

GREAT DECISIONS

Winter 2012 Update

Middle East realignment • Promoting democracy • Mexico • Cybersecurity •
Exit from Afghanistan & Iraq • Oceans • Indonesia • Energy geopolitics

Topic I: Middle East realignment

EGYPT. Clashes between protesters and the government in Egypt have raised questions about the durability of the gains made by the January 25 revolution and about the military's willingness to relinquish power. As voting in the Egyptian parliamentary elections unfolded in December, there were instances of military violence against voters, judges and election monitors. On December 16, the civilian advisory council announced that its operations would be suspended until violence against protesters ended and, *inter alia*, an investigation was conducted.

Parliamentary elections, which ended on January 3, delivered an estimated 45 percent of seats to the Muslim Brotherhood's Freedom and Justice Party (FJP). The ultraconservative Salafists are expected to hold the next-largest share of seats, controlling approximately one fourth of parliament.

On January 5, prosecutors in the trial of deposed Egyptian president Hosni Mubarak called for the death penalty for the strongman and for his former interior minister, Habib

el-Adly, for their part in the killing of protesters. Mubarak's sons, Alaa and Gamal, face prison terms for corruption charges. A capital sentence, if handed down, could be vetoed by the Supreme Council of the Armed Forces (SCAF), the military government currently ruling Egypt.

On January 11, Egypt announced intentions to negotiate with the International Monetary Fund (IMF) for \$3 billion that could buoy the ailing economy. Egypt has been particularly hard hit by a severe drop in tourism, and poverty is endemic.



LIBYA. In December, the U.S. entered into talks with the National Transitional Council (NTC) to establish a program to buy back Man-Portable Air Defense Systems (MANPADS), anti-aircraft weapons that were taken from Libyan military munitions depots during the fighting last year and remain unaccounted for. Western nations are concerned that these heat-seeking shoulder missiles could fall into

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the hands of terrorists. The U.S. has committed \$40 million to programs to prevent the spread of arms in Libya.

In January, the NTC proposed a draft law for electing a constitutional assembly, to be selected by June. Meanwhile, the NTC is struggling to disband the rebel militias that fought against the regime of Moammar Qadhafi. In a disturbing new trend, on January 3, militias in Tripoli clashed with each other, resulting in several fatalities.

On December 16, the United Nations Security Council (UNSC) unfroze the assets of the Central Bank of Libya and the Libyan Foreign Bank at the request of the NTC. The assets, which had been frozen as part of a wide campaign of sanctions against Qadhafi's government, could provide \$40 billion to help rebuild the country.

Human Rights Watch met with Seif al-Islam Qadhafi, one of Qadhafi's sons, on December 18. While awaiting trial for crimes against humanity, the younger Qadhafi is being held by a rebel group in Zintan.

SYRIA. On December 22, an Arab League mission arrived in Syria to monitor the government's commitment to withdraw its military from residential areas and to end its violent crackdown on the protests that have convulsed the nation. Despite the presence of the Arab League observers, human rights activists reported dozens of casualties across the country and fear that the monitoring mission is a stalling tactic. Activists have criticized the leader of the mission, Lt. Gen. Muhammad Ahmed Mustafa al-Dabi, who has been accused of heavy-handed tactics during his tenure as the intelligence chief of Sudan.

Tens or hundreds of thousands of protesters massed in the streets of Damascus, Idlib, Homs and Hama on December 30 to register their grievances with the monitors. Amid

the controversy, at least one observer quit the mission in protest against the continuing violence. Human rights organizations have accused the Syrian government of torturing and killing hundreds of political prisoners since the unrest began last year. Estimates of the total number of prisoners being held by the government of President Bashar al-Assad run as high as 37,000.

Russia offered the UNSC a tougher draft resolution on Syria on December 15. Though the draft resolution fell short of imposing sanctions, this unexpected move, coupled with increasingly strong condemnation from Turkey, indicate that Syria is being isolated from its friends and allies. However, on January 12, a Turkish Foreign Ministry official told reporters that a Russian ship arrived in Syria with a "dangerous" cargo that may have included arms—in violation of an EU embargo.

YEMEN. On November 26, President Ali Abdullah Saleh returned to Yemen from Saudi Arabia. Although Saleh signed an agreement to yield his powers to his vice president, Abed Rabbo Mansour al-Hadi, on November 27, it is unclear whether he will actually relinquish power. He declared a general amnesty for most participants in the unrest that has roiled the country. The embattled president and other government officials have been granted immunity as part of a power-sharing agreement.

