



THE NORWEGIAN INTELLIGENCE SERVICE

FOCUS 2017



FOCUS 2017

The Norwegian Intelligence Service's
assessment of current security challenges

The Norwegian Intelligence Service
1942-2017
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The Norwegian Intelligence Service's annual report *Focus* is one of four threat and risk assessments published each year. The other three are published by the Norwegian Police Security Service (PST), the Norwegian National Security Service (NSM) and the Directorate for Civil Protection and Emergency Planning (DSB).

The Norwegian Intelligence Service (NIS) is Norway's foreign intelligence service. Although subordinate to the Norwegian Chief of Defence, NIS does not concern itself exclusively with military matters. NIS's main mission is to warn of external threats to Norway and high-priority Norwegian interests, to support the Norwegian Armed Forces and the defence alliances Norway is part of, and to assist in political decision-making processes by supplying information of significance to Norwegian foreign, security and defence policy. This year's assessment, Focus 2017, contains NIS's analysis of the current situation and expected developments in geographic and thematic areas considered particularly relevant to Norwegian security and national interests. The assessment has a one-year timeframe and is published in the first quarter of 2017.

The Norwegian National Security Authority (NSM) is responsible for preventative national security. NSM offers advice on and supervises safeguarding of information, objects and infrastructure of national significance. NSM also has a national responsibility to detect, alert and coordinate responses to serious ICT attacks. In its report Risiko 2017 NSM assesses the risk of Norway being subjected to espionage, sabotage, acts of terror and other serious incidents. The assessment is published in the first quarter of 2017.

The Directorate for Civil Protection and Emergency Planning (DSB) is responsible for maintaining an overview of various risks and vulnerabilities in society. The DSB has published scenario analyses since 2011. The analyses discuss the risks of major incidents in Norway; incidents for which we should be prepared. The analyses include natural events, major accidents and malicious acts. The timeframe is longer than the annual assessments published by the other three agencies.

The Norwegian Police Security Service (PST) is responsible for preventing and investigating crimes that threaten national security. PST's annual threat assessment discusses incidents, mainly in Norway, that could affect Norwegian security and harm national interests in the year ahead. Incidents include threats from foreign intelligence services, relevant intelligence targets and the services' pattern of operation in Norway. The assessment also discusses threats from non-state actors, particularly the threat of politically motivated violence by extremist groups or individuals. The analysis has a one-year timeframe and is published in the first quarter of 2017.

06 Lieutenant General Morten Haga Lunde

08 RUSSIA

10 Summary

12 The Russian Armed Forces

13 The Armed Forces' utility continues to increase

14 New and improved capabilities to increase Russian scope for action near Norwegian borders

16 The Arctic

17 Civilian activity to increase

18 Russian foreign policy

20 The Middle East a new central stage for Russia's great power ambition

22 Strategic rivalry with the West a source of greater unpredictability

24 Russian domestic policy

26 The Russian Economy

28 Russia – Summarised

30 CYBERSPACE

32 Summary

34 More aggressive and targeted intelligence activity against Norway

34 Russia to prioritise sabotage capabilities

36 Cyberspace – Summarised

38 THE MIDDLE EAST AND AFRICA

40 Summary

42 The Middle East

43 Russia and Iran to secure the survival of the Syrian regime

44 Latent conflicts to flare up as ISIL loses ground in Iraq

47 Low oil prices and high population growth to put pressure on authoritarian states

48 Africa

50 The Middle East and Africa – Summarised

52 INTERNATIONAL TERRORISM

54 Summary

56 ISIL under growing pressure in the Middle East and Africa

59 The threat to the West to persist despite ISIL's deterioration

60 Norway and Norwegian interests legitimate but not prioritised targets

62 International Terrorism – Summarised

64 WEAPONS OF MASS DESTRUCTION

66 Summary

68 Iran – reduced nuclear threat, but missile programme to continue

68 Asian Nuclear Power Armament

71 North Korea to further approach delivery capability of nuclear weapons

72 Weapons of Mass Destruction – Summarised

74 ASIA

76 Summary

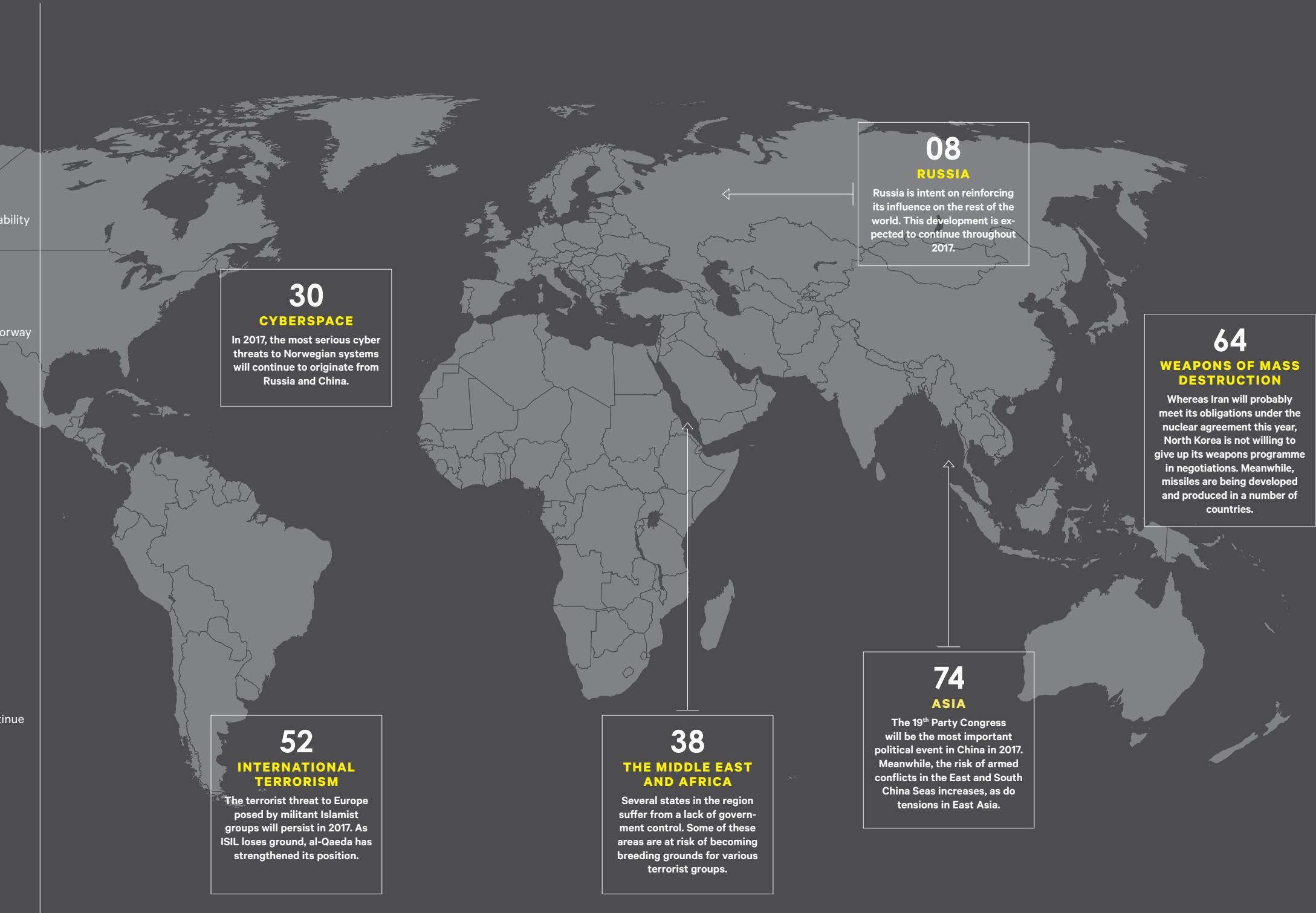
78 East Asia

79 The conflicts in the South and East China Seas to intensify

80 North Korean nuclear tests to cause regional divisions

82 Afghanistan

84 Asia – Summarised



Focus is the Norwegian Intelligence Service's annual unclassified assessment of select geographic and thematic areas, with a prognosis for expected developments in 2017. The aim is to present our general assessments of matters which may prove to be of significance to Norway in the year ahead.

At the beginning of 2017, three developments are particularly relevant to Norway and Norwegian interests:

The cyber-based threat to political, military and economic targets in Norway is increasing. We can expect extensive intelligence operations against Norway in the year ahead. Russia conducted extensive cyber operations to influence the presidential elections in the USA, and foreign actors could try to influence elections in Norway and elsewhere in Europe in 2017.

The terrorist threat from militant Islamists has grown more serious and complex. The number of terrorist attacks in Europe is increasing, and the majority of these attacks can be linked to ISIL. Although ISIL is losing ground in Iraq and Syria, and its ability to conduct directed attacks is diminished as a result, the organisation's network in Europe will continue to pose a considerable threat in 2017.

Thirdly, the geopolitical differences between Russia and the West have deepened significantly in the wake of the conflicts in Ukraine and Syria. We are seeing a Russia that is stronger militarily and more willing to use force to defend its interests. In the current security policy climate, isolated incidents could have serious consequences that neither side would want nor benefit from.

It is my hope that this document can contribute to a better understanding of matters that affect Norwegian security, and provide the best possible basis for political decision-making.

Lieutenant General Morten Haga Lunde
Director Norwegian Intelligence Service

Editing concluded on 20 January 2017.



The cyber-based threat to political, military and economic targets in Norway is increasing. We can expect extensive intelligence operations against Norway in the year ahead.



CHAPTER 1

RUSSLAND

RUSSIA

Despite the country's economic challenges, Russia will continue to prioritise weapons technology and the utility of the armed forces. A firm investment in the Northern Fleet will influence Norwegian interests. At home, President Putin is coming across as increasingly strong-willed, set on maintaining domestic control in the lead-up to the presidential elections in 2018.

Vladimir Putin appears increasingly strong-willed, and the Russian authorities have introduced a number of measures to tighten domestic control.

SUMMARY

■ Despite the country's economic challenges, the Russian armed forces will see their capability and utility increase. New equipment, including high-tech capabilities that will challenge Western defence systems, is due to enter into operational service. Russia's armed forces have gained combat experience and skills from their involvement in the conflicts in Ukraine and Syria. In the latter theatre, Russia has once again demonstrated its ability to maintain a high operational tempo and integrate a wide range of available means. The development of high-priority weapons technology will continue in 2017, despite budget cuts, while some acquisition and modernisation programmes will be put on hold.

■ The Northern Fleet's main mission will continue to be to supply part of Russia's strategic nuclear deterrent and retaliation capability. The Fleet's ability to defend this capability is being reinforced, and with it its ability to influence Norwegian interests and freedom of operation. In parallel, the Russian authorities have sharpened their focus on the security aspects of Russia's Arctic policy, and have emphasised the need to tighten national control of the region, where civilian activity has once again picked up.

■ In 2017, Russia will continue to pursue its policy of destabilisation towards Ukraine as well as its military engagement in Syria. Despite its tougher rhetorical line, Russia does not want a direct military conflict with NATO. However, Moscow believes that the West is challenging its key strategic objectives; in Syria in particular, tensions have risen between Russia and Western countries, creating an unpredictable dynamic. Russia's assessment of the new U.S. administration's foreign policy line will have a significant impact on Russian foreign and security policy decisions in 2017.

■ Following a series of elite reshuffles and sensational corruption-related arrests, President Putin is coming across as increasingly strong-willed. The Russian authorities have introduced a number of measures to tighten domestic control, and are expected to maintain a strong focus on domestic issues in the lead-up to the presidential elections, which are scheduled for March 2018. Although government control is unlikely to come under serious threat in 2017, mounting challenges will create a slightly more unpredictable dynamic.

Despite its tougher rhetorical line, Russia does not want a direct military conflict with NATO. However, Moscow believes that the West is challenging its key strategic objectives.



Training in the Donetsk region of Ukraine last year, staged by the self-proclaimed Donetsk People's Republic.

Russian soldiers mark Victory Day on 9 May each year with a parade in Moscow's Red Square.

RUSSIA



[THE RUSSIAN ARMED FORCES]

DEFENCE ECONOMY UNDER PRESSURE, YET MODERNISATION SET TO CONTINUE

For the first time in 15 years, the Russian defence budget is expected to be cut in 2017. Although the development of new weapons technology will continue, the mass production of some new systems is likely to be put on hold. The authorities have decided to postpone the armament programme SAP 2025.

THE RUSSIAN ARMED FORCES

Budget allocations to the defence sector more than doubled in the decade from 2005 to 2015, peaking in 2015 at its highest point for more than 20 years. The authorities are planning to break this trend in 2017, when a defence budget reduction seems likely. However, the armed forces will remain a high priority in the Kremlin, as evidenced by the fact that the cuts to defence will not be used to boost other budget items.

Attempts have been made to shield the armament programme SAP-2020 from cuts. However, due to low oil prices, Western sanctions and the loss of foreign sub-contractors, the programme will be faced with funding cuts and production delays in 2017. Although the development of new weapons technology and platforms will continue, the manufacturing of some systems is likely to be put on hold. Meanwhile, it appears as though the scope of the programme will be somewhat smaller than the authorities' stated ambition, and that the strained economic situation will force priorities to be made.

Weapons systems and platforms intended for the strategic nuclear forces are likely to be a top priority and therefore unlikely to be hit hard by budget cuts. When it comes to other types of equipment destined for the sea, air and land forces, priority is likely to be given to the mass production of existing platforms and systems.

SAP-2025, successor to the SAP-2020 armament programme, was meant to begin in 2016, but has been pushed back by President Putin. SAP-2025 was intended to finance, develop and deliver new high-tech weapons systems, yet the level of ambition will likely have to be adjusted to reflect changes in the Russian economy.

The delayed armament programme comes in addition to several other issues that have pushed back deliveries, the main one being the immense pressure the defence industry has come under after it was forced to replace imported components due to sanctions triggered by the Ukraine conflict. Russia will likely be seeking alternate suppliers in other markets, in addition to developing its own production capacity..

