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CONNECTING CRISES: REFUGEES, EUROSCEPTICISM, AND THE FUTURE OF EUROPEAN MARKETS

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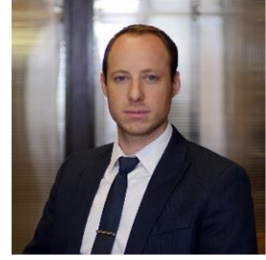
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Summary

The details of this report highlight the connection between the chaos caused by violent extremism and how it has led to a destabilization of European politics as well as its associated markets. This report provides an analysis of the quantity of asylum seekers fleeing to Europe, what parts of the world they are arriving from, how they arrive to the continent, what European countries they are seeking asylum in, how this migration has become a crisis, how the crisis has generated support for Eurosceptic political parties across Europe, and how all of this could damage the future of the European Union and its associated markets. In summary, connecting these crises provides a greater understanding of the current and future conditions of Europe as well as the uncertainty of European markets.

TAGS: AQIM, BREXIT, EU, EUROPEAN UNION, UK, UNITED KINGDOM, GOVERNMENT, INTELLIGENCE, INTERNATIONAL AFFAIRS, INTERNATIONAL POLITICS, INTERNATIONAL RELATIONS, ISIL, NATION, NATIONALISM, POLITICS, RISK, SECURITY, STATE, TERRORISM, ULTRANATIONALISM, GOVERNMENT AND INTERNATIONAL AFFAIRS.

List of Abbreviations:

AFD	Alternative for Germany
AQIM	Al Qaeda in the Islamic Maghreb
EU	European Union
FPO	Freedom Party
ISIL	Islamic State of Iraq and the Levant
OVP	Austrian People's Party
PVV	Party for Freedom
UK	United Kingdom
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees

Introduction

Since the British referendum to leave the European Union (EU) known as “Brexit” passed in 2016, the EU has experienced a high degree of political uncertainty. Brexit has preceded a plethora of Eurosceptic and anti-EU political parties across Europe gaining power in their respective parliaments. Today’s European political climate appears increasingly critical of the EU and its immigration policy. This skepticism is in stark contrast from the very positive perspective of the EU not so long ago. While certainly not the sole reason behind the Eurosceptic political shift, immigration is a major issue in Europe and the migration crisis is unlikely to diminish in the coming years. By examining the rhetoric of Eurosceptic political parties, it is evident that the migrant crisis has and will play a core role in the destabilization of European politics. Furthermore, the migrant crisis itself began with civilians fleeing in large numbers from war and violent extremism in the Middle East and Africa. Consequently, a major component of the EU’s potential collapse is the threat of war and violent extremism abroad. As Europe continues to struggle with this migration crisis and Eurosceptic parties proceed to gain power, the EU along with its economy and interdependent political structure face increasing risk of destabilization.

This report will operate on select premises, which are as follows:

1. Violent extremism has exacerbated conflict in the Middle East and Africa;
2. Conflict in the Middle East and Africa is causing millions to flee to Europe in search of safety;
3. Societal stress caused by mass migration to Europe is a core component of anti-migrant and Eurosceptic political parties in Europe;
4. Eurosceptic political parties are gaining popularity and threatening to leave the EU;
5. The EU’s economy is dependent on cooperation; and
6. The dissolution of the EU is detrimental to the individual economies that comprise its internal market.

Number of Asylum Seekers

Given that anti-migrant sentiment is at the core of most Eurosceptic political parties, it is straightforward to determine the source of this issue. War and violent extremism in the Middle East and Africa has left millions of people displaced. This violent conflict and indiscriminate targeting of civilians has caused millions to flee their homes in search for a better life, resulting in a rapid influx of refugees into Europe. According to the United Nations (UN) Refugee Agency, the number of new displaced persons was equivalent to an average of 44,400 people each day in 2017¹. Furthermore, the Pew Research Center shows that at the height of the migration crisis in 2015, 0.8% of the world's population was displaced². That means that nearly 1 in 100 people on the planet were displaced in 2015. While the number of asylum applications in the EU has dropped considerably from 1.3 million in 2015 to 704,000 in 2017³, Europe is still struggling to deal with the continued arrival of migrants.

