



Watch List 2017

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The early warning Watch List identifies up to ten major conflict situations in which prompt action, driven or supported by the European Union and its member states, would generate stronger prospects for peace. It includes a global overview, regional summaries, and detailed analysis on select countries and conflicts.

The Watch List 2017 includes the Lake Chad basin, Libya, Myanmar, Nagorno-Karabakh, Sahel, Somalia, Syria, Turkey, Venezuela and Yemen.

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Global Overview

Whether unprecedented or not, the challenges currently facing our global security are immense and cause for considerable alarm. It is difficult to think of a time in recent history when there has been such a confluence of destabilising factors – local, regional and global – hindering collective capacity to better manage violence. These overlapping risks, unchecked, could coalesce into a major crisis – indeed we are currently experiencing a spike in global conflict violence – without the safety net of solid structures to deal with it.

When Crisis Group was founded, its premise was that bringing field-based expert analysis to the attention of (principally) Western policymakers could effect positive change in both preventing and ending situations of deadly conflict. Much of that premise still holds, but for us, as for others, it is no longer sufficient: the West can no longer be viewed either as homogenous or an oasis of tranquility. Increasingly, too, its self-projected image as an unalloyed force for good is becoming exposed. Greater efforts are needed, and urgently, both to understand better the growing dangers of conflict seeping from one arena to another; and to engage a broader array of actors with the capacity to effect positive change.

This document seeks to do two things. First, it aims to highlight those conflicts which Crisis Group believes threaten to worsen significantly unless remedial action is taken. Inevitably perhaps, the countries selected represent a partial snapshot. For that reason we place them explicitly in their regional contexts. But even so, strong arguments can be made for the inclusion of others: examples include Afghanistan, Ukraine, the Democratic People’s Republic of Korea, the South China Sea and Democratic Republic of Congo. A case could be made, too, for the Western Balkans, perhaps, or Central Asian states. That we could provide a rival, equally valid list is itself cause for concern.

For each conflict, we seek to indicate the contours of possible policy responses based on ground-up analysis. In putting forward tentative prescriptions, our principal target is the European Union (EU), its institutions and member states, whether working directly or in conjunction with others. An underlying premise of this report is our belief that the EU has the potential – indeed faces an imperative – to bring to bear all the tools at its disposal fully to do its bit, in concert with others, to preserve the threatened field of conflict prevention.

Second, the list can be read as one document. Percolating through it are the range of interlinked dangers and stresses that makes this era so perilous. Essentially, these can be distilled down to three. First, an increasing fusion of the domestic with the international. Second, a sense of crisis overload. And third, growing uncertainty about hitherto assumed structures and institutions to collectively manage danger.

All ten conflicts possess international dimensions, in many instances overwhelmingly so. In such crowded landscapes – with a multitude of actors and equally broad range of motivations – navigating a route to peace becomes immeasurably more difficult. The growing prevalence of non-state armed groups and in some instances their propensity to fracture, together with the blending of licit and illicit economies, churns yet more this complex terrain.

This increasing fusion of local and global is reflected further in heightened nationalism and ideological dogmatism, with – as things stand – the triumph of policies designed to cater to short-term tactical imperatives as much if not more than preserving or ensuring long-term stability. This can be seen in burgeoning intolerance to the mass movement of people, as actions are taken to stem or push back the flow without trying adequately to address the reasons why such movement is underway on such an unprecedented scale.

It can be witnessed in the resort to muscular security responses that can neither fully contain the threat nor address its underlying causes. And it is manifested in some actors resorting too readily to the rallying cry of counter-terrorism, with its playbook of repressive measures and eschewing the very inclusivity invariably essential to sustained peace. In the balance between soft and hard power, the latter currently is dominant.

All this, of course, is playing out against – and in part driven by – a growing diffusion of power globally. This in and of itself is not a bad thing, but the uncertainties such a shift throws up are cause for concern. Further, the stresses to which Europe is currently exposed; the revival of geopolitics; and uncertainty about the future direction of the trans-Atlantic alliance and the underlying commitment to the UN of its traditional power-brokers, represent significant challenges to hitherto durable assumptions about the role of international institutions and law, and the web of alliances built up in the past 70 years.

So far so gloomy (and without touching on climate change or demographic trends). But this report also, we believe, contains within it ideas which might contribute to a needed course correction. In essence, it constitutes a call to learn old lessons amid these new dynamics.

What, in particular, might this mean for the EU? We posit two broad observations, outlined in more detail in the following pages. They sit on top of an underlying imperative to ensure that through their actions the EU and its member states do not contribute to generating further harm. In many instances where room for positive change is currently heavily circumscribed, avoiding worse constitutes progress.

First, we seek to identify what Europe's leverage is with regards to specific conflicts and regions. Often it is indirect, but no less important for that. Frequently, too, we suggest it will involve maximising opportunities presented by dialogues with other regional organisations to develop an understanding

of shared interests and a division of responsibilities in their pursuit. In this regard, as in all others, speaking with as unified a voice as possible is imperative: dissonance can be exploited. Providing maximum support to the new UN Secretary-General in his efforts to revive that organisation's work in conflict prevention must also be a priority.

Second, in virtually every crisis we cite, a better balance is required between the desire for quick impact and the need to put in place sustainable solutions. The two need not be at odds with each other – we should reject the notion that it is a binary choice. But it will require Europe to speak out more clearly in defence of core values – in deed, not simply rhetoric; to make clear that its humanitarian and development assistance is for those most in need, not solely for the pursuit of political ends; to nudge conflict parties toward pursuing peace through inclusive dialogue, not simply force; and to prioritise the pursuit of better models of governance, the absence of which is at the root of so many of today's conflicts.

To some these may appear as thin reeds on which to float notions of charting a more positive course. But in the current atmosphere of uncertainty, through articulating clear, principled and strategic goals and how, tactically, it will seek to work toward them in conjunction with others, Europe has the opportunity to make a significant contribution toward a more stable and peaceful future.

■ REGIONAL OVERVIEW

Africa

The threat of jihadist and other violent non-state groups, particularly in the Sahel, Lake Chad basin and Somalia, will remain top of Africa's security agenda. The absence or slow return of government administration to "liberated" areas and other neglected hinterlands, and the weak and slow response to the fallout from these conflicts, such as displacement and social tensions, may allow militants to regroup. That Nigeria faces, in addition to this challenge, the resurgence of Niger Delta militancy puts extra strain on a country pivotal to Africa's stability. It is particularly important that African governments respond in ways that avoid deepening the problem or aggravating other sources of fragility through heavy-handed counter-insurgency tactics, stigmatising communities or worsening tensions between political leaders and military hierarchies.

African powers recently negotiated a peaceful transition in Gambia, but leadership issues will continue to be a destabilising factor. Unclear succession mechanisms for aging autocrats (Zimbabwe and Angola) and the refusal of leaders to exit as scheduled despite risks of urban protest (such as in the Democratic Republic of Congo) or, worse, renewed insurgency (Burundi) look set to remain part of the landscape. Contested and fraught electoral processes (Kenya) alongside authoritarian drift (Uganda) drive the continued closure of democratic space, as power too often remains overly centralised and politics zero-sum. But citizens, particularly young people, with strong democratic aspirations but who in places are reeling under pressures of economic slowdown (Ethiopia) and continued rising unemployment, will continue to push back or launch anti-government protests often through social media (Sudan).

Stronger coordination between Africa's regional bodies and their international partners in response to conflict would be welcome, though it is becoming more difficult. While the impact of a new UN Secretary-General and U.S. administration remains uncertain, the leverage of the UN and other traditional partners is growing weaker. Political dynamics are also becoming considerably more complex, regionalised (as in South Sudan) and multipolar as other actors (China, Gulf states and Turkey) increasingly seek to influence Africa's geopolitics.

In this context, 2017 provides a critical opportunity for reshaping European Union (EU)-Africa relations. The EU is currently identifying its strategic interests in Africa and discussing the future of the Cotonou Agreement after 2020, including the European Development Fund and the Africa Peace Facility, as well as its financing for development worldwide. Meanwhile, the African Union (AU) is beginning to take steps toward financial self-sufficiency and has embarked on a wholesale reform of the Union that will open it up to further scrutiny and reveal the extent of member states' commitment to the body. The fifth EU-Africa

summit scheduled for November 2017 in Côte d'Ivoire offers a platform to continue discussing priorities and cooperation between the two continents, in particular on migration and youth. But whether the EU and Africa are able to agree on mutual priorities and commit to renewed cooperation depends on the extent to which the two sides are willing to listen and engage outside their respective narratives.

The EU's deals with some states to curb people-smuggling are problematic and may have limited impact if not focused on the drivers of migration: repression, war, poverty, the youth bulge and poor governance. The EU needs to better balance its attempts to thwart migration northwards with its important work in promoting good governance, democratisation and rule of law. Crucially, it needs to better understand the collusion between state officials and institutions, local power brokers and smugglers.

The EU has an important role to play in addressing the humanitarian fallout from conflict in sub-Saharan Africa, which hosts 29 per cent of the world's displaced. It should work closely with the AU to reduce the destabilising impact of refugees on countries and regions too weak to absorb them; this needs to involve greater efforts on the part of Europe at burden sharing. Refugee flight within Africa has serious security ramifications for countries and regions under extreme pressure, particularly Kenya (notably due to the Dadaab camps), the Great Lakes region, the Lake Chad basin, northern Uganda and Sudan's Darfur and Two Areas, as well as the wider Horn of Africa as it receives refugees from Yemen.

Lake Chad Basin: Controlling the Cost of Counter-insurgency

In the Lake Chad basin, the Boko Haram insurgency has hugely exacerbated pre-existing violence and underdevelopment. Despite recent military setbacks the jihadist group remains a significant regional threat, recruiting members and attacking civilians and security forces in Nigeria, Cameroon, Chad and Niger, and has brought in its wake a humanitarian catastrophe. Failure to bring security, other basic public goods and visible socio-economic dividends to affected areas risks derailing recent progress. That would have severe consequences for the security and long-term stability of the four countries bordering the lake.

Divided, but still deadly

Boko Haram faces strong pushback due to falling societal support, the mobilisation of vigilante units and pressure from relatively well-coordinated regional security forces. This pressure has precipitated a wave of surrenders, mainly by women and children, and exacerbated internal tensions leading to a rift between two factions. One remains loyal to the group's erstwhile overall leader, Abubakar Shekau, and is mostly present to the south of Lake Chad and along the Nigeria-Cameroon border. The second claims allegiance to Abu Musa al-Barnawi (Habib Yusuf), is based in the north of Nigeria's Borno state along the border with Niger and mostly operates on the lake.



But Boko Haram, though torn, remains a significant threat. In the region's border areas and the swampy, heavily vegetated and inaccessible Lake Chad it has found ideal areas to seek refuge, resupply and regroup. Over the last three months the dry season has allowed fighters to move more freely, which may explain the recent small increase in attacks. The spike may also be intended to prove, in response to military pressure, that the movement is far from down and out. Nigeria and Cameroon launched a joint military operation in late 2016, but there are signs that Shekau and his core units had dispersed beforehand. They are now regrouping and have increased suicide bomber attacks (deploying a notable number of female assailants) against soft targets, including in the city of Maiduguri in northern Nigeria.

