

The weekly briefing | 15 September 2014

Political and security risk updates

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Africa

Nigerian forces on high alert following increase in frequency of Boko Haram operations in Borno State

The Nigerian military has been placed on high alert in the northeastern city of Maiduguri and surrounding areas of Borno State following Boko Haram's takeover of nearby towns. A military spokesman announced on 11 September that defence arrangements had been strengthened to protect cities in the region, but blamed 'alarmists' for creating panic over the security situation. The bolstering of security measures in Maiduguri follows a stark warning from the Borno Elders Forum (BEF) regarding the advancements made by Boko Haram towards the city, and the need for increased fortification to repel a potential attack.

The need for the Nigerian military to prevent Boko Haram from making further territorial gains has become increasingly urgent following the recent capture of several towns in Adamawa, Borno and Yobe states, and the proclamation last month of a caliphate spanning the territories held by Boko Haram. Boko Haram fighters have effectively advanced to within 50 kilometres of Maiduguri, and reports suggest that the Islamist militant group has largely isolated the city by gaining control of surrounding transport routes. Despite the warning from the BEF and the upgrading of security measures in the area, the Nigerian defence ministry has released several press statements downplaying the severity of the threat to the city.



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The contrasting portrayals of the severity of the degrading security situation in Borno State by the BEF and the defence ministry are indicative of the increased public and international pressure placed upon the Nigerian government with regards to its efforts to effectively mitigate the activities of Boko Haram. It is widely perceived that the Nigerian government's efforts in the northeast of the country have to date been largely ineffectual, despite increasing levels of international assistance following the official designation of Boko Haram as a Foreign Terrorist Organisation by the United States in November 2013. It is likely that the issue of effective responses to Boko Haram will be a notable point on the agenda of a US-chaired UN Security Council meeting next week on global counterterrorism responses. The Boko Haram Islamist insurgency represents a serious threat to Nigeria's territorial integrity, and it is likely that international intervention will be necessary to address the Nigerian governments' shortcomings in effectively dealing with the organisation. Without such intervention, Boko Haram is highly likely to make further territorial advances in the northeast of Nigeria.

Other developments

Kenya appointed a new intelligence chief on 11 September in the face of the rising threat from al-Shabaab in neighbouring Somalia. Major-General Philip Kameru was appointed as the new director general of Kenya's National Intelligence Service in a move regarded as an attempt by President Uhuru Kenyatta to address public dissatisfaction with the apparent failure of the security services in handling the threat of al-Shabaab over the previous year. The armed group is likely to engage in retaliation operations in the coming weeks, after one of the group's leader, Ahmed Godane, was assassinated in a US drone strike two weeks ago.

The head of the UN Support Mission in Libya (UNSMIL) has urged the country's rival militias to commit to a ceasefire and move towards a political settlement. The newly-appointed Bernardino Leon made the statement as he visited the eastern city of Tobruk on 8 September. The Libyan parliament has become increasingly isolated in recent months as two disparate military coalitions in Tobruk and Tripoli wrestle for control of the Libyan government. The current Libyan government passed an anti-terrorism law, and pro-government forces are attempting to counter the rival groups' attempted takeover of the city of Benghazi. The most recent turmoil represents the most serious destabilisation of the country since the overthrow of dictator Muammar Gaddafi in 2011.

Sudanese opposition leader Ibrahim al-Sheikh is to be released from prison. On 10 September, Thabo Mbeki, head of the African Union's High Implementation Panel, announced that Sudanese President Omar al-Bashir had responded to mediation efforts. The country's National Intelligence and Security Service arrested al-Sheikh in June following his comments criticising Sudan's Rapid Support Forces, accusing them of abuses in conflict zones. Regional mediators hope to reach a framework agreement between the opposing sides at a conference in Addis Ababa, Ethiopia, next month.