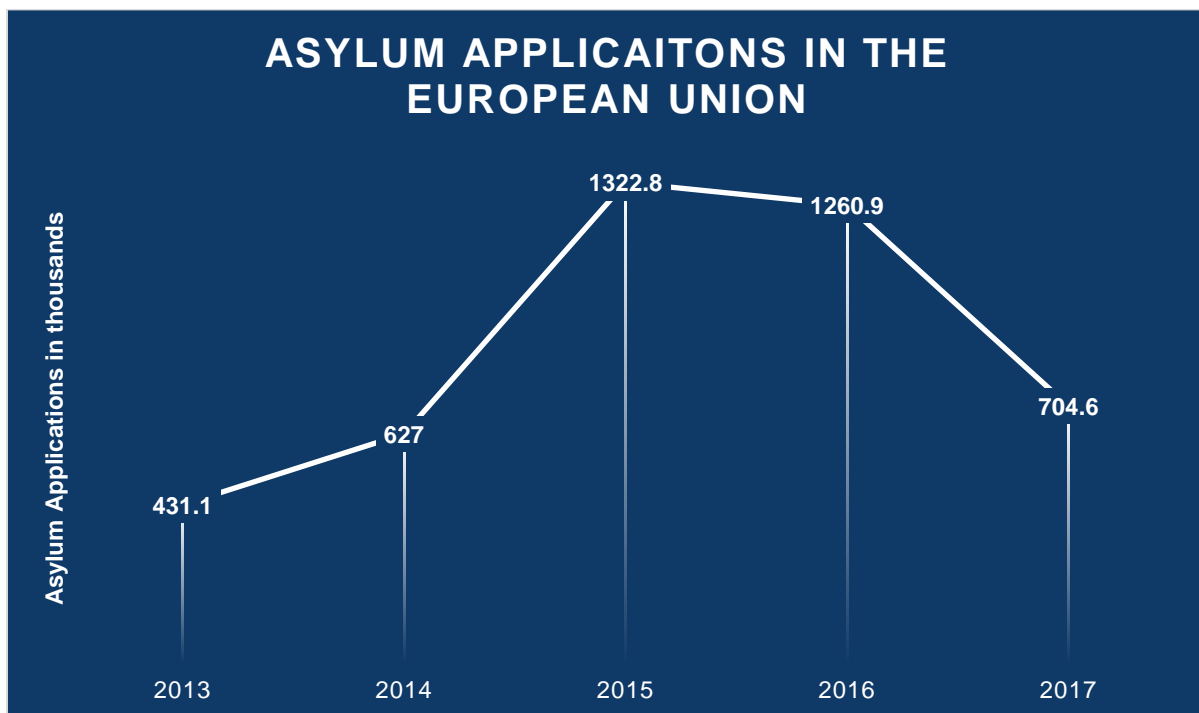


Figure 1: Data is recorded from Eurostat asylum statistics

¹ [UNHCR: Global Trends, Forced Displacement in 2017](#) (Last Retrieved: March 26, 2019).

² [Pew Research Center: Key Facts About the World's Refugees](#) (Last Retrieved: March 26, 2019).

³ [Eurostat: Asylum Statistics](#) (Last Retrieved: March 26, 2019).

Asylum Seekers Origins

The UN Refugee Agency reports that as of 2017, 68% of the world's refugees have come from just five countries⁴, which are the following:

1. Syria: 6.3 million;
2. Afghanistan 2.6 million;
3. South Sudan 2.4 million;
4. Myanmar 1.2 million; and
5. Somalia 986,400.