The faction led by Barnawi is less active. It seems to be trying to rebuild connections with the local population and is focusing on military targets. However, it appears to be suffering significant losses as members surrender to national security forces.

Al-Qaeda's release of a statement on the Boko Haram conflict in January 2017 – the first in a long time – suggests that it may be trying to use the current rift within Boko Haram to regain influence in the area. But its traction on the ground remains unclear.

A deepening humanitarian emergency

The severe humanitarian fallout is getting worse. Across the region, over 10 million people are in need of assistance and about 2.3 million are displaced, of which an overwhelming majority are women and girls. Food insecurity has increased significantly over the last twelve months due to displacement; over a third of the 1.5 million displaced children suffer from severe acute malnutrition. Aid workers are only now gaining a clearer sense of the deeper damage to agriculture and trade.

Despite a steady increase in international assistance, the response remains under-funded, lacks gender-sensitive assistance and is still hampered by insecurity. In 2016, donors provided only 53 per cent of the \$739 million needed that year. That the cost of the response plan for 2017 has risen to \$1.5 billion reflects the deteriorating situation. While more funding is only part of the solution,

donors do need to finance adequately the 2017 plan as part of efforts to halt a further worsening of the crisis.

The cost of a militarised approach

Lake Chad countries and their international partners need to be aware that the social and economic costs of continued military operations carry risks for the region's political future and security. They should balance gains made by the region's armies against the displacement caused by their operations and the negative impact on livelihoods, including on cross-border trade. This is exacerbated by a military ban on trade in some local goods, for fear Boko Haram could tax it, which is only slowly being lifted.

If the negative impact on livelihoods is not mitigated quickly, it could increase resentment against authorities, make it harder for displaced people to return home (if farmers miss the upcoming sowing season they could become more dependent on humanitarian aid) and possibly make people more susceptible to recruitment by Boko Haram or violent criminal groups. The militarisation of much of the area previously under Boko Haram's influence risks generating a cycle of alienation and exclusion.

Peeling away Boko Haram

Many fighters, both male and female, have surrendered or been captured in recent months, although evidence suggests very few of the hard core are among them. It is vital to encourage this trend to peel away the outer circle of Boko Haram support, increase intelligence gathering through debriefing defectors and exploit the movement's declining social legitimacy. To do so, it is necessary to deal with captives quickly and decently, according to their role in the organisation and in strict compliance with international human rights standards. Quick and fair processing could significantly lighten the burden on prisons and justice systems in all four countries.

The European Union (EU) and its international partners should assist in encouraging more Boko Haram members to surrender by ensuring the Lake Chad countries deal appropriately with captured suspects, including by avoiding keeping them in lengthy pre-trial detention and taking into account gender-specific needs. They should also support the four countries to differentiate between hardliners and others, establish community restorative justice programs where appropriate and start to build acceptable penitentiary services.

Planning for the aftermath

While Boko Haram continues to pose a security threat, the temptation is to allow military tactical demands to dominate thinking. This would be a mistake as only by paying early attention to the economic and social consequences of the violence can national and international actors prevent Boko Haram from regrouping or stop a similar group emerging. To deal with the consequences of displacement, the EU and member states should encourage countries of the

region to ensure civilians handle much of the response, invest more in creating livelihoods, establish quick-impact youth employment projects and stimulate the longer-term recovery of agriculture and trade.

The EU should support better coordination between the military and civilian branches of the state, particularly problematic in Nigeria, including through its program “Strengthening the management and governance of migration and return and long-term resettlement in Nigeria”. Re-establishing markets and securing cross-border trade routes should be a priority of the EU’s Lake Chad Inclusive Economic and Social Recovery Programme (RESILAC).

In partnership with civil society, the EU and its member states should strengthen programs to tackle gender stereotypes and raise awareness about women’s roles including in peacebuilding and post-conflict reconstruction. They should develop and support programs to increase women’s recruitment in local police forces and deploy them in camps for the internally displaced as soon as possible.

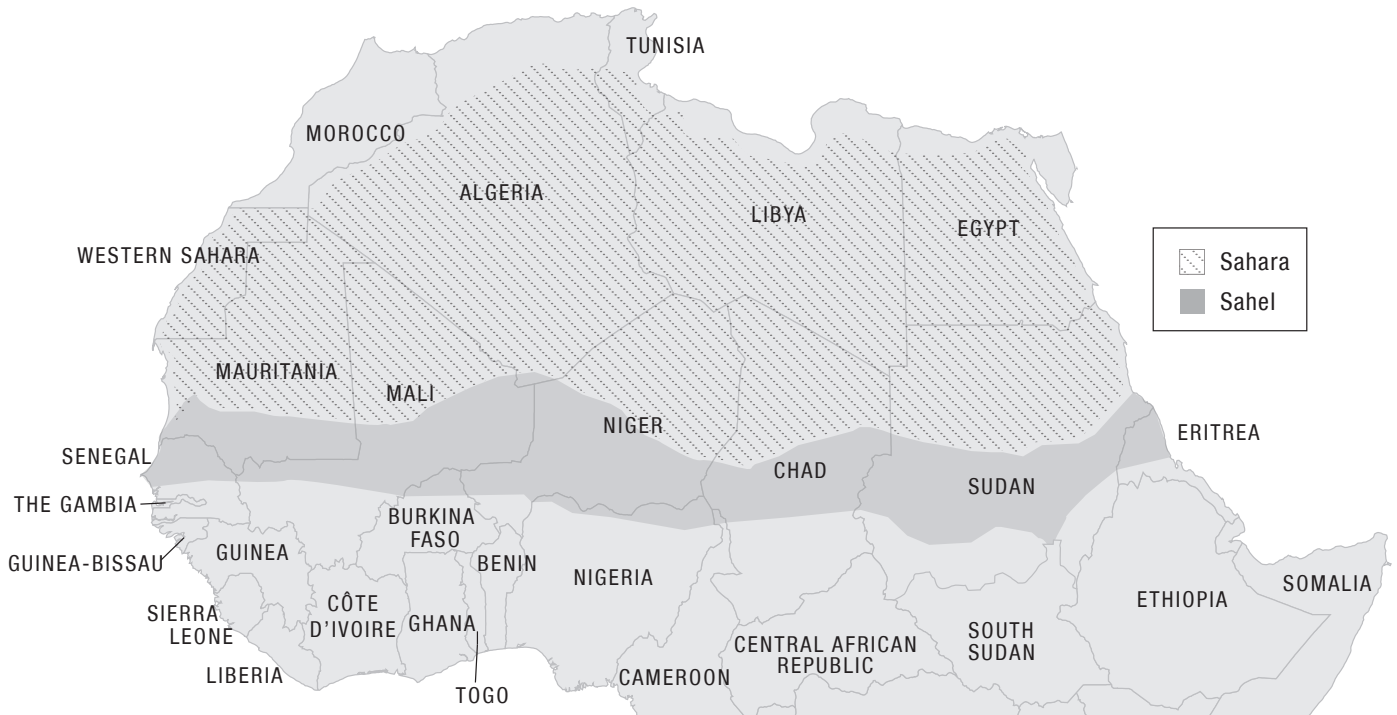
The EU should also be cognisant of the longer-term risks of over-reliance on vigilante committees; member states supporting security efforts should press regional governments to formulate plans for winding them down as and when the Boko Haram threat recedes.

The Sahel: Mali’s Crumbling Peace Process and the Spreading Jihadist Threat

Despite significant international sweat, the Sahel remains on a trajectory toward greater violence and widening instability. Jihadists, armed groups and entrenched criminal networks – sometimes linked to national and local authorities – continue to expand and threaten the stability of already weak states. Across the region, citizens remain deeply disenchanted with their governments. International actors must review their current strategies, which tackle the symptoms of the Sahel’s problems without addressing their underlying cause: central governments’ long-term neglect of their states. In particular, they should act urgently to prevent the collapse of the peace process in Mali – a genuine danger this year that would have serious implications for security across the Sahel.

Widening cracks in Mali’s peace process

At the heart of the Sahel’s instability is Mali’s long-running crisis. It is spilling over into Burkina Faso and spreading to fragile Niger and more stable Senegal. Twenty months since the government and armed groups signed the Algeria-brokered Bamako peace agreement in June 2015, implementation is faltering and the deal’s collapse is a real possibility. Despite publicly claiming to support the process, Malian parties lack confidence in a deal that was signed under international pressure and has serious shortcomings. It does little to tackle the violent war economy in which prominent businessmen rely on small private armies to protect trafficking routes. It also fails to restore a viable balance of



power between northern communities and leaders who compete for resources, influence and territory.

The recent fracturing of the main rebel coalition, the Coordination des Mouvements de l'Azawad (CMA), has seen the creation of new community-based armed groups, such as the Mouvement pour le Salut de l'Azawad and the Congrès pour la Justice dans l'Azawad, and may further aggravate insecurity. More worryingly, the appointment of interim local authorities and the launch of mixed patrols comprising army soldiers and former rebels in the north have failed to demonstrate much positive impact at the local level.

Meanwhile, jihadist groups, including al-Qaeda in the Islamic Maghreb (AQIM), Ansar Eddine and al-Mourabitoun, remain active. Having been chased out of major towns, rather than trying to hold urban areas they are striking provincial and district centres from rural bases. Al-Mourabitoun claimed responsibility for the bombing on 18 January that killed 61 personnel of the mixed unit in Gao region.

At the same time, insecurity is rising in areas long neglected by the state such as central Mali, which is not included in the northern Mali peace process. Jihadists and other violent non-state groups are filling the security vacuum as the army retreats and local authorities and the central government abandon immense rural areas. Bamako still has no effective response to the jihadists' strategy of threatening or killing local authorities or civil society members that stand against them. In addition, the rise of a new group, the Islamic State in the Greater Sahara, and the possible influx from Libya of defeated Islamic State (IS) fighters are further sources of concern.

Jihad sans frontières

Despite international military intervention including by UN peacekeepers, jihadists are making inroads into other Sahelian countries. In late 2016, jihadist fighters based in central and northern Mali launched attacks in western Niger and northern Burkina Faso, underscoring the region's vulnerability and the serious risks of overlapping conflicts across the greater Sahel. On 6 February, the G5 countries (Burkina Faso, Chad, Mali, Mauritania and Niger) met in Bamako to announce the creation of a regional force to tackle terrorism and transnational crime. It remains to be seen how effective this ambitious project will prove.

Mali's neighbours are right to point out that Bamako is responsible for failing to prevent radical groups using its territory. However, they should also pay closer attention to their own internal dynamics. These include years of state neglect and poor political representation of certain communities – especially nomadic Fulanis in the region of Djibo in Burkina Faso and Tillabery in Niger. Chronic resource limitations hobble Sahelian states' ability to respond effectively: Niger's state revenue, for example, is €1.7 billion, about as much as France invested in stadiums to host the 2016 European football competition.

