

Intelligence Risk Assessment 2010





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Introduction

Welcome to the DDIS Intelligence Risk Assessment 2010. The report comprises a current intelligence assessment of conditions abroad affecting Denmark's security and is aimed at a wide audience. This year, we have included a section on language and methods in intelligence analysis in the introduction.

Generally, all DDIS reports are classified to protect our sources, resources and partners. The Intelligence Risk Assessment 2010, however, has been prepared with publication in view, which is reflected in the information and assessments. This has also impacted on the way the report is formulated, on the number of details and on the sharpness of certain analyses. Even so, the Intelligence Risk Assessment is an intelligence assessment of strategic and regional conditions affecting Danish security.

Intelligence risk assessments naturally focus on threatening or potentially negative

developments. Our mission is to collect, process and communicate information on conditions abroad of importance to Danish security, including the security of Danish forces, etc. deployed abroad. The information is related to military, political and economic conditions as well as to transnational conditions, including international terrorism and the proliferation of weapons of mass destruction. Our key focus is on areas where Danish forces are deployed, on terrorist networks abroad threatening Denmark and Danish interests, including our deployed forces, and the world's conflict and crisis areas.

Language and methods in intelligence analysis

Some of the statements in the 2010 Intelligence Risk Assessment are formulated in a way reflecting the special method employed in intelligence analysis. To facilitate the reading, we have made a brief outline of our special language usage and work methods:

Once the analysts receive information, it has to be validated; that is the reliability and access of the source have to be determined. Then the information has to be assessed to determine its credibility and probability. We thus assess our sources and information on the basis of four criteria:

Reliability: How reliable has the source proved in the past? How deep is the source's knowledge of the subject to which the information is related?

Accessibility: How close has the source been to events – first-hand or second-hand information?

Credibility: Has the information been provided by a normally reliable source with good access? Does it fit into the knowledge otherwise held by the analyst?

Probability: What is the probability of what the source describes happening or having happened? This depends on the reliability of the source, the access of the source, the credibility of the information and on how the information fits into what the analyst already knows.

Once we have determined all these factors, we have transformed the raw information into a piece of intelligence that can form part of our further analysis.

Normally, we protect the identity of our sources. However, if necessary, we use our language guide which outlines how to describe a source's reliability and access to information.

As a main rule, however, we give our assessment of the credibility of the information and its probability. Though it might strengthen our credibility in the eyes of our readers if we say something about the origin of our information, the need for credibility must be carefully balanced against the possible disclosure of the source.

We rarely produce assessments which do not contain an element of doubt. Therefore, it is important to make it clear to our readers just how certain we are in our assessment. The matter is further complicated by the inherent difficulty in stating the precise level of doubt or uncertainty. Moreover, our readers very often interpret the words describing the probability differently when reading our assessments.

In order for our readers to understand our intelligence assessments correctly, we must express ourselves in a standardised way, using the same phrases for instance when expressing identical source evaluations or the same level of probability.

We thus exclusively use standardised language in the intelligence risk assessment. As regards probability, we use a 5-point scale ranging from 0 over 25, 50 and 75 to 100 per cent. The extremes in either end are the easiest to deal with but are not the most commonly used. In practice, the analysts often have to assess a probability as fifty-fifty or between this and zero or 100 respectively.

We use a fixed terminology for the five degrees of probability:

- Highly likely
- Likely
- Possible
- Not likely
- Unlikely

The scale does not measure precise numeric differences as would a metric rule. It merely informs the reader whether something is more or less probable than something else. In other words: This scale shows whether we assess the probability to be closer to 25 per cent than to 50 per cent. In this way we try to obtain a closer proximity between the analyst's assessments and the readers' perception.

If we fail to do so, we leave the job of interpreting the information to the readers and they could then easily get the feeling that the analysis corresponds to the knowledge they already have from the open media. Moreover, this approach forces the analyst to consider his level of certainty. Even though the way we express ourselves linguistically can be discussed, it helps give the reader added value in the form of greater precision and helps reader awareness that a close analysis and assessment have been performed. Definitions of the special terms used in the 2010 intelligence risk assessment are given below.

Additional information on the Danish Defence Intelligence Service can be found at our website: www.fe-ddis.dk.

Information cut-off date is 11 August 2010.



F. HANSEN

Director DDIS

Definitions

Time frames

- 0 - 2 years: short term
- 2 - 5 years: medium term
- 5 - 10 years: long term

Perspectives exceeding ten years (very long term) are subject to such uncertainty that we only rarely use this perspective

Probability

- It is **unlikely** that ...

We do not expect a certain development. Such development is (almost) not a possibility.

- It is **not likely** that...

It is more likely that something will not happen than vice versa. The degree of probability is approx. 25 per cent.

- It is **possible** that...

It is a likely possibility; however, we do not have the basis to assess whether it is more or less possible that something will happen. The degree of probability is approx. 50 per cent.

- It is **likely** that...

It is more likely that something will happen than vice versa. The degree of probability is approx. 75 per cent.

- It is **highly likely** that...

We expect a certain development. It has (almost) been confirmed.

Main conclusion

The Afghan security situation remains serious and the number of attacks by the insurgents has increased. The effect of the strengthened international security force and the Afghan security forces is not likely to be seen until the turn of the year 2010-11 at the earliest. The state institutions remain weak. The state will both in the short and medium term find it difficult to gain popular legitimacy. The governor in Helmand province has made efforts to fight the narcotics problems and corruption and to develop good governance in the province. Certain progress has been made in these matters.

Major parts of the Pakistani areas bordering Afghanistan are in fact outside government control and al-Qaida, Afghan Taliban and other militant Sunni extremists use the area as a safe haven. In recent years, Pakistan has seen a surge in Sunni extremist violence which has generated nationwide instability. At the same time, the government tries to fight the extensive Sunni extremist terrorist networks, however, it is not likely that in the short term the national leadership wants to crack down on the senior leadership of Afghan Taliban in Pakistan.

Al-Qaida's capacity to prepare and launch terrorist attacks singlehandedly has been weakened, but it is successful in influencing other Sunni extremist groups to combine their fight against their national governments with attacks on Western targets. In the long term, the terrorist weapon that poses the biggest threat will continue to be homemade bombs.

The efforts put into fighting terrorism have resulted in a number of planned terrorist attacks in Europe being averted and some

attacks having failed. It is highly likely that militant Sunni extremists will continue to plan attacks in Europe in the long term. The most significant terrorist threat in Europe stems from militant Sunni extremists who have been trained outside Europe. The majority of European militant Sunni extremists wanting to join the fight or be trained head for the border area between Pakistan and Afghanistan, Yemen and increasingly Somalia.

The threat from proliferation of weapons of mass destruction is growing. It is possible that a number of states work contrary to international treaties in order to develop and produce weapons of mass destruction. This tendency will continue and it is possible that the NATO territory could face a nuclear threat in the long term.

The threat from piracy has increased over the past years and is particularly severe in the waters off Somalia. This will continue as long as the Somali authorities are absent in most parts of the country. Significant financial links between pirates and terrorist networks in Somalia are not likely. There are no organisational links between the pirates and al-Shabaab but it is likely that individuals are in contact as a result of clan affiliations.

The Israeli-Arab conflict and Iran's power political ambitions dominate the situation in the Middle East. Despite the fact that indirect negotiations between Israel and the Palestinians have begun, considerable progress in the peace process is not likely in the short term.

The situation at the border between Lebanon and Israel is tense. The ceasefire between

Hezbollah and Israel is not based on mutual interests. It is a sign of a fragile balance of power and a misjudgement by one of the parties could result in the situation quickly escalating into war.

Iran still makes technological progress in the nuclear field and has increased its influence in the Middle East over the past years. However, unrest and internal power struggles following the 2009 presidential election have eroded the power base.

Climate changes result in increased interest for the Arctic areas' energy resources and maritime transport routes. This generates a risk of diplomatic crises, though it is unlikely that they will result in military conflicts.

Globalisation has brought a shift in the world economy from the United States and Europe towards China and India. Even though the United States' global dominance will be weakened, the United States will remain the strongest global power in the very long term.

While the economic growth in Asia will give the region more clout in the world economy in the long term, Asia is also building up its military capabilities. There is a potential for conflict, though it is not likely that conflicts will escalate into war between the parties involved.

Since the sinking of a South Korean warship in March 2010, the situation on the Korean Peninsula has been aggravated. North Korea will highly likely continue to try to provoke South Korea through limited military actions.

China's political system will find itself under pressure to find a new growth model. Vested interests will dominate and increase in importance, but China will likely stay its current political and economic course.

India is beginning to manifest itself as one of the world's great powers, and in the long term the country will likely strengthen its foreign policy influence due to its growing share of the world economy.

Russia was hit hard by the global economic crisis, but has managed to fend off the difficulties. Russia has adopted a more pragmatic foreign policy line, reflected, for instance, in its relations with the United States. Russia's relations with several of its neighbours are, however, still strained. To the EU and the US, Russia will remain a self-asserting and recalcitrant player in many international issues.

The election of a new president has brought Ukraine closer to Russia and Ukraine will not likely seek membership of NATO in the medium to long term. Ukraine will, however, continue its pragmatic cooperation with NATO.

The conflicts in Africa still require a robust presence of peacekeeping forces. Based on their current capabilities, neither the UN nor the African Union is capable of filling their mandates or handling future crises in the continent. The negative repercussions of the global economic crisis have been significant and the economic problems may trigger unrest in the weakest African countries.

Afghanistan and Pakistan

Both Afghanistan and Pakistan are marred by a lack of stability. In several ways, the development in both countries is closely connected.

Afghanistan remains marred by instability and lacking security and its national institutions are weak. Local power brokers and militiamen are often more influential than the authorities and along with the insurgency movements they contribute to hindering stability and development.

In Pakistan, the armed forces in particular provide a certain degree of stability, however, the country is increasingly threatened by insurgency movements and deep-seated conflicts over the role of Islam in Pakistani society.

In recent years, local Pakistani insurgency and terrorist groups, especially Pakistani Taliban, have gained ground and contributed to increased national instability. Meanwhile, Afghan Taliban and other Afghan insurgents use Pakistan as a safe haven in relation to their activities in Afghanistan, thereby closely connecting the development in the two countries.

While the Pakistani armed forces have been brought into action vis-à-vis Pakistani Taliban they have avoided fighting the parts of Pakistan-based Afghan Taliban.

Afghanistan

The Afghan security situation remains serious and the number of attacks has increased. The effect of the strengthened international security force and the Afghan security forces is not likely to be seen until the turn of the year 2010-11 at the earliest.

In the winter of 2009-10, the International Security Assistance Force (ISAF) intensified the military pressure on the insurgents. ISAF has been reinforced in numbers primarily by a US force contribution but it is likely that the effect of the reinforcements will not be seen until the turn of year 2010-11 at the earliest. Consequently, the security situation in Afghanistan remains serious and the number of attacks by insurgents has gone up.

ISAF has intensified the pressure on the insurgents through major operations in Helmand and Kandahar provinces where the insurgents exert strong influence on the Afghan security situation. Particularly, the so-called operation Moshtarakin in Helmand has attempted to end the insurgency influence from the Nad-e Ali and Marjah districts in central

Helmand. So far, the Moshtarak operation has restricted free movement and local influence of the insurgent groups without significantly weakening their will or capacity to fight.

ISAF's focused attacks on key leaders of the individual insurgent groups have somewhat reduced their capacity to plan and launch major coordinated operations. However, the groups' capacity to operate independently means that they are still capable of launching a growing number of attacks thus maintaining pressure on ISAF and the Afghan security forces. Attacks involving improvised explosives, particularly roadside bombs, remain the greatest threat.

Terrorism in Afghanistan

In addition to regular insurgency activities,

both the Taliban and the Haqqani network, which is closely connected to the Taliban, will remain capable of launching terrorist attacks in Afghanistan in the short and medium term. Operational cooperation between insurgency and terrorist groups strengthens the capacity of the groups to launch major and rather complex attacks in all of Afghanistan, including Kabul area. The insurgency and terrorist groups will continue to choose westerners as targets for kidnappings and terrorist attacks, using MOs such as suicide bombs.

It is likely that al-Qaida's primary role in Afghanistan is to support other Sunni extremist groups, including financial support, transport and training. Nevertheless, al-Qaida also takes part in the operative work in Afghanistan in relation to attacks on high-profile targets.

Legitimacy of the state

The structure of the Afghan state and its capacity to reach the locals are crucial in defeating the insurgents. The official institutions and the framework of the state's activities are in place but the majority of the state institutions lack substance and legitimacy in relation to the public.

Weak state institutions mean that the state will find it difficult to obtain popular support in both the short and medium term. The attempt of the central government to spread its power to the provinces is only making slow progress. Shortage of qualified officials, corruption and opposition from established local power structures will also in future hinder the reconstruction of the provinces and thus the central government's chance of obtaining de facto power in relation to the provinces.

Since October 2009, the Afghan army has played a key role in the majority of the operations in which it has participated. However, it is not likely that the entire Afghan army will be capable of operating independently until 2014 at the earliest, 2014 being the year when the Afghan security forces should be capable of handling security in all of Afghanistan. The Afghan police force is far more affected by inefficiency and corruption than the Afghan army. A general increase in pay is one of several

initiatives that have been taken to counter these problems. However, it is not likely that a major part of the Afghan police force will be capable of operating independently in the medium term.

The reconciliation process

In large parts of Afghanistan the Taliban and other insurgent groups have a firm grasp on the locals. This grasp is primarily based on intimidation of the locals. A considerable aspect of this is the Taliban shadow governance which works as the Taliban's local governors. The shadow government works parallel to the official authorities and enjoys greater influence. Control over the locals is an important factor in financing the insurgency.

Militia leaders and other local informal power brokers enjoy great influence in Afghanistan and are typically more important than both the official authorities and the insurgency networks. These informal leaders fight to maintain their power bases and they often stand in the way of stability, security and development.

A joint reconciliation agreement between the Taliban leadership and the Afghan government is not likely in the short term. It is possible that President Hamid Karzai's strategy is to try to split the Taliban and the other insurgent groups by negotiating with individual moderate insurgents who make less demands on reconciliation. In early 2010, representatives of the leader of the insurgency movement Hezb-e Islami, Gulbuddin Hekmatyar, negotiated directly with Karzai in Kabul on reconciliation. It is possible that a peace agreement with Hezb-e Islami could motivate moderate members of Taliban to be reconciled.

The situation in Helmand province

In comparison with other governors in Afghanistan, Helmand province governor, Mohammad Gulab Mangal, has taken several political initiatives and showed understanding of the needs of the locals. Moreover, his administration has put in an extra effort to fight the narcotics problems and corruption and to develop good governance in the province,

an example being voter registration. Certain progress has been made in these matters. The Taliban remains a considerable element of power in Nahr-e Saraj in central Helmand where the Danish forces and advisors are concentrated. The Taliban maintains its strong position in the north-eastern part of Gereshk city.

