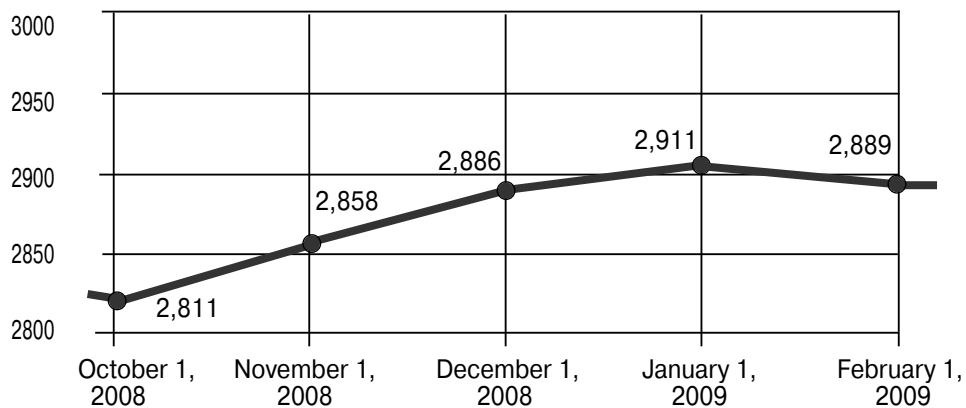


Figure 1. The *iSi* International Security Index (October 2008 – February 2009)



- ➔ **Albert Zulkharneev. INTERNATIONAL SECURITY INDEX – THE FLUCTUATIONS IN THE TIME OF EXPECTATIONS.**
- ➔ **Yury Fedorov. A VIEW BY A RUSSIAN LIBERAL: “IT ALMOST STARTS... WORLD POLITICS ENTERS A NEW PERIOD.”**
- ➔ **Dmitry Evstafiev. A VIEW BY A RUSSIAN CONSERVATIVE: “WORLD POLITICS IN TIME OF UNCERTAINTY.”**
- ➔ **Marian Abisheva, Konstantin Eggert, Dayan Jayatilleka, Abdulaziz Sager, and Yevgeny Satanovsky. COMMENTS BY MEMBERS OF THE INTERNATIONAL EXPERT GROUP**





**THE *iSi* INDEX IN DECEMBER 2008 – FEBRUARY 2009:
INTERNATIONAL SECURITY INDEX (*ISI*) –
THE FLUCTUATIONS IN THE TIME OF EXPECTATIONS**

The reality of the global economic crisis, another war in the Middle East, growing tensions in South Asia and worrisome expectations of uncertain changes with the minimum of symbolic meetings and promising but fruitless declarations determined the dynamics of the *iSi* in November 2008 – January 2009. During this period there was no progress on the Korean or Iranian nuclear issues.

The fluctuations of the index indicate some traditional growth at the end of the year, which was replaced with the downturn trend – on February 1, 2009 it decreased to 2,889.

□ **Global economic crisis**, as well as negative development forecasts for 2009, was one of the factors affecting public wealth in the world. Investment activities went down, production stalled or is being cut off, unemployment is increasing and the revenues rapidly decrease. The most affected industries are construction, car-building and machine-building in general, metallurgy followed by nearly all other sectors of global economy. The governments do their best to undertake national efforts and improve the situation. Central Banks reduce discount rates, billions of dollars and euro are spent to support the industries and to promote household expenditure. The participants of the G-20 summit in Washington pledged on November 15 their commitment to market economy and agreed on the need to reform the global financial system – the new meeting is scheduled for April 2009.

A serious blow for energy exporters was the sharp decline in the oil prices. By late December a barrel of *Brent* cost \$45.59 and *Urals* – \$32.42. The OPEC decided in December to cut down the production quotas and this step was backed by Russia and Azerbaijan. The consolidation on the gas market is also under way – on December 23, 2008 Moscow hosted the summit of gas exporters and established the appropriate international structure.