In 2016, Burkina Faso suffered eight attacks originating in Mali and it remains the most vulnerable of Mali's neighbours. The ousting of former President Blaise Compaoré in 2014 left the security apparatus in disarray. National authorities have been slow to rebuild the intelligence system and they lack a defence strategy to help security forces adjust to rapidly evolving threats. Despite recurring attacks, military posts in the country's northern Sahel region remain poorly protected. With limited resources the government will struggle to meet demands for significant social development, which partly drove the October 2014 uprising, and, at the same time, increase spending to revamp the security forces. Should Burkina be tempted to use the social welfare budget to plug security holes, it could face new protests.

Reviving the Malian peace process

International forces have been slow to adjust to changing ground realities and for now there is little appetite in Bamako or the region for a major course correction. However, further deterioration – such as jihadist groups expanding westwards into Ségou region in the centre – would require a response. The European Union (EU) and its member states should anticipate this and encourage Malian parties and the Algeria-led mediation team to meet again before the process loses all credibility. New talks would offer all parties an opportunity to express their concerns about the implementation of the Bamako agreement and reenergise it. They should agree on additional appendices that include a new timetable and mechanisms to ensure that each party respects its commitments. To limit the risk of further armed group fragmentation, discussions should also focus on ways to bring splinter groups into the process. This could mostly be done by integrating them into one of the existing coalitions, the CMA or Platform.

To avoid the further spread of violence in Mali, the EU and its member states should encourage and support central government and local authorities

to mediate local conflicts. They should also assist local authorities, through training and direct support, to provide public services and ensure the equitable sharing of natural resources. Such peacebuilding support should not be framed as preventing or countering “violent extremism” (P/CVE) as these concepts lack clarity, mask the complex dynamics of jihadist recruitment and risk stigmatising communities that receive such assistance.

Vital too is the need for a shift in international development strategies. The focus should be as much on helping the state provide services to the population, including justice and security, as on economic projects or infrastructure. The EU and member states should pay particular attention to assisting the state’s local-level redeployment through programs that support public services. They should encourage and assist the government to improve its draft “Plan for Central Mali” and make it a useful tool to coordinate government efforts.

They should also ensure that the EU’s capacity-building mission, EUCAP Mali, closely collaborates with authorities at both central and regional levels to make Mopti region in the centre a pilot site to test policies aimed at improving local security, and specifically reforming the local police. Lessons drawn from here could be applied in northern Mali and other Sahelian regions.

Halting jihadists’ cross-border spread

The EU and its member states should pay more attention to Burkina Faso, which faces a real threat from armed groups. In particular, member states with a military presence in Mali should deploy forces near its border with Burkina Faso, and provide the Burkinabè security forces with helicopters so that they can conduct aerial surveillance of the long shared border. Although the link between underdevelopment and radicalisation is complex and indirect, increasing aid in health, education and professional training particularly in areas affected by attacks, could potentially improve relations between state authorities and communities and therefore undercut an important grievance that extremist groups often exploit.

Somalia: New Leadership, Persistent Problems

Somalia finally has a new leadership but faces a slew of longstanding problems, moving forward. The country’s course in the next year will depend in particular on how the new Federal Government of Somalia (FGS) handles the fallout from a fraudulent and fractious electoral process and the country’s multiple security threats. If left unaddressed, these challenges combined with others such as illicit foreign funding of politicians, divisions over the country’s regional and international relations and persistent clashes driven by clan-based interests will create opportunities for armed actors – including Al-Shabaab and an emerging Islamic State (IS) – to continue to operate and expand.

The day after divisive elections

The FGS and federal member states have come through a delayed, chaotic and divisive election process to select a new president and two houses of parliament. Newly elected President Mohamed Abdullahi Farmajo secured unprecedented cross-clan support but expectations are high and a backlash against him is probable unless he moves quickly to fulfil his pledge to rebuild the security forces and state institutions, tackle corruption and unify the country. Furthermore, Farmajo's intention to reshape Somalia's foreign policy could prove unsettling for the country and the region. He won partly thanks to his campaign image as a staunch nationalist, opposed to foreign meddling, but he will need to move cautiously to manage tricky regional politics and ease the anxieties of powerful neighbours. In turn, the African Union (AU) and other partners need to be aware of the destabilising potential of the perceived resurgent Somali nationalism embodied in Farmajo and should encourage discreet diplomacy between Somalia and its neighbours to promote dialogue and accommodation.

The indirect election process made positive steps toward improving representation at clan-based level and could pave the way for direct elections. But the absence of transparency and accountability among electoral bodies undermined the polls' legitimacy and increased the chances that the results will be contested. There are credible allegations of foreign states (mostly in the Gulf) supporting their favoured candidates financially. Gender balance in the new parliament will improve but the proportion of women will still fall short of the 30 per cent quota.

Conflicts between and within federal member states

President Farmajo will have to navigate Somalia's dysfunctional politics, including its contentious federalism project. The lack of agreed policies or framework to tackle disputes among federal member states or between them and central government makes his work particularly tricky. The most intractable of the conflicts between federal states remains that between the Galmudug Interim Administration (GIA) and Puntland over the city of Galkayo which straddles their common border. Clashes in November and December 2016 saw hundreds killed and thousands displaced. Tensions subsided following a ceasefire agreement in late December, but the violence highlights the ferocity of competition between clans for territorial control.

Disputes within federal states also hamper efforts to rebuild the country. On 10 January, local Galmudug state parliamentarians passed a no-confidence motion against GIA President Abdikarim Guled, which he rejected on the grounds that it fell short of the required two-thirds threshold and was passed while parliament was closed. The GIA also faces resistance from the Sufi-aligned, anti-Al-Shabaab militia, Ahlu Sunna Wal Jama (ASWJ), which continues to control Galmudug state capital, Dhusamareeb.

In Somaliland, which does not recognise the FGS's authority, elections planned for March 2017 have been pushed back until October due to drought. Since clan tensions have risen significantly there, the process could be more violent than in the past.

Al-Shabaab adapts as Islamic State looks for a foothold

Al-Shabaab remains resilient and continues to launch strikes against civilian and military targets across Somalia, especially in Mogadishu's heavily guarded centre. Though weakened, it has adapted and become versatile in using both urban and rural guerrilla tactics. Effective counter-insurgency will require concerted action by both military and civilian actors. While U.S. airstrikes and ground operations have degraded the group's military strength and eliminated high-profile figures, they do not constitute a long-term solution.

Al-Shabaab still holds territory in the south and centre but discontent is rife among the population, especially in the Juba valley, where the group's coercive collection of *zakat* tax has angered residents. In Middle Shabelle and Hiraaan regions in the centre, local clan militias have mobilised and had some success in disrupting Al-Shabaab's operations. Deep fragmentation among Somali clans makes them incapable of an organised large-scale revolt. Some could ally against Al-Shabaab but they would have to use great care as arming clans hastily and indiscriminately would risk more instability.

The emergence of IS after one of Al-Shabaab's spiritual leaders pledged allegiance to the group in October 2015 is a further potentially serious threat to stability. Despite attempts by both Al-Shabaab and government troops to isolate pro-IS factions in the south and centre, IS briefly seized control of Qandala on Puntland's Gulf of Aden coastline in the north in October 2016. The Puntland administration claims to have flushed IS from the town, but militants reportedly still control its peripheries. While IS has so far failed to break Al-Shabaab's partnership with al-Qaeda, the local faction will try to exploit Al-Shabaab's internal weaknesses to gain influence in the coming months.

Cracks in the security forces play into Al-Shabaab's hands

The Somali National Army (SNA) is undermined by infighting over control of checkpoints (where soldiers can extort money) which has given Al-Shabaab opportunities to retake territory, most recently in Buulo Gaduud in the south west and War-Sheekh in the south east on 7 January. A wave of SNA defections to Al-Shabaab, lured by the group's money and reassured by its pledge not to kill defectors, has buoyed the jihadists' numbers and morale.

Unless the Somali leadership gives priority to reforming its security forces, external initiatives to help on this front will fail. Present rates of corruption – in Transparency International's 2016 ranking corruption was perceived to be worse in Somalia than in any other country – not only call into question the leadership's priorities but also fuel insecurity. Military reform need not be expensive, but troops must be committed: motivated groups like ASWJ have shown that with limited external support, Al-Shabaab can be defeated.

The African Union Mission in Somalia (AMISOM) has had some significant successes against Al-Shabaab but is still struggling to fight a non-conventional war for which it is ill-suited and inadequately resourced. The SNA's and FGS's failure to secure and govern areas liberated by AMISOM has sapped peacekeepers' morale and led some troop contributing countries to plan to leave the

mission in the next two years. A hasty withdrawal would be disastrous, but AMISOM must plan to progressively hand over responsibility for security to effective Somali forces.

Refocusing support on state administrations and clan-level reconciliation

To help stabilise Somali politics and reduce violence, the European Union (EU) and its member states should continue to encourage the federal government to prioritise a bottom-up, national reconciliation process and to seek lasting political settlements with and between federal member states. In tandem, federal states, supported by the FGS, should launch grassroots efforts to reconcile clans and make local governance more inclusive. The EU and its member states should accompany this process by shifting the focus of their support from the federal government to state administrations to boost their role in intra- and inter-clan reconciliation and help reinforce local security forces.

If sub-national governance remains weak and dysfunctional and clans at loggerheads, there will likely be more conflict for Al-Shabaab to exploit. Donors – including the EU and its member states in part through the EU Training Mission (EUTM Somalia) – should adopt a strategy of decentralising their counter-insurgency support, currently focused overwhelmingly on Mogadishu, by increasing investment in federal states' security forces and coordination structures.

The EU, having recently reduced its funding for AMISOM by 20 per cent, should maintain the current level while assisting the AU to secure additional funding from other donors. It should also agree with the AU and AMISOM on a new, more feasible force structure, help them work toward greater cooperation with state security forces, and plan a credible exit schedule.

■ REGIONAL OVERVIEW

Asia

The security agendas of China, Japan, South and North Korea, India and Pakistan, as well as the Association of Southeast Asian Nations (ASEAN) states, are in flux. Driven by a complex, shifting matrix of priorities and relationships, and increasingly dominated by nationalist forces, these countries find themselves in a rapidly evolving strategic environment. Traditional alliances are uncertain and overt or tacitly accepted rules of engagement are breaking down. Friction and disagreements in the South China Sea, on the Korean Peninsula, between China and Japan, and Pakistan and India could escalate dangerously in the absence of dispute resolution mechanisms and effective talks, in a regional security architecture that is losing legitimacy.

Across South and South East Asia, trends point to the ascendancy of ethno-nationalist majoritarianism, ill-advised or counterproductive government strategies to deal with grievances, and a related growth of radicalisation. These risk creating the conditions for, inter alia, an unravelling of democratic transitions in Myanmar and Sri Lanka and renewed militant attacks and violence; the opening of space for returning Islamic State (IS) fighters or the space for new forms of radicalisation caused by this return and the related changed dynamic between local jihadists and global jihadist groups in the Philippines and Bangladesh; and the strengthening of a jihadist nexus between groups and individuals in the Philippines, Indonesia and Malaysia.