On the radar

- **The UN Security Council is to hold consultations on the Libyan sanctions regime** on 15 September.
- **The UN Security Council will be briefed on the UN Mission in Liberia (UNMIL) by Karin Landgren, special representative of the secretary-general,** later this month.
- **A report on Somalia by the UN's emergency relief coordinator is due** on 20 September.
- **The UNC, ECIDE and UDPS parties plan to stage further protests in Kinshasa, Congo.**
- **Increased risk of attacks by al-Shabaab surrounding the anniversary of the Westgate Mall attack** on 21-24 September.

Americas

Chilean president's flagship tax reform receives congressional approval

On 10 September, Chilean President Michelle Bachelet's emblematic tax reform received the final approval of the national congress after months of debate. The tax overhaul was at the cornerstone of Bachelet's presidential campaign in 2014 as she gained the backing of the country's powerful student unions with the promise of free education amongst other initiatives. The new tax package increases corporate and other taxes and removes some tax breaks in order to help pay for Chile's education and health care systems. Among the most notable changes put forward are a general increase in corporate tax from 20% to 27% and the elimination of the utility tax fund (UTF), a mechanism created under Augusto Pinochet's military dictatorship that allowed companies to avoid paying taxes on reinvested profits. According to the government, the bill will raise an additional \$8.3 billion a year after the various measures take effect over the next few years.

These reforms are the greatest changes to the country's tax system since the early 1990s, and represent the achievement of a major agenda of Bachelet's presidential programme. The approved bill also offers a concrete response to the wave of protests demanding better wealth distribution that have hit the country over recent years. However, congressional approval only came after the government backpedalled on several proposals that angered the business sector and the opposition, as critics posed that higher taxes would damage the economy and discourage investment. Opinion polls also found that many Chileans feared that higher taxes would translate into less economic growth and lead to increased prices. Nevertheless, the new tax regime aims to help small and medium enterprises to invest, and will provide much needed finances for the government to implement its ambitious education reforms.

The new tax regime represents a major victory for Bachelet, and increases confidence in her ability to implement the ambitious programme that she unveiled during her election campaign. As such, the announcement of the new reforms is likely to tame discontent and bring an end to the demonstrations that have increased in the past few months amid a nationwide economic deceleration.

Other developments

On 8 September, a bomb attack at a busy metro station in Chile's capital, Santiago, injured 14 people.

In recent months, residents of Santiago have witnessed an increase in bomb attacks, but until now most devices have been small and triggered during the night when the streets are empty. Other devices have targeted public institutions, diplomatic services and financial companies. About 80 groups with diverse motives have so far claimed responsibility for these attacks.

Over 24 people were arrested following a violent protest in Venezuela's capital, Caracas, on 12 September.

The protest mostly involved pro-opposition students who clashed with the police in the district of Bello Monte. It marked seven months since massive student protests against the government were first reported in the country. In response to the protest, the president of Venezuela's national assembly, Diosdado Cabello, accused the demonstrators of inciting other students to take to the streets ahead of the start of a new academic year.

Mexican authorities have reported the first-ever discovery of a coca plantation in the country. On 11 September, official sources reported the discovery of a 1,250 square metre field containing over 1,600 coca plants in the southeastern state of Chiapas, near the border with Guatemala. While drug cartels have commonly operated laboratories in Mexico for cocaine processing, coca production is centred on the Andean region of South America. However, the tough measures taken by South American governments, especially in Peru and Colombia, may be pushing coca production northwards into Central America. The discovery of a plantation in Mexico may indicate that the Mexican cartels are considering branching into coca production, allowing them to control the whole process from production to processing to transportation, cutting out the southern suppliers.

On the radar

- **General election to be held in Uruguay** on 26 October.
- **The Venezuelan government has extended the night-time closure of its border with Colombia** for a further three months.
- **Supporters loyal to Ecuadorian President Rafael Correa are to rally outside the Palacio de Carondelet in the capital, Quito,** on 17 September.