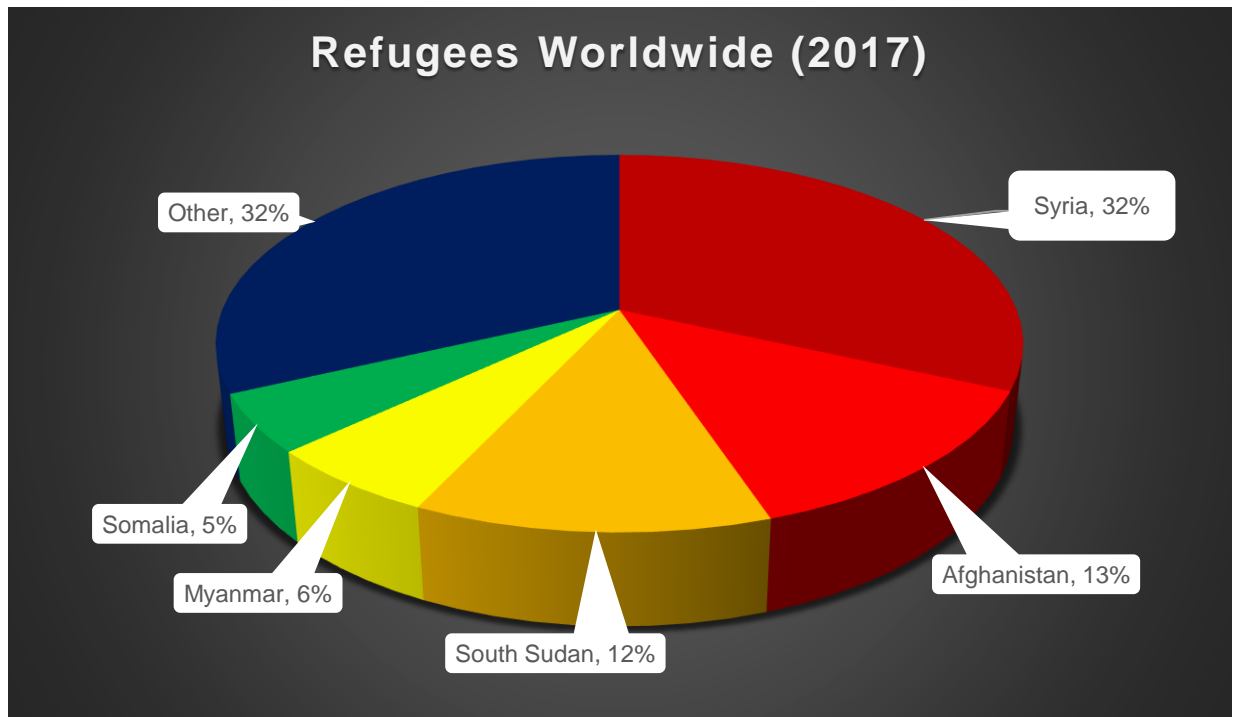


Figure 2: Data recorded from the UNHCR Global Trends, Forced Displacement in 2017⁵.

Of the estimated 25.4 million refugees worldwide⁶, most that arrive in Europe are fleeing war and violent extremism that has plagued large parts of the Middle East and Africa. Syria in particular has

⁴ [UNHCR: Global Trends, Forced Displacement in 2017](#) (Last Retrieved: March 26, 2019).

⁵ [UNHCR: Global Trends, Forced Displacement in 2017](#) (Last Retrieved: March 26, 2019).

⁶ [UNHCR: Global Trends, Forced Displacement in 2017](#) (Last Retrieved: March 26, 2019).

gained a significant amount of attention over its now nearly 8 year-old conflict. In addition to Syrian President Bashar al-Assad's bloody campaign to reclaim all of Syria from rebel control, the presence of the Islamic State of Iraq and the Levant (ISIL) has forced over 12.5 million Syrians to flee their homes⁷. Efforts by the international community have done much to reduce the power of ISIL and the territory under its control. However, ISIL is not the only group to use violent extremist tactics that produces refugees seeking asylum abroad as Al-Qaeda has grown increasingly active Afghanistan, which contributes to continuing an already 17 year-long war. Furthermore, ideology and tactics of extremist groups have spread from the Middle East further in to Africa, allowing the continent to become the second largest source of refugees.

Destinations for Asylum Seekers

Over time Africa has become host to a multitude of violent extremist groups. Research shows that in the past few years over 20 extremist groups have carried out violent attacks in Africa⁸; most notably Boko Haram, Al Shabab, and Al Qaeda in the Islamic Maghreb (AQIM). These violent extremist groups are most active in parts of Africa that lack the institutional capacity to combat them. Al-Shabab's activity in Somalia, Boko Haram's activity in the northeastern Nigeria, and AQIM's activity in much of West Africa have caused thousands of refugees to flee towards Africa's northern coast along the Mediterranean Sea. Some refugees also try to reach the Spanish enclaves of Ceuta or Melilla on the northern coast of Morocco. Others seek to travel by boat to reach the shores of Italy, Malta, Spain, or Greece. The Refugees Operational Portal revealed that from January to October, 2018, over 105,000 refugees entered Europe, with 53,949 arriving in Spain, 27,850 arriving in Greece, 22,088 arriving in Italy, 1,033 arriving in Malta, and 459 arriving in Cyprus⁹.

