

OE WATCH

FOREIGN NEWS & PERSPECTIVES OF THE OPERATIONAL ENVIRONMENT

Special Essay: Iran's Navy Expands Operational Range

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Patriot Missiles Raising Tensions with Iran and Russia

17 December 2012

“General Leonid Ivashov, the President of the Russian Geopolitical Research Institute said, “...The issue of a military response to Syria was blocked by the Russian veto at the Security Council. Therefore, they are searching for an excuse to militarily respond to Syria without a Security Council resolution.””

OE Watch Commentary: Since the fighting in Syria began in March 2011, a number of border violations and clashes have taken place, with several shells landing in Turkey (in one instance, killing five Turkish citizens). Turkey has condemned the Assad regime, sheltered the rebels and called on the international community to act. Turkey is now worried that Assad may use chemical weapons.

On 21 November Turkey officially applied to NATO for the deployment of Patriots on its border with Syria, and on 30 November NATO endorsed the request. The Netherlands, Germany and the U.S. will provide the advanced PAC-3 model Patriots that Turkey needs to intercept ballistic missiles. They will be stationed at Kahramanmaraş, 60 miles north of the border.

As the accompanying articles point out, commentary in Turkey has focused on the reactions from Iran and Russia, which have both criticized the deployment and made statements that this was not a deterrent but a provocation, or an ‘excuse’ for NATO to be in the region. As the second passage points out, Russian analyses claim that the deployment is part of NATO’s plan to bypass the Russian veto at the United Nations Security Council and get militarily involved in the Syrian conflict. Both countries have also criticized Turkey’s decision to host a NATO radar as part of its Ballistic Missile Defense Shield, and for its stance on the Syrian crisis. **End OE Watch Commentary (Kaya)**



The Patriot missiles are expected to be operational by late-January 2013. via Milliyet.com.tr

Source: “Iran’dan Patriot Yorumu: Provokatif bir eylem (Patriot Comment from Iran: A Provocative Act),” Cnnturk.com, 17 December 2012, <http://www.cnnturk.com/2012/dunya/12/17/irandan.patriot.yorumu.provokatif.bir.eylem/688913.0/index.html>

“On the issue of the Patriots to be deployed in Turkey, a comment from the Iranian Chief of the General Staff was followed by one from their Foreign Minister Ali Ekber Salihi. Salihi said that the Patriots were a ‘provocative act’ that could create ‘unintended consequences.’ Salihi said, “The Patriot deployment will not have any benefit and will lead to unintended consequences.”

The Iranian Foreign Minister, who said that the Patriots would be more provocative than deterrent, expressed that the missile batteries would not help regional security. On Saturday, the Iranian Chief of the General Staff General Hasan Firuzbadi had also made a comment on the Patriots saying, “This move will lay the groundwork for a world war.”

Continued: Patriot Missiles Raising Tensions with Iran and Russia

Source: “Rus Uzmanlar, Kahramanmaraş’a Konuşlandırılacak Patriot Füzelinin İran’ı Hedef Aldığı Görüşünde (Russian Experts Think that the Patriot Missiles to be Deployed to Kahramanmaraş Target Iran),” Habercinizbiz.com, 14 December 2012, <http://www.haberciniz.biz/rus-uzmanlar-kahramanmaraşa-konuslandirilacak-patriot-fuzelerinin-irani-hedef-aldigi-gorusunde-1775906h.htm>

General Leonid Ivashov, the President of the Russian Geopolitical Research Institute said, “The deployment of Patriot missiles in Kahramanmaraş is preparation for a military response in Syria. The issue of a military response to Syria was blocked by the Russian veto at the Security Council. Therefore, they are searching for an excuse to militarily respond to Syria without a Security Council resolution.”

...General Ivashov said, “The U.S. war ships approaching the Syrian border and the deployment of Patriot missiles in Turkey are [signs that] the U.S. is searching for ways to militarily intervene in Syria. The U.S. plan to create zones of instability in the Arab countries, and eventually in the Southern Caucasus, Azerbaijan and Iran, is currently stuck due to the Syria obstacle.” Famous geopolitical expert Vladimir Anohin, who commented that the deployment of Patriot missiles to Turkey is a way to pull NATO into the region, said, “It is illogical to think that Syria would attack Turkey, a country with a 700,000 person force, equipped with the most contemporary weapons. The Patriot system to be deployed in Turkey will be controlled by U.S., Dutch and German experts; and this allows western countries to be in the region under the excuse that they are defending this system.”

Source: “Rusya: NATO’nun Patriot’larla Suriye krizine müdahil olma riski var (Russia: NATO risks getting involved in the Syria crisis with the Patriots),” Haberrus.com, 7 December 2012, <http://haberrus.com/politics/2012/12/07/rusya-natonun-patriotlarla-suriye-krizine-mudahil-olma-riski-var.html>

“Russia’s Permanent Representative to NATO Aleksandr Grusko, said that the deployment of Patriot missiles on the Turkey-Syria border was seen as a sign that NATO was getting involved in the Syrian crisis.

Russian Foreign Minister Sergey Lavrov, in an earlier statement had said that they respect Turkey’s right to defend itself, but that the Patriots to be deployed in the region would increase tensions... Grusko said, “NATO risks getting involved in the fighting with the Patriots’ deployment.” Gursko also warned that there is an increased risk for provocation or accidents.”



SAM Patriot PAC-2 launch, via <http://media.defenseindustrydaily.com>



Russian Foreign Minister Sergey Lavrov, via <http://rt.com>

More Changes ahead for the Turkish Army

25 November 2012

“The Chief of the General Staff should be tied to the National Defense Ministry, in accordance with the requirements of a democratic regime.”

OE Watch Commentary: Turkey has a long history of military coups. Starting in 1960, the military conducted coups d'état almost every decade, removing administrations that it deemed a threat to the secular nature of Turkey or deviated from its constitution. All the coups (1960, 1971, 1980 and a 'soft-coup' on 28 February 1997, in which the military forced the government to resign) resulted in a change of government.

In the last decade there has been a major transformation in this role of the Turkish Armed Forces. The ruling Justice and Development Party (AKP), which came to power in 2002, has made changes to establish civilian control over the military and has eliminated the military's traditionally powerful and unique role. As part of this process, in March 2012 Turkish Prime Minister Erdoğan called for the establishment of a parliamentary commission to investigate all the coups and military memorandums in Turkey's history. After an 8-month research process, the commission submitted its 578-page final report to the Parliament on 28 November.

As the accompanying excerpted articles demonstrate, the report suggests many significant changes to the Army and the National Intelligence Agency (MIT). One important change has to do with the relationship among the Army, Defense Department and the Prime Minister. According to the current Turkish constitution, the military is accountable to the Prime Minister, and not to the Defense Minister. In fact, Turkey is the only NATO member whose chief of the general staff is answerable to the prime minister and not the defense minister. The report recommends



The Turkish Parliament Speaker Cemil Çiçek and the Head of the Parliamentary Commission on Military Coups Nimet Baş., via <http://www.hurriyetdailynews.com>

Source: “Darbe Komisyonu: MIT Sivilleşmeli (Coup Commission: National Intelligence Agency should become Civilianized),” Ensonhaber.com, 25 November 2012, <http://www.ensonhaber.com/darbe-komisyonu-mit-sivillesmeli-2012-11-25.html>

“The National Intelligence Agency (MIT) should become completely civilianized and have a coordinator role in foreign and domestic intelligence. It should be prevented from interfering in gendarmerie or military intelligence units' internal intelligence processes.

The Chief of the General Staff should be tied to the National Defense Ministry, in accordance with the requirements of a democratic regime.

The archives of the Chief of the General Staff should be open to research to facilitate the complete investigation of all coups.

A ‘freedom and democracy memorial’ should be established on the Parliament campus.

“Coup museums” should be opened in big cities like Ankara, Istanbul, Izmir.”

Continued: More Changes ahead for the Turkish Army

that the General Staff would work better under the Defense Ministry.

The report also recommends a division of labor between the MIT and the Police Department, similar to that of the CIA and the FBI, whereby the MIT would be responsible for foreign intelligence and Police for domestic intelligence. The accompanying passages from Turkish articles on the issue demonstrate the most important points of the report. **End OE Watch Commentary (Kaya)**

Source: "Türkiye'ye CIA-FBI Modeli (CIA-FBI Model for Turkey)," Stargazete.com.tr, 24 November 2012, <http://haber.stargazete.com/politika/turkiyeye-ciafbi-modeli/haber-706651>

"Parliament's Coups and Military Memorandums Commission's report has some striking recommendations...It recommends domestic intelligence to be given to Security [Police Force] Department and to move towards a structure similar to that of the CIA-FBI in the U.S.... The report says that there is an "inflation of intelligence units" in Turkey and...recommends that domestic intelligence should be taken away from MIT and given to Security, who has proven itself in this field."



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Turkey-U.S. Divergence on Gaza

21 November 2012

“...On the issue [of the Middle East and Israel], the foreign policies of Turkey and the U.S. are fundamentally incompatible.”

OE Watch Commentary: *Until recently, many were talking of a “golden age” in Turkish-U.S. relations. However, recent developments in the Middle East have exposed an important area of divergence between the two countries. Following the Gaza crisis, many in the Turkish press pointed out that there is a fundamental incompatibility in the Middle East policies of Turkey and the U.S. and predicted that this would emerge as a problem in relations.*

As the accompanying articles point out, the impression in Turkey is that the U.S. views the cause of the fighting in Gaza as Hamas’s continuing firing of rockets at Israel and claims that the Israeli bombardments were part of Israel’s right to defend itself. Ankara’s assessment of the Gaza events are very different than those of the U.S. and of the West in general. Erdoğan blames Israel for the entire incident and stands behind Hamas. In contrast to the U.S. and Europe’s view of Hamas as a terrorist organization, Erdoğan has called Israel a “terrorist state.”

This has attracted criticism from the State Department and from Senators Lindsay Graham and John McCain, who expressed concern over Prime Minister Erdoğan’s statements calling Israel a “terrorist state.” The Senators claimed that Turkey should be familiar with Israel’s situation, given its own terror problem. They expressed that they hoped that Erdoğan would put pressure on Hamas to stop the rockets, but also said that Erdoğan’s statements were emboldening Hamas and that they were irresponsible, given that they could lead

Source: “ABD ile ilişkilerde Gazze pürüzü (The Gaza glitch in relations with the U.S.A.)” Milliyet.com.tr, 21 November 2012, <http://dunya.milliyet.com.tr/abd-ile-iliskilerde-gazze-puruzu/dunya/dunyayazardetay/21.11.2012/1630292/default.htm>

“At first glance, it appears that there are intense consultations and cooperation between the U.S. and Turkey on the Gaza crisis – just as in Syria, Iraq and Iran.

The main goal on Gaza is the achievement of a ceasefire as soon as possible... But behind the cooperation for this common goal, it became clear that there are deep disagreements between the Erdoğan government and the Obama administration. We only need to look at the two leaders’ most recent statements.

The Prime Minister, without mentioning Obama- who talks about Israel’s right to defend itself against the rockets fired from Gaza- is strongly opposed to this view and asks “What kind of justice is this?” Erdoğan also claims that the West is not paying the necessary attention to the situation in Gaza and says that, “They are turning a blind eye to Muslims being massacred.” In another statement, he calls Israel “a terrorist state.”

In his indirect answer to the Prime Minister, Obama says, “There is no country on the face of the earth who will tolerate rockets being thrown at its citizens from borders” and is probably referring to Ankara’s recent reactions to the recent bombs from Syria into Turkish territories... In reacting to the Prime Minister’s calling Israel a “terrorist state”, the U.S. State Department spokesperson says... “Rhetorical attacks against Israel are fruitless.”

Source: Fikret Bila. “Türkiye’yi bekleyen çatışma alanları (Conflict areas awaiting Turkey),” Milliyet.com.tr, 21 November 2012, <http://siyaset.milliyet.com.tr/turkiye-yi-bekleyen-catisma-alanlari/siyaset/siyasyazardetay/21.11.2012/1630190/default.htm>

“Despite the achievement of a ceasefire, the issue of Gaza has brought up a contradictory picture in U.S. - Turkey relations. Despite Prime Minister Erdoğan’s calls and warnings, U.S. President Obama continued to make statements supporting Israel. And Erdoğan kept answering back at Obama.

On the issue of Israel-Palestine, and especially Gaza, a conflict area awaiting Turkey emerged in the Erdoğan-Obama debate.

It is impossible for the U.S. to abandon its traditional approach towards the Middle East and Israel. On this issue, the foreign policies of Turkey and the U.S. are fundamentally incompatible.”

Continued: Turkey-U.S. Divergence on Gaza

to more loss of life.

Turkey and Israel started developing security and military relations beginning in the early 1990s. The partnership with Israel contributed to Turkey's rising influence and weight in the region in the post Cold-War period. However, when the ruling Justice and Development Party (AKP) came to power in 2002, their new foreign policy, which required engagement with its Arab neighbors, necessitated a more vocal criticism of Israel and a more sensitive tone to the Palestinian issue. In addition, the Oslo Peace Process, which had enabled relations between Turkey and Israel to flourish, started stalling following the Al Aksa Intifada in 2000. Israel's attack on Lebanon in 2006, then on Gaza at the end of 2008 resulted in Turkey's becoming critical of Israel. Relations hit a serious low in May 2010, when a flotilla led by an Islamic charity organization challenged Israel's blockage of Gaza and was met by an Israeli raid on international waters, killing nine Turkish civilians. This caused a serious deterioration in diplomatic relations between Turkey and Israel. End OE Watch Commentary (Kaya)

Source: Armağan Kuloğlu. "Türkiye-ABD ilişkilerinde öne çıkanlar (Things coming to the forefront in Turkey-U.S. relations)" Yenicag.com.tr, 24 November 2012, <http://www.yg.yenicaggazetesi.com.tr/yazargoster.php?haber=24877>

"...There are very big differences between Turkey and the U.S.'s Israel policies. There are tensions in this area and it is known that there will be more. In the coming era, if Israel comes to the point of a ground operation in Gaza, it is being foreseen that Turkey-U.S. relations can potentially get worse."

RELATED ESSAY

Changing Trends in Israel – Turkey Security and Military Relations: Their Perspectives

By Karen Kaya

This essay analyzes the changing trends in the military and security relations between Turkey and Israel. It identifies factors of the operational environment that influence bilateral relations and includes a thorough discussion of each of the factors from a Turkish and Israeli perspective. It argues that relations are a product of the structural changes in the two countries' operational environments.

<http://fms.leavenworth.army.mil/documents/Changing-Trends-in-Israel-Turkey-Security-Relations.pdf>

Iran's Soft Warfare Obsession?

2 December 2012

“The danger...comes when Iranians who accept the notion of Western culture as a manifestation of Western military strategy start to act on their paranoid beliefs.”

Source: “Khanvadeh Hadeh-e Jang-e Narm-e Doshman Ast” (“The Aim of the Enemy’s Soft Warfare is the Family”), Fars News.com, 2 December 2012. <http://www.farsnews.com/printable.php?nn=13910912001193>

OE Watch Commentary: Paranoia about the West’s “soft warfare” and cultural aggression has been an increasing theme during the administration of Iranian President Mahmoud Ahmadinejad. As early as 2007 the paramilitary Basij, an organization with which Ahmadinejad closely identifies, declared that “Basiji thought protects society against the ‘cultural NATO.’”¹ The next year, against the backdrop of the Danish cartoon controversy, Iran’s Minister of Culture and Islamic Guidance stressed the importance of the Iranian media and Muslim unity in a common struggle against the “onslaught of the cultural NATO.”² A member of the Assembly of Experts, the clerical body charged with choosing the next Supreme Leader, darkly warned, “Today, the enemy has come to the scene with all its being, and has targeted our youth through Zionist Christianity, cultural NATO and propagation of false Sufism,”³ a charge picked up by the Islamic Revolutionary Guard Corps’ weekly.⁴

The Iranian idea of culture as warfare has its parallels among some Sunni Muslims in the ideology of the Muslim Brotherhood. In 1928, 21-year-old Egyptian schoolteacher Hassan al-Banna founded the organization on the basis that no aspect of life should fall outside Islam’s bounds. For Banna, the Quran and the Prophet Muhammad’s life constituted the only foundation on which to base behavior, family conduct, and community organization. Fast forward to the 1970s: against the backdrop of the oil boom and concurrent influx of luxury goods into the newly affluent Saudi society, Saudi theologians started promoting the idea that Western goods—televisions, music cassettes, Cadillacs, and cosmetics—represented an assault against Islam as menacing as any military threat. Men like Abdullah Azzam, a Muslim Brotherhood adherent who would take a young Usama Bin Laden under his wing, described a deliberate Western “cultural attack” that aimed to undermine the Muslim faith in order to ready Muslim society for conversion to Christianity.

The Aim of the Enemy’s Soft Warfare is the Family

According to a Fars News Agency report from Ahvaz, Fereshteh Hashmatian, stated this afternoon in the Khuzistan Education Council, “We are witnessing that our enemies, by means of satellite networks and perverted internet sites seeks to create divisions in the family.” She said, “Due to the shortcomings that exist in the border areas, the Education Council has a duty to resolve obstacles in the path of the students of this region...” The Deputy Education Minister emphasized the strengthening and support for cultural and education programs, especially in the border provinces.

It is one thing to believe that Western culture is a strategy deliberately designed to undermine the Islamic Revolution. Most Iranians might disagree, and regime ideologues might be in the minority. The danger comes when Iranians who believe Western culture to be a manifestation of Western military strategy start to act on their paranoid beliefs. In the excerpted article, Khuzistan Education Council

¹ “Rais Sazman-e Basij-e Daneshjo-ye: Tafkir Basiji, Jama’eh ra dar barabar ‘Nato-e Faranghi’ Masun Misazad,” [“Head of the Student Basij: Basiji Thought, Opposes Free Will, ‘Cultural NATO’ in Society,”] Qods [Tehran], November 29, 2007.

² Islamic Republic News Agency, March 2, 2008.

³ “Sihyonism-e Mesihi Javanan ra Hadeh Qarar Dadeh Ast,” [“Christian Zionism Has Targeted the Youth,”] Fars News Agency, June 16, 2008.

⁴ “Arafanha-ye Varedat-e ba Eda’aha-ye Malakuti,” [“The Imported Mystical Claims of My Kingdom,”], Sobh-e Sadeh, June 9, 2008.

Continued: Iran's Soft Warfare Obsession?

Member Fereshteh Hashmatian suggests that Iranians living along the periphery of their country are facing greater external influence than those living in the interior. Her concerns regarding cultural penetration of the southwestern Iranian province bordering Iraq suggest that southern Iraq is freer of Iranian political and cultural influence than some Western officials would suggest. Regardless, Hashmatian's declarations against the broader context of statements regarding a "Cultural NATO" or the West's "soft warfare" suggest a renewed Cultural Revolution is in the works.

Of greater concern to U.S. military officials should be the Iranian military's response to such paranoid beliefs. On 1 December 2012 Iran's General Staff announced the creation of a Soft Warfare Barracks to counter Western "soft warfare." "The enemy is completely serious in its animosity and therefore, we should create the same atmosphere to confront the enemy," Deputy Chief of Staff for Cultural Affairs and Defense Publicity Brigadier General Massoud Jazayeri said.⁵ During World War II America's enemies broadcast propaganda to American forces, and during the Cold War both the United States and Soviet Union sponsored broadcasts and subsidized publications. The Iranian government already subsidizes media aimed at the Western market—the English language Press TV, for example. The question for policymakers and analysts to consider is whether the Iranian regime will limit its "counteroffensive" against perceived Western soft warfare to propaganda or whether it will, like some factions within the Muslim Brotherhood and its more radical offshoots, act far more violently to promoters and manifestations of Western culture. **End OE Watch Commentary (Rubin)**



Deputy Chief of Staff for Cultural Affairs and Defense Publicity Brigadier General Massoud Jazayeri, via <http://www.irna.ir>

⁵ "General Staff of Iran's Armed Forces Sets Up Soft War Barracks," Fars News Agency, December 1, 2012. <http://english.farsnews.com/newstext.php?nn=9107123414>

Is the Tehran Stock Exchange a Tool of the Revolutionary Guards?

5 December 2012

“There may be more to the Tehran Stock Exchange than meets the eye... The Tehran Stock Exchange enables the IRGC to launder money.”

Source: “Burs-e Tehran 6 Saleh Shod” (“Sixth Anniversary of the Tehran Stock Exchange ”), Tse.ir, 5 December 2012. <http://tse.ir/newsPage.aspx?Nid=12948>

OE Watch Commentary: *To many in the West, the Islamic Revolutionary Guard Corps (IRGC) is chiefly a military organization, but to Iranians the IRGC’s footprint is as much economic. The IRGC rose to military prominence during the Iran-Iraq War (1980-1988). The organization faced a conundrum when, contrary to its counsel, revolutionary leader Ayatollah Ruhollah Khomeini accepted the 1988 ceasefire which ended the war: either it could demobilize and lose its entitlements, or it could find a new way to maintain its privileges. It chose the latter, and today has come to dominate the Iranian economy, controlling, by some estimates, up to 40 percent of Iran’s gross domestic product. Most heavy industries, construction, pipelines, and electronic manufacturing are controlled by Khatam al-Anbia, the IRGC’s economic wing.¹ Increasingly, the IRGC’s activities play out not only on the streets of cities like Tehran, Ahvaz, and Mashhad, but also on the floor of the Tehran Stock Exchange.*

While Iranian President Mahmoud Ahmadinejad is best known in the West for his Holocaust denial, threatening rhetoric, and bombast, within Iran his signature issues have been economic: privatization of state industries and subsidy reforms. Not surprisingly, the IRGC has been front and center in both.