Asia and Pacific

Malaysia offers to host US maritime surveillance aircraft despite likely opposition from China

The US chief of naval operations, Admiral Jonathan Greenert, revealed last week that Malaysia has offered to host US maritime surveillance aircraft. The Malaysian government has reportedly offered to allow the United States to fly several P-8 Poseidon aircraft from one of its air force bases, most likely on Labuan off the coast of Borneo. In April, the United States signed a broad agreement to increase bilateral cooperation with Malaysia on a range of issues during President Barack Obama's visit to the country. Nevertheless, no specific agreements regarding P-8 flights out of Malaysia have been officially approved by the United States Navy, and the US state department stated last week that the United States has no plans for a permanent presence in Malaysia.

In addition to the Malaysian offer, Singapore and the Philippines have already agreed to host US military forces. The Malaysian base in Labuan is near the Spratly Islands, which are claimed by both Malaysia and China. While, the Philippines have warmly welcomed the increase in US forces in the region to counter what they believe is aggressive Chinese territorial expansion over disputed territories, Malaysia has been hesitant to criticise Chinese behaviour. Nevertheless, it is thought that the Malaysia Airlines Flight 370 incident has increased Malaysia's assertiveness towards China, as the incident not only exposed weaknesses in Malaysia's air defence system but also provoked criticism from the Chinese. If the United States does decide to accept the Malaysian offer, it will provide increased surveillance and military capability in the South China Sea.

P-8s are surveillance and reconnaissance aircraft also capable of undertaking anti-submarine and anti-surface warfare and shipping interdiction. In August 2014, the United States criticised the Chinese air force for its unorthodox interception of a P-8 off the coast of Hainan, a strategically important Chinese island. While the interception of the aircraft was normal, the United States reported that the Chinese engaged in unsafe and unpredictable manoeuvres that endangered both aircraft. The Chinese denied wrongdoing, and have since urged the United States to cease or scale-back monitoring activities on its coastline. In 2001, a US surveillance aircraft collided with a Chinese fighter jet due to dangerous manoeuvring by the Chinese aircraft according to the United States. Although no official comment on the Malaysian offer has been released, the Chinese are likely to strongly oppose the increased presence of US air surveillance forces in the South China Sea and surrounding regions. China is likely to perceive any increased US presence in the region as an effort to contain Chinese economic and military expansion.

Other developments

Four people were killed on 11 September during a raid on a government building in Pattani, Thailand.

Suspected rebels carried out the raid in the Khok Pho district of Pattani City. The city is located in southern Thailand, and has been the site of several other insurgent attacks. The insurgency in Thailand's south began approximately 12 years ago, and has left over 6,000 people dead. Several human rights groups and citizen activists have criticised the authorities for alleged human rights violations. They allege that the military has carried out extrajudicial killings and detainment without charge. The ruling military junta has stated that it hopes to increase negotiations with the rebel leaders. At the last round of peace talks, the rebels demanded increased autonomy. The military junta has reportedly sent security officials to Malaysia to promote dialogue with rebel leaders, who are believed to be hiding near Kuala Lumpur.

Two Filipino soldiers were killed on 11 September during a clash with Muslim rebels in Mindanao.

The rebels reportedly belonged to the Bangsamoro Islamic Front Fighters (BIFF). Late on 10 September, approximately 20 rebels attacked a military detachment, and an army unit was sent to intercept them early in the morning of 11 September. Local reports indicate that as many as 10 rebels and two soldiers were killed in the contact, which lasted approximately two hours. BIFF was formerly part of the larger Muslim rebel group operating in the Philippines, the Moro Islamic Liberation Front (MILF), but broke away in 2008. The clash took place just one day after President Benigno Aquino III asked the legislature to pass a law that would establish Muslim autonomy for the region.

A bomb attack in Bangladesh left more than 12 people injured on 10 September.