While ISAF and the Afghan authorities are met with acts of violence by the Taliban, local militias and criminal networks are behind the majority of the other acts of violence. Various groups often fight each other, thus creating general insecurity both in the rural areas and in Gereshk city. Consequently, on a daily basis the locals have to relate to many different local power brokers whose long-term influence on

everyday life is far greater than that of ISAF, the government or the Taliban.

Thus, the Taliban on its own does not pose the biggest threat to ISAF's missions in Nahr-e Saraj, the continued lack of an efficient, less corrupt and locally rooted district leadership also poses a major threat. The local power games and the underlying interests are crucially affecting the attempts at winning the hearts and minds of the locals and ending the insurgency and violence in general.

The situation of informal networks largely controlling the level of violence and the distribution of resources in the area is not likely to change in the short term.

Pakistan

Major parts of the Pakistani areas bordering Afghanistan are in fact outside government control and al-Qaida, Afghan Taliban and other militant Sunni extremists use the area as a safe haven. Pakistan tries to fight the extensive Sunni extremist terrorist networks, however, it is not likely that in the short term the national leadership wants to crack down on the senior leadership of Afghan Taliban in Pakistan.

In recent years, Pakistan has seen a surge in Sunni extremist violence in the form of terrorist bombings, assassinations and small arms attacks on civilian targets and installations belonging to the national security forces. This has brought about general instability nationwide. Pakistan's declared participation in the war against terrorism has been most unpopular in Pakistan since it began in 2001 and it has resulted in severe opposition from Islamists all over the country.

Since then Pakistan's armed forces have concentrated their efforts on Pakistani Taliban in several provinces. In contrast to Afghan Taliban, Pakistani Taliban attacks within the Pakistani borders. Consequently, the Pakistani armed forces make a sharp distinction between these two groups. The efforts in relation to Pakistani Taliban have resulted in the conflict being spread to the major cities in Punjab province which have been the scenes of several striking attacks over the past two years.

The instability exacerbated by a widespread anti-Americanism is fuelled by the Pakistani pro-Western foreign policy course. Additionally, there is the sympathy with the Pashtun Afghanis to deal with. There are approx. 25 million Pashtuns on the Pakistani side of the border and 10-15 million on the Afghan side. Examined more closely, a deep conflict is simmering; a conflict between the part of the Pakistani population who wants a moderate society of a predominantly secular administration and the more conservative part of society who wants Pakistan to take a more pro-Islamic course.

Politically, this basic conflict is translated into a power struggle between a secular government and an opposition accusing the government of being the lap dog of the West at the expense of Islamic values. Therefore, the government has to protect its Islamic image and avoid looking like it is playing the West's game in its fight against Islamic extremism. In this game the army has a decisive role as it perceives itself as the guarantor of the Pakistani state,

and it has several times made use of a doctrine of necessity in order to assume power, referring to threats to national security. This complicated balance of power counteracts that Pakistan unambiguously develops into a democracy, an Islamic state or a permanent military dictatorship.

Pakistan's role in Afghanistan

Pakistan plays a key role in the war on terrorism in Afghanistan. The main reason is that since the Afghan war with the Soviet Union of 1979, Pakistan has intensively and in numerous ways supported Afghan Taliban groupings. The purpose of the Pakistani support is political influence in Afghanistan aimed at counteracting Indian influence in Afghanistan.

Additionally, Pakistan wants a friendly Afghan government capable of containing possible separatist movements among the Afghan Pashtuns as certain movements are opposed to the government in Pakistan. Also, the Pakistani armed forces and the intelligence service allow Afghan Taliban groupings relatively free reins in the so-called tribal areas in the north-west of Pakistan where large areas in the provinces bordering Afghanistan are in fact outside government control. These Pakistani safe havens fuel the insurgency in Afghanistan as the Afghan insurgents find it relatively easy to recruit fighters, regroup, collect money and organise the insurgency in Afghanistan.

Al-Qaida and other Sunni extremist terrorist networks in Pakistan

It is likely that in the short and medium term, the tribal areas in the north-west of Pakistan will remain a safe haven for al-Qaida and other militant Sunni extremists.

However, continuous air attacks in the north-west of Pakistan on particularly central members of al-Qaida and its close allies restrict the options of communication and free movement of the militant Sunni extremists. It is possible that in the short term particularly foreign extremists with ties to al-Qaida will move on to other parts of the tribal areas in order to avoid the air attacks.

A number of the al-Qaida leadership members have been killed since 2008 in the air attacks in the north-west of Pakistan. The turnover of leaders and the threat of further losses render al-Qaida vulnerable and it is possible that al-Qaida's chances of training terrorists have been limited and will remain so in the short term, provided that the military pressure on the al-Qaida leadership be maintained.

Besides al-Qaida, a number of militant Sunni extremist groups will be present in Pakistan in the long term. It is highly likely that a large part of these groups will be affiliated with al-Qaida and pose a threat to Pakistani and Western targets in and outside Pakistan. Other groups will direct their attacks against religious minorities or focus on the conflicts in Kashmir and Afghanistan.

It is likely that primarily the Kashmir-oriented organisation Lashkar-e-Tayyibah in 2009 planned attacks on Danish targets in Copenhagen in cooperation with individuals affiliated with al-Qaida and the former Kashmir-oriented organisation Harakat-ul-Jihad al-Islami. It is possible that Lashkar-e-Tayyibah both in the short and medium term will direct the majority of its attacks against military and civilian targets in India and that parts of its leadership are willing to plan attacks on Western targets in and outside Southern Asia.

Pakistani Taliban

Pakistani Taliban is a strategic and ideological community with a certain degree of operational coordination. The group has increasingly developed a revolutionary ideology and wants to fight to Islamize the Pakistani state. It is likely that the group is cooperating with al-Qaida. Pakistani Taliban has been under pressure in 2009 and the first part of 2010, but it has managed to continue its campaign of attacks against the Pakistani government and the Pakistani army.

Since 2007, the strategic focus of the Pakistani Taliban has widened from being a fight for control over specific parts of the tribal areas in the north-west of Pakistan to a fight for Islamising all of Pakistan. It is likely that in the short term the group will continue to give higher priority

to attacking Pakistani military and civilian targets than to supporting the insurgency in Afghanistan.

Cooperation between Pakistani Taliban, other Pakistani insurgency and terrorist groups and al-Qaida has turned into a threat against the security of the Pakistani state. Since 2009, Pakistani Taliban has launched several major attacks in Pakistani cities in Punjab province. Consequently, the Pakistani army has stepped up its efforts to fight the Pakistani Taliban groupings in the tribal areas of north-western Pakistan. This signifies an increased willingness among the Pakistani military leadership to counter the groups threatening domestic stability in Pakistan. However, it is not likely that the Pakistani leadership in the short or medium term wants to drive them away from their bases in western Pakistan.

Pakistan's relations with India and the United States

Even though it is likely that the army and the paramilitary forces will improve their capabilities to fight domestic insurgency, the Pakistani armed forces will also in the long term maintain their overall focus on a potential conflict with India as the primary threat to Pakistan's existence.

It is likely that the Pakistani military control systems protecting the national nuclear weapons are so efficient that the weapons will not end in the hands of terrorists.

Pakistan's relations with the United States are based on mutual necessity rather than unity and understanding. Pakistan depends on US financial support and US understanding of Pakistan's problematic relations with India. To the United States, Pakistan remains a complicated partner in the fight against Taliban and in supporting operations in Afghanistan. The general Pakistani distrust of the United States also exists in the Pakistani army.

Terrorism

Al-Qaida's capacity to prepare and launch terrorist attacks singlehandedly has been weakened, but it is successful in influencing other Sunni extremist groups to combine their fight against their national governments with attacks on Western targets.

The global threat of terrorism primarily stems from al-Qaida and other militant Sunni extremist networks. The threat is comprehensive and it is likely that it will not diminish significantly in the short to medium term.

It is likely that the al-Qaida senior leadership hiding in Pakistan will also play a decisive role in the terrorist threat against westerners in the medium term. One of the reasons is that the senior leadership is involved in planning attacks on Western targets, including the 2 June 2008 attack on the Danish Embassy in Pakistan. However, it is also greatly due to the senior leadership's ability to make a number of other militant Sunni extremist groups combine their fight against their national governments with attacks on Western targets, an example being the failed bomb attack on a passenger jet en route to Detroit, US, on Christmas Day 2009. A Yemeni-Saudi group by the name of Al-Qaida in the Arabian Peninsula with ties to al-Qaida claimed responsibility.

Since 2008, a number of members of the al-Qaida leadership were killed in an air attack in the north-western part of Pakistan. It is likely that the losses have forced the al-Qaida leadership to change its communication and security procedures and that in the short term it will restrict al-Qaida's chances of planning and launching attacks, also in the West. So far, al-Qaida still provides training resources for both local and foreign groups in the north-west of Pakistan. However, it is likely that al-Qaida's options of training terrorists have been reduced and will continue to be so in the short term provided that the military pressure on al-Qaida's leadership is maintained.

Cooperation with other terrorist groups

Through cooperation and mergers, al-Qaida is capable of influencing other militant Sunni extremist groups. The Somali group al-Shabaab is clearly aligning with al-Qaida and threats against Western targets are part of this strategy. The groups benefit from al-Qaida's propaganda with regards to recruitment and the attraction of resources. Thus, al-Qaida has obtained strong clout both on extremist websites and on general news media worldwide. Besides attempting to intimidate its enemies, al-Qaida typically uses propaganda to support the fight of militant Sunni extremists against local governments while at the same time encouraging attacks on the West and Israel.

Terrorism outside traditional al-Qaida strongholds

In a number of countries in North Africa and the Middle East where militant Sunni extremists have had a stronghold and where al-Qaida has its roots, the authorities' efficient fight against terrorism in recent years in particular has resulted in the terrorist threat being somewhat reduced even though it remains significant in countries such as Algeria, Iraq and Lebanon. In contrast, the terrorist threat has increased in a number of countries in the periphery of or outside North Africa and the Middle East such as Mali, Somalia, Yemen, Afghanistan and Pakistan. Moreover, the militant Sunni extremists have a certain freedom to train and operate in parts of these countries and in certain Palestinian refugee camps in Lebanon as the individual governments do not fully control their territories.

Due to the cartoons of the Prophet Muhammad, the terrorist threat against Danish interests abroad has increased in recent years. The threat is highest in locations where al-Qaida

or networks affiliated with or inspired by al-Qaida are strongest that is in large parts of Afghanistan, Algeria, Iraq, Lebanon, Mali, Mauretania, Pakistan, Somalia and Yemen.

The MO of militant Sunni extremist networks

Militant Sunni extremists plan terrorist attacks on crowds as well as symbolic targets. In the long term, the terrorist weapon that poses the biggest threat will continue to be homemade bombs.

The targets chosen by militant Sunni extremists have changed simultaneously with the enhanced security consciousness of the authorities and the protective measures taken since the 11 September 2001 attacks. Around the time of the millennium, the targets of transnational Sunni extremists' terrorist plans were primarily highly symbolic and often highly spectacular. But since then the efforts made by the authorities have rendered it more difficult to successfully attack high-profile targets.

As a result, the plans of attack are now often directed against crowds with a view to maximising losses. However, militant Sunni extremists also often plan attacks on symbolic targets such as diplomatic representations, UN buildings, etc., and unprotected or lightly protected targets with a clear symbolic or political objective. Furthermore, militant Sunni extremist groups are aware that economic interests can be attractive targets.

It is highly likely that the terrorist weapon that poses the biggest threat will continue to be homemade bombs in the long term.

Kidnappings will also be used in future as a terrorist weapon, however, the majority of kidnappings are carried out for financial reasons. The risk of westerners being kidnapped by militant Sunni extremists is highest in Mauretania, Mali, Niger, Iraq, Somalia, Yemen, Afghanistan and Pakistan.

The possibility of developing and using weapons of mass destruction

Al-Qaida and individuals affiliated with al-Qaida have attempted to develop simple biological and chemical warfare agents, though they have only had very limited success. It is likely

that militant Sunni extremists will try again to develop such substances or try to launch attacks involving toxic chemicals. However, it is not likely that they will be able to launch attacks resulting in a higher number of losses than what can be obtained by using homemade bombs.

It is possible that militant Sunni extremists will try to use different radioactive material in a terrorist attack as a lot of people see the risk of radioactive contamination as particularly frightening. It is not likely that such radiation will cause losses but a possible explosive device designated to spread the material could be fatal. It is likely that even a weapon containing radioactive material involving very little radiation would have a considerable frightening effect. It is unlikely that militant Sunni extremists will be able to procure nuclear weapons, even in the long term.

Financing

Sunni extremist terrorism is financed both by legitimate business activities and criminal activities. Militant Sunni extremists transfer money via ordinary bank transfers, by using couriers carrying cash and through worldwide unauthorised hawala systems building on trust between the money brokers.

Propaganda and communication of militant Sunni extremists

Militant Sunni extremists make extensive use of the Internet for both propaganda purposes and preparation of terrorist attacks.

Militant Sunni extremists make extensive use of the Internet. The use of the Internet can be divided into three categories. The first category is general production and distribution of propaganda. The second is collection of information on specific targets, and the third category is private and at times operational communication in which the militant Sunni extremists make use of most of the available methods of communication.

Since 2005, al-Qaida has increasingly professionalised its public communication, resulting in the issuing of more statements, faster response to international events and a centralised production and distribution of al-Qaida's propaganda.

Statements by al-Qaida's senior leadership do not only outline al-Qaida's visions, they also

plot the strategic course of al-Qaida's fight. Thereby, the senior leadership has the option of influencing affiliated groups. Sometimes, for instance in the June 2008 attack on the Danish Embassy in Islamabad, there has been a direct connection between al-Qaida's official statements and specific terrorist attacks.

It is likely that in the short and medium term al-Qaida will continue the practice used so far and avail itself of the distribution networks at the Sunni extremist Internet forums. In the autumn of 2008 the leading militant Sunni extremist Internet forums closed down, causing a temporary weakening of al-Qaida's propaganda distribution. In 2009, it re-established its channels for spreading propaganda by using other militant Sunni extremist Internet forums.

The European terrorist threat

The efforts put into fighting terrorism stemming from militant Sunni extremists have resulted in a number of planned terrorist attacks in Europe being averted and a number of attacks having failed. It is highly likely that militant Sunni extremists will continue to plan attacks in Europe in the long term.

The most significant terrorist threat in Europe stems from militant Sunni extremists who have been trained outside Europe. There are examples where individuals who have been trained in al-Qaida-affiliated camps have been involved in the planning of attacks on European targets at a later stage. On some occasions the planning has originated from the al-Qaida senior leadership but the threat is also posed by groups only affiliated with or inspired by al-Qaida.

The majority of European militant Sunni extremists eager to join the fight or receive training head for the border area between Pakistan and Afghanistan, Yemen and increasingly Somalia.

Local cells of militant Sunni extremists in

Europe inspired by the al-Qaida ideology also pose a threat. However, it will be very rare that they will be capable of singlehandedly acquiring the necessary operational experience and capability to launch terrorist attacks of a certain complexity.

