikistrat is thrilled to be a part of this brand-new crowdsourcing offering. In this monthly summary of Wikistrat's activities, we present insights regarding the recent tension between the U.S. and Saudi Arabia, discuss the implications of the death of Taliban leader Akhtar Mansour, and analyze the recent sociopolitical and economic developments in Brazil and Venezuela.

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 blue ink, appearing to read 'Shay Hershkovitz', written over a light blue circular watermark.

# WIKISTRAT MEDIA MENTIONS

**Why the Middle East Is Still a Mess a Century After the Sykes-Picot Agreement**  
It's just the delayed but inevitable result of the fall of the Ottoman Empire.  
By Paul Quinn

What if you could see the future? The world's most powerful minds are trying to predict the future of the Middle East. A group of experts in Tel Aviv, Israel, are trying to predict the future of the Middle East. They are trying to predict the future of the Middle East. They are trying to predict the future of the Middle East.

[Slate](#)

**Simulations of Potential Realistic Situations by Wikistrat**

you can find more details about the simulation at [www.youngdiplo.com](http://www.youngdiplo.com)

Historical conflicts appear to have a cyclical, albeit not predictable, pattern. These conflicts are often the result of a power vacuum, which is often the result of a power vacuum. These conflicts are often the result of a power vacuum, which is often the result of a power vacuum. These conflicts are often the result of a power vacuum, which is often the result of a power vacuum.

On January 18th, Israel launched a comprehensive air attack on Iran in its early afternoon, resulting in several underground facilities. The attack involved flying over Iran and Saudi Arabia, and then Saudi Arabia.

[The Jerusalem Post](#)

**5 key issues OPEC must wrestle with at its June meeting**  
By Steve K. Westing  
Published: May 31, 2016 6:25 a.m. EDT

OPEC must wrestle with five key issues at its June meeting. These issues are: 1. The impact of the U.S. shale oil production. 2. The impact of the Russian oil production. 3. The impact of the Saudi oil production. 4. The impact of the Iranian oil production. 5. The impact of the Venezuelan oil production.

[Market Watch](#)

**Brazil's New Government Has 90 Days to Save the Economy from Chaos**

When a new government takes office, it has 90 days to get its feet under the table. In Brazil, the new government has 90 days to save the economy from chaos. The new government has 90 days to save the economy from chaos. The new government has 90 days to save the economy from chaos.

[The National Interest](#)

**Business Innovation: 'Crowdsourcing' For Pixels That Make Up The Overall Picture**  
By Dina Medland, Contributor  
Crowdsourcing is the new normal. It's the way to solve the most complex problems. It's the way to solve the most complex problems. It's the way to solve the most complex problems.

Deloitte

[Forbes](#)



# THE END OF THE U.S.-SAUDI RELATIONSHIP



**Dates:** May 2–16



**Purpose and Methodology:** In this simulation, analysts were asked to explore the implications for regional security and the spreading influence of other actors if the U.S.-Saudi “special relationship” were to end.



**Participation:** More than 80 analysts participated in the simulation, including academics, former military personnel and government officials – as well as experts on China, Russia and Iran, and experts from our Middle East and counterterrorism desks.



# THE END OF THE U.S.-SAUDI RELATIONSHIP



## IS THIS THE END?

### INSIGHTS FROM THE SIMULATION

Participating analysts argued that while shifts regularly occur, the U.S.-Saudi relationship is **fundamentally stable** and will remain so for the foreseeable future.

However, they noted that while the U.S. Congress is likely to continue to support maintaining Riyadh as a partner, there are some wild cards in the equation (such as a clash of interests over Yemen) that could drastically change this assessment.



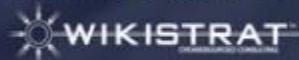
*There is and will be no "rift" or "end", but rather a necessary "evolution" of the Saudi-U.S. partnership to balance the U.S.'s relationships among all of its security partners in the region.*