Government forces continued to crack down on demonstrators in December, killing at least 9 protesters. On January 4, after having previously announced that he would travel to the U.S. to seek medical treatment for wounds sustained during a bombing last summer, Saleh announced that he would remain in the country. The president's vacillations and reversals of position have frustrated international negotiators. A presidential election is scheduled for February.

BAHRAIN. On November 23, the Bahrain Independent Commission of Inquiry released a report on the abuses committed by security forces during the crackdown on protests in 2011. The report, which had been commissioned by King Hamad bin Isa al-Khalifa, indicated that systematic mistreatment, including torture, of detainees and excessive force were used by the government's forces, but not by the Saudi troops that intervened at Bahrain's request. The report also rejected government allegations that Iran was responsible for the protests. In response, the king declared that those responsible for the abuses would be held accountable. Members of the opposition, however, claimed that the report failed to trace the chain of responsibility to the highest levels of government.



TUNISIA. On December 13, Tunisia's constitutional assembly elected Moncef Marzouki as president. Marzouki, a dissident who was exiled by deposed former president Zine al-Abidine Ben Ali, will serve for a year. He was elected as part of a power-sharing agreement between a coalition of Islamist and secular parties.

Topic 2: Promoting democracy

IN DECEMBER, Secretary of State Hillary Clinton announced that the U.S. would undertake an active effort to combat the persecution of and abuses against LGBT persons as part of the U.S.'s commitment to human rights. Although he stopped short of directly tying foreign aid dollars to gay rights, President Barack Obama issued a memo affirming Clinton's remarks and directing foreign aid agencies to promote LGBT rights.



In January, the Egyptian military government cracked down on international democracy promotion and human rights groups based in Cairo. Many of the nonprofit organizations—which included the National Democratic

Institute (NDI) and the International Republican Institute (IRI)—had their offices raided and computers confiscated. The raids sparked an international outcry from the U.S., Germany and the European Union.



In December, Secretary of State Clinton made a historic visit to Myanmar, the first by a U.S. secretary of state since 1955. Clinton met with the government, including President Thein Sein, as well as Nobel Peace Prize laureate Aung San Suu Kyi. The high-level visit was seen as a response to Myanmar's recent moves toward democratic reform, including the freeing of some political prisoners and wider political mobility for Suu Kyi's political party, the National League for Democracy (NLD). During her visit, Clinton announced \$1.2 million in assistance to civil society groups. In January, business leaders from Japan and the U.S., including Microsoft head Bill Gates, also announced plans to visit Myanmar in a further sign that democratic reforms in the once-isolated country will be met by integration into the international community. Following Myanmar's release of a significant number of political prisoners on January 13, the U.S. announced that it would resume full diplomatic relations with Myanmar.

Topic 3: Mexico

IN DECEMBER, the *New York Times* reported that undercover narcotics agents of the U.S. Drug Enforcement Administration (DEA)—with the support and knowledge of the Mexican government—had laundered millions of dollars of drug money for Mexican drug cartels over the past several years, in an effort to gain intelligence about their operations and their leaders. In one such operation that began in 2007, the DEA allegedly helped to launder millions of dollars and to smuggle cocaine across the Texas border for Harold Mauricio Poveda-Ortega (“The Rabbit”), a cocaine trafficker from Colombia who has been linked to the Beltran Leyva cartel, in an effort to infiltrate his operation.

Republicans in the House of Representatives announced that they would open an investigation into these operations. Attorney General Eric H. Holder, Jr., however, was defiant when called to testify in front of the House Judiciary Committee on December 8 about “Fast and Furious,” an arms-smuggling scheme carried out by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). The government ended up losing track of hundreds of weapons sold to drug cartel associates under that operation, and two such guns were implicated in the killing of a U.S. Border Patrol agent last year.



Unofficial statistics from the U.S. Border Patrol indicated that illegal crossings of the U.S.-Mexico border are at the lowest level in 40 years. 327,500 apprehensions of illegal immigrants were reported during 2011, a 25 percent decrease from the 448,000 immigrants apprehended in 2010.

Although the fences and federal agents along the border appear to have somewhat stemmed the flow of humans, drug cartels are circumventing law enforcement with elaborate tunnels, sometimes equipped with elevators or ventilation systems. Connecting Tijuana to San Diego, the tunnels primarily serve as a highway for marijuana—over 32 tons of it, worth \$65 million, was seized from a single tunnel discovered by U.S. and Mexican authorities late last year.