On the surface, both privatization and subsidy elimination make financial sense. Even before sanctions Iran’s economy had been lackluster at best, beset both by high inflation and high unemployment. The private sector might out-compete state-owned enterprises and spark job growth. Eliminating subsidies would, in theory, end a multibillion dollar drain on government reserves and reduce distortions in the market.

Ahmadinejad’s reforms, however, were less than met the eye. While his signature effort to reduce gasoline subsidies met with initial success, he did not have the political will to stand up to key constituencies such as the IRGC and paramilitary Basij when they protested that they should retain their privileges to purchase cheap gasoline and other goods.

The Tehran Stock Exchange has been at the center of Ahmadinejad’s privatization schemes. When the Iranian government privatizes state-owned industries, it issues shares through the Exchange. The Exchange was founded in 1967, and operated until the 1979 Islamic

Sixth Anniversary of the Tehran Stock Exchange

Dr. Hassan Qalibaf-Asl, manager of the Tehran Stock Exchange, offered congratulations on December 5, the sixth anniversary with the Tehran Stock Exchange, and on this occasion said, “The Tehran Stock Exchange is a specialized institution, and during the past six years, it has always tried to increase its level of quality and performance....” He added, “Article 44 of the Privatization law of July 2006 of state companies involving copper, steel, telecommunications, Khuzistan steel, refineries, banks, and insurance companies, among others enhanced and deepened Iran’s capital market, and made the Tehran Stock Exchange into one of the world’s leading stock exchanges...”



CEO of Tehran Stock Exchange Dr. Hassan Ghalibaf-Asl, via <http://www.iranbourse.com>

¹ For a useful overview of the IRGC’s economic wing, see: Ali Alfoneh, “How Intertwined are the Revolutionary Guards in Iran’s Economy,” AEI Middle East Outlook, October 22, 2007. <http://www.aei.org/article/foreign-and-defense-policy/regional/middle-east-and-north-africa/how-intertwined-are-the-revolutionary-guards-in-irans-economy/>

Continued: Is the Tehran Stock Exchange a Tool of the Revolutionary Guards?

Revolution. Ayatollah Ruhollah Khomeini's categorization of stock exchanges as interest-bearing and gambling and therefore un-Islamic led to a halt in its activities, but his death and the accession to the presidency of the more pragmatic Hojjat ol-Islam Ali Akbar Hashemi Rafsanjani led to a resurgence of the exchange. The reference in the article selected to the Exchange's sixth anniversary refers to the date when, under terms of the Security Markets Law, the Tehran Stock Exchange went public.² The IRGC may be the ideological guardians of Khomeini's views but, when it comes to making money, they can be quite pragmatic.

The excerpted interview with Hassan Ghalibaf-Asl, the manager recently re-elected to lead the Exchange for a third two-year term,³ describes the Tehran Stock Exchange's recent success. At first glance, it does seem a rare bright spot in the Iranian economy. In 2010 the Tehran Stock Exchange ranked as the top performing bourse in Europe, Africa, and the Middle East.⁴ Between 2008 and 2011, according to Ghalibaf-Asl, the value of shares listed on the exchange almost tripled, increasing from \$39.81 billion to about \$108.4 billion.⁵ More recently, against the backdrop of sanctions and currency depreciation, the stock market has again boomed. The Iranian press reported that between August and October the Tehran Stock Exchange gained 28 percent.⁶

There may be more to the Tehran Stock Exchange than meets the eye, however, and it may not be ordinary Iranians who are utilizing the market and profiting from their investments. Most Iranians are distrustful of state organizations; few, for example, will trust their money to Iranian banks. Many instead purchase gold or, if they can afford to, real estate. There have been no stories in the Iranian press, on Iranian blogs, or anecdotally from those with family inside Iran about Iranians who have struck it rich on Iran's stock market.

Khatam al-Anbia (Seal of the Prophets) is replete with cash and often purchases companies privatized with initial public offerings on the Tehran Stock Exchange. This came to a head in September 2009 with the privatization of the Telecommunications Company of Iran at \$7.8 billion, the largest-ever deal in the Tehran stock market.⁷ The two top bidders were both affiliated with the Revolutionary Guard; the stock exchange disqualified Pishgaman-e Kavir, the only private bidder, shortly before the offering.⁸ As an Ahmadinejad appointee at the Tehran Stock Exchange and elsewhere, Qalibaf-Asl may facilitate such maneuvers. At the very least, the Tehran Stock Exchange enables the IRGC to launder money from its lucrative smuggling activities.

*Such maneuvers also enable the regime to avoid United Nations and U.S. sanctions on its nuclear trade. In the sanctions-busting equivalent of Three-Card Monte, Khatam al-Anbia or IRGC-affiliated banks can purchase companies on the Tehran Stock Exchange and then shift operations from companies designated by international entities to those new companies faster than the international community can designate the new company. **End OE Watch Commentary (Rubin)***

² "Bors-e Avara-q-e Behadar-e Tehran dar cheh Tarikhi tasis shodeh ast?" ["On What Date Was the Tehran Stock Exchange Founded?"] under "Porsesh-ha-ye Rayej" ["Frequently Asked Questions"], Tehran Stock Exchange website, <http://www.tse.ir/cms/Default.aspx?tabid=233> (Accessed December 9, 2012).

³ "Dr. Hassan Ghalibaf Asl has been re-elected as the CEO of Tehran Stock Exchange," Mondovisione (London), October 6, 2012.

⁴ F. Milad, "Tehran Stock Exchange main index hits new record," Trend News Agency (Baku), December 2, 2012.

⁵ "Iran Stock Official Says Market's Value 'Very Far' From International Standards," Tehran Vision of the Islamic Republic of Iran Network 5, Tehran Provincial TV in Persian 1138 GMT 11 Jan 12. Translation provided by the Open Source Center.

⁶ "In Iran, Stocks Are a Haven As Economy Hits the Skids," Wall Street Journal, October 30, 2012.

⁷ "Iran's Biggest Ever Bourse Deal," Mehr News Agency (Tehran), September 27, 2009.

⁸ "'Disputed sale' of Iranian telecommunication shares to a semi-public company," Mardom-Salari (Tehran), September 28, 2009

Lebanese Jihad in Syria

13 December 2012

“Fatah al-Islam was decimated after heavy fighting with the Lebanese Army in the Nahr al-Bared refugee camp in 2007; the Syrian conflict may have given it and other moribund Lebanese jihadi groups a new lease on life.”

OE Watch Commentary: On 30 November it was reported that several Lebanese men had been killed in an ambush by Syrian military in the town of Tal Kalakh, along the border with Lebanon. The men were allegedly on their way to fight jihad against Bashar al-Assad and his forces in Syria. Most of them hailed from or near the northern Lebanese city of Tripoli, where gunmen from adjacent Sunni and Alawi neighborhoods have clashed over the past months.

Although Syria’s jihadi problem has been garnering the most attention, Lebanon may have a problem of its own. As the first accompanying article notes, the aspiring Lebanese jihadists were believed to be on their way to join a member of Fatah al-Islam, who had set up shop on the outskirts of Homs. Fatah al-Islam was decimated after heavy fighting with the Lebanese Army in the Nahr al-Bared refugee camp in 2007; the Syrian conflict may have given it and other moribund Lebanese jihadi groups a new lease on life.

The Syrian conflict has also given Lebanon’s anti-Assad bloc (“March 14”) an opening to exploit. Since the outset the mostly Sunni bloc has supported the Syrian opposition; over the past few weeks Lebanon has been riveted by the political drama surrounding the release of audiotapes (recorded several months ago) showing silver-tongued March 14 Member of Parliament Okab Saqr promising weapons to Syrian rebels.



Map of Lebanon and Syria, via <http://www.csmonitor.com/>

Source: al-Akhbar (English), <http://english.al-akhbar.com/node/14249>

What Really Happened in Tal Kalakh?

4 December 2012

...Al-Akhbar was told by informed Islamist sources that the men went to Syria in response to an appeal by Kh. M., a leader of the Fatah al-Islam group who was recently released from jail. He later went to Syria to fight with the opposition and established a quasi “Islamic emirate” near Homs, Syria.

“People close to Kh. M. started organizing groups to send to Syria in response to his call for jihad. They had already sent a few individuals before sending this large number of young men en masse,” a source said. Security sources confirmed that the alleged individuals behind the recruiting have disappeared from public view since news of the incident broke...

Continued: Lebanese Jihad in Syria

With the Syrian conflict further polarizing Lebanon's dysfunctional politics, it has fallen on the Lebanese Army to act as the guarantor of sectarian peace. As the second accompanying article notes, this could be problematic if the military institutions become overstretched and the political class fails to work together. Lebanon's Sunni parties have embraced, or at least tolerated, armed Sunni militants as a bulwark against Hizbullah and a conduit for supporting Syrian rebels. Can these groups be contained?

Note: for additional information on this subject, please refer to the FMSO website for Lebanon article: *Al-Qaeda's Road to Damascus? Syria and the Abdullah Azzam Brigades*, by Lucas Winter. November 26, 2012, at <http://fmso.leavenworth.army.mil/documents/Al-Qaeda's-Road-to%20Damascus.pdf>
End OE Watch Commentary (Winter)

Source: al-Safir, <http://www.assafir.com/Article.aspx?EditionId=2332&ChannelId=56032&ArticleId=1164&Author=%D8%B9%D9%85%D8%A7%D8%AF%20%D9%85%D8%B1%D9%85%D9%84>

الجيش ناقد على الطبقة السياسية ويرفض تحميله وزر فشلها

The Army: Disgruntled with the Political Class and Refusing to Bear the Burden of its Failures

13 December 2012

(translation via: <http://www.al-monitor.com/pulse/politics/2012/12/untitled.html#ixzz2FA8GCZAd>)

...The source said that inciting the army to use violence in Tripoli, Akkar, Sidon and Dahiyeh (Beirut's southern suburb) under the banner of ruling with an iron fist is an attempt to stir public sentiments and hold the military institution responsible for the failure of the political class in addressing the crises in the country. The source stressed that the army will not accept being forced to pay the price for the failure of the political class or to cover up for it, by refraining from implementing the required solutions to the security issue and by ignoring the other roles that must be performed by politicians, the judiciary, civil society and the media.

He called for taking into account the fact that Lebanon is not ruled by a military regime, and that military regimes in the region are failing one after another. Thus, the military must not be burdened with more than it is capable of. The military safeguards any solution and provides the necessary conditions for its implementation, but is not responsible for creating such a solution. This is the duty of politicians, as well as the citizens, who will have the opportunity to hold people accountable and bring about change in the coming parliamentary elections...



Radical Islam's Western Foothold: Hugo Chavez and Hezbollah

By Sam Pickell

“This points to a particularly worrisome possibility: that Hezbollah will move beyond financing and support in Latin America to pursue operational objectives within the Western Hemisphere.”

<http://FMSO.leavenworth.army.mil/universities.html>

The Delicate Restructuring of Yemen's Military

15 December 2012

“Yet many still wonder: is this whole process nothing more than a slow, careful coup by Ali Muhsin? Those in the pro-Saleh may well see things that way.”

OE Watch Commentary: *The effective restructuring and reunification of Yemen's military is crucial for the country to emerge intact from its transition away from the rule of Ali Abdullah Saleh. In March 2011 the military split after influential commander Ali Muhsin al-Ahmar and several of his allies defected from the regime. Since then, al-Ahmar's position has steadily strengthened. Relatives of former president Saleh, meanwhile, have been steadily stripped of their power.*

The last Saleh standing in the upper echelons of Yemen's military establishment is the former president's son and one-time purported heir, Ahmed Ali Saleh, who still commands the loyalty of much of the Republican Guard, Yemen's best equipped formation. As the first accompanying article shows, a plan for dealing with the final military restructuring issues has been agreed upon. Implementing it in a way that is seen as not favoring one party over the other will be difficult.

The second accompanying article explains why this could prove difficult, as the pro-Saleh camp feels that military reform has been uneven, targeting Saleh loyalists while keeping Ali Muhsin's power base intact. Restructuring efforts appear to now be focused squarely on the Republican Guard. After Ahmed Saleh refused a presidential request to hand his formations' missiles over to the Defense Ministry, President Hadi made unprecedented threats to revoke former President Saleh's immunity.



Yemen President Abd Rabbo Mansour Hadi, via <http://www.trbimg.com/>



Major General Ali Muhsin Al-Ahmer, via <http://yemenonline.info>

Source:

أبرز مضامين خطة هيكلية الجيش: إلغاء الحرس الجمهوري والفرقة الأولى مدرع
The Main Points of the Military Restructuring Plan: Abolish the Republican Guard and the First Armored Division, al-Masdar <http://almasdaronline.com/article/38957>, 10 December 2012

... Al-Masdar online learned that the military commission reviewed the plan with President Abd Rabbo Mansour Hadi, which the latter approved definitively. The plan, which took several months to complete, includes the abolishing of the Republican Guard and the First Armored Division and the unification of the army within the military zones, which will be restructured along with the chiefs of staff and the defense ministry. According to the plan, the military zones will be headed by the chief of staff, who will have only one deputy. The defense minister, on the other hand, will have three deputies, one of them for international affairs...

Sources in the military commission say that the restructuring plan was prepared in accordance with military practices used in the organization and structuring of armies throughout the world, relying on regional and international experience, particularly from Jordan and the United States. Defense Minister Maj. Gen. Mohammed Nasser Ahmed said that the restructuring plan aimed at building a strong and professional defense institution and that in no way will any single military unit be targeted...

Continued: The Delicate Restructuring of Yemen's Military

Coincidentally, a recent investigation reportedly revealed massive corruption within the Republican Guard, specifically the presence of over 100,000 non-existent soldiers drawing a monthly government salary. Restructuring of the Republican Guard appears imminent. Yet many still wonder: is this whole process nothing more than a slow, careful coup by Ali Muhsin? Those in the pro-Saleh may well see things that way.

Note: for additional information on this subject, please refer to the FMSO website for Restructuring Yemen's Military Leadership, by Lucas Winter, FMSO-JRIC Analyst. Release date: March 28, 2012. at <http://fmso.leavenworth.army.mil/documents/Restructuring-Yemen-Military.pdf>
End OE Watch Commentary (Winter)



Former Yemen President Ali Abdullah Saleh, (1990-2012) via <http://www.kremlin.ru>



Brigadier Ahmed Ali Abdullah Saleh, left, the eldest son of the former president, Ali Abdullah Saleh, via <http://www.26sep.net>

Source:

عسكريون مقربون من نجل صالح يتهمون هادي بالانصياع للواء الأحمر
Officers Close to Saleh's Son Accuse Hadi of Bowing to Wishes of Gen. Al-Ahmar, Mareb Press, http://marebpress.net/news_details.php?sid=49926&lng=arabic, 15 December 2012

...President Hadi took the first practical steps toward restructuring the army by issuing unexpected presidential decrees asking Republican Guard commander Brigadier General Ahmed, son of former president Ali Abdullah Saleh, to hand over the Republican Guard's missile system to the ministry of defense's arsenal. This request was met with refusal, leading to unconfirmed rumors that Brig. Gen. Ahmed had left the country on a private plane to an unknown destination.

These sources also suggested that the absence of a similar, simultaneous decree directed at the commander of the First Armored Division to go along with president Hadi's decree to turn in the Republican Guard's missile system to the defense ministry, along with Hadi's unprecedented accusations against the former president and his allusion to dropping the immunity and sending him to a tribunal, together strengthen the belief that the reasons behind the decision are not related to restructuring the military as much as they reflect pressure exerted on president Hadi to reduce the combat capabilities of the Republican Guard...

Recipe for Conflict Among Nile Riparian States: Just Remove Water

3 December 2012

OE Watch Commentary: *To understand Egypt's anger - an anger which could have military consequences - over Ethiopia's proposal to build a massive dam on the Nile, one must first review a bit of history. For centuries the Nile has provided Egypt with a fertile zone of agriculture. When water spilled over its banks, rich sediment was deposited on farmland, and when farms were dry, irrigation canals would divert water to the parched soil. Helping to ensure those waters keep flowing into Egypt are two agreements: one signed in 1929 between Egypt and Great Britain and one signed in 1959 between Egypt and Sudan, the latter of which essentially apportions nearly all of the Nile's waters to those two countries and gives Egypt veto power over any upstream activities such as dams.*

Objecting to lopsided colonial treaties, and anxious to utilize a portion of the Nile for their own development needs, five upstream countries - much to the chagrin of Egypt and Sudan - signed the Cooperative Framework Agreement in 2010. Egypt and Sudan quite angrily and not unexpectedly do not recognize the riparian rights granted to the signatories. Ethiopia, one of the signatories, is now testing the waters - pun intended - by building a dam.

It is not just a dam...it is a mega-dam, and, as the accompanying article states, it comes "with potentially mega-consequences." The Grand Ethiopian Renaissance Dam, scheduled for completion in 2015 (though some sources say 2014), would be Africa's largest hydroelectric plant. However, though that electricity could be beneficial, its generation would be accompanied by tremendous environmental, social and political problems. As the enormous reservoir fills, water flow downstream would be significantly reduced for several years, and might even be permanently altered. Additionally, with the water's silt accumulating in the reservoir instead of reaching Egypt and Sudan, Egyptian and Sudanese soils could suffer decreased fertility, and when silt-free water is released by the dam, their riverbeds could experience significant erosion. Frighteningly, there is a possibility that a large amount of water - a VERY large amount of water - might suddenly be released by this dam, which is being constructed in a seismically active area. An earthquake could put 100 million lives at risk. The accompanying article makes the probability of such an event appear even more likely, stating, "A dam with a reservoir as large as this is not just vulnerable to seismic events - it can cause them."



Location of the Grand Renaissance Dam (previously called Grand Millennium Dam), via <http://www.ethiogermany.de/headlines/is-the-grand-ethiopian-renaissance-dam-economically-feasible/>

Source: Haydar Yousif, "Ethiopia's Renaissance Dam - A Mega-Dam with Potentially Mega-Consequences," Think Africa Press, 3 Dec 2012, <http://allafrica.com/stories/201212031873.html?viewall=1>

Ethiopia's Renaissance Dam - A Mega-Dam with Potentially Mega-Consequences

...While Egypt was undergoing dramatic political changes last year, Ethiopia was secretly moving to unveil "Project X" - a huge hydropower dam it intends to build on the Blue Nile, 40 km from the Sudanese border...

...Political commentators, environmental experts and hydrologists have all voiced concerns about the dam's ecological impact, the strain it might place on relations between the three eastern Nile nations, and the financial burden of this mega-dam on Ethiopian citizens...

...The planning and implementation of this project has all been decided behind closed doors. Its \$4.8 billion contract was awarded without competitive bidding, for example, to Salini Costruttori, an

Continued: Recipe for Conflict Among Nile Riparian States: Just Remove Water

With approximately 4,000 years of relying on the Nile to supply fertile soil and water for its agriculture, Egypt is expressing its discontent for this dam, which could so radically alter the river. The secretive nature of the dam project, combined with a lack of environmental and social impact assessments, has only added to Egypt's anger. In March, 2011 Egypt "strongly hinted that a military response was not deemed disproportionate to protect such a vital resource." Though Egypt has since toned down its comments in response to certain Ethiopian overtures, if Ethiopia continues with this project as originally designed, it is possible the military rhetoric could return.

Note:** for readers who want additional information, the website for the dam is still listed under its previous name as "The Millennium Dam" and can be found at <http://grandmillenniumdam.net/>. **End OE Watch Commentary (Feldman)

Italian firm favoured by the ruling party; Salini is also building the controversial Gibe III Dam on Ethiopia's Omo River...

...The consequences for Ethiopia's downstream neighbors could potentially be catastrophic. The Renaissance Dam's reservoir will hold back nearly one and a half times the average annual flow of the Blue Nile...

...The Grand Renaissance Dam site is in the Great African Rift Valley near the Afar Depression, an area in which tectonic turmoil is so great it could, according to some accounts, eventually tear the continent in two.

Uganda had deployed about 600 troops alongside Rwandan forces to help the rebels prepare attacks...

...Rugunda said people who reported the troops to the United Nations had probably mistaken them for about 600 DR Congo troops who fled across the border to Uganda and were eventually sent back in July...

