



ANNUAL ASSESSMENT BY THE NORWEGIAN INTELLIGENCE SERVICE

FOCUS

2015



CONTENT

03	PREFACE
04	RUSSIA
18	THE HIGH NORTH AND THE ARCTIC
26	THE MIDDLE EAST AND NORTH AFRICA
38	AFRICA
46	ASIA
54	CHINA
62	AFGHANISTAN AND PAKISTAN
70	INTERNATIONAL TERRORISM
80	THREATS IN CYBERSPACE



CONTENT

70 INTERNATIONAL TERRORISM

ISIL's progress has produced new safe havens and heightened the terrorist threat to Western countries.

18 THE HIGH NORTH AND THE ARCTIC

The High North and the Arctic are of great strategic importance to Russia, serving as both a hub for its nuclear deterrent and as its future resource base. Russia seeks to present itself as a responsible actor eager to secure national interests in the region through cooperation. At the same time, there is mounting concern in Russia linked to NATO's presence and activities in the Arctic.

26 THE MIDDLE EAST AND NORTH AFRICA

The region is facing vast challenges in terms of state-building, economy, social unrest and national conflict. Throughout 2015, events in Syria and Iraq will be central to the security situation in the region.

80 THREATS IN CYBERSPACE

Network-based intelligence operations pose a significant threat to Norwegian interests, and have become more targeted and technically advanced.

38 AFRICA

Several African countries are in the midst of volatile state-building processes. Weak government institutions, poverty and porous borders have resulted in high numbers of refugees and continuing security challenges.





04 RUSSIA

The combination of economic crisis and the Putin regime's offensive foreign policy line spells unpredictability both for Russia's neighbours and for domestic policy developments at home. Events in Ukraine have shown that the Russian regime views a modernised military as a useful and accessible asset in support of its foreign policy objectives.

46 ASIA

The global economy has shifted to the Asia Pacific, allowing military budgets to balloon and high-tech weaponry to be developed.

54 CHINA

Despite a more self-assertive foreign policy and military rearmament, securing political stability at home will remain Xi Jinping's main aim. In the longer term, China wants to restore its international status to become one of two dominating world powers alongside the United States.

62 AFGHANISTAN AND PAKISTAN

Throughout 2015, Afghanistan and Pakistan will be faced with a difficult security situation and severe pressure in several key areas.



Since 2011, the Norwegian Intelligence Service (NIS) has published an annual unclassified assessment. Focus 2015 presents NIS's assessment of the current situation and expected developments in those geographic and thematic areas the Service considers particularly relevant to Norwegian security and national interests.

NIS is Norway's foreign intelligence service. Although fully integrated into the organisation and activities of the Norwegian Armed Forces, NIS serves the entire government apparatus and is guided by overarching political priorities.

At present, the Service has three main tasks. One is to supply Norway's civilian and military authorities with information and assessments on foreign, security and defence policy matters. The High North and Russia remain central to the Service's work. International developments, changes to the threat picture and Norway's various involvements across the globe have all expanded NIS's focus areas to include parts of the Middle East, Africa and Asia that have or could come to have serious implications for Norwegian interests.

The Service's second main task is to collect information on and flag matters which could threaten Norway and Norwegian interests. This task is becoming increasingly demanding; Norway conducts an active foreign policy and is involved in peace and reconciliation processes in a number of countries. Norway's armed forces participate in international operations and there are major Norwegian companies operating on every continent. International terrorism and cyberspace threats transcend national borders. These threats are fast-changing, and although sometimes geographically remote they could still threaten Norwegian interests at home and abroad.

Finally, NIS supports Norwegian military operations by supplying intelligence products and capabilities. Although NIS's contribution to international operations has primarily been linked to Afghanistan, the Service supported the Norwegian contingent in

Libya in 2011, and has also supported a number of maritime operations in the Mediterranean and Gulf of Aden.

As we welcome 2015, a number of alarming security policy trends can be discerned across the world. NIS will be focusing on these trends going forward. The Russian annexation of Crimea and military operations in eastern Ukraine in 2014 violated international law and has altered the security policy situation in Europe significantly. Russia's actions showed the country to be aggressive and willing to use force against its neighbours. The Russian authorities are seeking to reinstate Russia as a great power and force longed-for international respect.

Developments in Syria and Iraq have shown that the Middle East is facing major challenges related to state-building, economic policy, social unrest and national conflict. A belt of weak and destabilised states currently stretches from North Africa and the Sahel via the Middle East to Central Asia. Militant Islamist groups gained ground here in 2014, particularly in Syria and Iraq. The Islamic State of Iraq and the Levant (ISIL) currently leads a broad front of Sunni Arab groups that has stripped the authorities of control of large swathes of land in these two countries. These areas serve as safe havens and are used to train for and plan terrorist attacks in Europe. Developments here mean that the terrorist threat to the West, Norway and Norwegian interests abroad will likely persist in 2015.

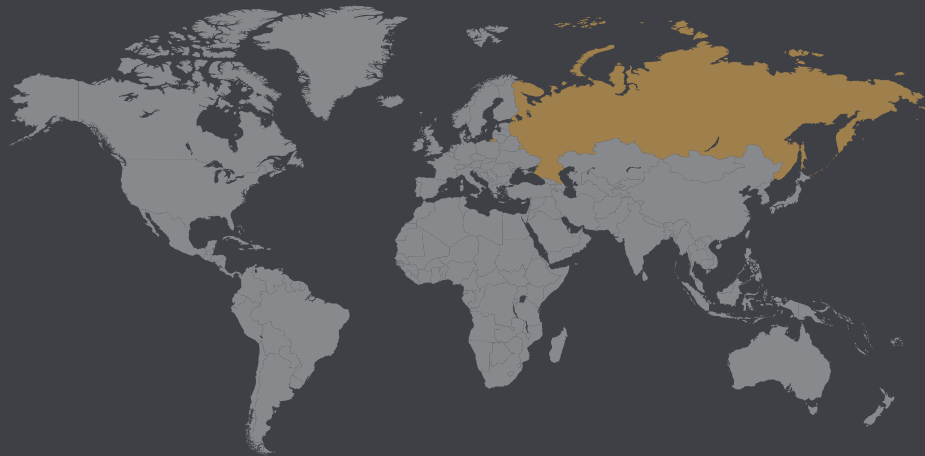
Threats in cyberspace will be given high priority by NIS in 2015. As network-based intelligence operations are becoming more targeted and technically advanced, foreign intelligence services are attacking Norway's digital infrastructure on a daily basis.

It is my hope that this document will contribute to a greater understanding of the circumstances affecting Norway's security. Editing concluded on 1 February 2015.

Lieutenant General Kjell Grandhagen
Director Norwegian Intelligence Service



RUSSIA



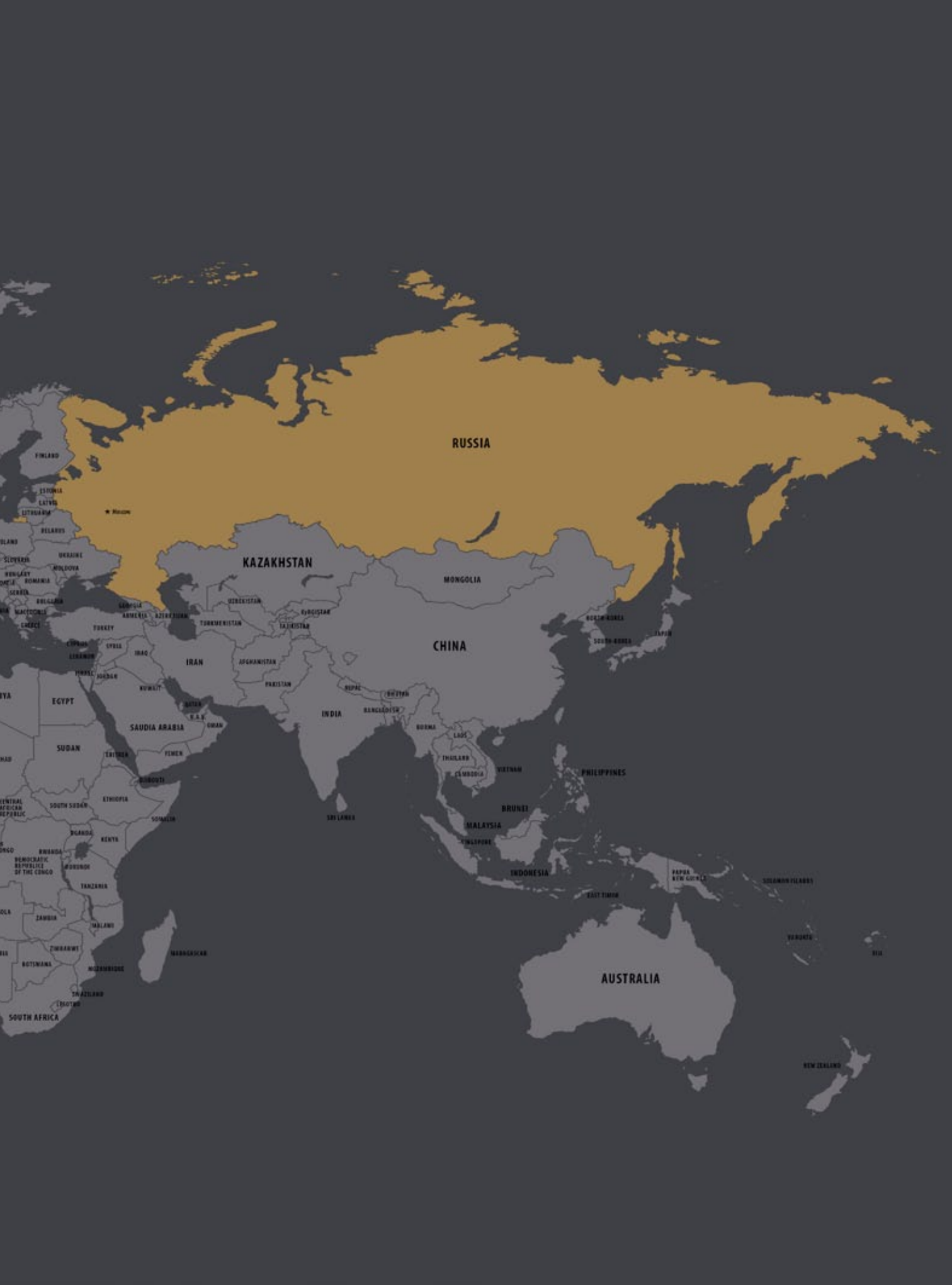
RUSSIA

Through its annexation of Crimea and military operations in eastern Ukraine, Russia has violated international law and precipitated a significant shift in the security policy situation in Europe. The Kremlin is clearly demonstrating its willingness to use force against neighbouring countries in order to look after what the authorities define as Russian interests. Russia will continue its efforts to gain greater influence in the former Soviet states and prevent them from forming close security and economic ties with the West. Russian policy towards these countries – primarily Ukraine, Moldova and Georgia – will remain unpredictable and intermittently aggressive.

In 2015, Russia's relations with the EU and NATO, and their respective member states, will be characterised by a more offensive foreign policy. The Russian leadership will continue to view NATO as a potential threat, and support this perception with a massive state propaganda campaign. Moscow would object strongly to NATO positioning any of its capabilities close to Russian borders or signs of any further eastward expansion of the alliance. Although Western sanctions will weaken economic ties between Russia and the European countries, the mutual energy dependency will endure.

The sharp downturn in the Russian economy heralds growing unpredictability in the domestic political situation. Putin's centralised regime lacks the political will and flexibility to take the steps necessary to improve the situation, and can therefore be expected to attempt to tighten its grip on power by taking further repressive measures in 2015. The Russian armed forces are considered a key strategic asset and their ongoing modernisation and revitalisation will continue; the objectives set for this modernisation programme are highly ambitious. The high military activity seen in 2014 will continue.





RUSSIA

KAZAKHSTAN

CHINA

AUSTRALIA

UKRAINIAN SOLDIERS manning positions in Donetsk.



Photo: NTB Scanpix

Foreign Policy

The Russian annexation of Crimea and support for the separatists in eastern Ukraine signal both continuity and change in Russia's relationship with the outside world. For years now, the former Soviet republics, especially Ukraine, have been a top priority in Russian foreign policy. The Commonwealth of Independent States (CIS) area is considered strategically crucial to Russia's security, and Moscow has defined it as an area where it has so-called 'privileged interests'. This helps explain how Russia can maintain extremely close partnerships with some of the region's countries whilst having very strained relations with others. In Moscow's view, this region has long been the scene of a geopolitical struggle for power which has forced Russia to defend its interests against what it considers an expanding West.

Russia's actions in Ukraine in 2014 also showed a willingness to interfere abroad on the pretext of protecting not just ethnic Russians, but anyone defined as part of 'the Russian community'. This foreign policy shift could have major implications

for states that are home to large Russian or pro-Russian minorities. Russia has been pursuing an active Ukraine policy for years, emphasising the protection of what it defines as Russian interests. This has been especially prominent in the matter of Ukraine's foreign policy orientation.

Over a period of many years, Russia has been employing various means, including economic sanctions, to coerce Ukraine into abandoning its plans for closer integration with the EU. However, recent Russian operations in Ukraine are novel in that they demonstrate a clear willingness to use military force against a neighbouring country should the Kremlin deem it necessary. Events in Ukraine show that the Russian regime views its modernised military as an accessible and useful asset in support of its foreign policy objectives.

Apart from Ukraine, the CIS countries subjected to the heaviest pressure by Russia have thus far been Moldova and Georgia; primarily, Russian coercive efforts have taken the form of economic

sanctions. Like Ukraine, these two countries have signed association agreements with the EU despite Russian efforts to obstruct them. Both countries are home to Russian-controlled breakaway republics, and currently find themselves in a precarious position. Russia's desire to prevent Moldova and Georgia from forming closer economic and security policy ties to the West suggests that it will continue to exert pressure in order to alter the foreign policy orientation of these two countries.

In order to achieve greater influence in its near abroad, Russia has stepped up regional integration efforts through the Collective Security Treaty Organisation (CSTO) and the Customs Union. Both are Russian-led institutions comprised of former Soviet republics. Although the aim of the CSTO is to reinforce its members' shared interests in the fight against terrorism, instability and external threats, it is primarily a political organisation affording Russia greater regional influence. The Customs Union between Russia, Belarus and Kazakhstan has evolved into 'the Eurasian Economic Union', modelled on the EU. However, Russian actions in Ukraine have led to growing scepticism among existing and potential union members regarding Russia's intentions.

Since 2007, Russia has been behaving more offensively and frequently ended up on a collision course with the West. Official Russian rhetoric has long described NATO in highly unfavourable terms, a tendency strongly reinforced by the Ukraine conflict. Russia is particularly concerned about further NATO expansion, the deployment of military capabilities near Russia's borders and plans for a European missile defence. Moscow has repeatedly called for a new European security architecture, partly in an effort to diminish NATO's role in European security policy.

Moscow has reacted strongly to the West's introduction of economic sanctions in response to Russian actions in Ukraine; here, 'sanctions' refers to the restrictive measures introduced either unilaterally or multilaterally in response to Russia's

behaviour in Ukraine. This indicates that Russia's relationship with the Western countries will remain strained in 2015. Russian policy towards the West will, however, also be influenced by the mutual Russian and European dependency on Russia's energy exports to Europe as well as attempts by Moscow to remain a key gas supplier. Russia is therefore expected to continue seeking closer ties with select EU member states in order to challenge the EU's common energy policy.

The Ukraine conflict has reinforced the eastward pivot in Russian foreign policy, as illustrated by Putin's visit to Beijing in May 2014. A major gas supply contract with China was described by the Russian leadership as a strategic choice and a response to Western sanctions. Russia and China would both like the United States to play a less dominant role in world affairs, a stance which often prompts the two countries to join forces on international issues. Russia and China's diverging security interests and historic mutual distrust, however, mean that their partnership is largely an economic and pragmatic one, free of political commitments. Challenges related to the construction of infrastructure and the development of new petroleum fields ensure that, energy-wise, Russia will remain closely tied to Europe. For the foreseeable future, China will be unable to replace Europe as Russia's key energy customer.

In the past few years, Russia has introduced a series of initiatives aimed at reinforcing the country's position in the Middle East. Moscow's prime asset in bilateral relations with the region's countries is arms exports. However, in a larger perspective Russian business interests in the Middle East are rather limited – first and foremost, the region serves as an arena for promoting Russia's great power ambitions and to counter Western influence in international affairs. Moscow's unwavering support for the Assad regime in Syria has become a prime example of Russian opposition to Western dominance in the Middle East and international affairs more generally.

FOCUS


Russia

«Since 2007, Russia has been acting more offensively and frequently ended up on a collision course with the West.»



THE ROUBLE plummets. St. Petersburg, 16 December 2014.



Photo: NTB Scampix

The US-led coalition against ISIL presents Russia with a dilemma; whilst on the one hand Russia shares the West's desire to defeat militant Islamism, on the other it fears that the US intervention against ISIL will once again increase US influence in the Middle East. Balancing these two concerns will be central to Russian Middle East policy in the time ahead, and one of Russia's main aims in 2015 will be to ensure that US intervention does not threaten the Assad regime in Syria.

The Economy

Economic developments in Russia present a formidable challenge to the country's authorities. The economy was already on a downward trajectory before the conflict in Ukraine erupted; stagnation took hold as the conflict triggered both uncertainty and sanctions, and accelerated due to falling oil prices.

The Russian economy has long been hampered by major structural issues in the form of corruption, a poor investment climate and a heavy dependency on oil. The energy sector accounts

for over 50 per cent of budget revenues, most of it from oil production. The growth in oil production has now levelled out, and pessimism in the Russian economy has been reinforced by the sharp drop in oil prices seen since 2014.

Falling oil prices and a lack of trust in the Russian economy have caused the Russian rouble to plummet to its lowest level since the 1998 devaluation. Capital flight is at its highest since the financial crisis, and inflation has risen sharply. This is happening in spite of heavy intervention by the Russian central bank and repeated interest rate hikes. Official reserves and central bank reserves are used extensively to ease the effects of the downturn. Despite having access to substantial gold, securities and foreign currency reserves, the authorities may struggle to provide the population with the benefits they are expecting in 2015 given the low oil price, negative growth and high Russian ambitions.

Western sanctions and Russia's own counter-sanctions place an additional burden on the

NATIONAL UNITY DAY celebrations in Moscow.