In December, Mexico announced that it had foiled a plot to smuggle Saadi Qadhafi, one of deposed Libyan leader Muammar Qadhafi’s sons, into the country. Saadi was reportedly planning to employ a string of safe houses and fake identities to make his way to Mexico from Niger, where he fled last fall.



On December 2, Humberto Moreira, the president of the Institutional Revolutionary Party (PRI), stepped down from his post. He denied any involvement in a scandal involving fraudulent loans made during his tenure as governor of Coahuila, a state that is now \$3 billion in debt, but acknowledged that the scandal was becoming a distraction from the PRI’s presidential candidate, Enrique Peña Nieto. Moreira had been governor until early 2011, when he became head of the PRI; his brother Ruben is now governor of Coahuila.



The ruling party of President Felipe Calderón, the National Action Party (PAN), has been beset with setbacks at all levels of government. Calderón’s sister, Luisa María Calderón, lost the gubernatorial election of Michoacán to Fausto Vallejo Figueroa, the PRI’s candidate.

Meanwhile, a Mexican human rights lawyer, Netzaí Sandoval, filed a complaint with the International Criminal Court (ICC), accusing Calderón and the Mexican military of participating in, tolerating and covering up crimes against humanity and war crimes. The complaint also calls for an investigation of Joaquin (“El Chapo”) Guzman, a fugitive drug cartel leader. Meanwhile, Calderón named Alejandro Poiré as the new interior minister in November, replacing Francisco Blake Mora, who was killed in a helicopter crash. Formerly Mexico’s intelligence chief, Poiré will oversee the government’s war on the drug cartels.

Topic 4: Cybersecurity

SECRETARY OF STATE Clinton spoke out in December against government censorship and filtering of the Internet. Her speech came just days after South Korea’s Communications Commission announced that it would begin removing “offensive or immoral content”—such as North Korean propaganda—from social networking. India also announced intentions to remove offensive content, such as YouTube videos that take aim at political figures after

major companies, including Google, Facebook, Yahoo and Microsoft, refused to do so. Though these tactics are common practice for autocratic countries, the growing willingness of democratic nations to censor content has alarmed free speech advocates.

In December, the Chinese government announced new restrictions that would force users of *weibo* (microblogs) to register with their real names. Microblog companies in Beijing will also be required to be licensed, and it is expected that similar restrictions will be announced for the rest of the country.



In December, the U.S. began investigating allegations that Iranian and Venezuelan diplomats were recruiting student hackers to launch a series of cyberattacks on targets such as the Pentagon, nuclear power plants, the Federal Bureau of Investigation (FBI) and the Central Intelligence Agency (CIA). A number of Venezuelan diplomats in the U.S. and in Mexico were implicated in the plot, which has stirred up concerns that Iran's efforts at cultivating relations with Latin American nations is a threat to the U.S. In response to these allegations, the U.S. expelled the Venezuelan consul general in Miami.



The Department of Homeland Security released a "Blueprint for a Secure Cyber Future: The Cybersecurity Strategy for the Homeland Security Enterprise." Involving both federal and local agencies, as well as the private sector, the "Blueprint" is an integrated response to cyber threats. In January President Obama unveiled a new defense budget proposal that—despite deep cuts in military spending—places emphasis on cyber capabilities.



Following a rash of attacks on major corporations such as DuPont, Research

in Motion (RIM), Google and Intel, the Securities and Exchange Commission (SEC) is considering a new interpretation of existing disclosure requirements to require companies to disclose security breaches to investors. These instances of cyberburglary, which are often carried out in search of sensitive intellectual property or trade secrets, are usually omitted from financial filings now available to investors.

Topic 5: Exit from Afghanistan & Iraq

AFGHANISTAN. On January 3, the Taliban announced plans to open a political office in Qatar, after months of talks with Tayeb Agha, a former member of Mullah Muhammad Omar's government. A major reversal of the Taliban's longtime refusal to enter into talks about the insurgency in Afghanistan, the new office will allow Western negotiators working for a comprehensive peace settlement to contact Taliban representatives or intermediaries.

Controversially, the U.S. is considering the transfer of high-security Guantánamo Bay detainees—such as former Taliban intelligence and defense officials and governors—to Afghan or Qatari custody. The Afghan government of President Hamid Karzai, however, responded angrily to the announcement and recalled its ambassador from Qatar.