The extensive efforts made in several countries to fight terrorism have resulted in a number of planned terrorist attacks in Europe being averted and some attacks having failed. It is highly likely that militant Sunni extremists will continue to plan attacks in Europe in the long term. It is likely that certain attacks will be carried out either as attacks of a certain complexity, like the attacks on the London Underground and on a bus in 2005, or as simple attacks, including attacks on prominent people.

Proliferation of weapons of mass destruction

The threat from proliferation of weapons of mass destruction is growing. A number of states work contrary to international treaties in order to develop and produce weapons of mass destruction. This trend will continue and it is possible that the NATO territory could face a nuclear threat in the long term.

Weapons of mass destruction is a generic term for nuclear, biological and chemical weapons, nuclear weapons constituting the type of weapon capable of causing the most damage. Biological and particularly chemical weapons are relatively easy to produce, depending on the chosen type of warfare agent and the desired quality of the weapon. Relevant means of delivery, especially ballistic missiles, are often developed parallel to weapons of mass destruction.

A number of countries have the capacity to develop weapons of mass destruction. A programme for developing and producing weapons of mass destruction is so demanding that it cannot be implemented without the acceptance of the political leadership. Various indicators signal such acceptance. An indicator could be an ambitious programme for developing and producing ballistic missiles as it is not rational to deliver conventional explosives by means of such expensive and complex means. Another indicator could be the establishing of nuclear power in an oil-rich country which has very limited uranium deposits but still wants to produce its own reactor fuel.

If a country wants to produce weapons of mass destruction it requires extensive technological expertise, certain raw materials and an advanced industry capable of producing the required equipment.

International agreements

The threat from proliferation of weapons of mass destruction is growing as a number of states work contrary to international treaties in order to develop and produce weapons of mass

destruction. The international agreements designed to prevent proliferation of weapons of mass destruction are permanently under great strain. The strain stems from the fact that states wanting to produce weapons of mass destruction rarely put a restraint on themselves economically or politically and it stems from the general technological progress. Consequently, the race between states wanting to develop weapons of mass destruction and states attempting to prevent this development will continue.

Globalisation and weapons of mass destruction

Globalisation has contributed to increasing the technological progress and global trade, causing the technology and the products required to produce weapons of mass destruction to be increasingly accessible to states of economic and organisational resources. This tendency will continue and likely accelerate. Moreover, a country wanting to develop weapons of mass destruction can acquire important know-how from universities abroad. It could be the collection of information on support processes in relation to developing weapons of mass destruction and ballistic missiles. As a result, more and more states will have the necessary resources and know-how to produce weapons of mass destruction and their means of delivery.

States wanting to produce weapons of mass destruction and their means of delivery often need to procure raw materials and components abroad, also in the West. In order to circumvent existing export control regimes, the states use clever systems, cover companies for instance, when making procurements in

order to cover up the actual end users just like the states attempt to keep transport and payments secret. Likewise, the states usually try to establish such a capacity build-up secretly, preferably using existing industrial infrastructure. Very often the technology and the products can be used both for civilian and military purposes.

The cause of concern in the West is primarily the capacity to produce nuclear weapons but focus is also directed at chemical weapons programmes and increasingly at biological weapons programmes as they can potentially annihilate entire communities. It is difficult to prove capacity development in the biological field as biological weapons programmes are easily concealed in the civilian biotechnology industry.

Iran's nuclear programme

The Iranian nuclear programme remains a controversial issue internationally. As Iran has signed the non-proliferation treaty it has the right to build a civilian nuclear programme. However, Iran has repeatedly and contrary to the Non-Proliferation Treaty concealed aspects of its nuclear programme that can be used for a nuclear weapons programme. In 2002 it was discovered that for several years Iran had worked to build a major plant for uranium enrichment near Natanz south of Tehran. The plant is presently being monitored by the International Atomic Energy Agency. In September 2009 it was revealed that Iran had built a plant for uranium enrichment which hardly fits into a civilian nuclear programme. This plant is near the city of Qom, likewise south of Tehran, and it is also monitored by the International Atomic Energy Agency.

Iran continues to develop its nuclear capacity. In 2010 Iran has enriched uranium to almost 20 per cent. Iran claims that this degree of enrichment is required for a small reactor near Tehran producing isotopes for medical use. Even though it is technically considered to be low enriched uranium, uranium enriched to almost 20 per cent is far closer to weapons grade uranium (approx. 90 per cent) than the uranium enriched to approx. 3.5 per cent which Iran has produced so far.

Ambitions of North Korea

North Korea has performed two nuclear tests in October 2006 and May 2009 respectively. The tests have caused international condemnation. So has North Korea's ambitious programme for development and production of ballistic missiles. In 2003, North Korea announced its withdrawal from the Non-Proliferation Treaty and in April 2009 North Korea ended its cooperation with the International Atomic Energy Agency.

Syria and Pakistan

In April 2008, the US intelligence services presented Congress with material indicating that allegedly Syria – assisted by North Korea – was building a reactor ideal for the production of weapons grade plutonium. The area where the reactor is allegedly built was bombed in September 2007. Moreover, technology and know-how concerning nuclear weapons have been diffused from Pakistan in the past.

Lacking or reluctant international cooperation

The international community's condemnation of the development in North Korea, Iran, Pakistan and Syria is also fuelled by the fact that the International Atomic Energy Agency has difficulties forming a general view of the extent and the purpose of the states' nuclear programmes due to reluctant or lacking cooperation on behalf of the states mentioned.

Means of delivery

Several of the states mentioned above have programmes for developing ballistic missiles in order to deliver weapons of mass destruction at long distances. However, long-range ballistic missiles are costly and complicated strategic weapons systems which require resources and time to develop. Ballistic missiles are particularly suitable for delivering nuclear weapons.

It is possible that in the long term the NATO territory could face a number of nuclear threats.

Piracy

The threat from piracy has increased over the past years and is particularly severe in the waters off Somalia. This will continue as long as the Somali authorities are absent in most parts of the country. Organised links between pirates and terrorists in Somalia are not likely.

Globally, piracy continues to pose a threat to civilian shipping. In 2009, 406 incidents of piracy and armed assaults on ships were registered: the highest number since 2003. 217 of the incidents took place off Somalia. Approximately half of the attacks took place in the Gulf of Aden and the other half in the waters off the Somali east coast. In 2009, a total of 47 ships and 867 crew members were hijacked by Somali pirates. At the end of July 2010 Somali pirates held 15 ships with a total of approx. 350 crew members.

Despite the fact that civilian shipping has rearranged its routes, the Somali pirates still manage to hijack ships in the waters surrounding the Horn of Africa. The hijackings are now carried out by use of mother ships capable of operating at longer distances from Somalia than has been the case so far. Attacks are now launched at a distance of up to 2000 km off the Somali coast.

The Somali pirates have attacked ships as far south as the Mozambique Channel and in 2010 they have attacked ships off Kenya, Tanzania, the Seychelles Islands and Madagascar. Looking to the north, they have also hijacked a ship in the Red Sea just north of the Strait of Bab el-Mandeb in July 2010. To the east the attacks have moved closer to the Indian coast.

The monsoon normally affecting the Indian Ocean in the periods of December to early March and late June until September means that during these periods the pirates relocate their operations to the western part of the Gulf of Aden, the waters off Oman's coast and the southern part of the Red Sea.

The problem of piracy is not limited to the

waters off Somalia. The threat from piracy and armed assaults remains high off the West African coast. The Danish Defence Intelligence Service is aware of 21 ships being boarded, three ships being fired at and one ship being hijacked in this area in 2009.

Over the past two years, the Indonesian authorities have made efforts to fight piracy and the number of attacks is on the decline. In 2009, 15 attacks were launched in comparison with 28 in 2008. The same tendency goes for the Strait of Malacca where only two piracy attacks were registered in 2009. The low number of attacks in the waters surrounding Indonesia and in the Strait of Malacca could be due to the coastal countries' increased surveillance and patrolling of the area and the security precautions taken by the merchant ships before transiting the area.

For two successive years, an increase has been registered in the Strait of Singapore. In 2009, nine incidents of piracy were registered compared with six in 2008. Of the nine incidents, six resulted in the ships being boarded while three ships were attempted hijacked.

In 2009 in the South China Sea, 13 incidents of piracy were reported which is the highest registered number in four years. Eleven ships were attempted boarded, one ship was attempted hijacked while one was hijacked.

In Bangladesh, there has been a minor increase in the number of attacks compared with 2008 as 17 ships have been under attack. 14 ships were boarded and had their cargo stolen. The majority of incidents took place in the harbour of Chittagong.

The South American continent has also experienced an increase in piracy. In 2009, 37 incidents of piracy were reported whereas the number was 14 in 2008. 12 of the 34 incidents happened at Callao off Peru. In 2008 four incidents of piracy took place in the same location. In addition to Peru, Brazil, Columbia, Costa Rica, Ecuador, Haiti and Venezuela have also been targets of piracy. The majority of the attacks have taken place when the ships have anchored or been in port. The same tendency was registered in 2008.

The situation off Somalia

The nature of piracy attacks is multifarious. In the waters off Somalia, the attacks have been characterised by a number of small high-speed boats in cooperation with a mother ship trying to stop a slow-moving merchant ship. Subsequently, the ship is boarded and the pirates take control. The hijacked ship and its crew are then sailed into Somali territorial waters where a ransom is demanded in order to release the crew, the ship and the cargo.

In the first three months of 2010, the pirates have succeeded in hijacking quite a number of traditional freighters, the so-called dhows. The purpose of the hijackings has mainly been to acquire mother ships for use in operations of long duration in the Indian Ocean.

The reason that piracy off Somalia relatively often results in hijackings is related to the fact that national authorities, e.g. police and coast guard, are completely absent in most parts of the country. In addition, Somalia is marred by almost 20 years of civil war, creating a situation where the financial gain from piracy tempts a lot of people.

The Somali efforts

In fact the Somali transitional federal government controls only a few neighbourhoods in Mogadishu and a couple of provincial towns. The government is not represented in the areas affected by piracy, it does not have sufficient police forces to counter the pirates on land and it has no fleet or coast guard to fight piracy at sea. The majority of southern Somalia is controlled by

the insurgent group al-Shabaab along with other militant groups. Officially, the various insurgent groups oppose piracy but they do not give high priority to combating this problem.

The Puntland region in the Somali north-eastern corner plays an important role to the pirates in Somalia as a lot of the attacks are launched from there. The provincial institutions are weak and can be manipulated by means of the ransoms received by the pirates.

In 2009 and 2010, the Puntland government has made little progress in the fight against pirates. It has passed an anti-piracy plan and conducted a radio campaign in Puntland in order to make the locals turn against the pirates. The initiatives have been followed up by some arrests of pirates. These initiatives show the government's will to fight piracy but so far it has not had any effect on the piracy. It is the main priority of the president to steer Puntland free of the civil war raging in southern Somalia. Therefore, it is not likely that Puntland will increase the share of its limited security resources earmarked for the fight against piracy will be increased considerably.

Piracy and terrorism in Somalia

Significant financial links between pirates and terrorist networks in Somalia are not likely. There are organisational links between the pirates and al-Shabaab but it is likely that individuals are in contact as a result of clan affiliations.

International efforts

Close to 30 international naval units are trying to prevent piracy off Somalia. Both NATO and the EU operate in the area. The primary focus of the international naval units remains shipping in the Gulf of Aden and to a certain extent also the protection of merchant ships delivering supplies for the refugees in Somalia. The presence of the international naval units restricts the activities of the pirates but their large area of operation and the limited number of naval units make it unlikely that piracy can be eliminated. Piracy will continue until functioning Somali authorities, including the police force and the coast guard, have been established.

The Middle East

The Middle East remains marred by tension and the conflict potential is high. The Israeli-Arab conflict and Iran's power political ambitions dominate the situation. Moreover, lacking economic development, large population increases and urbanisation will be destabilising factors.

Geographically, the Middle East covers a large area stretching from Egypt in the west to Iran in the east and it is very diverse. There are major differences in the state structure, economy, political systems and social structure of the individual countries. Also, the individual countries vary greatly domestically as the populations are divided along ethnic, religious, linguistic and political lines.

Despite major differences, the region is united by the predominant religion of the area, Islam, and by a joint political history. And a lot of the social and political problems facing the individual states are common to the entire region.

In the majority of the Middle Eastern countries the political systems only enjoy limited popular support. The power apparatus, primarily the armed forces and the security services, are the principal state institutions. Arresting opposition politicians, critical journalists and human rights activists is a common occurrence. Consequently, in the coming years the Middle East will be marred by tension and the potential for conflict is high. Moreover, lacking economic development, large population increases and urbanisation will be destabilising factors.

For a number of years the governments of the region have been under pressure internationally to launch economic and political reforms. The majority of the countries have introduced certain reforms but the majority of these reforms have been economic. To a great extent the heads of state have tried to limit political reforms out of fear that it would strengthen the Islamic opposition.

For the majority of the Islamic movements, the

agenda is primarily focusing on domestic issues. They market themselves on social awareness and justice and the propagation of the Islamic rule. Thereby, they challenge the legitimacy of the local governments. In response to this and because of the movements' popular appeal, the political power brokers attempt to strengthen their Islamic profile.

In recent years, the balance of power in the region has been characterised by growing Iranian influence, but Israel remains the dominant military power. Iran seeks to consolidate its position and uses, among others, Hamas and Hezbollah as levers. Saudi Arabia and Egypt in particular try to counter this development resulting in at times tense relations between these two countries and Iran. However, none of the countries wants an open confrontation.

Turkey has moved towards a more activist policy in the Middle East in an attempt to expand its influence, for instance in the dominant Israeli-Arabic conflict. Moreover, Turkey has improved relations with Iran and works to play the role of a mediator in central conflicts. This applies for instance to the question of the Iranian nuclear programme. Turkey's foreign policy in the region has distanced the country from Israel, making it more difficult for Turkey to reassume its role as mediator between Israel and Syria.

Many Muslim countries focus on Denmark because of the cartoons of the Prophet Muhammad. Through various initiatives, the Organisation of the Islamic Conference and Saudi Arabia in particular maintain a political focus on defending Islam, thereby contributing to keeping up a negative focus on Denmark throughout the region.

Unrest and internal power struggles following the 2009 presidential election have eroded the power base. Iran still makes technological progress in the nuclear field and has increased its influence in the Middle East over the past years. This contributes to increasing the conflict of interests between Iran and the Sunni Arab countries.

Even though the security forces have managed to put the lid on the popular protests following the presidential election on 12 June 2009, the unrest has weakened the legitimacy of the Iranian regime. Especially, internal power struggles in the wake of the election are contributing to undermining the foundation of the Islamic Republic in the long term.

For several years, Iranian domestic policy has been marred by power struggles and changing alliances between various conservative factions. In reality, the reformists have no real political influence. The Supreme Spiritual Leader, Ayatollah Ali Khamenei, has usually managed to balance between the factions in the conservative power struggles. However, it is likely that Khamenei's direct involvement in the controversial 2009 election has weakened his authority as he has become entangled in the power struggle.