Afghanistan faces a constellation of challenges that encourage the spread of insurgency, criminal violence and the IS franchise: flawed power-sharing arrangements, resistance to reform from entrenched patronage networks, a collapsing economy, growing political fragmentation along ethnic, tribal and regional lines, and the armed forces' inability to fill security gaps left by the 2014 international military drawdown. The drive to repatriate Afghan refugees – both by neighbours, particularly Pakistan, and European countries – adds unwelcome stress to this fragility. Coordinated efforts to bring peace and stability need to include a comprehensive approach to an escalating humanitarian crisis.

Democratic space is narrowing across the board as authorities shun the politics of inclusion. Governments – particularly those facing elections in the next twelve-to-eighteen months, including Bangladesh, Malaysia, Cambodia and Pakistan – are increasingly turning to a selective reading of national security legislation to suppress political competition, dissent and independent opinion. The lack of effective, legitimate or united opposition further erodes the accountability of those in authority. In Thailand, even when elections are held under the new constitution, rules are being instituted to limit popular representation for a generation, while prospects for peace in the south are dim even amid fears of IS-style radicalisation.

Beyond trade, Europe's interests and motivations in Asia have not always been clear. In light of current uncertainties, this needs to change. The EU and its member states should now prioritise being a part of strategic discussions in Asia, particularly with Beijing and Canberra. Overall, the European Union (EU) will need to tread a fine line between ensuring its economic and security interests in the region are upheld, while also adhering to the soft power and values at the core of the European project. In concrete terms this could include quiet diplomacy to reinforce the importance of human rights; supporting peace and transition efforts; engaging with ASEAN to shore up that body's legitimacy; and exploring how it might contribute to dialling down tensions on the Korean peninsula. This will help build European legitimacy, reinforce its predictability, and ultimately strengthen Asian stability.

Myanmar: Diverting Rakhine State's Alarming Trajectory

Key conflict concerns in Myanmar remain Rakhine state and the peace process with ethnic armed groups. This note focuses on the former.

The 9 October attacks on the security forces have rendered an already volatile situation in northern Rakhine state that much more fraught. The government's heavy-handed security response has led to widespread reports of serious abuses and a shutdown in humanitarian access. Some 69,000 Rohingya Muslims have recently sought refuge in Bangladesh. The risk of further attacks by the al-Yaqin armed group remains significant, and based on the military's previous behaviour would likely trigger a further escalation in the security response – with human rights and political ramifications. In central Rakhine state, more than 120,000 Muslims – mostly Rohingya – remain segregated in displacement camps following an outbreak of intercommunal violence in 2012. Several hundred thousand more who remain in their villages are reliant on humanitarian assistance due to government restrictions on their basic freedoms, including movement.

These developments risk intensifying longstanding negative trends in Rakhine state. Marginalisation of the Rohingya minority, oppressive state security and al-Yaqin's incipient – but surprisingly sophisticated – armed response threaten to dominate the international narrative on Myanmar. Alongside this, the state's majority Rakhine Buddhist population, itself a minority at the national level, is acutely concerned about being sidelined, facing discrimination by the state and economic and political marginalisation. Failure by the authorities, and Aung San Suu Kyi personally, to take control of the crisis by developing and implementing an overarching political and development strategy, could result in the situation spiralling further out of control. The consequences would be unpredictable, including for other complex transition processes in the country, and generate ever increasing international opprobrium.



International Crisis Group/KO/January 2017. Based on UN map no. 4168 Rev. 3 (June 2012).

The government's response: limitations and risks

So far, the government has not set out any overarching political strategy for addressing either the underlying problems in Rakhine state as a whole, or the recent related violence in northern Rakhine. Rather, it has appointed two commissions to look into them both. The first, headed by former UN Secretary-General Kofi Annan, was appointed before the 9 October attacks, with a mandate to advise on possible solutions to the root causes of the situation in Rakhine state. The second, headed by Vice President-1 Myint Swe, was established to look at the attacks themselves, the security response, and ways to prevent further violence.

The second commission released a preliminary report in early January, essentially denying most allegations of abuse; its final report has been delayed indefinitely after a damning UN report released on 3 February found evidence of grave and widespread abuses that it says may amount to crimes against humanity. Suu Kyi was reportedly shocked by these claims and has undertaken to investigate them – but has assigned this task to the already-discredited vice president-1 commission. (The Myanmar military and police have also recently announced separate internal inquiries into these allegations.) Meanwhile, the Annan Commission is due to issue interim recommendations in March, before its final report in August. These recommendations will focus on steps that the government can take in the immediate future that could have a meaningful and timely impact on the underlying situation of Muslims in Rakhine state.

Suu Kyi is under pressure to investigate credibly the evidence of grave human rights abuses, and to move quickly on implementing the Annan Commission's recommendations – both to address current volatility, and to give a clear signal of the government's political will to tackle the underlying problems. The possibility, in the absence of clear signs of movement, that Annan might reconsider his involvement in the commission, will provide additional impetus to the government. However, the government's political space for manoeuvre in Rakhine state, and hence prospects for real progress, will depend partly on events outside its control: in particular, any further attacks by al-Yaqin, the popular pressures for and discipline of the military's security response, and an even more febrile political environment.

Addressing underlying problems in Rakhine state

The Muslim population in Rakhine state numbers more than a million people, the vast majority of whom have long been denied citizenship and basic rights. Myanmar has two choices. The government can continue to allow this population to live in limbo – abused, marginalised and with no hope for the future. This would perpetuate policy failures of the last decades, which have directly led to the current crisis and represent an ongoing security and political threat. Alternatively, the government can use the inflection point that this crisis offers to change track and give this population a place in the life of the country as citizens with access to rights, social services and economic opportunities.

To that end, the government must ensure that its announced ending of the security operation on 15 February translates into a cessation of abuses. To find

long-term solutions for Rakhine state, it will need to think beyond individual recommendations, and craft a comprehensive political strategy that integrates citizenship and rights for the Muslim population with development initiatives including health and education, improved policing and security. Alongside this, steps are needed to reassure the Buddhist Rakhine population that their concerns will be taken into account. This will not be an easy needle to thread, and the government should not wait for the final August 2017 recommendations from the Annan Commission to begin developing such an approach.

Following such a path would encounter considerable political obstacles given strong anti-Rohingya sentiments in Rakhine state and across Myanmar. Assuming the government is willing and able to overcome these, the challenge will be to define a strategy that can be progressively implemented. Any such solution will require the cooperation of the security forces, police and government officials, including teachers and medical staff.

The role of the EU and its member states

The European Union (EU) is one of the largest providers of humanitarian and development assistance to Myanmar. The EU and its member states should use this leverage to push the government and military, at the highest level and through all available channels, to end abuses in northern Rakhine, allow unfettered access for humanitarian agencies and the media, and ensure a credible investigation, with appropriate international involvement and support, into the evidence of grave human rights abuses committed by the security forces.

They should also encourage Suu Kyi and her government to develop a detailed political response to the current crisis and underlying issues, including through the newly-appointed national security adviser. This political response will need to be coordinated with the military to ensure a coherent approach less focused on hard-edged security. The EU has taken a lead in Western military-to-military ties, and should use this to influence the commander-in-chief on this issue, alongside diplomatic engagement with him.

The EU and its member states should urge the government to prioritise the timely implementation of the Annan Commission's interim recommendations when they are released in March, and encourage the government to incorporate these into its broader plan; they should also offer to provide technical support to assist in this. They should further encourage the government to take greater ownership of the humanitarian and development response in Rakhine state. This is vital to ensure that the international humanitarian and development community is not held hostage to intercommunal or state-society tensions or seen as an intrusive outside actor, as has been the case in the past.

Finally, they should encourage Suu Kyi to visit Rakhine state and personally outline the government's approach, which the international aid and donor community can then support. A clear government plan could provide the trigger for provision of the significant technical and funding resources that will be needed over several years to improve conditions in Rakhine for all communities.

■ REGIONAL OVERVIEW

Europe and Central Asia

Significant challenges beset Europe. The European Union (EU) – grappling with Brexit, the stability of the Euro, the migrant/refugee crisis, terror attacks, and the rise of nationalism and/or extremism – is seeing its powers of attraction weaken. These forces have created strong pressures for policymakers to compromise on core European values. Russia – reestablishing itself as a player with global aspirations – has violated the territorial integrity of Ukraine and Georgia and pushed against sovereign choices of other states. President Trump’s criticism of NATO as obsolete further stokes a sense that core European institutions are in doubt, and a sense of insecurity on a scale not experienced on the continent since the Cold War, further exacerbated by mounting risks to existing arms control agreements.

The most imminent challenges lie in the peripheries. As EU members and NATO allies, the Baltic states are secure but fears of Russian subversion and cyber threats run high. The Western Balkans are witnessing a resurgence of crises; and Russian interests are pressing hard against EU accession aspirations.

In the EU’s eastern neighbourhood, conflict is affecting five of the six EU partner countries. Taken together, these conflicts – some protracted – have claimed thousands of casualties, displaced several million, and produced six breakaway territories. Two situations present particular concern: increasing risks of an escalation between Armenia and Azerbaijan over Nagorno-Karabakh, and ongoing fighting in eastern Ukraine. Moscow plays an important role in the formal conflict settlement process in all, even as its strong political, military and economic backing of most of the breakaway entities – some of which it has recognised – allows it to pressure the affected countries. Amid speculation about the direction of U.S.-Russia relations, and questions about how the EU can maintain its influence, uncertainty in these regions is heightened.

Turkey, meanwhile, faces major challenges: Islamic State (IS), spillover from Syria, hosting nearly three million refugees, the PKK conflict, and increasingly heavy-handed governance. Traditionally anchored in the Western institutional system (primarily through NATO), Turkey may find itself pulled in conflicting directions in light of its increased cooperation with Moscow, the new regional fault lines opened by the Syria crisis, the Council of Europe questioning Ankara’s commitments to that institution’s values, and the lack of momentum in EU accession talks. Keeping the relationship with Ankara on an even keel is important for Europe’s long-term interests and security, while Turkey’s stability is vital not least given the strategic role it plays in the Syria crisis. Equally, the EU’s commitment to a value-based relationship should not be overshadowed by concerns over the management of refugee flows.

Central Asia's states struggle with stalled transitions, notably the failure to provide just, accountable governance and to approach inter-ethnic issues even-handedly, while succession issues continue to bring risks of instability. Radicalisation is also a challenge in the region – at least two thousand Central Asians are known to have joined the ranks of IS or other jihadists in Syria – alongside security risks stemming from the porous Afghan border.

The EU has placed stability and reform at the core of its European Neighbourhood Policy, its policies toward the Western Balkans and also its strategy for Central Asia, employing different instruments for each. Despite internal distractions, and precisely because of increasing external uncertainties, it should make good on its commitments. Alongside this, a renewed focus on Europe's traditional strengths – upholding multilateralism and its substantive commitment to European values – will serve the continent well.