Russian economy. Several of the country's major banks and companies are in effect excluded from raising funds in international capital markets. Moreover, the sanctions prevent Russian companies from signing contracts for the purchase of Western technology which they rely on to develop offshore and unconventional petroleum resources. Russia has responded to the sanctions with import bans on most types of foodstuffs from the West, which drives inflation by raising food prices.

The recent oil price fall has exposed the structural challenges hampering the Russian economy. It relies too heavily on high oil revenues, and is heading for recession in 2015. Sanctions, increased borrowing costs and mounting inflation all dampen capital owners' willingness to invest and consequently weaken growth forecasts. A much lower oil price will force budget cuts, which in turn will affect the state's ability to provide welfare services. High inflation will undermine wage growth and in many cases make it negative.

Domestic Policy

Since Putin returned to the presidency in May 2012, a clear authoritarian shift has taken place. Putin has concentrated power in his own hands and those of a small circle of like-minded conservatives with security service and military backgrounds. This circle shares and reinforces the president's predisposition to view the West as an enemy.

In the current economic climate, the regime is unable to guarantee economic progress for the Russian people. Putin has been forced to resort to other means to strengthen his own position, and we are currently seeing a shift towards a new political foundation for the regime based on patriotism, great power ambitions and conservative values. This may in turn become a new state ideology, which could be used to justify the revanchist foreign policy pursued in Ukraine. A more strongly patriotic agenda would cement the Russian leadership's anti-Western stance and further complicate a rapprochement between Russia and the West.

The annexation of Crimea enjoyed strong popular support and boosted Putin's popularity ratings, aided by massive propaganda campaigns. The regime has also taken further steps to stifle domestic opposition, in particular by restricting freedom of expression; the Putin regime has passed new legislation to tighten its own control of the press and of what used to be the opposition's primary domain – the internet. Simultaneously, it is investing heavily in communicating its own narrative through state-controlled channels and efficiently disseminating the idea of Russia as a victim in its dealings with an external enemy.

Despite the challenges Russia faces, there are few signs of an imminent regime change. The Kremlin has taken advantage of its current popularity to further suppress the domestic opposition. To some extent, regime rhetoric involving an external enemy also resonates with opposition circles, and appears to have had a strong unifying effect on the Russian people. The liberal opposition currently presents no real alternative to the existing political system; it is fragmented, lacks a clear political programme and has little appeal outside the major cities. At present, there is no unifying liberal or democratic force inside Russia that could challenge the current regime.

However, if the economy fails to recover, the likelihood of forces both inside and outside the Kremlin challenging the regime increases, and also heralds a more unpredictable Russia both at home and abroad. Potential discontent may be directed at Putin in the run-up to the 2018 presidential election. Although the Russian people's tolerance is high, in the longer term rhetoric claiming moral superiority and the threat from external enemies can hardly compensate fully for unpaid wages or lost benefits. The Kremlin has more powerful control mechanisms with which to tackle popular opposition now than it did during the major demonstrations in 2011–12. However, due to the past year's sharp economic downturn the potential for popular Russian mobilisation has increased.

The crisis could challenge Putin's unique role as the top political mediator between the various elite clans. Meanwhile, disagreement over economic policy and the squabble for diminishing resources could result in new alliances forming and upset the balance between the Kremlin networks.

If the situation were to prompt a regime change in the longer term, we would not necessarily see a more democratic Russia or increased cooperation with the West. A new leadership could partly emerge from the circles that are currently in power, and could potentially have an even more nationalistic profile. Russia may also come to find itself in a situation where the current centralised system is replaced by political chaos. In the short term, however, heavily centralised control and strong support ensure that Putin will remain the most influential actor in Russian politics.

The situation in the North Caucasus remains Russia's gravest domestic security threat. In the western areas of the region, security forces have forced the insurgents on the defensive in recent years by carrying out a series of large-scale operations. In the eastern areas, however, the level of violence remains high. The insurgents remain capable of mounting effective attacks in both Dagestan and Chechnya. The authorities have successfully prevented unrest from spreading to other parts of Russia, but have failed to defeat the insurgent groups. Only parts of the extensive economic development plans for the North Caucasus have thus far been implemented. High unemployment rates, Islamist undercurrents, growing Russian nationalism and brutal conduct by the security forces will ensure continued recruitment to the insurgent groups.

Russia's Armed Forces

Despite the economic downturn, the modernisation of Russia's armed forces will remain a priority. As a consequence, in the medium term NATO and Norway will be faced with an increasingly capable Russian military in possession of a wide range of assets.

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Russia

«At present, there is no unifying liberal or democratic force inside Russia that could challenge the current regime.»



PRO-RUSSIAN SEPARATISTS stand guard north-west of Donetsk.



Russian military thinking encourages the state to use whatever means – military or civilian – are considered the most suitable at any given time. Conflict intensity will vary from frozen to open military confrontation, and the transitions between these intensity levels will be fluid. The Russian military leadership favours a comprehensive approach to the use of force, whereby the means used are viewed in relation to each other. Russia has used this approach in the Ukraine conflict and employed a wide range of military and civilian means both overtly and covertly.

Militarily, Russia has seen more success in achieving its objectives in Crimea than in eastern Ukraine. This is primarily due to the fact that Russia already maintained a substantial military presence in Crimea prior to the conflict. Additionally, the ethnic Russian majority in Crimea supported Russian actions and the annexation, whereas popular support for the separatists in eastern Ukraine has been lower by comparison. The separatists showed limited military efficiency in 2014, exemplified by the Ukrainian forces' progress in summer 2014, when

Russia was forced to deploy regular forces to eastern Ukraine in order to halt the Ukrainian offensive.

During the Ukraine conflict Russia has proved capable of strategic reinforcement and of concentrating relatively large forces within a short timeframe. Within a week of former president Yanukovich leaving Ukraine, Russia had reinforced its garrison in Crimea. Within a month, it had built up a robust intervention force along much of the Russian-Ukrainian border. Since then, this force has put severe pressure on Ukraine and restricted its military freedom of action. This force has also been used as a basis for extensive cross-border activity, which came to a head in late summer 2014.

The conflict has resulted in heavy losses on both sides, as well as abuse of the civilian population. The Russian secret services, special forces and airborne response forces have played key parts in supporting the separatists' operations with training, intelligence, fire support and equipment. Russian activities in Ukraine have been further supported by a significant presence of

THE NEW RUSSIAN combat aircraft SU-34 FULLBACK shown in a military parade in Minsk.



Photo: NTB Scanpix

regular forces on the Russian side of the border. Russia has conducted exhaustive information operations in order to influence popular opinion at home and abroad. In the early stages of the conflict in particular, the Ukrainian authorities found it difficult to handle the comprehensive Russian approach involving the coordinated use of both civilian and military means.

The Russian defence reform, begun in 2008, will continue to affect capability development and force structure. The reform has resulted in a much slimmer and more flexible military organisation with a shorter response time. The long-range aviation, nuclear forces, airborne forces, air defence forces and navy continue to take priority in the modernisation plans, which have so far enjoyed strong political support from President Putin and his closest allies. The 2015–2017 federal budget was passed whilst the oil price and rouble were both in free-fall and will likely have to undergo extensive revision, a process which will likely produce a number of cuts. Nevertheless, military spending is expected to continue increasing. In 2013, for the first time since 2003, Russia spent a larger proportion of its gross domestic product (GDP) on defence than the United States. The 2013 budget item 'National Defence' equalled 3.1 per cent of

GDP, increasing to 3.4 per cent of GDP in 2014. In 2015, Russia plans a further increase to 4.2 per cent of GDP. As of 2015, Russia will spend a higher proportion of GDP on 'national defence' than on healthcare.

Since 2011, defence spending has risen faster than any other budget item, and if the current plan is adhered to defence spending will rise by 68 per cent in real terms from 2011 to 2015, a significantly higher rate of growth than that of the federal budget's total expenditures. For 2014 and 2015, the budget item 'National Defence' will increase by 10 and 24 per cent in real terms respectively, before levelling out towards 2017. However, there is much uncertainty regarding the planned figures, an uncertainty which has only been further reinforced by the economic downturn. The most recent budget plans contain slightly lower figures than previous plans. Given the expected decline in GDP growth, the defence spending proportion of GDP must increase further in order to fully finance the planned military acquisitions.

Despite being given priority, a number of projects scheduled for the state armament programme SAP 2020 will likely have to be postponed until the next plan period (SAP 2025) due

to sanctions and economic difficulties. However, high-priority equipment such as missiles, combat aircraft, helicopters and submarines remain in development and production despite the difficult economic situation and issues such as corruption and the limited production capacity of the military-industrial complex.

In December 2014, the Russian defence minister announced that the air forces had taken receipt of approximately 150 new and modernised aircraft of various types, nearly as many new helicopters and seven battalion-sized sets of long-range strategic air defence systems. Of new land-based equipment he mentioned one brigade-sized set of surface-to-surface missiles of the Iskander family, close to 300 modernised tanks and about 5,000 other vehicles. The navy took receipt of a nuclear-powered multi-role submarine, a conventional attack submarine and a total of 15 surface vessels. Late last year, the navy also received a new nuclear-powered strategic submarine. In 2015, the armed forces stand to receive approximately 150 aircraft and helicopters, several new air-to-air and air-to-surface missiles and cruise missiles to be carried by strategic bombers. The land forces will receive a further brigade-sized set of Iskander missiles, and the navy three new frigates and one conventional attack submarine. In the longer term, depending on how long the sanctions remain in force, the navy may also receive one or two French-manufactured helicopter-carrying landing craft equivalent to the MISTRAL class. The forces based on the Kola Peninsula, including Russia's Northern Fleet, will continue to receive their proportion of all this equipment.

Nuclear weapons will continue to form the basis of Russia's deterrent. Russia's overall nuclear capabilities have been reduced significantly in the past decades, partly due to mutual disarmament commitments. Meanwhile, the strategic deterrent has been maintained and renewed through the modernisation and replacement of both nuclear weapons and delivery systems. Within the next decade, most Soviet-era systems will have been replaced. Russia is also prioritising

the development of conventional long-range precision-strike weapons, which could supplement the global and regional roles of the nuclear weapons in the longer term.

Strategic reinforcements are carried out by rail, sea and air and can transport larger units with or without their heavy equipment, often across vast distances. The ability to conduct strategic reinforcements, especially using transport aircraft, is being honed through regular training and addition of new equipment, boosting Russia's power projection capability and speed. Many military units took part in a series of exercises and readiness tests last year, for the purpose of assessing the results of the ongoing military reform. Another purpose of these exercises and tests was to verify that the units have the required strength and readiness level.

The Russian military and political leadership focused strongly on the annual strategic exercise. VOSTOK-2014 was staged in the Eastern Military District and involved units from other military districts, the strategic forces and the CSTO Rapid Response Force. In part, the exercise was meant to send a political signal to actors in the Asia-Pacific region.

In addition to playing host to a number of major exercises, the Baltic Sea region also saw increased intelligence collection by air and sea last year. The heightened Russian military activity here has been ascribed to Russia's desire to demonstrate to NATO its ability to defend Russian strategic interests.

Deployment times are shortened due to a focus on the ability to transfer forces combined with high responsiveness in parts of the military structure. Russia has also invested in long-range precision-strike weapons, special forces and network operations, and has ensured that the decision-making process prior to using military force is more efficient. In the earlier stages, Russia can prepare for the use of military force under cover of readiness measures and exercises. All of the above serves to reduce

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 Russia

«Nuclear weapons will continue to form the basis of Russia's deterrent.»



A RUSSIAN SU-34 FULLBACK combat aircraft is identified over the Baltic Sea.



Russian response times significantly, which in turn may reduce an opponent's warning time in a potential conflict.

Since 2012, the Russian navy has maintained a continuous presence in the Mediterranean, in part to support the Syrian regime. The Russian navy has supported Syria by supplying weapons and ammunition. This presence also serves the purpose of asserting Russian interests in the region, profiles Russia as an international actor and affords possibilities for monitoring Western

fleet movements. Although the Mediterranean activities are proving extremely taxing on an ageing Russian navy, they send political signals that maintaining an international presence will be a priority in the years ahead. Russian ambitions will require continued investment in maintenance, modernisation and new vessels. Due to Russia's military involvement in Ukraine, the exercise VOSTOK-2014, a series of readiness tests and a continuous naval presence in the Mediterranean, Russian military activity in 2014 was at its highest level since the Cold War.

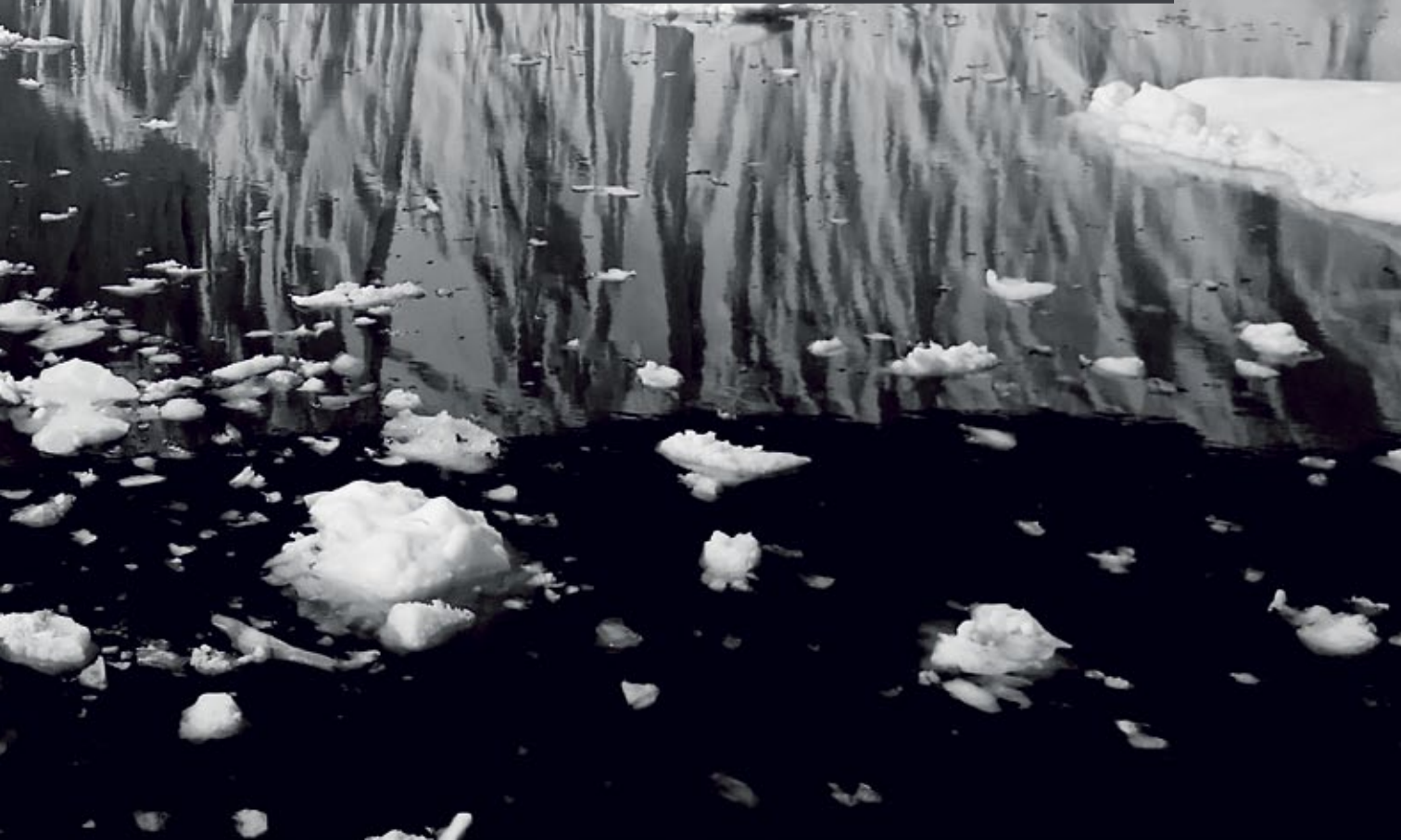
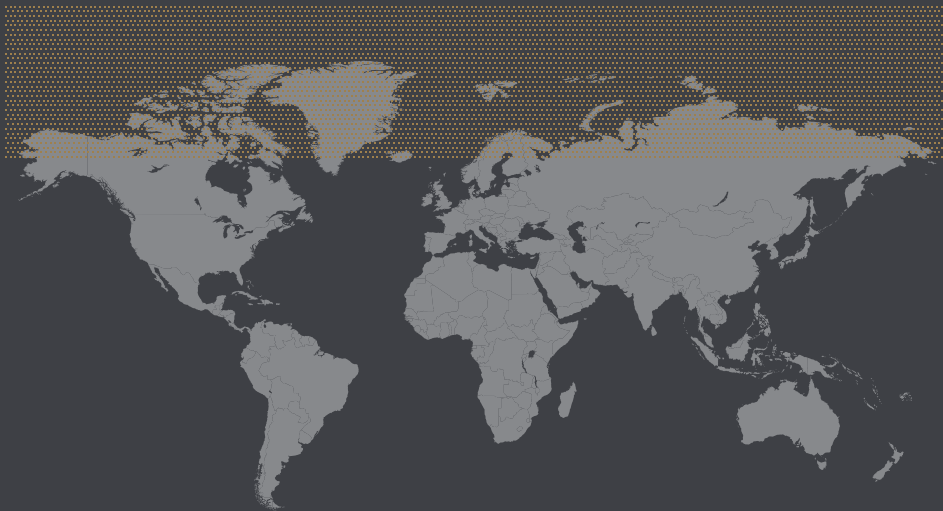
Concluding Assessment – Russia and the High North

Despite significant military and security policy shifts in 2014, NIS maintains that Russia does not, in the current situation, pose a military threat to Norway. Threats arise from a combination of capability and intention, and although Russia's capability is increasing it is currently difficult to envision any rational basis for Russian military action against Norway in the short to medium term. Intention, however, is liable to change over time. There is much uncertainty regarding future developments in Russia. The country's economy is in deep crisis, and domestic policy is becoming increasingly authoritarian. In order to unite the people, Russian propaganda claims the existence of an external enemy, and patriotism forms the basis of a new state ideology. The use of military force against Ukraine and the unlawful annexation of Crimea show that Russia is willing to go to great lengths to protect its strategic interests. As things currently stand, monitoring Russia's long-term political, economic and military developments is becoming increasingly important to Norway.