Mali's Military: The Not-So-Hidden Power Behind the Government 13 December 2012

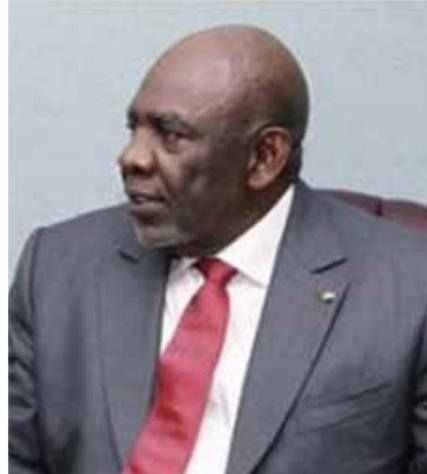
Source: Peter Tinti, "Mali's Coup 2.0: Adjusting to the New Normal," Think Africa Press, 13 Dec 2012, <http://thinkafricapress.com/mali/coup-2-adjusting-new-normal-sanogo-diarra>

OE Watch Commentary: *If the West African nation of Mali needs to demonstrate to the world that it is a stable democracy which could benefit from assistance to put down the rebellion in its northern half, it appears to have failed the "stable democracy" part. The Malians are quite familiar with the ways of their government and know who truly rules...the military. Thus, it came to them as no surprise that Prime Minister Cheik Modibo Diarra, who ran afoul of the military, is now former Prime Minister Cheik Modibo Diarra. As the accompanying article states, "While international condemnation has poured in, many in Bamako have responded to the forced resignation of Mali's PM with apathy and impatience."*

The Malian military did not always serve as the country's kingmaker. Protests in 1991 against one-party rule led to a new constitution and multiparty elections in 1992. This democracy survived until 21 March 2012, when soldiers, displeased with how the government was handling the insurgency in northern Mali, rebelled. The subsequent coup d'état saw the removal of then President Amadou Toumani Touré and suspension of the constitution. On 12 April 2012 the junta turned over power to a transitional government led by parliament speaker Dioncounda Traoré, and on 17 April Cheik Modibo Diarra was made Prime Minister. The junta, however, led by Captain Amadou Haya Sanogo, soon made known its intentions to play a "supervisory" role in the transition.

The forced resignation of Diarra has been described as "the second coup." Clearly the military leaders were angry with Diarra's attempts to distance himself from their rule, and just as they were willing to remove President Amadou Toumani Touré - the first coup - they were willing to remove Diarra - the second coup. If there were any lingering doubts as to who the power is behind the Malian government, Diarra's removal removed them.

That Diarra is a brilliant and dedicated individual is not in doubt. He has a PhD in engineering and worked on several NASA projects, earning him the moniker of "interstellar navigator" by several newspapers. Additionally, as the article states, "... when President Traoré was severely beaten by pro-junta demonstrators and forced into weeks of convalescence in France, it was Diarra who stepped in to fill the civilian leadership vacuum."



Former Prime Minister Cheik Modibo Diarra at a meeting in September 2012, via <http://thinkafricapress.com/mali/coup-2-adjusting-new-normal-sanogo-diarra>

..."What else is there to say?" asked Malian shop owner Aliou Sidibe over the phone, "it is the guys in Kati [a military town 15 km from Bamako] who are in charge...that is the reality"...

... Local news sources have described the arrest as "violent", and a source close to the arrest [of Prime Minister Cheik Modibo Diarra] suggested to Think Africa Press that "kidnapped" might be the most appropriate term to describe the events...

..."It's politics, and he [Diarra] is not a politician," said university student Lamine Sissoko, "Diarra did not understand the situation... the new rules... he made bad choices. That is all."...

...Sissoko suggested that Diarra's sudden fall from power was the result of his own political miscalculations, a view shared by newspaper vendor Adama Traoré, who commented, "Diarra forgot his role. That was his error."... *(continued)*

Continued: Mali's Military: The Not-So-Hidden Power Behind the Government

Unfortunately for Diarra, he failed to realize, perhaps naively as much of the citizenry apparently knew, that the military was not going to readily accept a reduced role in governing.

As the African Union, ECOWAS (Economic Community of West African States) and nations outside of Africa, including the United States, contemplate how to deal with the Tuareg rebellion and the growing presence and strength of Islamists in northern Mali, the lack of a truly democratic Mali is problematic. Foreign intervention to deal with the problems of northern Mali risks appearing as being supportive of the junta. However, at least for now, the junta appears to be retaining its power, or, as the accompanying article describes their rule, "the New Normal." End OE Watch Commentary (Feldman)

...By late September, however, Diarra began to distance himself from the coup leaders, becoming a vocal advocate for outside intervention and reportedly making decisions without consulting the coup leaders...

...Diarra's forced resignation put to rest any questions about the power dynamics in Bamako. The military men in Kati are still in charge, and having concluded that Diarra's individual political ambitions were an impediment to their own objectives, they removed him...

Foreign Military Studies Office (FMSO.leavenworth.army.mil)

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Weak African Armies

17 December 2012

“Pinpointing the causes as to just why African armies have historically proven to be so under-prepared is a task whose relevance is only increasing.”

OE Watch Commentary: *While it is no secret that, in general, African armies are some of the least well-trained and therefore most unreliable in the world, in light of recent security collapses in both northern Mali and eastern Democratic Republic of Congo, observers like the author of the article below are now returning to question just why this is the case.*

As detailed in the article, one thesis is that insufficient leadership from the state has led to a feeling of mistrust and a culture of perpetual insufficiency within the military. However, other authors have given differing reasons. For his part, Herbert Howe has written about the culture of “unprofessionalism” of African armies, which is characterized by armies’ allegiances to a personal leader’s regime rather than to the longer-enduring and impersonal institution of the state. That African armies typically have more allegiance to regimes than to their states at large weakens them in at least three ways: 1) heavy reliance on a charismatic executive leads to frequent breaches of the civil-military divide; 2) armies tend to be heavily influenced and thus take on characteristics of the regime itself; 3) strong executive control allows for quick and uncontrolled deployment of armies, leading to the sense that military service is simply a façade of prestige masking a form of modern banditry. Elsewhere, Jeffery Herbst has argued that states’ territorial size makes a difference in impacting the efficacy of African armies when civil wars begin, whereas the degree of resources at their disposal (typically, scant) determines their success. In yet another vein of thinking, Christopher Clapham has focused studies on how the international community’s funding practices of African armies might lead to greater degrees of efficacy.

Indeed, pinpointing the causes as to just why African armies have historically proven to be so under-prepared is a task whose relevance is only increasing. End OE Watch Commentary (Warner)

Source: Francois Soudan, “Armées africaines: pourquoi sont-elles si nulles?” (“African armies: why so incompetent?”) Jeune Afrique. 17 December 2012: http://www.jeuneafrique.com/Article/JA2709p026_033.xml0/.

The current crises in Mali and the Democratic Republic of Congo confirm it once again: poorly equipped, poorly commanded, badly trained, and generally unliked, the majority of Sub-Saharan Africa’s security forces are in a pitiful state.

To this end, when asked to comment on the chances of success of a military operation in northern Mali, [U.S. AFRICOM commander] General Carter F. Ham said he was very skeptical about the capacity of a joint African force to lead such an intervention on its own. For years, Ham said, the few operational armies on the continent have been trained and equipped to participate primarily in peacekeeping operations, but are incapable of leading an offensive war.

The reason for this collective failure obviously have nothing to do with the intrinsic quality of the troops, or the training of officers (at least senior officers), who are often graduates of the best schools. Besides logistics and adequate means, what these “armies in development” lack most are motivation and the sentiment of being trusted in whatever mission in which they are engaged. Fighting without knowing details of why they are fighting, as well as the constant feeling of not being respected or supported by a strong political power or operating under unified leadership are, taken together, crippling disabilities. In Mali, like in the DRC, the military has constantly felt been secretly betrayed before, to the point of developing an obsession and a “fifth column” syndrome to compensate for their own humiliation. They are wary of the state and the state is suspicious of them, to the point that some chiefs of staff, and even some presidents, only distribute weapons and cartridges with extreme parsimony, lest weapons be turned against them. The lamentable state of Africa’s armies, therefore, is simply a matter of governance.



Map of Mali, via <http://maps.google.com>

2013: Southeast Asian Insurgency Smoldering Still

January 2013

“KIA officers estimate that more than 50 government troops were killed...”

OE Watch Commentary: Natural disasters, economic activities, and “China’s Rise” dominate the popular news from Southeast Asia. Equally important is the widespread low-level violent insurgent and terrorist activities. Some examples of the latter are explored in the accompanying excerpted articles.

Burma: 2012 was highlighted by the continuous visits of foreign ministers and heads of state to Burma (Union of Myanmar), as that nation’s leadership shed the military uniforms of a junta and embraced an elected government. Interestingly, the world community and the United Nations have remained nearly silent regarding the historic and ongoing violence as the central government battles large-scale separatist and insurgent groups along its hilly borders with China, Laos, and Thailand. The Burmese government had signed numerous ceasefire agreements with most of the ethnic groups in question in a very overt campaign to show progress in national consolidation, yet violence continues.

The Kachin ethnic group in the north has been at war with the central government since 1961, seeking some type of regional autonomy. The article from the Democratic Voice of Burma website, speaks to the most recent collapse of confidence regarding a cease fire agreement with the Burmese Government. According to a 31 October 2012 press release from the Karenni Society Civil Network, the Burmese Government has violated terms of the cease fire earlier this year, which resulted in fighting and the deaths of several government troops.

The Karen people of Burma have fought since 1949 for independence. The current ceasefire is more of an armed stand-off than a real peace agreement. The continuing presence of government forces in traditional ethnic lands, mortar attacks, killings, and displacement of civilians reveal the cosmetic nature of many of the government efforts and agreements. The article from the Irrawaddy describes this dilemma.

The Shan State in Burma currently touts the Shan State Army, which also wages an ongoing struggle for ethnic regional freedom.

*These conflicts affect neighboring states. China has had infrastructure projects delayed and Thailand continues to see a flow of displaced persons into long existing refugee camps. As foreign political interest and investment continues to flow to Burma, each of these ethnic armies will grow in importance. **OE Watch Commentary (Welch)***



Weapons, ammunition and equipment captured from Burmese Army in heavy fighting with Kachin Independence Army (Kachin News Group photo)

Source: kachinnews.com, “KIO captures 7 government soldiers after fighting at Lajayang,” December 15, 2012, <http://www.kachinnews.com/news/2453-kio-captures-7-government-soldiers-after-fighting-at-lajayang.html>

Forces loyal to the Kachin Independence Organization (KIO) captured 7 Burma army soldiers following heavy fighting at Lajayang on Friday, according to senior KIO officers reached by the Kachin News Group....

When the fighting ended yesterday afternoon Kachin Independence Army (KIA) soldiers discovered the bodies of at least 15 fatally wounded government troops, according to a KIA major based at the frontline who spoke to the Kachin News Group on condition of anonymity....

The fighting at Lajayang began early Friday morning as the KIA blocked government forces from delivering rations and other supplies to the nearby Lung Rawk post. The heavy resistance brought against the government forces led to the army abandoning its effort to resupply Lung Rawk ...

Continued: 2013: Southeast Asian Insurgency Smoldering Still

Source: The Irrawaddy, “KNLA Ceasefire at Crossroads,” September 25, 2012, <http://www.irrawaddy.org/archives/14876>

PAPUN DISTRICT, Karen State—After crossing the Thai border into northern Karen State, eastern Burma, by taking a home-made wooden ferry upstream the muddy Salween River, I reach a base for the rebel Karen National Liberation Army (KNLA)...

... there was a military training camp nearby filled with rebel soldiers—despite a ceasefire signed between the Karen National Union (KNU), the political wing of the KNLA, and Burmese government in January.

Lt-Col Kyawt Mue of KNLA Brigade 5“It is true that hostilities are not active, but we can’t say it is peace. There should be a government troop withdrawal. But government troops still remain in the frontline. This is the situation we are facing now.”

After talking with several KNLA officials and soldiers, all expressed a similar perspective regarding the peace process—it was a “wait and see” affair. Their prime desire is for the withdrawal of government troops from KNLA-controlled territories, which seems the only way for the government to earn their trust.

Brigade 5 has around 1,500 of the KNLA’s estimated total of 10,000 soldiers and is believed to be the strongest of the rebel’s seven brigades....

Ongoing government offensives against the ethnic rebel Kachin Independence Army (KIA) in northernmost Burma motivates the Karen rebels to remain doubtful.

Noe Noe, a KNLA bomb disposal specialist and military instructor, spoke ...“I don’t hope for much [from the peace talks],” he said. “I think it is a game created by our enemy. Now they open a frontline war in Kachin State so they will keep a soft approach to the Karen”....

KNLA Brigade 5 in northern Karen State is the subject of huge business interests but leaders have banned gold mining and logging despite local Thai firms approaching them for trade.

Brigade 5-controlled territories, better known by the government as Papun District bordering northern Thailand’s Mae Hong Son Province, is the shortest overland route to Burma’s capital Naypyidaw and commercial center Rangoon, especially compared to other Thai-Burmese border trading points such as Mae Sot-Myawaddy, Mae Sai-Tachileik or Ranong-Kawthawng....

KNU leaders held a third round of peace talks with Naypyidaw representatives in the Karen state capital Pa-an in early September and signed an agreement over a draft “code of conduct” which both government and rebel troops must obey....

The government delegation also agreed in principle for the repositioning of its frontline troops. However, the military relocation sites proposed by the ethnic rebels first have to be reviewed by Vice-Snr-Gen Min Aung Hlaing, the commander-in-chief of the Burmese armed forces.

Since late 2011, the government peace team reached ceasefire deals with ethnic armed groups including Karen, Karenni, Shan, Mon and Chin.

However, it has not yet reached a ceasefire deal with the Kachin rebels despite meeting several times for talks. The KIA leadership says they do not want a ceasefire alone and instead demand a political dialogue through an ethnic alliance....



Mexican Drug Trafficking Organizations and the Italian Mafia

9 December 2012

Source: "Ndrangheta, puerta de Los Zetas a Europa". Milenio, <http://www.milenio.com/cdb/doc/impreso/8510986>, Accessed on 09 December 2012.

OE Watch Commentary: *US DEA agents and Italian authorities conducted Operation Solare in 2008 in an attempt to completely dismantle a transnational drug trafficking operation run by Los Zetas and The Ndrangheta (the Italian Mafia). Although 175 individuals were arrested during the operation, cocaine shipments supplied by Los Zetas and distributed by The Ndrangheta continued to flow from New York to Italy and throughout the rest of Europe.*

In recent years both Mexican and Italian authorities have asserted that the relationship between Los Zetas and The Ndrangheta has only grown stronger, and today Los Zetas serves as the principal cocaine supplier to the group. That these groups are still working together is evidenced by the 2012 dismantling of a transnational drug trafficking group operating at the service of Los Zetas and The Ndrangheta in Mexico and Palermo, Italy.

Los Zetas formally served as the armed wing of the Gulf Cartel. In 2010 Los Zetas severed ties with its former allies and began operating independently. In recent years Los Zetas operations have extended into Central and South America, and now Europe. This expansion has provided the group with a wider power base and additional income, which has made them more resistant to the increasing pressures waged on them by the Mexican government.

A Blossoming Relationship between Mexican Drug Trafficking Organizations and the Italian Mafia

In 2008, a debt-laden Giulio Schirripa was desperate to obtain financing to build a cocaine trafficking operation between New York and his homeland: Marina de Gioiosa Ionica, a sparsely populated locale in the Reggio Calabria region of Italy. It was this initial desperation that led him to two new distributors on 17 February 2008; a US-Italian national (see original Spanish source article for name) and Javier Guerrero, a Paraguayan national.



The Ndrangheta (the Italian Mafia) and the Schirripa Family

After their initial contact, Guerrero and the US-Italian national provided Giulio with 10 kilograms of cocaine to traffic to Italy. Whereas previous shipments sent to Italy had always come from Colombian cartels, this shipment came directly from the Gulf Cartel and Los Zetas. Hence, a turning point had been reached: cocaine supplied by the Schirripa family and distributed by The Ndrangheta in Italy and throughout Europe was now coming from Mexico. Financers of the Schirripa family in Calabria included Giuseppe Sansotta and Pascuale Pugliese, two high-ranking figures within The Ndrangheta.

Problems with Cocaine Quality

On 01 April 2008, Giulio travelled to Calabria. A week later, on 07 April 2008, the 10 first kilograms of cocaine supplied by the Gulf Cartel/Los Zetas arrived in Marina de Gioiosa Ionica. The shipment was delivered by the Italian Postal Service to the home of Maffa Argiro, a family friend of the Schirripas.

This initial shipment was sufficient for the Schirripa family to buy themselves out of debt and reinvest in their cocaine business. However, one of their clients later returned the cocaine stating that the quality of it was abysmal. This client was identified as Aldo Carmelo Bombarderi, a member of The Ndrangheta.

Despite arguments regarding the quality of the cocaine, the Gulf Cartel and Los Zetas in New York were demanding payment for the 10 kilograms. While resolving matters with the Mexicans, Giulio buried the returned cocaine in a heavily forested area near his home. What he didn't realize is that Italian authorities were watching his every move. That evening, Italian authorities retrieved the cocaine and came to the conclusion that the Gulf Cartel, Los Zetas, the Schirripa family, and The Ndrangheta were involved in a transnational cocaine smuggling operation. *(Continued)*

Continued: Mexican Drug Trafficking Organizations and the Italian Mafia

The European cocaine market is worth around \$34 billion a year. In comparison, the US cocaine market is worth an estimated \$36 billion a year. In the United States, Los Zetas controls its own shipments and derives 100% of the profits. In Europe, they are still reliant on The Ndrangheta, but it is a realistic possibility that in coming years Los Zetas will create its own European operational structure to traffic cocaine independently, just as it has done in the United States.

*Another factor that makes the presence of Los Zetas in Europe noteworthy is that this market was previously dominated by Colombian drug cartels, just as the US market was. By gaining ground in the European market, Mexican drug cartels have demonstrated their adaptability in seizing control of all markets previously dominated by the Colombians. Still, Mexican cartels are not without competition in Europe, as Serbians are also heavily involved in the international cocaine-trafficking market. Nonetheless, the additional income earned by trafficking cocaine in Europe is key to Los Zetas operations as it represents the means to carry out recruitment/distribution operations in Mexico, the United States, and Europe. It also gives Los Zetas the ability to corrupt national and international authorities. **End OE Watch Commentary (Fiegel)***

Although Italian authorities had seized the cocaine, the Mexicans were still unwilling to forgive the debt owed to them by the Schirripa family. For this reason, they needed to find someone else to finance their debt. This person ended up being Diego Lamanna, a member of The Ndrangheta through his ties with the Longo-Versace family. After weeks of negotiations with the Mexicans, the Schirripa family was finally able to clear their debt on 04 July 2008 at which point they began trafficking cocaine supplied by the Gulf Cartel/Los Zetas to Italy and into the rest of Europe. According to authorities, initial shipments were relatively small, normally around 20 pounds, given that the Gulf Cartel and Los Zetas were just beginning to break into the European market.

After securing a fixed agreement, Giulio and his brother Vincenzo began purchasing cocaine shipments from Los Zetas in New York for \$28,000 a kilogram. Giulio's girlfriend, Stacey Minlionica was in charge of coordinating logistics to send the cocaine to Italy. Giulio's mother, Teresa Roccisano and his sister, Anna María, were in charge of relaying messages between to dealers/buyers in Italy. Giulio's father, Pascuale Schirripa, was in charge of distributing cocaine in areas within Calabria including Siderno, Locri, Bovalino, Gioiosa Ionica, Polistena, Gioia Tauro, and Palmi.

Rising Suspicions Regarding Ties between the Mexicans and Italians

Starting in 2008, the DEA and the Special Operations Department in Italy began monitoring the Schirripa family. During phone tapping operations, DEA agents communicated to Italian authorities that Giulio was working with Javier Guerrero. Guerrero was of interest because he worked for a Gulf Cartel operator known as José Cerda. Other Mexican associates of the Schirripa family in New York included Santiago Maldonado and Mario Velásquez.

Then, in September 2008, the DEA and Italian authorities implemented Operation Solare (known as Project Reckoning in English) during which time they arrested members of the Schirripa family and Ndrangheta operators responsible for coordinating and dealing transnational cocaine shipments. Items seized during this operation included \$60.1 million, 176 weapons, 23,250 kilograms of marijuana, 471.2 kilograms of methamphetamine, and 8.61 kilograms of heroin. Arrested in conjunction with these seizures were 175 individuals from countries including Guatemala, Mexico, Panama, Colombia, and Italy.

Following the close of the operation, Pietro Grasso, an Italian anti-Mafia Director, stated that the significance of it consisted in the fact that that Mexican drug cartels had successfully ousted Colombian Cartels in the US and European market.

Xi Urges China's Army to be Combat Ready Amid Regional Maritime Tensions

13 December 2012

OE Watch Commentary: *The following three articles discuss recent comments of concern made by Xi Jinping, who is scheduled to take over Hu Jintao's post as China's next leader in March 2013. The first two articles originate from Chinese sources and show a patriotic theme, using phrases such as "Xi urged the PLA to uphold the great banner of socialism with Chinese characteristics..."*

During military inspections conducted in early December in the PLA's Guangzhou military theater of operations, Xi is reported to have "ordered the People's Liberation Army (PLA) to intensify its 'real combat' awareness in order to sustain military readiness." He is also quoted as having told military officers that "it is the top priority for the military to be able to fight and win battles."

There are 2.3 million enlisted personnel in the PLA, making it the largest military force in the world. However, China still lags behind in capability. According to the second article below, Xi was quoted as saying, "If you compare the intensity of training between the PLA and the US Army, the PLA lags far more behind and the latter also had many real battlegrounds to fight on over the years."

