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**INTERNATIONAL PEACE INSTITUTE**  
IPI Regional Insights  
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The International Peace Institute's (IPI) Regional Insights covers select regional and thematic developments based on information from a variety of sources. It draws on the research of IPI experts and is provided exclusively to major donors and members. Each monthly issue covers challenges and opportunities related to international peace, security and development.

**Africa**

**Nigeria:** As a result of suicide attacks on five churches in northern Nigeria that killed 150 people -- considered to be the work of the Islamist group Boko Haram -- and the rise in sectarian violence in the oil-rich southern Delta, President Goodluck Jonathan fired National Security Adviser General Owoye Azazi and Defense Minister Haliru Bello on June 22. President Jonathan cited the need for new tactics to counter the worsening security situation in the country. The President appointed Colonel Sambo Dasuki as the new National Security Adviser and is consulting with former Nigerian heads of state on the choice of defense minister. Dasuki, a retired colonel and one-time Aide de Camp to former military President General Ibrahim Babangida, is a prominent northerner and cousin to the Sultan of Sokoto, Nigeria's highest Muslim spiritual figure.

**Sudan:** A \$2.4 billion deficit and 30 percent inflation rate, combined with pressure from the International Monetary Fund to launch an emergency austerity program, forced the government of Sudan to introduce tough austerity measures. Finance Minister Ali Mahmoud announced a reduction in the number of civil servants and a gradual phase out of fuel subsidies that currently cost Sudan over \$1 billion a year. After years of ongoing conflict, sanctions, and rising food prices, the Sudanese population reacted immediately to the new austerity measures. Student-led protests erupted in Khartoum in mid-June and quickly spread to surrounding parts of the city joined by other groups including lawyers, human rights defenders, and opposition members. The demonstrations have continued for three weeks, despite clashes with the riot police. While comparing this situation to the Arab Spring may be premature, in the last fifty years, popular revolutions have overthrown the Sudanese government, first in 1964 and again in 1985. Calls have multiplied for internal reforms, which would aim both at reversing some of the austerity measures that angered the population, and initiate collaboration with the political opposition. The ability of the ruling National Congress Party to heed these calls will determine whether Khartoum is willing to appease internal tensions, while also continuing to negotiate complex post-referendum issues with South Sudan.

**Latin America**

**Mexico:** Enrique Peña Nieto, the candidate of the Institutional Revolutionary Party (PRI), was elected president on July 1, bringing back the PRI—which ran Mexico as a one-party state for seventy years—after twelve years of the National Action Party's (PAN) hold on the presidency. While a partial vote recount confirmed Peña Nieto's win, protests by students claiming fraud through vote-buying continue in Mexico City. The electoral tribunal has until September to investigate allegations of overspending and voter fraud. The second place candidate, Andrés Manuel López Obrador of the far left, has threatened to file a legal challenge. Peña Nieto campaigned on a platform to refocus the war on drugs and to combat the drug-fuelled violence responsible for the deaths of more than 50,000 Mexicans. Peña Nieto also promised to

implement economic reforms, such as opening the state-owned oil company Pemex to private investment, which would help reinvigorate Latin America's second largest economy. The PRI has a minority in both houses of Congress, which could impede progress on its reform agenda.

**Paraguay:** On June 22, President Fernando Lugo was impeached just one week after land clashes between police and squatters left seventeen dead. Vice President Federico Franco was immediately sworn in as president to serve the remainder of Lugo's term ending August 2013. Labeling the abrupt impeachment a parliamentary coup, both Mercosur (the regional economic alliance) and UNASUR (the regional organization integrating South American countries on issues including democracy, education, energy, and the environment) have suspended Paraguay's membership until the next presidential election. Mercosur's decision to not impose sanctions against Paraguay averted potentially disastrous consequences for the landlocked nation's economy, which is heavily reliant on trade within the bloc. Jose Miguel Insulza, Secretary-General of the Organization of American States (OAS), having completed a fact-finding mission to Paraguay, recommended against suspending Paraguay from the OAS and instead advised a greater commitment to avoid further isolating Paraguay and creating more problems.