THE HIGH NORTH AND THE ARCTIC



THE HIGH NORTH AND THE ARCTIC

➤ The Russians have defined the Arctic as their key future resource base. To the littoral states, predictability and stability are important prerequisites for economic development in the region, and Russia has therefore sought to prevent its deteriorating relationship with the West since the Ukraine conflict from affecting international cooperation in the Arctic. However, due to mounting concern for a possible increased NATO presence close to Russia's borders and growing anti-Western sentiment at home, Russia may increasingly come to perceive the Arctic as a source of security policy challenges. The desire among key Russian decision-makers to restore Russia as a great power could give rise to a more unpredictable and challenging Russia in the High North.

In 2015, Russia is expected to continue investing in the Russian Arctic, both in specific energy projects and in the Northeast Passage. However, these investments will be affected by the plummeting oil price and Western sanctions introduced in response to the Ukraine crisis. Lowered traffic forecasts for the Northeast Passage may also restrict Russian investments.

Denmark submitted its continental shelf claims for the Arctic Ocean in late 2014, and Russia and Canada are expected to follow suit sometime in 2015. The submission of extensive and partly overlapping claims could spark tension in the region, but are unlikely to lead to confrontation or conflict.

Russia has taken a number of steps to flag and secure its interests in the Arctic. On 1 December 2014, the country formally established a joint military Arctic command, and the Russians have also reopened old bases and established a permanent presence in new locations across the Arctic. An infantry brigade has been re-established on the border with Finland.

The primary mission of the conventional Russian forces in Norway's vicinity is to protect key elements of the Russian strategic nuclear forces. In 2014, activity within the land forces was primarily routine in nature, with the exception of the deployment of battalion tactical groups to the Ukrainian border in connection with the ongoing conflict there. Northern Fleet vessels have been more active in areas including the Northeast Passage, the Mediterranean and the Black Sea. Compared to a decade ago, the air forces are both more active and conduct more complex training.



NORWAY'S FOREIGN MINISTER, Børge Brende, and his Russian counterpart, Sergei Lavrov, meet in Moscow.



Security Policy

International cooperation in the Arctic is based on the mutual interests of the littoral states. The Arctic countries all have a strong interest in keeping the region a low-tension zone and to handle cross-border challenges in concert. For years, Russia has sought to portray itself as a responsible actor complying with the law of the sea in the Arctic. However, the Ukraine crisis has fuelled suspicion and distrust between Russia and the West, and if tensions persist and the bilateral and multilateral points of contact with Russia become fewer, this distrust could hamper the cooperation climate in the Arctic. Additionally, Western sanctions against Russia have caused setbacks in Russian and Western companies' joint ventures on the Russian Arctic continental shelf.

On the Russian side, there is growing concern for possible increased NATO activity and presence in the Arctic, which, combined with growing anti-Western sentiment in Russia, could deepen distrust of the West and prompt Russia to increasingly view the Arctic as a security policy challenge.

In an increasingly centralised Russia, the same

decision-makers responsible for Russian actions in Ukraine will be making the general decisions on Russia's Arctic policy. To these individuals, Russia's status as a great power is crucial. Although it is obviously in Russia's interest that its natural resource developments in the region are disturbed as little as possible by international tensions, Russia is now more likely to pursue a slightly more challenging foreign policy line in the Arctic. This applies particularly to situations where Moscow perceives Russian interests to be under threat.

Russia seeks to maintain good relationships with the individual Arctic countries. Moscow may attempt certain measures aimed at limiting spill-over from Ukraine and prioritising Russia's bilateral relations with other Arctic states. Russia is concerned about the region's growing internationalisation. This concern has fuelled Russian scepticism toward a potentially increased EU and NATO presence in the Arctic.

Western and Russian views on the recent security policy developments in Europe differ strongly. Whilst the West introduced sanctions in response to Russian aggression, Russia views the sanctions as part of a Western strategy to

diminish Russian influence in the West's own vicinity. The Russians consider themselves to be in a situation where the West's increasing attempts at undermining Russian interests leave Russia with no choice but to act. This has prompted the Russian authorities to develop strategies in order to adapt to a new reality. In light of this Russian perception of reality and the fact that all of Russia's Arctic Ocean neighbours are members of the Western defence alliance, Russia is considering various measures to prevent its interests in the Arctic from coming under threat. Strategies for influencing/altering perceptions that contravene Russian interests are often introduced by diplomatic means. Russia frequently uses military capabilities to assert Russian sovereignty and deter potential rivals in the High North. The past few years' Northern Fleet deployments along the Northeast Passage should be viewed in this context.

Investments in Russia's oil-dominated economy will be headed for a nosedive due to sanctions restricting access to capital, as well as a lower oil price. Moreover, sanctions on exporting certain types of technology, goods and services to the oil sector are reducing Russia's ability to develop new energy resources. In sum, the sanctions will limit Russian oil production in the medium to long term.

This applies in particular to the Arctic continental shelf, where Russian companies continue to depend heavily on Western capital and skills. If the sanctions remain in place and the oil price stays low, offshore petroleum activity in the High North could be significantly lower than what was predicted only recently; previous projections for extensive oil production on the Arctic shelf toward the end of the 2020s are now either being pushed back in time or scaled down.

Onshore oil and gas production in the Russian Arctic will continue despite the sanctions and a lower oil price. There are enormous undeveloped deposits which will have to be developed

in order to compensate for falling production on older fields further south; this increases the importance of the High North to the Russian economy.

The Arctic Ocean seabed will receive a great deal more attention in the coming year. Denmark submitted its continental shelf claims for the Arctic Ocean in late 2014, and Russia and Canada are expected to do the same sometime in 2015. In its submission, Denmark lays claim to the underwater Lomonosov Ridge, which stretches across the Arctic basin via the geographic North Pole. Russia and Canada may present equivalent claims. Although the submission of extensive and partly overlapping claims could spark tension in the region, they are unlikely to lead to confrontation or conflict.

The Arctic states are eager to portray themselves both individually and collectively as credible guardians and adherents of the law of the sea. The manner in which they present and pursue their continental shelf claims may affect how they are perceived by external actors; if the claims were to be seen as unreasonable or politicised, non-Arctic countries may object and seek to involve international institutions in managing the Arctic Ocean.

The Northeast Passage

According to the 2009 Russian Arctic strategy, the Arctic will constitute Russia's key strategic resource base in future. Shipping and offshore installations are necessary to develop new fields in the High North. If the construction of new oil shipping ports and liquefied natural gas plants progresses as planned, these installations will generate considerable traffic along the Northeast Passage for years to come. This is of strategic importance to Russia, given that existing gas pipelines mostly connect the country's gas sector to a stagnating European market, whereas shipping gas and other natural resources from Arctic ports would enable Russian fuel to reach other markets.

Although the Russians will be using the North-

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The High North and the Arctic

«Sanctions on exporting certain types of technology, goods and services to the oil sector are reducing Russia's ability to develop new energy resources.»



east Passage to develop its northern regions, international interest in the Passage is expected to remain low. In recent years, expectations that it will become an attractive and strategically important shortcut between Asia and Europe have fallen sharply. Even with major climate change and a dramatic melting of sea ice in summer, the Northeast Passage will largely remain a seasonal alternative to a select few. Even in summer, challenges will include ice and icing, difficult seabed conditions, overstretched icebreaker capacity, stricter ship design and insurance requirements and an obvious lack of infrastructure along the route, including limited search and rescue capabilities.

Russia has taken steps to tighten national control of the Northeast Passage by introducing federal legislation; this in itself could spark disputes with other countries. In particular, Russia's introduction of a regulations regime that covers the entire economic zone could spark discord. While Russia refers to the country's right by international law to take non-discriminatory measures in waters covered by ice for whole or parts of the year, others may point out that the Russian regulations violate the freedom of the seas.

Military Developments

Despite having primarily a strategic role, Russian armed forces in the High North are central to ensuring that Russia retains its desired degree of control in the Arctic. 2014 saw an increase in the construction of military infrastructure in the region, and the Northern Fleet has been conducting reconnaissance and equipment transports along the Northeast Passage for the past three years in order to re-establish a permanent presence on the New Siberian Islands. In addition, air surveillance and air operation infrastructure has been re-established in several locations between Franz Josef Land and the Bering Strait.

Nuclear weapons play a key role in Russia's deterrence policy, and the country's strategic submarines are crucial in this regard. These submarines and the Northern Fleet's ability to

protect them both in port and on patrol form the core of Russian military activity in the High North.

Russia is improving its ability to deliver weapons and protect strategic capabilities and core areas, including with weapons whose ranges cover large parts of Norwegian land, air and sea territory. Russia is already highly capable of protecting itself against air strikes and long-range cruise missiles, and is now in the process of enhancing this ability further by establishing an early-warning chain and adding longer-range air defence to its arsenal.

Russia will continue its strategic submarine patrols, and the testing of new capabilities was central to activity in 2014. A number of tests of a new intercontinental ballistic missile capable of carrying nuclear warheads took place in Norway's vicinity during the autumn. Impacts were registered in the easternmost parts of Russia.

The Northern Fleet is expected to take delivery of several new combatants and support vessels in 2015. The vessels have been built at shipyards on the Baltic Sea. Naval activity in local waters will centre on tests and training with these vessels as well as with submarines that will subsequently be transferred to other fleets.

Russia is continuing strategic patrols using heavy and medium bombers in Norway's vicinity. One of the key purposes of these patrols is to demonstrate Russia's ability to conduct operations involving strategic air-launched nuclear weapons and to signal to the rest of the world, especially the United States, that the Russian military cannot be ignored. Overall, air activity over the Arctic has increased slightly. Air activity over the Kola Peninsula and adjacent areas and along the Norwegian coast remained unchanged in 2014, but was concentrated to the latter half of the year. The High North saw an increase in intelligence aircraft flights.

The Kola ground forces are assessed as predominantly defensive in nature. Their primary

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The High North and the Arctic

«2014 saw an increase in the construction of military infrastructure in the Arctic.»



A RUSSIAN TU-95H strategic bomber.



mission is to defend Russian territory in general and the missile-armed submarines on the Kola Peninsula in particular. Being dimensioned for these tasks also enables the Kola forces to manage incidents, crises and conflicts efficiently, including defence against surprise attacks, as well as contribute to rapid response force missions elsewhere in Russia. In 2014 activity levels for the ground forces, which are organisationally subordinated to the Northern Fleet, were roughly equivalent to 2013 levels. Some units were deployed to the Ukrainian border in connection with the ongoing conflict in eastern Ukraine.

On 1 December 2014, Russia established a joint military command for the Arctic region, based on the Northern Fleet. It will have command authority across Arctic Russia, and replaces the current structure which divides responsibility between three military districts. The Arctic command will likely improve Russia's ability to plan, coordinate and conduct operations in the High North, as well as enhance interdepartmental cooperation.

The establishment of dedicated Arctic brigades has been discussed in the Russian media since 2011. A motorised infantry brigade, decommissioned in 2008, is now being re-established in

Alakurtti, Murmansk oblast, on the border with Finland. Russia has announced the establishment of yet another brigade in the autonomous Yamalo-Nenetsk region, 1,600 kilometres east of the Norwegian border, by 2016. The addition of two new Arctic brigades will reinforce the land-based Russian military presence in north-west Russia.

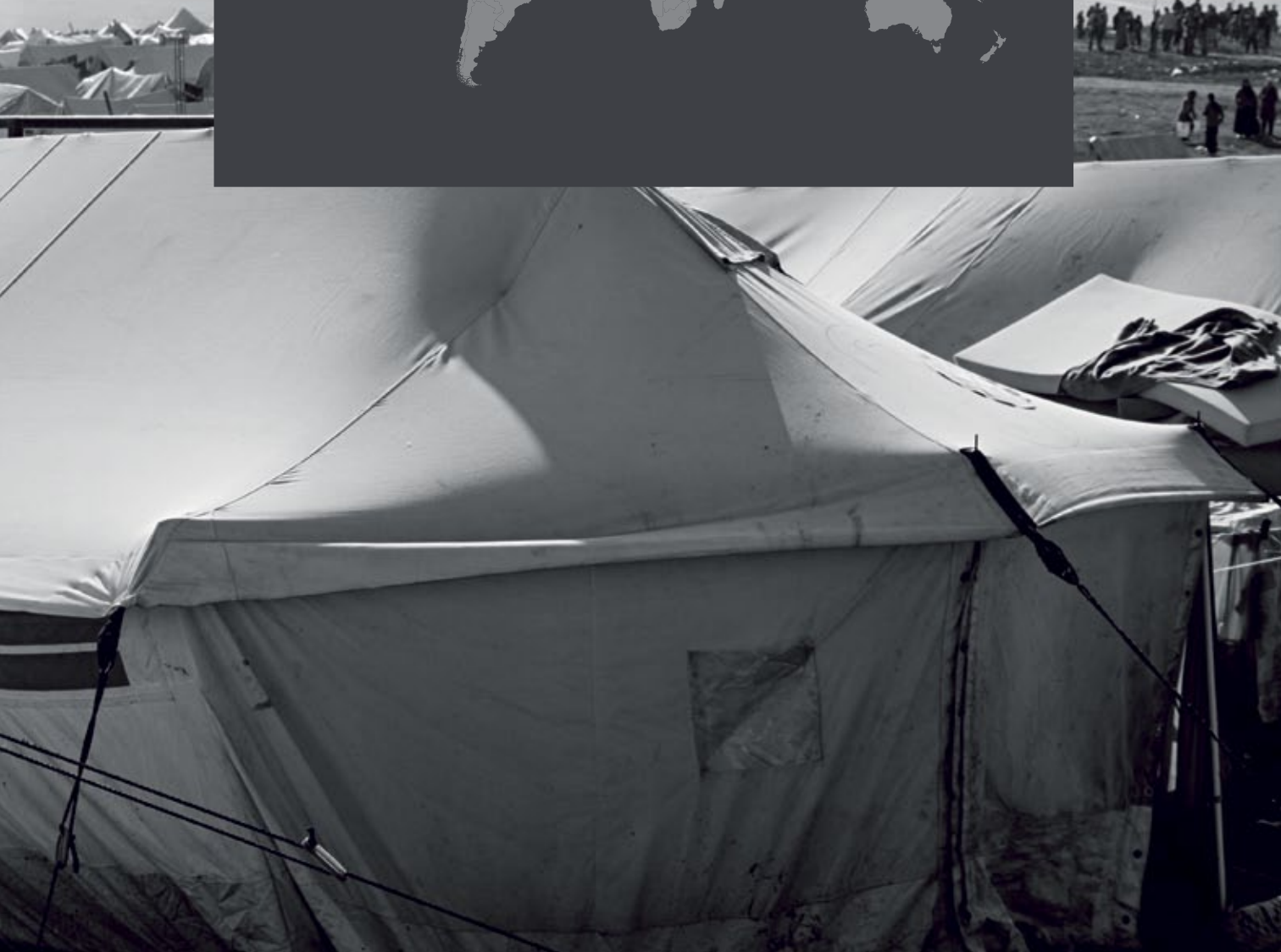
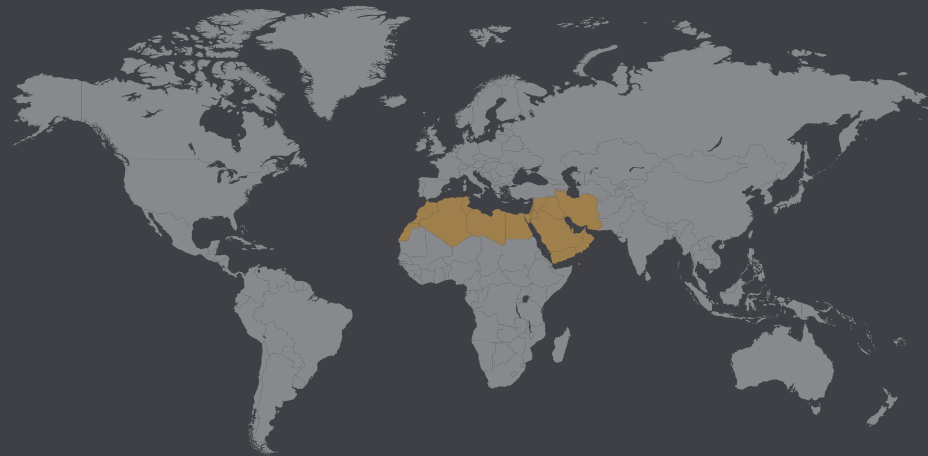
However, a large-scale offensive operation in the High North could require reinforcements. Russian plans include a reinforcement concept that is exercised regularly and which was demonstrated to effect in Ukraine.

Due to the military reform and resulting improvements in Russia's force projection capability, warning time for Russian military preparations and force build-up has been shortened from months to weeks or days, as seen during the Ukraine conflict.

In Ukraine, Russia has demonstrated its ability to integrate military force with diplomatic and economic means as well as cyber and information operations. This type of coordinated and comprehensive use of all means available to the state is to be expected in any future Russian military operations, be it in the High North or elsewhere.



THE MIDDLE EAST AND NORTH AFRICA



THE MIDDLE EAST AND NORTH AFRICA

➤ The past year's dramatic developments in Syria and Iraq have highlighted the vast challenges faced by this region in terms of state-building, economy, social unrest and national conflict. In countries where the existing political systems have come under pressure, the battle between those vying to define political and social institutions will continue to be a key concern. National lines of conflict in Syria, Egypt, Lebanon, Iraq, Yemen and Libya will continue to cause political uncertainty and security-related challenges. The civil war in Syria will rage on and continue to affect regional alliances and neighbouring countries. Iraq will continue to be marred by conflict between the Shia-dominated government in Baghdad and the Kurds on one side and ISIL and other Sunni Muslim militias on the other. The situation in Yemen has become extremely volatile, as the weak Yemeni authorities are confronted with an armed rebellion by the Houthi militia, the activities of al-Qaeda in the Arab Peninsula, and demands for secession by forces in the southern part of the country. In a worst-case scenario, Yemen could descend into a civil war that would threaten stability throughout the Arab Peninsula.

Region-wide challenges caused by inefficient government control in the Sahel region will have implications for the security situation in Algeria, Libya, Egypt and other countries in North Africa. Like Libya and Algeria, Syria, Iraq and Sinai have also become theatres for militant Islamists. Developments in Libya are particularly worrying.