The re-election of President Mahmoud Ahmadinejad and the regime's handling of the subsequent unrest have not only resulted in criticism from the reformists but also from the pragmatic and traditional conservatives. The Iranian leadership has increasingly leaned on the security apparatus, particularly the Revolutionary Guards Corps, at the expense of the reformists and the conservatives, including parts of the religious elite.

Currently, the regime is based on a fragile political power base. However, it is not likely that the Islamic Republic is facing a collapse in the short term. The power struggle is still raging within the regime and the key players do not want to alter the central pillars of the Islamic Republic. The regime has shown its readiness to use overwhelming force in order to survive. At the same time, the security forces have shown distinct loyalty to the regime.

The Iranian authorities have a firm grip on the population. This grip has been tightened since

the 2009 election. The security forces regularly crack down on demonstrations and members of the opposition are repressed by means of intimidation, arrests and detention without trial. Media which voices opposition towards the regime are restricted in their channels of communication or closed down. The regime's repression of opposition elements greatly contributes to splitting the Iranian opposition, leaving it without leadership, organisation and strategy.

Economic issues

The Iranian economy is suffering from structural problems such as corruption, heavy subsidising of goods, high dependence on oil income and an underdeveloped financial sector. In 2009, inflation was approx. 15 per cent and the unemployment rate approx. 13 per cent. President Ahmadinejad's government has been strongly criticised by Iranian economist experts for pursuing a short-term, populist economic policy and for imprudently eating into the country's Oil Stabilisation Fund.

So far, the Iranian oil revenue has secured the state budget. Due to the low prices on oil and the government's continued expansive fiscal policy, the state needs to find alternative ways of financing the budget. The government's plan to introduce major reforms will, however, in the short term lead to increased inflation and thereby a decline in purchasing power. It is likely that major parts of the Iranian population will experience a decline in the standard of living potentially intensifying the dissatisfaction with the government. The reform has been postponed several times. Most recently, the government has chosen to postpone it until the last quarter of the Iranian fiscal year which ends in March 2011.

At the same time, the multilateral and unilateral sanctions resulting from Iran's nuclear policy are starting to show effect. However, there are

still no signs that the population is ready to call the leadership to account for its course in the nuclear issue and connect the deteriorating economic and social situation with the decisions of the leadership. The sanctions are felt the strongest in the financial sector, the energy sector and within the foreign trade. Despite a number of minor foreign investments, the energy sector still lags behind investment-wise in order to be able to maintain production, let alone expand it. Foreign trade is hampered due to poor access to export credit.

The nuclear issue and the international community

It is likely that major parts of the Iranian leadership find that Iran's interests would be better served if the country possessed nuclear weapons. Possessing nuclear weapons could strengthen the leadership's legitimacy among the people, provide greater freedom of action in relation to foreign policy and strengthen Iran's status as a regional great power. However, the Iranian leadership is divided on the question of handling the nuclear issue internationally. The leadership continuously weighs the pros and cons both with regard to negotiation tactics and the final objective.

As a result of these considerations, Iran continues to develop its technological capacity in the nuclear field and advances the possibility of developing nuclear weapons. The Iranian leadership reacted strongly to the passing of resolution 1929 in the UN Security Council on 9 June 2010. The resolution contains new sanctions but the Iranian leadership has declared that it will never discontinue its nuclear programme. It is likely that Iran will continue its activities within the treaty of non-

proliferation of nuclear weapons and continue its cooperation with the International Atomic Energy Agency. However, the cooperation will still be somewhat reluctant on the part of Iran.

Increasing Iranian regional influence

In recent years, Iran's influence in the Middle East has increased, one reason being the consequence of regime changes in Iraq and Afghanistan. Iran seeks to consolidate this position using its support of parties in the regional conflict as a lever. The power struggle for regional power is the core of occasional tense relations between Iran and several Sunni Arab countries, particularly Saudi Arabia and Egypt. There are strong conflicts of interests politically and culturally between the Shiite Persian Iran and the majority of the regional Sunni Arab countries. The Sunni Arab states find it problematic that the Shiite political power is strengthened in the region and they believe it to be a result of Iran's power ambitions. An open Sunni-Shiite conflict is not in Iran's interests as it would undermine the country's ambitions of being the leader and protector of the Muslim world.

Al-Qaida transit country

Militant Sunni extremists mainly use Iran as their logistic base and transit country for accessing Afghanistan and Pakistan. Iran is especially important to al-Qaida as transit country for smuggling extremists, money and supplies to al-Qaida's primary area in Pakistan. It is likely that in the short term militant Sunni extremists will prioritise using Iran as their logistic base instead of attacking the country. Though, there are certain local militant Sunni extremist groups who attack domestic Iraqi targets.

Israel and its neighbours

Despite the fact that indirect negotiations between Israel and the Palestinians have begun, considerable progress in the peace process is not likely in the short term. The conflicts between Fatah and Hamas in the Palestinian areas block the chance of bringing about reconciliation. Syria tries to improve relations with the United States and the EU without giving up relations with Hezbollah and Iran. The political stability in Lebanon is fragile and it is unlikely that Hezbollah will disarm. The situation between Hezbollah and Israel in the border land between Lebanon and Israel is tense. Refugee camps in Lebanon are safe havens for militant Sunni extremists.

The Israeli-Palestinian conflict is crucial to the development in the Middle East. The conflict, particularly during the periodic armed clashes, causes occasional popular protests in the Arab countries and is thus a destabilising element.

The Israeli-Palestinian peace process is in difficulties. After a long period of failed attempts to resume direct negotiations between Israel and the Palestinians the process has now moved to indirect negotiations. The expectations to the process and its results are low. Israel doubts Palestinian President Mahmoud Abbas' capacity to meet the security obligations, not least seen in the light of the division between Fatah and Hamas.

And the Palestinians deeply distrust Israel's intentions, especially in the light of the settlement policy which Prime Minister Benyamin Netanyahu's government pursues in the West Bank and East Jerusalem. Even if the efforts to re-establish direct negotiations succeed there is no short-term prospect of a lasting political solution or even workable partial agreements.

Even though Israel vacated all settlements in the Gaza Strip in August 2005, a complete Israeli surrender of control with the Gaza Strip and possibly later on with the West Bank will make slow progress, be changeable and ultimately only partial. It is not likely that Israel will surrender enough control as to say it is an area of Palestinian sovereignty.

The Palestinian areas

The development in the Palestinian areas will be affected by the power struggle between Fatah and Hamas. So far, Hamas has not succeeded in gaining political results with regard to exchange of prisoners with Israel and fully opening the border crossings to Gaza. Hamas has experienced an increasing pressure domestically, internationally and from Israel since Hamas won the election in 2006 and in particular since Hamas' forcible assumption of power in Gaza in 2007. Despite the pressure Hamas tries to weather the storm in order to seek compromises on crucial issues.

In contrast, Fatah has succeeded in improving

conditions in the West Bank, both financially and in relation to security. Thus, Fatah holds a stronger position than Hamas, and even more so than it did in 2009. The deep-rooted distrust between the two parties is the reason for deadlocked political situation blocking general and presidential elections. Even if the parties enter an agreement on reconciliation it will be temporary at best. Despite the strengthening of Fatah, Hamas' popular support is so extensive that its acceptance will be a condition in order to find a lasting Palestinian agreement on peace and security.

The lack of progress in the peace process, continued Israeli operations in the Palestinian areas and a poor Palestinian economy could fuel new unrest.

Since 2006, the Palestinian Territories have experienced growing Sunni extremist activity and several Sunni extremist groups have declared their support of al-Qaida. It is not likely that these groups have contact to al-Qaida even though several of them claim so.

It is not likely that there are well-organised militant Sunni extremist groups in Israel. Still, Israel is one of the most high-priority targets among Sunni extremists and it is likely that simple terrorist attacks on the country are continuously planned with the Palestinian Territories and Lebanon as starting points.

The regional balance of power

Even in the long term, Israel's dominant military role will be an issue which not only the Palestinians but also the other states in the Middle East have to take into account. This can either be done by adjusting – though being critical in doing so – or by continuing the conflict. Regionally, Israel continues to perceive the Iranian development of nuclear weapons as its main threat. If Iran possesses nuclear weapons it will not only strengthen Iran's regional power but also its allies in the region. The Palestinian armed groups will not even in the long term pose a military threat to the existence of Israel. Lebanese Hezbollah still has an increasing military capacity to threaten Israel with extensive destruction but even in the long term it will not be a threat

to the Israeli existence. Nevertheless, Israel is not capable of neutralising or gaining complete control with the asymmetric threats stemming from these groups.

The influence of Syria

Syria perceives a possible Israeli-Palestinian peace agreement as a threat weakening its negotiation position vis-à-vis Israel. If the peace negotiations between Israel and Syria are resumed it is likely that Syria will maintain its demand of getting back the Golan Heights, including the stretch of land along the bank of Lake Tiberias. It is unlikely that Israel will meet this demand. Consequently, it is not likely that an agreement will be made in the short term.

Syrian President Bashar al-Assad has consolidated his position since the passing of his father. It is possible that a combination of a stagnating economy and a rapidly growing population and ethnic and religious tension will threaten the regime's grip on power in the medium to long term.

Syria's overall foreign political objectives are to retrieve the Golan Heights, to maintain influence in Lebanon and to maximise regional influence. Syria works to maximise its gains from the EU, the United States and regional players without making concessions in relation to Israel, democracy or human rights. The Syrian-Iranian partnership is strategic and not motivated by ideology, but pragmatically built on common interests. Syria is no major regional military or economic element of power. The country gains influence, for instance in Lebanon, by being able to prevent other players from making results without Syrian acceptance and by countering the influence of other players by entering alliances.

Numerous militant Sunni extremists travelled through Syria en route to Iraq from 2003 until 2008 but the numbers have been significantly reduced. Moreover, the Syrian government has succeeded in fighting the terrorist groups which used to operate in the country and it is likely that it will successfully continue these efforts.

Lebanon's domestic situation

In Lebanon the fragile domestic situation is characterised by cooperation across political dividing lines and by the different factions sharing an overall wish for stability. The general elections of 7 June 2009 did not produce a clear victory to any of the factions. A wide coalition government was established after six months of negotiations. The parliamentary deadlock of 2006-08 and particularly the fear of a repeat of the May 2008 unrest when Lebanon was close to yet another civil war have paved the way for the coalition government. Hezbollah's projection of power in May 2008 and the changed regional balance of power have made the previously anti-Syrian 14 March Alliance to partially dissolve and partially seek compromise.

In spite of Hezbollah having a less prominent role in the government, it holds an actual right of veto in the new coalition government. To Hezbollah the primary objective is to maintain the movement's armed branch and not lose control of it. The wish to disarm Hezbollah will be brought up again by parts of the 14 March Alliance in continuation of the so-called National Dialogue on the Lebanese defence strategy. A voluntary or a forced disarmament of Hezbollah is unlikely, even in the long term. Consequently, Hezbollah will also use its influence to oppose a Lebanese conclusion of peace with Israel, let alone negotiate it.

The border between Lebanon and Israel

Since 2006, southern Lebanon has been relatively quiet apart from a number of rocket launches against Israel in 2009. Furthermore, there have been a number of engagements between the Lebanese and the Israeli armed forces in the border area. The most serious of these engagements took place on 3 August 2010 when three Lebanese soldiers, a Lebanese journalist and an Israeli soldier were killed. The engagements, however, were single incidents and did not escalate.

Relations between Israel and Hezbollah are still marred by conflict. The presence of the United Nations Interim Force in Lebanon (UNIFIL) has restricted Hezbollah's options in the area, but

it is likely that Hezbollah will take action if it finds that UNIFIL proceeds too actively for instance in its search for weapons. In the short term it is not likely that Israel or Hezbollah will deliberately start a war. The ceasefire between Hezbollah and Israel is not based on mutual interests. It is a sign of a fragile balance of power based on threats of mutual extensive destruction. Consequently, a misjudgement by one of the parties could result in the situation quickly escalating into war.

Hezbollah enjoys financial support from Iran and Syria. It is likely that the support will continue as long as relations are hostile between on the one side Israel and on the other Iran and Syria.

The terror threat from Hezbollah

It is likely that Hezbollah's External Security Organisation (ESO) has the capacity to launch terrorist attacks abroad.

The Lebanese Imad Mughniyeh who headed ESO for many years was killed in a car bomb attack in Syria in February 2008. It is possible that the killing of Imad Mughniyeh caused a temporary weakening of ESO. In the long term it is likely that the killing will not affect Hezbollah and ESO's internal organisation or its capacity to launch operations.

It is possible that Hezbollah still prepares activities against Israeli or Jewish targets in retaliation of the killing of Imad Mughniyeh even though an act of revenge will bring on an Israeli reaction.

Arrests of Hezbollah-affiliated individuals in Egypt and Azerbaijan show that Hezbollah is still active outside Lebanon.

Militant Sunni extremists in Lebanon

To militant Sunni extremists, Lebanon will remain an attractive area of operation in the long term. The reason is first and foremost the weak state power and the fact that the Palestinian refugee camps are outside the control of the Lebanese authorities.

Particularly, the refugee camp Ayn al-Hilwa in southern Lebanon is the home of militant Sunni

extremists. It is likely that some of them are affiliated with al-Qaida. The extremist group by the name of Asbat al-Ansar, which does not launch terrorist attacks itself, controls several areas of the camp and likely puts up wanted terrorists.

In 2007, the Lebanese army defeated the terrorist organisation Fatah al-Islam in the refugee camp Nahr al-Barid north of Tripoli. Since then, the organisation has reorganised itself in Ayn al-Hilwa and launched terrorist attacks. However, the organisation has also experienced setbacks. It is likely that in the short term Fatah al-Islam will seek to launch attacks on UNIFIL.

In 2009, a group affiliated with the Abdallah Azzam Brigades claimed responsibility for three rocket attacks from southern Lebanon against targets in Israel. The group will continue to try to attack Israel and it is likely that it will seek to expand its area of operation to include other countries in the region and to successfully attack several different kinds of targets.

The situation in Jordan

Jordan likely has minor cells of militant Sunni extremists with limited capacity which will try to launch terrorist attacks. However, it is also likely that the Jordanian authorities' firm grip on the security situation will prevent the cells in launching successful operations.

Egypt's political course

It is likely that Egypt will continue its careful, but reluctant course of reform as long as its leadership remains intact. President Hosni Mubarak is 82 years old but the issue of succession is still undecided. Domestically, the Muslim Brotherhood makes up the strongest opposition to Mubarak's regime. Egypt has planned general elections for 2010 and the presidential election for 2011. 2010 commenced with extensive arrests of Brotherhood members and it is likely that the Egyptian regime will maintain its tough course vis-à-vis the movement. In light of Israel's superior military force and Egypt's need for US assistance, it is likely that the Egyptian leadership will maintain stable and pragmatic

relations with Israel despite domestic criticism.

Egypt is home to militant Sunni extremists capable of launching simple terrorist attacks, for instance involving small homemade bombs, against Western targets. It is likely that the militant Sunni extremists in Egypt make up

minor local groups with limited contact to militant Sunni extremists outside Egypt. Nevertheless, it is possible that in the short term they could gain the capacity to launch attacks of a certain complexity, including attacks involving car bombs.

