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INTRODUCTION

In a bygone era, it could take weeks, sometimes months, for news to arrive from a far-flung corner of the globe. Today, thanks to the internet and social media, news arrives almost instantaneously. Consequently, security professionals find themselves bombarded with information on a broad range of incidents. In fact, while it often goes unsaid, given the wealth of resources available to chief security officers (CSOs), global directors and all involved with security, travel, and events expect their security professionals to possess an unparalleled view of the risk in all its forms.

While a single report cannot cover all of the security-related issues a company might face, we’ve asked our senior executive team to share what’s on their minds and the minds of their global clients.

The following report identifies four areas of concern that were top of mind for many multinationals. We’ve also included recommendations for CSOs on how to mitigate risk in an increasingly turbulent and fast-paced operating environment.

BREXIT AND THE IMPACT ON LAW ENFORCEMENT AND TERRORISM

“Criminals are entrepreneurs of crime, and I’m sure they’re looking at their business model. If there’s a gap to exploit, I’m sure they would.”

-Richard Martin, Deputy Assistant Commissioner, London Metropolitan Police

In June of 2016, the British electorate voted to leave the European Union (EU). Today, the debate rages regarding the procedure for leaving the EU: whether the government pursues a “hard Brexit,” which some refer to as a no-deal Brexit, or a soft exit, where the UK keeps its membership in the European Single Market and benefits from citizen migration allowed under the European Economic Area rules.
Given the complexity of unwinding decades of participation in the European Union, the full impact of Brexit will take years to unfold. However, senior figures in the law enforcement and intelligence communities see Brexit as an impediment to fighting crime, particularly, transnational crime. In a speech delivered at the International Crime Coordination Centre in London, Deputy Commissioner of the London Metropolitan Police Richard Martin deemed the UK’s exit from the EU as the beginning of a difficult period for law enforcement.¹

So, what’s at stake? With no deal in sight, the UK police risk losing their access to many of the databases used in investigations, including the European Arrest Warrant, European Criminal Records Information System (Ecris), and Europol. Of particular concern is the removal of access to the Schengen Information System (SIS II), since UK law enforcement conducts approximately 539 million automated checks per year.²

The head of MI6, Britain’s foreign intelligence service, also expressed concerns regarding the security implications of Brexit, noting that security cooperation with European intelligence agencies is imperative to protecting the UK.³ Furthermore, in an address to NATO headquarters, Jeremy Fleming, the director of Government Communications Headquarters, pointed out that Britain helped stop terrorist activity in four European countries.⁴

### Scenarios for EU security policy

<table>
<thead>
<tr>
<th>EU Unleashed</th>
<th>Core EU</th>
<th>Cacophony in Brussels</th>
<th>Unravelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EU’s Western Balkans enlargements is accelerated and integration becomes deeper.</td>
<td>More departures lead to a greater focus on output legitimacy, empowering EU institutions.</td>
<td>Several Western Balkan countries join, while the vision of an ever closer union is abandoned.</td>
<td>The EU unravels, triggering and extended period of European decline.</td>
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<td>- Terrorist threats could be better contained.</td>
<td>- The “Welmar Triangle” France, Germany and Poland would be at the centre of cooperation effort.</td>
<td>- NATO would become the focus for European security cooperation.</td>
<td>- Foreign and security policy would probably be renationalised.</td>
</tr>
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<td>- The United Kingdom’s exit and Balkan arrivals would strengthen voices sympathetic to Russia.</td>
<td>- However, main security efforts would be outsourced to NATO.</td>
<td>- Turkey and Russia would play EU member states off against each other.</td>
<td>- Member states would seek bilateral accommodation with Russia.</td>
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Comments: With the form of Brexit undecided, UK law enforcement risks losing access to European law enforcement databases. This would inevitably weaken the ability of UK authorities to combat organized crime and terrorism. With this in mind, assuming UK law enforcement loses access to some or all of the databases it uses today, we expect increases in the terrorist threat level and the potential for increased criminal activity, particularly by European-based criminals.

THREAT OF A GLOBAL RECESSION

“I think that there is a quite good chance that we will have a recession late this year (or) next year.”

-Paul Krugman, Distinguished Professor of Economics at the Graduate Center of the City University of New York

Ask a room of economists for their predictions regarding the economy and you'll receive a range of opinions. Economists rarely agree on what the future holds. Nonetheless, economies experience peaks and troughs. In fact, a recession is just as much a part of the economic cycle as a boom period, albeit a lot less pleasant to experience.