2015 could see Iran enter into a final agreement with the P5+1 group regarding the Iranian nuclear programme; although the agreement would delay the process of developing nuclear weapons, Tehran is unlikely to sign away all possibility of developing nuclear weapons in future.



MOROCCO

ALGERIA

TUNISIA

LIBYA

EGYPT

SAUDIA ARABIA

IRAN

IRAQ

SYRIA

LEBANON

ISRAEL

JORDAN

KUWAIT

QATAR

OMAN

YEMEN

MALI

NIGER

CHAD

SUDAN

ERITREA

DJIBOUTI

ETHIOPIA

SOMALIA

SOUTH SUDAN

CENTRAL AFRICAN REPUBLIC

CAMEROON

UGANDA

KENYA

DEMOCRATIC REPUBLIC OF THE CONGO

REP. OF THE CONGO

RWANDA

BURUNDI

TANZANIA

ANGOLA

ZAMBIA

MALAWI

NAMIBIA

ZIMBABWE

BOTSWANA

MOZAMBIQUE

SWAZILAND

LESOTHO

SOUTH AFRICA

MADAGASCAR

KAZ

UZBEKISTAN

AFGHAN

IRELAND

UNITED KINGDOM

NETHERLAND

DENMARK

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BELGIUM

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ALBANIA

GEORGIA

ARMENIA

AZERBAIJAN

TURKMENISTAN

TURKEY

CYPRUS

LEBANON

ISRAEL

JORDAN

IRAQ

IRAN

KUWAIT

QATAR

OMAN

YEMEN

PORTUGAL

WESTERN SAHARA

MAURITANIA

SENEGAL

GAMBIA

GUINEA

SIERRA LEONE

LIBERIA

BURKINA FASO

BENIN

GHANA

IVORY COAST

TOGO

NIGERIA

CAMEROON

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KENYA

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SWAZILAND

LESOTHO

SOUTH AFRICA

MADAGASCAR

KAZ

UZBEKISTAN

AFGHAN

Regional Developments

Over the past four years, the Middle East and North Africa have seen dramatic changes following protests against oppressive regimes in most of the region's countries. In the past year, the situation has deteriorated dramatically in many countries in the region. There is currently a belt of weak and destabilised states stretching from North Africa via the Middle East to Central Asia. If developments continue in the same vein, they could come to have a serious impact on future stability in this part of the world and upset the existing regional balance of power. In a worst-case scenario, multiple Middle Eastern and North African states could be pulled into ongoing conflicts. This also represents a worrying development for NATO, Europe and the world at large.

There are three fundamental lines of conflict that fuel the current unrest in the Middle East and will ensure the continuation of conflict in 2015.

The first is a political and socioeconomic conflict between the privileged elites that dominate both government and business on the one hand, and the large popular majority that has little chance of participating in political decision-making or benefit from social mobility on the other. Tensions of this kind are among the root causes of recent years' revolts against exclusionary regimes in the region, and remain a source of social and political conflict in many of the countries that have not yet experienced large-scale protests, including several Persian Gulf states.

The second is a conflict between ethnic and religious groups which typically follows political and socioeconomic fault lines and often transcends national borders. Syria, Lebanon and Iraq are all countries in which the struggle for political power, social standing and material wealth largely depends on ethnic and religious affiliation, and where that affiliation extends across families, tribes and fellow believers in neighbouring countries. This means that the

Syrian civil war and the progress of the Islamic State of Syria and the Levant (ISIL) threaten stability in one continuous area stretching from Beirut in Lebanon to Basra in southern Iraq.

The last but by no means least conflict is the high political line of conflict running across the region between Saudi Arabia and some other Sunni Arab regimes on the one hand, and Iran together with Syria and Lebanese Hezbollah on the other. This is a conflict that is both motivated by and which fuels antagonism between Sunni and Shias in the region, and has led to the escalation of both the Syrian civil war and the armed conflict in Iraq. Saudi Arabia and the other monarchies on the Arab Peninsula seek to preserve the Peninsula's existing power structures, and have considered the United States as their security guarantor in that effort. Iran, on the other hand, wants to challenge the Arab Peninsula's political systems, restrict the monarchies' regional influence and block American hegemony in the Middle East. The political tumults in the Middle East have so far failed to usher in democracy in the region. Whilst authoritarian and radical forces thrive, politically liberal communities are weak in most of the region's countries. The future role of the Islamist movements, and their desire to move state and society closer to Islam and Islamic law, constitutes one of the biggest uncertainties in the region. Although the antagonism toward secular forces runs deep in the Islamist movements, the Islamist communities themselves struggle with internal tension and rivalry.

On the national level, political tensions could trigger domestic conflicts of the type seen in Syria, Iraq, Libya and Egypt. Eventually, social unrest and demands for change may spread to countries that have not yet experienced large-scale protests, including Jordan, Kuwait, Saudi Arabia and other Arab Peninsula states.

Israel remains technologically and militarily superior in the region. None of the Middle Eastern states are assessed to be intending to challenge Israel militarily, apart from Iran, which

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The Middle East and North Africa

«There is currently a belt of weak and destabilised states stretching from North Africa via the Middle East to Central Asia.»



CLASHES BETWEEN ISIL and Iraqi security forces in the Iraqi city of Saadiya.



Photo: NTB Scampix

is engaged in a non-conventional, low-intensity conflict with the country. Iran, Hezbollah, various Palestinian groups and certain militant Islamic groups all have the intention and the capability to attack Israel, but are restricted both by the lack of a common agenda and the necessary freedom of action locally and nationally.

The conflict between Israel and the Palestinians will be overshadowed by other regional conflicts in 2015. The parties have not scheduled new rounds of negotiations, and are therefore not expected to find a functional two-state solution or a solution to Jerusalem's status in 2015.

The developments currently seen in the Middle East and North Africa could further destabilise the region in the coming year.

Inefficient governance and government control could increase the threat of terrorism both within the region and in Europe, primarily as a result of militant groups gaining access to new training and transit areas. In Syria and Iraq, jihadist groups have already gained control of vast tracts of land, with large numbers of volunteers travelling from Europe in order to join the fight. The massive influx of refugees from the conflicts in Syria and Iraq could also

have a destabilising effect on receiving countries such as Lebanon and Jordan.

The signs of fragmentation seen in Syria and Iraq could result in the establishment of new, state-like structures in the north of the country, similar to those established in the autonomous area of northern Iraq (the Kurdish Regional Government, KRG). This could have a serious impact on stability in the region and may upset the regional balance of power; in a worst-case scenario, other Middle Eastern states could be pulled into ongoing conflicts.

Iraq and Syria

The security situation in Iraq deteriorated further in 2014, and the level of violence is growing between various governmental and civilian groups. In an offensive in summer 2014, ISIL seized control of large parts of the Sunni-dominated areas of Iraq, and now dominates vast tracts of land stretching from Diyala province in eastern Iraq to Aleppo province in western Syria. Although the ongoing air campaign has slowed down ISIL's territorial gains in Iraq, it has thus far failed to defeat the group.

ISIL is a jihadist Sunni group originating from al-Qaeda in Iraq. Its objective is to establish

a cross-border Islamic state governed by the group's extreme interpretation of Islamic law. In addition to extensive economic resources, ISIL is also in possession of considerable military capabilities and the ambition to establish state-like structures. Its swift expansion in Iraq is largely a result of the group taking advantage of Sunni Arab discontent with the Baghdad authorities, which have long pursued an authoritarian policy along sectarian fault lines. ISIL now leads a broad front of armed Sunni Arab groups. Together, they have stripped the government of control over large parts of western and north-western Iraq, the natural resources found in these areas and the border to Syria.

The Iraqi authorities have so far failed to handle the challenge posed by ISIL adequately. The Iraqi government and security apparatus are both dominated by Shias, and the Iraqi security forces (ISF) comprise large militia elements with strongly sectarian affiliations. After the ISF's de facto collapse in summer 2014, the Iraqi government has used Shia militias extensively to defend its core areas and in some offensive operations against ISIL. The use of Shia militias fans distrust between Sunni Arabs and the Baghdad authorities. The Baghdad regime still lacks the willingness and ability to make significant changes to its division of power and resources with the Kurds and the Sunni Arabs, despite the oil contract between Baghdad and the KRG authorities signed in late 2014. Co-operation between the parties continues to be marred by distrust. Although the appointment of a new prime minister and the formation of a broader coalition government edge the country towards a political solution, it remains uncertain whether these measures will result in any significant changes to the division of power and political influence across sectarian lines. Recent developments have caused the country to effectively be divided into three, with a Shia-dominated south and Baghdad under government control, an ISIL-dominated area to the north-west, and a Kurdish area to the north-east. The Kurds' autonomous position has been reinforced following the ISIL offensive,

partly because Kurdish forces now control the important and contested city of Kirkuk and its surrounding oil fields.

Of the external actors, Iran, Turkey, Saudi Arabia, the United States and Russia are all central to finding a solution to the conflict in Iraq and Syria, albeit in different ways. External actors exert considerable influence on developments in both Syria and Iraq. ISIL's swift expansion has forced an increasing number of both regional and international actors to view the group as a real threat, not just to the Iraqi state but to regional stability.


Four years into the Syrian civil war there are few signs of a solution. The country is now effectively divided in two; the regime lacks control of the eastern parts of the country and of large parts of the border region to Iraq, Turkey, Jordan and Israel.

The conflict has long been frozen in a situation where neither the regime nor the opposition is able to defeat the other militarily. In the past year, armed conflict has spread across the country without signs of any strategic breakthroughs. Although the majority of Syrian opposition groups, including the Nusra Front, declared war on ISIL in January 2014, ISIL has made significant progress in Syria since summer 2014. No other Syrian actor has made comparable progress, and ISIL now dominates an area stretching from the Deir al-Zur province in the east to the eastern parts of Aleppo province in the west.

ISIL's progress is altering the dynamic of the Syria conflict, and has provoked Western air-strikes on Syrian territory.

Because the Syrian civil war is fought along the Daraa-Aleppo axis, ISIL's westward advances threaten both the Syrian regime and the opposition's core areas. Neither the regime nor the opposition is well prepared to face ISIL, and should the latter succeed in expanding westward the military balance will shift.

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**The Middle East
and North Africa**

*«Four years into
the Syrian civil
war there are
few signs of a
solution.»*



COALITION STRIKES against ISIL targets in the Syrian city of Kobani.



Photo: NTB Scanpix

Over time, the more moderate armed opposition has gradually declined and been replaced by Islamist and radical groups. ISIL's advance on its core areas in northern Syria poses a serious threat to the Syrian opposition. The opposition fears losing the entire Aleppo province, which contains its key supply lines into Turkey. Although the opposition groups are seeking to establish a broad alliance incorporating Kurdish forces in order to face the threat posed by ISIL, they will likely require external military support in order to force ISIL on the retreat.

The Syrian regime does not have the military resources necessary to defeat ISIL in eastern Syria, and has seemed unwilling to even attempt it for some time now. The regime is also struggling to maintain military pressure on the armed opposition in western Syria. Despite the fact that the US-led coalition's air strikes against ISIL are allowing the regime to focus on attacking the armed opposition from Daraa in the south to Aleppo in the north, this will not suffice to tip the overall balance between regime forces and the armed Syrian opposition. Although the Syrian regime is highly likely uncertain how to tackle ISIL and of the consequences of US-led airstrikes, it is showing no

signs of departing from its military strategy in order to pursue a more amenable policy line.

The civil war in Syria and the armed conflict in Iraq will both continue in 2015. In Iraq, the division of power and resources is expected to continue to cause political conflict. ISIL will remain a threat despite coalition efforts to defeat it, and ISF will remain weak and unable to take back all the areas of which the Iraqi government has lost control. The Kurds are expected to retain a strong position. Although the country is de facto split in three and distrust reigns between the parties, Iraq is unlikely to undergo a formal division in the short term.

While the regime in Syria is not at risk of being toppled by the opposition, it is no closer to a military victory. At present, there are no signs of a political process in Syria that could successfully secure a peaceful end to the conflict in 2015. The civil war is therefore expected to continue, although a significant change in external support to the regime or other parties could alter this scenario.

THE EU VICE-PRESIDENT and Iranian foreign minister, Catherine Margaret Ashton and Javad Mohammad Zarif, during an EU 5+1 meeting in Vienna.



Lebanon

The conflicts in Syria and Iraq will continue to have a detrimental effect on stability in Lebanon.

The civil war in Syria has sparked radicalisation, sectarian polarisation and economic stagnation in Lebanon, as well as an extremely challenging refugee situation. Hezbollah continues to wield considerable military, political and social power in Lebanon despite its involvement in the Syrian conflict; the organisation will continue to serve as an important stabilising force in the country.

ISIL's declaration of a caliphate and swift military progress could prompt militant Islamist groups from both Syria and Lebanon to join ISIL. Moreover, individuals linked to ISIL were likely involved in terrorist attacks and attack planning in Lebanon. Going forward, ISIL is likely to focus mainly on operations in Iraq and Syria, not Lebanon.

Iran

Since his presidential inauguration in summer 2013, Hassan Rouhani's main focus has been on improving Iran's economy through economic reforms, as well as by attempting to remove the international sanctions regime against the country by signing an agreement on the Iranian nuclear programme. Thus far, talks between Iran

and the P5+1 countries have failed to result in a conclusive agreement on the Iranian nuclear programme. The parties signed a preliminary agreement in November 2013, which was recently extended until summer 2015. The preliminary agreement restricts Iranian use of sensitive technology and access to highly-enriched nuclear materials, whilst affording the IAEA more insight into the country's nuclear programme. Iran has so far adhered to the above terms of the agreement, which also eases international sanctions against the country. However, until further sanctions are lifted, the sanctions regime will continue straining the Iranian economy and likely contribute to growing social unrest in the country in the longer term. 2015 could see the signing of a final agreement between Iran and P5+1. The purpose of the agreement is to prevent Iran from developing a nuclear weapon under cover of its civilian nuclear programme. The preliminary agreement nonetheless preserves a large proportion of Iran's nuclear infrastructure, a stipulation which is likely to also be included in a final agreement. The country would remain capable of storing and enriching uranium, thereby retaining the option of developing nuclear weapons; a potential agreement would only delay the process. A permanent agreement would consequently not eliminate the threat posed by the Iranian nuclear programme, only reduce it.

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The Middle East and North Africa

«Until further sanctions are lifted, the sanctions regime will continue straining the Iranian economy and likely contribute to growing social unrest in the country in the longer term.»



BENGAZI, Ansar al-Sharia forces in combat.



The Iranians have involved themselves more actively in regional politics and argued both nationally and internationally for the importance of a nuclear agreement in light of regional instability. Tehran's ambition is to take on a more important position and role in the region, and continued destabilisation of other Middle Eastern states may give Iran the opportunity to assume such a role – primarily by offering military and economic support to governmental and non-governmental actors who serve Tehran's interests.

Libya

Following the civil war and international operation that brought down the Ghaddafi regime in 2011, Libya has been marred by strong domestic tensions and a political power vacuum. The situation is critical, and armed militia groups are currently involved in a struggle for power. Libya lacks a government capable of gaining military and political control of the country.

There are a number of reasons why the country has proved extremely difficult to govern: firstly, several militias with geographic and tribal affiliations have refused to disarm since the civil war ended. The security situation in the country is extremely volatile, due to the fact that no one party has an efficient monopoly on the use of force.

Secondly, there is a yawning gap between factions seeking a secular government in the country and Islamist groups that want a government and constitution based strongly on Islam. This fundamental split has made it extremely hard to establish democratic, governable institutions in the country. Libya currently has two competing governments linked to the two separate factions.

Thirdly, demands from various ethnic groups and tribes complicate the situation further. Several tribes and regional actors with private militias have demanded a more extensive division of power, ethnic rights and autonomy. These actors' preferred method of drawing attention to their demands is to attack the Libyan oil and energy sector, a practice which at times has reduced Libyan oil exports to a fraction of total capacity.

The power vacuum has turned Libya into a safe haven for jihadist groups. Militant Islamists are actively exploiting the porous borders and lack of government control, and Libya currently appears to be the key meeting place and base for militant Islamists in North Africa and the Sahel. Militant Islamists enjoy extensive freedom of movement, and use Libya to train, acquire military equipment and plan attacks. The main threat to Western interests in this

area is posed by the terrorist groups al-Qaeda in the Islamic Maghreb (AQIM), Ansar al-Sharia and al-Murabitoun. This development has negative implications throughout North Africa and the Sahel.

The political and security situation in Libya is expected to continue deteriorating and prompt a continued flow of refugees across the Mediterranean into Europe. Meanwhile, the vast uncontrolled areas in North Africa and the Sahel will continue to offer armed groups, organised criminals and international terrorist networks ample opportunity to continue their activities.

Egypt

In May 2014, former defence chief Abdel Fattah al-Sisi was elected president of Egypt. His election signalled that Egypt is now reverting to a system similar to the one in place under the former president, Hosni Mubarak. The military's increasing control of the country's institutions has helped marginalise Egypt's key oppositionist force, the Muslim Brotherhood. In the longer term, the suppression of the Brotherhood could spark growing popular discontent with the new regime and Egypt's armed forces.

The new regime appears to have three main objectives: to improve the security situation in the country, particularly in Sinai and along the border to Libya; to improve the economic situation; and to strengthen the Egyptian state. These objectives are closely intertwined; without a stable security situation, the Egyptian economy will not be able to recover and tourists and foreign investments – two of the country's key revenue sources – will stay away. This will result in continued dependency on foreign support, as well as vulnerability to further domestic and regional unrest.

The situation in Sinai remains extremely volatile despite the ongoing military campaign to defeat militant Islamists. The latter seek to undermine the Egyptian authorities by attacking Egyptian security forces as well as the tourist industry. The Sinai Peninsula, especially the northern part, will continue to be marred by unrest in 2015. Sinai-based militant Islamists have expanded their area of operations to include other parts of Egypt, carrying out a number of smaller terrorist attacks in Cairo in 2014.

Saudi Arabia

Saudi Arabia is the world's largest exporter of petroleum products and home to a fifth of the world's known oil deposits; consequently, stability here is important to the United States and other industrialised nations directly affected by access to oil and gas and changes to global petroleum prices.