**Colombia:** On June 14, Congress overwhelmingly ratified a constitutional amendment that provides a Legal Framework for Peace talks between the government and the left-wing guerrilla groups the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). The Framework calls for soft sentences for rebels if they confess to their crimes, compensate victims, and lay down their arms. Rebel leaders have given mixed signals that they are interested in talks. This controversial policy has been criticized by human rights groups and right-wing politicians for being too lenient and allowing crimes against humanity to go unpunished. In order to become law, the bill must pass a final vote in a congressional commission and be signed by President Juan Manuel Santos. Passing this law would mark a shift from previous governments, which have refused to negotiate with rebels, and show the current government's willingness to accept a negotiated end to the conflict with Colombia's largest insurgency groups.

**Central America:** Central America continues to struggle to contain drug smuggling from South America into the United States. In March, the Catholic Church in **El Salvador** arranged an accord between the country's two largest gangs, the Mara Salvatrucha and Barrio 18. As the truce passed the 100-day mark, murders have dropped from fourteen a day in March to five a day in June. The gang leaders have indicated they are ready for talks to make the peace pact permanent. On June 27, a **Guatemalan** court sentenced 36 suspected members of a powerful Mexican drug cartel to prison for various crimes, including dismembering a state prosecutor who was investigating the gang. In **Honduras**, U.S. Drug Enforcement Administration agents killed several suspected Honduran drug traffickers in recent counter-narcotics operations. This visible American presence is controversial as it underscores the issue of national sovereignty as U.S. participation in these operations in Central America increases.

## Middle East and North Africa

**Egypt:** Egypt's stock market is serving as an accurate barometer of the level of political tension during the nation's historic political transition. On June 30, Muslim Brotherhood-backed candidate Mohamed Morsi was sworn in as Egypt's first freely-elected President. The stock market, when it reopened the following Monday, July 2, hit a nine-year high. Subsequently, when President Morsi ordered the Parliament—which was dissolved by the military based on a Constitutional Court ruling—to reconvene on July 8, the market tumbled 4.2 percent to a three-week low. The International Monetary Fund (IMF) welcomed Morsi's election and once a government is formed is ready to finalize a \$3.2 billion loan. To access this and other multilateral financing and close the estimated \$12 billion funding gap, the Muslim Brotherhood will have no choice but to accept that these loans come with interest and will have to reconcile this fact with its position that interest on loans contradicts Islamic law. Egyptian foreign currency reserves stood at approximately \$15.5 billion at the end of June compared to roughly \$36 billion (before the January 2011 uprising). The Central Bank is expecting only 2 percent growth in 2012, down from 2.5 percent in 2011.

**Syria:** Intense diplomatic maneuvering over the past few weeks has had little impact on the continuing violence in Syria. UN-Arab League Special Envoy Kofi Annan met with Syrian President Bashar al-Assad in Damascus on July 9. The focus is now on promoting dialogue between the regime and opposition groups. Russia's ongoing support of the Assad regime has been a major stumbling block to international action, although some reporting indicates that Russia is more at ease

with the prospect of a transitional government. The death toll – according to the Syrian Observatory for Human Rights – has reached an estimated 17,000 since the uprising began in March 2011. The July 5 alleged defection of Syrian Brigadier-General Manaf Tlass, a confidant of Assad, was notable, since his inner circle has otherwise been steadfast in its support.