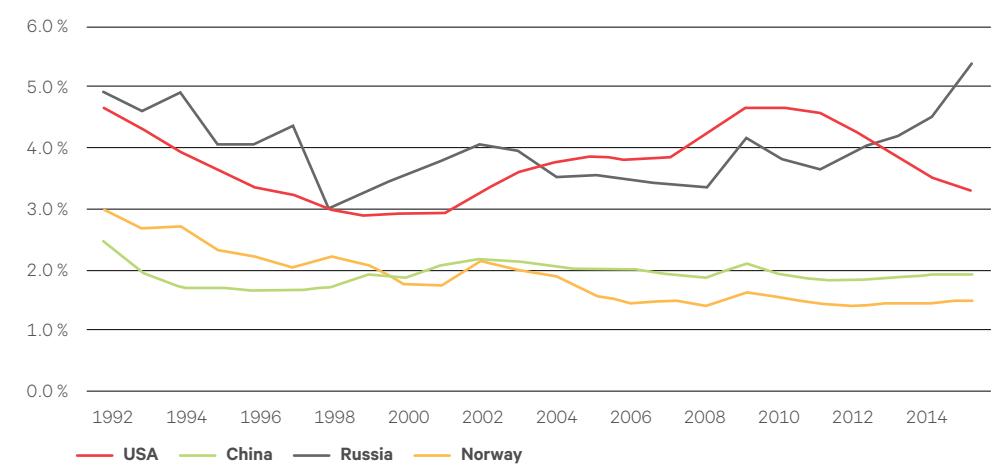
The Armed Forces' utility continues to increase

Despite budget cuts, new and modern equipment will be entering operational service, including high-tech capabilities that will challenge Western defence systems. Russian military units have gained combat experience from Ukraine and Syria, where they have demonstrated higher equipment technology standards and participated in joint operations. Russia continues to display a high operational tempo and the ability to integrate a range of available means.

Russian military operations in Crimea, eastern Ukraine and Syria have showcased the increased utility of the armed forces. New equipment has entered operational service and military units have acquired skills through real combat experience. The air and naval forces have demonstrated their ability to hit targets using conventional long-range precision-guided weapons.

Russia has reaped both political and military rewards from using military force abroad. In Syria, Moscow has →

Total defence spending as a proportion of GDP 1992–2015



proved itself a credible supporter of the Assad regime, capable of rapid response and robust power projection – a message that has been heard loud and clear in the Middle East. The support to Assad has required large-scale transfers of military equipment to Syria, which has proved a logistical challenge. Russia's willingness to accept these costs has reinforced its credibility as an ally.

After years of conflict, the Russian armed forces have gained considerable experience with planning operations and conducting campaigns. The country has taken a pragmatic approach to solving practical issues, for instance by creating operation-specific task forces, so-called “battalion tactical groups”, and by acquiring civilian vessels on short notice to fill capacity gaps in the military logistics system.

Russia is likely finding that its military operations in Ukraine and Syria have helped develop its armed forces. Many of the experiences gained will prove useful for future applications of military force. However, the operations have varied greatly in terms of type and modus operandi, and not all experiences and lessons learnt will be directly transferrable to future conflicts.

Although the cost of the Syria deployment is high, the Kremlin considers it acceptable and feasible. Despite economic challenges, the Russian activity level is expected to remain high in 2017.

The utility of the armed forces is closely linked to Russia's willingness and ability to use all means available to the state. The ability to surprise and to transfer forces rapidly require strategic transport capacity, rapidly responding forces and a systematic approach to masking activity linked to force transfers. Russia has been improving its capabilities in this field through modernisation and reform over the past five to six years.

During the conflicts in Syria and Ukraine, Russia has demonstrated an improved ability to coordinate civilian and military means, including everything from denial and disinformation at the highest political level to masking covert transfers using covered-up equipment and by removing insignia. This has sparked international uncertainty regarding the intention and scope of Russia's involvement, and is a trend that is likely to continue in the years ahead.

Another aspect of Russia's operations abroad is that they serve as a platform to test, demonstrate and showcase new equipment. Long-range precision-guided weapons form part of what Russia refers to as “non-nuclear strategic deterrence”. In autumn 2015, ship-based land-attack missiles and air-launched missiles were used in a combat setting for the first time, against targets in Syria. The use of these missiles was the crowning moment of a sweeping information campaign in which the deterrent

effect is highly likely to have eclipsed the missiles' military-tactical impact on the Syrian civil war. The massive media attention also marketed the products on behalf of the Russian arms industry.

In 2017, new capabilities may be put to use on the back of greater experience and the continued phasing-in of new equipment. Both light and medium unmanned aerial vehicles (UAVs) and several categories of precision-guided weapons could be among these new capabilities.

New and improved capabilities to increase Russian scope for action near Norwegian borders

On the Kola Peninsula, the Northern Fleet is in the process of renewing parts of its strategic nuclear deterrence and retaliation capability. The Fleet's ability to protect this capability is improving as new submarines, ships and aircraft enter into service. Overall, Russia has enhanced its ability to influence Norwegian on- and off-shore interests and activities, and current developments will also impact on Norway's ability to conduct operations on and out of Norwegian territory.

The Kola Peninsula and the Arctic are of fundamental importance to Russia's power projection capability. Strategic deterrence is provided primarily by strategic submarines, and these will remain the most highly prioritised military activity in north-west Russia. Protecting the strategic submarines are a natural part of strategic deterrence and consequently one of the Northern Fleet's key tasks.

As it takes receipt of new equipment and raises training standards for its personnel, the Fleet's ability to protect the submarines is improving, and also offers Russia greater scope for action near Norwegian borders. Mobile platforms and long-range precision-guided weapons enhance Russia's ability to influence the sea and air axes into Norway. Critical Norwegian infrastructure – both civilian and military – is within reach of precision-guided Russian missile systems.

The priority given to the High North and the Arctic is evident through Russia's extensive re-establishment of infrastructure in the region, the addition of new and modernised military equipment and more frequent and complex exercises.

2016 saw an activity increase both in terms of volume and complexity. Overall, this means that Russia's ability to deny Norwegian and allied sea and air operations in the High North has improved in recent years. The planned phasing-in of modernised and new equipment is likely to enhance this ability further from 2017 onwards.



In September 2016, Russian naval vessels and helicopters took part in an extensive military exercise in Crimea.



Russian T-14 Armata tanks headed for the Red Square on 9 May last year to celebrate the World War II victory.

Satellite images from Franz Josef Land, an archipelago in the Arctic Ocean where Russian military personnel are stationed.

RUSSIA



[THE ARCTIC]

TIGHTER NATIONAL CONTROL AN AMBITION

Although the Russian authorities emphasise the advantages of stability and cooperation in their Arctic policy, they have increasingly come to view the region as a security policy arena where they are forced to defend Russian interests and secure national control.

THE ARCTIC

In 2017, Russia's main objective in the Arctic is to cement and increase its national control. Tighter control can prevent other actors from taking advantage of the easier access provided by the shrinking ice cap to challenge Russia's economic and military-strategic interests in the region.

For Russia, the aim of national control in the Arctic has resulted in increased civilian activity and a stronger presence, the modernisation of military infrastructure and efforts to introduce a formal framework in keeping with Russian interests. The latter has prompted Russia to approach the UN Continental Shelf Commission to gain support for stronger Russian "ownership of the Arctic" within the existing international framework.

In 2017, the main obstacle to Russian control in the Arctic will be economic. From a Russian perspective, economic restrictions may lead to a "weaker" Russia in the Arctic for a time, enabling other actors to reinforce their own positions. Some key decision-makers will be claiming that Western states are making a coordinated effort to undermine Russia in the Arctic.

A challenging economic situation will make it difficult to maintain activity across all the government's highly prioritised projects. In order to compensate for a lack of progression in Russia's long-term presence in the Arctic, we may see an increase in the number of high-profile incidents with strong media appeal. The Russian Barneo base near the North Pole would be well suited in this context; in 2017, the base will continue to be used as a symbolic backdrop to assert Russia's role as a leading actor in the Arctic both militarily and in terms of tourism and research. Profiling the base would also posture a form of ownership to the North Pole.

Civilian activity to increase

Whereas Russia's new Arctic projects are slowing down, some of its existing energy projects are visibly progressing.

From a civilian perspective, the Arctic's primary significance for Russia is its resource potential and the prospect of developing the Northeast Passage into an international trade route. Due to low energy prices, Western sanctions and little international interest in transit through the re-

gion, several new projects have stalled. However, existing projects with long-term horizons have made visible progress, and are gradually shifting the centre of gravity in the Russian oil and gas sector further north. Many of these projects were initiated before energy prices began to fall. Efforts to develop other on-shore resources in the Arctic also look set to continue, due in no small part to the long-term need to replace older fields further south.

Petroleum exports from Russia's Arctic ports will continue to increase in 2017 and beyond. Although some of the increased oil and gas exports will be destined for transport eastwards through the Northeast Passage, particularly during summer and autumn, a majority will be headed westward, close to the Norwegian coast.

"For Russia, the aim of national control in the Arctic has resulted in increased civilian activity and a stronger presence."

As has happened in other countries, Russia's oil and gas sector has seen its exploration budgets cut. However, the long-term Russian ambition of petroleum production in the Arctic is reflected in the continuation of seismic drilling on the continental shelf.

The development of natural resources on or along the Arctic coast will remain a key rationale for Russia's investment in shipping in the High North. In recent years, the Russian authorities have focused on simplifying the administrative framework for commercial transport along the Northeast Passage, and they have also invested in infrastructure. Initially, the idea was to highlight the shorter distance between Europe and Asia via the Northeast Passage, to compete with the Suez Canal; however, the current ambition is limited to facilitating traffic into and out of Russia's Arctic ports. The number of transits through the Northeast Passage peaked in 2012, when ice coverage in the Arctic was at its lowest. Since then, ice conditions have varied and interest in the Northeast Passage for vessels sailing to and from third-party countries has waned.

 In 2017, the main obstacle to Russian control in the Arctic will be economic. Some key decision-makers will be claiming that Western states are making a coordinated effort to exploit the situation at Russia's expense.

Pro-Russian rebels fired at the international airport in Donetsk in 2014.

RUSSIA



[RUSSIAN FOREIGN POLICY]

DESTABILISATION OF UKRAINE TO CONTINUE

Russia is maintaining pressure on Ukraine and reinforcing its position vis-à-vis Kiev. Moscow's objective of exerting influence and control of other CIS countries does not appear to be under immediate threat, although the situation in Central Asia is cause for concern. Meanwhile, Russia's image as a political and economic hub in the region appears weaker.

RUSSIAN FOREIGN POLICY

Russia's foremost foreign policy objective continues to be to tighten its control of former Soviet states, with Ukraine the top priority. The long-term goal in Ukraine is to pivot the country back towards the Russian sphere of interest, primarily by using destabilisation and political pressure. Despite the fact that the link between Western sanctions and compliance with the Minsk treaty from autumn 2014 presents a mounting challenge to Moscow, Russia will not let this affect its strategic objective in Ukraine.

Moscow is using the breakaway republics in eastern Ukraine, as well as the Minsk negotiating framework, as instruments to continue exerting influence on Kiev. Over the past year, permanent Russian garrisons have been set up along the Ukrainian border. From these garrisons, the Kremlin is able to maintain long-term pressure by increasing or reducing the military threat on short notice, so as to influence the negotiating climate with Kiev and the West. Indications suggest that in 2016, Russia increased its focus on destabilising Ukraine politically. Overall, Moscow improved its position vis-à-vis Kiev.

In addition to Ukraine, Russia is keen to retain influence over Moldova, Georgia and Belarus. Moldova and Georgia have long been subjected to pressure in a range of areas, and have Russian-supported breakaway states on their territory. In Moldova, much of the pro-European political community was discredited in the wake of a major corruption scandal in autumn 2015, and the pro-Russian politician Igor Dodon was elected president in November 2016. As a result, Russia is unlikely to consider it as critical to actively direct developments in Moldova. Georgia, for its part, continues to pursue a pro-Western foreign policy. However, NATO membership does not appear imminent, and Moscow is therefore unlikely to have any immediate concerns about developments in the country. Since the Ukraine crisis, Belarus has sought to strengthen its ties to the West at the expense of its links to Russia. However, Belarus remains sufficiently dependent on Russia politically, economically and militarily that it is difficult for President Lukashenko to approach Western countries unreservedly. In sum, Russia is therefore unlikely to consider its interests in Moldova, Georgia and Belarus seriously threatened in 2017.

With the exception of Kazakhstan, the Central Asian countries are a lower priority to Moscow than the former Soviet states further west. Nonetheless, Russia wants to be the dominant security policy actor in Central Asia, in part to balance China's strong economic presence there. In light of the mounting security policy challenges in the region, Russia may become forced to attend more to the

area. Due to spiralling economic problems, political stability in the five Central Asian states of Tajikistan, Uzbekistan, Turkmenistan, Kyrgyzstan and Kazakhstan could come under threat. Meanwhile, Moscow has expressed fear that Islamist terrorist groups could gain a stronger foothold in Central Asia. Russia and the Central Asian regimes all have an obvious interest in overstating this risk, yet Islamist terrorism is likely to have the potential to pose a greater threat going forward. In the short term, Tajikistan is likely to be most susceptible to destabilisation.

"Indications suggest that in 2016, Russia increased its focus on destabilising Ukraine politically. Overall, Moscow improved its position vis-à-vis Kiev. In addition to Ukraine, Russia is keen to retain influence over Moldova, Georgia and Belarus."

In 2017, Moscow will seek to further develop the Eurasian Economic Union, currently comprised of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. However, integration efforts have suffered from a lack of economic substance and discontent across several member states. Russia's difficult economic situation will likely continue to hamper integration in 2017. Developments in the Collective Security Treaty Organisation (CSTO), a military cooperation organisation comprised of the above five countries plus Tajikistan, follow the same pattern. Over the past year, the organisation has conducted a series of joint exercises, including in Russia, Belarus and Tajikistan. However, it has failed to put up a united front in existing conflicts. Differences between the member states make it unlikely that Russia in 2017 will come closer to achieving its aim of making the CSTO a Eurasian counterpart to NATO.

Russia's desire to dominate its near abroad is founded on a mixture of historical and cultural links to the countries in question and the desire to maintain a security policy buffer against the outside world. Moreover, as the Russian authorities consider Russia to be one of the →

world powers in a multipolar world, they believe it to be necessary to be surrounded by friendly states oriented primarily towards Moscow. It is therefore crucial for Russia to prevent neighbouring countries from developing close economic and political ties to the West.

The Middle East a new central stage for Russia's great power ambition

Russia is reinforcing its position in the Middle East. Its military involvement in Syria will continue, although attempts will be made to restrict it to a manageable level.