Nagorno-Karabakh: Risks of a New Escalation

A flare-up up of hostilities in April 2016 left no doubt that the conflict over Nagorno-Karabakh, located between Russia, Turkey and Iran and at the heart of the EU's eastern neighbourhood, is a dangerous tinderbox. Armenian and Azerbaijani forces clashed in the most extensive confrontation since the end of the 1992-1994 war. Up to 200 people lost their lives; Azerbaijan seized two small pieces of territory, changing the status quo on the ground for the first time since the 1994 ceasefire; and the public mood hardened on both sides. The episode re-galvanised efforts, led by the OSCE Minsk Group, to resolve the conflict peacefully, but amid higher stakes: a stalled process now carries the risk of fighting breaking out on a deadlier scale.

Spiralling tensions and deadlocked negotiations

Though April 2016 was a wake-up call, the risks of escalation have been high for some time. Since 2006, both sides have built up their military capacities. In 2015, Azerbaijan spent \$3 billion on its military, more than Armenia's entire national budget. It has purchased hardware including attack helicopters, fighter planes, surface-to-air missiles, and anti-tank artillery systems. Armenia has similarly increased its defence spending, and though its 2015 total of \$447 million was far below Baku's, Moscow is said to have given Yerevan heavy discounts on armaments.

The frequency and intensity of security incidents at the Line of Contact (LoC) has increased. From sniper deployment in 2012 and special diversionary groups in 2013, starting in 2014 Armenia and Azerbaijan began exchanging heavier mortar fire, and in 2015 deployed tanks. Regular exchanges of fire also take place along the Armenia-Azerbaijan international border. Dozens of military casualties are reported every year along the increasingly weaponised front line. Meanwhile, talks have dragged on without real traction or confidence in their ability to deliver a settlement.

After April 2016, the co-chairs of the OSCE Minsk Group – Russia, the U.S. and France – stepped up diplomatic efforts. The resulting summits between the Armenian and Azerbaijani presidents reconfirmed their commitment to resolving the conflict peacefully. They agreed both to finalise an OSCE investigative mechanism to establish responsibility for ceasefire violations and expand the office of the Personal Representative of the OSCE Chairman-in-Office. These measures sought to reduce risks of further violence and instil a modicum of confidence. But both sides harbour deep distrust reinforced by repeat failures in the peace process and recurrent escalations along the LoC and even, in December, the international border. Yerevan says it cannot negotiate under duress or if Baku uses force; Baku suspects that Yerevan is not engaging in earnest and fears negotiations will cement the status quo.

Since mid-2016, progress has stalled, with no movement on the agreed confidence and security building measures and thus little progress in broader negotiations about the substantive issues in the settlement process. These include, most prominently, the return under Baku's control of territories surrounding Nagorno-Karabakh controlled by ethnic Armenian forces; the future status of Nagorno-Karabakh (and the way it will be determined); return of displaced persons; and security guarantees. First formulated as the Madrid Principles in 2007, these issues, their iterations and sequencing, remain at the core of the ongoing confidential negotiations.

Impossible concessions?

A settlement based on mutual compromise is the only option for sustainable peace while upholding territorial integrity and self-determination. This would also benefit a region where closed borders between Armenia, and Azerbaijan and Turkey hinder connectivity and development. So why have concessions been so difficult?

Since Armenia's and Azerbaijan's independence, their national identities have developed in response to the Nagorno-Karabakh dispute. The first generation of Armenians and Azerbaijanis who have no direct experience of each other is coming of age, shaped by hostile rhetoric. Following the April 2016 clashes, youth spontaneously marched in Baku to celebrate their army's success. In Yerevan, speculation about possible concessions provoked Karabakh war veterans to storm and occupy a police station, killing two officers; the events sparked off demonstrations against unaccountable governance and economic stagnation, showing how the Nagorno-Karabakh dispute can catalyse broader public anger.

Moreover, there have been few attempts to bridge the disconnect between the peace talks and the rhetoric of leaders that fuels pro-war public sentiment. Both leaderships have failed to explain what peace could realistically look like, the benefits it would bring, and what concessions are needed.

The regional dimension

Russia, Turkey and Iran could all potentially become embroiled in an escalation in Nagorno-Karabakh. Russia and Turkey have military commitments to Yerevan and Baku, respectively, while Russia has supplied arms to both. Moscow now has an informal lead role in the Minsk Group and brokered the April 2016 ceasefire, but there are limits to its leverage over both sides. It is also not clear if Moscow views it as in its interests to see the conflict entirely resolved. The U.S. and France, as the other Minsk Group co-chairs, support Moscow's lead in negotiations and are unlikely to suggest more themselves. The new U.S. administration has not signalled an appetite for greater engagement, while the upcoming French presidential elections augur a period of distraction in Paris.

The EU's support to the Minsk Group through HR/VP Mogherini and the EU special representative has been strong but has had limited impact. As the EU places stability at the core of its European Neighbourhood Policy, more engagement is needed along with political pressure against the use of force and for the compromise needed to find a settlement. The political dialogue around the "new agreements" between Brussels and Yerevan and Baku give an opportunity to stress these messages.

Possible escalation scenarios

Without movement on the diplomatic front, the risk of new hostilities in 2017 is high; this would likely lead to civilian casualties and significant displacement and have the potential to escalate beyond Nagorno-Karabakh. After April 2016, the situation on the ground has seen intensified movement of heavy combat vehicles into the conflict zone and use of kamikaze drones as well as deployment of more troops. Both sides have ballistic missiles that could reach deep into the other's territory; both showed new lethal weapons at military parades in 2016 and spoke about imminent plans for additional procurement. The recent flare-up at the international border demonstrated their readiness to engage in direct confrontation.

Baku and Yerevan are aware they would face strong regional pressure to rein in an escalation: their neighbours have no interest in a resumption of hostilities that could potentially provoke a war with regional implications. But both sides may also believe hostilities will play in their favour. Baku portrays last April as proof that it can change the status quo on the ground in its favour; it may be tempted to reach for more if it loses faith in the diplomatic process. Yerevan may be determined to demonstrate that April's setback was a blip rather than the start of a trend.

A role for the EU

The EU needs to keep an active focus on the risks of the Nagorno-Karabakh conflict. In addition to supporting the OSCE mechanisms, it should use bilateral channels with Azerbaijan and Armenia, and political processes linked to new

agreements with both countries, to emphasise the need to avoid escalation and pursue a settlement by peaceful means.

The EU should push the two capitals to proceed with implementation of the mid-2016 agreements reached under the auspices of the Minsk Group, and publicly commit to a full-fledged settlement process.

The EU is well placed to support a broad public debate in both Azerbaijan and Armenia about the benefits of peace, such as economic development, trade and potential opening of borders, and should also look for ways to promote such a discussion within Nagorno-Karabakh.

The PKK Conflict in the Context of EU-Turkey Relations

The relationship between EU and Turkey is in flux, while Turkey – amid shifting strategic fault lines in the region – faces multiple challenges: Islamic State (IS) attacks, the pressures of hosting three million Syrian refugees, a deteriorating economy, and domestic upheaval exacerbated by the failed coup attempt and increasing social and political polarisation, all feature alongside a dramatic intensification of conflict between the state and the Kurdistan Workers' Party (PKK). Reflective of deep-seated animosities, the increasingly febrile domestic scene, and spillover from fighting in Syria, the renewed PKK conflict has killed some 2,500 and displaced up to 300,000 since July 2015. Bringing the violence under control and back on the path of a sustainable settlement will be crucial to restoring stability. In this fraught environment, the EU – whose relations with Ankara have suffered amid mutual feelings of disappointment and betrayal – has options to refine and better coordinate its strategy toward Turkey, with a view both to helping calm the conflict in the south east, and halting strategic drift in relations.

A worsening conflict

Alongside fatalities and displacement, intense fighting between the security forces and the PKK between December 2015 and June 2016 led to the destruction of some towns and districts in Turkey's south east. In the last few months, PKK militants have increased improvised explosive device (IED) attacks in big cities around the country. Fighting in the south east, which subsided with the onset of winter, is expected to pick up in the spring.

Ankara's crackdown against the Kurdish political movement has intensified. Twelve MPs from the Kurdish People's Democratic Party (HDP) including the party's co-chairs, more than 60 elected co-mayors and thousands of party members and supporters are under arrest for broadly-defined charges of support to or membership of a terrorist organisation or making terrorist propaganda. More than 150 journalists have been arrested on the basis of the anti-terror law, some for alleged links with the PKK.

In northern Syria, Ankara's Euphrates Shield military operation aims, among other goals, to block gains by PKK-affiliated People's Protection Units (YPG), in particular PKK/YPG ambitions of creating a contiguous corridor of Kurdish territory along the Turkey-Syria border. Ankara has threatened to push into YPG-held Manbij, which would lead to armed confrontation between the Turkish military and Kurdish fighters in northern Syria.

All these dynamics have severely reduced the chances of a return to peace talks between the government and the PKK – even as this remains the only way to a lasting solution. In the short term, the focus needs to be on preventing further escalation of violence, de-escalation in the south east, and laying the groundwork for a new political process.

An approach for the EU to mitigate the conflict

Against this backdrop, growing anti-Western rhetoric and mounting mistrust between Turkey and the EU are narrowing avenues for cooperation, including for the EU to play a meaningful role in helping Turkey find a sustainable path out of the PKK conflict. Yet these twin imperatives – improving relations and an end to the conflict – form part of a mutually reinforcing loop, one unlikely without the other. At the same time, in the context of the Syria crisis the EU urgently needs to better integrate its Syria, Turkey and Russia policies. In this context the EU, in addition to supporting a political solution to the PKK conflict, should focus on measures aimed at dialling down tensions between it and Ankara. This means delivering on its commitments, for example on visa liberalisation, as soon as feasible, while maintaining a principled stance on international human rights norms.

EU institutions and member states should continue to support civil initiatives in favour of a political solution to the PKK conflict. European support for local media and civil society platforms conducting independent/impartial reporting on the Kurdish issue is also important if these organisations are to be able to continue to function.

Human rights violations and the stifling of freedom of expression on Kurdish demands such as for decentralisation and mother tongue education must inevitably be addressed in any lasting peaceful settlement. However, European support for such reforms is often decried by the Turkish political leadership and nationalist circles as support to the PKK. These criticisms, alongside seeking to balance out other strategic interests with Ankara (such as on refugee/migration issues, counter-terrorism, investment and trade), have rendered EU member states increasingly reluctant to raise such issues. However, recent legal measures taken by the Turkish government following the Council of Europe Venice Commission's opinion on emergency decree laws, which calls for stronger human rights protections, shows there are ways to positively influence human rights through existing international mechanisms to which Ankara is a party.

Overcoming the impasse on anti-terror laws

Now that accession talks have stalled, visa liberalisation is the most enticing prospect Brussels has to offer to help re-energise the relationship. However, it hinges primarily on Turkey amending its anti-terror legislation. The EU sees this as a key element in finding a long-term solution to the Kurdish issue, but would also like to see the reform of legislation which is draconian and also qualifies more Turkish citizens to receive asylum in EU states – Germany alone received over 5,000 applications from Turks in 2016, four fifths of them of Kurdish origin. Ankara has claimed the legislation is a proportionate response to the threat faced. Despite the publicly reported standoff, Turkey is, according to officials, considering adjustments to current anti-terror laws in line with EU requirements in the spring. Once the EU's conditions are met, Brussels should move to grant visa liberalisation quickly.