William Combes  
Wikistrat Senior Analyst



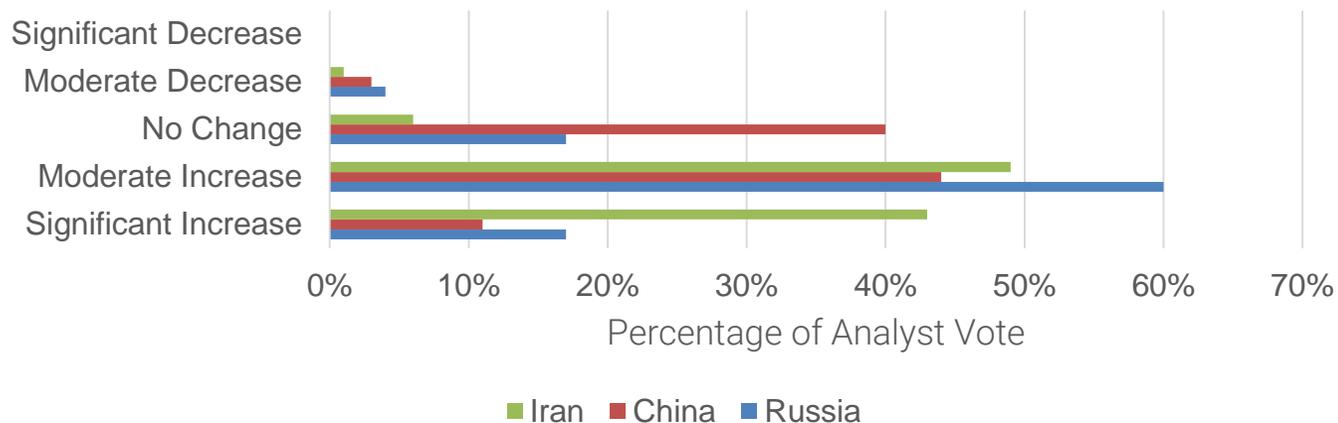
# THE END OF THE U.S.-SAUDI RELATIONSHIP



## IMPACT VOTING

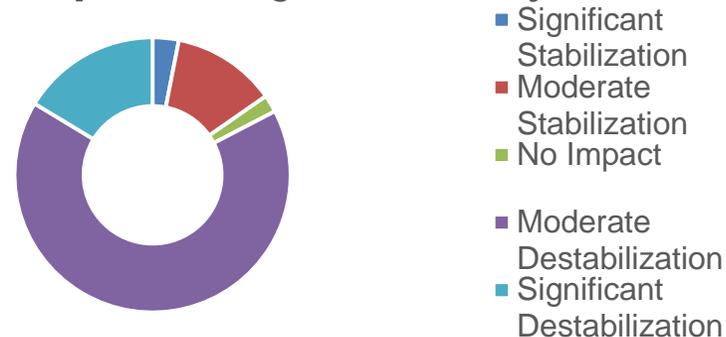
We asked our analysts what impacts the end of the U.S.-Saudi “special relationship” would have. Over 80 analysts responded as illustrated below:

**Impact on Influence in the Region (by country)**

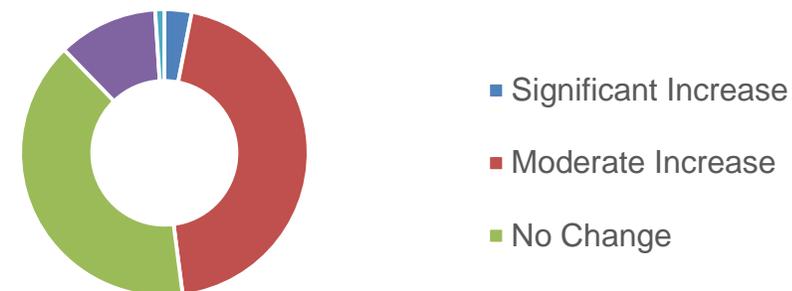


An end to the “special relationship” would lead to a power vacuum to be filled quickly by U.S. competitors such as China and Russia.

**Impact on Regional Security**



**Impact on Oil Prices**



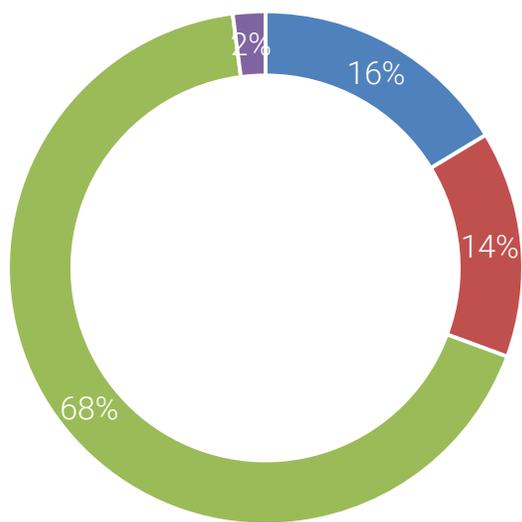


# THE END OF THE U.S.-SAUDI RELATIONSHIP



## IRAN

### ANALYST VOTE: Who has the most to gain from a deteriorating U.S.-Saudi relationship?



■ Russia ■ China ■ Iran ■ Syria

*Whether it will achieve its geopolitical ambitions remains to be seen, but I am convinced that we are dealing with a very significant geopolitical player in the Middle East. All factors will be relevant in the unfolding Iranian scenario, whether political, economic, religious, social or diplomatic.*