Through its intervention in Syria, Russia resurfaced as a key player in the Middle East. By stabilising the Assad regime and cementing its military presence in the region, Moscow achieved the main aims of its military campaign. After the Syria operation began in September 2015, Russia has stepped up its diplomatic efforts with other Middle Eastern countries, including Egypt, Libya, Algeria, Bahrain, Qatar, Iran, Saudi Arabia and Yemen. These diplomatic initiatives are usually followed by arms export deals and the development of energy resources; Russia has used this approach to allow for the possibility of influencing the region's countries in future.

In 2017, developments on the ground in Syria will determine Russian aims in the Middle East. In order to restrict its military effort to a manageable level, Russia wants a political solution to the Syrian conflict. However, Moscow would likely be willing to escalate the use of military force in order to secure a seat at the negotiating table, something a political solution would require. Thus far, Russia has chosen to maintain its support to Assad – despite its announced withdrawal in March 2016 – in addition to permanently reinforcing its military presence by signing agreements to establish permanent bases in the country. Moscow would take an extremely dim view of any initiatives that could undermine the Assad regime and Russia's own position in Syria. Moreover, the Russians are sceptical towards the Western military effort against ISIL, which they suspect will target the Assad regime at some point in the future. The complex situation on the ground has heightened the risk of unintentional hostilities between Russian and Western forces in Syria.

In the Middle East, Russia shares a number of interests with China, a country towards which Moscow has conducted a high-profile political and economic pivot in the wake of the Ukraine crisis. The results of this general rapprochement between Russia and China have been mixed, however. Over the past year, the value of trade between the two countries has nosedived due to low oil

prices, the economic crisis in Russia and declining growth in China. Low energy prices have also sparked renewed uncertainty regarding the 2014 deal to export large amounts of Russian gas from eastern Siberia to China. In other areas, for instance railway projects, communications technology and Russian arms exports to China, the picture is rosier. Russia needs an economic lifeline at a time when the country is subject to Western sanctions and recession. China's desire for Russian technology and natural resources means that the countries will continue their rapprochement in 2017. Their relationship is asymmetrical, however: Russia needs China much more than China needs Russia.

In recent years, Moscow has shown itself increasingly willing to accept China as the dominant economic actor in Central Asia, on the condition that Russia maintains its position as the most powerful security policy actor. Over the past year, there have been signs that China wants to assume a security political role in the region, something which is likely to be a source of concern in Moscow. The deal signed by Putin and Xi in May 2015 to coordinate the "Silk Road initiative" and the Eurasian Economic Union has thus far failed to yield results. If existing challenges remain unresolved, Sino-Russian rivalry in Central Asia could pick up again.

"In the Middle East, Russia's overarching political aim is to stem the U.S. and the West's global influence."

Russia and China will not be entering into any binding political alliance in the foreseeable future, primarily because the two countries do not wish to be pulled into each other's disputes with other neighbouring states. China does not want to be drawn into Russia's conflicts with countries in the CIS region, and Russia does not want to get involved in China's potential conflicts with the littoral states of the South China Sea.

In the Middle East, Russia's overarching political aim is to stem the U.S. and the West's global influence. China also views the Middle East as an arena for countering global U.S. dominance. The country signed a military cooperation deal with Syria in August 2016. However, in practice, China's involvement in the Middle East in general and Syria in particular is extremely limited. It is therefore unlikely that Russia and China would establish a military cooperation to support the Syrian regime in 2017. →

Heavy smoke over Aleppo after the Assad regime bombed areas controlled by opposition forces on 29 October last year.



Germany's Chancellor Angela Merkel, Russia's Minister of Foreign Affairs Sergey Lavrov, Russia's President Vladimir Putin, the French President Francois Hollande and the German Minister of Foreign Affairs Frank-Walter Steinmeier during a meeting between the three countries in Berlin last year.

Strategic rivalry with the West a source of greater unpredictability

In 2016, Russia's strategic rivalry with the West produced a more unpredictable situation, especially in Syria. Moscow's assessment of the new U.S. administration's foreign policy line will have a strong impact on the direction of Russia's own foreign policy going forward.

The geopolitical differences between Russia and the West deepened in 2016. However, there are a number of reasons why Russia will have to maintain a degree of pragmatism towards the U.S. and European countries over time. First and foremost, the EU is easily Russia's most important trading partner, with oil and gas the two key export items. In lieu of any major alternative markets, Moscow cannot afford an all-out trade war with the West. Moreover, it would be extremely difficult for Russia to directly confront the West militarily. Notwithstanding the huge military costs, a confrontation would increase the risk of a much more severe and extensive sanctions regime, which at present Russia could ill afford.

The fierce strategic rivalry between Russia and the West following the conflicts in Ukraine and Syria is nonetheless a source of unpredictability. In the current climate, isolated incidents could have more serious consequences than either party would consider beneficial. Russia believes that Western countries, led by the U.S., continue to undermine the Russian authorities' three main strategic objectives: maintaining their own power, controlling Russia's near abroad and securing great power status for Russia. In Syria in particular, the level of tension in 2016 between Russia and the West, combined with the chaotic dynamic on the ground, has produced an unpredictable situation. Moreover, the foreign policy

line pursued by the next U.S. administration will have a great impact on the direction of Russia's own foreign policy going forward.

The distrust towards the West among Moscow's political elite is often genuine and deep-seated. There are communities that believe the EU and NATO to be pursuing a military, economic and political policy of containment towards Russia. Under Putin, a fear has emerged that Western countries are orchestrating so-called "colour revolutions" in Russia's near abroad, for the purpose of overthrowing the authorities, dividing Russia and gaining control of the country's natural resources. This belief is particularly prevalent in the security structures and the Russian armed forces, and is used to justify their prioritisation of the military. The Russian military leadership is particularly concerned about what it considers an expansion of NATO's military capability in Russia's near abroad. The missile defences in Poland and Romania as well as U.S. plans for precision-guided intercontinental weapons are both perceived as part of this. Repeated claims of the existence of a never-ending confrontation with the West are also used in Russian state-owned media to rally popular support for the authorities.

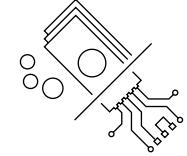
In Moscow, most consider the chances of sanctions relief to be slim so long as the sanctions remain linked to compliance with the Minsk treaty. Nevertheless, Russia will continue to lobby certain EU countries in order to challenge the sanctions regime. It remains inconceivable for Russia to relinquish Crimea or accept a weakening of the Assad regime in Syria. Moreover, Russia would fiercely oppose any initiative challenging the country's veto in the UN Security Council as well as Western countries' development of capabilities undermining Russia's strategic deterrent.

Challenges from all sides

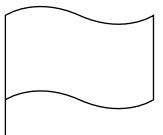
Russia feels threatened:



Islamist extremism is likely to have the potential to pose a greater threat in the Central Asian states; however, the Central Asian regimes and Russia have an obvious interest in overstating this risk.



Russia and China will continue their rapprochement. Russia needs an economic lifeline at a time when the country is subject to Western sanctions and recession, while China is after Russian technology and natural resources.



Under Putin, a fear has emerged that Western countries are orchestrating so-called "colour revolutions" in Russia's near abroad, for the purpose of overthrowing the authorities, dividing Russia and gaining control of the country's natural resources.



The Eurasian Economic Union summit in Astana, Kazakhstan, on 31 May last year.



Vladimir Putin and Prime Minister
Dmitri Medvedev attend a Unity
Day event on 4 November last year.

RUSSIA



[RUSSIAN DOMESTIC POLICY]

STRONG-WILLED PUTIN TO FOCUS ON POLITICAL STABILITY AND CONTINUITY

President Putin's personal power continues to grow. Meanwhile, in the lead-up to the next presidential term, he is laying the basis for securing support for the political system among both the elite and the people. However, domestic challenges are a source of some unpredictability.

RUSSIAN DOMESTIC POLICY

The next presidential election in Russia is planned for March 2018. As the election draws closer, the country is headed for a power structure in which President Putin's personal power continues to grow. Simultaneously, Russia finds itself in a challenging position both economically and foreign policy-wise, something which may require unpopular decisions to be made. In order to secure his own position and political priorities, Putin will have to take a series of important political steps in the time ahead. First of all, he must secure popular support and manage oppositional undercurrents. Secondly, he must secure support among the political elite and handle any destabilising rivalry among powerful stakeholders.

The major reshuffles seen in the political elite in 2016 indicate that Putin is seeking to tighten control of the state administration in order to secure political stability and continuity. The reshuffles have affected many levels of the political system. It would appear that Putin is appointing individuals he believes will remain loyal supporters and whom he wants by his side in the challenging time ahead. Many of the new appointees will be indebted to Putin for their careers, and will to a lesser extent than the outgoing officials be Putin's equals in terms of background and experience. By selecting trusted colleagues, Putin is seeking to ensure that key lines in Russian politics remain in place. There is reason to expect Russia to remain authoritarian, using various means to undermine internal opposition and seeking to assert itself on the international arena as a counterweight to Western influence.

Combined with several corruption-related arrests, the reshuffles in the political elite could also serve to increase the Russian authorities' legitimacy among the people. Sensationally, on 15 November 2016 Russia's finance minister, Aleksey Ulyukaev, was arrested on corruption charges, the first sitting Russian minister to be arrested for decades. In state-controlled media, Putin is portrayed as a proactive leader who takes charge of the country's development by tackling corruption and taking measures to streamline the public sector.

Although Putin is using the reshuffles and arrests to tighten government control, the current situation is also a source of some unpredictability. Today, political power in Russia is primarily divided among groups and individuals, leaving institutions to play a less important role. The Russian political elite is authoritarian and centralised, and only a handful of decision-makers have any real decision-making powers. A major struggle for power among powerful groups and individuals could potentially create a separate dynamic that would be difficult to control. Given that the Russian institutions are relatively weak, such power struggles could have a major impact on domestic developments.

Following the State Duma elections in September 2016, Putin's party – United Russia – won a constitutional majority. Turnout was at a historic low, however, and there were several

reports of election fraud. Nevertheless, no demonstrations or other protests were staged in connection with the election, although it did mark the start of a period of major domestic policy challenges for the Kremlin. The economic situation presents a growing challenge that will require tough priorities to be made. Although the population appears to continue to support Putin, opinion polls show that a growing proportion is unhappy with their own standard of living. The need for unpopular economic measures to be taken before 2018 has sparked speculation that the presidential election could be brought forward to 2017; so far, these rumours have been denied by the Russian authorities.

"The major reshuffles seen in the political elite in 2016 indicate that Putin is seeking to tighten control of the state administration in order to secure political stability and continuity."

Fear of political revolt and social discontent has been met with targeted measures to tighten internal control and suppress the opposition. The Russian authorities continue to prioritise defence and security, and are acquiring a growing arsenal of measures to help secure stability. One example is the National Guard, established in March 2016 and directly subordinate to Putin. However, the Russian authorities have other ways of controlling the people as well. Mass media is subordinate to state control and, in practice, freedom of speech is limited. Oppositional activity is suppressed and restricted by draconian legislation. New measures are constantly being devised to limit foreign actors' scope for action in Russian civil society. The Kremlin has become increasingly focused on promoting conservative attitudes in Russian society; in lieu of economic prosperity, the Kremlin has in recent years sought to establish a new national vision in order to rally around Putin and the Russian state apparatus. This vision is primarily built on patriotism with elements of orthodox Christianity, and is based on a tale of morally superior Russia deserving of international respect.

Through targeted measures to crack down on oppositional activity, stronger power agencies and shaping of popular opinion, the Russian authorities have tightened domestic control. As a result, their governability is not expected to become seriously challenged in 2017, although mounting challenges have created a somewhat more unpredictable dynamic than before.

The historic collapse of the pound sterling following the EU referendum in June last year, displayed on a big monitor in Moscow.

RUSSIA



[THE RUSSIAN ECONOMY]

WAY OUT OF ECONOMIC QUAGMIRE UNCERTAIN

In 2017, the recession in the Russian economy is likely to be replaced by near-zero growth. As far as possible, difficult and unpopular decisions are expected to be postponed until after the presidential elections.

THE RUSSIAN ECONOMY

The outlook for the Russian economy in 2017 is rather bleak. The downturn began even before the Ukraine crisis, but was further reinforced by the ensuing tensions between Russia and the outside world and by the oil price fall in summer 2014. Western sanctions, Russian countersanctions and political uncertainty have all weakened confidence in the Russian economy. As a result, Russian GDP contracted by 3.7 per cent in 2015. The recession continued into 2016, with a further reduction of 0.5–1 per cent. Although the recession is now being replaced by weak economic growth, Russia is unlikely to experience renewed economic growth on the scale seen during President Putin's first two presidential terms.

Government revenue has plummeted since the crisis began, and remains much lower than before the crisis. This has made the government budget deficit that much larger; in 2017, the budget deficit will be compensated for by funds set aside in the years when the oil price was high and Russia ran a budget surplus. However, the government is planning on running a considerable deficit until 2019. If this happens, the Russian reserves will become drained and the ability to fund infrastructure projects and pension payments – to name just two items of expenditure – will become weaker.

The current political leadership has done little to reform and diversify the economy, and unless the oil price recovers, the state's revenue basis is unlikely to improve much. As a result, Russia's modest government debt would increase at a time when the country's chances of borrowing from capital markets remain uncertain.

Overall, the government will struggle to balance the budget going forward. Hoping for renewed oil-fuelled growth has proven risky, whereas tax hikes would be

unpopular and may hamper growth. On the expenditure side, welfare costs such as pensions and social security payments are high and demographic developments suggest that they will become even higher in the years ahead. The retirement age looks set to be raised significantly, and the size of the pension payments limited.

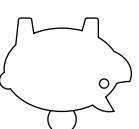
After welfare costs, the second-largest item of expenditure is defence and security. Allocations to this sector have skyrocketed while Putin has been in office. As of 2017, however, even this high-priority budget item is facing cuts.

"The country's political leadership has realised that it is now crucial to regain control of Russia's economic situation."

Russia's economic woes are clearly affecting the Russian people. Although unemployment rates remain relatively low, many are forced into part-time work or see their wages reduced, delayed or missing altogether. The proportion of the population living on or below the poverty line has increased sharply in recent years. Although the country's political leadership has realised that it is now crucial to regain control of Russia's economic situation, the Kremlin appears intent on delaying making unpopular decisions until after the next presidential election.

Budgetary challenges

Relying on old revenues:



In 2017, the budget deficit will be compensated for by funds set aside in the years when the oil price was high.