⁷ [Pew Research Center: Key Facts About the World's Refugees \(Last Retrieved: March 26, 2019\)](#).

⁸ [ACSS: Africa's Active Militant Islamst Groups \(Last Retrieved: March 26, 2019\)](#).

⁹ [Refugee Situations Operational Portal: Mediterranean Situation \(Last Retrieved: March 26, 2019\)](#).

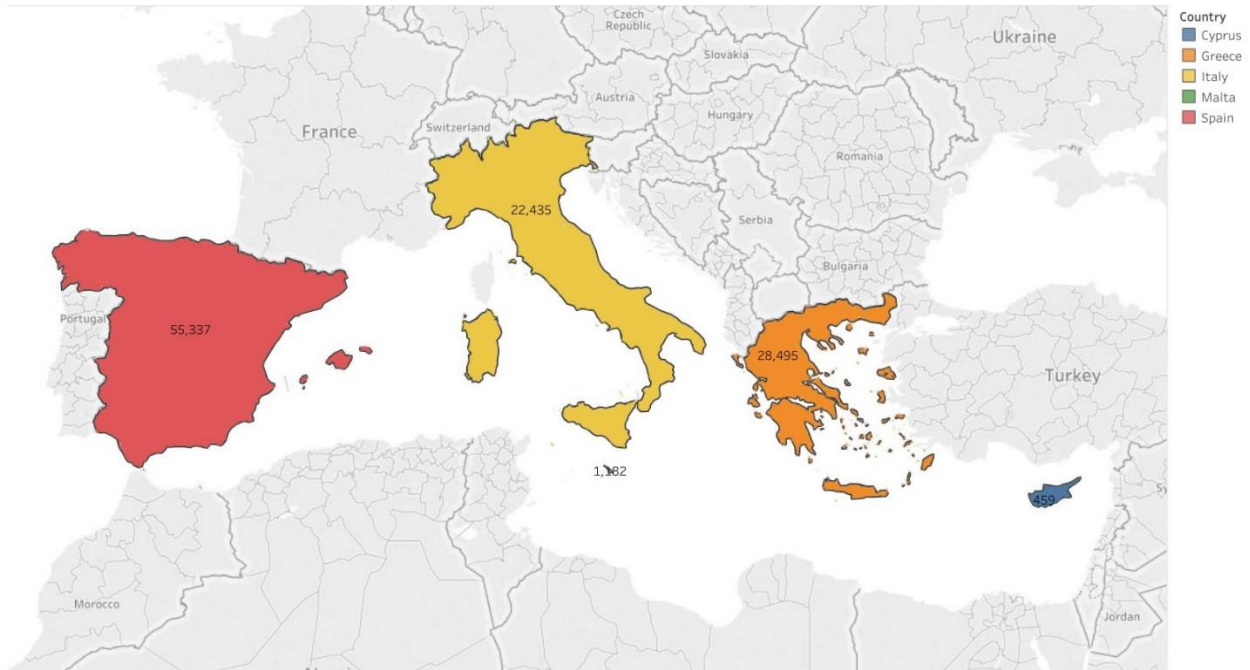


Figure 3: Data provided by Reliefweb: Refugees/Migrants Emergency – Europe.

By examining applications for asylum in the EU, target destinations for refugees can be identified. According to the UNHCR and Eurostat, the number of 2017 asylum applications was highest in Germany, followed by Italy, France, Greece, UK, and Spain¹⁰.

Country	Asylum Seekers 2017	Total Refugees	Country Population	Refugee % of Population
Germany	222,560	970,365	82,521,635	1.2%
Italy	128,850	167,335	60,589,445	.27%
France	99,330	337,177	66,989,083	.5%
Greece	58,650	32,945	10,768,193	.3%
United Kingdom	33,780	121,837	65,808,573	.19%
Spain	31,120	17,561	46,528,024	.04%

¹⁰ [European Parliament: Asylum Applications \(Last Retrieved: March 26, 2019\).](#)