The Gulf

Iraq is facing major domestic policy challenges and the formation of a new government following the March 2010 parliamentary elections will impact decisively on the future of the country. Iraq is still the world's most terror-stricken country. Saudi Arabia is struggling to maintain its position as key force in the Middle East, though its internal situation is stable. The terrorist group Al-Qaida in the Arabian Peninsula has been strengthened and the group has the will as well as the ability to launch terrorist attacks in and outside Yemen. Shiite insurgents in the north and the separatist movement in the south still challenge the regime.

Politically and security-wise, Iraq has entered a crucial period. March 2010 saw parliamentary elections and the political blocs are still negotiating on a coalition government. Iran is trying to influence Iraqi politics and has a strategic interest in continued Shiite domination in the new government.

The formation of a new government and the ability of the future government to control the security situation are key factors in the continued efforts to build up the Iraqi state and to the planned withdrawal of the US forces. In the medium term, relations between the Iraqi central government and the Kurdish autonomy may become Iraq's biggest problem. The affiliation of the disputed areas, including Kirkuk, and the allocation of the oil resources constitute major obstacles in clarifying relations.

Iraq is the world's most terror-stricken country, even though the number of attacks has dropped significantly, since peaking in 2007. This is chiefly the result of increased civilian resistance against the terrorist movements in Iraq.

The continued US military withdrawal will likely create a security vacuum in Iraq; a situation which the terrorist group Al-Qaida in Iraq will try to exploit. Terrorist attacks will continue in Iraq in the short and medium term.

The regional role of Saudi Arabia

The objective of Saudi Arabia is to secure its position as the leading force in the region. This position is being challenged by a potentially nuclear-armed Iran. Consequently, Saudi Arabia also regards a potential Shiite-dominated Iraqi government with close ties to Iran as a threat. As part of the Saudi efforts to position itself regionally, the country has tried to steer a more activist foreign policy course, though it will be careful in choosing which conflicts to engage in, not to lose face regionally. The incumbent US government will continue to work to strengthen the leading position of Saudi Arabia.

On the domestic policy front, King Abdullah's reform initiatives are a sign that the country takes the threat of religious radicalisation seriously. Still, the reforms will not likely result in thorough changes in Saudi Arabia in the short term. King Abdullah is 87 years old and the issue of succession has yet to be settled. It is possible that the reform process initiated by King Abdullah will not be continued under a new leadership.

In Saudi Arabia, virtually all organised militant Sunni extremist groups have been defeated. Still, there exist a number of more loose networks of militant Sunni extremists with links to groups such as Al-Qaida in the Arabian Peninsula in Yemen and networks in Iraq, and the Saudi society will continue to provide a breeding ground for radical Sunni extremism.

It is thus likely that occasional terrorist attacks of a certain complexity will be launched in Saudi Arabia in the short and medium term.

Wealthy Saudi private individuals and collections organised in extremist circles in Saudi Arabia will continue to contribute towards the financing of militant Sunni extremist activities globally.

Yemen

The situation in Yemen is very precarious. The government has entered a truce with the Shiite insurgents in the north; resulting in a relatively calm, but still unstable, situation. The root causes of the conflict have not been eliminated. However, there has been an escalation in the conflict with the separatists in the south as well as in the conflict with militant Sunni extremists. The government will not likely be capable of solving the conflicts through the current confrontation. In combination with the more deep-seated structural problems in Yemen, this will cause Yemen's future to be marred by unrest that may spill over to its neighbours.

Consequently, large parts of Yemen constitute an attractive safe haven for militant Sunni extremists. The security situation is marred by the fact that the security forces only control the larger cities and areas where the infrastructure is good. In spite of recent years' increased focus on the war on terror, the efforts to fight terrorism in Yemen are ineffective.

Al-Qaida in Yemen and Al-Qaida in the Arabian Peninsula

Al-Qaida in Yemen saw a strengthening from 2007 to 2009, launching numerous attacks in Yemen. The targets were Western interests, oil installations and Yemeni security forces. In January 2009, the group announced its merger with the Saudi group Al-Qaida in the Arabian Peninsula. Headed by Yemenites, the merged group also calls itself Al-Qaida in the Arabian Peninsula although it was in fact Al-Qaida in Yemen which incorporated the Saudi group, which had been severely crippled by the Saudi authorities.

Following its merger, Al-Qaida in the Arabian Peninsula has started launching attacks against targets outside Yemen. In August 2009, the group launched a suicide attack in Saudi Arabia against the Saudi vice minister of the interior, who survived the attack. Moreover, as mentioned above, the group declared its responsibility for an attack attempt against a passenger jet en route to Detroit on Christmas Day 2009. In this attack, a new type of bomb was introduced that has no metal content. The group will likely continue to launch attacks against Western targets in and outside Yemen and it will likely continue to develop its MOs.

Parallel with stepping up its attacks, Al-Qaida in the Arabian Peninsula has also become increasingly active on Islamic Internet forums, for instance through the posting of statements.

Al-Qaida in the Arabian Peninsula and the Somali militant Sunni extremist group al-Shabaab have issued declarations of support for each other. The two groups are likely in contact wishing to establish some kind of cooperation ties.

Africa

The conflicts in Africa still require a robust presence of peacekeeping forces. Based on their current capabilities, neither the UN nor the African Union is capable of filling their mandates or handling future crises in the continent. The negative repercussions of the global economic crisis have been significant and the economic problems may trigger unrest in the weakest African countries in the short term. Terrorism related to al-Qaida plays a key role in North, West and East Africa.

Most conflicts in Africa are internal. Though they have significant cross-border elements, they are not likely to draw involvement from the great powers, at least not in the short term. Conflicts will likely persist in the Horn of Africa, especially in Somalia and Sudan. In North Africa, terrorism is the most severe security problem.

In central Africa, the conflict will likely persist in the Democratic Republic of the Congo.

In western Africa, the conflicts in Sierra Leone and Liberia will not likely rekindle as long as the robust international engagement continues. The situation in the Ivory Coast is highly precarious.

The Sahel countries, Mauritania, Mali, Niger and Chad, will not likely obtain full control over their vast territories, not even in the long term. The political situations in Mauritania and Niger remain unstable.

Southern Africa is the most stable region in the continent. Though violence and conflicts are likely in Zimbabwe, armed conflicts will not likely erupt internally or between the other countries in the region in the short term.

The conflicts in Africa still require a massive presence of peacekeeping forces. Based on their current capabilities, neither the UN nor the African Union (AU) is capable of filling their mandates or handling future crises in the continent. Lessons learned in connection

with AU missions in Burundi, Darfur and Somalia indicate that there is still a long way to go before the African Union will be capable of planning, leading and sustaining a peacekeeping operation on a robust mandate over a longer period of time. The UN will continue to need well-trained units, including African ones, to be able to fill its mandates in Africa. This presupposes that the AU, the African regional organisations and the individual African countries increase their crisis-handling capabilities.

The global economic crisis has had significant consequences for both energy and goods exporting countries in Africa. Unemployment is up and state revenues have come under pressure. Many African countries have managed to ride off the storm by taking out loans and building up government budget deficits. The challenge now lies in securing growth while working off debts and maintaining social and political stability. The high increase in population in the continent means that the economies must grow considerably in order to absorb the influx of labour and to create progress. In the short term, the economic problems could likely spark unrest in the weakest of the African countries.

The internal conflicts and weak states enable militant Sunni extremists with links to al-Qaida to operate in parts of North, West and East Africa, particularly in Somalia, Algeria and Mali. This constitutes a potential terrorist threat to Europe.

Somalia

In Somalia, the insurgent and terrorist group al-Shabaab has expanded its area of operation. Al-Shabaab aims for alignment with al-Qaida, and foreign militant Sunni extremists are being trained in Somalia. In the short term, the Somali transitional federal government will not likely be capable of forcing an end to the civil war.

Al-Shabaab is the most well-organised and financially most well-based insurgent group in Somalia. Besides engaging in insurgent activities, al-Shabaab likely continues to launch terrorist attacks against local as well as international targets in Somalia from its base in south Somalia. The group is responsible for several killings of westerners. However, most kidnappings of westerners in Somalia are likely carried out by militias or tribes unrelated to terrorism whose motive is pecuniary.

On 11 July 2010, two terrorist attacks were launched in the capital of Uganda, Kampala, killing 74 in two public places. On 12 July 2010, yet another terrorist attack was attempted against a bar in Kampala. According to al-Shabaab, the attacks were launched in retaliation for Uganda's military presence in Somalia.

Al-Shabaab has extensive links to Europe, the Middle East and Asia. Since 2008, al-Shabaab has tried to align with the al-Qaida network in East Africa, wooing the al-Qaida senior leadership in Pakistan. Even though the al-Qaida network in East Africa has been markedly reduced compared to the 1990s, the network still has the will as well as the ability to launch attacks against Western targets in and outside Somalia. Al-Shabaab is likely present in Kenya and has the will and the ability to launch terrorist attacks in the country.

Somalia will highly likely continue to constitute a safe haven for militant Sunni extremist networks. Al-Shabaab and al-Qaida members in East Africa run training camps for foreign Sunni extremists.

Al-Shabaab's future course

The al-Shabaab leadership is likely divided on the group's future course, and it seems as though two overall factions have emerged

within al-Shabaab. One faction comprises leaders whose ideological ambitions are chiefly focused on fighting locally within the Somali borders. The other has close relations to individuals aligned with the remnants of al-Qaida's network in East Africa. This faction is oriented towards al-Qaida and the global jihad.

Transitional federal government struggling uphill

The Somali transitional federal government has failed to initiate a reconciliation process with the opposition and to improve the national security situation. The transitional federal government only controls a small part of Mogadishu and a few provincial towns. The rest of southern and central Somalia is controlled by al-Shabaab and a number of smaller militias. In the short term, there is little prospect of the transitional government being able to force an expansion of its territory or to force through an end to the civil war in Somalia.

Al-Shabaab has ambitions to dislodge the transitional government through military means, and in 2009 and 2010, the group has expanded its area of operation. The group's offensives against the government as well as against other insurgent groups underline its position as the strongest insurgent group in Somalia in terms of military power. It is part of al-Shabaab's strategy not to become involved in protracted fighting to maintain control with a town or area, making it likely that al-Shabaab-controlled areas, especially in Mogadishu, will change hands several times during the rest of 2010.

Moreover, al-Shabaab has renewed its focus on Puntland and Yemen. In the short term though, al-Shabaab will not likely try to win territory in Puntland.

Sudan

South Sudan will likely break away from Sudan in 2011, either by referendum or by a unilateral declaration of independence. Despite progress in the peace negotiations for Darfur, the parties to the conflict are not likely to enter into a broad peace agreement in the short term.

The referendum on independence for South Sudan slated for 2011 will determine the political development in Sudan next year. The democratic process which was to peak with national elections has failed to materialise, and political tensions erupting in the wake of the April 2010 elections are threatening to destabilise South Sudan in particular. Sudan People's Liberation Movement's lack of capacity to control the security situation in the south helps undermine the peace process. The months prior to the January 2011 referendum will likely be fraught with local confrontations.

The people of South Sudan are increasingly supportive of secession. South Sudan will likely secede in 2011, either by referendum or by a unilateral declaration of independence. The National Congress Party is trying to weaken the Sudan People's Liberation Movement by dragging out the implementation of the peace agreement ahead of the referendum. The situation will likely be unstable as long as there

is no agreement on post-secession conditions, including the unresolved issue on division of oil proceeds, satisfying North Sudan.

The divided opposition is one of the most severe obstacles to peace in Darfur. Several insurgent groups have tried to upstage themselves politically and militarily in a bid to undermine their rivals and their rivals' access to peace negotiations. The main player in the armed insurgency is the Justice and Equality Movement, which has used the Qatar peace process to establish itself as the dominating movement in Darfur. Other insurgent movements such as the Abd al Wahid Nur faction of the Sudan Liberation Movement is not party to the peace process but is backed by the Fur tribe in particular. In the short term, despite a certain momentum in the peace negotiations in Qatar, the parties to the conflict will not likely enter into a peace agreement for Darfur that includes all the key insurgent groups.

North and West Africa

The organisation Al-Qaida in the Islamic Maghreb will likely preserve their training camps in Algeria and Mali in the short and medium term. The group is continuously planning terrorist attacks against Western as well as non-Western targets in Algeria, Mauretania, Mali and Niger.

North Africa is marked by a strong militant Sunni extremist presence. The originally Algerian group Al-Qaida in the Islamic Maghreb (AQIM) constitutes the most severe threat against local authorities and Western targets. Though chiefly operating in Algeria, AQIM also constitutes a key threat in Mauretania, Mali and Niger as well as in areas in Libya and Tunisia that are close to their borders with Algeria.

AQIM's level of activity in Algeria has decreased since 2007; more as the result of enhanced protection efforts around Algiers and other major cities, though, than the result of a weakening of AQIM's capabilities as such. In the short and medium term, AQIM will highly likely

continue its use of al-Qaida MOs, including, in particular, suicide bombs and kidnappings of Western nationals.

AQIM's activities in the Sahel countries Mauretania, Mali and Niger have been stepped up since 2007. The group has been responsible for a number of kidnappings of westerners, boosting its financial basis as well as its propaganda. In August 2009, AQIM launched its first suicide attack in Sahel when a young Mauritanian unsuccessfully tried to attack the French embassy in Nouakchott. In the short term, AQIM will likely build up the ability to launch more complex attacks in the Sahel countries. It is possible that in the medium

term, part of the AQIM leadership will relocate to the Sahel countries. In the long term, though, AQIM's chief focus will likely remain on the insurgency in Algeria.

In the short and medium term, AQIM will likely preserve training camps in both Algeria and Mali. AQIM will continue to try to expand and improve its support networks in the region in a bid to expand its area of operation to the rest of the Maghreb countries. It is possible that AQIM can build up an operational capability in Morocco, Tunisia and Libya in the medium term, and in the short term, it is likely that AQIM will attempt to expand its network to other West African countries in general and to Nigeria in particular.

It is not likely that AQIM has an operational capability in Europe, though AQIM still has a clear determination to set up cells in Europe. In the medium term, it is possible that drawing on its existing support structure in Europe, AQIM

will be able to build up a capability to launch attacks of a certain complexity in Europe.

AQIM is continuously planning terrorist attacks against Western as well as non-Western targets in Algeria and the Sahel area. AQIM is one of the world's most effectively organised militant Sunni extremist groups.

Militant Sunni extremist groups in Morocco continue to be active even though it has been established that their operational capabilities have been declining. In Nigeria, the Sunni extremist group Boko Haram has been most active in extending its contact with AQIM, and in the short term, Boko Haram will likely try to build up an operational capability aided by AQIM.

As a consequence of the weak states and porous borders in the Sahel area, the countries will likely continue to be used as safe havens for terrorists and as transit countries for, for instance, drug and human smuggling.

Europe and the Arctic

A number of EU countries would likely experience problems with their gas supply should Russia choose to cut off the energy export to its neighbours in the CIS area.