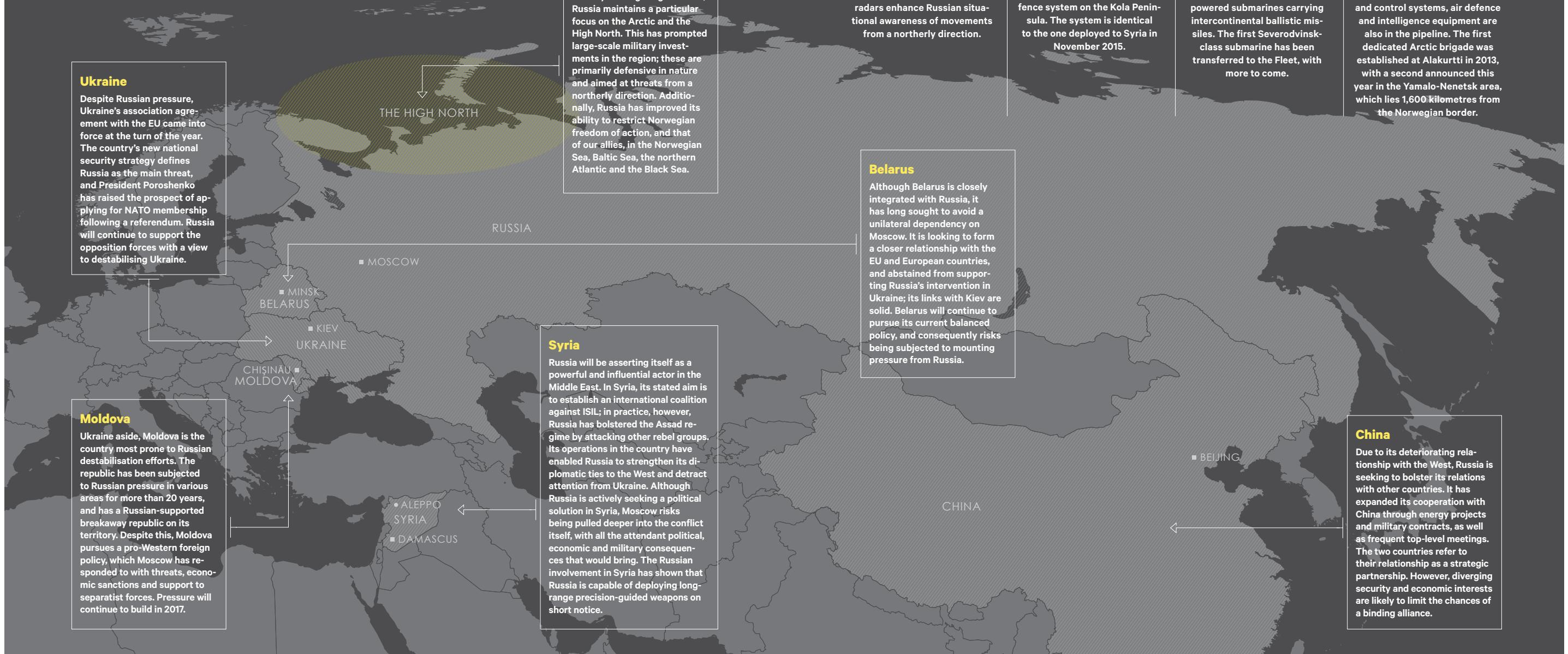
The Russian reserves will become drained and the ability to fund infrastructure projects and pension payments will suffer.



The retirement age looks set to be raised and the size of the pension payments limited due to demographic developments.

RUSSIA SUMMARISED

Moscow's objective is to exert influence in all parts of the world. This became evident in 2016, and the development will continue in 2017.



Russia's armed forces



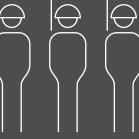
Early warning radars and the Arctic chain of air warning radars enhance Russian situational awareness of movements from a northerly direction.



In autumn 2014, Russia began positioning the SA-21 air defence system on the Kola Peninsula. The system is identical to the one deployed to Syria in November 2015.



The Northern Fleet has taken receipt of brand new nuclear-powered submarines carrying intercontinental ballistic missiles. The first Severodvinsk-class submarine has been transferred to the Fleet, with more to come.



The land forces are receiving new equipment, and new command and control systems, air defence and intelligence equipment are also in the pipeline. The first dedicated Arctic brigade was established at Alakurtti in 2013, with a second announced this year in the Yamalo-Nenetsk area, which lies 1,600 kilometres from the Norwegian border.

Russia will likely continue to develop cyberspace sabotage concepts in 2017.

CHAPTER 2

CYBERSPACE

As a result of growing tensions between the West and Russia, cyberspace will increasingly be used to exert pressure and issue threats.

CYBERSPACE

SUMMARY

- In 2017, the most serious cyber threats to Norwegian systems will continue to originate from Russia and China.
- Russia will maintain extensive intelligence activity against Norwegian targets. The activity will increasingly support various forms of threats and coercion, as political tension builds between Russia and the West. Russia's mapping of critical system vulnerabilities will be intensive and systematic, and the country will further develop operational concepts for cyber sabotage.
- Chinese activity against Norway will target the authorities, industrial firms and technology companies. Ongoing Chinese reform efforts will lead to their cyber operations being better managed and more technically advanced.

As a result of heightened political tensions between Russia and the West, the activity will increasingly support various forms of pressure and threats.

More aggressive and targeted intelligence activity against Norway

Russian actors are extremely active and engage in both subversive activities and traditional intelligence. China's strengthening of its national intelligence collection agencies will yield rapid results in the form of better managed intelligence activities.

Incidents observed in 2016 demonstrate that Russia's interest in traditional political and military targets in Norway continues. Russian actors have tried to gain access to Norwegian government computer systems for years, and will continue to do so. Hacking and compromising of computer systems to set up a hidden infrastructure to support information collection remains a threat to Norwegian businesses.

In the last two years, Russia has manipulated social media to influence Western public opinion; an activity that includes mapping social and professional relations, harassment and hijacking of social media profiles. On several occasions, Russian-generated mass fabrication of false complaints have been sent to Twitter and Facebook to shut down accounts, infiltration of friend networks on social media is used to disseminate misinformation and propaganda, and slander and threats are sent via mobile phone spam (text and voice messages). In November 2015, thousands of Polish soldiers and military employees received calls from a Russian phone number.

A more aggressive and assertive Russia will be using

"In the last two years, Russia has manipulated social media to influence Western public opinion."

different media outlets and methods to challenge and confront the West, as seen during the presidential elections in the USA in autumn 2016. In addition to traditional information collection, part of the Russian secret services' activities will be driven by an ambition to weaken and influence neighbouring countries and Western societies. Activities of this kind can be expected in connection with the major parliamentary elections in Europe in 2017. Provocations to test Western determination and political solidarity could be employed to create tension.

Cyberspace offers limitless possibilities, and by using proxy groups, the risk of sanctions is minute. The secret services' activities could include exposures, leaks, planting and dissemination of disinformation and threats against named individuals.

Chinese actors also conducted operations against Norwegian authorities and technology companies in 2016, and Chinese activities are expected to continue in 2017. Industrial espionage targeting Norwegian technology companies will continue to represent a significant proportion of this activity. Areas in which activity is expected include renewable energy and "green" technology, improved quality of industrial production, development of medicines and space-based systems.

The establishing of infrastructure for future operations will continue, and smaller companies that are vulnerable because they lack sufficient data security will particularly be at risk. Chinese hacking techniques and methods are evolving, and are expected to rapidly become more sophisticated.

Russia to prioritise sabotage capabilities

In 2017, Russia will be honing its concepts for offensive operations targeting infrastructure and critical systems. In a tense situation, Russia could use cyber sabotage to create chaos and exert pressure.

Russia's limited technological resources call for a strategy that exploits the vulnerabilities of Western systems. Thus, developing cyber sabotage capabilities becomes a means to level the playing field between Russia and the West. Provocations could be employed to create or fuel political or military tensions and, over time, widen the grey area between peace, crisis and war.

Cyber sabotage is part of an overarching concept that also includes disinformation, manipulation, aggressive propaganda and inciting social unrest. Disrupting or destroying selected targets of high economic or symbolic value is well-suited to demonstrating power. In a conflict, the objective would be to discredit the opponent's authority, confuse the population and demoralise military personnel. The purpose of sabotage is not the actual destruction, but deterrence and forcing through solutions on Russian terms.

The December 2015 Ukraine power grid cyber attack is the only known example of a hostile actor accessing control systems to shut down the distribution of electricity. The attack struck two separate Ukrainian regions simultaneously, and 500,000 people were left without electricity. The actor had infiltrated the energy distribu-

Important infrastructure such as power grids were targeted by Russian sabotage in Ukraine.



tion companies' corporate networks months in advance, and the attack was possible primarily because of insufficient data security. The energy distribution companies' swift response limited the power outage to an average of one hour. Although the actor likely expected more extensive and long-term damage, the incident can be used to further develop this type of threat.

Cyber sabotage could also include disruption or suppression of telecommunication, broadcasting and internet media outlets, for the purpose of manipulating public opinion and national decision-making processes. Downgrading or disrupting infrastructure and critical systems using proxies would enable Russia to appear aggressive, yet allow the authorities to deny any links. The extent of damage would be limited and the risk of escalation, from a Russian perspective, would be small.

"Cyber sabotage is part of an overarching concept that also includes disinformation, manipulation, aggressive propaganda and inciting social unrest."

In a longer-term perspective, Russia is also mapping vulnerabilities and the possibility of developing instruments to target infrastructure and critical systems. The purpose of this is to create the largest possible Russian scope of action to demonstrate power in a future conflict.

THREATS IN CYBERSPACE IN 2017

In 2017, the most serious cyber threats to Norwegian systems will continue to originate from Russia and China.

Social media
In the last two years, Russia has manipulated social media to influence Western public opinion. Russia has mapped social and professional relations, and harassed and hijacked social media profiles. Requests to shut down accounts have been sent to Twitter and Facebook, and friend networks on social media have been used to disseminate misinformation and propaganda.

SMS and phone calls
Russia has sent slander and threats via mobile phone spam (text and voice messages) on a large scale. In November 2015, thousands of Polish soldiers and military employees received calls from a Russian phone number.

Sabotage
Russia is evolving operational concepts for sabotage in cyberspace, like the electricity supply shut down in Ukraine in December 2015. Chinese activity against Norway often targets authorities, industrial firms and technology companies.

Three types of digital threat

The storing and processing of data has become central to all human activity. Increasingly, our perception of reality is communicated via digital channels. Developments are not just limited to infrastructure, industrial processes or service provision, but affect opinion-forming and social interaction. The growing importance of cyberspace challenges physical borders and the structural balance of power. In cyberspace, hostile actors exploit technical vulnerabilities and human weaknesses, for instance through:

Intelligence
The purpose of intelligence is to collect digitally stored but otherwise inaccessible information and to exploit it through systematic processing. Intelligence operations are primarily directed at political, military, technological and economic targets, depending on national interests. NIS monitors state and state-sponsored threats closely.

Sabotage
Sabotage involves damage, destruction and disruption. Norway could become subject to pressure and coercion if another state were to threaten civilian targets such as electric power stations, telecoms infrastructure, transport and banking services. In the military domain, sabotage operations could target command and control systems, communication, navigation and surveillance.

Influence
To influence is to use social media and news outlets to suppress or manipulate people's perception of reality through denial, deception and misinformation. The aim is to discredit a state's authorities, to confuse the populace and to demoralise military personnel. The overarching purpose here is to enable a foreign state to manipulate the strategic scope for action to its own advantage.

Syrian civilians use a tractor to collect belongings in Aleppo after Syrian government forces regained control of the city.

CHAPTER 3

THE MIDDLE EAST AND AFRICA



THE MIDDLE EAST AND AFRICA

The Middle East will continue to be a centre of great power rivalry in 2017, prolonging conflicts in countries such as Yemen and Syria. Meanwhile, dissatisfaction with repressive regimes will be pronounced, particularly among the young and highly educated. This could lead to new uprisings and radicalisation.

SUMMARY

■ Repressive regimes and mismanagement, state collapse, civil war, great power rivalry and military intervention by external powers will continue to characterise the Middle East in 2017. The power struggle between Saudi Arabia and Iran is particularly destructive, as their support to opposing sides is prolonging and exacerbating conflicts in countries such as Yemen and Syria and destabilising states such as Bahrain. This great power rivalry is complicating efforts to end the conflicts in the region.

■ Meanwhile, authoritarian regimes have come under mounting pressure, particularly as a result of persistently low oil prices and strong population growth. In the wake of the Arab Spring, the regimes have tightened their grip rather than meeting the people's call for political reforms. Dissatisfaction with the current regimes is particularly pronounced in the large young and highly educated part of the population, and the idea of the Arab Spring lives on. There could be new popular uprisings in the year ahead, and the discontentment could lead to the birth of new radical groups.

■ The civil war in Syria will continue unabated in 2017. After more than five years of war, a peace process seems remote. The civil war has become cemented as a proxy war in which regional and international powers with conflicting views on how to solve the conflict are fighting for influence. Russian and Iranian involvement has strengthened the Assad regime, while the external supply of weapons and money is keeping the many opposition groups' fighting spirit up.

■ Although ISIL is losing ground in Iraq, there is a risk of further destabilisation. Latent conflicts among actors that have thus far collaborated against ISIL are likely to flare up. The main theatres of these conflicts are Mosul, Kirkuk and Baghdad.

■ In North Africa and the Sahel, militant groups are posing a growing challenge to weak states. These states' lack of control of their own resources and territory is a boon to non-state actors, deteriorating the security situation. Libya and Mali are particularly vulnerable.



Russian and Iranian involvement has strengthened the Assad regime, while the external supply of weapons and money is keeping the many opposition groups' fighting spirit up.

Syria's president, Bashar Assad, is increasingly dependent on support from other countries. Here, he is shown at a meeting with Russia's president, Vladimir Putin.

Shia Muslim militia groups demonstrate their opposition against ISIL in the city of Zarka, west of Mosul. Iraqi forces started the recapturing of Iraq's second largest city in October last year, after ISIL took control in June 2014.

THE MIDDLE EAST AND AFRICA



[THE MIDDLE EAST]

GREAT POWER RIVALRY TO FUEL CONFLICTS IN THE MIDDLE EAST

Iran, Saudi Arabia and Turkey are all fighting for influence in the Middle East. The power struggle is fuelling local conflicts and makes the outlook of negotiating solutions bleak.