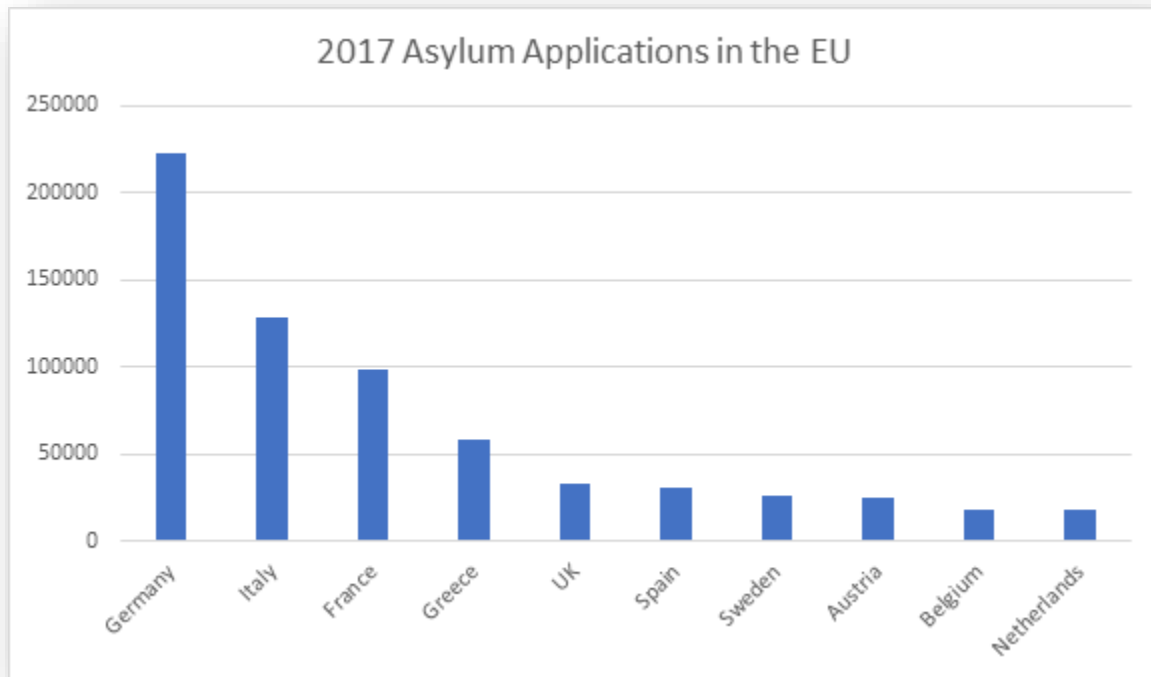


Figure 4: Chart identifies top 10 countries for asylum applications in the EU.

Linking Migration and Euroscepticism

Asylum applications reached its peak in 2015 with a total of over 1.3 million applications EU-wide. Although this number has decreased considerably over the past few years, the impact it has had on European politics is still substantial. The significant number of refugees entering the continent has led to an escalation of fear in Europe. Many anti-immigrant groups have exploited acts of violence in order to portray immigrants as criminals or potential terrorists. Furthermore, Eurosceptic parties have made immigration reform a core component of their political platforms. In general, most Europeans do not disapprove of the immigrants themselves but rather how the EU has handled the crisis¹¹. This disapproval of the EU's migration crisis management has led to a wave of Eurosceptic politics and will likely continue to do so in the coming years. The fall in EU approval at

¹¹ [Pew Research Center: A Majority of Europeans Favor Taking in Refugees, but Most Disapprove of EU's Handling of the Issue \(Last Retrieved: March 26, 2019\).](#)

the height of the migration crisis in 2015 and 2016 further explains this link between migration and Euroscepticism. A poll conducted by the Pew Research Center in 2016 asked participants how they felt about the EU's handling of the refugee issue¹². Disapproval was notably high in Greece, Italy, and Spain, which have received the vast majority of refugee arrivals to Europe.