The third article, from an Indian source, points out that Xi's tough talk came as U.S. and Philippine officials were discussing ways to increase the number of U.S. military ships, aircraft and troops rotating through the Philippines obviously to tackle any threat from Beijing.

*Xi's comments were written up in a press release issued by military authorities. Therefore, if Xi's comments had anything to do with the possible buildup of U.S. forces in the area, then it could simply be a show of force or warning for the United States to back off. **End OE Watch Commentary (Hurst)***



General Secretary of the Communist Party of China Xi Jinping, Source via cropped from File:Leon Panetta and Xi Jinping in Beijing, Sept. 19, 2012.jpg, original source Flickr: 120919-D-BW835-045

Source: "Xi Orders PLA to Intensify Combat Awareness," Xinhua, December 12, 2012, <http://www.china.org.cn/china/2012-12/12/content_27397173.htm>.

Xi Orders PLA to Intensify Combat Awareness

General Secretary of the Communist Party of China (CPC) Central Committee Xi Jinping has ordered the People's Liberation Army (PLA) to intensify its "real combat" awareness in order to sustain military readiness.

By chairing the CPC Central Military Commission (CMC), Xi is also the commander-in-chief of China's armed forces, which, with 2.3 million enlisted personnel, is the largest in the world.

Xi urged the PLA to uphold the great banner of socialism with Chinese characteristics, take Deng Xiaoping Theory, the "Three Represents" and the Scientific Outlook on Development as a guide, deeply implement the main theme and guideline on the development of national defense and the Army, and seriously implement the strategic arrangements on national defense made by the CPC's 18th National Congress.

He showed his firm belief that on the way to realize the great rejuvenation of the Chinese nation, the heroic PLA must carry forward the cause and forge ahead into the future and effectively implement the historic mission.

Continued: Xi Urges China's Army to be Combat Ready Amid Regional Maritime Tensions

Source: Xu Weiwei, "China's Xi Tells Army To Become Ready for Real Combat," Guangzhou Business China Online, December 13, 2012, <http://www.morningwhistle.com/html/2012/PoliticsSociety_1213/216052.html>.

China's Xi Tells Army To Become Ready for Real Combat

Xi said the People's Liberation Army should adopt real combat criteria in military training and intensify such awareness among soldiers, according to a release issued by military authorities on Wednesday.

"Bear in mind that it is the soul of the military to obey the command of the Party without compromise, it is the top priority for the military to be able to fight and win battles," Xi told officers above the division level of the garrison troops in Guangzhou...

"If you compare the intensity of training between the PLA and the US Army, the PLA lags far more behind and the latter also had many real battlegrounds to fight on over the years," he was quoted as saying.

Source: Ashok Tuteja, "New Chinese Leader Sends Alarming Signals to Neighbors," The Tribune Online, December 13, 2012, <<http://www.tribuneindia.com/2012/20121213/main6.htm>>.

New Chinese Leader Sends Alarming Signal to Neighbors

His (Xi's) statement came even as U.S. and Philippine officials were discussing ways to increase number of U.S. military ships, aircraft and troops rotating through the Philippines obviously to tackle any threat from Beijing.

What, however, has come as a surprise is the fact that Xi has displayed his aggressive designs even before he has formally assumed the office of the President.

Treading Carefully in Military Engine Technology

7 December 2012

“China has long been producing unauthorized copies of the Russian Su-27 - as the Jian-11. It has also designed a two-seat fighter bomber version (the Jian-16) and a stealth version (the Jian-17), and obtained an aircraft-carrier-based version of the Su-30 from Ukraine to produce the Jian-15. But Beijing insists they are all indigenous designs that just happen to bear some resemblance to Russian fighters.”

OE Watch Commentary: There have been many reports touting China's technological advances, military modernization, and plans to become a global innovative source, which makes the first article highlighted here interesting. It shows a different perspective, one of China lagging behind and of causing the country's Russian military friend to be skeptical and mistrusting of it.

According to the article, the Su-35 is the most advanced fighter that Russia exports. At first, Russia expected China to buy 48 planes. However, last year Beijing expressed an interest in purchasing only four Su-35s, which, according to the article, has Russia proceeding cautiously with any deals. The two countries now have made a preliminary deal that Russia would sell 24 SU-35s to China for \$1.5 billion, but first more negotiations are needed. The belief seems to be that if China purchases only a small number of Su-35s, it will likely be so that they can reverse engineer the engine technology.

According to sources cited in the article, “Moscow asked Beijing to sign an agreement to not make copies of the Su-35.” By all indications, however, it does not seem likely that China will comply with the agreement. Other sources say that China is still playing catch up. China needs the Russian technology and has encountered difficulties in its J-20 (China's stealth fighter) engine technology. The engine technology used in the Su-35 would be helpful to China in overcoming some of its issues.

The viewpoint of the first article differs from other viewpoints on China's military technological advances. While different experts perceive China as still playing catch up, some believe that the country's technological advances are actually moving much quicker than expected. **End OE Watch Commentary (Hurst)**



Image of the Russian SU-35, Source: SCMP,

Source: Minnie Chan, “PLA Signs Preliminary Deal for 24 Russian SU-35 Jet Fighters,” South China Morning Post Online, December 7, 2012, <<http://www.scmp.com/news/china/article/1099368/pla-signs-preliminary-deal-24-russian-su-35-jet-fighters>>.

PLA Signs Preliminary Deal for 24 Russian SU-35 Jet Fighters

Beijing expressed interest in purchasing only four Su-35s last year, but that was rejected by Moscow, which had originally expected China to buy 48 planes, Moscow's Vedomosti business daily quoted an official from Russia's Federal Service for Military and Technical Co-operation as saying.

...Moscow also asked Beijing to sign an agreement not to make copies of the Su-35.

A Beijing-based PLA senior colonel, who requested anonymity, said: “We decided to buy the Su-35 because it's a fact that our home-made engines have failed to measure up to the Russian products.”

He said China was still playing catch-up, despite recent headlines hailing its progress on military modernization.

Continued: Treading Carefully in Military Engine Technology

“Engines have been the biggest headache and we are still trying to cope with it,” he said. “The purchase of the Su-35s might help our J-20 project, but there are too many deeper problems hiding in our military industrial system that are hindering our research and development.”

“Beijing compromised on the size of [the Su-35 deal] ... because they think 24 is an acceptable negotiation quantity, while Moscow feels it is worth considering,” Chang said.

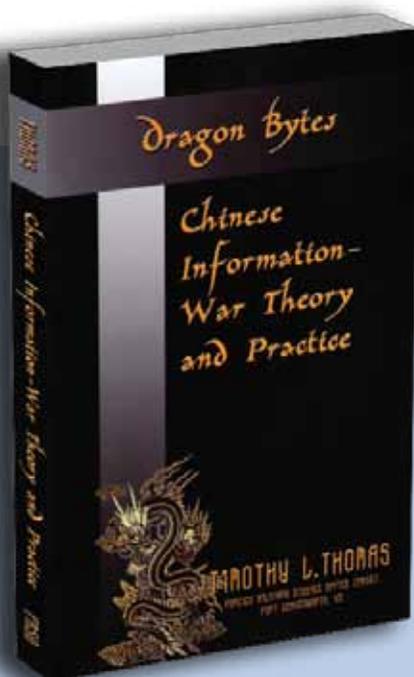
China has long been producing unauthorised copies of the Russian Su-27 - as the Jian-11. It has also designed a two-seat fighter bomber version (the Jian-16) and a stealth version (the Jian-17), and obtained an aircraft-carrier-based version of the Su-30 from Ukraine to produce the Jian-15. But Beijing insists they are all indigenous designs that just happen to bear some resemblance to Russian fighters.

Source: “Chinese Military Technology Developing More Quickly Than Expected,” Want China Times (Taipei), December 10, 2012, <<http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20121209000117&cid=1101>>.

Chinese Military Technology Developing More Quickly Than Expected

...China has also signed a new contract with Russia to purchase 24 Su-35 fighters. By acquiring the Saturn AL-117S engine used by the Su-35, China will be able to continue the development of its fifth-generation stealth fighter, the J-20.

“The recent air operations by the Chinese aircraft carrier demonstrate that the People’s Liberation Army Navy is developing an operational aircraft carrier capability much faster than many Western observers anticipated,” said Sam Bateman from Nanyang Technological University in Singapore.



***Dragon Bytes* by Tim Thomas examines China’s information-war (IW) theory and practice from 1995-2003. Some specialists may be surprised that the Chinese openly discuss not only computer network attacks and electronic preemption but also the development of IW units and an “integrated network-electronic warfare” theory (which closely approximates the US theory of “network-centric warfare”). The Chinese development of an IW theory is representative of their country’s philosophy and culture. By creating an “IW theory with Chinese characteristics” the People’s Liberation Army (PLA) has offered an alternate way of viewing the application of IW than in the West.**

Taiwanese Students Protest Media Merger with Links to the Mainland

3 December 2013

“The probability of Want Want China Times Group becoming one of the owners of Next Media’s Taiwanese outlets has raised concerns that the firm would command a media monopoly. Critics have also expressed concern about China’s increasing interference in Taiwanese media, as the group is perceived as being pro-China.”

OE Watch Commentary: After the highly controversial acquisition of Taiwanese China Network Systems (television) by Taiwan-based Want Want Times Group in July, Taiwanese students are returning to the streets in protest of the latest acquisition by Want Want, Hong Kong-based Next Media (print media). Want Want Chairman Tsai Eng-Meng, who possesses strong ties to mainland businesses, is accused of being “pro-China” and promoting mainland propaganda through his various media outlets. Altogether, the Tsai family owns, or likely owns, a majority stake over the entire media industry, including the China Times Group, a top-selling English-language newspaper.

Over 30 Taiwan universities protested both the acquisition and the government’s approval of the deal, believing the Taiwan government has failed to protect the island’s democratic integrity by allowing the media mergers. In response, the Bureau of Education issued a letter requesting university staffs to monitor the students’ health and activities “in the cold and wet weather.” Students interpreted the letter as being patriarchal, with the objective of monitoring and condemning protests. Students protesting outside the Executive Yuan (Presidential office) were met with baton-wielding policemen and barricades.



A screenshot of the students’ Facebook page, communicating their message. With over 63,000 “likes”, the students’ webpage has become a very popular forum for protesting the merger. The Mandarin name of the group translates to “I am a student, I am anti-Want. Youth Alliance against media behemoths.”

Source: “INTERVIEW: Student protest leader speaks on liberties,” Taipei Times, 3 December 2012, <http://www.taipetimes.com/News/taiwan/archives/2012/12/03/2003549235>.

“We will save our own country” and “Against media monopoly. Against Chinese intervention,” National Taiwan University (NTU) graduate student Lin Fei-fan (林飛帆) shouted as he stood atop a minivan on Monday night last week, leading a protest against the planned takeover of the Next Media Group’s four Taiwanese outlets by a local consortium that includes the Want Want China Times Group.

The Want Want China Times Group owns a chain of major media operations in Taiwan, including the China Times, China Times Weekly magazine, the Want Daily, CtiTV and China Television Co.

The probability of Want Want China Times Group becoming one of the owners of Next Media’s Taiwanese outlets has raised concerns that the firm would command a media monopoly. Critics have also expressed concern about China’s increasing interference in

Continued: Taiwanese Students Protest Media Merger with Links to the Mainland

The students have also taken advantage of online social media outlets such as Facebook to promote and organize their cause. As a result, concerns from Taiwanese around the globe were voiced online. Youth from the mainland also joined in the discussion, with some expressing surprise at the Taiwanese students' freedom of speech and others disapproving the "disrespectful spectacle."

The Chinese government continues to press its campaign to unify the "rogue province" and utilizes propaganda to sway the Taiwanese through cultural unification. The increased Chinese ties with the Taiwan media industry will undoubtedly serve the Communist Party's goals of projecting power and influence onto the island's citizens. Taiwanese media spokesmen often practice self-censorship in order to access Greater China, including censoring political debates and criticism of the mainland's human rights record. Given the logic of controlling the information space and Tsai's interests on the mainland, the Taiwanese now fear that self-censorship will become necessary on the island, followed by Communist messages flowing more freely into the island.

*With over 63,000 "likes," the students' Facebook page has become a very popular forum for protesting the merger. The Mandarin name of the group translates to "I am a student, I am anti-Want. Youth Alliance against media behemoths." **End OE Watch Commentary (Faruolo)***

Taiwanese media, as the group is perceived as being pro-China.

"...the government, the entire national apparatus, is still continuing to oppress these liberties," Lin said.

...Reaching out over the Internet, the group cooperated with clubs and groups from other schools to share and build on their experiences of how they fought for a more liberal campus environment.

...Despite his commitment to the issues, when Lin saw some students sustaining injuries during a protest on Tuesday last week, he urged them not to clash with police and demonstrate peacefully.

"I'm sorry that I cannot lead you all inside and see Premier Sean Chen (陳冲), but we must disperse because I cannot bear to see you stand here freezing and getting hurt," he said to the protesters. "We have to leave this place now, but it is only the beginning. This is not our last battle."

Source: "Campaign against Pro-China Media Monopoly in Taiwan Turns Global," GlobalVoice, 15 December 2012, <http://globalvoicesonline.org/2012/12/15/campaign-against-pro-china-media-monopoly-in-taiwan-turns-global/>.

...It is obvious that the pro-China chairman of Want Want China Times Group, Tsai Eng-Meng, aims to extend his influence in Taiwan and its monopoly in media is generating a lot of anxiety among local Taiwanese who are worried about Chinese government intervention in Taiwan politics.

...Now overseas Taiwanese have organized an online protest across the world.

Yu-Hsi Liu, an economist, explained why she supports this protest: "I know libertarians do not support Anti-monopoly law. But in Taiwan, anti-monopoly has different context: we are facing an exogenous force which threatens our free market and freedom. Its monopoly power does not come from a natural market process; it comes from the rent-seeking of [ruling party] KMT and CCP [Communist Party of China]. It is why we are opposing to monopoly in the media market..."

Source: "Taiwan's Tsinghua University student scolds minister; Chinese netizens' reaction," Ministry of Tofu, 12 December 2012, <http://www.ministryoftofu.com/2012/12/taiwans-tsinghua-university-student-scolds-taiwanese-minister-chinese-netizens-reaction/>.

...Chen Wei-ting, a representative from the Youth Alliance and a student of Taiwan's National Tsinghua University, vehemently denounced the Minister's remarks in the parliament, "Minister, I think you are full of lies, a hypocrite and a minister that does not know repentance. I don't think you are qualified to be a minister."

...Comments on Sina Weibo:

Continued: Taiwanese Students Protest Media Merger with Links to the Mainland

[userid]: The young man got really worked up. When can mainland students get worked up?

[userid]: If this is a student from the mainland Tsinghua] Student, you are doomed. Do you still want to join the Party? Do you still want awards and honors?

[userid]: If you dare to do this in the mainland, it is 80% sure that you will not see the sun rise tomorrow.

[userid]: It looks Taiwan is so much freer and more democratic than us here...

[userid]: I saw this on Phoenix TV. Thought it was a documentary of the May Fourth Movement. How unlikely it is for us students in today's mainland to have such an opportunity!

Source: "Taiwan is Sick: Student Protesters Tell the Ministry of Education," GlobalVoices, 10 December 2012, <http://globalvoicesonline.org/2012/12/10/taiwan-is-sick-student-protesters-tell-the-minister-of-education/>.

...Several confrontations between the police and the students took place as the head of Executive Yuan failed to show up and answer their demands; the student activists then decided to hold another gathering on November 29, 2012 outside the Fair Trade Commission...

...In reaction to the student protest actions, the head of the Taiwan Education Bureau issued a letter on November 30, 2012 asking various universities' student affairs offices to pay attention to their students' health and hand in the list of students who had participated in the protest. The document leaked out and outraged the students.

Mainland Aerospace Show Exhibits Simulated Attack on Taiwan

19 November 2012

“The video also showed F-16 jet fighters at Taiwan’s air bases being destroyed after M20 short-range ballistic missiles were fired.”

Source: “China advertises weapons with simulated attack on Taiwan,” Central News Agency, 19 November 2012, http://focustaiwan.tw/ShowNews/WebNews_Detail.aspx?ID=201211190008.

OE Watch Commentary: *A simulation video was shown to attendees at the Zhuhai Aerospace Show in China. The video advertised an integrated assault utilizing ballistic missiles, rocket launchers, unmanned aerial vehicles, and other defensive and offensive equipment. Several attendees were shocked to see the simulated assault package was directed at a Taiwanese military base and featured several destroyed Taiwanese F-16s.*

China’s People’s Liberation Army (PLA) increasingly shows open hostility toward Taiwan. Recently, the PLA conducted a series of missile tests that could render Taiwan’s PAC-3 systems ineffective, while the Taiwan National Security Bureau reported over one million cyber/digital attacks against its website between January and June 2012 alone.

*Taiwanese observers were outraged by the spectacle and announced an increased need for diligence against China’s increasingly sophisticated military arsenal. The mainland did not comment on the video. Observers note that the video, coupled with other recent acts of belligerence, showcases the reality that the PLA constitutes a significant threat against the island and perhaps other neighbors. **End OE Watch Commentary (Faruolo)***



A screenshot of the simulation video., via Source: Taiwan Central News Agency

A video played at a show in Zhuhai in southern China to promote China’s weapons systems simulated the bombing of military bases in Taiwan, a sign that Taiwan has to take the threat of China’s long-range rockets seriously.

The video demonstrated a system that integrated several assault weapons including M20 short-range ballistic missiles, A200 remote-guided rockets, A100 multiple rocket launchers, unmanned aircraft and field air defense missiles.

The system was advertised as being able to make pre-emptive strikes against enemies’ radar installations, command centers, airports, harbors, power plants and concentrated armored forces.

...[T]he Chinese government [has] integrated them into a complete ground strike package that... it hopes to sell to other countries.

...The video also showed F-16 jet fighters at Taiwan’s air bases being destroyed after M20 short-range ballistic missiles were fired.

Should We Fear the Snow Dragon? China Refutes International Media Framing of 'China's Arctic Aspirations'

12 December 2012

“Polar research is a high priority for China, but the obsession with Arctic resources is just media speculation. Rather, China’s plans for research and exploration of the Antarctic region are much more significant, since that area is not bound up by issues of national sovereignty.”

Source: “Zhonguo ‘Beiji’ mengxiang beiwudu wei julong dui Beijide yexin” (‘China’s Arctic Aspiration’ Misread as ‘Dragon’s Wild Arctic Ambitions’) Huanqiu Shibao (Global Times - China), 12 December 2012: <http://mil.huanqiu.com/paper/2012-12/3372436.html>

OE Watch Commentary: *A lengthy article in the Global Times, a nationalistic paper affiliated with the Party Mouthpiece People’s Daily, responds to what it views as a proliferation of recent articles in the foreign media that it sees as drumming up undue controversy over China’s supposed Arctic ambitions. The article takes issue especially with interpretations of a recent policy paper issued by the Stockholm International Peace Research Institute (SIPRI) - the memo noted a recent turn in Chinese officials downplaying China’s interest in the Arctic - which papers in Japan and Germany apparently interpreted as a cynical shift intended to disguise China’s true ambitions.*

The article summarizes foreign news sources at length - largely elided here for purposes of brevity - and interviews Linda Jacobson, author of the SIPRI report, to drive home several points: that China has no grand military or foreign policy designs on the Arctic, and that while it has scientific and economic interests in the region, these are no greater than those of other nearby nations, like South Korea and Japan. China especially has no interest in challenging the sovereignty of nations

[With international headlines like] “The Great Dragon Eyes the North” and “China’s Wild Arctic Ambitions,” following the publication of Stockholm International Peace Research Institute’s (SIPRI) second report on China and the Arctic, international public opinion seems to have reached the conclusion that [China intends] for the “Arctic’s future to be as one of China’s possessions.” SIPRI’s late November publication of the report “China’s Arctic aspirations” follows its 2010 report “China Prepares for an Iceless Arctic.” Whether ‘plans’ or ‘aspirations,’ both reports indicate China’s hopes to transition from ‘Arctic outsider’ to ‘Arctic insider.’ A correct interpretation of the report is that China, in order to get a slice of the ‘Arctic natural resource cake’ has adopted a pragmatic approach, yet those who misread the report exaggerate the ‘specter of China’ permeating the Arctic.

With the first ever delivery of liquefied natural gas from the Arctic circle via an Arctic shipping lane, by Gazprom to Japan on 5 December, the potential future of Arctic energy resources delivered directly to the Asia-Pacific region has now become a reality. This means China is growing closer to realizing its ‘Arctic aspirations,’ and that international suspicions are bound to increase as well.

...In an interview with the Global Times, [report author] Linda Jacobson emphasized that “China is not an Arctic nation and does not profess to be one.” She expressed that China, South Korea, and Japan [which are seeking Arctic Council observer status] remain “Arctic outsider nations” and, while Chinese scholars would like China to be recognized as a “Near-Arctic Nation,” China has clearly stated that it respects the rights of Arctic Nations, but hopes that as these nations consider the Arctic’s future, they consider the rights of Arctic and Non-Arctic nations alike. The melting of glaciers has global consequences, and thus the Chinese believe the future of the Arctic is a global, rather than regional issue.

As SIPRI’s report states, the Arctic is not a foreign policy priority for China and China has not yet formed a comprehensive foreign policy with regards to the Arctic, but, like many other countries, China is hoping to see a benefit from the thawing of Arctic sea lanes, and the potential exploration of newly accessible resources.