As a result of economic hardships, some countries had to face political instability and massive rallies and social unrest. The culminating point of the anti-government demonstrations in Thailand was the seizure of the international airport in Bangkok on November 25, 2008 which led to the disbandment of the ruling party and the ban on political activities for Prime Minister Somchai Wongsawat. On December 15 the country elected a new leader – Abhisit Vejjajiva.

All December unrest in Greece was terrorizing the country – it started with the killing of a teenager by police. People demanded for the changes in economic policy of the government during the crisis.

□ **Middle East**. The year after the launch of the peace process in Annapolis a new war broke out between Israel and *Hamas* (which is not involved in the process of settlement). The outcome of confrontation is a humanitarian catastrophe in Gaza. On November 5, 2008 after the resumption of missile strikes of the Israeli territory all borders were closed. On December 19 *Hamas* left the truce; on December 27 Israel began air strikes of the enclave and on January 3 launched an offensive *Cast Lead* on the ground. According to the Palestinians, by January 11 over 700 people have died, most of them are children. The Security Council adopted a resolution urging the parties to come to ceasefire. However, Israel is willing to complete the operation and put an end to missile attacks. The crisis was preceded with timid attempts to resume the peace dialogue – ex-U.S. President Jimmy Carter met in Damask *Hamas* leader Khaled Mashal and on December 16 the UN Security Council approved the resolution reiterating the advisability of continued peace efforts.

□ **South Asia**. Terrorist activities in India, instability in Pakistan and the remaining probability of new conflict between these *de facto* nuclear weapon states have negative

impact on global security. On November 26 the attack by 20 terrorists against hotels and other facilities of Mumbai – one of the largest cities in India – led to over 200 in casualties. According to the Indian investigation authorities, terrorists arrived by sea from Karachi. Islamabad pledged its readiness to cooperate in investigation, but refused to extradite the suspects. Bilateral relations deteriorated and in late December both parties reinforced their groupings along the *Line of Control* in Kashmir. However, in early 2009 tensions eased and New Delhi and Islamabad conducted regular exchange of information on nuclear facilities on January 1, 2009.

A positive factor for regional security is the end of state of emergency in Bangladesh, which lasted for two years. The country eventually had its democratic parliamentary elections.

- ❑ **Europe and the post-Soviet space.** Georgia and Ukraine found themselves in the focus of the European security agenda. On November 18 and December 18 Geneva hosted the second and the third round of security discussion on the situation in the South Caucasus. The parties have managed to overcome procedural issues and start the work in groups on security and on refugees. However, so far there is no visible progress achieved. The next round should take place on February 17–18, 2009.

NATO Foreign Ministers at the summit approved the annual cooperation plans for Georgia and Ukraine instead of expected Membership Action Plans (MAPs).

Despite some positive reports, the OSCE ministerial meeting indicated that most of the member states were quite skeptical about Russia's initiative on negotiating a new European security agreement.

The influence of Russian-Ukrainian relations on actual security of Europeans was clearly demonstrated by the New Year gas crisis, which already becomes a good tradition. After the failure of the December talks on gas prices Russia suspended supplies to Ukraine on January 1, 2009. As a result, on January 6 the Russian gas was no longer transferred to Bulgaria, Hungary, Turkey, Greece, Serbia, Slovenia, Slovakia, and Romania, the supplies to France, Austria and Germany decreased. On the next day Ukraine halted the transit of gas to Europe and *Gazprom* stopped to send gas to Ukrainian pipelines. The cuts coincided with the freezing outside temperatures. The Russian government emphasizes economic reasons underlying the conflict and high degree of criminalization of power in Ukraine and "inability of its leadership to solve economic problems". Europe had to intervene and the agreement was eventually reached. Meanwhile, Ukraine itself faces a new spin of economic and political instability.

One of the positive factors is a gradual settlement of situation in Kosovo. On December 9 the EU rule of law mission (*EULEX*) began to work in the region with the consent of Serbia. On November 2 the leaders of Azerbaijan, Armenia and Russia signed in Moscow the declaration on peaceful resolution of the conflict in Nagorno-Karabakh. On December 24 President of Moldova Vladimir Voronin met Transnistrian leader Igor Smirnov.