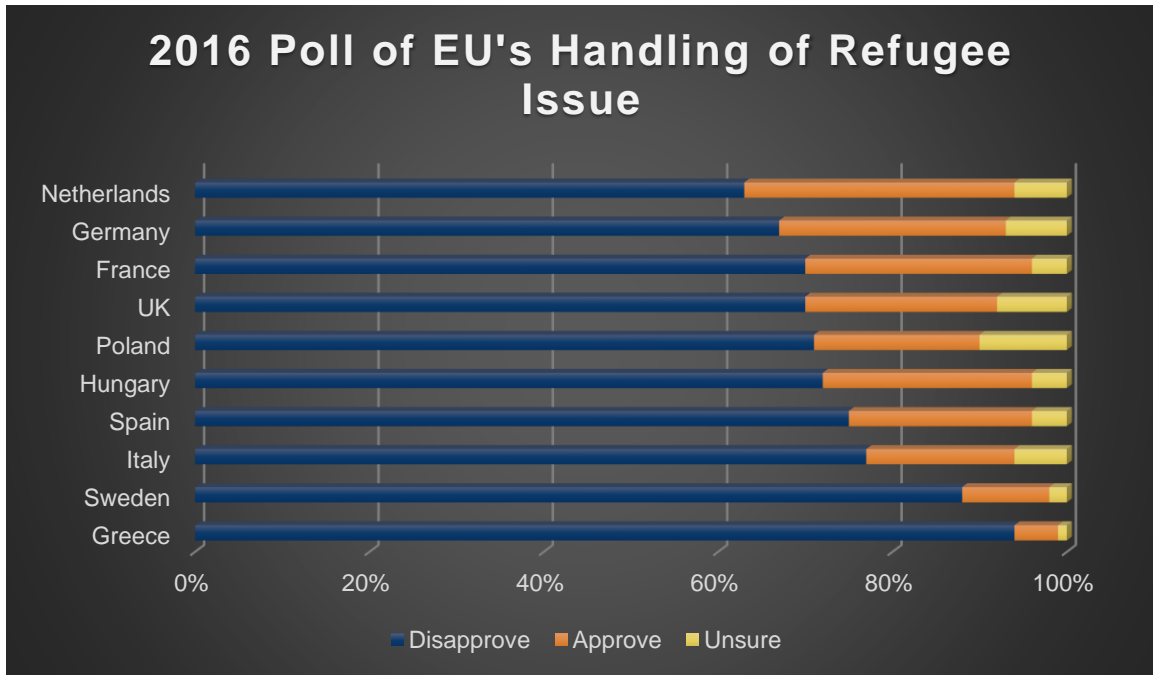


Figure 5: Data provided by Spring 2016 Global Attitudes Survey.

Eurosceptic Politics

The disinclination toward the EU and its handling of refugees has increased support for Eurosceptic parties across the continent that maintain anti-immigrant policies at the center of their political platform. In 2016, a major point of contention in the Brexit campaign was the separation from Europe in order to secure Britain's borders. With the narrow passing of the Brexit referendum, Britain's UK Independence Party made a bold anti-immigration statement. The passing of the referendum set a precedent of anti-immigrant parties across Europe to follow. Now in 2019, Britain's decision has shown what a complex and difficult process it is to leave the EU. The devaluation of

¹² [Pew Research Center: Euroscepticism Beyond Brexit \(Last Retrieved: March 26, 2019\).](#)

the British Pound Sterling and the debate over the type of border between Ireland and Northern Ireland are just two examples of incendiary issues in the nation. Brexit was only the first major display of anti-immigrant politics. Europe's migration crisis and the subsequent controversy surrounding it has resulted in increased support for a wave of Eurosceptic politics.

In March 2017, the Party for Freedom (PVV) in the Netherlands gained a notable amount of attention with its leader Geert Wilders campaigning for Prime Minister on anti-Islamic ideals and capitalizing on terrorist attacks to spark fear in the Netherlands. Wilders depicted Islam as inherently violent and advocated for a Dutch referendum to leave the EU. While Wilders was unsuccessful in winning his election, PVV received 20 seats in parliament¹³. This was the second highest number of seats and a significant increase from the previous election in 2012.

In May 2017, France voted to elect its next president. The National Front party and its candidate Marine Le Pen failed to win the election, however she did receive nearly 40% of the vote after campaigning on an anti-EU platform. In addition to her plan of separating France from the EU, Le Pen had pledged to suspend all immigration to France and reduce government benefits for migrants¹⁴. Similarly to the Dutch elections just months before, the French presidential election came down to a run-off vote, narrowly avoiding a Eurosceptic head of state. Despite Le Pen's defeat in the presidential race, Euroscepticism still remains an issue as a call for a referendum on an independent France is not beyond the realm of possibility.