In December, Karzai's government began to disband the Critical Infrastructure Police, an irregular force established in part by the North Atlantic Treaty Organization (NATO) and financed by the U.S., amid concerns that some members of the force are former militiamen who might be used by regional strongmen to threaten the national government's control.



In December, General John R. Allen, commander of U.S. forces in Afghanistan, indicated that U.S. and NATO forces could

remain in the country after the 2014 withdrawal date. In separate remarks, Allen also indicated that the direct combat role of NATO would be scaled down in 2012. Although Western forces are gradually handing over security responsibilities to Afghan forces, the situation on the ground remains dangerous. In the first week of January, two roadside bombs and an insurgent attack killed eight NATO troops, with the Taliban claiming responsibility for one of the roadside bombs.



On November 26, a NATO airstrike killed 24 Pakistani soldiers at two military posts along the Afghanistan-Pakistan border. The attack, which came when relations between the U.S. and Pakistan were already acrimonious, sparked outrage in Pakistan and brought relations between the two countries to a new low. Initially, U.S. officials suggested that the Taliban may have lured NATO forces to attack the Pakistani outposts. The U.S. military's inquiry into the attack stated that Pakistani troops had fired upon an Afghan-U.S. patrol on the border, and that the U.S. did not trust Pakistan enough to provide information about the location of Western troops. Pakistan has disputed this explanation and claimed that the attack was intentional, not accidental.

In response, Pakistan closed two NATO supply routes into Afghanistan, a move that affected approximately 40 percent of supplies entering that country. After Pakistan shut down the CIA base from which many of the drones are launched, the CIA did not resume its drone operations in Pakistan until early January.



IRAQ. On December 18, the last convoy of U.S. troops left Iraq, almost 9 years after the war began. Fewer than 200 U.S. military personnel remain in the country, primarily to guard the U.S. embassy and coordinate U.S.-Iraqi military relations. Days earlier, the U.S. handed over its last remaining prisoner, an alleged Hezbollah operative accused of aiding militants who killed five U.S. soldiers in 2007.

In the aftermath of the U.S. military's departure, President Obama's administration is moving forward with the sale of \$11 billion of F-16 fighter jets, tanks and other weaponry to the Iraqi military. Critics of the sale are concerned that the Shi'a government of Prime Minister Nuri al-Maliki is seeking to consolidate power and marginalize Iraqi Sunnis by turning the military into a sectarian Shi'a force, and that the instability in Iraq could turn into a full-fledged civil war.



A comparatively rare string of attacks targeting Shi'a Muslims spread across Iraq on January 5. Insurgents bombed pilgrims who were on their way to Karbala for the holiday of Arbaeen. At least 68 people were killed in those attacks, and another 63 people were killed on December 23 by a series of bombings carried out by al-Qaeda in Baghdad. In early January, the Islamic State of Iraq—a terrorist group linked to al-Qaeda—took responsibility for 37 bombings in Baghdad, including a number of attacks targeting Shi'as as well as Iraqi military and police personnel.



Maliki's government is facing growing internal tensions. In December, Maliki accused his vice president, Tariq al-Hashimi, of running a death squad and called for his arrest. A Sunni, al-Hashimi fled to the semi-autonomous Kurdish region, where he took refuge in the guest house of President Jalal Talabani. This political crisis has underscored sectarian as well as regional tensions in Iraq. Al-Hashimi stated that he is willing to stand trial, but has asked to move the trial from Baghdad, where he believes that Maliki controls the justice system, to Kirkuk. In recent weeks, Maliki's security forces have arrested associates of opposition politicians. These moves against the Sunni minority threaten the existence of the Sunni, Shi'a and Kurdish coalition government. Nevertheless, U.S. officials reasserted in December that the Obama administration will not send U.S. forces to Iraq, even in the event of a civil war.

Topic 6: Oceans

IN DECEMBER, a Canadian court held hearings about the government's response to infectious salmon anemia, a lethal virus that has decimated farmed salmon in Chile. In recent months, it has been discovered that the virus may have been detected in wild Pacific salmon as early as 2002, but that the evidence was not revealed to conservationists and opponents of aquaculture.



In an article in the influential science journal *Nature*, two U.S. professors have suggested that a sustainable quota market could save whales. Despite a moratorium on whaling, Norway, Iceland and Japan continue to hunt whales. These countries—as well as anti-whaling conservationists—could buy and sell whale quotas.