During an expansion period, more jobs appear, wages increase, and consumer confidence and spending grows. We also see higher business productivity. Yet as employment rates and consumer spending increase, so too does the threat of inflation. This is where the Federal Reserve Bank (the "Fed") adjusts interest rates, specifically, the federal funds rate. In 2018, the Fed raised rates four times. Today, the federal funds rate stands at 2.5%. In its first meeting of January 2019, the central bank did not raise rates, citing the economy's "solid rate" growth.

<table>
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<tr>
<th>GDP Growth Nominal GDP in USD Trillion</th>
<th>Real GDP variation in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA 1</td>
<td>2.5%</td>
</tr>
<tr>
<td>CHINA 2</td>
<td>1.7%</td>
</tr>
<tr>
<td>JAPAN 3</td>
<td>1.1%</td>
</tr>
<tr>
<td>GERMANY 4</td>
<td>0.6%</td>
</tr>
<tr>
<td>UK 5</td>
<td>1.7%</td>
</tr>
<tr>
<td>INDIA 6</td>
<td>1.6%</td>
</tr>
<tr>
<td>FRANCE 7</td>
<td>1.7%</td>
</tr>
<tr>
<td>ITALY 8</td>
<td>1.1%</td>
</tr>
<tr>
<td>BRAZIL 9</td>
<td>2.3%</td>
</tr>
<tr>
<td>CANADA 10</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Source: https://www.focus-economics.com/blog/the-largest-economies-in-the-world

Yet according to The Economist, over a third of the world’s population will head to polling stations to vote in national elections. As we saw throughout the last decade, voters in several nations shunned globalization and embraced nationalism, which typically accompanies the election of right-wing politicians. Moreover, there’s often an economic impact accompanying a change in political leadership, especially if voters elect politicians from the opposite end of the political spectrum than the incumbent administration. And while it doesn’t happen in every country, in the lead up to an election and in its aftermath, some countries experience protests and riots.

Comments: Will we experience a recession in 2019, or will one occur in 2020? Regardless, the work of the security department goes on. In fact, the role of the security team can grow in importance, especially when it comes to protecting business executives traveling to countries experiencing political or economic upheaval. Keeping close tabs on the political and economic conditions overseas can provide advance warning of events that could place employees and executives in harm’s way. Therefore, the lack of certainty around the economy’s future makes it imperative that those responsible for safety and security have plans in place for any and all market conditions.

**TRADE WARS AND THE ARREST OF FOREIGN EXECUTIVES**

“We urge China to end all forms of arbitrary and unlawful detentions and to respect the protections and freedoms of all individuals in accordance with China’s international commitments.”

-Kelly Craft, United States Ambassador to Canada

In a series of remarkable developments, business executives from, among others, the United Kingdom, the United States, Canada, and China have been arrested while traveling overseas. Some stand accused of financial crimes while others face charges of espionage. Certain executives lost their liberty for short periods; others remain behind bars as legal and diplomatic wrangling determines their future.

**US and China’s tariffs against each other**

<table>
<thead>
<tr>
<th>US imports from China</th>
<th>Chinese imports from US</th>
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<tbody>
<tr>
<td>Tariffs already applied in 2018</td>
<td>$50bn</td>
</tr>
<tr>
<td>Tariffs that took effect on 24 Sept 2018</td>
<td>$60bn</td>
</tr>
<tr>
<td>Threatened additional tariffs</td>
<td>$130bn</td>
</tr>
</tbody>
</table>

2017 total import of goods (most recent annual figure)

Note: Data as of 24 September 2018
Source: US Census Bureau, BBC research

Experts believe some of the recent arrests are a form of retaliation for changes in US foreign policy. The problem with tit-for-tat arrests is that one of the parties has to decide to stop the chain of reprisals. Nevertheless, the number of retaliatory arrests remains extremely low, especially in light of the number of executives who travel to foreign markets. However, the threat of an executive facing an indefinite detention overseas remains.

Comments: With tensions running high between the United States, Russia, and China, we can expect more executives to find themselves confined to a prison cell. Once detained, it might take years for an executive to secure their release or face a court of law, with no guarantee of a fair trial.