The EU now covers almost the entire European continent and the EU's attraction on non-member countries, including parts of the CIS area, is still strong. The EU is thus Russia's strongest trade partner. Oil, gas and other raw materials are among Russia's key exports to the EU countries, whereas the EU countries export high-tech products to Russia.

Even though the EU agrees on a pragmatic approach to Russia, the Russian relations to the EU and its member countries will likely be marked by occasional disputes even in the medium and long term. Russia has no intention

of letting its domestic or foreign policy be dictated by demands or protests from the EU. Consequently, it is still likely that Russia will not refrain from using levers such as its energy export in a foreign policy or economic context vis-à-vis its neighbours in the CIS area, even though several EU countries would - to varying degrees - suffer from shortage of supplies if Russia should choose this approach.

In the Balkans, political and economic reforms are progressing, albeit slowly. Serbia's and Kosovo's strive towards closer ties with the EU counteract extensive unrest in Kosovo.

Russia

Russia was hit hard by the global economic crisis, but has managed to fend off the difficulties. The political and economic system is sufficiently consolidated for President Dmitriy Medvedev and Prime Minister Vladimir Putin to continue to outline the country's development. Russia has adopted a more pragmatic foreign policy line, reflected, for instance, in its relations with the United States. Russia's relations with several of its neighbours are, however, still strained. To the EU and the US, Russia will remain a self-asserting and recalcitrant player in many international issues.

In 2008, following ten years of high growth and economic restoration, Russia was among the countries that took the brunt of the global economic crisis. Several positive economic key figures, however, indicate that Russia is now over the worst repercussions. In the short term, Russia will see positive economic growth rates, though levels will be below the pre-crisis growth rates. Only in 2011, at the earliest, will the Russian GDP reach its pre-crisis level. In the short and medium term, this will present significant economic and social challenges such as increased unemployment, major budgetary deficits and problems in the financial sector.

The financing of the national budget depends heavily on the oil price and thus on developments in the world economy. If the oil price keeps stable, the deficit in the 2010-2012 national budgets cannot be covered by oil revenues accumulated in the oil funds.

Due to the economic crisis, Russia's large financial reserves have been spent on economic crisis management rather than on modernising and developing the economy as otherwise envisaged by the political leadership. As a result, the country is still weighed down by burdens, which in the long term will hamper economic growth. Corruption, inadequate

rule of law, declining population figures and a one-sided economy dominated by large raw-material dependent companies are among the key obstacles preventing the country from fully using its potential.

Despite facing significant economic challenges, Russia is sufficiently politically and economically consolidated for the regime to outline the country's future development and future political system. President Dmitriy Medvedyev will highly likely relinquish the presidency in 2012, should incumbent Prime Minister Vladimir Putin and the United Russia party demand it. Regardless of which key posts the two prominent figures will hold after 2012, the current centralised leadership will continue. As a result, the parliamentary and legal norms of Western democracies and a number of international norms will continue to be partially rejected.

Foreign policy and security policy developments

Russia is still pursuing the role as a great power, though its strategy has become less confrontational than was the case during, most notably, Vladimir Putin's second term in office from 2004 to 2008. This is likely the result of the economic foundation for an activist and confrontational course having diminished during the global economic crisis. Moreover, it is the result of Russia's feeling under less pressure as regards its political and security interests, for instance in the issue of new NATO enlargements and the US plans for a missile defence. Consequently, Russia is now in a position where it is able to pursue a more pragmatic foreign policy vis-à-vis certain countries.

Still, Russia's relations with several of its neighbours are strained. The tensions are rooted in issues such as historical conditions and Russia's ambition to establish spheres of interest along its borders in the CIS area. Russia and the other CIS countries are in many ways deeply mutually dependent. The infrastructure, in particular the energy supply, and the economic ties, chiefly trade, tie the countries together in a web of interdependence. Russia regards the EU's neighbourhood policy and the

US support to democratic movements in the CIS countries as severe threats to its dominant position in the CIS area.

The war in Georgia in August 2008 and the subsequent setting up of military bases in Abkhazia and South Ossetia are ways in which Russia is trying to demonstrate its perception of the CIS area as a Russian sphere of interest through military means. The extension of the agreement on the presence of the Russian Black Sea Fleet in Sevastopol in Ukraine should also be regarded in this light. Still, Russia would prefer to employ non-military means, especially control with the energy export, to exert pressure and influence on its neighbours, chiefly within the CIS area.

Relations with the United States

The United States has sent out conciliatory signals to Russia. In the most recent US strategic guidelines for the armed forces references to Russia are also positive. In this context, Russia quite unambiguously appears as a partner, not an adversary. Besides a NATO enlargement to the east having been de facto shelved, the US government has changed the concept for the strategic missile defence in Europe. Instead of missile defence installations in Poland and the Czech Republic, which represented a real sticking point in the overall Russo-US relations and to the progress of the strategic arms reduction negotiations, the United States is now setting up a new and more mobile missile defence system directed against short and intermediate-range missiles from Iran.

In April 2010, the United States and Russia entered into a new arms reduction treaty on their strategic nuclear weapons, new START. Under the new agreement, each country is allowed 1550 strategic warheads and 700 means of delivery. Russia, however, will likely have to reduce its strategic nuclear forces beyond the new treaty, as a large number of Russia's intercontinental missiles are nearly obsolete. Russia's interest in reacting pragmatically and positively to the signals sent out by the United States is also reflected in its acceptance of new sanctions against the Iranian nuclear programme in June 2010.

Besides being the only country which in fact has the capacity to direct a annihilating nuclear attack against the US mainland, Russia has a significant potential to create military and security political difficulties for the US. Also in future, Russia will know how to use this potential to cultivate its own foreign policy and security policy interests.

The Russian armed forces

Over the next years, the Russian armed forces will be struggling with severe repercussions of the economic crisis. Still, the Russian leadership will give high priority to the modernisation and professionalisation of the Russian armed forces as well as to the building up of a modern great power defence with the capabilities to operate outside Russia. The economic crisis, however, will hamper the implementation of the reform plans and the necessary equipment procurements. During the reform period, which will unavoidably result in reductions in the level of readiness, the Russian nuclear forces will be given a relatively more significant role as deterrence.

Ukraine

The election of Viktor Yanukovich as president has brought Ukraine closer to Russia. Even though Ukraine will not uncritically orient itself towards Russia, it will not likely seek membership of NATO in the medium term. Ukraine will, however, continue its pragmatic cooperation with NATO.

Ukraine occupies a special position in Russia's policy towards NATO and the CIS area due to its size, economic clout, geographical location between Central Europe and Russia, and least but not least due to the many ties of a historical, cultural, linguistic and religious nature that exist between the two countries.

Ukraine's foreign policy is characterised by the long-standing rifts in parliament as well as, periodically, between the parliament, the government and the president. These rifts are partly a reflection of the rift in the Ukrainian population, partly a reflection of the fact that the country is still a relatively unconsolidated democracy with an unclear division of powers between parliament, government and president. A reshuffle of the roles as president, prime minister and leader of the opposition

Foreign policy objectives

Despite having adopted a more pragmatic foreign policy tone, Russia's foreign policy objectives basically remain unchanged. Accordingly, Russia will continue to try to enforce its perception of the CIS area as a Russian sphere of interest and it will cooperate with other great powers and regional powers, including China, India and Iran. This cooperation will not be translated into actual alliances; rather it will manifest itself in cooperation patterns in which the convergence of interests and the intensity of the cooperation will vary.

Acting on its great power ambitions, Russia will demand increased influence in international issues, actively cultivating its own economic, political and security interests. Russia will highly likely not let itself be influenced by Western pressure. To the EU and the US, this means that Russia will remain a self-asserting and recalcitrant player in many international issues.

in connection with the 2010 presidential election will not fundamentally change these conditions.

Ukraine's foreign-policy orientation is characterised by a constant swing of the pendulum between the West and Russia, its direction depending on the forces dominating the government. The election of Viktor Yanukovich as new Ukrainian president in early 2010 has already caused the pendulum to swing – as evidenced, for instance, by the entering of bilateral agreements with Russia, including an extension of the agreement on the presence of the Russian Black Sea Fleet in Sevastopol in the Crimea. This is a signal that Ukraine has moved closer to Russia during Yanukovich' first months in office.

At the same time, Russia is pushing to strengthen its relations with Ukraine and to integrate Ukraine even further into the CIS area. Still, Ukraine will not likely unilaterally and uncritically orient itself towards Russia and the rest of the CIS area, though it is also not likely that Ukraine will seek membership of NATO in the medium term. It is likely, however, that

Ukraine will continue its pragmatic cooperation with NATO.

Ukraine still focuses on strengthening its cooperation ties with the EU, though Ukraine's economic situation and economic dependence on Russia make Ukrainian membership of the EU unlikely in the medium to long term.

Belarus

Belarus' foreign policy and security policy are directed towards cooperation with Russia, but relations between the two countries are fraught with tension. Still, in the medium to long term, Belarus will likely preserve its pro-Russian security policy orientation.

Belarus does not attach any major importance to cooperation with the European countries or institutions. Belarus' foreign policy and security policy are directed towards cooperation with Russia. Military cooperation between Belarus and Russia is practically frictionless, especially within air defence. Belarus imports much of its oil and natural gas from Russia. On the other hand, Russia depends on Belarus as a transit country for Central and Western Europe.

However, cooperation with Russia is often fraught with problems, as the government in Belarus tries to avoid Russian economic and political dominance. Belarus thus attempts to create a counterweight to Russia through demonstrative contacts with, for instance, Venezuela and Iran and, occasionally, by indicating an interest in cooperation with the EU and NATO. Moreover, the Belarusian government tries to avoid complete Russian dominance, e.g. by complicating the sale of Belarusian companies and infrastructure to Russian state-owned companies.

Russia is the only country which is de facto in a position to change the current regime in Belarus. The Russian leadership likely wants a

change of leadership in Belarus; however, it is also likely that the Belarusian regime would be capable of outmanoeuvring any potential candidates thought to be Moscow front men. The current regime can likely count on Russian acceptance of political candidates as long as Russia is incapable of coming up with its own alternatives.

A new leadership ascending to power in Belarus on Russian terms would highly likely keep cultivating close ties to Russia. It is possible, though, that a change in leadership, especially one taking place without the direct control of Russia, could generate such dynamics in the Belarus that demands for a certain rapprochement with Europe could emerge. Russia would counter such a development by using its many contacts in the Belarusian state and security structures and in the Belarusian armed forces to neutralise demands for rapprochement with Europe.

As the Belarusian national identity is weak and the country's elite strongly identifies with Russian interests, Belarus will likely in the medium to long term keep its pro-Russian security policy orientation.

Moldova

The conflict over the Transdnestr region complicates development in Moldova and halts integration with the West.

Moldova has distanced itself from the cooperation within the CIS and from Russia

and is now working to obtain membership of both the EU and NATO. Moldova has neither

oil nor natural gas reserves and covers much of its energy need with import from Russia. Moreover, Moldova depends heavily on Russia as export market for its agricultural products.

Furthermore, the Transdnestr conflict is complicating development in the country, halting its integration with the West. Russia is still willing to defend the interests of Transdnestr and its special status. A Russian military contingent of just below 1,500 men is stationed in Transdnestr. The breakaway

regime is to a very large extent living on smuggling via Ukrainian harbours, which have for years constituted an economic life nerve for Transdnestr. Russia is not ready to withdraw its military forces from Transdnestr despite having pledged to do so at the 1999 OSCE summit in Istanbul and in Porto in 2002. The survival of the Transdnestr regime is secured by the presence of the Russian troops, and the regime's dependence on Russia will continue to hamper Moldova's rapprochement with NATO and the EU.

Caucasus

Russia will not let its policy towards Georgia be influenced by Western demands and denunciation. Armenia constitutes the cornerstone in Russia's strategic role in the region and Russian support is necessary for Armenia to keep up its occupation of Nagorno-Karabakh. Azerbaijan shows will to manifest itself independently of Russia, largely owing to the revenues from its energy export.

The three countries in the Caucasus, Georgia, Armenia and Azerbaijan, constitute a strategic key area between Russia and the Middle East, between Europe and Central Asia; and between the energy deposits in the Caspian Sea and consumers in the West.

Georgia

Georgia has chosen to pursue a confrontational and challenging course vis-à-vis Russia and seceded from the CIS following the August 2008 war with Russia. Though the majority of Georgians support NATO membership, support is waning, and the country has not been given access to substantial negotiations on membership. Through targeted efforts, Georgia has managed to make itself almost completely independent of Russian energy supplies, including electricity, and now covers the bulk of its oil and natural gas consumption through import from Azerbaijan. Georgia acts as transit country for vast quantities of Caspian oil and natural gas through pipelines to the Black Sea and Turkey. At the same time, Georgia is transit country for Russian natural gas to Armenia.

Following the August 2008 war with Georgia, Russia has set up military bases in the two Georgian regions Abkhazia and South Ossetia, whose independence has formally been

recognised by Russia. So far, no other CIS states have followed Russia's example, and besides Russia, only Nicaragua, Venezuela and the small island state of Nauru in the Pacific have recognised Abkhazia and South Ossetia as independent states.

Russia will not let its approach in Georgia be influenced by Western demands and denunciation. Unrest at the administrative border between Abkhazia, South Ossetia and the rest of Georgia may trigger Russian operations into Georgia, but in the current situation, Russia will not likely try once more to engage in a fully-fledged military intervention in the other parts of Georgia.

The Georgian opposition is still divided, making it likely that President Mikhail Saakashvili is capable of surviving politically in the short term. Russia will focus its efforts on helping a pro-Russian regime in Georgia into power, but Russia will not likely launch military operations against Georgia with the purpose of physically removing Saakashvili from power.

Armenia

Armenia is the cornerstone in Russia's efforts to maintain a decisive role in the region. Parts of the Russian armed forces that were pulled out of Georgia in 2007 have been redeployed to

the Russian military base in Armenia. Armenia imports much of its natural gas from Russia. Moreover, Armenia is Russia's only close ally in the Caucasus, though the country is not a Russian vassal state.

Azerbaijan

Azerbaijan shows will to manifest itself independently of Russia, largely owing to the revenues from its energy export, which is chiefly transported via Georgia to Turkey through the Baku-Tbilisi-Ceyhan pipeline. Azerbaijan is also trying to extend its contacts to Turkey and the West, including NATO. Azerbaijan has sufficient

oil and natural gas reserves to cover its own demand as well as maintaining a major export.

Nagorno-Karabakh

The unresolved conflict between Armenia and Azerbaijan over the Nagorno-Karabakh enclave in Azerbaijan makes it possible for Russia to influence both countries. Russia does everything in its power to maintain its role as unavoidable intermediary, even though the Russian community in the area is very small. To Armenia, Russia's political and military backing is vital in order to keep up its occupation of Nagorno-Karabakh.

Kosovo and Serbia

Both the Serbian and the Kosovo governments aim for favourable relations with the international community, especially the EU. Accordingly, clashes in Kosovo between Kosovo Serbs and Kosovo Albanians will be limited. Still, Serbia is not inclined to let the Kosovo authorities gain control over Northern Kosovo.