THE MIDDLE EAST

The great power rivalry between the "Shia axis" led by Iran and the "Sunni axis" led by Saudi Arabia fuels local conflicts in the Middle East. The Iran-led coalition consists of Baghdad, the Assad regime in Damascus and Lebanese Hezbollah, while the Saudi "anti-terror coalition" consists of 34 Sunni Muslim states; the latter axis is primarily intended to counter Iranian influence in the region. The situation is further complicated by Turkey's ambitions to assume a leading regional position.

The regional powers are deeply involved in the ongoing conflicts, and the reasons for this are many and complex: firstly, Saudi Arabia and Iran both want to be the point of reference for other countries in the region. In this respect, the conflict centres on which political model should reign – the republican, revolutionary and Shia Muslim model promoted by Iran, or the monarchical, conservative and Sunni Muslim model promoted by Saudi Arabia. Turkey, for its part, is presenting itself as a political and religious alternative to Saudi conservatism, and has close ties to the Muslim Brotherhood. The ideological power struggle becomes apparent when Saudi Arabia, Iran and Turkey take different sides in the region's civil wars. The great power rivalry is particularly evident in the conflicts in Syria and Iraq, and local peace solutions in these countries depend on external approval.

Secondly, the great powers get involved in local conflicts for their own security. Iran sees the Assad regime in Damascus and Hezbollah in Lebanon as an extended defence that offers strategic depth. Saudi Arabia claims that regional efforts are necessary to prevent Shia Muslim groups from forming closer ties to Iran and its regional allies, a fear that pertains in particular to Saudi Arabia's own Shia Muslim minority in the oil-rich Eastern Province. The same consideration also partly explains Saudi involvement in the civil war in Yemen; Saudi Arabia wants to prevent groups along its southern border from forming closer ties to Iran.

Thirdly, domestic policy issues have sent regional actors into a deadlocked power struggle. The states are facing major political, economic and social challenges at home, and regional involvement is partly intended to shift the focus of an impatient domestic constituency. Iran's demonization of Saudi Arabia and Saudi-supported rebel groups in Syria is a way of building domestic support. After years of political turbulence, increased repression and loss of legitimacy, the Iranian regime is employing military means abroad to increase popular support.

Lastly, the great powers engage in the region's conflicts for strategic purposes. In recent years, Saudi Arabia has built up substantial military capabilities to meet a per-

ceived threat from Iran and Iran's nuclear programme, and to further establish itself as the leading military power among the Gulf Cooperation Council (GCC) states.

The power struggle prolongs and exacerbates local conflicts and makes it more difficult to find solutions in Syria and Yemen, and the great power rivalry also un-

"The power struggle is prolonging and exacerbating local conflicts and makes it more difficult to find solutions in Syria and Yemen."

dermines the stability of several countries, particularly Lebanon and Bahrain. Lebanon is experiencing ripple effects of the conflict in Syria, while the fight for influence between Saudi Arabia and Iran is having a negative effect on Bahrain. However, a war between the great powers of the Middle East is unlikely.

Russia and Iran to secure the survival of the Syrian regime

Russian and Iranian involvement will further strengthen the Syrian regime militarily and politically in 2017. Their support secures the regime's core areas and reduces its willingness to compromise in political negotiations.

Extensive support from Russia and Iran has strengthened the Assad regime in Syria, and Russia's intervention in the civil war in 2015 in particular has strengthened President Assad's military and political position.

The opposition's losses in Aleppo illustrate the regime's military superiority in Syria, supported by Iran and Russia. As long as the opposition remains fragmented and does not receive further external support, for example new weapons systems, its military capabilities will continue to deteriorate; nor will a fragmented opposition constitute a political alternative to the Assad regime. It is likely that the opposition will become increasingly radicalised in 2017, as the moderate elements will either accept local ceasefires with the regime or become absorbed by more radical groups. In Idlib province, the opposition will continue to put up significant resistance to the regime in 2017.

The conflict in Syria has entered a new phase since →

the fall of Aleppo, and the key actors are at a crossroads. They can either continue to pursue a military path or opt for a negotiated solution.

The regime has renewed faith in a military victory, and fighting off the remaining opposition in northern Syria will likely be its main priority in 2017. However, the regime fully depends on Russian air and supply support, and militia forces under Iranian command and from Hezbollah are crucial to advance further militarily and to control recaptured areas.

Russia is unlikely to be seeking a total military victory in Syria. Moscow does not wish to be dragged into a military quagmire nor remain as a standard-bearer in the fight against ISIL. Russia's offensive military support to the Assad regime is expected to continue until the new administration in Washington has taken office. In the longer term, it is likely that Russia will seek a political solution in Syria and promote burden-sharing with the U.S. and other actors in the fight against ISIL.

Nonetheless, the fight against ISIL in Syria will continue. The coalition's campaign will gradually weaken the group, but ISIL will retain territorial control of parts of Eastern Syria in 2017.

Latent conflicts to flare up as ISIL loses ground in Iraq

ISIL will continue to lose ground in Iraq in 2017. Latent conflicts between other actors will flare up, and the security situation could deteriorate further.

There will be three main theatres of conflict in Iraq in 2017: Mosul, Kirkuk and Baghdad. The conflicts in these areas could escalate between actors to whom ISIL has been a common and unifying enemy. Underlying the conflicts are a struggle for power and resources and ideological disagreements over the future of Iraq. The country's latent conflicts are complex and involve many actors, all of whom are seeking support from different external partners with a view to strengthening their own position.

The battle for Mosul will affect Iraq in the months ahead, and the aftermath will be even more challenging than recapturing the city from ISIL. Mosul is the second largest city in Iraq, the provincial capital of Nineveh and a central trade hub. Control of Mosul and Nineveh province yields considerable economic and political power. Prior to summer 2014, Nineveh was a patchwork of ethnic groups with partly conflicting interests, although with a Sunni Arab majority. If ISIL is forced out of Mosul, the different groups will promote their own agendas through local alliances and by seeking support from national or

regional actors. Baghdad-loyal forces, Iran-friendly Shia militias and the Kurdish authorities (KRG) are all vying for influence in the city. Should Baghdad or the KRG opt for direct control of Mosul by using non-local security forces, it could pave the way for fresh Sunni Arab opposition. The use of Shia militias in particular would be problematic for both Sunni Arabs and Kurds.

Kirkuk is the second area where latent conflicts could flare up in the aftermath of a weaker ISIL. Both the Kurds and the authorities in Baghdad are laying claim to

"The battle for Mosul will affect Iraq in the months ahead, and the aftermath will be even more challenging than recapturing the city from ISIL."

Kirkuk. Kurdish forces took control of Kirkuk and other contested areas when Baghdad lost control of northern Iraq after ISIL's advance in 2014. Kirkuk is particularly attractive because the area has considerable oil and gas reserves. The Kirkuk oil resources amount to around 12 per cent of Iraq's total reserves; to the Kurds, control of these reserves is essential to ensure economic independence from Baghdad. Although Baghdad is displeased, the central authorities have limited ability to challenge Kurdish control of the city. Although tension between Baghdad and the KRG is increasing, it is unlikely that it will escalate to open war; however, there may be new hostilities between Shia militias and Kurdish security forces similar to those seen in the contested city of Tuz Khurmatu, south of Kirkuk.

Baghdad is the third main conflict area. The political life of the capital is dominated by Islamist Shia political parties, and the fragmentation within and between these parties will continue to complicate political collaboration and efficient governance. All parties have affiliated militias, and the political power struggle could lead to armed confrontations. Although the Shia-dominated political parties are united in the fight against ISIL, they, like their Sunni Arab counterparts, have diverging views on the future of Iraq. The most important dividing line is the one between groups that want to introduce an Iranian →



Opposition soldiers shooting at regime-loyal forces on the outskirts of Aleppo in August last year.



Iraqi soldiers guarding armed vehicles in the Al-Hadbaa district.



form of government and groups that advocate a more nationalistic agenda. It is likely that Iranian activity in Iraq will serve to further strengthen Iran-friendly political parties. Unlike Prime Minister Haidar al-Abadi, who seeks an alliance with Western countries, Iran-friendly parties seek to maintain and strengthen the existing militia structures and reinforce Baghdad's alliance with Iran. The power struggle reduces the prime minister's ability to implement state apparatus reforms, while low oil prices reduce the authorities' economic leeway. The weak economy is an extremely serious problem as there is an acute need to rebuild areas devastated by the war against ISIL. The authorities will not be able to ensure stability if these areas are not rebuilt.

Low oil prices and high population growth to put pressure on authoritarian states

Low oil prices and high population growth increase the pressures on already fragile states in the Middle East. These challenges could cause fresh turmoil in the region.

Authoritarian states in the Middle East continue to face huge challenges, as they did when the Arab Spring erupted in 2011. The states are subjected to various degrees of pressure; nevertheless, socio-economic issues constitute a particularly acute threat to stability going forward. Two factors are now causing the challenges to come to a head: firstly, lower oil prices make it difficult to sustain generous welfare systems. The low oil prices do not only affect oil-rich states such as Saudi Arabia and Iraq, but also states such as Jordan and Lebanon that profit indirectly from high oil prices. Secondly, the region is characterised by high population growth, and the labour markets are unable to absorb a young, highly educated population.

To meet the new economic reality, oil-exporting countries will have to cut expenses and tighten the welfare system – unpopular moves in the eyes of the population. The low oil prices are putting pressure on Saudi Arabia and Iraq in particular. Oil and gas resources make up more than 90 per cent of Iraq's revenues, and the fall in oil prices could lead to cuts in infrastructure investment and civil servants' wages.

The consequences of lower oil revenues affect not only the stability of the oil-exporting countries, but also the countries that traditionally have relied heavily on their economic support. Saudi Arabia has served as a financial lifeline for oil-importing states in the region, including Jordan and Egypt. In the case of Egypt, Saudi Arabia, Kuwait and the United Arab Emirates have provided

the lion's share of economic assistance in recent years. The fall in oil prices has made it increasingly difficult to honour the promise of economic assistance, and stricter conditions are imposed on economic transfers to Egypt.

Stability is further challenged by the population growth in the Middle East, as 40 per cent of the population is under the age of 25. Demographic developments put huge pressure on the labour market, which is incapable of

"The turmoil since 2011 has not resulted in increased willingness to introduce political reform among the regimes in the Middle East, rather the opposite."

absorbing a young and growing population. Given these economic challenges, it is unlikely that the trend of rising unemployment will be reversed anytime soon. A strong influx of refugees from war-torn Syria puts further pressure on countries such as Lebanon and Jordan. Around 1.3 million Syrians are staying in Jordan, while Lebanon houses 1.5 million refugees. The unemployment rate in Lebanon is over 20 per cent, and large parts of the population have seen their wages cut by up to 35 per cent within a short period of time. At present, one in three Lebanese is living below the poverty line.

The turmoil since 2011 has not resulted in increased willingness to introduce political reform among the regimes in the Middle East, rather the opposite. Several states retain the same structural weaknesses that led to the Arab Spring. A weaker economy, strong population growth and an influx of refugees from the region's conflict areas put additional pressure on already weak states. The underlying factors that led to the Arab Spring still exist, and have become exacerbated in several of the region's countries. As illustrated by the 2011 rebellion in Tunisia, a popular uprising can emerge suddenly and unexpectedly. In the longer term, there is also a real risk that militant groups will pose a mounting challenge to the Middle Eastern states, as seen in North Africa and the Sahel in particular.

Soldiers from the Libyan national army after recapturing the Quawarsa area on 19 November 2016.

THE MIDDLE EAST AND AFRICA



[AFRICA]

MILITANT GROUPS TO THREATEN WEAK STATES IN NORTH AFRICA AND THE SAHEL

Lack of control of their own territory and resources has weakened the states in North Africa and the Sahel, and enabled militant groups to reinforce their positions. The situation in Libya and Mali is particularly precarious.

AFRICA

The authorities' dependence on militant non-state actors and the persistent threat from government-hostile militant groups will continue to threaten weak states in North Africa and the Sahel. The authorities' failure to provide for their own population provides militant groups with a basis for support and recruitment. This could further challenge the security situation and put additional pressure on the government. Weak law enforcement across large geographic areas offer terrorist networks wide scope for action and increases the threat against the region in general and weak nations in particular. States such as Libya and Mali will have very limited ability to reverse this trend anytime soon.

Libya is marked by the conflict between the two governments in Tobruk and Tripoli and their allied militias, and other militant groups continue to take advantage of the prevailing chaos. Their objective is to maintain territorial control and act as security guarantors for authorities that are weak both militarily and politically. In some areas, government-friendly militant groups have taken over government tasks. The unity government does not have a national security force that can effectively combat hostile groups, and to protect itself and exercise authority, the government relies on alliances with friendly militias. The unity government in Tripoli is therefore at the mercy of the militias, not the other way around. The militias' strong position makes it difficult for the authorities to establish a national security force and a well-functioning state apparatus, as well as a state monopoly on violence.

Should the unity government in Tripoli fall, there is no political alternative capable of uniting the political factions in Libya. This could result in a growing power struggle for territorial control among powerful militias, and violent fighting between militias that support different political alternatives.

In addition to the conflict in Libya, the security situation in Mali is deteriorating. Militant groups are exploiting the growing level of conflict and are advancing south from the areas they hold in northern Mali. The militant groups are enjoying increasing popular support as the population loses faith in the authorities in Bamako. In parts of Mali, a poverty-stricken population must rely increasingly on local actors, and clan membership and ethnic affiliation is becoming increasingly important. A growing number of people are joining separatist groups, which often offer the only local source of income.

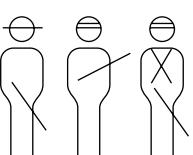
"Should the unity government in Tripoli fall, there is no political alternative capable of uniting the political factions in Libya."

Mali's peace agreement was reached with assistance from the international community; however, it has proven difficult to implement, as a number of militant groups were not included in the talks leading up to the agreement. Although the security situation will not improve until the agreement is implemented, the authorities in Mali are not prepared to renegotiate it.

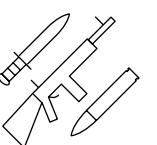
Closer collaboration with local terrorist groups and other actors hostile to the government will allow regional terrorism networks in North Africa and the Sahel, such as al-Qaeda in the Islam Maghreb (AQIM), to gain further strength. Central Mali in particular will see a growing presence of AQIM and AQIM-loyal terrorist groups in 2017. The authorities' ability to curb this threat will be very limited.