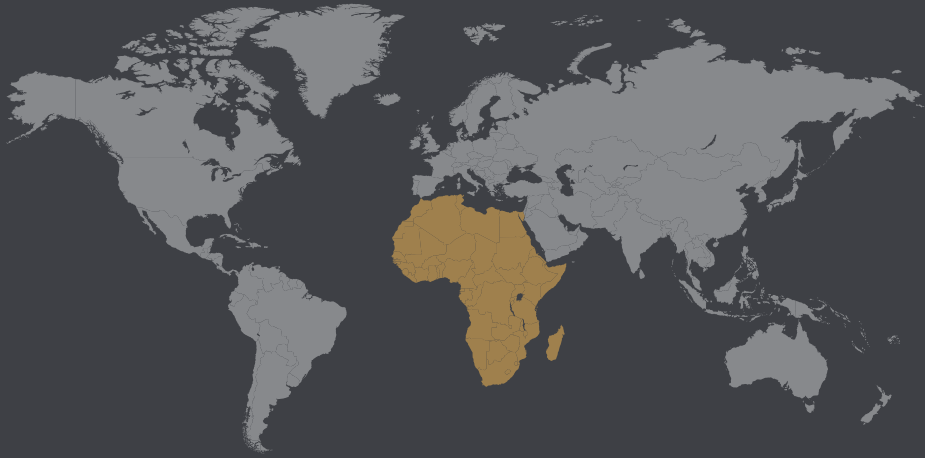
Saudi Arabia is an influential player in the Gulf and a key actor in the Middle East in general. In the wake of the Arab Spring both the regional balance of power and regime stability have been challenged, and Saudi Arabia has behaved uncharacteristically pro-actively in an effort to avoid the spread of instability. Furthermore, the Saudis have seized the opportunity to tip the regional balance of power in their favour and sought to challenge their archrival Iran's influence in Syria and Iraq.

ISIL's progress and cross-border territorial control in Syria and Iraq threatens Saudi Arabia in a number of ways. Firstly, the monarchy fears that returned fighters and extremist Sunni Arabs will launch attacks inside Saudi Arabia. Secondly, the Saudis are concerned about pressure from ISIL on their own borders, especially the border to Anbar province in Iraq. Thirdly, the monarchy worries about ISIL's ideology and the threat it could come to pose to the monarchy itself. These three concerns come in addition to the overall worry in Saudi Arabia about further state and regime changes in the Middle East – not least in Yemen, where the national authorities are struggling to tackle challenges such as the increasing control Houthi rebels have gained across the country, continued AQAP activities, and demands for secession by forces in the southern part of the country. In a worst-case scenario, Yemen could descend into a civil war that would threaten stability throughout the Arab Peninsula. Saudi Arabia is also concerned about Iran increasing its influence in the region through its involvement in Syria and Iraq, as well as its support to non-state actors in several Middle Eastern countries. Finally, Saudi Arabia worries that the current guarded rapprochement between the United States and Iran could sour the long-standing security partnership between Washington and Riyadh.





AFRICA



AFRICA

➤ Mali, Somalia and South Sudan are all in the midst of volatile state-building processes and to various extents struggling with domestic unrest.

The Sahel region is characterised by weak government institutions, deep poverty and porous national borders, all of which allow criminal networks, armed groups and terrorist organisations to operate relatively freely. Despite closer regional security cooperation and international support, the Sahel will continue to be marred in the year ahead by the regional states' failure to provide security on the local level.

The national reconciliation process in Mali has so far failed to yield results, and despite a significant international military effort terrorist groups remain able to operate in the northern part of the country. The Malian government is unlikely to regain control of northern Mali in 2015.

Somalia now has a government supported by the international community, and in 2014 the African Union-backed AMISOM force made progress in its fight against the Islamist group al-Shabaab. However, Somalia remains a fragmented country characterised by clan rivalry and local conflict. Al-Shabaab continues to control parts of the country, enjoys extensive freedom of movement in the countryside and has demonstrated its ability to mount attacks in cities controlled by AMISOM and Somali security forces; this includes the capital of Mogadishu. Although AMISOM and Somali security forces will attempt to maintain pressure on al-Shabaab in 2015, the group will remain capable of mounting attacks.

The civil war in South Sudan has forced millions of people to leave their homes, and around half of the country's population now relies on the international community for food and other forms of aid. Fighting is largely restricted to the oil-rich northern states, a situation which is expected to remain unchanged in 2015. The conflict is unlikely to spill over South Sudan's borders.



The Sahel and Mali

The Sahel region has long been characterised by weak government institutions, deep poverty and porous national borders, all of which allow criminal networks and armed groups to operate relatively freely. International terrorist groups have also long used the area to build capacity, train, acquire weapons and equipment, and coordinate activities across the African continent. Although 2014 saw the region's countries increase their focus on regional security partnerships, and despite the international community's numerous initiatives aimed at improving security in the region, the Sahel will continue to be marred by governments' failure to provide security on the local level in 2015.

Sahel-based terrorist groups have proved highly capable of adapting to the changing situation in Mali and taking advantage of all the opportunities the region has to offer. The groups use countries such as Niger and Libya to acquire arms and equipment. The French Operation Serval put significant pressure on the militant Islamist networks in northern Mali, and has now been replaced by the regional Operation Barkhane. Militant Islamist networks continue to pose a threat in the region.

There is much uncertainty regarding the national reconciliation process in Mali. Peace talks have begun in Algeria between Malian authorities and a coalition of rebel groups, but are hampered by deep mistrust between the parties and internal disagreements among the rebel groups. The security situation in northern Mali has not been noticeably affected by the talks. Organised crime, terrorist groups and inter-ethnic conflicts contribute to a high overall level of violence. A peace agreement will not necessarily reduce the level of violence in northern Mali in 2015.

Somalia

After decades of civil war, the country is now ruled by a government supported by the international community. However, Somalia remains a fragmented country characterised by clan

rivalry and local conflict. The Islamist group al-Shabaab still controls some areas despite having been challenged since 2011 by an African Union force, AMISOM, in partnership with Somali security forces.

In 2014, AMISOM made considerable progress in Somalia. In two major offensives, conducted jointly with Somali security forces, AMISOM successfully seized control of a number of cities in southern and central Somalia, including the important port city of Barawe. This has inflicted a loss of income on al-Shabaab, which funds much of its activities through taxation of goods and services in cities it controls; it also constituted a significant loss of face for the group.

Despite AMISOM's progress, al-Shabaab has retained extensive freedom of movement in the Somali countryside. The group remains capable of mounting attacks in cities controlled by AMISOM and Somali security forces. In 2014, the group carried out several attacks on targets in the capital city of Mogadishu, including the international airport. Al-Shabaab prefers to avoid direct confrontation with the militarily superior AMISOM force, relying instead on asymmetric methods such as ambushes, liquidations and IEDs. Primarily, the targets have been Somali government officials, AMISOM personnel, AMISOM supply lines and cafes and hotels frequented by AMISOM personnel or Somali government representatives. The international presence in Somalia has also been subject to attacks. Al-Shabaab will highly likely continue to conduct this type of attacks.

One of AMISOM's longstanding challenges has been the major capacity deficit of the Somali security forces. In effect, the forces are comprised of loosely organised militia groups more loyal to their respective clans than to the central government. In addition, there are significant issues related to equipment, wage payments, corruption, and command and control. As a result, it has proved extremely difficult for AMISOM to leave security responsibilities to the Somali security forces; this will remain a problem.

FOCUS

Africa

«Sahel-based terrorist groups have proved highly capable of adapting to the changing situation in Mali.»



SOMALI SECURITY FORCES detain a suspected al-Shabaab sympathiser.



As a result of its offensives, the AMISOM force is currently scattered across a large area of operations. This means much of the force is bound up by guard duty and security provision, in addition to the protection of supply lines. AMISOM's ability to retain control of its vulnerable supply axes will be crucial if it is to maintain pressure on al-Shabaab.

Piracy

Somali pirates have not hijacked a ship from the international merchant fleet since May 2012. The decline in piracy originating from Somalia is primarily a result of the international naval presence in the Gulf of Aden and the shipping industry's own security measures.

Various actors along the Somali coast nonetheless remain capable of carrying out hijackings. If the international naval presence is scaled back or the shipping industry eases its own security measures, the pirates would likely resume their activities.

South Sudan

Ever since South Sudan gained independence in 2011, developments there have been characterised by an increasingly fierce struggle

for political power. The country has failed to establish working institutions or complete a real democratisation process. Towards the end of 2013 the situation came to a head, and what began as a political struggle for power between President Salva Kiir and the former vice president, Riek Machar, spiralled into all-out civil war. In 2014, the civil war forced millions of people to leave their homes, with around 4 million South Sudanese now relying on the international community for food and other forms of aid.

Several units from the South Sudanese government army have defected to the rebel side, and 2014 saw heavy fighting across the country. Towards the end of the year, violence was largely restricted to the oil-rich states in the north of the country. Given that controlling them in effect affords control of government revenue, the oil fields in northern South Sudan are of great strategic importance. Violence will likely continue in the oil-rich areas.

The conflict is unlikely to spread beyond South Sudan's borders. Such spill-over would have a major impact on the security situation throughout the region, a scenario which all of South

FORMER VICE PRESIDENT Riek Machar leads the rebellion in South Sudan.



Photo: NTB Scamlix

Sudan's neighbours are keen to avoid. Uganda and Sudan are nonetheless heavily involved in the conflict, and Uganda has contributed forces to the government side. The diverging interests of South Sudan's neighbours could prompt a stronger military involvement by proxy in South Sudan.

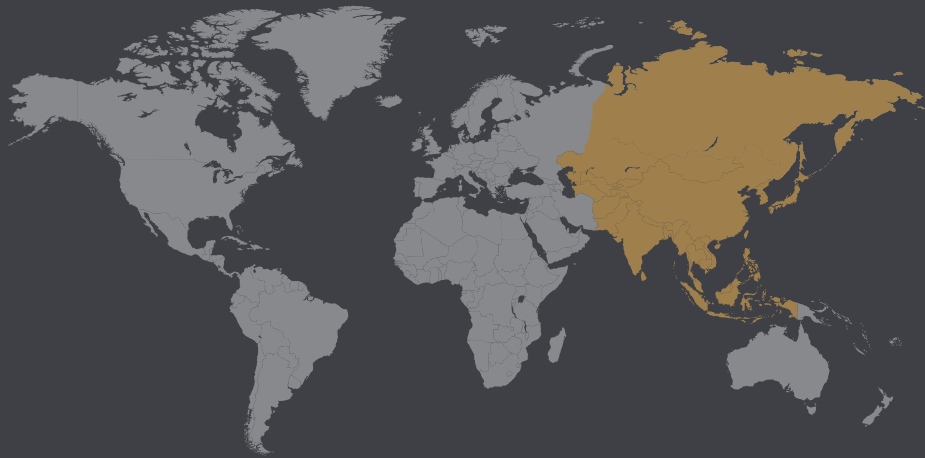
Although the ongoing conflict in South Sudan began as a power struggle between two

political opponents, a number of other factors serve to exacerbate the situation. Old conflicts and ethnic divisions have flared up, with local powerbrokers exploiting the lack of security for their own personal gain. This only serves to weaken security in South Sudan further, reducing the chance of a peace deal between Kiir and Machar having any practical impact on the local security situation.





ASIA



ASIA

➤ In recent years, the global economy has shifted to the Asia Pacific, and economic growth has allowed military budgets to balloon. At present, there is no basis for claiming this to be an arms spiral in the traditional sense – although there are clear signs of an arms race in a number of high-tech fields.

Fuelled by distrust and antagonism, these arms races are creating a new and potentially more dangerous conflict dynamic in the region. This tendency has been further reinforced by the emergence of more nationalistic and self-assertive leaders in countries such as China, Japan and India, as well as the lack of a solution to a number of territorial disputes.

In the past few decades, the greatest uncertainty in this region has been linked to North Korea's nuclear provocations and the status of Taiwan. The gravest and most immediate risk at present, however, is linked to escalation of the territorial disputes in the East and South China Seas.



INDIA TOOK RECEIPT of its new aircraft carrier, INS Vikramaditya, in 2014. The vessel was completed at the Russian naval shipyard in Severodvinsk.



Photo: NTB Scampix

Asia in the Context of Global Security Policy

In recent years, the global economy has shifted to the Asia Pacific. The United States is a Pacific nation and the world's largest economic power. China's economy is the world's second largest, and the country has become a global economic power. Japan's economy is currently the world's third largest. A number of other countries in Asia are also enjoying strong economic growth.

Economic growth has allowed military budgets to balloon. Over the past 20 years, the Chinese defence budget has increased by over 10 per cent per annum, with the result that China currently has the second-largest defence budget in the world. Whilst China's rearms, other Asian countries, primarily India, South Korea and Japan, are also rearming their militaries. In 2012 combined defence spending in the Asia Pacific exceeded European military budgets for the first time. Approximately 50 per cent of the world's arms imports are now destined for the Asia Pacific, with India, Pakistan and China the world's three largest arms importers. The region is becoming an increasingly important military centre of gravity due to its rising number of conventional forces

and the fact that it is home to six of the world's nine states with nuclear weapons.

At present, there is no basis for claiming this to be an arms spiral in the traditional sense – although there are clear signs of an arms race across a number of high-tech fields. Politicians in India, South Korea and Japan use China's acquisition of new space-based weapons systems, missiles, stealth aircraft and naval capabilities as an argument for purchasing similar or equivalent capabilities for their own countries, or to move existing military investment programmes forward. Other countries in South East Asia, but also Taiwan and Australia, are about to make costly acquisitions, citing the Chinese military rearmament. Overall, we assess that there is more than one arms race in the Asia Pacific, involving a number of states, sub-regions and technology fields.

Fuelled by distrust and antagonism, these arms races are creating a new and potentially more dangerous conflict dynamic in the region. This tendency has been further reinforced by the emergence of more nationalistic and self-assertive leaders in countries such as China, Japan

and India, as well as the lack of a solution to a number of territorial disputes. Due to China's more assertive and aggressive behaviour in the region, its neighbours have sought to form closer security policy and military ties to the United States, which for its part has signalled a heavier involvement in the Asia-Pacific.

Challenges to Regional Stability

In the past few decades, the greatest uncertainty in the region has been linked to North Korea's nuclear provocations and the status of Taiwan. The gravest and most immediate risk at present, however, is linked to escalation of the territorial disputes in the East and South China Seas.

The South and East China Seas

Tensions linked to the territorial disputes in the South and East China Seas will continue and are likely to become more pronounced. China's territorial claims in the South China Sea overlap with those of Vietnam, the Philippines, Indonesia, Brunei and Malaysia. These waters are important because they contain vast energy deposits and vital sea lanes of communication. In the East China Sea China, Taiwan and Japan have all laid claim to the Diaoyu/Senkaku group of islands. The three countries can be expected to demonstrate their presence in this disputed area and continue to conduct patrols using military aircraft and naval vessels.

When it comes to these territorial disputes in the South and East China Seas, Beijing will refuse to back down on Chinese claims and will be unwilling to make compromises. Domestic nationalism will make it even harder to find solutions. Given that none of the parties involved would want a military escalation, they are all expected to exercise caution; however, nationalistic forces at home, military armament and possible tactical miscalculations could trigger an unintended escalation.

Under Prime Minister Abe, Japan has also been pursuing a more nationalistic foreign policy. The governing party has promised to reinforce Japanese defence and control of the Senkaku/

Diaoyu group of islands. The dispute over these islands could ultimately trigger armed conflict between the two great powers China and Japan, with possible involvement by the United States; this makes the conflict more serious than the South China Sea conflicts. In 2014, Japan took an important initiative by suggesting an informal dialogue with China in order to resolve the tense situation, which has set back the economic relationship between China and Japan.

Continued Tension on the Korean Peninsula

The situation on the Korean Peninsula is expected to remain tense. The regime in Pyongyang will likely continue provoking the outside world in the coming year, for instance by test-firing missiles. Although incidents such as violence in the demilitarised zone or border violations along the Yellow Sea demarcation line may occur, the North Korean regime is unlikely to risk full-scale war.

There is little chance of an immediate resumption of the inter-Korean dialogue. North Korea wants to reset the bilateral relationship with South Korea to its pre-2010 state, which involved regularly-held talks and economic support. Despite high-level contact between South and North Korea in autumn 2014, the South Koreans will show little willingness to reconcile as long as Pyongyang refuses to apologise for torpedoing the corvette Cheonan in March 2010 and attacking the South Korean island of Yeonpyong in November that same year. North Korea views the military partnership between the United States and South Korea as a constant provocation.

Kim Jong-un's top political priority is to entrench his own position. The execution of his uncle, Jang Song-thaek, as well as several members of his network, clearly demonstrated Kim's willingness and ability to eliminate potential rivals. The armed forces receive substantial funds and privileges in exchange for loyalty, and there is nothing to suggest that the People's Army generals will be challenging Kim Jong-un's position of power in 2015. Although

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Asia

«In the years ahead, tensions linked to the territorial disputes in the South and East China Seas will continue and are likely to become more pronounced.»



THE FRIENDSHIP BRIDGE
between China and North Korea,
the Yalu river.



THE SENKAKU/DIAOYU group of islands is central to the territorial dispute between China and Japan.



some economic reforms have been introduced, change in North Korea will be slow and likely suffer set-backs.

Even though Beijing is revising its view on North Korea and increasingly considers Pyongyang less of a buffer against the United States and more of a liability, China will remain North Korea's main trading partner. In order to compensate for growing political isolation from Beijing, North Korea will likely seek to revitalise bilateral relations with Russia.

The Asia Pacific and Norwegian Security

Potential unrest and conflict in Asia or the Pacific Ocean could affect Norwegian business operations in the region and threaten the security of Norwegian personnel. Among the most unstable areas are the Korean Peninsula

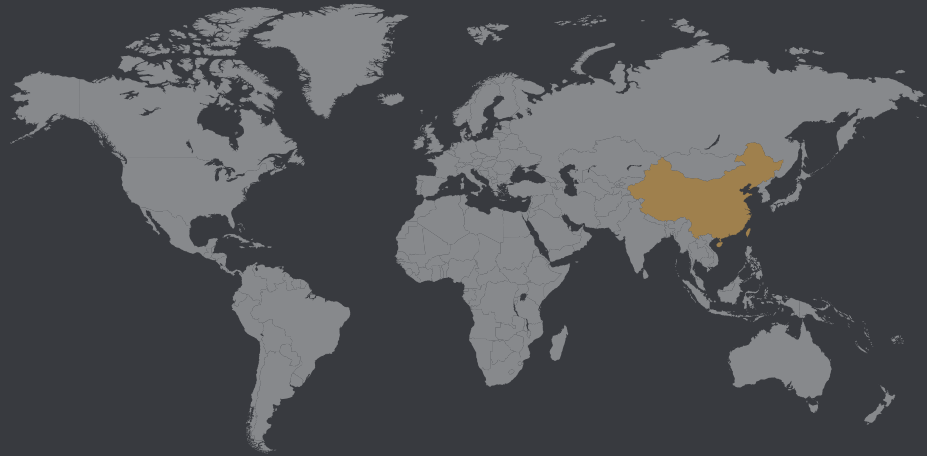
and the East and South China Seas; the situation in Taiwan could also deteriorate.