... [Jacobson] emphasized that “As China staunchly defends its sovereignty in the South China Sea, it can be expected to respect the sovereignty of Arctic nations.”... She also stressed that there is no clear evidence that China has any desire to ‘occupy’ the

Continued: Should We Fear the Snow Dragon? China Refutes International Media Framing of 'China's Arctic Aspirations'

whose borders contain most of the Arctic region's accessible resources, which might undermine its position on oceanic sovereignty with regards to its current imbroglio with Japan in the South China Sea. Whether cynical gambit or not, it seems China is unlikely to let its interest in the Arctic heavily influence its diplomatic policy, especially with Arctic nations, lest this cast doubt on China's self-professed dedication to a "peaceful rise."

*The report also interviews a researcher at China's Polar Research Center, who claims that while China's Arctic research and exploration is "perfectly legal," these efforts are minimal and unremarkable by international standards, despite what the press may say. He notes that while Arctic research will continue, China is far more interested - and has dedicated far more resources - to research and exploration in the Antarctic region, which is not beset by issues of territorial sovereignty. **End OE Watch Commentary (Moskowitz)***

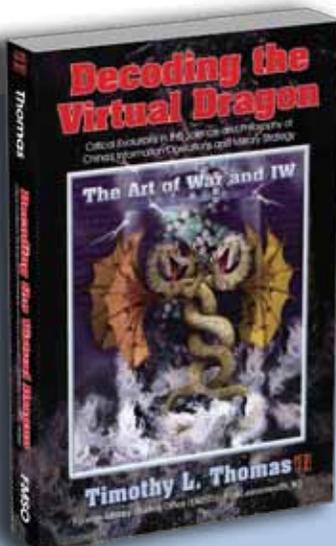
Arctic, as this would not be in keeping with China's last 30 years of pragmatism-driven foreign policy.

...Yang Huigen, a researcher at the China Polar Research Center told the Global Times that polar research is a high priority for China, but the obsession with Arctic resources is just media speculation. Rather, China's plans for research and exploration of the Antarctic region are much more significant, since that area is not bound up by issues of national sovereignty. As everyone knows, much of the Arctic is sovereign to the region's countries, and China cannot mount research expeditions in other countries' territorial waters or sovereign economic zones. Beyond these zones, most Arctic ice is still too thick to be accessible to the Snow Dragon [China's main ice-breaking] vessel.

Still, China's efforts in Arctic shipping lanes [while minimal] are perfectly legal.

...While [some researchers] have cited the Arctic as China's next strategic frontier, China's icebreaker is an exploratory, rather than a military vessel, and, with regards to Arctic exploration, it should be noted that South Korea is also one of the world's top spenders.

...In reality, China's investment in Arctic research, whether compared with the investments of the eight countries of the Arctic Region, or even with its own investment in Antarctic research, is still very small. China spends half the year investigating the Antarctic, but only has a three month window to focus on the Arctic every year, and it has twice the personnel resources devoted to Antarctic research by comparison. China is a huge country, but not nearly as advanced in Arctic exploration as Iceland, with its population of just 320,000. Yang Huigen noted that it is hard to understand all the fear, given China's current level of knowledge and investment in the Arctic. At present, China has only one Arctic research station, in Norway, though China will continue to take a long term approach to Arctic research, and may in the future build more.



Tim Thomas's *Decoding the Virtual Dragon* explains how Chinese information warfare (IW) concepts since 2003 fit into the strategic outlook, practices, and activities of the People's Liberation Army (PLA). The book offers IW explanations directly from the pens of Chinese experts. The Chinese authors discuss the application or relation of IW to strategic thought, the transformation plans of the People's Liberation Army (PLA), the revolution in military affairs (RMA), and the revolution in knowledge warfare and cognition.

Tim Thomas provides an indispensable source for understanding the fundamentals of Chinese military thought and demonstrating how IW/IO has been integrated into the art of war and strategy.

The Linguistic, Digital and Generational Divide in China's Military and Society

20 December 2012

“The truth is, this ‘language divide’ stems from a very real ‘digital divide’, it sheds light on an ‘information gap’ affecting our senior officers, many of whom are not truly technologically proficient.”

OE Watch Commentary: Despite the realities of censorship, many young Chinese have increasingly found refuge from the rigid strictures of traditional society and family life in the comparatively freewheeling world of Chinese Internet chat rooms, bulletin boards and online forums. The “net tribe,” as they are known, converse in a highly flexible, ever evolving language or “netspeak,” - not entirely unlike Internet-savvy youth in the US - which is heavily reliant on subversive humor and puns, some of which are directly engineered to evade online censorship.

A favorite topic in the Chinese media is the rise of Internet culture and the way it has come to dominate the lives of young Chinese. This is seen as symptomatic of the massive reforms in Chinese society over the last 30 years and indicative of a major generational divide between those born before and after the reform era began in the late 1970s. A further divide is often noted, as in this editorial, by the term “after-90 generation,” referring to those who have grown up entirely in a relatively stable, prosperous and technologically advanced China.

While the Chinese Communist Party has in recent years encouraged the use of the internet among its cadres so as to better connect with Chinese youth especially, this editorial in China Military Online points out that the military is lagging behind the times. The editorial notes that a failure to understand “netspeak” has led to a major divide between older officers and younger recruits that is threatening the cohesiveness of the military and creating problems in the training and mentoring of young soldiers. While the adoption of such language may pose challenges to traditional military culture, the gap is potentially indicative of an even larger problem, a lack of technological literacy among senior officers and a general sense that the military is increasingly out of touch with society. **End OE Watch Commentary (Moskowitz)**



Source: “Xian shangwang zai shanggang” (First Online, Now On Guard) Zhongguo Junwang (China Military Net -- China) 20 Nov 2012: http://nj.81.cn/content/2012-11/20/content_5104603.htm

[Of course ‘netspeak’ with its intrinsic humor, its free and flexible nature, is popular with the ‘networms’ [computer nerds], but it has increasingly infiltrated mainstream society, and today, even government ministries have been adopting internet trends and buzzwords... It’s no wonder military recruits born after 1990 are so comfortable communicating with each other in this way.

The truth is, high-ranking officers lag behind society in general in the adoption of such trends, and this has led to a major communication divide between older officers and younger enlisted troops. But this is more than a simple language gap. The spirit of this new language subverts much of the traditional aims and modes of military communication, which, with its solemn nature is designed to operate in a closed environment and emphasizes confidentiality rather than openness and questioning...

Only by understanding this language can we truly get close to our troops. Some have even suggested adopting ‘netspeak’ for the important task of indoctrinating new troops...this is a creative idea, but simply adopting the language will not make up for our lack of understanding.

In reality, this ‘language divide’ stems from a very real ‘digital divide’, it sheds light on an ‘information gap’ affecting our senior officers, many of whom are not truly technologically proficient...This is a call to us to embrace the internet and close the linguistic, emotional and psychological gap between us and our soldiers...If cadres are being called on to embrace this new popular tide so as to better understand the common people than the military must as well...

Let’s raise the quality of our internet usage, together we can all ‘E-up.’

Necessity of North Korean Nukes

2 December 2012

Source: Kim Il So'n, "Towards a Dignified Nuclear Power," Rodong Sinmun (Electronic Edition), 2 December 2012.

OE Watch Commentary: *With its recent long-range missile test, North Korea has again gained global attention. This ballistic-saber rattling signals a number of important messages from the North Korean leadership. First, it will be a potent negotiation tool against the US, Japan, and South Korea. It will also remind the new Chinese leader, Xi Jinping, who has yet to meet with Kim Jong Un, that North Korea intends to join the elite international nuclear weapons and ICBM club. Domestically, it reinforces Jong Un's legitimacy among the North Korean people, as well as suppresses any discontent within the military, which might be still smarting from the recent purges of the military elite.*

As the excerpted article makes clear, Kim Jong Un has calculated that North Korea must never abandon its nuclear weapons program. The material support the country would receive for giving up these weapons does not come close to offsetting the security guarantees nuclear weapons provide. The fears of external aggression run deep. When in 2003, Kim Jong Il, father of Kim Jong Un, met with the leaders of the Hyundai Company of South Korea in Pyongyang, Kim Jong Il reportedly told them about his worst nightmare: strategic bombing attacks from US aircraft. The new North Korean leader firmly believes that his regime would be vulnerable without weapons of mass destruction, and therefore, "its nuclear deterrent... cannot be exchanged with anything." End OEW Watch Commentary (Kim)

DPRK Party Organ Lauds Kim Jong Il for Turning DPRK Into 'Nuclear State'

Korea is a dignified nuclear state!

...The greatest achievement made by the great general was that during the period of the most severe trials in our revolution, he not only safeguarded the destiny of the country and the nation, as well as socialism, with his original military-first politics, but also elevated our fatherland to the status of a nuclear state.

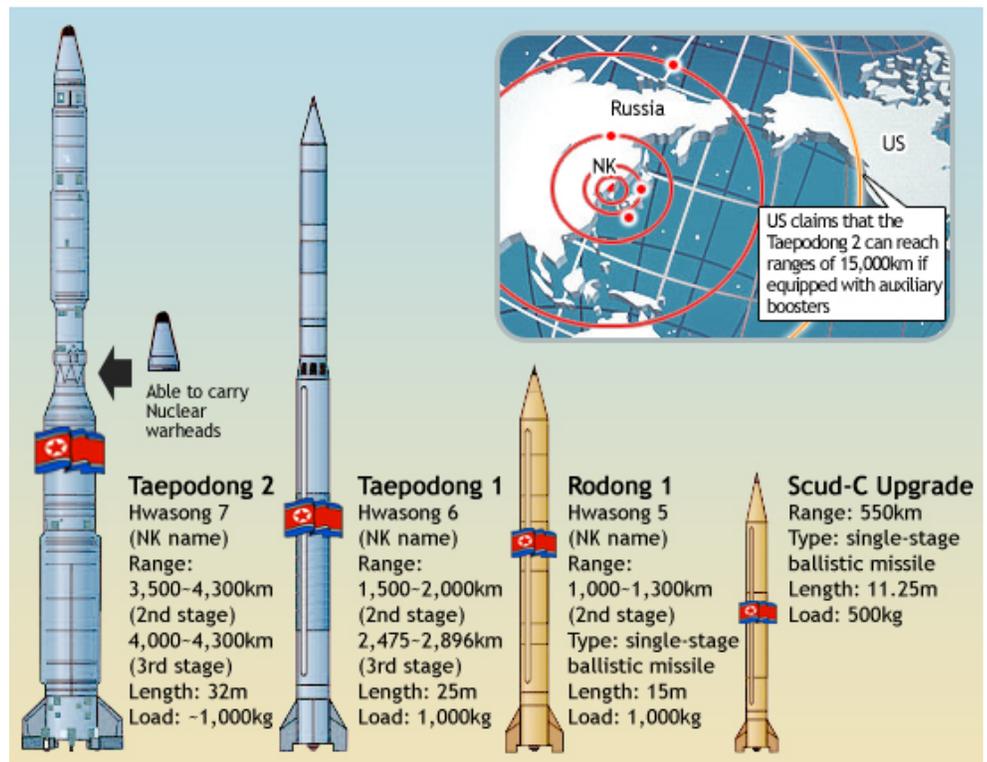
Respected and beloved Comrade Kim Jong Un [Kim Cho'ng-u'n] said as follows:

"The life of the general was the most splendid life of a matchless great man who built immortal achievements before the party, the revolution, the fatherland, and the people by upholding the lofty will of the leader."

A dignified nuclear state!

How joyous is the reality of my fatherland in which a weak country -- which, as the arena of competition among world powers, used to be mercilessly trampled on in the past -- has been transformed into a strong political and military power today.

By implementing the military-first politics, the great general ushered in a new era of victory in the war of confrontation against the imperialists and the United States. Looking back, the enemies' maneuvers to try to harm our Republic reached an extreme in the last



U.S. conclusion on North Korea's missile capability, via http://world.kbs.co.kr/english/event/nkorea_nuclear/news_04c.htm

Continued: Necessity of North Korean Nukes

century. The US imperialists -- who forcibly occupied the southern half, which is half of our fatherland -- constantly brought the danger of war, deployed for action about 1,000 nuclear weapons of various types, and incessantly forged ahead with nuclear threats. Above all, loudly vociferating about "suspicions of nuclear [weapons]," which do not even exist, in order to crush our Republic by taking advantage of the collapse of the former Soviet Union and East European socialist countries, they regarded a preemptive nuclear attack as an established fact. Kicking up a row over our peaceful nuclear activities, the United States and certain impure US-instigated elements in the International Atomic Energy Agency (IAEA) insisted on "special inspection." The resumption of the "Team Spirit" joint military exercise, which had been already suspended, was officially announced, and the massive mobilization of the US imperialist armed forces of aggression to the Korean peninsula and its vicinity was initiated.

...At that time when the enemies' maneuvers were becoming more blatant and the situation on the Korean peninsula was reaching the danger line, the great general issued the supreme commander's order that declared a semi-war state to the entire country, all the people, and the entire army.

The announcement of the DPRK Government's statement declaring its withdrawal from the Nuclear Non-Proliferation Treaty [NPT] which was successively made public!

The enemies trembled once again.

Great General Kim Jong Il [Kim Cho'ng-il] who honorably safeguarded the country's independence, dignity, and socialism by strengthening and developing our country into a strong political and military power and a dignified nuclear state with his energetic military-first leadership...

It was precisely that military and technological superiority is no longer something monopolized by the imperialists and that the era during which the enemies threatened and blackmailed us with nuclear weapons has gone permanently.

As great Generalissimo Kim Jong Il, who is the heaven-sent brilliant commander of Paektu, is highly upheld, the dignity and spirit of the nation are shining so high in such a heart-tugging manner.

Foreign friends highly praised Comrade Kim Jong Il, saying that one of his greatest achievements was that he turned Korea into a nuclear state.

Our Republic is a dignified nuclear state, and its nuclear deterrent is an asset of the revolution that cannot be exchanged with anything.



Edited North Korea's missile capabilities map, via http://www.washingtonpost.com/wp-srv/world/daily/graphics/korea_021105.html

Demilitarized Bosnia?

5 October 2012

OE Watch Commentary: *Some twenty years ago the peoples of former Yugoslavia fought among each other to create new national borders. One of the countries which emerged from this conflict, Bosnia–Herzegovina (BiH), comprises two distinct political entities, the Federation of Bosnia and Herzegovina and the Republika Srpska. Though the Bosnian conflict ended more than 15 years ago, there remains a number of unresolved issues within BiH, including a recent proposal put forward by Milorad Dodik, President of the Republika Srpska, that BiH should disband its military and use defense funding on other domestic needs.*

This is not the first time that Republika Srpska leaders have advocated measures which would weaken the BiH central authority. They have repeatedly attempted to hold referenda that would split the country along ethnic lines. Failing to gain international approval for such a plan, the President of the Republika Srpska has adopted a new strategy. In the brief excerpt from the article below, Dodik argues that defense spending and maintenance of a military have improved neither the security nor the economy of BiH. He claims that defense spending has not helped the local economy and, even with increased spending, the military is not prepared to help during emergencies.

While on the surface such a proposal may sound reasonable, recent history suggests that Dodik has another motive (i.e., to weaken the state from within). Dissolving the BiH military would not only dash the country's hopes of one day joining NATO, but also make a future partition of the country that much easier.
End OE Watch Commentary (King-Savic)

Source: "Initiative To Demilitarize BiH," SRNA, 5 October 2012.

Bosnian Serb Leader Dodik Urges Abolishing Bosnian Armed Forces

President of the Republika Srpska [Serb Republic] Milorad Dodik launched an initiative on Friday [5 October] to amend the agreement on the army between the Republika Srpska and Federation of Bosnia and Herzegovina, as well as the amendments to the BiH [Bosnia and Herzegovina] Armed Forces Act, namely the part that foresees an abolishment of the Armed Forces of Bosnia and Herzegovina and a demilitarization of the state.

...At a press conference in Banja Luka, Dodik said he launched the initiative for the sake of introducing a system of demilitarizing Bosnia and Herzegovina and reducing the huge costs caused by the formation of the BiH Armed Forces.

...He said that he would submit to the Republika Srpska National Assembly amendments to this agreement and propose that the Srpska parliament suggest to the Federation of BiH, as a contracting party, to amend the BiH Armed Forces Act, specifically the part pertaining to the existence of the BiH Armed Forces.

"That agreement and a new law should abolish the BiH Armed Forces, which will stop the funding and enormous allocations for something that nobody needs and hasn't brought any progress to anyone, not even to Bosnia and Herzegovina itself," said Dodik.

...He emphasized that the characteristic of the BiH Armed Forces' presence was enormous spending in defense, and that Bosnia and Herzegovina had not seen any of it in terms of improving its economy...

Dodik said that those reports had also recorded corruption within the BiH Armed Forces in all aspects of the procurement of equipment and sale of outdated weapon parts, and with regard to the payment of certain positions in Sarajevo, Banja Luka and other places.

"...The BiH Armed Forces don't need the component related to the participation in emergency rescue actions, because it turned out that the BiH Armed Forces were of no use in any aspect of emergencies, specifically when we had a big snow and when those forces proved inefficient," he said.

"...Costs of the State Defense Ministry are joint costs of the BiH institutions and they can be used to fund justice, education, healthcare and other areas at the entity level.

...Our allocating funds for the BiH Armed Forces ruins us and is of no use to anything, and what we now have is only the spending that has no effect on the domestic local economy or the development of relations," said the Srpska President.



President of the Republika Srpska Milorad Dodik, via <http://www.kabar.kg/eng/law-and-order/full/1790>

Anonymous Hacks the Government of Kazakhstan?

24 November 2012

“The comment in this article that government portals in Kazakhstan are not difficult to break into could very well be true.”

OE Watch Commentary: When discussions of the internet in Central Asia surface in the news, they are usually about people having restricted access or the various websites that are blocked. Hacking is not a topic that is often mentioned because the hacks that do take place might only receive attention from an interested few. The hack of the webpage of Kazakhstan’s Ministry of Culture and Information in late November, as the following article discusses, has gotten some attention.

As this article mentions, the group (or someone claiming to be involved or somehow associated with) Anonymous hacked the Ministry’s webpage. The Ministry’s old website (visible in the photo in this article, which also includes a screen shot of the hacker’s video, see: <http://tengrinews.kz/internet/Anonymous-vzломal-sayt-minkulturyi-kazahstana-223892/>), does not list the author or creator either on the site or in the page source code (for the old version, see: <http://archive.mki.gov.kz/index.php?lang=rus>). The current version of the Ministry’s website (available here: <http://www.mki.gov.kz/rus/index.php>) was created by Internet Resheniya (Internet Solutions), a company based in Astana, Kazakhstan.

The comment in this article that government portals in Kazakhstan are not difficult to break into could very well be true. As mentioned in the article, to counter this the Ministry could hire a private company, which would presumably use better security measures. It is also important to keep in mind that the hacker defaced the website, but there is no mention of files or any sensitive information being compromised. While any defacement hacking like this is an annoyance to the Ministry, finding and fixing some security flaws now is better than being significantly compromised later. **End OE Watch Commentary (Stein)**



Anonymous hacktivist group logo, via <http://technewspedia.com>

Source: Kozachkov, Mikhail. “Anonymous не нагрянет - прокурор не перекрестится? (Anonymous Did Not Appear Unexpectedly – Is the General Prosecutor Making the Sign of the Cross?),” *Vremya (Time)*, 24 November 2012. <http://www.time.kz/index.php?module=news&newsid=30560>

Anonymous Did Not Appear Unexpectedly – Is the General Prosecutor Making the Sign of the Cross?

Last Thursday, the website of the Ministry of Culture and Information became the main entertainment portal of the country for half an hour. Thousands from Kazakhstan rushed to visit the site to see the results of a hacker’s attack.

The famous group of “hacktivists” Anonymous, placed a video message on the main page of the Ministry of Culture and Information. The display carried phrases: “We are everywhere,” “Beware of us,” and “This is just the start.”

It turns out that it is not difficult to break into a government portal in our country... The Ministry recognizes that the hacked site was not protected appropriately and the issue of information security is relevant to all government online resources. “It is difficult to say exactly what is connected with the attack on our website,” – says the chairman of the committee of Information and Archives of the Ministry. “It could have been a planned attack or ordinary hooligans... but I can say for sure, we need to strengthen the protection of our website.”

If These Fences Could Talk

16 November 2012

“Several times in the article it is mentioned that the current government is fearful of another protest that could lead to a revolution, which has in turn caused increased security in and around the building.”

OE Watch Commentary: *The White House in Bishkek, Kyrgyzstan, has been the scene of significant incidents in the past several years, particularly the revolutions of 2005 and 2010 as the following article mentions. The building, which houses the main bodies of Kyrgyzstan’s government, has been at the center of not only the revolutions, but also a number of protests or rallies. Some of the rallies or protests take place without much attention from media outside Kyrgyzstan.*

The most recent protest that the author notes (several minutes of footage of which can be seen on You Tube, <http://www.youtube.com/watch?v=Ermu5hNnj68&feature=youtu.be>) included a few dozen people, led by a member of parliament, pushing past a group of policemen and then climbing over the fence before security forces brought the situation under control. This article is a unique look at security at the White House, with some good photographs of the different units posted inside and around the perimeter of the fence. The article also includes an interview with one of the officers of the “Alpha” unit that was involved in protecting the White House during the April 2010 revolution. Members of the unit opened fired on the crowd, killing and wounding a number of people; they are now on trial for their actions that day.