Threatened by militant groups

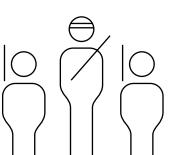
The authorities are rendered helpless:



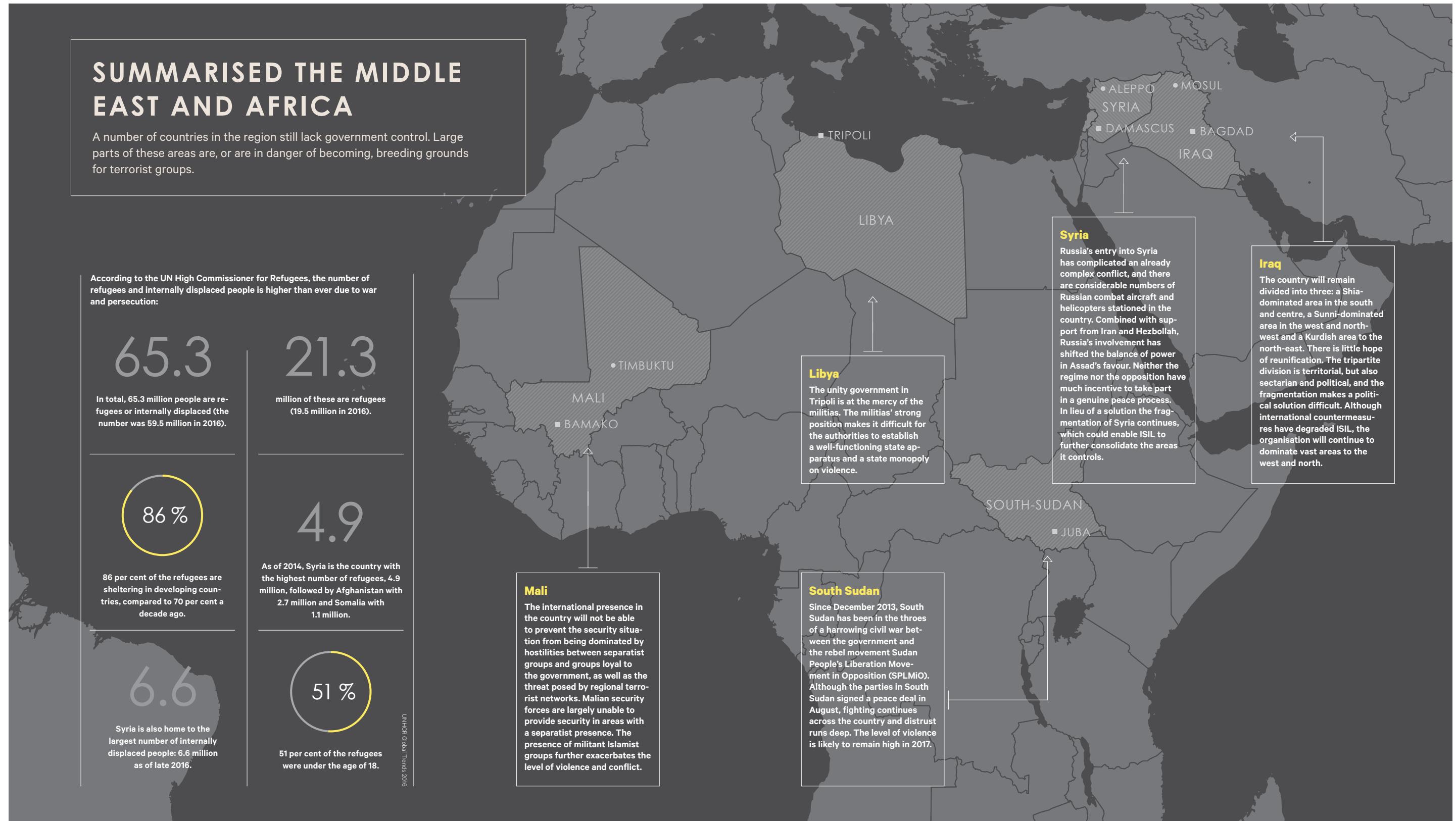
Militant groups are seeing their support and recruitment opportunities increase in the weak states in North Africa and the Sahel.



The militias' strong position makes it difficult for the Libyan authorities to establish a well-functioning state apparatus.



A growing number of people in Mali are joining separatist groups that can offer a local source of income.



INTERNATIONAL TERRORISM

Although ISIL is losing ground, the terrorist threat to Europe will persist in 2017. Norway is still considered a legitimate, though not prioritised, target.



The Norwegian Intelligence Service's assessment

Terrorism struck Berlin on 20 December 2016. A lorry ploughed into one of the city's popular Christmas markets, killing 12 and injuring many.

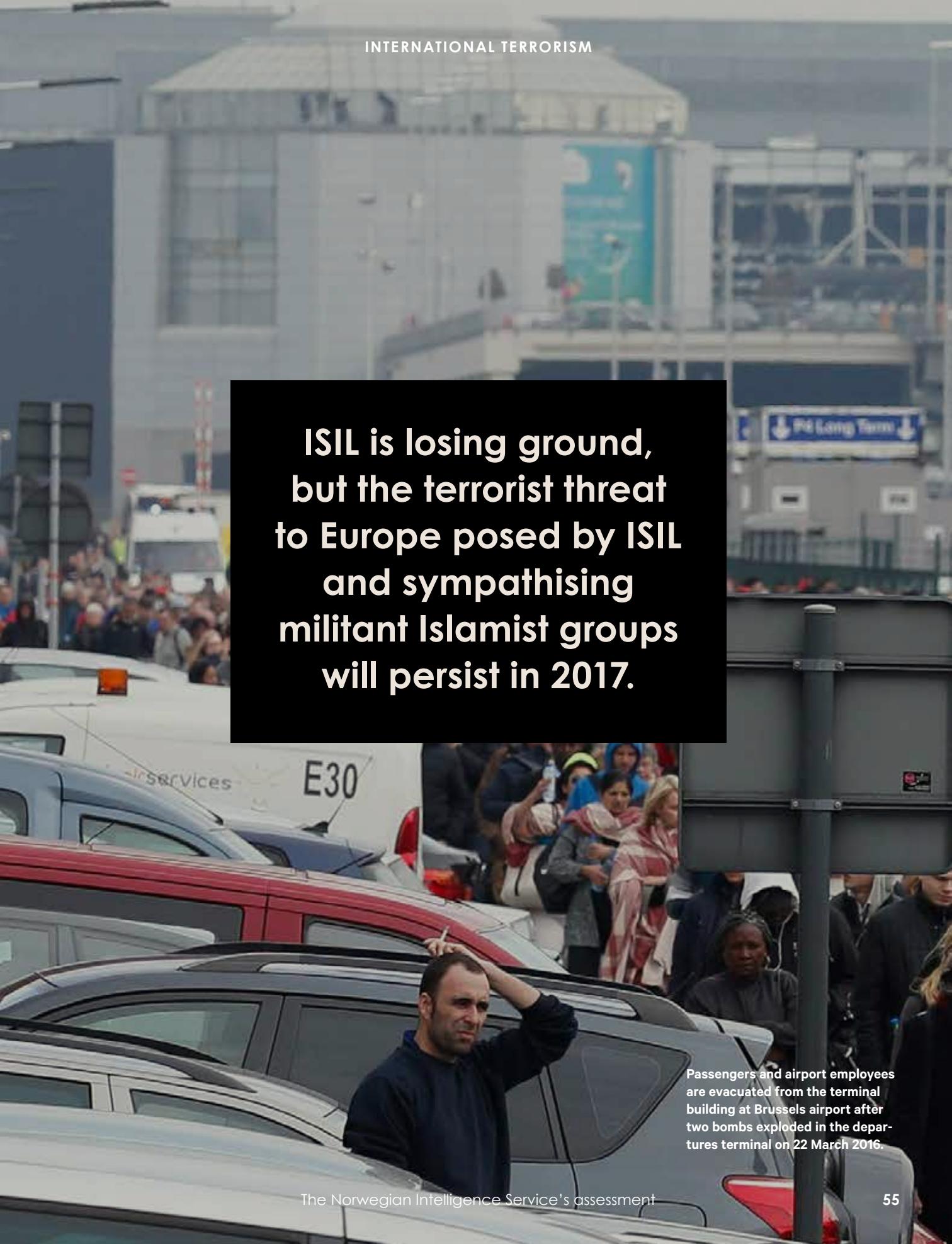
SUMMARY

The pressure against ISIL in the Middle East and Africa is increasing. The group continues to lose territory, the military pressure is mounting and its economic situation is deteriorating. ISIL will not be able to reverse this development in the year ahead.

ISIL is losing ground; however, the terrorist threat the group and sympathising militant Islamist communities pose to Europe will persist in 2017. Although ISIL's ability to conduct directed terrorist attacks in Europe will gradually decrease as a result of territorial losses in Syria and Iraq, the group's radical ideology of violence will continue to inspire supporters through the use of cyberspace.

The threat to Norway is assessed as unchanged, meaning that ISIL and other militant Islamist groups continue to see Norway and Norwegian interests abroad as a legitimate but not a priority target. This assessment would change should ISIL, al-Qaeda or other militant Islamist groups explicitly include Norway in their statements or calls for action.

ISIL is losing ground, but the terrorist threat to Europe posed by ISIL and sympathising militant Islamist groups will persist in 2017.



Passengers and airport employees are evacuated from the terminal building at Brussels airport after two bombs exploded in the departures terminal on 22 March 2016.

ISIL under growing pressure in the Middle East and Africa

ISIL is losing ground in the Middle East and Africa. As a result, the group will change its strategy and other militant Islamist groups will gain greater influence.

ISIL is losing ground in the Middle East and Africa, and this development is expected to continue in 2017. By November 2016, ISIL had lost about half of the territory it controlled in Iraq at its peak, and around 25 per cent of its territory in Syria. Several thousand ISIL members have been killed since 2014. Revenue from selling oil and gas is likely ISIL's major source of revenue, in addition to taxation and extortion of the population in areas still under its control. ISIL's revenue has declined significantly in line with its territorial losses.

ISIL is also under heavy pressure in other countries where local affiliates have been established, such as in Libya, Egypt and Yemen.

The flow of foreign fighters to ISIL peaked in early 2015 but has since declined significantly, and the reasons are many; first and foremost because ISIL is perceived as less attractive when it continues to lose territory, but also because it has become more difficult to enter Syria. The latter is a result of ISIL losing its territory along the Turkish border and Turkey enforcing stricter control of its own territory and strengthening its collaboration with European countries.

In 2017, the heaviest pressure against ISIL will be in Iraq, mainly because its opponents in Iraq prioritise the fight against ISIL despite numerous internal disagreements. Throughout 2016, ISIL lost several important cities in Iraq including Fallujah, Ramadi, Bayji and Qayyara, which paved the way for the operation targeting ISIL's stronghold of Mosul in October 2016.

The pressure against ISIL in Syria will intensify, largely due to Turkey's military involvement in autumn 2016, which contributed to ISIL's loss of access to the border areas. However, as only a few actors in the Syrian war prioritise the fight against ISIL, the military pressure against the group will be limited.

Several local groups in countries other than Syria and Iraq have pledged allegiance to ISIL, but ISIL is also under heavy pressure in these countries. The organisation lost territorial control in Libya after losing Sirte in September 2016, and it no longer has control of any territory in North Africa. ISIL's sympathisers in Algeria, Tunisia, Saudi Arabia and Somalia remain weak, and the organisation has not increased its capabilities in Yemen or the Sinai to any appreciable extent. The decline in its core areas in Iraq and

Syria could make it less attractive for local groups to join ISIL, a development that would also reduce support to the already established local ISIL affiliates.

Isolation and loss of terrain reduces ISIL's access to resources such as oil, weapons and fighters. ISIL has largely lost its ability to conduct large-scale military offensives; the very ability the organisation became known for when it captured turf and cities in 2014. ISIL acquired weapons, ammunition and a considerable part of its income from these operations. Its mobile battalions are largely contained along ISIL's many front lines, and the group's ability to mobilise large forces for a new territorial offensive is limited.

"The flow of foreign fighters to ISIL peaked in early 2015 but has since declined significantly."

ISIL must change its strategy to adapt to these changes, and it is likely that the group will focus on defensive warfare rather than on launching new offensives. ISIL will engage in a war of attrition against Iraqi security forces and areas controlled by Kurds and militias in Iraq. ISIL's short-term objective is to delay the offensive against its remaining territories. A longer-term objective for ISIL is to rebuild itself, as it did after U.S. forces withdrew from Iraq in 2011. In northern Iraq, ISIL will try to prevent Turkey, the Assad regime and SDF groups from attacking Raqqa – ISIL's stronghold in Syria. Further east, ISIL will continue to control and defend the densely populated areas along the Euphrates. The opposition groups on the Syrian side will need to mobilise sufficient personnel and capabilities to capture ISIL-held territories. It is likely that ISIL will continue to carry out attacks in North Africa and on the Arabian Peninsula to maintain its relevance. ISIL will not be able to reverse the military trend of losing territory in 2017. Thus, ISIL will lose further ground, but will not be defeated in the year to come.

A weakened ISIL and relocation of foreign fighters from Syria and Iraq back to their countries of origin could boost local terrorist groups in the longer term. In addition to establishing their own groups, returned foreign fighters could influence local and regional extremist groups' capabilities, target selection and ideology. A large number of foreign fighters from North Africa and the Sahel have joined ISIL in Syria and Iraq. North Africa and the Sahel have large ungoverned areas, and the return of a large number of foreign fighters could negatively affect regional stability.



Iraqi counter-terrorism soldiers in Al-Samah displaying a captured ISIL flag.



Soldiers, officers and civilians were injured when ISIL detonated a suicide bomb in Karkuk, east of Mosul, on 24 November last year.



An Iraqi flag flying over thick toxic smoke from the burning oil fields in northern Iraq in December 2016.



Iraqi forces in the Hamam al-Alil area on 8 November, after having recaptured the area from ISIL.

The threat to the West to persist despite ISIL's deterioration

The military pressure against ISIL does not immediately reduce the terrorist threat to the West and to Western interests. Although ISIL's ability to conduct well-planned directed attacks is reduced, it will use social media and propaganda to instruct and inspire its supporters to launch attacks in Europe.

It is likely that the massive military pressure against ISIL in Iraq and partly in Syria will gradually reduce its ability to conduct well-planned directed attacks in Europe. Loss of territory, income and personnel will eventually reduce its ability to finance attacks, train and instruct attackers and arrange for travel to Europe. The military pressure against ISIL will further lead to loss of key leaders; ISIL's former commander of external operations, Abu Muhammad al-Adnani, was killed in an air raid in August 2016. Attacks like this limit the leadership's freedom of movement and ability to coordinate operations, reducing the group's ability to plan attacks in Europe.