Serbia's domestic policy has now stabilised around a middle-of-the-road course whose main objective is rapprochement with the EU. So far, the government has been successful in toning down the importance of Kosovo on the domestic policy agenda. The Serbian government pursues the policy that the fight for Kosovo be fought by diplomatic means.

In the short to medium term, however, the leading political forces in Serbia will not likely be capable of abandoning their fundamental stance in the Kosovo issue, i.e. that Kosovo is still part of Serbia.

The Kosovo Serbs will increasingly accept living under Kosovo's government and authorities. The rift between the Kosovo Serbs and the Kosovo Albanians will be limited to the

Kosovo Serb dominated Northern Kosovo. Even though the Serbian government has been successful in controlling the most nationalist Kosovo Serb elements, it has no intentions of letting the Kosovo government and authorities gain control over the area.

The Serbian government, however, will likely suggest some kind of division of Kosovo, under which Northern Kosovo - which is dominated by Kosovo Serbs - as a minimum is given autonomy in return for Serbian acceptance of independence for Kosovo.

The limited clashes between Kosovo Serbs and Kosovo Albanians are attributable to the fact that both the Serbian and the Kosovo governments aim for favourable relations with the international community, especially the EU.

The Arctic area

Climate changes result in increased interest for the Arctic areas' energy resources and maritime transport routes. This generates a risk of diplomatic crises, though it is unlikely that they will result in military conflicts.

In combination with a worldwide increased demand for oil and gas, the climate changes

have spurred interest in the Arctic, and the coastal states have intensified their efforts to

secure rights in the Arctic Ocean. Most of the seabed in the Arctic has not yet been explored, but the tests carried out so far have proved deposits of both oil and natural gas. According to the most optimistic estimates, the Arctic may hold close to 25 per cent of the world's undiscovered oil and natural gas resources.

If the current climate changes continue unabated, it opens the prospect of the North West Passage and the North East Passage becoming navigable for longer periods of the year. The naval and air defence activities will likely increase in the Arctic area once the Arctic waters become easier to navigate.

As the great powers grow increasingly strategically interested in the Arctic and as their military presence in the area grows proportionally, the risk of conflict between the powers increases as well. But even though

some coastal states have already strengthened their military capabilities in the polar area, this is unlikely to result in military conflicts. In the medium to long term, though, there is a risk of diplomatic crises between coastal states in the Arctic area as a result of the clash between major strategic and, in particular, energy policy interests. Moreover, there is an increased risk of small-scale harassment between military units in connection with the civil exploitation of the natural resources in the disputed areas.

Russia's clear interest in expanding its Arctic area and its equally clear will and capability to use military force may in particular pose a problem to the other actors in the Arctic area. Russia is increasingly focused on access to its rich deposits of oil and gas in the Arctic part of Russia and the Barents Sea. Russia is prepared, though, to try its case through the international humanitarian law.

While the economic growth in Asia will give the region more clout in the world economy in the long term, Asia is also building up its military capabilities. There is a potential for conflict, though it is not likely that conflicts will escalate into war between the parties involved.

To the extent that economic growth has taken place during the economic crisis, it has taken place in Asia spearheaded by China and India. Together with the smaller but highly developed East Asian countries South Korea and Japan, China and India will constitute the pivot for an increasing part of the world economy.

Moreover, a significant military build-up is taking place in Asia. In the long to very long term, both China and India will likely expand their military capabilities sufficiently to become capable of conducting military operations globally.

Asia holds a significant potential for conflicts,

especially between India and Pakistan, and between China and Taiwan, though it is not likely that conflicts will escalate into war between the parties involved. North Korea's nuclear programme and the unresolved issue of who is to succeed the country's leader have resulted in doubts as to the future security political development around the Korean Peninsula.

Though countries in Central Asia are not Russian vassal states, Russia does not immediately regard its strategic interests in Central Asia as severely threatened. Sunni extremist terrorist groups from Central Asia will likely continue to launch attacks in Afghanistan.

China

China's political system will find itself under pressure to find a new growth model. Vested interests will dominate and increase in importance, but China will likely stay its current political and economic course. Regardless of the outcome of the global economic crisis, China will remain one of the key actors in international politics, and economic influence will continue to be the pivot of the Chinese foreign policy strategy over the next decade.

Having taken the country to the centre stage of world politics, China's economic model has now almost exhausted its possibilities. The global economic crisis has accelerated this process. A high level of investments, low domestic consumption, a large export and substantial foreign currency reserves have cushioned the country against the immediate effects of the breakdown in the financial markets in 2008. However, China will be affected by the long-term consequences of the global economic crisis.

As a result of the economic crisis, China saw a plunge in exports in 2009. Even though

exports are now the rise again, in the medium term they cannot sustain the more than 10 per cent growth rates of previous years. The investment programmes and package loans introduced by the Chinese government in 2009 in response to the crisis are not viable in the long-term and China will be forced to pursue a tighter economic policy.

Regardless of the outcome of the global economic crisis, China will remain one of the key actors in international politics, and over the next ten years economic influence will continue to be the pivot of the Chinese foreign policy strategy.

Political development

Over the next years, the political system in China will find itself under pressure to formulate a new growth model. Vested interests will dominate and increase in importance, both in and outside the party. The political power balance that is keeping China on its current political and economic course will likely be maintained, though.

The Chinese leadership is especially aware of religious movements as these may threaten the party's control and power monopoly. This is especially true of the western provinces, Xinjiang and Tibet, where the minorities are not culturally or religiously affiliated with the Chinese nation. Dissatisfaction is thus easily channelled into independence movements and visions of autonomy. As long as the central government in Beijing can deliver economic progress that has a rub-off effect on the provinces, China will not likely loosen its grip on the western provinces. Consequently, the situation in western China is closely linked to and dependent on the development in central China.

Terrorism

In Xinjiang, militant Sunni extremism will be present in the short and medium term in the shape of the Turkistan Islamic Party. It has the will but limited capability to launch terrorist attacks against targets in China. It also has the will to launch terrorist attacks against Chinese targets outside China, but at present the group does not likely have the ability to conduct such attacks.

The foreign policy and security policy development

China's relations with other countries are carefully balanced against their weight in relation to the Chinese economy. The 'no-interference' policy is and will remain China's key instrument in bilateral relations to keep the Taiwan issue off the international agenda and to prevent discussions of internal Chinese affairs in international forums when this is required by the leadership in Beijing.

China tries to avoid binding multilateral

international agreements, unless they can be used to promote China's own interests, for instance through the UN. China will always work to obtain a special position within such cooperation structures and will demand that international rules consider Chinese interests.

Relations with the United States are the key aspect of China's long-term foreign policy strategy. The United States takes 20 per cent of the Chinese exports, and China has a major trade surplus. As long as China does not revalue its currency, the trade surplus towards the United States entails a risk of a political confrontation with the United States. As a result of its export-driven growth strategy, China has accumulated vast reserves of US dollars. The reserves have extensively been borrowed back to the United States through the purchase of government bonds or through investments in US companies. In this way a mutual dependency has emerged between the United States and China.

The Chinese leadership regards US relations with China's neighbours as an attempt by the United States at containing China. The United States is directly involved in the two key potential crisis areas near China: Taiwan and the Korean Peninsula. It is China's strategy to involve the United States in resolving these issues in such a way that China's interests are protected. At the same time, China is trying to prevent the United States from interfering in issues related to Taiwan and the Korean Peninsula in which China, using its direct influence, can obtain its political goals.

China's oil import

China is increasingly importing its oil from Saudi Arabia and Iran, and China increasingly perceives itself as dependent on the ability of the United States to keep sufficient stability in the area. China does not have a formulated Middle East policy as it does not want to take a stance in conflicts that often involve a religiously aspect and in which it may risk a confrontation with the United States. China prefers to keep all its options open in the Middle East as it depends on all parties as future suppliers of energy.

Since 2000, China's trade with Japan has surged, and China is on the way to becoming Japan's number one trade partner. The Chinese leadership will continue its overtures to Japan. China does not regard a long-term Japanese military rearmament as likely. Though both countries are in consensus that the Korea issue should be solved peacefully, they are not, however, in consensus on how to prioritise the steps necessary to solve the issue. China's interest in closer relations is chiefly rooted in its wish to reduce US influence in the Chinese neighbouring region. Japan will continue to balance its relations with China against its close relations with the United States.

China's growing involvement in the African continent is motivated by the prospect of access to energy and raw material deposits. China extends credit and loans to a series of projects. Some countries, such as Sudan, receive military aid. Chinese contractors are involved in restoring and rebuilding the infrastructure, and China contributes to the UN peacekeeping forces by providing the logistics required for the overall operations.

China shows a growing interest in Europe. The increasing trade between China and the EU may shift the focus from China's non-compliance with human rights to economic issues in China's dialogue with the EU. China's wish to see the EU weapons embargo lifted is chiefly rooted in its wish to normalise relations with the EU. A lifting of the embargo would not likely result in increased Chinese import of weapons from Europe but could increase the prospect of technology transfer needed by the Chinese weapons industry.

China uses its relations with Russia to counterbalance US regional and global influence. China has no qualms about letting Russia do the talking in international issues that are not of decisive importance to China. The key elements in the Sino-Russian relations are the supply of weapons, weapons technology and energy to China.

Relations with Taiwan

It is a firm precondition for all Chinese politics that Taiwan is part of China. Following the

2008 parliamentary and presidential elections in Taiwan, the direct lines of communication with China have been restored, making it easier for Taiwan Chinese people to have direct economic relations with China. The progressing integration of Taiwan into the Chinese economy will be able to provide the precondition for a mutually acceptable reunification solution, though the exact form of such a solution remains an open question.

Relations between Taiwan and China will at times be marred by mutual distrust. The Chinese rearmament makes it hard for the Taiwanese government to enter into direct bilateral negotiations on political conditions. On both sides of the Strait of Taiwan, internal political conditions could revive verbal disputes. The conditions for an informal dialogue across the Strait of Taiwan will continuously improve, though, and relations between China and Taiwan will not likely result in war.

The Korea issue

The Korean Peninsula constitutes a special foreign policy focus for China. China is seeking influence on the long-term development on the peninsula while at the same time recognising that direct intervention into Korean affairs could motivate North Korea into shifting its focus from China towards the United States and to a certain extent Russia and Japan. In the short to medium term, China will try to maintain the status quo in the Korean Peninsula but will also press for reforms of the North Korean economy and for the recreation of the Korean Peninsula as a nuclear-free area.

The Chinese armed forces

As the Chinese economy has grown, the Chinese leadership has launched a thorough modernisation of the armed forces, transforming them from a low-technology people's army to a modern great power defence that includes an extended nuclear deterrence. So far, the key motivation in the modernisation of the Chinese armed forces has been China's relations with Taiwan. Consequently, especially the navy and the air force have been furnished with new equipment to build up the capability to create local sea and air control over the

Strait of Taiwan in connection with a potential amphibious operation.

Previously, deployment of the Chinese armed forces outside China's neighbouring region was limited, but the deployment of a naval force to fight piracy in the Horn of Africa since early 2009 marked a change in this pattern. In

the long term, China will very likely build up a capacity to become military great power – also in a global context. Still, China will be reluctant to employ its growing military strength outside the country, aiming instead at anchoring its great power status in the attraction provided by the country's economy.

India

India is beginning to manifest itself as one of the world's great powers, and in the long term the country will likely strengthen its foreign policy influence due to its growing share of the world economy. Still, it will take a very long growth period for India to become one of the world's leading economies. In Asia, India has the strategic ambition to rise to the level of China as a great power.

Over the past two decades, the Indian economy has grown by 6-7 per cent a year. Though not sufficient to keep up with China's economic development, this growth rate has been sufficient to ensure improved standards of living for the rapidly growing Indian population, which has exceeded one billion. However, India is influenced by the global economic crisis, leading to a drop in exports and in foreign investments and, in turn, to a drop in the short-term economic growth. In the medium and long term, India will manage to rise to the pre-crisis growth levels, but it will take a very long growth period for India to obtain a position as one of the world's leading economies.

The foreign policy and security policy development

India still has a lot of resources tied up in its problematic relations with Pakistan and the unresolved conflict over Kashmir. The peace process, the so-called Composite Dialogue, has improved the climate between India and Pakistan but has been on standby since the November 2008 terrorist attack in Mumbai. The dialogue between the two countries was partially resumed in February 2010. In the short term, however, neither of the parties will be able to make decisive concessions. New terrorist attacks in India and Kashmir could still obstruct further development of the peace process. In the long term, a future solution to the Kashmir issue will likely be based on the

terms of the upcoming great power India.

The Pakistani Sunni extremist terrorist group Lashkar-e-Tayyibah was likely responsible for the terrorist attacks against international targets in Mumbai in 2008. It is possible that the group will continue to plan attacks against military and civilian targets in India.

The nuclear deterrence existing between India and Pakistan makes a war of existence between the two states unlikely, but it is possible that new major terrorist attacks in Kashmir or India proper could trigger a limited Indian conventional military retaliation against targets in Pakistan.

India as a great power

India has already started to manifest itself as one of the world's central powers, and it is likely that in the long term, India will strengthen its foreign policy influence as a result of its growing share of the world economy. In Asia, India has the strategic ambition to rise to the same great power level as China.

Relations between India and the United States have been strengthened. In 2005, the two countries signed a bilateral defence agreement, and in 2008 the United States recognised India's status as a nuclear power. Moreover, the United States has supported the international recognition of India's status which was formalised in the Nuclear Suppliers

Group in the autumn of 2008, despite India's failure to accede to the non-proliferation agreement on nuclear weapons.

The US interest in India as a strategic partner is rooted in its need for a major friendly power as a potential ally and counterweight to China. India's military cooperation with the United States is being tentatively expanded and has been extended with closer cooperation with Israel and Japan.

India's interest in strategic cooperation with the United States is chiefly motivated by its ambition to be recognised as an equal partner. India will not let its partnership with the United States to develop into an alliance, and India will not, regardless of its own disputes with China, let itself become involved in a US containment of China.

China has previously very successfully outmanoeuvred and marginalised India, thus hampering India's ambitions to play a key regional role. China has done so by providing extensive military aid to Pakistan, thus giving India the impression of containment. Though relations between China and India have markedly improved since 1998, China still constitutes the most severe threat against India's regional influence. The border disputes between the two countries remain unresolved, and the negotiations are not making any

progress. Accordingly, cooperation between India and China will be ruled by pragmatism and caution.

The Indian Ocean is becoming a pivot of the great powers' naval attention, particularly as the result of their strategic interest in the ocean as key trade route between the continents. To the United States, it is also the key area for potential military operations in the direction of the Middle East. China is challenging India by setting up transport facilities, mainly port facilities, in Pakistan, Burma, Bangladesh and Sri Lanka to gain access to the Indian Ocean. India regards the India Ocean, especially the Bengali Bay and the Arabian Sea, as its most important waters. China will likely increasingly operate in the Indian Ocean. The Chinese deployment of a naval force since early 2009 off Somalia is a clear indication of this strategy.