Both the regional and global economies rely on access to commercial maritime activity in the waters and straits of the Asia Pacific. The majority of exports and imports are transported by sea. If the security situation in the East or South China Sea, the Malacca Strait or other key shipping lanes were to deteriorate, the international community could lose access to these shipping lanes.

A regional conflict in the Asia Pacific could have serious implications for the global economy, with ripple effects reaching Europe and Norway; especially if the conflict were to involve or harm the two economic powers, China and Japan.



CHINA



CHINA

➤ Xi Jinping seeks to restore China's international status and his vision or 'dream' for the country involves revitalisation in order to reinstate it to what the Chinese regard as its rightful place in the world. Xi's dream incorporates a desire for China to become one of two dominant world powers, alongside the United States. A strong China would be based on two pillars, namely a robust economy and a powerful military.

China is becoming an increasingly important part of the international economy. Although the country's economic growth is expected to decline, a sharp economic decline is unlikely. The Chinese authorities have announced an extensive military reform aimed at transforming the People's Liberation Army (PLA) into a modern and powerful military.

Despite these ambitions, securing political stability at home will continue to be the leadership's main aim. China is experiencing considerable social and political unrest, partly due to negative side effects of the country's economic growth and the desire for greater autonomy among the populations of the autonomous areas on China's outer fringes.



RUSSIA

KAZAKHSTAN

MONGOLIA

CHINA

Beijing ★

NORTH KOREA

SOUTH KOREA

JAPAN

IRAN

AFGHANISTAN

PAKISTAN

INDIA

NEPAL

BHUTAN

BANGLADESH

BURMA

LAOS

THAILAND

CAMBODIA

VIETNAM

PHILIPPINES

BRUNEI

MALAYSIA

SINGAPORE

INDONESIA

EAST TIMOR

PAPUA
NEW GUINEA

SRI LANKA

MADAGASCAR

AUSTRALIA

National Restoration and a More Self-Assertive Foreign Policy Line

Xi Jinping was appointed Chinese premier in November 2012, and he will remain in office for a decade. Following his appointment as China's president, he has consolidated power and already proven to be a clear and strong leader – likely the strongest since Mao Zedong.

He has referred to his vision for China as the 'Chinese dream' – which involves reinstating China as a great power and regaining what the Chinese consider their country's rightful place in the world. This dream incorporates a desire for China to become one of two dominant world powers, alongside the United States. A strong China would be based on two pillars, namely a robust economy and a powerful military.

One of the key elements of Xi's foreign policy vision is the construction of a land- and sea-based 'Silk Road', i.e. a trade and supply route connecting Asia more closely to the Middle East, Europe and Africa. The country has allocated vast sums to a Silk Road fund and an Asian investment bank, which will assist in the construction of this route. Both the Silk Road initiative and the Asian development bank challenge US influence in Asia. Under Xi, the tendency toward a more self-assertive foreign policy line has continued and become stronger. The country's powerful nationalist forces may leave the new leadership with no other option but to pursue an intermittently uncompromising line on what are perceived as 'core national issues'.

China's Great Military Modernisation and Rearmament

As recently as last May, Xi reiterated his ambition that a powerful military would play a key part in realising the Chinese dream. He lamented the fact that historically, China's armed forces have been weak, and has announced an extensive military reform aimed at transforming the PLA into a modern and powerful military. For instance, the PLA must

improve its modern information technology skills and its ability to use the new weapon types the country is manufacturing.

Under President Xi, the modernisation of the Chinese armed forces will continue unabated, which will require the defence budget to continue growing at the same pace as it has for the past twenty years. In 2014, public figures showed the defence budget to total USD 132 billion, second only to the United States' defence budget. Real defence spending, however, is believed to be much higher than the Chinese authorities are publicising; it is estimated to total approximately USD 200 billion or more per annum, about a third of the US defence budget. The long-term aim of the rearmament is to become militarily equal to the United States, an aim which is unlikely to be reached for another 15–25 years.

Priority is given to the navy, air and missile forces. In addition, China is expected to prioritise the development of networked weapons systems and asymmetric weapons for use in cyber and space-based defence. By acquiring asymmetric weapons systems such as medium-range precision-strike missiles, anti-satellite and cyber weapons, China has successfully reduced the United States' military advantage. The Chinese armed forces lack combat experience, however, as well as the ability to conduct joint operations. Xi has taken steps to reduce the endemic corruption marring China's military and defence industry.

Although the Chinese arms industry remains technologically inferior to the world leaders, it is continually improving through research and extensive intelligence collection. There are clear signs that it is becoming increasingly capable of manufacturing modern, proprietary weapons systems. Technology related to the production of missiles, naval vessels and combat aircraft will be of particular interest to China's military institutions.

FOCUS

China

«A strong China should be based on two pillars, namely a robust economy and a powerful military.»



CHINA DISPLAYING its new J-31 stealth combat aircraft at the Zhuhai air show.



Photo: NTB Scanpix

China and Russia: a Strategic Partnership and Pragmatic Cooperation

Since Presidents Xi and Putin met for the first time in 2013, China has repeatedly referred to the 'strategic partnership' with Russia as extremely important, and has called for its expansion. Sino-Russian relations are at their strongest since the 1960 split. China and Russia are expected to continue their cooperation in the UN Security Council, strengthen their defence and intelligence partnerships and increase energy trade and cooperation. Their relationship is marred, however, by historic mutual distrust, uncertainty regarding intentions and diverging interests.

China views Russia as the world's third-largest power. Due to overlapping political priorities and the two countries' complementary energy requirements, Beijing is giving priority to maintaining a close political, economic and military relationship with the Kremlin. However, there are limits to how far China wants to develop this relation. Although the two countries are cooperating more closely on international relations and trade, the Chinese leadership will not let this cooperation affect its relationship with other key partner countries, including those in Central Asia and the West. Moreover, China's confidence in the Russian economy is limited.

The military partnership between China and Russia is growing closer. In the past two years, greater emphasis has been placed on joint military exercises between the two countries, and the scope of these exercises has increased steadily. Chinese imports of Russian arms is beginning to pick up, and China is expected to continue to look to Russia for weapons technology and systems, including sophisticated air defence systems, helicopters, fighters and possibly submarines. However, the Chinese leadership is dissatisfied with the fact that Russia is selling more sophisticated weapons to India than to China and its sales of weapons to Vietnam which could be used in a future conflict in the South China Sea.

On matters where their interests and values coincide, China and Russia may increasingly act in unison, often as a counterweight to the United States and the West. However, rather than acting as one bloc, their diverging interests will prompt a more pragmatic cooperation. In its current economically weakened state, the West should nevertheless prepare for the fact that China, Russia and other emerging economies may increasingly set the international agenda politically, economically and militarily.

UIGHUR PROTESTS are more frequently taking place outside Xinjiang. From a protest in Tiananmen Square, Beijing.



Photo: NTB Scamlix

Political Stability the Main Aim

Despite a more self-assertive foreign policy and military rearmament, securing political stability at home will continue to be Xi's main aim.

The reason for this is the consistently high number of protests seen in recent years. One of the main causes of protest is the severe side effects, such as land requisitions, of the last 30 years' economic growth in China. Beijing fears that corruption is undermining the legitimacy of the Communist Party, and has launched a large-scale anti-corruption campaign in response.

Furthermore, the leadership is facing continued frustration and calls for greater autonomy from the autonomous areas on China's outer fringes; especially from certain minority groups. The political situation in Tibet and Xinjiang is tense, and in the latter region conflict has escalated lately. Violence has also spread beyond Xinjiang, and the conflict has been internationalised as a result of Uighurs travelling to fight in Waziristan, Syria and Iraq. Under the current Chinese leadership, violence originating from Xinjiang is likely to spread further, as forced assimilation and suppression fuels radicalisation and increased support for the use of violence among the Uighur population. Another

constant source of tension is the popular discontent in Hong Kong related to local political developments. Many Hong Kong residents expect a far more extensive democratisation than Beijing would be willing to accept.

The authorities have a variety of measures for dealing with popular discontent. At one end of the spectrum, measures include making concessions to the protesters, such as compensation or prosecution of local abusers of power, in an effort to distance the central government from local sources of discontent and prevent the protests from transforming into a challenge to the Communist Party itself. At the other end of the spectrum, the authorities quell protests and regime critics. The Chinese police are well equipped for this: force numbers are high, they are well funded, have access to technologically advanced equipment and use sophisticated methods. The authorities have chosen to crack down on protests and political activity which, in form or content, present a challenge to the Party's monopoly on power. In such cases, the individuals involved are prosecuted and punished. Methods at both ends of the spectrum have a stabilising effect. By using a 'soft' approach, the authorities are seen to listen to the people's complaints, thereby reinforcing government legitimacy. By adopting a 'tough'

stance, the government deters the people from participating in protests by showing that the regime is able and willing to suppress its critics.

New communication platforms have drawn attention to social and political issues and made it easier for discontented citizens to form groups. For their part, the authorities are using social media to gain insight into popular trends, chart oppositionists and disseminate propaganda. During the Hong Kong demonstrations, the authorities used these platforms to quiet the demonstrators, including by sending malware to their mobile phones.

There are no indications that the Chinese leadership will be granting greater political freedoms or installing a more independent judiciary. On the contrary, the Chinese authorities have restricted freedom of speech further during Xi Jinping's time in office, and moved the country in a more authoritarian direction. Internet censorship has become more widespread and critical journalists and bloggers are stifled. Although the evolution of the judiciary was an item on the agenda at the Central Committee's fourth plenary in October 2014, the authorities aim for a professionalization of the legal system and a reduction in corruption rather than independent courts.

Despite facing considerable challenges, the Chinese regime is assessed to be stable. Groups within the Communist Party elite are unlikely to challenge the sitting leadership, given that political stability is in the interest of the entire party. Likewise, popular discontent is not assessed to threaten political stability as long as it is directed at local issues rather than the Communist Party monopoly on power and as long as protesters do not unite across geographic and social fault lines.

The New Economic Growth Model

China's economic growth has decelerated over the past two years, and the time of double-digit growth is over. To the Chinese authorities, achieving the highest possible economic

growth rate is no longer an aim in itself; rather, they want to develop a more balanced and sustainable model aimed at increasing domestic consumption, strengthening public services and encouraging more business innovation. Although the authorities have acknowledged that a restructuring of the economic system may reduce economic growth going forward, they do have a lower limit for how far the economic growth rate would be allowed to fall. A reasonably high economic growth rate is necessary to ensure high employment rates and wage growth – and consequently government legitimacy. In 2015, the authorities are expected to aim for a GDP growth of approximately 7 per cent.

The greatest hurdles to China achieving its growth target for 2015 are credit market unrest, defaulted loans and associated bankruptcies, as well as a sharp drop in property prices. The Chinese central authorities will likely try to assist banks and local authorities if defaulted loans become liable to have a major negative impact on the economy. As for the property market, activity declined in 2014, triggering fears of a persistent and rapid price fall. This would have such a serious impact on the entire Chinese economy that the authorities would be likely to intervene and implement countermeasures to stabilise prices. Overall, the risk of a sharp and sudden decline in Chinese economic growth in 2015 is therefore low. The domestic Chinese economy will likely see more market-oriented efforts, including attempts to make large state-owned enterprises more competitive. Attempts will also be made to encourage private businesses, especially small and medium-sized ones. Some finance reforms are also expected. As for China's role in the global economy, two tendencies are clear: firstly, China will remain one of the world's largest recipients of foreign direct investment, but will be facing growing competition from other Asian low-cost countries. Secondly, the Chinese authorities will continue to promote China's 'global giants', and Chinese internationalisation efforts will be met with both support and opposition.

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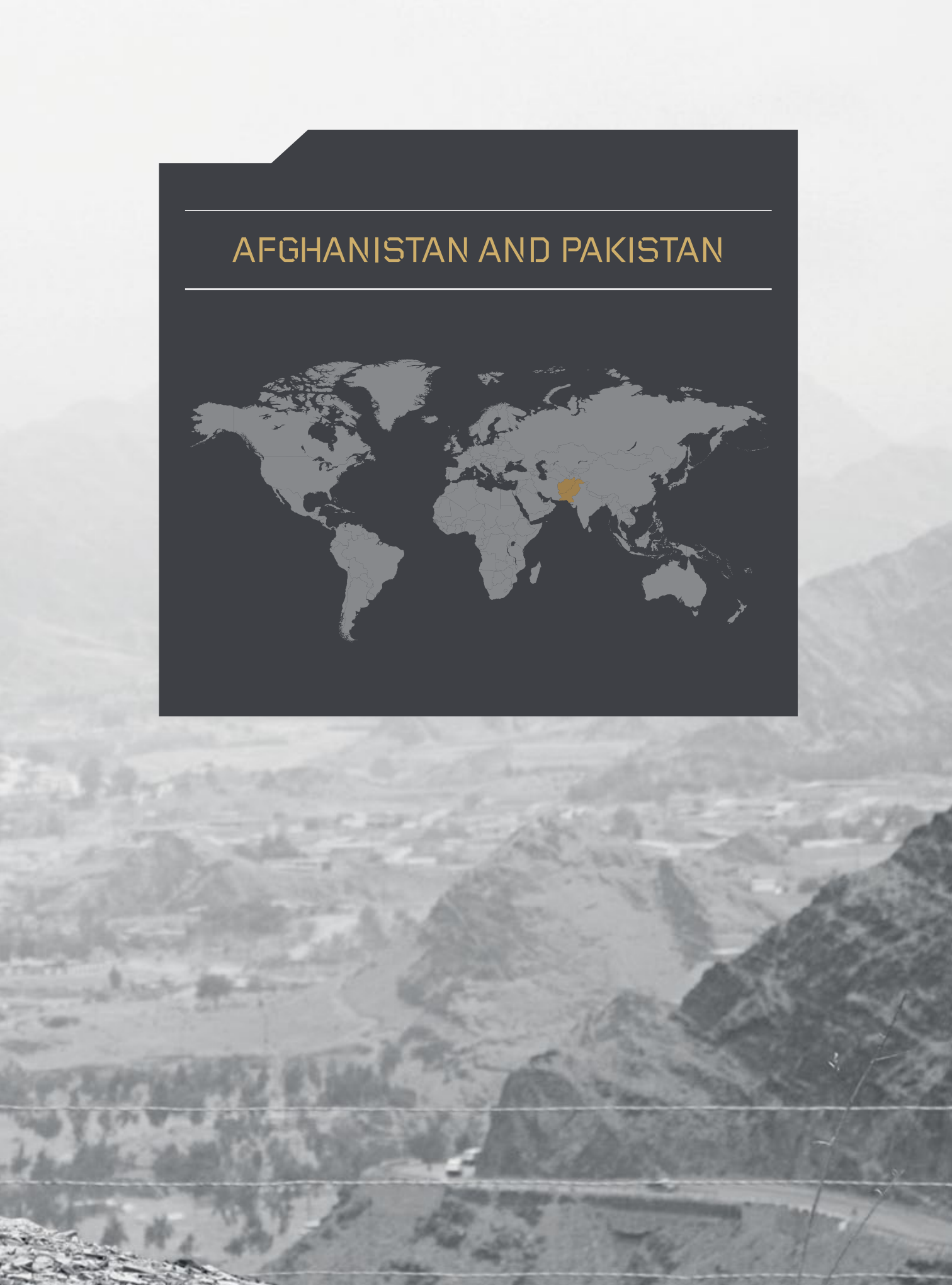
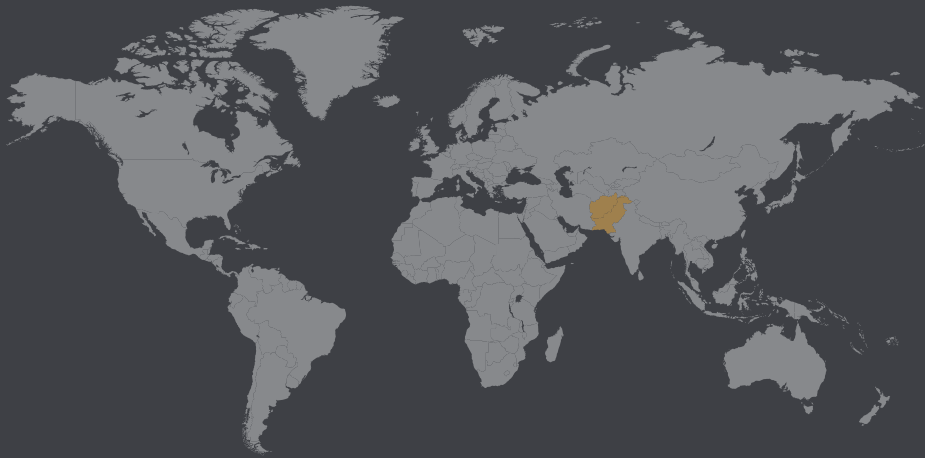
China

«Despite facing significant challenges, the Chinese regime is assessed to be stable.»





AFGHANISTAN AND PAKISTAN





AFGHANISTAN AND PAKISTAN

Although its governability will be challenged in 2015, the Afghan coalition government is unlikely to collapse. The Afghan economy will remain troubled and the parliamentary elections will be central to domestic policy in Afghanistan.

The Taliban will likely focus their military efforts on seizing territory from the Afghan authorities and use regional diplomacy to seek recognition. The organisation is expected to put increasing pressure on ANSF in the wake of the ISAF drawdown. In response, ANSF will likely assume a more static, defensive position towards the insurgents and concentrate forces in strategic power hubs, a move which in turn will allow the Taliban to operate more freely in the countryside. Support from the international community will likely continue to have a positive impact on ANSF cohesion and loyalty to the central government.

The security situation in Pakistan will continue to be marred by militant Islamism, a heavily strained economy, weak civilian institutions and marginal progress in improving relations with Afghanistan and India.