The attack took place at Chittagong University in southwestern Bangladesh, approximately 250 kilometres from the capital, Dhaka, and was carried out by the student group Islami Chhatra Shibir (ICS). On 10 September, student demonstrators had gathered on the university's campus to demand the reopening of several student dormitories. Two individuals affiliated with ICS allegedly threw explosives at buses that were in the vicinity of the protests. At least seven teachers and five students were injured during the attack. The two individuals were arrested shortly after the attacks. ICS is a political student organisation affiliated with the political party Bangladesh Jamaat-e-Islami (Jamaat). In August 2013, the Bangladesh Supreme Court ruled that Jamaat-e-Islami was unfit to contest national elections and the registration of the party was therefore illegal. The ruling sparked strong protest in many parts of the country. In 1971, the precursor to the party was violently opposed to independence from Pakistan, and several of its senior leaders are accused of committing war crimes.

On the radar

- **Thailand's Prime Minister Prayuth Chan-ocha will visit Myanmar** in late September or early October on an official state visit.
- **South Korea, Japan and China have agreed to arrange a high-level trilateral summit** by the end of 2014.
- **China is expected to commit to investing more than \$100 billion in the Indian economy**, nearly three times the investment by Japan.
- **Chinese President Xi Jinping will continue his tour of South Asia this week** with visits to the Maldives, Sri Lanka and India.
- **Indonesia's parliament will consider abolishing direct elections for governors and district chiefs** over the next three weeks.

Europe

European Union and United States impose additional sanctions on Russia

On 9 September, the European Union and the United States both announced additional sanctions to be placed on Russia, following Moscow's continued aggression towards Ukraine and support for rebels in the east of the country. Washington and Brussels have imposed sanctions on Russian banks and energy and defence companies – sectors of the Russian economy controlled largely by Kremlin officials. While Ukrainian President Petro Poroshenko has acknowledged a large-scale withdrawal of Russian regular forces from his country in line with the recently reached ceasefire agreement, NATO military officials have asserted that approximately 1,000 Russian troops are suspected to be still operating in eastern Ukraine, with an additional 20,000 troops amassed on the Russian side of the border.

The latest round of sanctions imposed by the West appear associated with NATO's assertion that, despite the agreement, Russia has ignored calls by the West to respect Ukraine's territorial integrity and is still largely involved in military operations in the region. The sanctions include loan restrictions to major Russian banks and the imposition of travel bans and asset freezes for a further 24 individuals linked to the Kremlin and pro-Russian separatists. Given the announcement by President of the European Council Henry Van Rompuy that EU sanctions targeting the Russian oil and defence industries could be lifted if the ceasefire remains in place, it is clear that the West intends to impose a sustained economic cost on Russia in order to facilitate the success of the 12-point ceasefire agreement signed on 5 September.

Currently, the West is moderately restricting Russia's lucrative oil industry, which has largely been viewed as the country's economic lifeline and a strong tool of political influence upon Russia's neighbouring states. However, the West has yet to impose sanctions on Russia's gas, space technology and nuclear energy industries. Given reports that the Russian economy experienced a period of zero growth during April and June 2014, it is clear that the threat of sanctions in these industries may have the ability to force greater cooperation from the Kremlin in order to prevent the Russian economy from hitting a period of recession. It is highly likely that the West will continue to exert economic pressure upon Russia in order to facilitate political reconciliation in eastern Ukraine; however, the success of these measures will ultimately depend on the cost that Russia is willing to endure for its continued involvement in the crisis.

Other developments

Ukrainian military forces claimed to have prevented pro-Russia rebels from taking over the international airport in Donetsk on 13 September. The airport has been protected by a couple of hundred Ukrainian troops since June. Local media reported that artillery and rocket launchers had been used during the attempted siege. The attack was one of the largest battles since the fragile ceasefire was agreed on 5 September.

On 11 September, thousands of Catalans rallied in Barcelona calling for a referendum on the region's independence from Spain. The up-coming Scottish referendum has added fuel to demands for a referendum in Catalonia that have notably increased in popularity since the onset of Spain's economic crisis. The regional government in Catalonia has called for a referendum on 9 November. However, the Spanish government has called the proposed referendum illegal and opposes the separation. Catalonia is one of Spain's richest and most industrialised regions.