With over 970,000 refugees, Germany hosts more than any other European nation¹⁵. Although Germany's open door policy was applauded by the international community, it also did much to alter the internal politics of Germany. In September 2017, Germany held general elections which saw a dramatic increase in support for the Alternative for Germany (AfD) party. Prior to the 2017 elections, the AfD had not crossed the 5% threshold of votes needed to claim seats in the German

¹³ [**The Telegraph: Dutch Election Result \(Last Retrieved: March 26, 2019\).**](#)

¹⁴ [**The Telegraph: Marine Le Pen Vows to End All Immigration to France if Elected President \(Last Retrieved: March 26, 2019\).**](#)

¹⁵ [**European Parliament: Asylum Applications \(Last Retrieved: March 26, 2019\).**](#)

Parliament. However, after campaigning on Islamophobic and Eurosceptic stances, the AFD then received 13.3% of the seats in parliament¹⁶. This signifies that the AFD experienced a 7.9% increase in percentage of votes, a far larger increase than any other German party. While the AFD is still far from exerting control over the German government, it is abundantly clear that the substantial number of refugees within Germany has increased tensions and stoked fear among some German people, thus increasing support for the Eurosceptic party.

Just one month after Germany, Austria held a legislative election in October 2017 that resulted in another success for a Eurosceptic party. Sebastian Kurz and the Austrian People's Party (OVP) claimed 31.5% of the vote and earned 62 seats¹⁷. This victory gave OVP the majority of seats in Austria's National Council. Kurz has since formed a coalition government with a second Eurosceptic party, the Freedom Party (FPÖ)¹⁸ and its leader Heinz-Christian Strache. Both parties campaigned on anti-EU and anti-immigration platforms, to include plans of cutting social welfare programs for refugees. It is entirely possible that Austria could soon hold a referendum to leave the EU.

The next European country to form a majority-Eurosceptic government was Italy in March, 2018. As thousands of asylum seekers arrive regularly on the shores of Italy, the nation is directly witnessing the migration crisis. Many Italians channeled their frustrations from the migrant crisis toward the EU. This fueled support for the two most successful parties in Italy's 2018 elections: Luigi di Maio's Five Star Movement, and Matteo Salvini's La Lega Nord. Signaling dissatisfaction with the EU, the Five Star Movement received over 32% of the vote and La Lega Nord received nearly 18%¹⁹. La Lega's Salvini had campaigned on the promise of mass deportations of migrants, while the Five Star Movement is fundamentally Eurosceptic. The two political parties now form the coalition government controlling Italy. The coalition enjoys a broad measure of popular support, and with

¹⁶ [The Guardian: German Elections 2017 - Full Results](#) (Last Retrieved: March 26, 2019).

¹⁷ [Austrian Embassy Washington: Results of Austrian Parliamentary Election 2017](#) (Last Retrieved: March 26, 2019).

¹⁸ [CNN: Coalition Government with Far-Right Party Takes Power in Austria](#) (Last Retrieved: March 26, 2019).

¹⁹ [The Guardian: Italian Elections 2018 - Full Results](#) (Last Retrieved: March 26, 2019).

approval ratings above 60%²⁰, it has repeatedly defied EU budget requests. The ongoing clash is stoking fears about the ability of the Italian government to pay its debts and in the worst case scenario could trigger a financial crisis within the Eurozone.

In April 2018, Viktor Orban and his Eurosceptic Fidesz party declared victory in Hungary's parliamentary elections. Prime Minister Orban had campaigned on protecting Hungary from both Muslim migrants and pressure from Brussels²¹, a message that appealed to many voters. Receiving the second most votes in the election was the far-right Jobbik party, allowing them 22 seats in parliament. Combined with the 133 seats from Fidesz, these anti-EU and anti-immigration parties make up the majority of Hungary's National Assembly. Since the election, Hungary's parliament has passed a series of laws that criminalize assisting illegal immigrant in their process of claiming asylum²². This legislation was passed in defiance of the EU and its immigration policies. In response, the EU has threatened sanctions against Hungary for breaching EU laws. Orban's hardline anti-immigration policies have created serious friction between Hungary and the EU.

Sweden's 2018 elections signified another gain for an anti-immigrant party with the Sweden Democrats winning 17.6% of the vote²³. This Sweden Democrats, led by Jimmie Akesson, gained 13 seats in parliament for a total of 62, while other more moderate parties conceded seats. With a population of 9.7 million, Sweden accepted roughly 163,000 in 2015, thus accepting the largest number of migrants per head in the EU²⁴. Furthermore, Sweden Democrats cast the blame for violent crime and sexual offenses on the incoming migrant population. Formed in 1988 with neo-Nazi roots, the Sweden Democrats campaigned on the reestablishment of Swedish identity and the goal of a referendum on EU membership²⁵.