KAZAKHSTAN

UZBEKISTAN

KYRGISTAN

CHINA

TURKMENISTAN

TAJIKISTAN

IRAN

AFGHANISTAN

Kabul

Islamabad

PAKISTAN

NEPAL

INDIA

QATAR

U.A.E.

SAUDI ARABIA

OMAN

YEMEN

SRI LANKA

Afghanistan

Afghanistan and the Region

The main characteristics of Afghan foreign policy will not be affected by the installation of a new government in Kabul and the transition from ISAF to Resolute Support Mission (RSM) in 2015. Non-alignment and neutrality will continue to form the basis of the new government's foreign policy. At the same time, Kabul will seek to limit regional interference in domestic issues. In order to alleviate the strained economic situation and secure long-term aid schemes and investments, Kabul will likely be more active in the field of foreign policy and seek closer economic partnerships with other states and organisations in the region.

Despite the Bilateral Security Agreement (BSA) ensuring a Western military presence in 2015 through RSM, there is much uncertainty regarding how the NATO drawdown and the final withdrawal planned for 2016 will affect Afghanistan and the region at large. Few of the neighbouring states welcome a Western military presence, despite being concerned about potential spill-over effects from an intensified conflict in Afghanistan and the impact that might have on their own security situation. No one would consider a higher level of conflict in Afghanistan beneficial. In order to be as well prepared to meet this security policy challenge as possible, the regional actors will likely increase their support to the central government in Kabul whilst simultaneously maintain relations to other actors in Afghanistan.

Domestic Policy Developments

Ashraf Ghani's inauguration as president in September 2014 constituted the first-ever peaceful democratic transition of power in Afghanistan. The power-sharing agreement between Ghani and Abdullah Abdullah and the formation of a national unity government are both characteristic of a tradition in Afghan politics for practical concerns and broad ethnic representation. The new leadership has consequently secured the necessary national and international support and legitimacy.

2015 will prove to be a difficult year for the new unity government, which will see its governability challenged by the cooperation climate between the Abdullah and Ghani camps, uncertainties regarding the power-sharing agreement, the appointment of ministers and discontented supporters. Nevertheless, the government is unlikely to collapse due to either party pulling out; both Abdullah and Ghani have shown themselves to be adept political strategists, and neither is likely to consider it advantageous to be excluded from the government. The parliamentary election to be held in April 2015 will be another important factor in the political game in Kabul.

One of the new government's first acts was to sign the BSA and SOFA (Status of Forces Agreement), which ensure a limited Western military presence as well as the continuation of sorely needed aid and economic support in the years ahead. Nevertheless, the Afghan economy will be heavily strained in 2015. Economic development will continue to be hampered by the black economy, corruption, a lack of infrastructure and limited ability to develop natural resources.

In the coming years, the mutual dependency between traditional powerbrokers and modern technocrats will continue to characterise the power game in Afghanistan. The president will continue to balance various interests and simultaneously seek to implement wide-ranging domestic policy reforms. The traditional powerbrokers will likely receive representation and influence on the central, regional and local level in a manner which will ensure that everyone stands to lose from challenging the central authority. Traditional powerbrokers will remain important to stability in Afghanistan; this applies in particular to the provinces of Herat, Kandahar, Balkh, Nangarhar and Kabul.

Reconciliation

The reconciliation dialogue between the Taliban and the Afghan authorities has long

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Afghanistan

«2015 will prove to be a challenging year for the new unity government.»



THE AFGHAN PRESIDENT Ashraf Ghani gives a speech during the Human Rights Day celebrations in Kabul.



been deadlocked. There is little to suggest that the process of finding a political solution in Afghanistan will make any substantial progress in 2015. The Taliban will continue their efforts to improve the movement's military and political bargaining position vis-à-vis the new president, Ashraf Ghani, who for his part will be busy appointing a government capable of governing and planning the parliamentary elections. A reconciliation process would necessarily involve a degree of redistribution of power and representation in Afghanistan; the Afghan powerbrokers oppose this as it will diminish their own influence. Any future peace process requiring the parties to agree on the distribution of power will therefore prove both lengthy and challenging.

The Afghan Security Forces

Throughout 2014 ANSF was faced with a capable opponent with growing influence, which forced the organisation to make tough choices as regards force disposition. Furthermore, ANSF is struggling with internal issues and seeing cohesion strained by both internal rivalry and the influence of traditional power structures.

In the year ahead, a number of factors will likely prove crucial to ANSF's ability to provide

security in Afghanistan. Economy and development of its operational ability will affect ANSF efficiency levels, operational tempo and force disposition. Moreover, the ANSF logistical system is underdeveloped and given little priority, despite the extremely challenging nature of supply operations in Afghanistan and the dire need for equipment maintenance. ANSF is therefore likely to assume a more static and defensive role.

Cohesion and loyalty will likely prove crucial to ANSF in the time ahead. The RSM presence and continued international support in the period to 2017 will likely have a positive impact on internal cohesion and loyalty in ANSF, although a majority of the security forces will remain strongly influenced by traditional power structures.

The Taliban's Military Campaign

The Taliban maintained a high operational tempo across Afghanistan in 2014, especially in the Pashtun belt of eastern and southern Afghanistan, a traditional core area for the insurgent movement. In recent years, the Taliban have prepared themselves for the international force drawdown. In 2014, the movement put mounting military pressure

ANSF PERSONNEL inspect a bomb site in Konduz, Afghanistan.



on ANSF across Afghanistan, especially in the countryside. However, it would be premature to conclude that the Taliban have gained significantly greater influence; like ANSF, the Taliban have also suffered heavy losses. The Taliban are now preparing for the coming fighting season, which will see a continually declining international force presence. Reduced international support will likely force ANSF to prioritise urban areas and central road axes over the countryside, offering the Taliban ample opportunity to seize control of more peripheral parts of the country. In the longer term, a reorganisation of the Taliban into more conventional forces will likely be a sign that the movement is preparing to challenge ANSF in more populous areas; this depends on whether the Taliban will want to seek a political or a military solution.

Pakistan

Domestic Policy Developments

Although energy security and economic development are among the Pakistani government's investment areas, no major improvements are expected in these areas in 2015. The economic situation has been strained for years, and although reforms have been announced and attempted, little has happened. In autumn

2014, Prime Minister Nawaz Sharif signed a number of agreements with China. These allow for increased Chinese energy and infrastructure investments, but will take time to materialise.

In the last half of 2014, Islamabad experienced frequent demonstrations aimed at the country's authorities, and similar incidents are to be expected in the larger Pakistani cities in 2015. Although the organisers will not see their primary demands met, the protests demonstrate that they are capable of mobilising, and represent possible political alternatives in future elections. The turnout at last autumn's demonstrations was very limited compared to the government's election turnout, and Prime Minister Sharif will likely complete his term in office.

The army supported the elected government during last autumn's demonstrations by offering security guarantees, and assumed a predominantly relaxed role. The Pakistani army has likely gained further influence over the civilian authorities following the demonstrations and the military operations in the border areas to Afghanistan. Although the armed forces are not planning to seize power, they oppose civilian

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Pakistan

«Pakistan will likely continue to struggle with a strained economy, energy crisis and weak civilian institutions.»



control of military interests and of what they consider military issues. Prime Minister Sharif is under political pressure and is not expected to challenge the armed forces by introducing any measures that would restrict their role; this further reinforces the assessment that the Pakistani government will remain in power. For the armed forces, this means they will continue to play a key part not only in Pakistani foreign policy, but also in defence and security policy matters.

No significant changes to the armed forces' focus or priorities are expected. They will likely continue their campaign against domestic insurgents, and no major shifts are expected in their approaches to Afghanistan, India or the United States. At home, the chief of army staff appears to be continuing his predecessor's efforts to scale down overt military interference in civilian matters; these efforts are expected to gradually reinforce Pakistan's civilian institutions. Militant Islamism will continue to complicate Pakistan's security situation in the coming year. In the latter half of 2014, the Pakistani military launched operations against foreign fighters and groups belonging to the Pakistani Taliban movement (TTP) in the tribal areas on the border to Afghanistan. Although TTP is fragmented and diminished, a number of splinter groups have both the intention and capability to mount attacks in urban parts of Pakistan.

Pakistan's Relationship with Afghanistan

Pakistan's relationship with Afghanistan will remain largely unchanged in 2015.

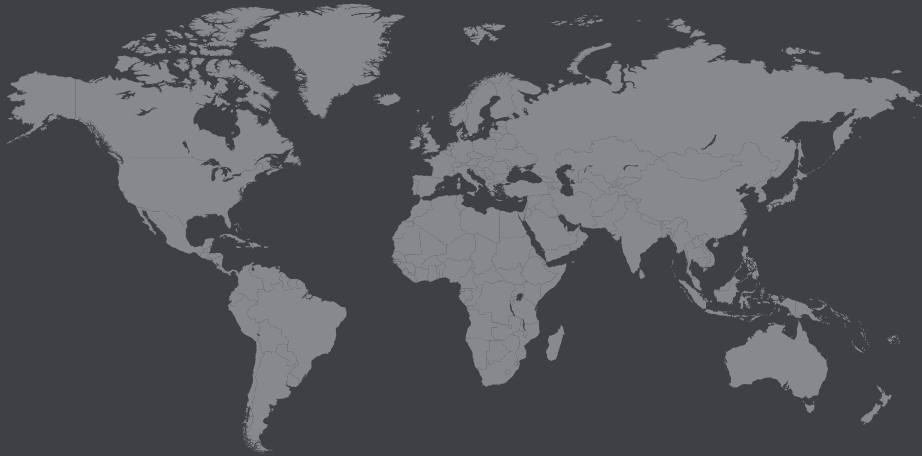
Given that they share a long border and a large Pashtun population, Pakistan and Afghanistan also share a number of interests and challenges. The Afghans feel that Pakistan is not doing enough to improve the situation in Afghanistan, neither in terms of political partnership nor by facilitating efficient transit of goods through Pakistan. Moreover, the Afghans believe that Pakistan is not cracking down hard enough on the militant groups operating across the border into Afghanistan. For their part, the Pakistanis

complain that militant groups residing in Afghanistan are crossing the border and carrying out attacks in Pakistan.

It is in Pakistan's interest that the security situation in Afghanistan improves, and the Pakistanis are also seeking to limit India's dominance in the region. In order to achieve this, Pakistan continues its efforts to improve the country's political cooperation with Afghanistan, help rebuild Afghan infrastructure and increase economic cooperation between the two countries. Following the change of power in Kabul and the ISAF drawdown, Pakistan has expressed renewed willingness to support Afghan-led processes in order to find the best possible solution to the problems Afghanistan is facing. However, there is no reason to assume that Islamabad is not primarily concerned with maintaining Pakistan's own interests when it comes to future developments in Afghanistan.



INTERNATIONAL TERRORISM



INTERNATIONAL TERRORISM

➤ Militant Islamist groups gained ground in Syria and Iraq in 2014, a development which affects the terrorist threat to Western countries. The Islamic State of Iraq and the Levant (ISIL) has seized control of vast tracts of land, and large parts of Syria and Iraq currently serve as safe havens that can be used for training and planning attacks on targets in Europe. In autumn 2014, groups in countries such as Algeria, Libya, Egypt, Saudi Arabia and Yemen announced they were joining ISIL.

ISIL has attracted a considerable number of foreign fighters from Western countries, including Norway. The foreign fighters receive training, gain combat experience and become further radicalised whilst staying with ISIL. This, combined with ISIL's calls for attacks on Western countries, will likely increase the risk of terrorist attacks in the West. In 2015, the terrorist threat to Norway and Norwegian interests is expected to increase, partly as a result of individuals with links to Norway travelling to conflict zones and forming ties to militant Islamist groups, but also due to Norway's contribution to the international, US-led coalition to defeat ISIL.

In addition to ISIL, the al-Qaeda network continues to pose a serious terrorist threat to Western interests. Groups linked to al-Qaeda are assessed to have the intention and capability to mount terrorist attacks in Western countries. Rivalry between the al-Qaeda network and ISIL intensified in 2014, and this may result in increased activity and more frequent attempted attacks, given that both groups seek to acquire recruits, economic support and ideological leadership of the global militant Islamist movement.

Recent years have seen the terrorist threat become more complex, as it now emanates from a number of groups and networks loosely associated with each other and with al-Qaeda. Attacks carried out by returned foreign fighters or individuals who lack foreign fighter experience themselves, but who have been inspired by militant Islamist groups abroad, form part of this picture. Attacks on targets in Europe have become less complex. There is a tendency toward using simple weapon types such as handguns and knives and to attack symbolic targets. This was exemplified by the attacks on the Jewish museum in Brussels in May 2014 and the satirical magazine Charlie Hebdo in January 2015.

THE ATTACK on the satirical magazine Charlie Hebdo in January 2015.



Developments in the International Threat Picture

Militant Islamism continues to pose the most serious terrorist threat to Norway and Norwegian interests. In 2014, the rise of militant Islamist groups in Syria and Iraq constituted the most significant change to the international threat picture. In 2015, ISIL will continue to defend the areas it controls in Syria and Iraq and attempt to establish state-like structures. Meanwhile, the group also harbours international ambitions. ISIL will be seeking to extend its territorial control and establish provinces in a number of countries, and is also likely to attempt attacks on Western interests both regionally and inside Western countries. In 2014, ISIL repeatedly threatened attacks on Western countries, encouraging its members to mount independent attacks on countries contributing to the coalition against it. European participation in this coalition and the high number of foreign fighters who have travelled to Syria and Iraq to join militant Islamist groups raises the threat of terrorism to Europe in 2015. The same factors may also increase the terrorist threat to Norway.

ISIL's expansion is closely linked to security policy developments in the Middle East. Weak government control, chaos in the wake of the Syrian civil war and religious, ethnic and politi-

cal tensions have all been key prerequisites for ISIL's progress. Its expansion also impacts on stability in the Middle East and North Africa, as the influx of refugees from Syria and Iraq could have a destabilising effect on receiving countries, and as ethnic and religious links to families, tribes and fellow believers in neighbouring countries could cause conflict spill-over. In autumn 2014, groups in countries such as Algeria, Libya, Egypt, Saudi Arabia and Yemen announced they were joining ISIL. Developments are particularly worrying in Libya and Egypt, where weakening regime control in the wake of the Arab Spring has offered militant Islamists greater freedom of action.

Despite continued counterterrorism efforts and the emergence of competing Islamist groups, the al-Qaeda network continues to pose a significant threat of terrorism to Western interests. However, al-Qaeda's core organization is assessed to have limited operational capacity, and attack planning is mostly carried out by regional al-Qaeda affiliates. Al-Qaeda's leader Ayman al-Zawahiri has distanced himself from ISIL and appointed the rivaling Islamist group Jabhat al-Nusra its official representative in Syria. In addition, a group of al-Qaeda members known as Khorasan operated largely autonomously from Jabhat al-Nusra in Syria in 2014.

FLOWERS ON THE War Memorial in Ottawa, Canada, where a guard was shot dead in a terrorist attack.



The leaderships of al-Qaeda's official affiliates have so far remained loyal to al-Zawahiri. On lower levels of the al-Qaeda network, however, there are indications of defection to ISIL. Moreover, ISIL has recruited a considerable number of individuals and Islamist groups that have never been official al-Qaeda affiliates, including Jund al-Khilafah in Algeria and Ansar Bayt al-Maqdis in Egypt. Rivalry between the al-Qaeda network and ISIL could result in higher activity and more frequent attacks, given that both groups seek to acquire recruits, economic support and ideological leadership of the global militant Islamist movement.

Militant Islamists seeking to carry out attacks in Europe are primarily expected to use simple means such as handguns and other hand-held weapons; the use of explosives is also a possibility. Likely targets include authority figures such as police and military personnel, attacks on random targets in public places and symbolic targets such as individuals or institutions perceived to be critical of Islam. The January attack in Paris on the satirical magazine Charlie Hebdo was an example of the latter.

Foreign Fighters Linked to Norway

In recent years, a growing number of people with links to Norway have travelled to con-

flict zones and formed ties to militant Islamist groups in Syria, Iraq, Somalia, Yemen, Afghanistan and Pakistan. Through their contact with militants, many foreign fighters could become further radicalised and socialised within a culture that considers violence against civilians legitimate. Training and combat experience could boost their intention and capability to launch terrorist attacks.

Since 2012, Syria and Iraq have become increasingly popular destinations for foreign fighters from Norway, whilst interest in other conflict zones has abated. Approximately 3,000 individuals have travelled from Europe to join ISIL, including at least 70 from Norway. Among the returning European foreign fighters, it is possible that some could harbour the intention to carry out terrorist attacks on targets in Europe, either independently or on the orders of others.

Foreign fighter experience is not mandatory, however, in order to carry out a terrorist attack, as evidenced by the arrests in Canada and Australia in 2014. They involved individuals who had not travelled to conflict zones themselves, but were planning terrorist attacks in Western countries. Attacks in the West may be an alternative to travelling to a conflict zone. There is consequently a risk that individuals who

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International terrorism

«Through their contact with militants, many foreign fighters could become further radicalised and socialised within a culture that considers violence against civilians legitimate.»



personally lack foreign fighter experience, but have been encouraged or inspired by militant Islamist groups, could attempt attacks.

Areas in the Middle East, Africa and South Asia that will affect the terrorist threat in 2015

Syria and Iraq

Throughout 2014, ISIL gained ground in Syria and Iraq. The group's progress is closely linked to the underlying conflicts raging in these countries. In addition to ISIL, groups such as the al-Qaeda affiliate Jabhat al-Nusra and a number of smaller Islamist groups are highly active in the region. As long as the conflicts in Syria and Iraq continue or the militant Islamist groups there continue to have room for manoeuvre, this area will be marred by instability and remain attractive to foreign fighters.

A number of well-known groups in countries such as Algeria, Libya and Egypt have joined ISIL, reportedly alongside previously unknown groups in Saudi Arabia and Yemen. The ISIL leader, Abu Bakr al-Baghdadi, has accepted the groups as part of the organisation. Al-Baghdadi has encouraged all other Islamist groups in the aforementioned countries to disband and its members to offer their services to their closest ISIL affiliate. This statement can be seen as a provocation addressed to the al-Qaeda affiliates in North Africa (AQIM) and Yemen (AQAP); in response, AQAP has criticised ISIL for sparking dissent and division among jihadists across the Muslim world.