The Indian armed forces

India gives very high priority to its armed forces and has a conventional great power defence with a balanced composition of army, air and naval forces. Moreover, India has a growing component of tactical nuclear weapons. The one million strong army protects the borders with Pakistan and China. The air and, most notably, the naval forces are of a size and range that reflect India's wish to be the dominating power at the Indian Ocean.

The Korean Peninsula

North Korea has withdrawn from the six-party talks on the country's nuclear programme. Since the sinking of a South Korean warship in March 2010, the situation on the Korean Peninsula has further aggravated. North Korea will highly likely continue to provoke South Korea with limited military actions.

In 2008, North Korea withdrew from the six-party talks between North and South Korea, China, the United States, Russia and Japan on North Korea's nuclear programme. North Korea is using threats to withdraw from negotiations, test firings of missiles and two presumed nuclear tests to sow discord between the participants in the six-party talks and to obtain concessions from its neighbours and, especially, the United States. The interruption of the six-party talks and the two nuclear tests

make it likely that North Korea's long-term goal also includes achieving a nuclear weapons capacity and developing means of delivery which in future can constitute a threat against its neighbours.

Still, it is also likely that North Korea will try to obtain negotiation results in the short term. When not conducting weapons test or threats against its neighbours, the North Korean regime negotiates with the very same

neighbours in a bid to obtain energy and food supplies and other concessions that may improve the position of the country.

Since the sinking of the South Korean warship Cheonan on 26 March 2010, the situation on the Korean Peninsula has been aggravated. An international commission report concludes that North Korea was responsible for the sinking of the Cheonan. North Korea has reacted by issuing military threats against South Korea. The episode has made South Korea move closer to the United States, and in late July 2010, South Korea and the United States carried out a joint naval exercise.

North Korea is facing a generational change

with country leader Kim Jong-il trying to push forward his youngest son as his successor. Kim Jong-il is likely trying to gain support from the North Korean armed forces in the issue of generational change by issuing military threats, including nuclear tests, against South Korea.

The unresolved issue of generational change contributes towards locking the situation in the six-party talks and impedes concessions from North Korea. North Korea will highly likely continue to try to provoke South Korea through limited military actions. At the same time, however, it is likely that all parties have an interest in keeping the situation in the Korean Peninsula deadlocked.

Central Asia

The Central Asian countries are not Russian vassal states, but still Russia does not immediately consider its strategic interests in Central Asia seriously threatened. Sunni extremist terrorist groups will likely try to attack targets in Central Asia out of Afghanistan.

The countries in Central Asia, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan and Kyrgyzstan, are of major strategic importance to Russia due to large deposits of oil and gas in several of the countries and the location of the region in relation to the conflict in Afghanistan. Though the Central Asia countries are not Russian vassal states, their room for manoeuvre in relation to Russia is limited. To varying degrees, the governments all depend on Russian support and Russia controls the bulk of the countries' energy export to the key export markets in Europe via oil and natural gas pipelines through Russian territory. There are but a few alternative pipelines bypassing Russia when it comes to exporting oil and natural gas out of Central Asia.

In Central Asia, Kazakhstan is Russia's most important ally with a significant Russian population of approx. 30 per cent. Due to its significant energy export, Kazakhstan's economic position is strong vis-à-vis Russia, even though Kazakhstan's energy export depends on transit via Russia. Kazakhstan has on different occasions demonstrated that it can and will act independently, also in a security policy context.

Next to Kazakhstan, Uzbekistan ranks as the most significant military power in the region. Until the middle of 2005, Uzbekistan was the US key cooperation partner in Central Asia; however, the United States terminated the military cooperation programme due to the regime's brutality. In 2005, Uzbekistan and Russia entered a defence agreement committing Russia to defend Uzbekistan if the country is attacked, though Uzbekistan will likely prove an unreliable partner to Russia.

In Kyrgyzstan, the president was ousted in a coup in April 2010 and an interim government came into power. In the months after the takeover, as many as 400000 ethnic Uzbeks were driven away from the southern part of Kyrgyzstan. The situation in Kyrgyzstan remains precarious.

Kyrgyzstan holds a strategic key position as the country is the only Central Asian state with both Russian and US military presence deployed at two bases near the capital of Bishkek. Russia has a small contingent of fighters and helicopters deployed at the Kant airbase, whereas the Manas airbase is a central strongpoint to the US efforts in Afghanistan.

The interim government will likely continue to try to balance between Russian and US interests in Central Asia.

Russia does not see its strategic interests in Central Asia as immediately and seriously threatened but must still decide its approach to the high conflict potential in the region and to the increasing Chinese, US and, less so, Indian interest in the area. Russia has but a few military forces on permanent deployment in the region, however, in order to counterbalance the growing interest shown by the United States and China, Russia will likely try to modestly expand its military presence in Central Asia in the short to medium term.

Terrorism

In the Central Asian countries Uzbekistan, Kyrgyzstan and Tajikistan militant Sunni extremism will, in the short and medium term, be present in the shape of small local terrorist networks that are offshoots of the Islamic Movement of Uzbekistan and its breakaway group the Islamic Jihad Union. Most members of these groups have fled to safe havens in the north-western part of Pakistan and in Afghanistan.

In the short or medium term, Central Asia groups will likely try to attack targets in Central Asia out of northern Afghanistan. Similarly, in the short and medium term these groups will likely continue to be involved in attacks in Afghanistan.

Global trends

Globalisation impacts on the global strategic conditions by creating a growing mutual dependence, just as it contributes towards the spreading of Western economic, political, cultural and secular ideals. It increases the risk of transnational terrorism, organised crime and proliferation of weapons and weapons technology, including weapons of mass destruction.

The growing mutual dependency generated by the globalisation affects the global strategic conditions. Moreover, as a reaction to the globalisation's spreading of mostly Western economic, political, cultural and secular ideals, movements emerge that are highly critical of this development. Reactions are typically manifested in a negative attitude to the West in general and the United States in particular. The most extreme reaction is that of the militant Sunni extremist terrorist movements with roots in the Middle East, southern Asia and immigrant circles in the West. These reactions impact on the security policy situation, in particular on relations between the West and the Islamic world and are translated into terrorism, spreading of weapons and weapons technology, including weapons of mass destruction, and political instability in a number of states. This conflict belt stretches from Southeast Asia over southern Asia and

the Middle East to North Africa and far into the African continent. The situation is also characterised by insecurity about energy prices and energy supply as well as organised crime.

Another piece in the global puzzle is the growing immigration into Europe. Ahead of 2030, the demographic development will increase the less developed countries' share of the total world population. In most of Africa and the Arab part of the Middle East, the number of young people will surge. In the rest of the world, the number of elders will grow markedly measured against the labour force; this development will put pressure on the public expenditure which must be financed by heavier tax burdens or increasing labour supply. Overall, this will intensify the migration pressure from large parts of Africa and the Middle East.

General security political development trends

Globalisation has brought a shift in the world economy from the United States and Europe towards China and India. Even though the global dominance of the United States will see a weakening, the United States will remain the strongest global power in the very long term.

Neither the United States, the EU, China nor India will be able to cover the increase in their energy demand by domestic production. The countries will thus increasingly come to depend on imported oil and gas, which will boost the international trade in oil and gas. The increasing production will be concentrated in fewer regions, chiefly in the OPEC countries and Russia, and the greater energy dependence on these suppliers will increase the risk of supply crises; partly as the result of the supply being concentrated in regions marred by conflicts,

and partly because any blocking of strategic hubs, through which large parts of the world's oil and gas export are transported, would severely affect the supply. Critical strategic hubs are the Strait of Hormuz, the Gulf of Aden and the Malacca Strait.

The economic crisis

The global economic crisis has proved beyond doubt that no country can avoid the repercussions when the largest economies

experience economic setbacks. There are signs that the economic crisis has hit bottom but this is very much the result of the massive stimulus packages that have spurred demand. Moreover, the stimulus packages have resulted in massively increased national debts; in countries already struggling with heavy national debts this has triggered serious economic and political problems. Governments worldwide are thus facing a hard and risky balancing act. Different strategies adopted in relation to the stimulus packages can result in great gaps in economic growth performance between countries in the short and medium term.

The developing economies, spearheaded by China and India, have been less affected by the economic crisis. Globalisation and the economic development will thus continue to gradually shift the security political balance of power between regions and in regions internally. The greatest shift in the world economy will be towards China and India away from the United States and Europe. In the very long term, the US economy will keep its position as the world's largest, but the US share of the world economy will slowly diminish as the economies of, in particular, the less developed countries grow.

Defence expenditures and military capabilities

The global defence expenditures have increased markedly over the past decade. Due to the global economic growth seen until 2008, however, the aggregate defence burden has not grown. In the short term, the economic crisis will result in increases in the defence burdens. It is likely, though, that this effect will be offset in the long term. The long-term effect of the economic crisis on the development of the defence budgets will only be limited as the development is determined by the countries long-term economic development and is subject to political decision making.

The US global military capabilities will likely be further reduced in the long and very long term. China's military capabilities are growing and in comparable figures, China has the world's second-largest defence expenditures. Even in the long term, though, China will not be able to

reach the level of the United States. Russia has the world's third-largest defence expenditure, but it is likely that Russia, already in the short to medium term, will be overtaken by India whose military capabilities are growing – as are China's.

In the long to very long term, it is likely that Russia will be incapable of maintaining the ability to act as a global military power as a result of its insufficient equipment procurement over the past 20 years. Both China and India will likely expand their military capabilities to such a degree that they, in the long to very long term, will be able to engage in global military operations, including the ability to participate with trained personnel and the ability to support the operations.

The building up of an EU defence capability will continue, focusing chiefly on harmonising the national defence structures. Even a fully-fledged EU defence capability would not, however, be capable of carrying out extensive long-term military operations outside Europe but would have to depend on the ability of the United States and, partly, on that of NATO to carry out global strategic operations.

The United States as a superpower

The United States is the world's largest economy and is the only military power with a global strategic reach. This will remain fundamentally unchanged over the next decade, whereas the relative and absolute power of the United States will be reduced and its status as the world's only superpower will be gradually eroded.

China is first among the rising powers and the closest economic competitor and most important strategic adversary to the United States. Owing to its large oil and gas revenues, Russia is re-establishing itself as a great power. India has already surpassed Russia economically and will increasingly manifest itself as a military great power. Brazil will likely act as a great power though the country's potential as a uniting regional force remains uncertain.

Great powers and regional powers

The four very different powers Brazil, Russia, India and China – sometimes referred to as the BRIC countries – all give priority to developing their economic potential. The countries are united in their refusal to accept the role of the United States as world leader. While having gained sufficient economic clout to challenge the West politically, China and Russia will stand firm on their own values, traditions and interests. Though the global economic crisis has weakened this trend, it is likely that the trend will intensify already in the medium term and act as a source of emulation for other countries. In the tier right below the future global great powers, countries such as, in

particular, Turkey and Iran will be capable of acting as regional powers on a par with Japan in the very long term.

The EU is increasingly manifesting itself as an economic force whose economy is the size of the US economy. Still, struggling with internal political and economic differences, the EU has difficulties in pursuing a coherent global policy, and the organisation is still quite far from a position as international political heavyweight. The economic crisis has laid bare the major differences between the economies of the different EU member countries and has presented the euro cooperation with its biggest challenge so far.

Military development trends

In the medium to long term, asymmetric warfare will be the overall type of warfare in which Western forces will engage. The ability and will of the United States to engage militarily in regional conflicts will likely be reduced without other great powers filling the role vacated by the US.

In the medium to long term, two partially connected military strategic issues will provide the chief framework for the operations of Western military forces. Firstly, it is rarely possible to fight down the likely adversaries in a traditional military sense. Secondly, asymmetric warfare is turning into the main battle form to which Western military forces will be exposed. Even so, they must be able to continue to engage in conventional warfare, which will usually be short and very intense.

When choosing means and methods, insurgent forces do not let themselves be confined by international conventions under which Western military forces must operate. Accordingly, a disparity in the use of means and methods will often emerge, potentially hampering the effect of the military superiority of the Western forces.

Insurgent forces will use a mix of modern technology and asymmetric warfare and will continuously adapt their tactics. The trend will continue for insurgent forces to use relatively simple means such as roadside bombs, intimidation campaigns, suicide attacks and kidnappings. These insurgent groups attract the attention of the mass media and are being

used to influence Western governments and populations. The insurgents are acutely aware that psychological effects are as important as armed battle. They use this to create insecurity and reluctance against the presence of the Western forces, for instance by showing pictures of hostages being killed or suicide actions and reports on alleged civilian losses.

The psychological efforts also target the insurgents' own ranks and the local community of which the insurgents are often, but not always, part. The purpose of the intimidation campaigns is to prevent cooperation with Western adversaries and the local government and to obtain the greatest possible support for the insurgency.

In the medium to long term, the ability and will of the United States to commit itself militarily in regional conflicts will likely be reduced without other great powers such as China and India yet being ready to boost their global commitment.

Cyber threats

The threats emanating from groups and individuals operating in cyberspace constitute a security risk for the Danish armed forces and deployed units. These threats will likely develop and in the long term come to present a greater security risk.

The threats in cyberspace against the Danish armed forces' information and communication systems include malware attacks, i.e. harmful computer programmes. Computers of the armed forces have been known to have been infected with different kinds of viruses and so-called Trojan horses which entail the risk that control over the infected systems is lost or that sensitive data is copied.

There are indications that IT-related incidents have grown more frequent over the past years, including incidents involving so-called phishing e-mails in which people are tricked into giving up their personal information.

Besides the threats emanating from malware, etc, the use of social media constitutes a security risk when individuals consciously or unthinkingly post classified information or compromising photos on the Internet, chat forums, Facebook or Twitter. Information posted on the Internet can potentially be read by anyone searching for this kind of information.

The indications of more frequent IT-related incidents likely reflect the presence of an increased threat, and in the long term the threats emanating from cyberspace will likely come to constitute a greater security risk for the Danish armed forces.

Espionage

Foreign intelligence services, terrorist and insurgent groups, and organisations involved in organised criminal activities will continue to carry out espionage against the Danish armed forces and deployed units to secure their own interests and activities. Espionage will remain a threat in the long term.

The threat from espionage still emanates from certain foreign intelligence services that have an interest in the Danish armed forces, their development and international commitments, and NATO and the European defence cooperation.

The espionage activities are carried out through a wide series of methods, ranging from the use of open sources, such as the Internet, to the clandestine activities in which attempts are made at exploiting people to provide information. There are no signs that the threat from espionage will diminish.

The deployed Danish armed forces are also the target of espionage. In the operation area of the deployed units, espionage is not only carried out by states but also by criminal organisations as well as terrorist and insurgent groups, each working from their own agenda. The state-initiated espionage will likely be directed against the units' capability to carry out operations. Terrorist and insurgent groups try to collect information on operations, guard and armament, etc as part of their attack planning, whereas espionage carried out by organised criminal groups is aimed at collecting information that will enable the groups to undertake their own operations undisturbed.



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