²⁰ [**The Wall Street Journal: In First for Europe, Brussels Rejects Italy's Budget**](#) (Last Retrieved: March 26, 2019).

²¹ [**NPR: Hungary's Viktor Orbán Sweeps To Re-Election, Securing Populist Party Majority**](#) (Last Retrieved: March 26, 2019).

²² [**The Guardian: Hungary Passes Anti-Immigrant 'Stop Soros' Laws**](#) (Last Retrieved: March 26, 2019).

²³ [**The Guardian: Swedish Election - Deadlock as Far Right Makes Gains**](#) (Last Retrieved: March 26, 2019).

²⁴ [**TIME: What to Know About Sweden's 2018 Elections**](#) (Last Retrieved: March 26, 2019).

²⁵ [**Independent: Sweden Democrats - How a Nationalist, Anti-Immigrant Party Took Root in a Liberal Nordic Haven**](#) (Last Retrieved: March 26, 2019).

Additional political parties that augment the wave of Eurosceptic politics include Finland's Finns party, Greece's Golden Dawn party, and Denmark's Danish People's Party. These political movements along with all those previously mentioned will continue to advocate for more nationalistic political policies and Europe will surely experience further displays of anti-EU politics in elections to come.

The migration crisis and its subsequent anti-EU sentiment have created a multitude of new challenges for the future of the EU, including a threat to its continued expansion. With Britain in the process of leaving the EU and increasing support for similar shifts in other countries, those looking to join the EU are finding the choice less and less appealing. As of the publication of this report, the countries of Albania, Montenegro, Serbia, Macedonia, Bosnia-Herzegovina, and Turkey are all currently attempting to join the EU. Admittance into the EU requires significant changes to government and legal systems that can take years and require substantial political determination. There is less incentive for these nations to make the changes necessary for membership with Britain leaving the EU and other nations showing increased support for Eurosceptic attitudes. Furthermore, the idea of a unified Europe faces some serious obstacles with nationalistic and anti-immigrant political parties gaining support. Perhaps with the further reduction of asylum seekers and improved methods of handling the crisis, Eurosceptic attitudes will decline. However, such a reversion in public opinion will take considerable time and changes to policy.

Violent Extremism in Europe

Providing fuel for anti-immigrant political parties in Europe are examples of violent extremist attacks within the continent. It is incredibly unfortunate that several countries in Europe have been host to acts of violent terrorism. Terrorist attacks in Madrid, London, Paris, Brussels, Berlin, Manchester, and Barcelona have revealed Europe's vulnerability to such acts. These attacks have encouraged many in Europe to believe that Islam is intrinsically violent, thus further reinforcing the more anti-immigrant and nationalistic approaches to politics. Such nationalistic attitudes are directly opposed to the EU and its immigration policies and are therefore at odds with the EU and its system of interdependency.

Risk to EU Markets and Political Power

Even with Eurosceptic parties gaining momentum across the continent and Brexit nearing its long-awaited conclusion, the potential collapse of the EU and its internal market is quite far away. However, the severe consequences of such an event are not to be underestimated. A continued trend of increased popularity for anti-EU parties would intensify stress on the EU and would likely result in additional referendums on EU membership. The collapse of the EU would also mean the collapse of the Eurozone as well as the tax free trade incentives that come with EU membership. Furthermore, monetary authority would decentralize back to national banks along with the collapse of the Euro. The collapse of such a profound economic system would surely lead to another recession in Europe.

Concluding Thoughts

By examining these crises through a wider lens, the connection between violent extremism, the refugee crisis, and the potential for elevated stress on the EU's interconnected market becomes quite evident. Examining the broad scope illustrates that Europe is suffering from a crisis with deep roots and an uncertain future. Violent extremism both within and outside of Europe have caused the massive refugee crisis that continues to plague the stability of European governance. The high volume of refugees seeking asylum in Europe has strained the political system and elevated support for anti-immigrant, Eurosceptic political parties across the continent. As a result, the EU and its subsequent markets have undergone substantial stress that threatens the stability of a unified Europe, along with its political power in the long-term. Regardless of EU viewpoint and its policies, the weakening of the EU would have tremendous consequences for the UK as well as producing an effect on the greater international system and should not be underestimated.



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