MEXICO: A COUNTRY AT A CROSSROADS

“We've seen an evolution in cartel operations where they've seen a benefit to operating in a less hierarchical way. More pressure [from authorities] has caused them to operate more under the radar with less clear command and control.”

-Brian Phillips, an associate professor at the University of Essex

One step forward, two steps back. That's how it might feel for those in Mexico's law enforcement and military communities. After years of bloodshed, billions spent tackling the cartels, and some successes along the way, Mexico continues to face a host of threats to its security.

Mexico: Total Murders by Year
In 2018, the number of murders in Mexico, many of them drug-related, reached its highest level ever.

Source: Instituto Nacional de Estadística y Geografía (INEGI)  Copyright Stratfor 2019

In certain parts of the country, authorities struggle to apply the rule of law, leading to a rise in vigilantism, which provides temporary respite from organized crime in exchange for escalating levels of violence. Overall, the country is no better off than it was at the start of the war against the cartels. In many respects, the situation is worse.

With fewer than 90 days in office, it’s too soon to tell if the country’s newly appointed President Andrés Manuel López Obrador, or AMLO for short, will be able to wrest control of the country from the hands of the cartels and the thousands of criminal gangs that run rampant.

In a surprising move that many experts called into question, within his first month in office, AMLO declared an end to the war on drugs. Regardless of AMLO’s plans to tackle the cartels, his government could not ignore the widespread theft of gas from the country’s pipelines by the cartels, which continues to create shortages at the pump. Experts predict that gas pipeline theft nets criminals between $1.6 to $3 billion a year.\(^9\) With so much money at stake, the recent crackdown by AMLO on pipeline thefts triggered death threats against the president from the heads of the Santa Rosa de Lima Cartel and the Tijuana Cartel.\(^12\)

Nor can AMLO turn a blind eye to the countless turf battles between local gangs for control of the drug trade or the rampant corruption, extortion, and various forms of kidnapping they engage in to supplement their income and maintain control of towns and villages.

Comments: With criminals battling for supremacy throughout the country, AMLO’s administration is in a position familiar to previous presidents. Whether he can make headway where others failed depends on many factors, including continued support from the United States, a long-term commitment to securing the country’s expansive pipeline network, and a willingness to wage war with a sophisticated, well-funded enemy in the form of weakened yet undefeated cartels.

MITIGATING SECURITY THREATS GLOBALLY

In light of the issues identified in this report, we recommend the following steps to help CSOs protect company employees, executives, and business assets and help ensure business continuity.

• If you’ve not conducted a personal security vulnerability assessment (PSVA) for your senior executives within the last three years, update it to reflect the risks facing your company in 2019.

  A PSVA examines the four areas of a client’s security environment – the office, the residence, in-town travel, and out-of-town travel – and identifies potential weaknesses.

• Revisit the people, processes, and technology in place to track business executives living or traveling overseas. Stress test your executive protection program by asking the following questions:

  • How does your department update senior executives on the risks they might face overseas? Do they receive training in how to respond to an attack on their hotel, for example?

  • Do traveling senior executives use secure, prescreened personal drivers?

  • In the event of a riot in a major capital, how long would it take to locate and communicate with your executives?

  • If a breakdown of the communications network occurs, do your executives have access to backup communication devices?

  • When executives travel to high-risk countries, are they required to carry a “bug-out” bag (should include food and water, a flashlight, a cellphone and the means to charge the battery, a GPS device, identification documents, and a cheap watch)?

• Reevaluate the physical security of your company’s facilities, especially if located in a major city with a history of protests and riots

• Given the possibility for changes in political leadership across the globe, update your crisis management plans for every country in your company’s operating footprint.
ABOUT FirstCall CSS

FirstCall Corporate Security and Advisory Services is a global business advisory and risk management company providing personal protection, workplace stability, and crisis advisory services to Fortune 1000 corporate security departments and family offices. With 25 years of experience in emerging and high-risk markets plus regional offices in 16 strategic locations around the world, FirstCall delivers confidence and peace of mind by providing experienced and trusted security professionals. FirstCall provides highly personalized solutions in response to the challenges of doing business in today's fluid, global marketplace.

- 25+ years of experience solving complex security problems on a global scale
- Global capability built through an international presence
- More than half the Fortune 100 served
- In-depth understanding of social, political, and economic conditions in each market we serve
- Proven ability to attract, train, and promote the most talented professionals in our industry

Interested in learning how FirstCall can help you mitigate your security risks? Contact us today at:

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