EU institutions and capitals need to better explain that the expected reforms to anti-terror laws will not hamper legitimate measures to restore public order and combat terrorism, but are meant to help Turkey abide by its own commitments on fundamental rights and freedoms. To address the widespread agitation within Turkey over perceived European interference in domestic anti-terror legislation, they need to make it clear to the Turkish public how it is that the anti-terror laws in their current form allow Turkish citizens to qualify as asylum-seekers in Europe.

EU member states should also communicate more explicitly their position on the PKK – which the EU lists as a terror organisation – both to the Turkish public and to Ankara. This will help overcome a widespread perception in Turkey that EU states harbour PKK activists and permit financial flows to the organisation. EU states should publicise measures they currently take against the PKK but about which the Turkish public remain largely unaware – for example Germany's current investigation of around 4,000 names allegedly linked to the PKK for a range of alleged offences, and the UK's effective curbing of funding channels to the PKK through its UK-based affiliates.

Making the refugee deal work

Ensuring the March 2016 refugee deal remains in place and functions well will also be vital to stabilising relations, complemented by strengthening recognition of the refugee burden Turkey is bearing in large part in Europe's stead. As controversial as the refugee deal is, its unravelling would be a disaster. As well as damaging EU-Turkey relations and undermining the EU's internal cohesion, it would – most importantly – create additional insecurity for the refugee community. While the flow of EU funding for Syrian refugees has reduced negative rhetoric coming out of Ankara, the perception that EU countries prioritise stemming the flow of refugees from Turkey has undoubtedly given Ankara a sense of leverage over European counterparts.

EU member states need to continue to support refugee integration in Turkey's labour market and education system, also focusing on social cohesion by

supporting NGOs working at the local/community level to foster social dialogue and defuse tensions between host and refugee communities. This should be in addition to the ongoing imperative to offer migrants an alternative to putting their lives at risk through resettlement as a clear demonstration of a greater commitment to equitable burden-sharing.

■ REGIONAL OVERVIEW

Latin America and Caribbean

Latin America faces old dilemmas and stark new challenges at a time when protracted economic slowdown, imperilling the status of newly established middle classes, has fostered public discontent and intensified political polarisation.

Public preferences have shifted away from the left-leaning governments that dominated the region from 2002, toward centre-right administrations. But the weakness of newly-elected governments in Argentina and Peru, the entrenchment of a militarised chavista regime in Venezuela, and the elite-driven impeachment of former Brazilian President Dilma Rousseff, point to major difficulties in achieving peaceful and democratic handovers of power.

Venezuela is Latin America's most urgent crisis, combining hyperinflation, public impoverishment, scarcity of basic goods and a political standoff that to date defies resolution. Divisions in the Organization of American States, the suspension of Venezuela from Mercosur, and the continued support for President Maduro's government from traditional allies (Cuba, Bolivia, Nicaragua and various Caribbean states) have fragmented and undermined regional cohesion at a time when the risk of a humanitarian emergency in that country is heightening.

In contrast, support from the region and further afield for the Colombian peace process is unanimous. But peace in Colombia's far-flung regions faces challenges from multiple armed spoilers, including criminal groups, jostling to control the country's valuable and expanding coca crop. In Bogotá, opposition to the peace accord's wide-ranging reforms at a time of fiscal retrenchment is set to loom large over elections in 2018.

The fear of multiple armed groups substituting the Revolutionary Armed Forces of Colombia (FARC) is rooted in the experience of post-conflict Central America. In that region's Northern Triangle of Guatemala, Honduras and El Salvador, as in Mexico, drug trafficking and extortion represent major revenue streams for gangs and cartels diversifying and seizing control over micro-territories. Epidemic violence is responsible for an increasing share of Central American migration north; in one Mexican state alone, Veracruz, the number of people disappeared is likely much higher than official estimates of 2,750. Prospects of a development-driven, long-term approach to reducing violent crime and forced displacement have dimmed as the new U.S. administration appears set to push through a defensive policy of border fortification, economic protectionism and, potentially, mass deportations. The EU-Community of Latin American and Caribbean (CELAC) summit this year should consider how commitments to promote migrants' rights in its previous action plan can now be met.

Crime and violence remain core concerns for much of the region, requiring responses that avoid excessive militarisation, and instead focus, as Guatemala

has sought to do, on strengthening judicial prosecution and police investigation. High-level corruption, the transnational reach of which has been demonstrated by the recent Petrobras, Panama Papers and Odebrecht scandals, needs to be addressed as a priority. Strong regional organisations and support and partnership from the U.S. are nevertheless both absent, and the risk is high of nationalism and populism propagating through Mexico and Latin America.

Venezuela: A Regional Solution to the Political Standoff

The dismantling of Venezuelan democracy, together with the country's acute social, economic and humanitarian crisis, represents South America's biggest challenge for regional institutions and the wider international community in 2017. The failure, thus far, to achieve a peaceful, democratic solution to Venezuela's political conflict risks provoking severe civil unrest and possible divisions in the armed forces, with uncertain consequences. Venezuela's neighbours – especially Colombia, only now emerging from decades of guerrilla war – have good reason to fear possible spillover in the form of mass emigration and the proliferation of non-state armed groups on their borders, as well as uncontrolled epidemics as Venezuela's health services break down.

A political standoff

The presidency of Nicolás Maduro, an elected civilian whose cabinet is nevertheless packed with military officers, has entered its final two years amid widespread unpopularity. By using its control of the judiciary and the electoral authority (CNE) to block a presidential recall referendum in 2016, the administration has ensured that there is no constitutional means of removing it from power ahead of presidential elections scheduled for December 2018. Ruling by decree, Maduro has stripped the opposition-led National Assembly of its powers and threatened to close it down. Parliament has responded by declaring that Maduro has “abandoned” the presidency in constitutional terms by failing to fulfil his duties.

The appointment in early January of Aragua state governor (and former Interior Minister) Tareck el Aissami as vice-president is perhaps the clearest sign that hardliners now have the upper hand within the government. Charged by Maduro with heading a so-called “Anti-Coup Command”, Aissami immediately deployed the national intelligence service, SEBIN, to pursue and arrest opposition politicians, picking up six of them in the first week alone. He has also hinted at banning opposition parties. In short, the new vice president's interest in a negotiated transition appears slim.

Talks which began at the end of October between the government and the opposition Democratic Unity (MUD) alliance, brokered by the Vatican and a team from the Union of South American Nations (UNASUR), quickly broke down, and there seems little prospect of reviving them in the short term. For the MUD the talks proved costly in terms of popular support and exacerbated

deep divisions within the alliance over the way forward: one very vocal wing favours mass direct action while others advocate dialogue or the electoral route.

The government, having lost its electoral base (Maduro's popularity stands at around 10 per cent, the ruling United Socialist Party of Venezuela (PSUV) around 25 per cent), shows little interest in appealing to voters, perhaps in the belief it can bypass them at least in the short term. Elections for state governors due in December 2016 were postponed on a promise to hold them in mid-2017, but the CNE has yet to set a date. Political parties have been ordered to renew their registration, in a complex process which may be used as a pretext for further delay and/or to proscribe some parties.

Economic and humanitarian meltdown

Venezuela's economy shrank considerably in 2016 – some estimates suggest by as much as 18 per cent – with annual inflation running at several hundred per cent and real wages shrinking fast. Imports have collapsed from over \$60 billion in 2012 to under \$18 billion in 2016, which combined with the slump in domestic production means acute shortages of food, medicines and other basic goods. About a fifth of the population eats only one meal a day. Malnutrition and preventable diseases have risen sharply, and the health service is close to collapse.

In mid-2016 shortages, particularly of food, led to rioting and looting in a number of cities. The government responded by replacing a large part of the retail food distribution network with Local Supply and Production Committees (CLAPs), using both the military and political organisations affiliated to the PSUV. The private sector is now legally obliged to sell 50 per cent of its production to the government for distribution through this network. The scheme appears to have reduced looting, not because it has satisfied demand (the CLAPs are plagued by corruption and inefficiency) but because it reduced the number and length of queues, a frequent trigger for riots. The scheme also enables the government to use food as a political weapon, favouring its supporters and the politically docile.

Getting out of the mess: the elements for long-term stability

The broad contours of a lasting solution will require negotiations between the government and opposition, facilitated by external actors, and will probably involve a transitional phase with a degree of power-sharing and economic reforms, leading to free and fair presidential elections under international supervision. High-profile civilian and military leaders, probably including the president, will need to be offered credible guarantees regarding their physical and financial well-being should they lose these elections, possibly including offers of exile. Such an arrangement would offer the best hope of restoring democracy and also stability. To avoid talks for talks' sake, these negotiations will need to quickly establish a clear calendar for the way forward.

Toward this end, the European Union (EU) should work with regional governments to encourage the application of the Inter-American Democratic Charter,

especially its procedures for taking “diplomatic initiatives, including good offices, to foster the restoration of democracy” where this has broken down. They should reserve as a last resort sanctions such as the suspension of Venezuela’s membership of the Organization of American States (OAS).

In forging regional and international cooperation, particular attention should be paid to securing the support of Caribbean nations currently receiving subsidised Venezuelan energy. They will need to be reassured that they will be offered international financial assistance to make up for any loss of access to cheap oil that may accompany a transition in Caracas. In particular Cuba, Venezuela’s closest ally, plays an important role in shoring up the Maduro government through the provision of intelligence and other advisory services, and could potentially contribute to a solution. Economically reliant on dwindling shipments of cheap Venezuelan oil, Havana is unlikely to support a political transition unless its interests are protected. Looking north, meanwhile, it remains unclear whether the new U.S. administration will be willing to continue its predecessor’s approach to working in a multilateral fashion.

The transition process is likely to be protracted, and donors need to identify creative means of alleviating the suffering of ordinary Venezuelans, both in terms of hunger and lack of medical supplies and facilities. EU member states are among the largest contributors to the UN’s humanitarian and specialist agencies, and should encourage them to scale up their response to the crisis commensurate with its severity, and explore with partners ways of overcoming government resistance to outside aid.

The presidential elections scheduled for December 2018 will be crucial, and it will be important to apply early and sustained pressure for the government to relax its current ban on professional observation missions. If the EU is unable to obtain permission for its own observers it should seek to work with those from credible regional organisations, in particular the OAS.

■ REGIONAL OVERVIEW

Middle East and North Africa

If 2016 was bad for the Middle East and North Africa, 2017 promises little better. Policymakers will be hard-pressed to bring peace to the region, but through their choices they could make matters worse. The priority should be: do no (further) harm.

The wars in Syria and Yemen look set to continue, further amplifying humanitarian catastrophes, sucking in neighbours and pumping oxygen to jihadists. The fight against the Islamic State (IS) in Syria and Iraq is proceeding, but slowly, and is aggravating other conflicts, including between Turkey and the Kurdistan Workers' Party (PKK) and its affiliates. Amid U.S. hesitation, Russia has asserted itself as a Syrian dealmaker, though the prospects for sustained peace remain elusive with the potential of worse to come if basic governance issues are not adequately addressed. Although the nuclear deal is clearly a net positive, and should be protected from efforts to undermine it, Iran's increasing assertiveness across the region has raised tensions that could also end up jeopardising the accord.