Regardless, there are a number of reasons why the terrorist threat to Europe will remain unchanged in 2017:

Firstly, it will take time before the full effect of territorial and financial losses affect ISIL's attack capabilities. Previous successful and averted attacks have shown that ISIL has sent personnel to Europe months ahead of an attack. ISIL could therefore carry out attacks in Europe which may have been prepared in Syria and Iraq at an earlier time.

Secondly, it is possible that ISIL's intention to attack the West is reinforced by the pressure against it in the Middle East. The desire among leaders and sympathisers to avenge those who undermine the "caliphate" could fuel the motivation to attack countries that contribute to the U.S.-led coalition. In autumn 2016, ISIL's media centre, al-Hayat, launched a new propaganda magazine, Rumiyah (Roma), which replaces the group's magazine Dabiq; the title refers to the Syrian city with the same name which

ISIL lost in October 2016. The title and content of the new magazine could suggest that the group's propaganda apparatus will focus more on the West in an attempt to divert attention from ISIL's territorial losses. In the magazine, ISIL calls for attacks against Western targets, and offers advice on procedures and selection of targets and weapons. It encourages inspired, lone-wolf attacks.

Thirdly, the military campaign mainly affects the ability of the leadership in Syria and Iraq to plan, prepare and conduct directed attacks. Directed attacks have accounted for a very small proportion of the total number of attacks in Europe in recent years; the only directed attacks in the last two years were Paris in November 2015 and Brussels in March 2016. Just shy of ten planned directed attacks have been averted.

"ISIL's ability to enable and inspire attacks is less affected by the military pressure on the ground in Syria and Iraq."

In other words, most of the terrorist attacks in Europe are not planned or prepared by the leadership in Syria and Iraq, but rather carried out by supporters in Europe on the basis of direct encouragement (enabled attacks) or general propaganda (inspired attacks). ISIL's ability to enable and inspire attacks is less affected by the military pressure on the ground in Syria and Iraq. These attacks are promoted through propaganda and social media and do not depend on training, financing or other material support from ISIL. Although military pressure will gradually weaken the propaganda apparatus, it will take a long time to degrade the group's ideological narrative to the point where it no longer inspires attacks.

The total number of terrorist attacks in Europe was higher in 2016 than in 2015, and most of them were directed or enabled attacks. Mortality per attack has declined, which is the result of a significant increase in the use of knives and pointed weapons, and a significant decline in the use of firearms. On average, mortality per attack is significantly lower for knife attacks than attacks with firearms and explosives.

ISIL members are increasingly seeking contact with individuals in Western countries with a view to persuading →

¹ The Norwegian Intelligence Service distinguishes between three main types of terrorist attacks in the West. **Directed attacks:** attacks planned and prepared by the top leadership of an international terrorist organisation. The top leadership must have been made aware of the specific attack in advance, and must exercise sufficient command and control to make tactical decisions regarding the attack. **Enabled attacks:** attacks carried out at the direct incitement of members of an established terrorist organisation to supporters in the West. **Inspired attacks:** attacks carried out by individuals who sympathise with a terrorist organisation. The attack must be carried out without specific guidelines from a terrorist organisation or leader. No operational communication observed between attackers and members of established terrorist organisations.

them to carry out attacks on behalf of the group. It is likely that the growth of enabled attacks will continue in 2017, and possibly increase in line with the pressure against ISIL. Reduced mobility from Syria and Iraq to Europe, and the strong desire to carry out attacks, has likely led ISIL to focus more on delegating missions to sympathisers who have reached Europe.

Although the number of enabled attacks is growing, most of the attacks in Europe are still inspired attacks, carried out by supporters who have no direct contact with ISIL. Propaganda from ISIL and al-Qaeda encourages supporters to carry out attacks at their own initiative; this will likely continue. Inspired attacks will most likely continue to be the dominant form of attack in Europe in the year to come.

"ISIL members are increasingly seeking contact with individuals in Western countries with a view to persuading them to carry out attacks on behalf of the group."

The return of European foreign fighters will likely have limited negative impact on the threat to Europe in 2017. The proportion of European foreign fighters who return is expected to be small. It is likely that many of them will be killed in battle, and it will be difficult for the ones who do wish to return to leave Syria and Iraq to travel to Europe. ISIL no longer permits personnel to leave Syria and Iraq, defectors are executed and the border to Turkey is less accessible than before. Some foreign fighters will want to remain in areas in the Middle East that ISIL controls wholly or in part, while others will want to travel to other conflict areas. Among those who do return, a large proportion will face prosecution or other penal sanctions by the authorities, which will further reduce the threat they pose.

The pressure against ISIL also affects the threat from other militant Islamist groups. Al-Qaeda has strengthened its position in line with ISIL's deterioration. Through its affiliates, Al-Qaeda maintains a considerable presence in Yemen, Somalia and the Sahel region, in addition to Syria. Each affiliate poses a regional threat to Western interests. Maintaining a credible threat to the West – particularly to

the U.S. – will always be central to al-Qaeda's strategy, not least to strengthen cohesion among militant Islamists. Al-Qaeda therefore considers it legitimate and necessary to attack symbolic Western targets.

There are, however, several factors suggesting that al-Qaeda will not prioritise large directed attacks in Europe in 2017. After consulting al-Qaeda's leadership, Jabhat Fath al-Sham (formerly al-Nusrah) and others have tried to present themselves as credible allies to more moderate opposition forces in Syria. As long as al-Qaeda prioritises the battle in Syria, it is unlikely that the organisation has any desire to be linked to a directed mass casualty attack in the West in the near future.

Al-Qaeda's growing strength could pose an increased threat in the longer term; however, for the reasons mentioned above, it will probably not lead to any major changes to the terrorist threat to Europe in 2017. At the regional level, on the other hand, al-Qaeda will continue to pose a threat to Western interests. It is likely that the group will encourage lone-wolf attacks in Western countries and further develop capabilities to carry out attacks in the West should the conditions change. Al-Qaeda's main focus, however, will be on local conflicts and building alliances.

Norway and Norwegian interests legitimate but not prioritised targets

ISIL's and al-Qaeda's leaderships do not identify Norway as a prioritised target; however, both groups have a stated intention to attack Western countries and interests and therefore consider Norway a legitimate target. The general threat to Western interests, combined with opportunistic target selection, means that the threat of attacks against Norway and Norwegian interests abroad will persist in 2017. This assessment is further substantiated by the fact that returned foreign fighters could be willing and able to carry out less complex acts of terrorism, whilst ISIL and al-Qaeda continue to inspire sympathisers in Western countries to carry out attacks.

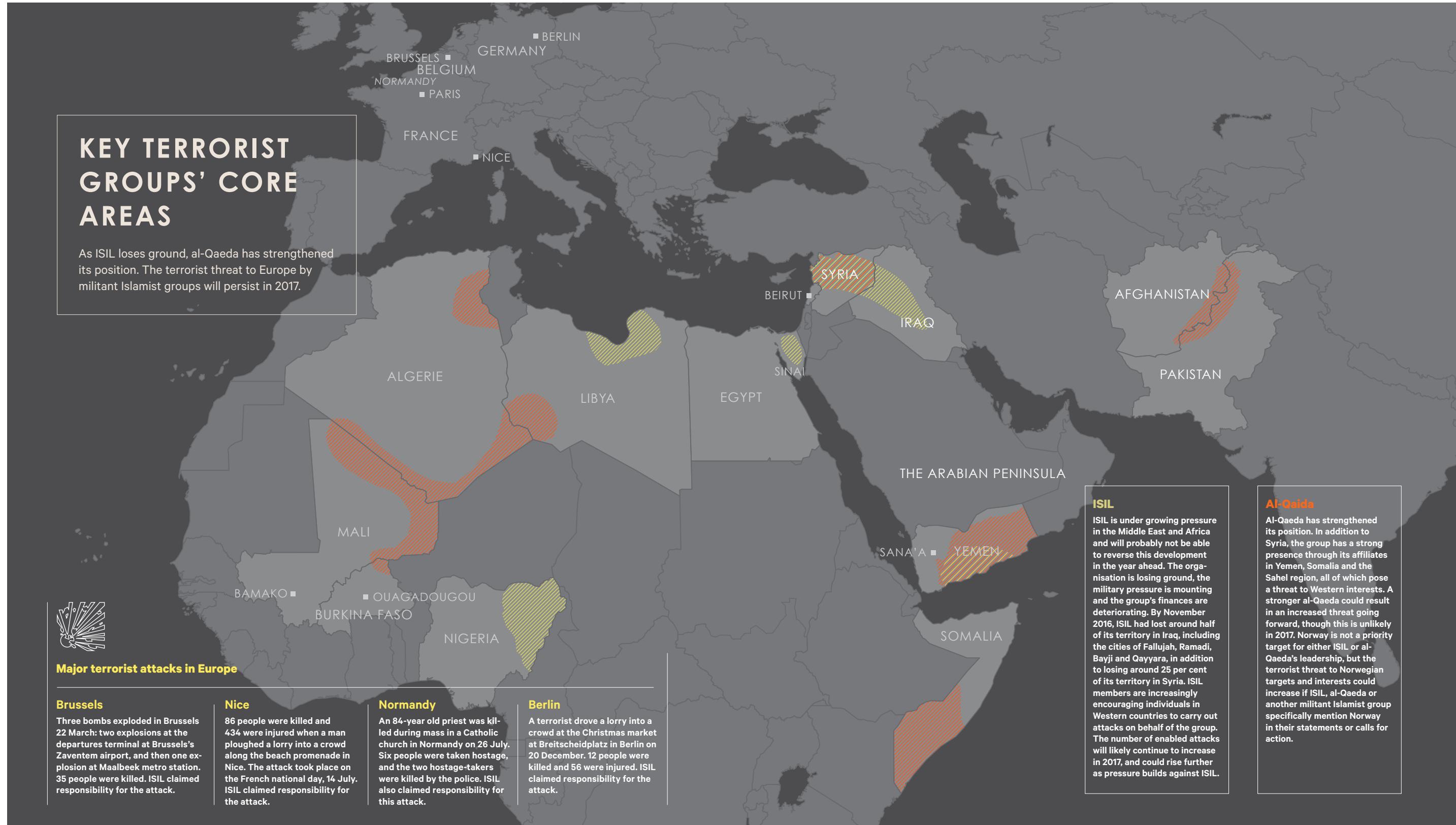
The terrorist threat to Norwegian targets and interests will be negatively affected should ISIL, al-Qaeda or other militant Islamist groups explicitly include Norway in their statements or calls for action. So far, indications do not suggest any change in priority by ISIL or other similar terrorist groups.



The police chasing terrorists in Schaerbeek after the Brussels attack on 22 March last year.



A sea of flowers at the beach promenade in Nice in remembrance of the 84 people who were killed in an attack on 14 July 2016.



WEAPONS OF MASS DESTRUCTION

Although the potential of Iran's nuclear programme has been reduced, the country is producing advanced ballistic missiles that could carry nuclear weapons. India, Pakistan and China are modernising their nuclear weapons, while North Korea is unwilling to abandon its nuclear programme.



North Korea's leader observing a test of the country's new submarine-based missiles.

SUMMARY

■ Iran has significantly reduced the military potential of its nuclear programme after signing the nuclear agreement in 2015. At the same time, Iran uses considerable resources on developing and producing ballistic missiles, which could provide the country with more advanced longer-range missiles that can carry nuclear warheads.

■ China, India and Pakistan are modernising and evolving their nuclear weapons and means of delivery. China is strengthening its position as a nuclear power with new strategic missiles. India is displaying global ambitions through its development of intercontinental ballistic missiles and strategic nuclear submarines. Pakistan has a rapidly growing nuclear weapons arsenal, and the country's ambition is to develop tactical nuclear weapons that can be used on the battlefield.

■ In 2017, North Korea will continue on its path to becoming a nuclear power, while also using considerable resources on its missile programmes. The country seeks recognition as a nuclear power and is not willing to give up its weapons programme in negotiations. Should North Korea acquire the capability to threaten targets in East Asia with nuclear weapons, regional tensions would increase as a result.

**In 2017, North Korea
will continue on its
path to becoming a
nuclear power.**

The photo shows a test of the Musudan missile at a secret location in North Korea.



The Norwegian Intelligence Service's assessment

Iran – reduced nuclear threat, but the missile programmes to continue

In 2017, it is likely that Iran will meet its obligations under the nuclear agreement, while the major efforts to enhance its missile capabilities continue.

The nuclear agreement was entered into by the P5+1 countries (China, France, Russia, the United Kingdom, the USA and Germany) in 2015. The agreement's most important objective is to limit Iran's ability to manufacture nuclear weapons; however, the agreement pertains to the nuclear programme only, not the missile programme. With this agreement, the international community has accepted that Iran maintains a limited, civilian nuclear programme. The country can therefore keep its uranium industry and the infrastructure needed to enrich uranium, as well as the technological know-how. Key sensitive businesses are allowed to continue operating, albeit on a smaller scale.

"As a result, Iran could obtain increasingly advanced missiles suitable for delivering nuclear warheads."

Civilian and military nuclear technology largely overlap, allowing Iran to maintain its nuclear threshold capability.

Iran also has a comprehensive missile programme and a large number of deployed missiles of varying range. The Iranians are continually developing more advanced versions and have presented new types of short-range ballistic missiles that can be used to target ships and radars, and thus play a military role in a regional conflict. Additionally, Iran has an active space programme that they could use as cover for developing long-range ballistic missiles. As

a result, Iran could obtain increasingly advanced missiles suitable for delivering nuclear warheads. This potential threat is a part of Iran's deterrence strategy. Iran considers the risk of American aggression to be smaller after the nuclear agreement; however, key actors in the regime believe that the situation could change quickly and that the U.S. could once more emerge as a real threat.

Iran's great power ambitions are also an important motivation for the missile programmes. At home, the efforts are designed to boost the regime's popularity among the population; internationally, it is designed to give the country a leading role in the region.

Asian nuclear power armament

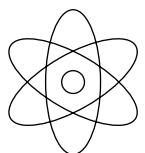
China, India and Pakistan are modernising and evolving their nuclear weapons and means of delivery.