On 8-9 September, Azerbaijan hosted the fourth informal meeting of foreign ministers of five of the six Eastern Partnership countries – Ukraine, Moldova, Georgia, Azerbaijan and Belarus – and the European Union. The meeting was attended by the European Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle, who noted the strong solidarity among the attending countries and the need for dialogue between Eastern Partnership members and the European Union. The members discussed recent political developments and specifically the impact of these developments on energy security.

On the radar

- **On 16 September, MEPs will debate and vote on the EU-Ukraine Association Agreement,** establishing a deep political association and free trade area.
- **The European Parliament president will pay an official visit to Paris to meet the French Prime Minister Manuel Valls** on 19 September.
- **On 15 September, the European Parliament will debate Russia's ban on imports of EU food products.**
- **At least 50% of Air France flights will be cancelled from 15-22 September** due to the strike by the airline's pilots.
- **The EU High Representative Catherine Ashton will lead talks between the E3+3 (P5+1) and Iran** on the Iranian nuclear programme in New York on 18 September.

Middle East

Syrian army regains control of Halfaya from al-Nusra Front

The Syrian national army regained control of the town of Halfaya from al-Nusra Front on 12 September. The Syrian army also claims to have secured territory towards the provincial capital of Hama, an area in which al-Nusra have been concentrating their efforts. The Syrian Observatory for Human rights has suggested al-Nusra fighters were amassing in the province in preparation for attacks on neighbouring Christian and Alawate towns. The latest government victory followed the announcement of the US authorisation of airstrikes against the Islamic State within Syria. Dozens of combatants from both sides have been killed in the latest offensives, many of whom are believed to be foreign fighters.

The gains are of strategic importance to the Syrian army as a central corridor between Damascus and the west coast: areas home to large numbers of Syrian minorities and loyalist towns that constitute Assad's power base in the region. Moreover, as the counter-offensives seek to drive rebel groups eastward, the operations are likely to force al-Nusra Front into confrontation with the Islamic State. Al-Nusra recently withdrew its fighters from Syria's east following a loss of territory and weapons to the Islamic State, which has recently ventured further into Syrian territory from neighbouring Iraq.

The next counter-offensives to be launched by the Syrian government are likely to concentrate on the main highway between Hama and Aleppo, throughout central Syria. Such a strategy would likely seek to drive rebel groups eastward towards the Iraqi and Turkish borders, with support from the international community in the form of airstrikes against the Islamic State. The political ramifications of intervention for the international community remain unclear, as the Syrian National Coalition welcomes the airstrikes yet have called for greater assistance in deposing President Bashar al-Assad.

Other developments

On 13 September, footage emerged of the beheading of British aid worker David Haines by the Islamic State in Iraq. The footage is yet to be verified; however, it is similar to previous hostage executions by the group. The latest high-profile murder was in retaliation for the British government's support of coordinated airstrikes against the Islamic State and for its support of Kurdish Pashmerga forces within Iraq. British Prime Minister David Cameron addressed the killing in a press statement following an emergency response committee held on 14 September, in which he vowed to do everything in his power to 'degrade and destroy [the] threat to the people of this country, the region, and the world'.

Talks brokered by US Secretary of State John Kerry secured a Gulf coalition against the Islamic State on 10-11 September. The talks held in Jeddah, Saudi Arabia, secured a communique agreement between the Gulf Cooperation Council and neighbouring Egypt, Jordan, Lebanon and Turkey against the region's terrorist threat. The talks followed a resolution by the Arab League to confront regional terrorism and stand united against the Islamic State. Members have pledged to provide humanitarian aid within the region, alongside military support and asset freezes on known foreign fighters. Lebanon's Hezbollah has been critical of the extent of Lebanon's involvement, fearing that support against the Islamic State may have implications for Bashar al-Assad's leadership in Syria. Iran has rejected the idea of working with an international coalition against the Islamic State.