In North Africa, the conflict in Libya is escalating as the UN-led effort to create a unity government has yet to bear fruit. Egypt looks increasingly shaky, Algeria faces an uncertain succession on top of an economic crisis, and Tunisia is struggling to keep its unity government afloat amid multiple internal and external threats.

Overall, wars in the Middle East increasingly intersect, inflamed by a sectarian discourse reflecting a dangerous power struggle between Iran and Saudi Arabia. All this against a backdrop of uncertainty surrounding the U.S.'s posture toward the region and the rapidly receding (and already distant) prospects of progress in Israeli-Palestinian talks toward a two-state solution.

While the European Union (EU) and its member states have critical interests in the region, they have largely been bystanders in the shadow of more powerful actors. Yet Europe cannot afford to be passive nor to undermine unified approaches to the region's conflicts, as happened in Yemen. This means it will need to work with peace processes, whether the UN's in Yemen or Moscow's putative efforts with regards to Syria. It also necessitates encouraging Saudi Arabia and Iran to find a way to coexist and agree on principles of conduct in the region.

Of paramount importance will be working to maximise the continent's soft power. The EU should continue to play (and build on) its leading role in responding to the region's burgeoning and likely longstanding humanitarian crises, in Syria offering reconstruction aid conditionally and only as part of a credible, inclusive political process leading to a settlement. It should also adopt more principled approaches to arms sales in the region and speak out more

clearly on the importance of upholding international law. Economic collapse is a pressing concern in Egypt and Libya: preventing financial collapse and its attendant risks – of resurgent jihadist violence and increased migrant flows – must be priorities, while in Egypt refraining from unconditional support to an increasingly repressive government.

Libya: Amid Political Limbo, Time to Rescue the Economy

The Libyan conflict will most likely continue without a decisive political and military settlement in 2017. Various political actors contest the legitimacy of the Government of National Accord, but a lack of consensus – among Libyans, neighbouring states and international stakeholders – on what should replace it suggests it will remain in place even as its effectiveness deteriorates and its opponents consolidate their positions. In this state of suspended animation, the European Union (EU) and its member states should make it their top priority to help stabilise Libya's economic situation. The country's financial collapse would cripple its few functioning and critically important institutions, precipitate a humanitarian crisis, fuel the war economy, complicate efforts to tackle migrant and refugee flows and, more broadly, further hinder international attempts to put the country on a more stable political footing.

Stalemate, but for how long?

The interim government created by the Libyan Political Agreement on 17 December 2015 has had limited success in imposing its authority since its arrival in Tripoli in April 2016 and is unlikely to survive in its current form. But what will replace it? And how?

A best-case scenario would see its composition, organisation and responsibilities renegotiated – and Prime Minister Fayeza Serraj and other core Presidency Council members replaced – to meet the approval of the Tobruk-based House of Representatives, whose endorsement is required to implement the agreement in both letter and spirit. This is not a silver bullet; it would need to be accompanied by a bottom-up process based on local governance where possible, with the aim of linking the urgent need to rebuild the central state with the reality of diffuse local power. At the very least, stabilising the centre offers opportunities to build institutional capacity and improve service delivery until solutions to thornier issues, such as demobilising militias and restructuring the security sector, can be found.

The worst-case scenario is that forces under General Khalifa Haftar, bolstered by recent military successes in Benghazi, the Gulf of Sirte “oil crescent” and southern Libya, make good on his pledge to try to retake Tripoli. This would lead them into a major military confrontation with Tripoli-based Islamist militias and forces from Misrata that have been fighting the Islamic State.



The more likely scenario is that Libya remains in limbo. This is because Haftar's forces are unlikely to advance significantly toward Tripoli, even with Egyptian, Emirati and perhaps Russian backing, as they lack sufficient support in western Libya. At the same time, in the absence of concerted international pressure on Libyan factions to negotiate a new political deal, a breakthrough is unlikely. The question then becomes how to stop the economic situation from deteriorating further until an opportunity for a political breakthrough arises.

The oil must flow

Whatever its ideological and geopolitical dimensions, the conflict is largely about control of hydrocarbon resources and access to state funds. According to the National Oil Corporation (NOC), oil sector closures have cumulatively cost over \$100 billion in lost revenues from oil exports since 2013, resulting, according to the Central Bank of Libya, in a fiscal deficit of 56 per cent of GDP for both 2015 and 2016. The Bank's foreign-currency reserves are estimated to have fallen below \$40 billion, compared to \$75 billion in March 2015. Oil production has increased since September 2016 – when Haftar-aligned forces seized most oil

facilities in the Gulf of Sirte – from around 250,000 barrels per day (b/d) to 700,000 (still far below the 1.8 million b/d of 2010). Even if production reaches 1 million b/d by the end of March 2017, as the NOC projects, the economic outlook remains bleak. With crude oil prices at \$50 a barrel, production increases will not cover expected government expenditure of around \$40 billion in 2017. Libya could be bankrupt by the end of the year.

Even before then, without careful economic stewardship and proactive government measures, the economy is likely to worsen and hardships increase for a population mainly dependent on government salaries. The liquidity crisis (with banks unable to dispense much cash) could worsen, the dinar could come under further pressure, and basic services such as electricity could face severe constraints due to poor management and cash-flow problems.

Political factors make the outlook even grimmer. Rifts and rival claims for control of the NOC, Central Bank and Libyan Investment Authority (LIA, the sovereign wealth fund, with over \$60 billion of assets) could limit the activities of these key institutions, constraining public spending. Moreover, the Central Bank appears unwilling to authorise transfers to the government because the latter lacks parliamentary recognition. The government's consequent inability to access and use state funds could undermine the loyalty of security forces, whose salaries it pays, and stimulate the illegal economy, including trafficking of migrants and subsidised goods.

Focus on the economy (and security forces)

Europe has two strategic priorities in Libya: ensuring that the country is not a source of regional instability and finding a partner able to reduce the migrant flow. For both objectives, a political settlement is key. It may seem elusive now but will be far more difficult to accomplish in a collapsing economy, as warlordism and zero-sum calculations intensify. Such deterioration would not only increase the flow of migrants from sub-Saharan Africa but also see the number of Libyans trying to cross the Mediterranean continue to rise, a trend that started in 2016.

Economic troubles are negatively affecting the security forces, including those tasked with countering illegal migration. Some units are suspected of taking bribes to look the other way or even becoming party to the people-smuggling. This in part enabled over 160,000 migrants to cross the Mediterranean from Libya in 2016 – a record high, alongside a record number of deaths. Seeking agreements from the government on migration control, as the EU and its member states are doing, is a fool's errand as long as it has no effective control over the security forces (even leaving aside human rights concerns). The government will not be able to exercise that control without a peace settlement based on a political process accompanied by a security track that involves key military actors and addresses disputes on security forces' structure and chain of command.

While the EU and its member states should not walk away from the overarching goal of a comprehensive solution to the conflict, they should at the same time, and urgently, channel their energy toward addressing the economy. In particular, they should intensify efforts to broker an agreement on the disburse-

ment of the 2017 budget between the government, House of Representatives and Central Bank. To resolve the internal rifts within the Central Bank and NOC, they should urge Prime Minister Serraj to promote talks between the rival chains of command in these institutions, as he did in 2016.

The EU and its member states should continue to make clear that they will not tolerate oil sales or related contracts outside official channels and ensure, through more careful vetting and improved monitoring, that Libyan security forces participating in EU anti-migration efforts are not involved in, or profiting from, people-smuggling or maritime trade of subsidised fuels. They should also ensure that any greater reliance on Libyan authorities for anti-migration measures does not result in migrants being denied the protection to which they are entitled under both international and European law.

Syria: The Promise of Worse to Come and How to Avoid It

The fall of eastern Aleppo to regime and allied forces is a potentially pivotal moment in the Syrian war. Employing familiar tools—including massive collective punishment of the civilian population and reliance on foreign militiamen—the capture of Aleppo removed a uniquely valuable card from the opposition’s hand. It also dealt a staggering blow to non-jihadist factions, which had dominated the city’s rebel-held neighbourhoods and whose defeat has long been a priority for Damascus. Having achieved such a significant gain at manageable cost, the regime will be tempted to push on with additional offensives employing a similar playbook. If Damascus and its allies do so against other well-populated opposition strongholds – such as Eastern Ghouta, the western Aleppo countryside, and parts of Idlib province – casualty and displacement levels will soar. Under this scenario, options for a meaningful settlement or negotiated de-escalation will constrict further. Preventing it calls for a clear understanding of what points of leverage exist to influence the decision-making of the regime and its allies.

The regime’s limitations

Even as it notched up a coveted win in Aleppo, the regime’s limitations and vulnerabilities remain on full display. Regime forces defending the city of Palmyra proved no match for a December attack by the Islamic State (IS), which quickly seized the city for a second time – less than nine months after Damascus and its allies had hailed its recapture as a signature achievement. The lesson was clear: while the regime, Russia and Iran are capable of employing sufficient violence and resources to gain ground against opposition forces on top-priority fronts, these campaigns leave them vulnerable to attacks elsewhere.

The regime seeks to eventually retake all Syrian territory, and Bashar al-Assad has depicted victory in Aleppo as a springboard for further offensives against rebel strongholds. Yet, he cannot dictate priorities on his own; taking and holding additional ground in the north west would require significant help from

Iran-backed militias, and even that support might prove insufficient if not accompanied by Russian airpower. Much is in the hands of Tehran and Moscow, who each have their own agendas in Syria.

Iran and Russia's differing agendas

While Iran has tended to share the regime's enthusiasm for targeting remaining opposition territory in western Syria – the most strategically valuable swath of the country – Russia's priorities are more ambiguous. It has often appeared more concerned than its allies about overstretch of pro-regime forces – a significant risk that will increase if they attempt to advance into Idlib. The dominant rebel factions controlling Idlib (Ahrar al-Sham and the al-Qaeda-linked Fatah al-Sham), though riven by divisions, are likely to prove more capable than their Aleppo counterparts. Moscow's manoeuvring in the immediate aftermath of the Aleppo victory suggests it is in no rush to test the waters in Idlib, choosing to focus on an expanded diplomatic track with Turkey rather than additional military offensives. It seems to want a political process amenable to its interests and preserving (and eventually rebuilding) regime structures; it may be less concerned about the regime restoring its authority over all of Syria, especially if this would mean further regime exhaustion and fragmentation. Moscow has also signalled more openness to a decentralised post-conflict Syria than is currently evident in Tehran or Damascus.

Russia and Turkey: Prospects for a ceasefire?