In November, Britain and the EU came to an agreement that places some new restrictions on British fishing fleets. The agreement increases the permitted fishing quotas by as much as 200 percent for certain fish species, but includes a cut to the number of days that ships can spend at sea. The fishing industry has deplored the decreased number of days at sea, stating that the restrictions would impose a significant economic hardship on fishermen.

Topic 7: Indonesia

PRESIDENT OBAMA attended the annual Association of Southeast Asian Nations (ASEAN) meeting in November, as well as the East Asia Summit, and met with Indonesian President Susilo Bambang Yudhoyono (SBY). Demonstrating the U.S.'s renewed focus on the Pacific region and on security in particular, Obama announced that the U.S. would transfer 24 F-16 fighter jets to the Indonesian military. The president also announced that U.S. forces would be permanently stationed in Australia to

increase the U.S. presence in the region and to combat the growing threat of China.



On December 15, the ratings agency Fitch upgraded Indonesia's status to investment grade, 14 years after the Asian financial crisis. Industry analysts predict that the other ratings agencies, Standard and Poor's and Moody's, will follow suit. The upgrades are expected to strengthen investment in the country.



Growing discontent among laborers in Indonesia threatens to slow the country's economic growth. International firms, such as the French company Carrefour and the U.S. mineral company Freeport McMoRan, have had to grapple with unions that contend that the companies are circumventing labor laws. Violence has affected Freeport's Grasberg mine in Papua, where large deposits of gold and copper are located. Cheap labor is one of the major attractions for foreign companies with operations in Indonesia.



On January 11, an earthquake struck off the coast of Aceh, Indonesia. Registering 7.3 on the Richter scale, the earthquake caused no major damage but rattled residents of the region, which was devastated by a massive earthquake and tsunami in 2004.

Topic 8: Energy geopolitics

IN JANUARY, IRAN threatened to blockade the Strait of Hormuz, a critical shipping route for oil that handles a total of approximately 16 million barrels of oil per day and is also used by Iraq, Saudi Arabia and Kuwait. A shutdown of the Strait of Hormuz, which handles about 20 percent of the world's oil, could increase oil prices by as much as \$50 per barrel. Iran ships 2

million barrels of oil per day through the strait, mostly to Asia. In response to Iran's threat, the U.S. intensified its campaign to dry up Iran's oil exports—mostly to China, Japan and South Korea—by pressuring these customers to stop buying oil from Iran and assuring them that other Middle Eastern oil producers would cover the shortfall.



SolarReserve and BrightSource, two companies based in California, are planning to build storage facilities that would allow solar energy to be captured during the day and stored for later. Solar thermal energy—which is stored by using sunlight to heat molten salt or water—would complement solar panels after dark or on overcast days. The U.S. Energy Department has guaranteed a \$737 million loan to SolarReserve for the project, and companies like Google and Chevron are investors.



An Environmental Protection Agency (EPA) report in December linked hydraulic fracturing (“fracking”) with contaminated water near the Pavillion field, located in Wyoming. Chemicals found in an aquifer near Pavillion were “consistent” with those used in the process to extract natural gas from rock. The company that owns the Pavillion field disputed the EPA's findings, and the governor of Wyoming called for more data and testing.



On December 16, Japanese Prime Minister Yoshihiki Noda declared that the Fukushima Daiichi nuclear power plant was in “cold shutdown,” nine months after an earthquake and tsunami crippled the plant and resulted in a catastrophic meltdown of three reactors. The accident had forced the evacuation of 80,000 people. On December 26, a government investigation of the crisis castigated the government as well as Tokyo Electric Power (TEPCO), the plant's operator, for their response.

In the months following the earthquake, public anger about the government's mismanagement of the crisis has risen.



The 17th conference of the United Nations Framework Convention on Climate Change (UNFCCC) was held in December in Durban, South Africa. At the conference, the international community agreed to begin working toward a deal to replace the Kyoto Protocol, which has been criticized for treating developed and developing countries differently. Additionally, an agreement was reached to create the Green Climate Fund, which would assist developing countries in sustainable energy practices.



On December 12, Canada announced that it would withdraw from the Kyoto Protocol. The Conservative government of Steven Harper claims that Canada would be able to meet its commitment to Kyoto only by implementing extreme measures, and that noncompliance would have cost billions of dollars in fines. Canada's emissions have risen by 30 percent since 1990, though the country had committed to a reduction of 6 percent, compared with 1990 levels, by 2012. The announcement drew criticism from environmental groups in Canada as well as developing nations such as India and China, which had committed to emissions targets at the Durban meeting.

