



*InsightForward*



# ISRAEL-HAMAS WAR TERTIARY IMPACTS

25 OCTOBER 2023



## Implications on Politics and Business

The Israel-Hamas war has entered its third week, and its implications are expanding beyond the battlefield. Last week Israel suspended security exports to Colombia after Colombian President Gustavo Petro's controversial [remarks](#) comparing Israel's military actions in Gaza to Nazi Germany's atrocities. If the suspension becomes protracted it will have a negative impact on Colombia's armed forces' ability to battle drug cartels due to their [reliance](#) on Israeli hardware and technology, particularly Kfir fighter jets and surveillance equipment. Israel has been an important security partner to Colombia since the 1990s, but President Petro has also suggested the possibility of severing diplomatic ties. Colombia is not the only government experience turmoil over divisions concerning the conflict. Unusually, almost 800 EU staff signed an [open letter](#) to protest Ursula von der Leyden, European Commission President, "unjustifiable bias" towards Israel. Europe is already facing problems of Islamist violence and antisemitism, and von der Leyden's support could cause more problems for the EU.

The incidents above highlight the divisive nature of the conflict, but the third-order effect are also starting to negatively impact corporations. Examples include:

- Starbucks is [suing](#) its union Starbucks Workers United because of a social media post in support of Palestinians in Gaza. Starbucks is taking the action because of concerns that the post will be misattributed to the company and make them a target for protests.
- Meta, Google, Stripe, Intel, and Siemens have reportedly [withdrawn](#) from the Web Summit taking place in Lisbon in November because of comments made by Web Summit CEO Paddy Cosgrave that criticized Israel's military campaign. The companies that have withdrawn from the event, which has previously attracted more than 70,000 attendees, all have extensive operations in Israel.
- McDonald's franchises in the Middle East and [Malaysia](#) issued statements of support for Palestinians in Gaza after Israeli restaurants [said](#) they would give free meals to the Israeli military. McDonald's franchises are typically owned locally and operate autonomously. However, the Israeli pledge is still likely to negatively impact the brand reputation amongst some consumers.

## Outlook

It remains highly likely that Israel will conduct significant ground operations in Gaza. The timing is not known, but Israel will seek to degrade Hamas capability as much as possible using air-strikes and limited raids before the operation begins. As the war continues the number of casualties on both sides will increase and the humanitarian consequences will become more severe. This will bring stronger pressure for a ceasefire. Escalation in the conflict and elevated humanitarian concerns will increase brand and reputation risks.

Statements in support of either Israel or Palestinians are extremely likely to draw criticism from those with differing views and have a moderate likelihood of [protests](#) and violence. Relatedly, this increases employee [activism](#) and insider threat risk, calls for boycotting specific companies, brands, and associated events. There are likely to be [financial repercussions](#) for companies and organizations supporting either side as well.