Dr. Marc Pilkington  
Wikistrat Senior Analyst

### INSIGHTS FROM THE SIMULATION

Iran is poised to gain significantly from a deterioration in the U.S.-Saudi relationship.

However, it is also likely that such a situation may increase conflicts between Tehran and Riyadh – including regarding proxy wars. Importantly, Iran will continue to exploit the grievances of the Saudi Shi'a minority, who dominate demographically in the Kingdom's main oil and gas regions.



# THE END OF THE U.S.-SAUDI RELATIONSHIP



## RUSSIA

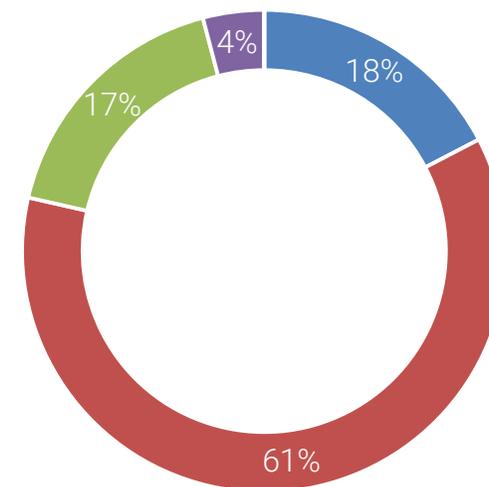
### INSIGHTS FROM THE SIMULATION

Given its history in the region and current strategic interests, Russian gains from a deterioration in the U.S.-Saudi “special relationship” are less clear-cut.

While a deterioration would likely leave room for the Iranian-Russian relationship to grow in some areas, it would put their interests further at odds in others.

Importantly, it is unlikely that Russia will be able to alter its relationship with Saudi Arabia without significantly altering its policy in the Middle East as a whole – especially with regard to Syria.

### ANALYST VOTE: Impact of End of U.S.-Saudi Relationship on Russia’s Regional Influence



- Significant Increase
- Moderate Increase
- No Change
- Moderate Decrease
- Significant Decrease



# THE END OF THE U.S.-SAUDI RELATIONSHIP



## CHINA

### INSIGHTS FROM THE SIMULATION

As a newer, cautious player in the region, China is able to cultivate relationships across traditional divides. Just as in Africa, China is cautious about clashing with U.S. interests here. Having paid close attention to the missteps in U.S. policy, China is unlikely to fill any great power void.

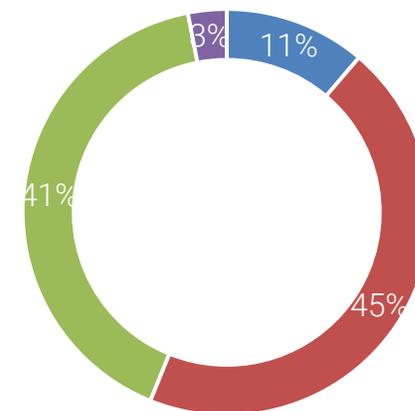
Thus, it grows increasingly clear that Saudi Arabia will see an opportunity to actively increase its own influence in the region without clashing with other world powers such as China.

*China will become involved in Saudi Arabia only to the extent that its involvement is needed to stabilize its oil imports, both from Saudi Arabia and the other Gulf nations.*



Jeffrey Itell  
Wikistrat Senior Analyst

### ANALYST VOTE: Impact of End of U.S.-Saudi Relationship on China's Regional Influence



- Significant Increase
- Moderate Increase
- No Change
- Moderate Decrease
- Significant Decrease



## THE END OF THE U.S.-SAUDI RELATIONSHIP



# BOTTOM LINES

- » While shifts regularly occur, the U.S.-Saudi relationship is **fundamentally stable** and will remain so for the foreseeable future.
- » Iran would be the most likely “winner” in terms of reaping political and influence gains in such a scenario.
- » Russia would likely make a play to increase its influence, but it cannot make real inroads with the Saudis without a holistic change to its Middle East policy – especially in Syria.
- » China will remain a cautious and opportunistic player in the region, being careful to avoid mistakes made by the United States.
- » Saudi Arabia does not have the material or infrastructural capacity to carry out the Vision 2030 program without significant U.S. capital investment and assistance.
- » A U.S. abandonment of Saudi Arabia would lead to increased internal and regional instability that would be mercilessly exploited by Iran.