Several times in the article it is mentioned that the current government is fearful that another protest could lead to a revolution, which has, in turn, caused increased security in and around the building. The article particularly



Protest footage screen capture via <http://www.youtube.com/watch?v=Ermu5hNnj68&feature=youtu.be>

Source: Ivashchenko, Yekaterina. “Кыргызстан: Белый дом под охраной - усиленной и разной (Kyrgyzstan: the White House under Protection – Reinforced and Diverse),” Fergana, 16 November 2012. <http://www.fergananews.com/articles/7549>

Kyrgyzstan: the White House under Protection – Reinforced and Diverse

A consequence of the Kyrgyz phenomenon of regime change – due to rallies – has been an excessive amount of security at the White House (the parliament building, where the president and his administration offices are located). During days when rallies took place, members of government security services of the president, and the Interior Ministry, arrive. Any rally of seventy people, and security service members number a few hundred. It is possible that the reason for this is that the current leaders in Kyrgyzstan came to power through rallies, later calling them revolutions.

Acts of protest in Bishkek are not uncommon. A couple of times they ended with the seizure of the White House by force, as on March 24, 2005 and April 7, 2012. The most recent attempt took place on October 3, 2012...that day in the main square of Bishkek about 500 people gathered...Kamchybek Tashiev, a member of parliament, climbed the fence with around thirty supporters, after which a fight started between protestors and security...around this time additional forces, from the Interior Ministry, began to disperse the protestors. Apparently, the rally frightened the government...

Take, for example, a rally in support of Tashiev, on November 13 (2012). Thanks to

Continued: If These Fences Could Talk

*notes how morale of units guarding the White House has been affected by the trial of "Alpha" members. One other thing to consider regarding the security forces' morale is not whether they will face prosecution for their actions, but how long they would be willing to defend against agitated and determined protestors. When the Alpha unit opened fire on the crowd during the 2010 revolution, it certainly caused alarm, but it ultimately only emboldened the protestors. The police and various security units around the White House bore the brunt of the crowd's anger (evidence of which can be seen in this photo essay: http://www.boston.com/bigpicture/2010/04/crisis_in_kyrgyzstan.html), while the government of Bakiyev fled. It would be worth monitoring how agitated, and possibly violent, the protests become. **End OE Watch Commentary (Stein)***

accreditation, I easily passed into the White House and saw that security forces are on alert. Every car drove that drove into the courtyard met security with dogs, which did not exist before...I cannot say exactly how many security forces guarded the White House that day, but they numbered several times more than protestors.

...For the technical side of White House security, "Fergana" spoke with Lieutenant Colonel Almazbek Dzholdoshaliev... "The responsibilities of the security forces of the president, in addition to protecting the White House, are to protect the President, Prime Minister, the Speaker, and the Chief Justice. However, when illegal acts occur against strategic facilities, some forces are consolidated... In 2010 there was a specific plan of action in which other units became involved, in particular members of the "Alpha" unit of the Ministry of Defense," (Dzholdoshaliev)... "The uniforms of the men that were on duty on November 13 at the White House were different from each other." (Fergana) "I do not know who guarded the White House that day, but in 2010 it was guarded by members of the Ministry of Defense, the National Guard, police, and the "Alpha" unit." (Dzholdoshaliev)

Fergana as FATA?

Central Asia after 2014 – Outcomes and Strategic Options

By Ted Donnelly

The analysis presented in this essay describes the most likely effects of the 2014 U.S. withdrawal from Afghanistan on the Central Asian States, focusing on the Fergana Valley – the strategic center of gravity of the region. It then evaluates U.S. policy options and recommend a post-2014 strategy.



Gauging the Function of the Russian 201st Motorized Rifle Division in Tajikistan

15 November 2012

“The article does point out that the legal status of personnel (soldiers and family members) from the bases are inviolable and cannot be detained except if found at the scene of a crime. This term did not exist under the previous agreement.”

OE Watch Commentary: The agreement in October between the governments of Russia and Tajikistan to allow the Russian 201st Motorized Rifle Division to remain based in Tajikistan took place after several months of contentious negotiations. The two sides struggled to agree on compensation for use of the three main facilities where the 201st is garrisoned; these include regiments and other support units based at Kulyab, Qurghanteppa, and near Dushanbe. Instead of simply paying Tajikistan to allow the 201st to remain at its bases, Tajikistan will receive assistance for its military and security forces.

The lengthy negotiations and disagreement over compensation made the most headlines, but there was little analysis that looked at how the purpose or tasks of the 201st in the agreement may have changed. While the following article provides excerpts from the actual agreement (the full agreement, in Russian, can be found here: http://www.mid.ru/BDOMP/spd_md.nsf/0/9A0C9C9ADEBF067344257ACB003D5AF9), it does not include any analysis of the agreement terms or their impact. However, there are a couple of things that can be taken away from the excerpts. The article does point out that the legal status of personnel (soldiers and family members) from the bases is inviolable and they cannot be detained except if found at the scene



BMP-2D of the 201st Motor-Rifle Division seen moving into position on the outskirts of Dushanbe.. photo: via Tom Cooper <http://www.acig.org>

Source: “Обнародованы все условия пребывания на территории РТ 201-й военной базы (The Publication of All the Terms of Stay of the 201st Military Base on the Territory of the Republic of Tajikistan),” Asia-Plus, 15 November 2012. <http://www.news.tj/ru/newspaper/article/obnarodovany-vse-usloviya-prebyvaniya-na-territorii-rt-201-i-voennoi-bazy>

The Publication of All the Terms of Stay of the 201st Military Base on the Territory of the Republic of Tajikistan

The website of the Russian Foreign Ministry published the full text of the agreement signed on October 5 about hosting the 201st in Tajikistan...Below are some excerpts from this document.

The use of military force

...In the period of gradual or sudden deterioration of the military-political situation in the region, the threat to sovereignty and independence, and aggression against the Republic of Tajikistan by any state or terrorist organizations, the use of Russian military units is based on an agreed solution in accordance with the laws of the parties...With the threat of a

Continued: Gauging the Function of the Russian 201st Motorized Rifle Division in Tajikistan

of a crime. This term did not exist under the previous agreement.

The term governing the use of force does not appear to be any different, as it dates back to previous agreements under the Collective Security Treaty (the predecessor to the Collective Security Treaty Organization or CSTO). Under this agreement the 201st could respond to an external group or situation that threatens Tajikistan. Additionally, both Russia and Tajikistan are members of the CSTO, whose mandate allows a response against an external threat to a member. The response would come from a reaction force which is made up of designated units from member states; however, the 201st is not a part of this force, so it is unclear what, if any, their role would be should a threat to Tajikistan arise. On top of all this is the fact that, while conflicts in Tajikistan have recently taken place (see: August 2012 OE Watch, "Dark Clouds over Khorog"), there has not been an external threat to Tajikistan's security that required the use of the 201st or the CSTO reaction force. **End OE Watch Commentary (Stein)**

terrorist act, the commander of the Russian military base may make a decision on the use of military units of the Russian base for the protection of Russian military facilities, with the notification of the representatives of the bodies of Tajikistan.

Transportation

Crossing the border of Tajikistan by Russian military, transportation of arms, military equipment, and other materials are carried out in compliance with border, customs, and other types of state control in accordance with the laws of Tajikistan. In the period of threat, crossing the border by the Russian military is performed at no charge.

Legal Status

The property of the Russian military base is inviolable, except as otherwise provided in this agreement. The movable property of the Russian military base is immune from search, requisition, or seizure... Persons from among the Russian military base personnel and members of their families shall be inviolable. Without the consent of the authorized representative of the Russian side, persons from among the Russian military base personnel and members of their families shall not be detained except in situations of their arrest at the scene of a crime.

Final provisions

The agreement is not directed against third countries. The Russian military base cannot be used for any purpose other than the purposes specified in this agreement... This agreement is for a term of 49 years and is automatically renewed for subsequent five year periods... The agreement can be terminated earlier by mutual agreement of both parties.



201 (Russian) Motor Rifle Division Flash, via <http://www.flickr.com>

SCO Eyes Infrastructure Improvements at Event in Bishkek

7 December 2012

“More and more imported and exported goods between China and other Eurasian countries are delivered via railway on the new Eurasian land bridge.”

OE Watch Commentary: The Shanghai Cooperation Organization (SCO) was founded in 2001, and is comprised of six full-fledged members (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) and five members with observer status (Afghanistan, India, Iran, Mongolia, Pakistan). The SCO was initially founded as a military/security organization, but as military and security cooperation activities have been shifted to the Russian-dominated Collective Security Treaty Organization, where China is not a member, SCO activities have become more oriented toward economic and border issues.

The SCO has become an important venue for promoting joint infrastructure in the region, although specific ventures, such as the numerous road projects in Tajikistan and Kyrgyzstan, continue to be negotiated and financed on a bilateral basis with China. China is reportedly offering \$10 billion for infrastructure financing to build and improve roads, railways, and pipelines to connect the gas and oil fields of Central Asia to energy-hungry China, and China to lucrative markets for cheap Chinese goods in Central Asia.

The following opinion piece from the Chinese media discusses the Chinese view of Chinese-driven infrastructure improvements in Central Asia. Although most Chinese opinions are glowingly positive about these developments, Central Asians have a more mixed view. Although infrastructure improvements



Small group meeting of the 11th prime ministers' meeting of the Shanghai Cooperation Organization (SCO) in Bishkek, Kyrgyzstan, Dec. 5, 2012. (Xinhua/Yao Dawei), via <http://english.cntv.cn/program/newsupdate/20121205/107507.shtml>

Source: Bao Chang “Land Bridge to Boost Asia-Europe Trade,” Beijing China Daily Online, 6 December 2012, <http://www.chinadaily.com.cn/>, accessed 7 December 2012.

Land Bridge to Boost Asia-Europe Trade

Trade between China and Shanghai Cooperation Organization members will be greatly boosted, thanks to Eurasian countries' efforts to improve the transportation channel of a new Eurasian land bridge linking China and Europe, experts have said.

Occupying three-fifths of Eurasia, six SCO members - China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, and five observer countries - Mongolia, Pakistan, Iran, India and Afghanistan, have been working toward strengthening economic and trade cooperation within the group.

“More and more imported and exported goods between China and other Eurasian countries are delivered via railway on the new Eurasian land bridge. This method saves time, offers protection of goods and rapid turnover of cash flow for importers and exporters,” said Guo Minjie, chairman of the logistics and technical equipment special committee at the China Transportation Association.

Stretching over 11,870 kilometers, the new Eurasian land bridge extends from China's

Continued: SCO Eyes Infrastructure Improvements at Event in Bishkek



Group photo with heads of delegations participating in the 11th prime ministers' meeting of the Shanghai Cooperation Organization (SCO) in Bishkek, Kyrgyzstan, Dec. 5, 2012. (Xinhua/Pang Xinglei), via <http://english.cntv.cn/program/newsupdate/20121205/107507.shtml>

*are welcome, Chinese financing comes with some significant “strings attached.” Most Chinese-financed projects require the hiring of Chinese construction companies. Local labor is rarely, or never, used, causing some resentment in cash-strapped Central Asia. This may be a reason that Chinese construction crews are typically encamped near their construction sites and have little interaction with the local populace. There are also some local opinions that the Chinese are becoming too economically dominant in the region, and that corrupt local politicians are selling out national interests for Chinese bribes. **End OE Watch Commentary (Bartles)***

Lianyungang city to Rotterdam, a major port city in the Netherlands, creating an uninterrupted rail link that passes through Russia and central Asian countries.

“Major trading goods, including mechanical and electronic goods with high-added value are suitable to be transported via railway on the new Eurasian land bridge,” Guo said.

Compared with sea transportation, which is widely used in international trade, railway transportation is more time efficient.

According to the China Transportation Association, the delivery time of goods from China to Europe via rail is one-fifth that of the ocean transportation.

“Mechanical and electric products are easily damaged by the sea air, so more importers and exporters of these kinds of products prefer railway transport,” Guo said.

“Furthermore, although the delivery cost of railway transport is higher than sea transportation, the greater time-efficiency of land transport can result in quick cash return and this is more attractive,” Guo said.

China’s mechanical and electronic product exports have been the major driving force of trade growth between China and other SCO members.

The export of mechanical and electronic goods account for 30 percent of China’s total exports to central Asia and Russia.

Since the community was established in 2001, trade between China and other SCO countries increased from \$12.1 billion to \$111 billion in 2011.

Continued: SCO Eyes Infrastructure Improvements at Event in Bishkek

Source: Wang Hui, "SCO's Strong Momentum," Beijing China Daily Online in English, 6 December 2012, <http://www.chinadaily.com.cn/>, accessed 7 December 2012.

SCO's Strong Momentum

Members are building on consensus that boosting economic ties and improving living standards are the way forward

The prime ministers meeting of the Shanghai Cooperation Organization, in Bishkek, capital of Kyrgyzstan, proved to be a great success on Wednesday. By giving the green light to a list of multilateral projects between 2012 and 2016 and inking a memorandum on enhancing customs cooperation to protect intellectual property rights, the meeting has sent an unmistakable message to the outside world that the SCO members are making concrete efforts to further expand their cooperation.

In a joint communique that was issued at the end of the meeting, the prime ministers of the SCO member states vowed to deepen pragmatic cooperation, especially in the economic, infrastructure and energy sectors. This is in conformity with the new trend the organization has been cultivating in recent years.

What the Bishkek meeting has achieved this week indicates the SCO is continuously building on this good momentum and making its two wheels spin even faster. The maturity of the bloc and the solidarity of its members should help build confidence in the region's common development.

In a move that epitomizes China's long-standing commitments to the healthy growth of the SCO, Premier Wen Jiabao put forward China's proposals on deepening pragmatic cooperation within the SCO during Wednesday's meeting. He elaborated on the measures member states will take to enhance economic, people-to-people and cultural cooperation. China is willing to see the SCO continue to prosper and assume a greater role on both the regional and global stage.

With more than 10 years' growth, the bloc has matured and anchored itself in the world architecture. With a combined territory covering 60 percent of the Eurasian landmass, the SCO has grown to be one of the world's most dynamic geopolitical organizations.

Cherishing a common desire for prosperity, the SCO member states complement one another in their advantages. Through years of exploration, they have set an example of regional cooperation and created a new model of international relations based on the principles of equality, mutual respect and trust.

Against the backdrop of the sluggish global economic recovery, and with some countries in West Asia and North Africa still mired in turbulence and violence, the SCO's commitments to bringing real benefits to their people through reciprocal collaboration will contribute to peace and development in the region and beyond.



Emblem of the Shanghai Cooperation Organization

Armenian's Regional Balancing Act and Changing Rhetoric on Russia-led Customs Union

27 November 2012

OE Watch Commentary: Armenia's ruling Republican Party, headed by President Serzh Sargsyan, has been pursuing both European integration and closer ties with Russia, including the Russian-led Customs Union with Belarus and Kazakhstan, a precursor to a Kremlin-envisioned Eurasian Union. Excerpts from two articles contribute to understanding Armenia's regional balancing act and changing rhetoric as Armenia's presidential election in February 2013 draws nearer.

On 27 November 2012 Russia's federal information agency, Regnum.ru, quoted Armenian Prime Minister Tigran Sargsyan speaking positively about the Customs Union, but without making a commitment to joining it, explaining that Armenia does not border any Customs Union countries and needs to "develop mechanisms for further cooperation." At the same time, he said Armenia's priority is the agreement on a comprehensive free trade area with the European Union, which Armenia's government appears to be seeking more eagerly than Brussels.

On 9 December Azerbaijan's nationwide news service, News.day.az, cited Armenian media as saying that Armenian Foreign Minister Edward Nalbandian made a "sensational" statement in an interview with Interfax: "Armenia has never declared or declares that it gives priority to Euro-Atlantic orientation, that it favors the Euro-Atlantic cooperation in relation to other areas."

To put these statements in context, Armenia has had long historical ties to Russia. More recently, when Georgia and Azerbaijan moved closer to the West, Armenia was left as Russia's only foothold in the South Caucasus. Russia's control in Armenia is vast—from military, to economic, to political. Armenia depends on



Maps of Armenia via CIA World Factbook.

Source: "Премьер-министр Армении: Таможенный союз очень близок к единой валюте (Armenian Prime Minister: Customs Union Very Close to Single Currency)," Regnum.ru, 27 November, 2012. <http://www.regnum.ru/news/polit/1597871.html>

Armenian Prime Minister: Customs Union Very Close to Single Currency

"The Customs Union is very close to a single currency. What is needed is only five agreements on monetary and fiscal policy issues," said Prime Minister Tigran Sargsyan in an interview with the newspaper Izvestiya.

The head of the government expressed confidence that a single currency is convenient for businesses and citizens, and in addition, it makes no sense to have a national currency, and to lose money during transfers....

As for Armenia's participation in the project, according to Sarkisyan, the country has a specific character – it does not border the Customs Union, "We need to develop mechanisms for cooperation. We have formed a working group that will help us understand this." He underscored that Armenia is interested in the integration processes within the frameworks of the CIS and Eurasian Economic Community.

"Recently, there has been heated discussion of what should be the relationship between the CIS, Eurasian Economic Community and the European Union. During

Continued: Armenian's Regional Balancing Act and Changing Rhetoric on Russia-led Customs Union

Russia for gas; Russia owns Armenia's communication and railway networks, and has recently signed a lease extending Russia's 102nd Military Base in Gyumri until 2044. Psychologically, the Armenian government also presents Russia as Armenia's protector in a historically hostile region.

The articles discuss another important factor which does not receive enough press coverage— Armenia's increasing population decline and migration to Russia through Russia's "Compatriots" program, which creates incentives for Armenian citizens to move to Russia with their families and provides them with work. These are primarily blue collar workers who tend to be sent to Russia's Far East, where Russia's own population is low. Armenians often move to Russia out of desperation because of the high unemployment in their own country. While the Armenian government in the past made statements to Russian officials expressing its discomfort with the Compatriots program, Armenia's poor economy depends on remittances that Armenians send from abroad, including from Russia.

*The upcoming presidential election could be one factor behind the Armenian government's changing rhetoric about the Customs Union. It will be important to watch what choices Armenia's leadership will make in the months after their presidential election. **End OE Watch Commentary (Borshchevskaya)***

the Russia-EU summit, Vladimir Putin made a clear statement to which we adhere to: these processes cannot be seen in opposition to one another, they should be regarded as complementary. This is consistent with what is in the basis of our doctrine. Today our priority is an agreement on a comprehensive free trade area. We want to sign it in 2013, although our European colleagues think that it will be in 2014, " said the Armenian prime minister...

Source: "Армения: массовое бегство продолжается (Armenia: Mass Exodus Continues)," News.day.az, 9 December 2012. <http://news.day.az/politics/371363.html>

Armenia: Mass Exodus continues

Yerevan is demonstrating interest in the Customs Union idea. According to Yerevan media, Armenian President Serzh Sargsyan received the Chairman of the Board of the Eurasian Economic Commission Viktor Khristenko. According to the press service of the President of Armenia, in the course of the meeting, Viktor Khristenko presented to Serzh the processes currently taking place within the framework of the Customs Union. The parties also discussed the possible formats for mutual cooperation between Armenia and the Eurasian Economic Commission.

At the same time, Armenian Foreign Minister Edward Nalbandian gave an interview to "Interfax", where he made a sensational statement: it turns out that his country does not seek to join Europe. Interfax reporter decided to clarify...what followed was a sensation. Nalbandian stated, "Armenia has never declared or declares that gives priority to Euro-Atlantic orientation, that it favors the Euro-Atlantic cooperation in relation to other areas."

You can certainly ask, what is this quick "change of decorations" connected to, if it's only yesterday that they spoke in Yerevan of "European aspirations," solemnly met José Manuel Barroso, and demonstrated their "Euro-successes." However, the answer is painfully clear. Russia, as noted in the press numerous times, controls in Armenia everything from the economy and the infrastructure to power structures and boundaries. Whether Yerevan had in such conditions a real choice between the Eastern Partnership and Customs Union is a rhetorical question. And it is certainly not by accident that Armenia began to demonstrate interest in the Customs Union just before the presidential election...

[according to newspaper Ayatsk] "These days, on average 250-300 people and their families leave for Russia [from Armenia]. And during work days two buses cross the border at a time. And there is no end in sight ... "Against this background, the Armenian authorities in the "short-term pre-election future" are in most need of, at least short-term, "social success," they need money, and realistically they can get them really only from an "external partner". That is from Russia...

The Effect of the Current Egyptian Crisis on Russia's Interests in Egypt and Sudan

12 December 2012

OE Watch Commentary: The current increasingly unstable situation in Egypt is important for Russia. When Russian Foreign Minister Sergei Lavrov went on a Middle East tour in November 2012, his first stop was Egypt, where he invited Egyptian President Mohammad Morsi to visit Russia on behalf of Russian President Vladimir Putin.