Russian-Turkish engagement produced a ceasefire agreement in late December which has lowered violence in parts of the country – in particular the north west – but which appears unsustainable. As in previous “Cessations of Hostilities” negotiated by Moscow and Washington, prospects are limited by the fact that key players on each side – the regime and Iran on one hand, and Fatah al-Sham and a smattering of other opposition hardliners on the other – appear to view adherence to the ceasefire as detrimental to their own interests. The fact that Fatah al-Sham is expressly excluded from the ceasefire, and that its forces in some areas fight alongside rebels who have joined the truce, leaves room for manoeuvre for those on either side who want to continue military operations. Regime and Iran-backed forces have done just that against opposition-held pockets outside Damascus. Here they have arguably benefitted from the decline in rebel activity immediately resulting from the ceasefire, while virtually guaranteeing that the truce (and whatever constraints it imposes on regime ambitions) will be short-lived. And as long as pro-regime offensives against opposition forces elsewhere continue, Turkey's willingness and capacity to restrain its rebel allies in the north will erode. Indeed, a pair of rebel attacks on regime forces in Lattakia and Hama provinces on 9 February, launched following an uptick in regime airstrikes in central and northern Syria, suggests that what remains of the ceasefire is crumbling.

The same dynamic limits the prospects of talks between regime and opposition delegations, including those that took place in Astana in late January – another product of the Russian-Turkish rapprochement – and scheduled for



Geneva in late February. Even if Moscow and Ankara are serious about using talks to reinforce the ceasefire and pave the way for a meaningful political track, their means of achieving either are limited. There is no indication that Russia on its own has the will and capacity to deliver sustained ceasefire compliance from Damascus, much less meaningful political concessions. Forcing the regime's hand would likely require Iranian help, which is unlikely so long as Tehran prefers to focus on pursuing battlefield gains in areas it deems critical to its interests. Uncertainty regarding the new U.S. administration's stance on Syria further muddies the waters; actors on both sides of the conflict are keen to create favourable facts on the ground while U.S. engagement is minimal, but are unlikely to make fundamental shifts until they have a sense of Washington's intent.

The regime, as witnessed with Palmyra, lacks the capacity to reliably hold much of the territory currently outside its control once it has seized it (let alone stabilise or govern those areas). Yet it can achieve gains in the short run as long as Iran-backed militias and Russia are willing to provide the necessary manpower and air support. The result could be a harrowing continuation of civilian casualties and displacement. This may also render non-jihadist portions of the opposition politically irrelevant, and remove any prospect of their asserting the upper hand over jihadist rivals. That, in turn, would reduce whatever opportunity remains for a meaningful settlement or negotiated de-escalation. It would shift the main conflict to an eroded regime's counter-insurgency campaign against well-entrenched jihadists, backed by foreign firepower and reliant on collective punishment.

Limiting further catastrophe

Preventing that grim scenario should take priority. Though the European Union (EU) and its member states have played only marginal roles in the conflict's military and political dynamics, their potential to help fund stabilisation and reconstruction provides leverage – all the more so because the regime's backers are unlikely to be willing or able to do so. They should employ this to discourage the belligerents' maximalist objectives and incentivise compromise within the pro-regime camp. Toward that end, they should reaffirm, and unite behind, the credo no reconstruction without credible transition, clarifying that they will provide reconstruction funding only within the context of a political settlement which has buy-in from the conflict's regional players and a critical mass of the non-jihadist opposition.

European governments eager to minimise the displacement and radicalisation resulting from the conflict must resist the allure of wishful thinking. Bashar al-Assad will not negotiate his own departure, Moscow and Tehran have shown no willingness to push him toward the door, and current momentum suggests neither of those realities will change in the foreseeable future. However, accepting that the pro-regime camp has the upper hand, and providing reconstruction funding in absence of a credible settlement, does not offer plausible means of addressing Europe's primary concerns. Due to the regime's weaknesses, and the depth and breadth of animosity toward it, a robust insurgency is likely to continue. The regime would combat it with the same collective punishment tactics and militias it has employed throughout the conflict, fuelling additional displacement and radicalisation. The regime would also resist meaningful reform, encouraged by its military victories and the fact that it won't be able to rule huge chunks of the country and population except through threat of overwhelming brutality.

Europe by itself cannot address these problems solely by applying conditionality to reconstruction funding, as the regime's will and capacity to evade commitments far exceeds Europe's will and capacity to enforce them. Instead, funding for reconstruction in government-controlled areas would likely be diverted toward the regime's war effort. This, in turn, would further erode Western credibility, and provide dangerous incentives to authoritarians embroiled in conflicts elsewhere.

Escaping Syria's vicious cycles requires a settlement agreed among and facilitated by the conflict's main external players – Iran, Russia, Turkey and the U.S. – and tolerable to a critical mass of Syrian combatants on both sides. It must take into account not only the current battlefield power balance, but also Syria's geopolitical and demographic realities; otherwise the remaining insurgency may prove uncontainable. The EU and member states should make clear that reconstruction funding will await such a settlement, and is contingent upon its continued implementation. In the meantime, European diplomacy can further explore potential components of such a settlement, including decentralisation allowing local governance in areas currently outside regime control.

Yemen: A Humanitarian Catastrophe; A Failing State

Yemen's war has created one of the world's worst humanitarian disasters; between 70 and 80 per cent of the population is in need of humanitarian assistance and over half of its 26 million people face food insecurity. Localised fighting escalated into full blown war in March 2015 when a Saudi Arabia-led coalition intervened on behalf of the internationally recognised government of President Abed Rabbo Mansour Hadi against an alliance of Huthi militias and fighters aligned with former President Ali Abdullah Saleh. The conflict has fragmented a weak state, destroyed the country's meagre infrastructure and opened vast opportunities for al-Qaeda in the Arabian Peninsula (AQAP) and the Islamic State (IS) to grow and seize territory.

Continued fighting, especially the Saudi-led coalition's attempt to capture the Red Sea port of Hodeida (northern Yemen's economic lifeline), stifling blockades and unilateral moves such as the relocation of the Central Bank from Sanaa to Aden will deepen intra-Yemeni divisions and increase the risk of famine. The conflict is likely to continue to expand into the region with growing refugee flows, violence by AQAP and IS outside Yemen and more attacks by Huthi/Saleh forces inside Saudi Arabia. Continued fighting will further fuel tensions between Saudi Arabia and Iran, also a contributory factor in other conflicts in the region. International efforts to press the two sides to a ceasefire have been woefully inadequate. Insufficient media attention hasn't helped either.

Incoherent international approaches

The approach that the U.S. and UK, in particular, have taken in Yemen has been muddled. They have supported UN efforts to end the conflict, but at the same time continued to supply weapons to Saudi Arabia despite evidence that it has repeatedly violated the laws of war. In April 2015, the UN Security Council passed Resolution 2216, a one-sided document that essentially called for the Huthi/Saleh alliance to surrender and which the Yemeni government and Saudi-led coalition have used repeatedly to obstruct efforts to achieve peace.

In August 2016, a fresh initiative by then U.S. Secretary of State John Kerry to revive the peace process proved too little too late. Nonetheless, while it exposed the Obama administration's inability to bring along Saudi Arabia, it did present a more balanced solution. Current UN-led diplomatic efforts are complicated by uncertainties surrounding the position of the new Trump administration. It appears to favour more aggressive military action against AQAP and possibly against the Huthis, whom it seems to view as an Iranian proxy, to the detriment of prioritising a negotiated settlement. Further, after three rounds of peace talks and multiple failed ceasefires, the UN has lost credibility with all sides, especially the Huthi/Saleh bloc, which sees UN mediation efforts as biased toward Saudi Arabia.

The EU's peace-making potential

Enter the European Union (EU). The EU – through its delegation to Yemen and in coordination with Brussels – is well qualified to help rebuild the credibility of UN-sponsored talks and prod the sides toward a ceasefire and settlement. Throughout the conflict, it has been a consistent advocate of a ceasefire and political solution under UN auspices, a position that has not been compromised by active participation or partisan support in the war. The EU's neutrality, despite the UK's and France's bilateral positions in support of the Saudi-led coalition's military campaign, has allowed it to maintain credibility and contacts with the principal belligerents, including the Huthis. The EU delegation to Yemen has done much to encourage the Huthis to engage with the UN peace process. The delegation and Ms Mogherini, among other EU actors, have consistently called attention to parties' dangerous unilateral moves, condemned war crimes and supplied technical support to UN ceasefire monitoring committees.

In 2017, the EU with its member states should build on these efforts by focusing on two priorities: 1) securing a durable ceasefire and political settlement to end the war; 2) mitigating the burgeoning humanitarian crisis.

Ending the war will require a two-pronged approach: first, securing a UN-backed ceasefire and agreement that will end Saudi Arabia's military intervention by addressing its security concerns and allowing it to make a face-saving exit; and second, launching inclusive UN-sponsored intra-Yemeni negotiations to chart the country's political future. To achieve a ceasefire, the EU, leveraging its credibility with the Huthis and Saleh's party, and in coordination with the UK and France, both of which may have Saudi Arabia's ear because they support it militarily, should encourage backchannel talks between the antagonists to lay the foundations for a UN-backed deal.

In addition, the UK, as penholder, and France should push for a Security Council resolution calling for an immediate ceasefire, both inside Yemen and along the Yemeni-Saudi border, and outlining parameters of a compromise solution consistent with the UN roadmap and requiring concessions from both sides. They should also limit arms sales to Saudi Arabia expressly and only for defence (including defence of Saudi territory from cross-border attacks by Huthi-Saleh forces) and condition sales of arms for offensive purposes on Riyadh's express support for an immediate ceasefire.

To promote a durable settlement, the EU and its member states should champion broadly inclusive intra-Yemeni negotiations that address unresolved issues, especially decentralisation and the status of the south. They could work toward these talks through track II initiatives and sustained diplomatic engagement with actors beyond the Hadi government and the Huthi/Saleh bloc, including the Sunni Islamist party Islah, southern separatists, tribal groupings, Salafi groups and civil society organisations including women's groups.

Increasing humanitarian relief and upholding international law

The EU and its member states should continue efforts to mitigate the war's humanitarian toll and prevent further deterioration. Specifically, they should urgently discourage, both privately and publicly, the Saudi-led coalition's at-

tempts to capture Hodeida, a move that would likely worsen the humanitarian crisis and set back prospects for a negotiated settlement. More generally, they should call on the Saudi-led coalition to relax the air and sea blockade on Huthi/Saleh-controlled areas (including by allowing civilian flights in and out of Sanaa, the capital), and call on the Huthis to ease the blockade of Taiz. In each case, they should encourage the blockading side to facilitate the free movement of humanitarian aid, commercial goods and civilians. They should also encourage the Yemeni antagonists to reach a compromise that allows basic Central Bank functioning throughout the country, including especially the payment of public-sector salaries and enabling importers to secure letters of credit for essential foodstuffs.

Finally, the EU and its member states should speak with one voice in consistently and explicitly condemning violations of human rights and international humanitarian law by all sides. They should bring to bear concerted diplomatic pressure and, where relevant, threaten to suspend all weapons sales. The EU could go further by advocating for an independent inquiry into alleged violations on the grounds that not holding perpetrators accountable breeds impunity, a recipe for further conflict. Yet given internal rifts within the UN Human Rights Council on this issue, including among EU member states, the EU will have more impact at this stage by focusing on promoting a ceasefire. Ultimately, however, a lasting settlement will need to include a mechanism for addressing transitional justice and accountability.