## AFTER MANSOUR'S DEATH: WHAT'S NEXT FOR THE TALIBAN



**Dates:** May 23–25



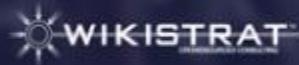
**Purpose and Methodology:** In this voting exercise, analysts were asked to assess how Taliban leader Mullah Akhtar Mansour's death will affect the future stability and security of Afghanistan and how – if at all – it will change U.S. policy in the country.



**Participation:** More than 95 analysts participated in this voting exercise.



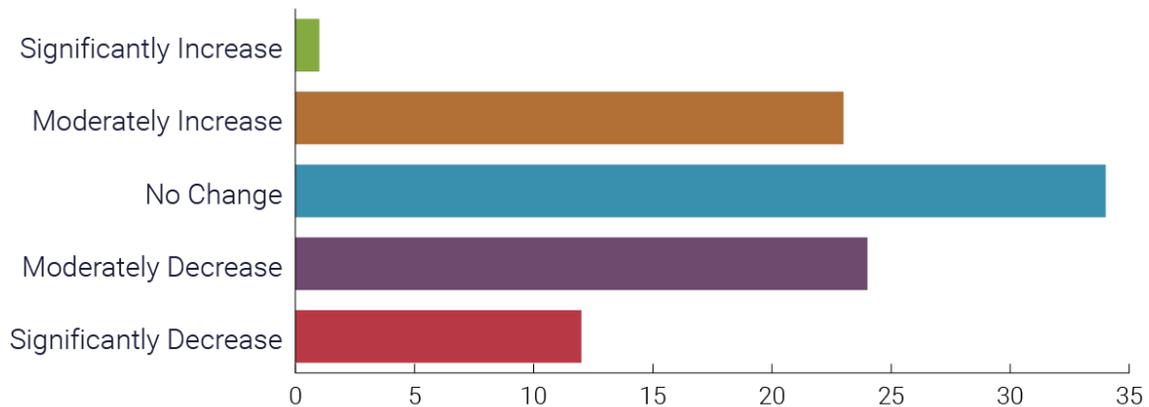
# AFTER MANSOUR'S DEATH: WHAT'S NEXT FOR THE TALIBAN



## AKHTAR MANSOUR'S DEATH UNLIKELY TO AFFECT PEACE TALKS

94 Wikistrat analysts see little or no change in the prospects for reconciliation

**?** How does the Taliban leader's death affect the chances for a peace deal with the government in Kabul?



“ I don't think Mansour's death matters at all as far as negotiations are concerned. The Taliban, being Islamist fundamentalists, are difficult to convince.

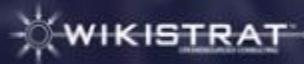
**Dr. Farhan Zahid**  
Wikistrat Senior Analyst  
*Expert on radical Islamist groups in Pakistan*

“ It will be very hard for Mansour's successor to move on reconciliation because he will first have to build up his authority and leadership. I'd say reconciliation is pushed back to the backburner for now.