In addition to its new official affiliates in the Middle East and North Africa, ISIL has declared that it has accepted pledges of allegiance from the other groups and individuals who have endorsed it. According to ISIL, it has received endorsements from groups in Khurasan (Afghanistan/Pakistan), al-Qawkaz (Caucasus), Indonesia, Nigeria and the Philippines. ISIL wants to postpone the establishment of official provinces in the above regions until it has installed approved leaders or established direct lines of communication with these groups.

The establishment of ISIL affiliates is worrying, especially in Libya and Egypt. The groups that have joined ISIL from these two countries have already acquired robust footholds and military capabilities. Although the addition of new affiliates is assessed to have little impact on the short-term terrorist threat, ISIL could see recruitment and defection from al-Qaeda if the former is able to endow its new affiliates with additional resources. In the longer term, this would increase the terrorist threat to the West and Western interests.

In 2014, we have seen examples of individuals returning to Europe from Syria and Iraq with the intention to mount terrorist attacks, and a number of arrests have been made in Western countries in order to prevent attacks, including in the UK and Australia. In most cases, there have been indirect or direct links to ISIL and the conflict in Syria and Iraq, and plans to attack symbolic targets with simple means, as exemplified by the attack on the Jewish museum in Brussels in May 2014.

The Sahel and North Africa

Militant Islamists use parts of the Sahel region and North Africa for training, recruitment and to mount attacks on local and Western targets in the region. The groups assessed to pose the most serious threat to Western interests in the region include al-Qaeda in the Islamic Maghreb (AQIM), al-Murabitun and Ansar al-Sharia in Tunisia and Libya. In 2015, these groups will likely continue mounting attacks in the region, including kidnappings of Western citizens. The groups are assessed as unlikely to be capable of conducting attacks outside North Africa or the Sahel.

Although the countries in the Sahel region formed a closer regional security partnership and the international community supported regional capability build-up in 2014, the Sahel will continue to be marred by the authorities' lacking ability to provide domestic security in 2015. Groups in the Sahel are highly mobile and able to move relatively freely across the large lawless areas.

STILL TAKEN from a video of European foreign fighters in Syria, published by ISIL in November 2014.



Libya currently appears to serve as the militant Islamists' key meeting place and base in North Africa and the Sahel. Following the fall of the Gaddafi regime in 2011, militant Islamist groups have gained greater freedom of action in the country. In addition to attacking local government representatives and Western targets inside Libya, these groups also use the country to prepare activities elsewhere in the region. They run training camps, conduct operational planning, train new recruits and acquire weapons, supplies and economic support. Militant Islamist groups in Libya are also involved in funding, travelling and providing other types of support to equivalent groups in Syria and Iraq. Weak regime control in Egypt has afforded militant Islamists greater operational freedom in that country in recent years. Between the Mubarak regime's fall in 2011 and autumn 2013, Egypt primarily served as a transit area for militant Islamists seeking to join armed conflicts elsewhere in the Middle East and North Africa. Since autumn 2013, however, Sinai-based militant Islamists groups such as Ansar Bayt al-Maqdis (ABM) and Ajudat Misr have carried out several terrorist attacks. The situation in Sinai remains volatile despite the Egyptian authorities' continuing military campaign against militant Islamists. Groups in Sinai seek to undermine the Egyptian authori-

ties by attacking security forces directly, but also by targeting the tourist industry. ABM has the intention and capability to attack Western interests on the Sinai Peninsula, and swore allegiance to ISIL in autumn 2014. In the longer term, this could increase the terrorist threat against Western interests in Sinai.

East Africa

Al-Shabaab poses the most serious threat to Western interests in East Africa, and will continue to mount attacks in Somalia and elsewhere in the region in 2015. The group's main focus is fighting the Somali government and its supporters. In recent years, the group has also sought to attack countries that contribute to the African Union's military operation in Somalia (AMISOM), including Kenya, Ethiopia, Djibouti and Uganda. One example of this was the November 2014 al-Shabaab attack on a bus in Kenya, in which 28 people were killed. Although the group is assessed to have the intention and capability to attack Western targets in the region, it highly likely lacks the capability to mount attacks on targets in the West. Nevertheless, foreign fighters could return with the intention to attack targets in their home countries, without necessarily being ordered or approved to do so by the al-Shabaab leadership.

Al-Shabaab's leader was killed in a US drone strike in September 2014, and Ahmed Diriye was appointed his successor. Shortly afterward, al-Shabaab renewed its pledge of allegiance to al-Qaeda. The leadership change is assessed to have little impact on the group's intention or capability. Al-Shabaab will likely continue to seek to attack targets in East Africa, including Western targets. Typical al-Shabaab targets are Somali government officials, AMISOM soldiers, politicians and others perceived to support the Somali authorities. Other targets may include locations and buildings with a large international presence, such as hotels, embassies, shopping centres and multinational companies operating in Somalia.

Al-Shabaab conducts extensive recruitment drives in the areas it controls, especially among young people, whom they expose to ideological indoctrination from an early age. Young recruits are sent to training camps for basic military training, and many end up as al-Shabaab foot soldiers. There are a number of reasons why prospective members join the group; individuals with minority-clan backgrounds who are marginalised in the political system may join al-Shabaab in the hope of increasing their influence or social mobility. Other factors involved in al-Shabaab's recruiting process include opportunism, economic necessity and brute force.

The AMISOM forces made considerable military progress in Somalia in 2014, forcing al-Shabaab out of a number of key cities. Loss of territory is restricting the group's freedom of movement and may come to affect recruitment, training, attack planning and preparation of complex attacks. Nevertheless, al-Shabaab carried out a number of large-scale attacks in Mogadishu and other cities in autumn 2014, thereby proving that the group is capable of attacking local targets in areas controlled by AMISOM. Although AMISOM and Somali security forces will seek to maintain pressure on al-Shabaab in 2015, they will be unable to strip the group of its ability to mount attacks in Somalia and elsewhere in the region.

Yemen

Since its formation in 2009, al-Qaeda in the Arab Peninsula (AQAP) has remained intent on attacking Western interests locally, regionally and globally. The group also seeks to undermine Arab regimes that accept a Western presence in the region, as well as Shias in Yemen. In the past year, AQAP has repeatedly encouraged its supporters to launch independent attacks on the United States and European countries, including in support of Islamist groups in Syria. AQAP holds a key position within the al-Qaeda network, as the AQAP leader, Nasir al-Wuhayshi, also serves as second-in-command in the al-Qaeda senior leadership. This offers AQAP ample influence over the senior leadership's regional and global strategy. Although some individual leaders have come out in support of ISIL, AQAP has by and large remained loyal to al-Qaeda.

Since 2012, Yemeni and international counter-terrorism efforts have stripped AQAP of a number of its safe havens and key leadership figures. The number of Europeans joining the group has declined in recent years, and the influx of Western foreign fighters is expected to remain low due to the fact that most of them travel to Syria. Overall, this is assessed to diminish AQAP's ability to plan complex terrorist attacks on Europe. The group's key role within the al-Qaeda network will nonetheless ensure it remains a substantial threat to the West and Western interests in the region in 2015.

In 2014, Shia rebels from the Houthi movement seized control of large areas in northern Yemen and parts of the capital city of Sanaa. AQAP has allied itself with local Sunni groups in the fight against the Houthi rebels, which has exacerbated ethnic tensions and increased the risk of civil war in Yemen. The Yemeni authorities are forced to use considerable resources on fighting the rebels, which leaves less capacity for fighting AQAP. If the volatile security situation continues and the government fails to take back control, AQAP may be able to rebuild its organisation and safe havens in Yemen as well as improve its ability to conduct operations abroad.

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International terrorism

«In the past year, AQAP has repeatedly encouraged its supporters to launch independent attacks on the United States and European countries.»



In 2014, AQAP mounted a series of attacks on Western interests in Yemen, and the group is expected to retain this capability in 2015.

Afghanistan/Pakistan

The al-Qaeda leader, Ayman al-Zawahiri, and a number of his closest advisers are based in the border area between Pakistan and Afghanistan. Since 2012, there has been a significant decline in the number of Europeans who seek to travel to Afghanistan or Pakistan to join militant Islamist groups. This development is linked to the degrading of the al-Qaeda senior leadership in those countries as well as the emergence of Syria as the primary destination for militant Islamists who want to engage in combat.

Although ISIL's progress challenges the senior leadership's position as the strategic and ideological superstructure of global jihad, the leaders of al-Qaeda's official affiliates have thus far remained loyal. The senior leadership continues to harbour the intention to carry out terrorist attacks in Europe, but is assessed to lack the capability to mount complex attacks outside Afghanistan or Pakistan. However, the drawdown of the Western military presence in Afghanistan may in the longer term allow for increased training and the planning of terrorist attacks outside the region.

Both ISIL and al-Qaeda have supporters among militant Islamists in Pakistan. Splinter groups from the Pakistani Taliban movement (TTP), including Jundallah, allegedly pledged allegiance to ISIL in autumn 2014. Meanwhile, al-Qaeda's long-standing presence in the tribal areas between Afghanistan and Pakistan have led it to form close ties to terrorist groups in Pakistan and militant Islamist networks on the border between India and Pakistan. In September 2014, al-Qaeda announced its newest affiliate, al-Qaeda on the Indian Subcontinent (AQIS). AQIS consists of Pakistani groups linked to the al-Qaeda senior leadership, and although assessed as unlikely to be capable of attacking targets in the West, it may pose a threat to Western interests in the region.

The Threat to Norwegian Interests Abroad

Militant Islamism continues to pose the most serious terrorist threat to Norwegian interests abroad. Primarily, the terrorist threat to Norwegian interests abroad is assessed to arise from militant Islamists' opposition to the West in general, not Norway in particular. However, the growing number of foreign fighters with links to Norway who travel to conflict zones such as Syria and Iraq, as well as Norway's participation in the coalition against ISIL, could strengthen the perception of Norway as an enemy.

The ongoing conflicts in Syria, Iraq and Libya offer militant Islamists access to weapons and the opportunity to share explosives and weapons skills. Parts of Syria, Iraq, Libya, Egypt and the Sahel region currently serve as safe havens for militant Islamists, where they can recruit, train and plan attacks. Their ability to mount complex attacks on Western targets in this area and elsewhere will largely depend on the continued existence of these safe havens.

The terrorist threat is assessed as substantial in Syria, Iraq, North Africa, the Sahel, East Africa, Nigeria, Yemen, Afghanistan and Pakistan, where the use of kidnappings as a method for securing ransoms, prisoner exchanges and media coverage is expected to increase. Attacks using explosives and handguns are also expected to continue.

The Terrorist Threat to Norway

Developments in Syria and Iraq have a strong impact on the international terrorist threat to Western countries, including Norway. The rise of militant Islamist groups and the establishment of safe havens in Syria and Iraq, combined with the high number of foreign fighters and ISIL's call to its supporters to mount attacks in Western countries, will likely result in more frequent attacks in the West. The al-Qaeda network also continues to pose a serious terrorist threat.

We assess that the specific terrorist threat to Norway will increase in 2015, due not only to

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International terrorism



«ISIL's progress is challenging al-Qaeda's role as the strategic and ideological superstructure of global jihad.»



the growing number of people with links to Norway or another Nordic country who are in contact with international militant Islamist groups, but also because of Norway's contribution to the coalition against ISIL and ISIL's own calls for attacks on the countries taking part in this coalition. However, there may be a strong degree of opportunism involved in deciding when or where to mount less complex terrorist attacks. An attack on Norway or Norwegian interests could therefore be the result of a militant Islamist group or individual seeing an opportunity and seizing it; it may not necessarily be motivated by a desire to attack Norwegian interests specifically.

2013 and 2014 saw a large number of individuals with links to Norway travel to join militant Islamist groups in Syria and Iraq. In addition, Norwegians have been staying with militant Islamist groups in Yemen, Somalia, Afghanistan and Pakistan. The threat posed by these individuals is at least three-dimensional: firstly, there is the threat posed by smaller groups or individuals returning to Norway in order to carry out attacks on their own initiative, after having been ideologically inspired and radicalised by militant Islamists. Secondly, there is the threat emanating from organised cells returning home on a mission to mount attacks. Thirdly, foreign fighters from Norway may incite or instruct others in their Norwegian networks to carry out attacks; this means that members of radical communities who have not travelled to a conflict zone themselves could mount attacks in Norway after being inspired or incited to do so by foreign groups.



THREATS IN CYBERSPACE

➤ Network-based intelligence operations pose a significant threat to Norwegian interests, and are directed at a wide range of targets. Foreign intelligence services are continually attacking Norwegian authorities and businesses.

Network operations have become more targeted and technically advanced. State actors pose the most serious threat, and Russia and China are the most active users of network-based intelligence operations against Norway. In peacetime, the primary cyber threat to Norwegian interests is posed by actors gaining access to political assessments or military affairs, or to commercial data and intellectual property. In times of crisis or war, network operations can be used for sabotage and in support of conventional military operations.



Network-based intelligence operations involve covert collection of large amounts of data, and constitute a cost-efficient alternative to traditional espionage. Those who conduct these operations are becoming increasingly competent, targeted and adaptable. The lack of borders in cyberspace and the possibility of maintaining a covert and anonymous presence make it difficult to expose, prevent or deter hostile actors.

Hostile actors in cyberspace range from national intelligence and security services and traditional military structures to global corporations, terrorist and extremists groups and organised groups of 'hacktivists'. The Norwegian Intelligence Service (NIS) concerns itself primarily with governmental and non-governmental actors operating on behalf of or supported by national authorities.

Foreign intelligence operations and the possibility of sabotage pose the most serious threats in cyberspace. Like traditional intelligence, the aim of network-based intelligence operations is to acquire information on economic, political and military matters. Network-based sabotage aimed at influencing or disrupting critical infrastructure functions or processes poses

a serious, albeit currently much less specific, threat. Network-based sabotage operations would primarily be used in a major crisis, and in combination with other means, including military ones.

Intelligence Collection in Cyberspace

Most computer systems across the world are based on identical technology and security principles. This offers a unique opportunity for intelligence collection in cyberspace. Hostile actors can systematically prepare attacks and select targets, methods, courses of action and timing relatively freely. There are a number of ways to penetrate a network; infected email attachments are a simple, but efficient method. Hostile actors may also use so-called 'watering hole attacks', i.e. infect a well-known website frequently visited by their desired target. They can also exploit service providers and sub-contractors to gain indirect access to their target via connected networks or shared users. If a hostile actor successfully introduces multiple types of malware on a system, there are few limits to what he could do next. In practice, all stored information can be copied, manipulated or destroyed. Presence on a network can also be used to conduct operations against other targets.

Sophisticated network-based intelligence operations are often combined and coordinated with other intelligence disciplines. They require extensive planning and resources, and often rely on government support. Sophisticated network-based intelligence operations run by state actors are hard to detect and can last for long periods of time, affording hostile actors the necessary time and space to achieve their intentions.

State Actors

In cyberspace, the great powers are able to actively pursue their objectives. Russia and China are the most active users of network-based intelligence operations against Norway, and both nations are highly skilled and persistent in their approach to Norwegian targets. They now conduct continuous network-based intelligence operations against Norwegian interests.

For years, the Russian authorities have used network-based intelligence operations to collect information on political decisions as well as military and financial matters in other countries. Russia has been investing in network capabilities over a period of several years, has established institutions for running network-based intelligence operations and has acquired extensive experience and expertise.

Russia is also developing its ability to support military operations using network capabilities. A military cyber command has been in development since 2012, when the then deputy prime minister called for the establishment of a Russian cyber command equivalent to that of the United States and other countries. In the years ahead, this command will improve Russia's ability to conduct coordinated attacks on an opponent's military capabilities, including command and control systems.

The purpose behind Chinese network-based intelligence operations is to support the country's economic growth and help close the technology gap to the West. Operations are

carried out by a number of governmental and non-governmental groups. Official intelligence collection supports several of China's key industrial sectors.

Chinese network-based intelligence operations have targeted high-tech sectors such as the space, energy and shipping sectors. Intelligence collection efforts have also targeted traditional intelligence targets such as diplomatic services and the defence sector.

Other Actors

In addition to state actors, criminals, activists and terrorists may also come to threaten Norwegian interests. Profit-motivated cyber crime may be linked to foreign intelligence; in some countries, the secret services collaborate with organised criminals who carry out network-based intelligence operations on their behalf.

Like other forms of terrorism, cyber terrorism involves exploiting social vulnerabilities to inflict violence and fear, disseminate political propaganda or influence people's behaviour. Thus far, the realisation of the digital terrorist threat has been limited by the hostile actors' lack of ability and skills.

Outlook

In the coming years, network-based intelligence operations will mostly be aimed at covert collection of information about political, military and economic matters.

Cloud services are developing rapidly. The vast amounts of stored data and the potential to exploit it as a flexible and covert platform for network-based intelligence operations make cloud-based services attractive targets. Metadata is used increasingly by social media and digital systems accounts in order to log movements, activity and communications.

This type of information creates a digital identity which provides insight into individuals, groups and locations. If this information is

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Threats in cyberspace

«Sophisticated network-based intelligence operations are often combined and coordinated with other intelligence disciplines.»





Photo: NTB Scamper

managed via cloud services and foreign server parks, it could become available to foreign intelligence and security services. The growing use of cloud services will also make managers of this type of services attractive targets. In this context, the threat would be posed by network operations and disloyal employees.

In the coming years, critical infrastructure, industrial control systems and public administration will likely attract growing attention. To some extent, network operations and the ability to conduct them could compensate for a lack of political, economic or military assets. We saw several examples of this in 2014; during the Ukraine conflict, Russia has used network-based intelligence operations in combination with a host of other measures. These operations have been directed at Russians, Ukrainians and Western countries. Another example is the attack on Sony in autumn 2014. Attackers, described as North Korean in open sources, copied vast amounts of data, including new films, confidential documents and emails, and made them available to journalists on closed websites. Sony was threatened with further attacks, and suffered a loss of revenue as a result. The attack also affected the company's strategies and freedom of action.

Cyberspace will likely become a key theatre in future crises and conflicts, and in the years ahead offensive cyber capabilities will become increasingly important. The aim could be to influence political decision-making directly or control the progress of a conflict. Cyber sabotage will become more common in future conflicts, crises and wars. If foreign powers are able to use network-based intelligence operations to gain insight into critical infrastructure, they may use this knowledge to conduct sabotage at a later date. A number of states are developing malware which could be used to sabotage infrastructure or disrupt critical social functions. Sabotage operations against power supplies, telecoms, payment services, political decision-making bodies or military command and control could cause considerable damage.



THE NORWEGIAN INTELLIGENCE SERVICE