On 8 September, presidential candidate Abdullah Abdullah announced he would reject the outcome of the latest audit vote in Afghanistan. It is widely speculated that his opponent, Ashraf Ghani, will emerge as the victor of the elections held in June. Results are expected to be announced this week. While unconfirmed, attentions are now being turned to the possibility of a national coalition government between the two leaders. Fazil Hadi Mulimyar, chairman of the Afghan parliament's Upper House has appealed to the candidates to end their dispute. The West will be keen to broker talks in the coming weeks, with both the United Nations and NATO paying particular attention to the domestic environment ahead of the withdrawal of troops later in the year.

On the radar

- **Iranian nuclear talks to resume in New York** on 18 September.
- **The adjourned trial of ousted Egyptian president Mohammed Morsi is set to take place on 20 September.**
- **Yemeni government expected to imminently announce a new prime minister** in the hope of calming the rebellion in the country.
- **Australia to deploy 600 troops to the UAE in support of regional coalitions against the Islamic State within Iraq.**

Polar Regions

New sanctions against Russia hamper Western oil companies' Arctic oil ambitions ExxonMobil's oil prospecting project in the Arctic Ocean has been halted due to a new round of sanctions announced by the United States and the European Union. The sanctions, which prohibit Western oil companies from being involved in Russian oil exploration projects, will apply to all fields that intend to become operational in the next 5-10 years. The news comes during the operation of a joint drilling project between ExxonMobil and Russian partner Rosneft that began this summer at the University-1 well in the Kara Sea. It is estimated that the project has cost ExxonMobil \$700 million.

In addition to direct financial loss, a major implication of the sanctions for ExxonMobil could include a notable crippling of its future relationship with Russian partners, in particular Rosneft. Furthermore, ExxonMobil's growth strategy will undoubtedly be greatly affected by the sanction announcements given the prominence of the Kara Sea project in the company's strategy to acquire new oil reserves and replace the production lost from existing aged fields and hostile host governments in countries such as Venezuela.

In addition to ExxonMobil, many other oil companies are attempting to gain a foothold in the Arctic given its abundance of recoverable natural oil and gas deposits. With Russia situated at the heart of a significant percentage of Arctic exploration projects, increasing sanctions on Russia in relation to hostilities in Ukraine are likely to drastically complicate entry in to the Arctic region for many companies, including Statoil, ENI and ExxonMobil.

Other developments

Canada and the European Union have announced a strategic partnership agreement on security, energy and the Arctic. During a press conference in Ottawa on 8 September, Canadian Foreign Minister John Baird and EU High Representative Catherine Ashton announced a strategic agreement outlining shared values between the European Union and Canada. Baird and Ashton spoke of the need to combat terrorism and promote human rights, in addition to sharing a common platform in relation to Arctic security and energy issues. The agreement is the first of its kind between the European Union and a G7 country.

The Russian strategic nuclear submarine Vladimir Monomakh has launched a Bulava inter-continental ballistic missile (ICBM) from an underwater location in the White Sea, successfully hitting its target on a Kamchatka peninsula. The trials signify the first time a Bulava missile has been tested since September 2013, when submarine Alexandr Nevsky unsuccessfully launched a test missile, resulting in a halt on trials. Bulava ICBM trials have been awash with difficulties since they began in 2004.

Scientists from the Antarctic Climate and Ecosystems Cooperative Research Centre in Australia have discovered a drastic increase in the amount of sea ice accumulating around the coastlines of Antarctica. The findings are somewhat paradoxical, given the depleting ice quantities on the Antarctic continent itself. Furthermore, sea ice in the Arctic is decreasing. The prevailing hypothesis is that global temperature changes have strengthened winds in the Antarctic, which play a major role in the formation of sea ice. Scientists have raised concerns over the findings stating that rapid changes in sea ice levels could have implications for both the ecosystem and the ability to conduct research missions safely during the seasonal freeze.

On the radar

- **The Arctic Council's emergency prevention, preparedness and response (EPPR) conference is to take place in Arkhangelsk, Russia, on 23-25 September.**
- **A conference on the legal issues associated with the developments and use of energy resources in the Arctic will be held in Tromso, Norway, on 25-26 September.**

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