Below are excerpts from an op-ed in Stoletie.ru (Century), a publication of the Historical Perspective Fund—a nongovernmental, nonprofit organization created in 2004 by a Russian parliament member. The op-ed author argues that the current security deterioration in Egypt will have a negative influence on Russia's economic interests for two reasons. One, it may prevent the creation of a free trade zone between Russia, Egypt, and Sudan—the main portion of the free trade talks with Egypt in particular was scheduled to conclude in December 2012. Two, the conflict would affect Sudan and, therefore, Russia's economic interests in this country.

The author argues these interests are important enough that Russia should play a mediating role in the conflict. He adds that there is precedent for this, when the USSR settled "similar crises in Egypt and Egyptian-Sudanese relations, during the 'Nasser' period."

Egypt, for its part, has actively pursued a free trade agreement with Russia for two years now, and the recent conflict has not decreased its interest. Reportedly, an Egyptian trade delegation intends to visit Russia in the coming days. Its aim is to discuss a recent ban on Egyptian potatoes and citrus, according to Egyptian Minister of Industry and Foreign Trade Hatem Saleh, who also



Egyptian Foreign Minister Mohammed Kamel Amr (R) and Russia's Foreign Minister Sergei Lavrov (L) address a joint news conference after their meeting in Cairo, Egypt, 05 November 2012. EPA photo

Source: "А. Чичкин: Что нам Египет? Как события в Северо-Восточной Африке могут повлиять на российские экономические интересы (A. Chichkin: What's Egypt to Us? How Events in NorthEast Africa Could Affect...)," Stoletie.ru (Century) 12 December, 2012. http://www.stoletie.ru/rossiya_i_mir/chto_nam_jegipet_675.htm

A. Chichkin: What's Egypt to Us? How Events in NorthEast Africa Could Affect Russian Economic Interests

The sharp deterioration of the situation in Egypt, which is on the brink of civil war, begins to have a negative impact on the situation in the neighboring Sudan. These two factors can lead to a significant weakening of Russia's economic position in the North-East Africa. First, the risk of preventing the formation of the mutually beneficial free trade zone of the Russian Federation- Egypt-Sudan, the main part of which, with Egypt, was scheduled to conclude already in December, similar negotiations are planned with Sudan.

This trade regime will at minimum double the mutual exchange of goods, including export from Russia of various equipment, grain, timber, and from Egypt - supply to Russia of citrus and diverse raw food and textile materials. Moreover, this would be with mutual cancellation of export and import duties, at low prices.

In addition, since November, Egypt began the creation of Russian industrial zone. Egyptian Foreign Minister Mohamed Amr, after talks in early November with his Russian counterpart Sergei Lavrov in Cairo, said that "the creation of such a zone will increase the industrial capabilities of Egypt, and will contribute to the joint Russian-Egyptian exports to neighboring countries."

Continued: The Effect of the Current Egyptian Crisis on Russia's Interests in Egypt and Sudan

called upon setting up a free trade zone. (See "Egypt to ask Russia to lift ban on potatoes and citrus," 11 December 2012, http://www.freshplaza.com/news_detail.asp?id=104016#SlideFrame_1)

Sudan, also, appears to be actively seeking closer economic ties with Russia. Business TASS reported that an official high-level delegation came to Moscow from Sudan in December 2012, just as the situation in Egypt was worsening. Sudan's Deputy Minister of Investment, Mustafa Osman Ismail, said, "Our task is to make Russia a strategic partner in the field of economic relations."

*Economic reasons are indeed one factor behind the Kremlin's interest in Egypt and Sudan. Egypt remains a top tourism destination for Russian tourists and, as the Century author wrote, Turkey had become more expensive for Russian tourists but Egypt has not increased costs. In addition, a free trade zone between Russia, Egypt and Sudan would help Russia generate income and strengthen ties with these countries. As Russia continues to expand its influence in the Middle East, Egypt and Sudan remain important pieces of that strategy. **End OE Watch Commentary (Borshchevskaya)***

.... According to preliminary expert estimates, the average Russian income from work in Egypt in the above-mentioned industrial area could exceed \$ 500 million a year.... In addition, Egypt invites Russian investors to expand local recreation and tourist areas. Egyptian Tourism Minister Hisham Zaazua said in late November in Cairo, "I hope that Russian businessmen will become interested in new programs being developed by the Ministry, and will participate in the implementation of projects in the field of tourism in Egypt." Note that Egypt is the cheapest and therefore the most popular Mediterranean-African destination for the tourist flow from Russia. And not for the first year. Therefore Egypt's tourist plans are designed, in particular, with Russian investors in mind.

...[A]ccording to Irina Tyurina, director press service of the Russian Union of Travel Industry, "Nothing has been invented yet that is closer, cheaper and warmer than Egypt. Turkey, when the trouble started in Egypt, became more expensive. And Egypt has not 'jacked-up' the prices. "...

It is quite possible to imagine what will happen to these and other of bilateral projects in the event of civil war or a military coup in the country. Moreover, under the influence of Egyptian events tensions in the neighboring Sudan intensify, which also activates the relationship with Russia....

But it seems that the main factor of the development of events is the situation in Egypt and its influence on Sudan. However, significant benefits for Russia from trade with Cairo and Khartoum are such that we could play an important mediating role in resolving the current conflict in Egypt. Besides, there is a historical precedent: similar crises in Egypt, and the Egyptian-Sudanese relations, during the "Nasser" period (1952-1970), were settled through the mediation of the Soviet Union.

Source: "Судан обладает огромным потенциалом для привлечения российских инвестиций - суданский министр по инвестициям (A. Chichkin: What's Egypt to Us? How Events in NorthEast Africa Could Affect...)," Business Tass, 5 December, 2012. <http://www.biztass.ru/news/one/49770>

Sudan has great potential to attract Russian investment. Sudan's Minister of Investment Mustafa Osman Ismail expressed confidence in this, speaking at today's meeting with Russian business circles. "Our task is to make Russia a strategic partner in the field of economic relations", he said. Among promising industries the minister names were energy, road construction, exploration and mining, and agriculture....

According to the minister, foreign investors in the country enjoy greater benefits, particularly, they are exempt from paying taxes for an extended period of time, get the land for free or at a nominal price. In addition, there are all the necessary guarantees for investors against threats of nationalization....

Currently there is an official visit high-level delegation in Moscow from the Republic of Sudan, led by the chief assistant to the president of the republic Nafie Ali Nafie. The visit included meetings with representatives of Russian ministries and businesses.

Russian-NATO Relations

9 July 2012

“...the current condition of the military-political situation in the world is, to a large degree, characterized by uncertainty with a markedly negative tendency towards complications and the growth of tensions.”

OE Watch Commentary: *On 4 December the Russia-NATO Council (RNC) met in Brussels, Belgium. According to the Voice of Russia, the recent RNC meeting emphasized the need for building a real strategic partnership and reinvigorating the joint council.¹ The council, established in 2002 as a forum for the Alliance and Russia to discuss NATO-led activity, has fluctuated in relevance and functionality since its inception. It was built on the bones of an earlier Russia-NATO Permanent Joint Council, which was scrapped following the Alliance's exclusive execution of Operation Allied Force in the Balkans. Lesser areas of Russian discontent, such as differences of opinion, misunderstandings, and the sense that NATO has not treated Russia as an equal, have plagued all dealings between the two, particularly in those instances where Russia perceives American interests are driving the Alliance.*

Despite the rosy impression the RNC meeting may have made, the underlying issues that affect relations between the former opponents remain. A major obstacle today is Washington's intent to construct the ABM missile shield in Europe (ЕвроИПО or EuroPRO). The RNC is hopeful that Moscow will not only approve of the overall project, but also participate in it, merging resources to diminish a missile threat from the Middle East.

¹ “Russia-NATO council: results & prospects,” Voice of Russia, 5 December 2012. http://english.ruvr.ru/2012_12_05/Russia-NATO-council-results-prospects/ accessed 12 Dec 2012.

Source: Lev Abaev and Sergei Yermakov, “Russian Federation-NATO Dialogue: Assessments of the Experts,” National Defense Journal, 9 July 2012. <http://oborona.ru/includes/periodics/geopolitics/2012/0709/15048748/print.shtml>

Dialogue RF-NATO: Expert Assessments

...Already more than twenty years have passed since the end of the Cold War. It would seem that this should have been a sufficient span of time for building an effective architecture if not for a global, then a regional system of security on the European continent.

However, the current condition of the military-political situation in the world is, to a large degree, characterized by uncertainty with a markedly negative tendency towards complications and the growth of tensions. The number of armed conflicts is growing, “old” problems are being reinvigorated and new challenges and threats are appearing (such as terrorism, cyberthreats, etc.). The competitive struggle between key world players for the expansion of their sphere of influence and access to raw resources is strengthening; more and more often military force is being used in international relations. Under these conditions, as never before, there is an actual analysis of the development of the situation in the Euro-Atlantic region, where the majority of the world's leading power-holders are spread and myriad problems exist, on whose resolution the security of Russia depends....

It follows to mention that the response of the Russian experts attests to the sufficient concern, in their view, for the state of things in this area. They named the problem of military security more significant...More than that, the line of experts noted the several friends of the problem of Euro-security, in particular in the humanitarian sphere, the problems interconnected with military security in practice, that may lead to the increase of so-called “humanitarian intervention.”

As most significant, the experts consider the problems in the energy sphere... According to one of the polled, “although the given problem deals with an area of cooperation between Russia and the European Union, it is becoming, little by little, and by the desire of NATO, a stumbling block in the relationship of the block with the Russian Federation.”

Another problem presenting itself today is in the realm of information security. As one expert noted, “information technology can provide any catastrophe.”

It's interesting to mention that American and European experts did not exhibit as much of an alarmist emotion as their Russian colleagues...[they believe] despite the appearance and expanding of the specter of new challenges and threats to security, today the real threat of large scale war in Europe has disappeared and that...the current position of NATO members makes it safer than in the years of the Cold War.

To the question of “How do you view NATO at this moment?” 53% answered...as an instrument of the realization of US national interests and...American influence in Europe. In such a way, it can constitute that...the alliance is actively conducting the politics essential to the expansion of its geography and presence, and assuming the function of global control.

Continued: Russian-NATO Relations

Challenges in developing a robust NATO and Russia partnership are evident in the excerpted article taken from the July 2012 edition of the Russian journal, National Defense. The article is a fairly comprehensive summary of the Russian perspective regarding European and global security threats, the role and composition of NATO, US influence, and the character of the Euro-Atlantic-Russian relationship. The Russians are concerned that NATO is taking upon itself the role of global arbiter, often under the guise of humanitarian intervention. Although its findings are critical, they are representative of the Russia with which the West, and the United States in particular, will now confront when pursuing strategic goals.
End OE Watch Commentary (Marcus)

According to the general opinion of the expert community, the European security system is a priority, when compared with such important problems as energy and information security.

NATO...presents itself as a military-political structure, oriented firstly towards the interests and goals of the US. Russia should consider that when forming up its relations with the Alliance.

Within the community of experts, there is the view of NATO as breaching its traditional responsibilities and aspiring to global control in practically all regions of the world. NATO's operations in Libya and Afghanistan do not encourage strengthened international security.

Regarding the deployment of the EuroPRO system...the process will continue, and Russia must answer with effective actions.

The community of experts is not very optimistic when appraising prospects for a long-term relationship between Russia and NATO ...and consider that it will be limited in nature.

The Kazakhstan-Russia Axis: Shaping CSTO Transformation

By Roger N. McDermott (United Kingdom)
 Senior International Fellow,
 Foreign Military Studies Office

“Viewed from Kazakhstan’s perspective, the need to transcend the symbolism of the CSTO’s collective defense theme and promote ways in which it might meet real transnational and emerging security challenges is both real and urgent.”



<http://FMSO.leavenworth.army.mil/International.html>

Three-Star Commentator

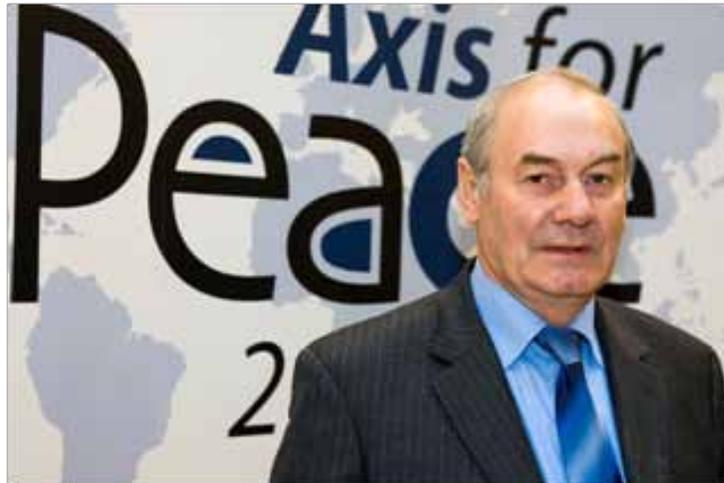
8 November 2012

Source: Ana Babic, "Serbia's No to NATO," RTS Online, 8 November 2012. <http://www.rts.rs>

OE Watch Commentary: *As in other countries, military commentators in Russia come in a variety of styles and political persuasions. There are civilian experts, who may have served briefly in the armed forces, but have gained their military credentials mostly through journalism or self-study. Conversely, there are retired officers and soldiers, who may have served for decades and who base their expertise on their military experience. Within these two groups, there are those who focus solely on military matters (e.g., tactics, equipment) and those who cast a wider net, commenting on policy and strategy. Retired LTG Leonid Ivashov is one of Russia's more prominent commentators from the latter group.*

A former aid to the Soviet Minister of Defense and chief planner, General Ivashov was on the front lines when the Warsaw Pact and the USSR fell apart. This dramatic loss of status and influence has had a profound impact on Ivashov's worldview, and he harbors a realpolitik and negative view toward the West, NATO and the U.S. In the turbulent 1990s he served as Russia's chief representative to the Moscow-led Commonwealth of Independent States, which tried to maintain cooperation within the military structure of the former USSR. He retired from the military in 2001 and has been a vocal critic of both the country's foreign policy and the various attempts at Russian military reform.

Up until a year ago Ivashov had been relegated to the fringes of Russia's national media. His writings and commentary (and occasional YouTube presentation) could be found in the



General Leonid Ivashov, vice president of the Academy on Geopolitical Affairs and former Joint Chief of Staff of the Russian Armed Forces., via Réseau Voltaire (Wikimedia Commons)

Russian General Discusses Geopolitical Situation

Are we still in a divided cold war environment, what does the geopolitical world map look like and where is Serbia on it -- these are topics on which RTS interviewed General Leonid Ivashov, president of the Moscow-based Geopolitical Affairs Academy.

General Ivashov was the first to enter Kosmet [Kosovo-Metohija] with his Russian troops in the SFOR [Stabilization Force] in 1999, taking the Slatina airport near Pristina. He kept Boris Yeltsin regularly posted and the local public became acquainted with him during the trial of Slobodan Milosevic at The Hague. Ana Babic interviewed General Ivashov in Belgrade.

[Babic] Mr. Ivashov, let us start with the latest news on the world's geopolitical map. The United States has got a new-old president. What is your view of future relations between Russia and the United States?

[Ivashov] The United States got a new-old president, but security and internal politics will not change because a country's policy is not determined only by its president, but by global political trends. As for our relations, I believe that they will change considerably, partly because President Putin chose a different course of development for Russia.

If our earlier priorities were based on good relations with the United States and Europe, the creation of a Eurasian Alliance is topical now, with Russia as the geopolitical center. The policy of the East will change and I believe that the Shanghai Cooperation Organization will play an important role in that, which will transform into the Eurasian Alliance. Russia, China, and India will have major roles and that makes me very happy. The alliance will include Iran, Pakistan, Afghanistan, and Mongolia. It will be a true alternative to the West.

[Babic] The Middle East is a global hotspot. What do you believe to be the best solution for the situation in Syria, considering the conflicting views of America and Russia?

Continued: Three-Star Commentator

very conservative corner of the Russian information space. His media presence (but not necessarily his political views) has become more mainstream since Putin's return to the presidency in May 2012, and may serve as a barometer for Russia's future direction.

To illustrate this new/old azimuth, consider the brief excerpt from a recent interview Ivashov gave to a Serbian audience. Not surprisingly, he describes how Russia needs to adopt an independent foreign policy and form instead a "Eurasian Union" to counterbalance the harmful influence from the West. He also warns the Serbian audience of the possible fallout should that country decide to join NATO.
End OE Watch Commentary (Finch)

[Ivashov] Russia obeyed America for 20 years and danced to its tune. Today Russia demonstrates its own independence and the United States is compelled to harmonize with Russia's policy, as we cooperate closely with China. Russia did not approve of the bombing and aggression against Syria, and with weapons dispatched through relief convoys. East and West clashed in Syria, but I believe that the eastern idea will prevail. Russia has launched its national struggle for independence through its position on Syria, internal as well as external.

[Babic] Further east, a change in party and state leadership is taking place in China. China's economy is second, how strong will its influence on global politics be?

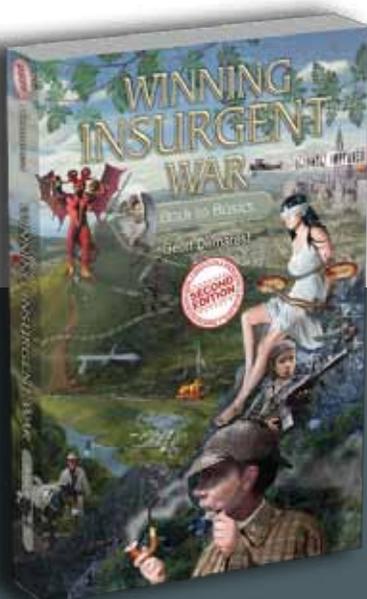
[Ivashov] I believe that the generational replacement of leaders in China is something that we should study carefully, it is being done peacefully and with tranquility; that is a particular trait of the Chinese system. I believe that relations between Russia and China will develop increasingly, within the framework of the Shanghai organization as well. I mention the Eurasian Alliance as well as an antipode to the aggressive Western world, as well as the Arctic region rich in natural resources. We will conquer it and protect it together with China and India.

[Babic] So where is Serbia in this grand game, on the field with global superpowers?

[Ivashov] First I wish to speak of a global tendency, global trans-national cooperation. Albeit the global financial oligarchy has the main say in this, subjecting the world to its own interests and the US dollar. But a unipolar world is not possible. We see that the influence of smaller states is lessening and that alliances are being forged. Russia advocates two patterns through the creation of a Eurasian Alliance; one is Christian Orthodox -- Slavic, and the other is Eurasian. In the first case Balkan countries, Serbia above all, are very important as our spiritual, cultural, and economic allies. Russia's attention toward Serbia will therefore grow, but I expect Serbia to decide whether it chooses to join the EU, NATO, or become Russia's partner.

[Babic] Can Serbia become a member of the EU and Russia's best friend at the same time?

[Ivashov] Our classics Stanislavsky and Dostoyevsky spoke about a pan-Slavic alliance. It underscores that our duty is a united spiritual and cultural area and I follow that. But it is our obligation to preserve political autonomy and independence. If Serbia joins NATO, and Russia objects to that, I believe that that would complicate our relations extensively, between our peoples and between our leaders. People in Russia regard Serbs are their brothers and friends and 90 percent of them see NATO as a diabolical aggressive pact. Therefore Serbia's entry into the EU would not harm our relations but joining NATO would be a hostile move.



Geoff Demarest's *Winning Insurgent War* is about a broader set of conflicts than just 'insurgency.' In its 144 sections, Geoff Demarest raises new and overlooked concepts related to modern conflict in a provocative manner designed to stir up debate and critical thinking. As Geoff Demarest puts it: "I hope that some of the ideas in it will be contagious."

Lack of Cooperation

5 December 2012

OE Watch Commentary: *Even after twenty-plus years, residual fallout from the Cold War continues to influence Russian-American relations. Some within the Kremlin continue to regard the United States as Russia's greatest threat. The former ideological competition has been replaced with cynical realpolitik. According to Moscow's logic, Washington uses its overwhelming military and economic power to secure an ever greater share of the planet's wealth. Being resource rich, Russia remains a tempting target, and therefore the country must restore its military prowess, to include curtailing arms agreements that could jeopardize Russian defenses.*

Given this perspective, it is not surprising that Moscow officials have tentatively decided to terminate their participation in the Cooperative Threat Reduction program (often referred to as 'Nunn-Lugar,' after the original sponsors of this program). Refusing to cooperate with Washington on further reduction of their stockpiles of Cold War WMD is not only a matter of Russian pride, but, having portrayed the US as a threat, also difficult to justify.

*As the excerpt from the article suggests, the spirit of mutual arms-limitation cooperation has been deflated by policy differences in other areas (e.g., ballistic missile defense, Syria, US support for Georgia). Russian officials further contend that the economic aspects of this program have mostly benefited the US. Should this trend toward non-cooperation continue, it is possible that Russia may reconsider its position on the recently signed START 3 Treaty. **End OE Watch Commentary (Finch)***



Pavel Zolotarev, deputy director of the Russian Academy of Sciences Institute of the United States and Canada, via <http://www.globalzero.org>

Source: Yuriy Paniyev, "Barack Obama Proposes Resetting Nunn-Lugar," *Nezavisimaya Gazeta Online*, 5 December 2012. <http://www.ng.ru/>

Prospect of Extending Nunn-Lugar Program

US President Barack Obama has urged Russia to continue cooperating in the cause of nuclear and chemical disarmament within the framework of the Cooperative Threat Reduction Program, better known as the Nunn-Lugar Program. The Russian side announced earlier that the program has ceased to accord with the changing nature of relations with the United States....It runs out in June 2013.