**Tunisia:** The political struggle between Salafists, moderate Islamists, and others continues in Tunisia. Examples include the recent turmoil over prayer space and the wearing of the niqab (veil) by women which occurred on the campus of Manouba University outside Tunis and riots in the capital that forced the government to impose a curfew on a few major cities for several days in mid-June. In addition, reflecting concerns of regional spillover, the spokesperson for the Tunisian government urged clerics to stop inciting young people to join the revolutionary fighting in Syria. On the economic front, the economy is rebounding. Tourism revenue increased by 36.2 percent in the first five months of 2012. According to the IMF, growth is estimated to reach 2.2 percent in 2012 with a forecast of 3.5 percent growth in 2013. Foreign investment has increased by 19 percent, although unemployment, the main economic factor behind the revolts last year, remains high (18 percent). Prime Minister Hamadi Jebali announced that the government will add 75,000 jobs in 2012. Gradual economic recovery appears likely, although the European financial crisis could dampen foreign investment.

**Libya:** Libya held elections for its National Assembly on July 7 with nearly two-thirds of Libyans voting in the first free election in half a century. In contrast to the trends in its Arab neighbors, early results show a liberal coalition in the lead. The security situation in the country is still extremely unstable as militias continue to carry out attacks and arms are still being trafficked from Libya to neighboring countries.

**Trends:** In **Algeria**, more than a month after legislative elections were held, President Abdulaziz Bouteflika has yet to name a new Prime Minister. It is unclear whether there will be a new cabinet or if the current one will be reinstated. The political make-up of the cabinet is a pivotal factor that could help insulate Algeria from an Arab uprising. Negotiations between **Iran** and the five permanent members of the Security Council plus Germany concerning Iran's nuclear program will continue in Istanbul on July 24, although at the technical level. On June 20, **Kuwait's** constitutional court declared the February parliamentary elections—which gave the Islamists a majority—null and restored the previous government-friendly assembly. The cabinet submitted its resignation. Thousands of civilians denounced the court's action calling it a coup and took to the streets in protest. In **Yemen**, the army regained control over three towns previously held by al-Qaeda. President Abdu Rabbu Mansour Hadi continues to wrestle for control of the military from former President Saleh's family and friends. On June 18, the U.N. Secretary-General announced his intention to open a small office of the Special Adviser on Yemen for one year to support the implementation of the Transition Agreement.

## South and Central Asia

**Pakistan:** After months of mounting legal pressure, the Supreme Court's June 19 verdict holding Yousuf Raza Gilani in contempt of the court led to his dismissal as Prime Minister and the emptying of the cabinet. President Asif Ali Zardari and the leadership of the Pakistani Peoples Party accepted the court's decision in order to avoid an outbreak of street violence. Raja Pervez Ashraf, a former energy minister, assumed office on June 27. Ashraf is faced with the same directive from the Supreme Court as his predecessor -- to ask Swiss authorities to reopen a corruption case against President Zardari. The new Prime Minister quickly defended the president's immunity and a repeat of the legal battle is expected. After having refused to do so for seven months, U.S. Secretary of State Hillary Clinton, in a phone call to Pakistani Foreign Secretary Hina Rabbani Khar, issued a statement of regret for the killing of twenty-four Pakistani soldiers in an American airstrike along the Afghanistan-Pakistan border. This carefully worded statement reopened the border routes for the transport of non-lethal NATO supplies through Pakistan to Afghanistan, saving the U.S. government an estimated \$100 million per month. This development provides a semblance of face-saving and cooperation between the two countries, probably the best that can be expected with the U.S. presidential election just a few months away.

**Afghanistan:** In recent weeks, Afghanistan has continued to form and tout national and regional security alliances. On June 8, President Hamid Karzai and Chinese President Hu Jintao announced the two countries were deepening their bilateral relationship to advance a strategic and cooperative partnership. On June 14, Afghanistan hosted a one-day "Heart of Asia" ministerial conference aimed at building confidence among Afghanistan, its neighbors, and regional allies. On July 7, on the eve of the 80-nation Tokyo conference on aid to Afghanistan, the United States designated Afghanistan a

major non-NATO ally. The July 8 Tokyo donor conference resulted in pledges of \$16 billion in development aid through 2015. The final conference document includes mutual accountability provisions, with as much as 20 percent of the aid dependent upon Afghanistan meeting benchmarks on fair elections, corruption-free government, justice, and human rights.

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