- ❑ **Africa.** Eastern provinces of the Democratic Republic of Congo continue to suffer from ongoing fighting between the government forces and the rebels led by Laurent Nkunda. According to the UN data, over 250,000 people fled from large-scale violence in late August – early December 2008. The hostilities impede the humanitarian action by the United Nations and other organizations. The UN Security Council decided to increase the 17,000-strong peacekeeping force by another 3,000 soldiers. The EU has not yet decided on sending the troops to the region.

In late November ethnic bloodshed occurred in Jos in Nigeria. The situation is unstable in Guinea, where the military captured the power after the death of President Lansan Conte. The situation in Zimbabwe is no better.



Failed state in Somalia cannot effectively fight the piracy in its territorial waters. On November 15 the pirates seized MV *Sirius Star*, a supertanker from Saudi Arabia (released on ransom on January 9).

On November 20, December 2 and 16 the UN Security Council passed three resolutions on this matter enabling the cooperating parties to destroy the infrastructure of the pirates in the sea, on the ground and in the air of Somalia. The area is patrolled by the Navies of the United States, China, Russia, and other countries. The EU naval mission operates in the region, the League of Arab States is setting up a similar unit.

- ❑ **The Obama victory** in the United States had positive response from the international community, which expects some changes in the foreign policy of the only superpower. Leaders of Iran, Cuba and Syria declared their readiness for the dialogue with the new U.S. leader. Obama's statements concerning potential negotiations with Iran without preliminary conditions are also welcomed. Russian President Dmitry Medvedev hoped for improving cooperation with the U.S. administration, but also announced probable Russia's response to the U.S. missile defense deployment in Eastern Europe, including the stationing of Iskander missile systems in the Kaliningrad Region.

Albert Zulkharneev



IT ALMOST STARTS ... WORLD POLITICS ENTERS A NEW PERIOD

The global financial crisis and the recession it has triggered took the center stage in world affairs in the last few months of 2008. The situation is unlikely to change in 2009. All the key political and strategic problems that only recently occupied the headlines have now been sidelined. That includes future U.S. troop withdrawal from Iraq, Iran's nuclear ambitions, instability in Pakistan, Russia's incursion into Georgia, growing tension in Europe over Moscow's plans to deploy missiles in Kaliningrad region, and the persisting threat of international terrorism. Meanwhile, the monstrous act of terrorism in Mumbai could well have triggered a new war between India and Pakistan, this time a nuclear one perhaps.

The amount of attention paid to the ongoing economic crisis is understandable and well deserved. A collapse of the world financial system would be much more ruinous than even the Great Depression, with all inevitable economic and political fallout. That is why stabilizing and restoring the health of the world financial markets and key banking institutions is a matter of utmost importance and urgency. Against this backdrop, even the change of the U.S. administration is viewed primarily in the context of Barak Obama's and his team's ability to cope with the economic downturn. But when the global financial crisis starts to abate, the old strategic and geopolitical problems will come to the fore once again, undiminished and possibly even more severe than ever. That is why the current situation is being made use of by the Iranian leaders with their nuclear arms aspirations, by the numerous Marxist radicals and leaders of Islamic terrorist groups, by pompous Latin American caudillos and other political buffoons as well as their sympathizers among Russian politicians, sloganeering about Russia *rising from its knees*. There are all trying to seize the opportunity and boost their standing both domestically and internationally, while the attention of the world leaders is fixed on the financial crisis.

HARBINGERS OF A NEW TECHNOLOGICAL REVOLUTION

Reams have already been written about the causes of the global financial crisis and ways of overcoming it. Most experts agree that the world financial system will recover within the next two or three years, although the road to recovery will be painful and the consequences of the crisis hard to predict. But it can be safely assumed that the trade in derivatives¹ will be curtailed and that there will be a serious revision of credit policy, with more stringent requirements to borrowers and a general reduction in consumer lending (including mortgage lending). That will