**Pascale Siegel**  
Wikistrat Senior Analyst  
*President, Insight Through Analysis*



# AFTER MANSOUR'S DEATH: WHAT'S NEXT FOR THE TALIBAN

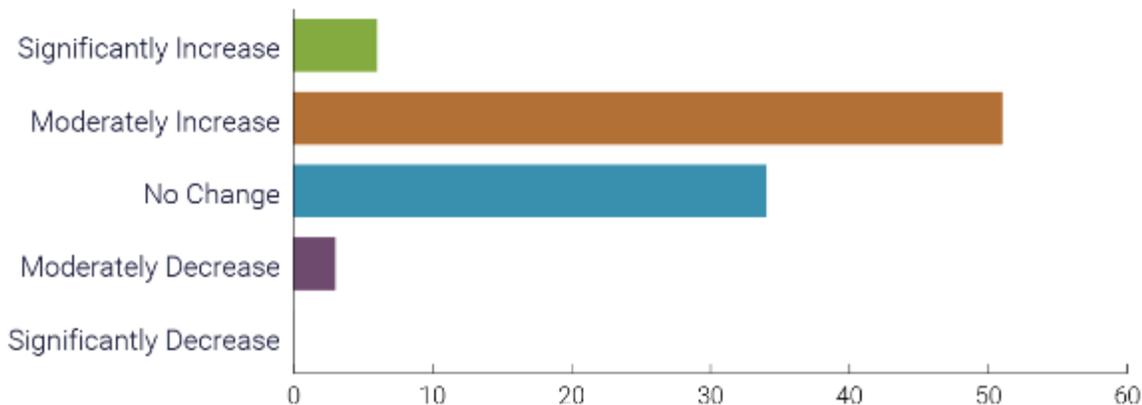


## AN OPPORTUNITY FOR ISIS – MAYBE

Wikistrat's analysts see an opportunity for ISIS, but some are skeptical it has the breadth to take advantage of Akhtar Mansour's death



How will Mansour's death affect the expansion of ISIS in Afghanistan?



ISIS does not have a significant presence. Only a breakaway Taliban faction had owed allegiance to ISIS.

**Dr. Smruti S. Pattanaik**

Wikistrat Expert

Research Fellow, Institute for Defence Studies and Analysis, New Delhi



The Afghan ISIS are mainly disgruntled local Taliban turning to a newer, shinier (and perhaps richer) form of jihad. Any conflict in trying to find a new Taliban leader may well cause more splintering.

**Tim Foxley**

Wikistrat Senior Analyst

Former British Ministry of Defence Analyst



ISIS could also play a role in adjudicating (at least partially) the intra-Taliban conflicts. That would be even more worrisome.

**Pascale Siegel**

Wikistrat Senior Analyst

President, Insight Through Analysis





The current crisis puts China in a dilemma: stave off default via increased aid and investment loans in the hopes of current oil prices stabilizing, or let the Venezuelan economy collapse.

# CHINA'S DILEMMA IN VENEZUELA

## Continuation of Support

As long as oil prices stay above an average of \$40 per barrel and Venezuela's foreign reserves total at least \$10 billion, China is likely to continue to support Venezuela with a minimal lifeline of loans.

## The Opposition

The Venezuelan opposition is trying to force the referendum to remove President Maduro to take place before January 2017. If it takes place after that date, a successful recall vote would transfer power to Maduro's vice president and party fellow, Aristóbulo Istúriz. If the decision is made to hold the referendum before January 2017, China will likely hold off with future loans until the situation clears up.

## Strikes

In the unlikely event of a public oil and gas workers' strike, China is likely to withhold future loans until the crisis resolves itself. Venezuela's government has placed many of its allies among the workers' unions and managers, but the likelihood of a strike is increasing nonetheless.



Despite the overwhelming support enjoyed by the pro-impeachment campaign, the process itself has proved to be slow and painful – and can be viewed as a traumatic event for Brazil’s institutions and society as a whole.

# AFTER THE IMPEACHMENT: WHAT’S NEXT FOR BRAZIL?

## The Next 90 Days

The next 90 days are crucial for the government to show progress and will signal whether the new government is capable of executing much-needed public reforms and austerity measures to pull the country out of its downward spiral.

## Taxes

Facing another year of economic decline, and with a constitutional prohibition on registering a deficit, the government is very likely to raise income taxes. Nevertheless, the country is seeking to regain foreign investors’ trust, making it highly possible that no new taxes will be placed on foreign capital entering Brazil.

## Workers’ Unions

Brazil’s new government is basing much of its economic recovery measures on privatization and cutting public spending. Both moves are likely to lead to a clash with the country’s strong and organized workers’ unions – many of which are strongly connected to the Workers’ Party. Wide-ranging public-sector strikes are likely within the next three to six months.

# UPCOMING ACTIVITIES: JUNE



## ACTIVITY



## METHODOLOGY



## OBJECTIVES



## LAUNCH DATE

The Fall of North Korea

Wargame

Our crowd of experts will explore “backstory” scenarios and reactions by other actors to the fall of the North Korean regime.

June 6

What Will Kill Us in 2040?

Simulation

Analysts will explore what may be the top causes of death in the United States by the year 2040.

June 16

Evolving U.S.-Vietnam Relations

Forum

Analysts will explore how Vietnam's relations with the U.S. will progress over time – and how will this affect each country's tepid relations with China.

June 3



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)