However, Moscow announced just two months ago that it has no intention of extending the program, which does not accord with Russia's ideas about further cooperation in this sphere. "Our American partners know that their proposal does not accord with our ideas about the forms in which and the basis on which further cooperation should be built. What is needed for this is, in particular, a different, more modern legal framework," the Russian Foreign Ministry emphasized at the time.

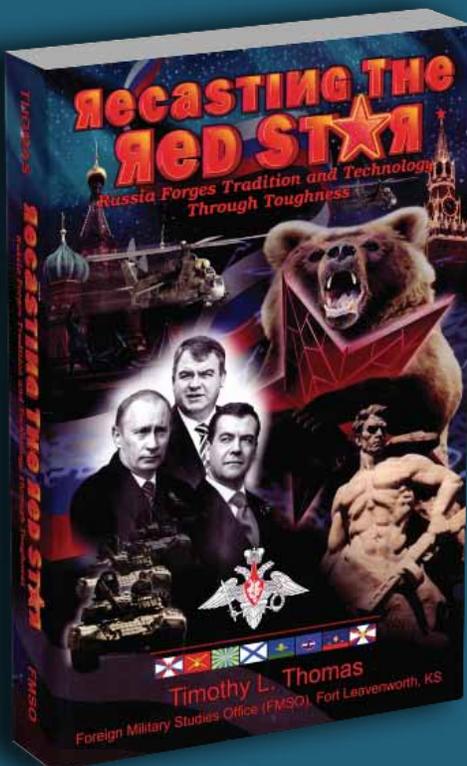
Pavel Zolotarev, deputy director of the Russian Academy of Sciences Institute of the United States and Canada, takes a far less optimistic view of the prospect of extending the Nunn-Lugar Program. In conversation with *Nezavisimaya Gazeta* he suggested that "Russia's decision is affected by the US policy that touches upon our country regarding such painful issues as the missile defense system in Europe, rivalry in the post-Soviet area, and disagreements over the methods of resolving the problem of Syria." Under these conditions it is quite hard to expect the Nunn-Lugar Program to go on being implemented.

The expert named among the strong aspects of this program the deliveries of equipment from the United States that have made it possible to enhance the reliability of the protection of nuclear munitions storage facilities, the recycling of nuclear submarines' reactors, and the creation of jobs for the nuclear physicists who at that moment found themselves unwanted. But there were also drawbacks. "Russia never received any money under this

Continued: Lack of Cooperation

program. It received either containers to transport nuclear waste or appropriate equipment. That is, the assistance was of the traditional kind for the Americans: The state funds its own private business, which produces a particular type of equipment for the state that is supplied to Russia,” Zolotarev explained.

In the opinion of a number of American experts, the situation with the Nunn-Lugar Program should not be dramatized. The time has come for it to evolve along the path of jointly resolving a most important task - averting the threat of the proliferation of weapons of mass destruction that stems from third countries. This would help to transform the corresponding relations between Moscow and Washington away from the traditional “donor-recipient” model toward a joint partnership against common threats.



Tim Thomas's *Recasting the Red Star* describes Russia's culture of military thought through its modernization effort. Adding to his robust library of work on the subject, Tim Thomas illuminates Russia's Defense Ministry reform efforts, the Russian national security strategy take on the operational environment, and a relevant review of the Russian military doctrine.

Metal-Eaters Redux

10 December 2012

OE Watch Commentary: *Speculation continues surrounding the factors behind the recent dismissal of Russia's former Defense Minister, Anatoliy Serdyukov. As discussed in last month's OEW, the Kremlin-controlled Russian media portrayed his removal as a renewed fight against high-level corruption. Key subordinates of Serdyukov have been charged with various forms of fraud and embezzlement, illustrating, perhaps, that the Russian leadership is serious about cleaning up government malfeasance. While attacking bureaucratic dishonesty may have been a cause, the excerpt from the attached article provides another plausible motive.*

Just prior to Serdyukov's appointment in 2007, President Putin had begun to consolidate Russia's sprawling defense industries under centralized control. Constructing this power-vertical within the defense industry made management sense, but it inadvertently weakened the sense of competition among defense enterprises. As the chief customer for Russia's consolidated defense industry, officials within the Ministry of Defense (MoD) often found problems with the quality of equipment and armaments being produced. The consolidated model limited alternative domestic vendors. To demonstrate that the MoD was serious about purchasing good equipment at a fair price, defense officials began to turn to foreign suppliers. The stakes grew higher when it was announced that trillions of rubles would be spent over the next several years to re-equip the Russian military. Russian industry officials wanted to ensure that these rubles were spent on domestic weapons and equipment.

One of Putin's key platforms during his 2012 presidential re-election campaign centered on restoring Russia's greatness, particularly rebuilding the country's military might. Since more than two million constituents are associated with the defense industry, this proved to be a popular

Source: Aleksey Mikhaylov, "Defeat of the Russian Army. The Dismissal of Serdyukov Is an Obvious Decision To End Reform in the Army," *Gazeta.ru*, 10 December 2012.

Serdyukov's Dismissal Seen Marking End of Army Reform

...The dismissal of Anatoliy Serdyukov from the post of Russian Federation defense minister has given rise to a host of highly diverse commentaries, mainly connected with the interrelations of the elites or the hypothetical beginning of an anticorruption campaign in the country. But all this is only the outer layer of the dismissal, the candy wrapper, the shell. Beneath this dismissal lie powerful roots that go deep into the Russian economy.

Essentially, this is a defeat for the Russian Army. A defeat inflicted not by a potential enemy, but by a "great friend" -- the Russian defense industry.

A defeat that could have long-term consequences both for the Army and for the economy as a whole.

...Anyone who recalls the nineties also remembers the battle to ensure that the country's defense minister was a civilian. This seemed an almost unfeasible idea. But in February 2007 Serdyukov became the first civilian defense minister. In the course of the past five years he was appointed four times. He survived three presidents (or two, but one of them twice) and four premiers.

Why was the idea of a civilian defense minister regarded as so important? The Army is a net consumer of resources. Without any return. Of course, until a war or the threat of a war begins; then it becomes clear why these resources were consumed. How many resources to give the Army has always been decided by civilians during the compilation of the budget. But how should the resources received be used? Since Soviet times, this has traditionally been decided by military people themselves.

But Serdyukov encountered another problem, one that probably neither he himself, nor his boss had envisaged. He ran into another monster -- the Russian military-industrial complex....

Serdyukov became minister of defense at a time when the Russian defense industry was weak and scattered. The Defense Ministry was the only client, and there was even a certain competition among contractors.

However, Putin had already set a course toward the centralization of the defense industry. Within a month of Serdyukov's appointment the Amalgamated Shipbuilding Company was created, and within six months -- Rostekhnologii. And the defense industry began to gradually consolidate and to unite, and to intensify its influence "at court." Instead of a choice of contractors, the military department began to have just one contractor -- a monopolist, just like the Defense Ministry itself.



Anatoliy Eduardovich Serdyukov, via <http://www.globalzero.org>

Continued: Metal-Eaters Redux

campaign promise. Putin enlisted the help of Dmitry Rogozin, (Russia's former representative to NATO) and placed him in charge of restoring the country's military industrial complex. Rogozin has long argued that military strength was the key to reestablishing Russia as a global power. Theoretically, spending trillions of rubles on Russian defense equipment could both stimulate the economy and improve Russia's military might.

*As the author points out, however, Serdyukov did not share this same sense of priority (i.e., placing the needs of industry above those of defense). Given the closed, monopolized nature of the Russian defense industry, increased military expenditures will not necessarily improve the country's overall defense posture. Tanks may be produced for the sake of keeping assembling lines in full production. Transferring the authority and funding for defense procurement into the hands of industry will likely result in policies and purchases that are more beneficial to military industry than to actual defense needs. **End OE Watch Commentary (Finch)***

The interests of these two monsters -- the Army and the defense industry -- were opposed from the start. This is natural; the interests of the seller and the buyer are always opposite.

The defense industry wants to sell as much as possible and at as high a price as possible whatever can be produced as cheaply as possible and without special endeavors. The Defense Ministry wants to buy high-quality and advanced equipment as cheaply and as easy to service as possible. The market regulates this situation through competition between sellers and buyers. But in this case, in the final analysis, only one monopolist seller and one monopolist buyer remained. The market in this case can regulate nothing, it is a nonmarket situation from the outset. The market had been destroyed. Here everything is decided by influence and proximity "to the czar." Copyright -- Putin.

...True, the Defense Ministry still had one lever left for influencing the defense industry -- the importation of weapons. And the ministry began to use this lever increasingly often, which enraged the defense industry to an extraordinary extent.

At the end of 2010 President Medvedev signed a new program for weapons purchases, to the tune of R20 trillion over 10 years, that envisaged doubling the volume of state defense purchases. And the contradictions between the Defense Ministry and the defense industry intensified sharply. The ministry in the person of Serdyukov stated that the Russian Army should possess the best weapons, no matter where they were produced. The Russian military industrial complex could not watch with equanimity while the enormous pie of budget money floated past its mouth to somewhere abroad.

Rostekhnologii head Sergey Chemezov and later Vice Premier Dmitriy Rogozin criticized the Defense Ministry's purchasing policies many times and openly. Chemezov even complained to Medvedev, who at that time occupied the post of president, of a breakdown in state defense order contracts because of the military department's position. Indeed, the military department behaved as befits a monopolist customer -- it tried to reduce prices and to pay as late as possible, demanded quality, sent complaints, and so forth. And in the event of any trouble, it turned to import purchases. All the same, the competition with imports remained.



Sergey Chemezov, General Director of Rostekhnologii, via <http://www.globalzero.org>



Vice Premier Dmitriy Rogozin, via <http://www.b92.net>

Continued: Metal-Eaters Redux

But as a result state purchase quotas were not fulfilled, which effectively threatened to abort the planned growth in the volume of the state defense order.

Unlike Serdyukov, who fulfilled his function as a minister entirely adequately, the premier and the president understood that the defense order is not simply the whim of an autocrat or the consequence of paranoia. For them, it was a means for whipping up the Russian economy and ensuring the growth of GDP.

After all, in order to sell military equipment to the Defense Ministry, it is necessary to produce it, and for that it is necessary to purchase and to transport raw materials, extract them, and so forth. In the language of economics this is called a multiplier -- whereby for every one ruble of the state order the economy responds with a growth of R2-R3=R4 rubles.

Basically, the Russian leadership does not understand to this day how the market works. That demand engenders supply. That private consumption is the basis of economic growth. Once again we are returning to the paradigm of the era of stagnation, and the basis of the economy is becoming the state order, and all the rest is from the evil one. It does not matter that people's consumption is not growing, even though GDP is growing. Those are details. The state order -- that is the essence of the economy that our president and our government are building today....

The Russian military industrial complex has removed the last remaining obstacle that had been preventing it from "flogging" its products to the state in any quantity and in any quality, and at any prices. The times when the Defense Ministry was so strong that it attempted to take away arms exports from the defense industry have passed. Moreover, the defense industry is now taking arms imports away from the Defense Ministry.

Henceforth contracts to import weapons will be concluded not by the Defense Ministry, but by the defense industry, because the point of imports, Vice Premier Rogozin said recently, is to improve the standard of industry. And here we, naive as we are, thought that the point of weapons imports was to increase the combat readiness of our Army!

The Russian defense industry's last competitor in the form of imports is being eliminated. And this is a total and unequivocal victory for the Russian military industrial complex over the Russian Army.

Now the Army will not even choose the supplier -- only the plant, which our defense industry will appoint. And foreign competitors will pass into the category of subcontractors to our plants. To purchase from them as cheaply as possible and to sell to our Army as dearly as possible is a profitable business....

How Do Belarusians Perceive Democracy?

By Alena Daneika, Wider Europe

“Pollsters conclude that Belarusian authorities rely on citizens being passive, and not active.”

<http://FMSO.leavenworth.army.mil/International.html>



Iran's Navy Expands Operational Range

3 December 2012

“Iranian efforts to push into the Sea of Oman and northern Indian Ocean suggest that those waters will soon become more crowded.”

Source: “Barqarari Amniyat Tavaset-e Keshavarha-ye Faramneteqeh-a-ye dar Shemal-e Aqiyanus-e Hind ra Namipazirim” (“We do not accept extra-regional countries to provide security in the northern Indian Ocean”), Fars News Agency, 3 December 2012. <http://www.farsnews.com/newstext.php?nn=13910913000406>

While the international community focuses on Iran’s nuclear and missile programs, the Iranian government has been investing heavily in both its regular navy and its corollary Islamic Revolutionary Guard Corps Navy (IRGC-N). On 25 July 2011, at Iran’s Bandar Abbas naval base, the Supreme Leader promoted the role of both navies. “Both the Islamic Republic of Iran Navy and the Revolutionary Guards’ Navy are the symbols of the might of the Iranian nation in defending the interest of the country in the Persian Gulf and the Sea of Oman,” he declared.¹ Khamenei’s speech was not politics as usual. The Supreme Leader does not traverse the country and offer platitudes to different constituencies on a daily basis like ordinary politicians, nor does he endorse specific elements of the military lightly.

Rather, Khamenei’s speech affirmed a concerted push to expand Iran’s maritime abilities and reach. While the Iranian Navy has historically been a presence in the Persian Gulf, in recent years it has sought to branch out into the more open waters of the Sea of Oman and Indian Ocean. The IRGC-N, for example, established a naval base at Jask, a small port on the Gulf of Oman, outside the Strait of Hormuz.² In an interview with the IRGC weekly *Sobh-e Sadegh*, IRGC-N chief Ali Fadavi also bragged about establishment of an IRGC-N base in Chahbahar.³ The Iranian Navy also maintains a naval base at Bandar Anzali, on the Caspian Sea, a body of water whose maritime division remains the subject of active dispute among its littoral states.⁴

Since Khamenei’s Bandar Abbas speech, Iranian naval leaders have issued a number of declarations about their intentions, most of which appear fanciful. For example, on 27

September 2011 Habibullah Sayyari, Commander of Iran’s Regular Navy, announced his intention to deploy the Iranian Navy into the Atlantic Ocean, an action which appears beyond Iran’s logistical capabilities. Two days later Mansur Maqsdlu, Deputy Commander of

We do not accept extra-regional countries to provide security in the northern Indian Ocean

...[Habibullah] “Sayyari stated that many countries do not take into account the international environment when they pursue their national interests, and that this was certainly true with regard to the materialistic, socialist, and imperial countries. He emphasized, however, that the navy does not accept that countries which are not from the Indian Ocean region establish strategic benefits by their presence when in reality they disturb regional order and arrangements under the excuse of materializing their strategic interests...”

¹ “Dawlat-e Mostaqal va Mellat-e Bidar-e Iran Har Ghodrate ra Majbur beh ‘Oghab Nashini Khahad Kard,” [“The Independent and Vigilant Nation of Iran Will Force the Power’s Retreat,”] FardaNews, July 23, 2011. <http://www.fardanews.com>

² “New Iran Base to Block Persian Gulf in Case of War,” Fars News Agency, October 29, 2008.

³ “Sardar Fadavidar goftoguye ekhtisasi ba Sobh-e Sadegh,” [“An Exclusive Sobh-e Sadegh Interview with Commander Fadavi”] *Sobh-e Sadegh*, October 10, 2011. <http://www.sobhesadegh.ir/1390/0520/M10.HTM>

⁴ “Caspian Sea security needs no foreign presence, commander” Islamic Republic News Agency, November 27, 2012.

Continued: Iran's Navy Expands Operational Range

the Iranian Navy for Research and Self-Sufficiency Jihad, announced Iran's intention to build aircraft carriers.⁵ More recently, Admiral Abbas Zamini, the Navy's Deputy for Technical Affairs, declared Iran's intention to build a nuclear submarine.⁶ This, too, does not appear realistic in the near term, although Iranian officials could use the claim that they intend to build a nuclear submarine to justify uranium enrichment up to 97 percent, the level that some U.S. submarines utilize.⁷

Beyond the bluster, however, there has been marked expansion in the Iranian Navy and IRGC-N. In recent months Iranian ships have traversed the Suez Canal for the first time since the 1979 Islamic Revolution. While Iranian claims of participation in anti-piracy operations off the Horn of Africa are exaggerated, in the past two months Iranian warships have docked at Port Sudan, and there is speculation among Sudanese opposition and in the Iranian press that Iran seeks a permanent base along Sudan's Red Sea coast.⁸ In recent weeks the Iranian Navy has unveiled both refurbished hovercraft⁹ and the new Sina-7 missile-launching warship.¹⁰ Further, Iranian television broadcast the launch of two new Ghadir-class submarines.¹¹ On 27 November—Navy Day—the Supreme Leader reiterated the Navy's new emphasis on areas beyond the Persian Gulf.¹²

The Iranian leadership's emphasis on naval development coincides with Mohammad Ali Jafari's leadership of the IRGC. His signature policy has been implementation of the "mosaic doctrine," a reorganization of IRGC land units away from the borders of the Islamic Republic and instead the establishment of provincial units, marking a shift for regular IRGC units away from border defense in favor of combating internal enemies.¹³ If the IRGC is to focus inward, then it is logical that the Iranian Navy and IRGC-N will become the frontline defense along Iran's 1,500-mile coastline (including the Caspian Sea coast). At the same time, Iran's greater maritime assertiveness marks a generation change in the Iranian Navy, as its April 1988 defeat during Operation Praying Mantis fades from Iranian consciousness.

The Iranian Navy is no match for the U.S. Navy, nor are its blue water capabilities strong. Nevertheless, while the U.S. military is accustomed to interacting and occasionally confronting the Iranian Navy inside the relatively shallow and narrow Persian Gulf, Iranian efforts to push into the Sea of Oman and northern Indian Ocean suggest that those waters will soon become more crowded. While the IRGC-N still rehearses swarming exercises to overwhelm larger U.S. ships with small boats, Iran's regular navy is developing more traditional doctrine and capabilities.

The development of naval bases along Iran's Sea of Oman coast also reflects an Iranian recognition that, despite its threats to close the Strait of Hormuz, absent its own mechanism to bypass the Strait, its closure could be disastrous for Iran. After all, while that waterway's

⁵ "Sakht-e Naw Havapeymabar dar Niru-ye Daraya-ye Iran," ["Iran Navy to Build Aircraft Carriers,"] *Asr-e Iran*, September 29, 2011. <http://www.asriran.com>

⁶ "Iran Plans to Build Nuclear-Fueled Submarines," *Fars News Agency*, June 12, 2012. <http://english.farsnews.com/newstext.php?nn=9103081864>

⁷ Chunyan Ma and Frank Von Hippel, "Ending the Production of Highly Enriched Uranium for Naval Reactors," *The Nonproliferation Review*, Spring 2001, p. 91.

⁸ "Rebels: Sudan, Iran Agree to Set Up Military Base in Red Sea," *Fars News Agency*, December 11, 2012.

⁹ "Alhaq-e Shanavarha-ye Setahe va Zirsetahe Jadid beh Niru-ye Darya-ye Artesh," ["Incorporation of new Navy surface and subsurface vessels into the Navy,"] *Fars News Agency*, November 27, 2012. <http://www.farsnews.com/newstext.php?nn=13910908000130>

¹⁰ "Naw Mushakandaz 'Sina 7' Ravanmaye Mishavad," ["Missile Carrier Sina-7 is Unveiled,"] *Fars News Agency*, November 26, 2012. <http://www.farsnews.com/newstext.php?nn=13910906000411>

¹¹ "Iranian TV Shows Live Launch of Two Ghadir-Class Submarines," IAP20121128950017 Tehran Islamic Republic of Iran News Network Television (IRINN) in Persian 0556 GMT 28 Nov 12. Translation provided courtesy of the Open Source Center.

¹² "Didar Farmandahan-e Niru-ye Darya-ye Artesh bah Farmandeh Kal Qava," ["Navy Commanders Meet with the Commander in Chief,"] *Ayatollah Khamenei Official Website*, November 27, 2012. <http://farsi.khamenei.ir/news-content?id=21642>

¹³ Ali Alfoneh, "What Do Structural Changes in the Revolutionary Guards Mean?" *American Enterprise Institute Middle East Outlook*, September 23, 2008. <http://www.aei.org/article/foreign-and-defense-policy/regional/middle-east-and-north-africa/what-do-structural-changes-in-the-revolutionary-guards-mean/>

Continued: Iran's Navy Expands Operational Range

closure would hamper international tanker traffic, it would also effectively trap the Iranian navy inside the Persian Gulf. Further development of Jask and Chahbahar (and the infrastructure to facilitate their connections to Iran's interior), will mitigate such effects.

Sayyari's declaration that the deployment of international navies to the northern Indian Ocean is not legitimate also indicates that, as Iranian capabilities expand, so too will Tehran's traditional demand that foreign navies withdrawal from the Persian Gulf. Thanks to Iranian ambitions, the era of quiet sailing in the Northern Indian Ocean may soon come to an end.