China's ballistic missiles have undergone a modernisation programme in the last decade; moreover, new strategic capabilities are being designed to strengthen the country's position as a nuclear weapons power. For example, China has mounted nuclear warheads on its land-based ballistic missiles and has several strategic submarines. The missiles are distributed among short-, medium- and long-range systems. The arsenal is significantly smaller than Russia's, and intended as minimal deterrence in both a regional and global context. As the only one of the original nuclear weapons states, China has declared that it would not at any time or under any circumstances countenance a "first strike".

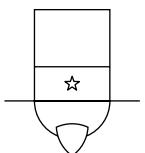
In its deterrence efforts, India emphasises its retaliatory capability and displays global ambitions through developing intercontinental ballistic missiles and strategic nuclear submarines. Considerable resources are used on strategic submarines and their missiles, and India will for the first →

After the nuclear agreement

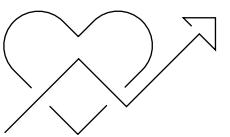
Securing itself with missiles:



As civilian and military nuclear technologies largely overlap, Iran has retained a nuclear threshold capability.



Iran considers the risk of American aggression to be smaller after the nuclear agreement, but believes that the situation could change quickly.



At home, Iran's investment in its missile programme is boosting the regime's popularity.



The ministers of foreign affairs meet in connection with the implementation of the nuclear agreement in January 2016.



The photo shows a nuclear facility near Arak, and is taken the day after Iran and the 5+1 group decided on an agreement that limits Iran's nuclear programme on 14 July 2015.



time have a strategic nuclear triad that can deliver nuclear weapons from land, sea and air; a development that supports India's attempt to balance China's influence in Asia.

Pakistan's nuclear weapons arsenal is growing at a rapid pace, and the country's ambition is to develop tactical nuclear weapons that can be used on the battlefield. By expanding its plutonium manufacturing capability, Pakistan can add compact nuclear warheads to its arsenal in the years ahead. Security challenges concerning physical safety and the resilience of the command and control systems will arise when implementing the tactical nuclear weapons into the country's armed forces.

Pakistan's strategic missile forces consist of several different types of systems, both conventional and nuclear. Pakistan's main motivation behind the nuclear programme is strategic deterrence against India; a country superior to Pakistan when it comes to conventional military capabilities. Pakistan has therefore opened up for the possibility of first strike, and the development of tactical nuclear weapons is designed to deter India from carrying out conventional attacks.

North Korea to further approach delivery capability of nuclear weapons

North Korea conducted two nuclear tests in 2016 and is becoming a real nuclear weapons power capable of threatening its neighbours.

According to regime spokespeople, the nuclear tests in 2016 were successful, and North Korea is known to have a large arsenal of ballistic short-range and medium-range missiles. Although there is uncertainty about the regime's ability to integrate nuclear warheads, North Korea may be able to reach targets in South Korea and Japan with nuclear weapons in a few years' time. The country has showcased mobile intercontinental ballistic missiles at

parades, but it still needs to conduct tests before the missiles are sufficiently reliable. Moreover, the country has tested its new submarine-based missile on several occasions. The system will be a supplement to North Korea's land-based missile arsenal once operational.

In the last few years, the regime has escalated its nuclear

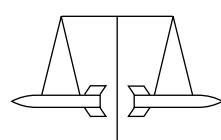
"Despite strong and growing foreign pressure, North Korea will continue its ambitious nuclear weapons programme in 2017."

programme and declared that its entire nuclear industry is part of the military programme. The nuclear tests could indicate that the country has a functioning weapon. Their technical objective is to perfect and certify a reliable and predictable design. North Korea probably wants a small and light warhead that can be integrated into the ballistic missiles. After the last nuclear test, the regime stated that the warheads are standardised and can be mounted onto the North Korean strategic force's missiles.

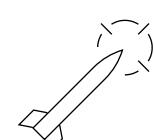
Despite strong and growing foreign pressure, North Korea will continue its ambitious nuclear weapons programme in 2017. The country seeks to be recognised as a nuclear power and is unwilling to give up the weapons programme in negotiations. It is likely that it will conduct several nuclear weapons tests in the years ahead, for the purpose of building a credible deterrence capability and secure the regime's survival. There is also considerable national prestige tied to the weapons programme. A North Korea with a real capacity to threaten targets in East Asia with nuclear weapons would exacerbate regional tensions.

A challenging balance

Several countries in Asia are modernising their nuclear programmes:



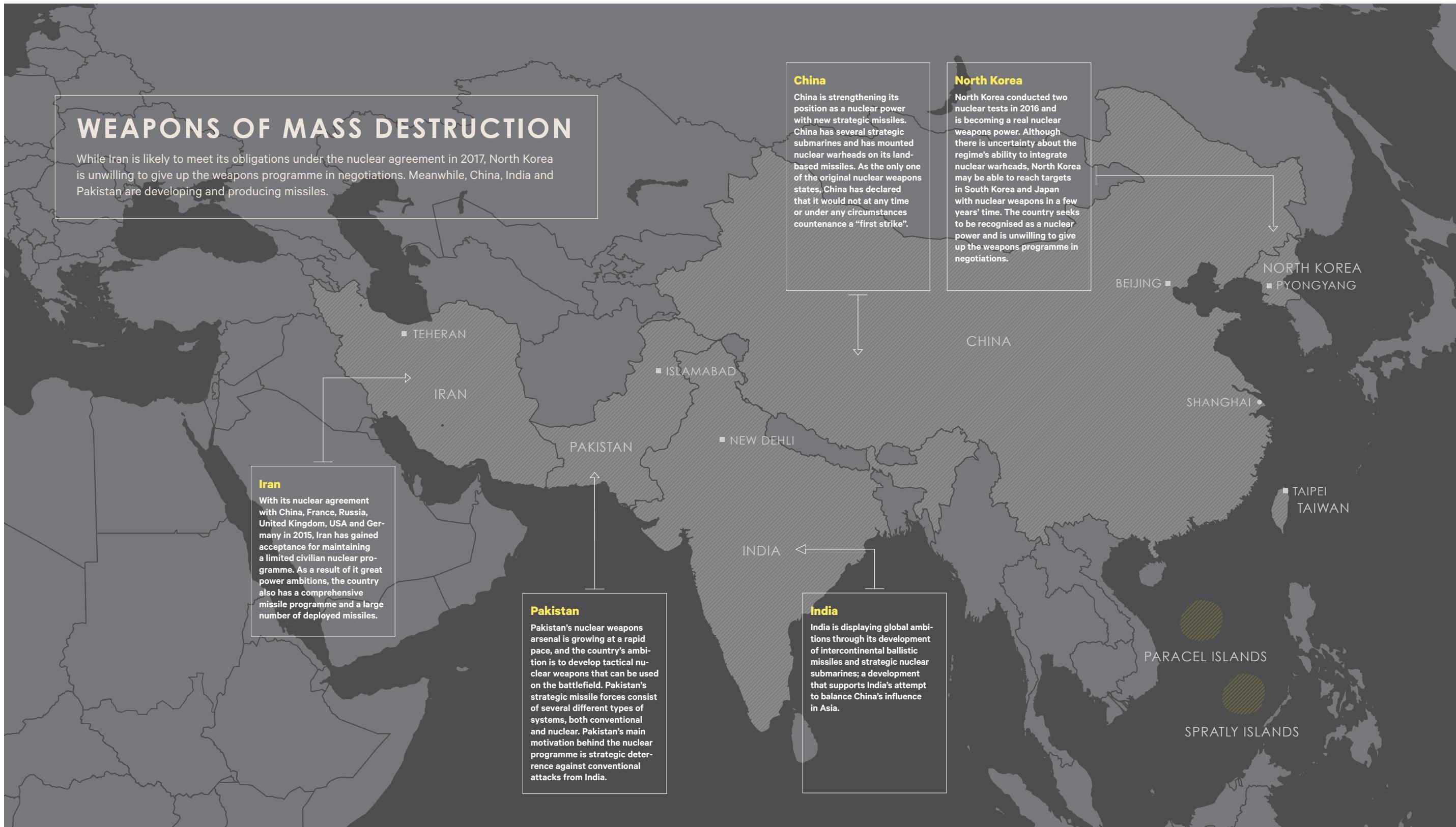
India has emphasised its retaliatory capability and is trying to balance China's military influence in Asia.



Pakistan's tactical nuclear weapons development is intended to deter conventional attacks from India.



North Korea will continue its ambitious nuclear programme despite heavy external pressure.





ASIA

Xi Jinping will use the 2017 Party Congress to further strengthen his personal power in China, and he is not expected to change his political course. The risk of armed conflict in the East and South China Seas is increasing, while the Taliban continues to advance in Afghanistan.



A Japanese vessel (right) sprays water at Taiwanese fishing vessels in a “duel” with the Taiwanese coastguard (left) in the East China Sea. The conflict arose after several Taiwanese ships had been escorted by patrol vessels.

SUMMARY

■ During the 19th National Congress of the Communist Party of China in 2017, Xi Jinping will further strengthen his personal power by handpicking members to the Communist Party's new leadership. Although several party members are discontent with the concentration of power, there is little to indicate that Xi will change his political course. There is no united opposition nor any potential contenders to Xi.

■ In 2017, the risk of armed conflict in the East and South China Seas will increase. China has tightened its military grip on the South China Sea, and it will continue to militarise contested islands and reefs. Meanwhile, Beijing is putting increasing pressure on Japan in the Senkaku and Diaoyu islands dispute in the East China Sea. Military aircraft, naval and coastguard vessels are operating in close proximity to each other in both bodies of water. The risk of accidents or misunderstandings is considerable.

■ The tensions in East Asia are reinforced by North Korea's repeated missiles and nuclear weapons tests. China has protested strenuously against South Korea's decision to deploy a U.S. missile defence. Divisions make it unlikely that North Korea's neighbours will agree on a common policy, and Pyongyang welcomes this development. Kim Jong-un's regime will likely continue its provocations and seek to further reinforce tensions in the region in 2017.

■ In Afghanistan, the Taliban is expected to strengthen its military position across the country in 2017, and Afghan security forces are expected to come under increasing pressure. The Taliban's military progress diminishes its incentives to enter into a peace agreement. The demanding security situation is exacerbating political instability in Afghanistan; however, the Ghani government is likely to survive in the year to come.

In 2017, the risk of armed conflict in the East and South China Seas will increase. China has tightened its military grip on the South China Sea, and it will continue to militarise contested islands and reefs.

Aerial photo of Mischief Reef in the South China Sea.

In November last year, China's President Xi Jinping gave a speech at a conference to commemorate the founding father of modern China, Sun Yat-Sen.

ASIA



[EAST ASIA]

XI JINPING TO FURTHER STRENGTHEN HIS POWER AT THE 19TH NATIONAL CONGRESS OF THE COMMUNIST PARTY OF CHINA

President Xi Jinping will further strengthen his personal power, and it is likely that he will handpick members to the new Communist Party leadership in 2017. It is likely that the president's strong position will facilitate economic reform efforts, whilst increasing the risk of domestic and foreign policy miscalculations and conflicts.

EAST ASIA

The 19th National Congress of the Communist Party of China is scheduled for October/November and will be the most important political event in China in 2017. At the congress, the Communist Party's leadership will witness a generational change as large parts of the top leadership will be replaced and a record number of new members will be accepted into the central party organs. Of the members of the Politburo Standing Committee of the Communist Party of China, it is likely that President Xi Jinping and Prime Minister Li Keqiang will be the only ones to remain in their positions.

For Xi, the congress is an opportunity to place his own allies in leading positions, as well as to exclude political opponents from influential positions. Xi depends on strong supporters to succeed in implementing the ambitious reforms he has initiated, particularly the economic ones. Xi has for example launched a so-called "supply-side structural reform", where the key elements include cutting surplus capacity and closing unprofitable state-owned businesses.

So far, Xi appears to be at liberty to handpick members to the Politburo's Standing Committee at his own discretion. In his first term, Xi has taken considerable power into his own hands. Effectively, he has more or less abolished the system of collective leadership based on consensus, and party discipline is prioritised above party democracy. Xi has also been successful in diminishing alternative factions within the party, an effort in which the campaign against corruption has been an efficient instrument. Until now, the party's left wing and its more moderate youth league have both been breeding grounds for future leaders, but both wings have lost influence as a result of several large corruption cases.

Many members of the Communist Party are unhappy with the concentration of power, but there is little to indicate that Xi is going to change his political course. There is no one united opposition or any obvious contenders to Xi. On the contrary, the picture of Xi as China's strong man with a loyal People's Liberation Army backing him has great popular appeal. Xi's foreign policy vision is for China to rebuild itself as a great power, and he has made it clear that he will not make compromises in questions relating to Chinese "core interests". Xi has accepted a higher level of conflict and is willing to take greater foreign and security policy risks; moves that enjoy massive support among Chinese nationalists. The growing tensions between China and other countries in the region are therefore contributing to rather than diminishing Xi's support.

The Communist Party wants a strong leader who can improve the party's governability. Xi's style of leadership,

however, creates new challenges. The centralisation of power has made it unclear with whom responsibility and authority rests within the different policy areas. This lack of clarity, together with the corruption campaign, has more than once caused paralysis. Moreover, it appears as though policies drawn up at the highest political level are less informed than before, both because external advisers have become less influential and because relevant specialist bodies are not consulted on important topics. In consequence, the risk of domestic and foreign policy miscalculations has increased.

"The 19th National Congress of the Communist Party of China will be the most important political event in China in 2017."

The centralisation of power around Xi Jinping has also led to speculations that his ambition is to remain General Secretary for more than two terms, and that a new leadership change will not take place in 2022 as planned. The first indications of how long he wants to sit will come at the party congress in 2017. A leadership change in 2022 requires that potential successors with the correct age and background are admitted to the Politburo Standing Committee in 2017, so that they can gain the necessary experience from the Communist Party's central leadership. If no obvious candidates stand out at the party congress, it could be a sign that Xi is attempting to delay the appointment of a successor, or an indication that the party leadership has not been able to reach consensus on the question of who will succeed Xi. The absence of a likely successor after 2017 will trigger uncertainty about the plans for the next leadership change and the norms that regulate China's elite politics.

The conflicts in the South and East China Seas to intensify

Despite the ruling from The Hague in the South China Sea dispute, China continues to militarise the maritime region. The risk of confrontation is growing.

In July 2016, China suffered political defeat in the South China Sea dispute when it lost a case the Philippines →

had filed with the International Tribunal for the Law of the Sea in The Hague. The decision significantly limits which maritime regions China can claim within the so-called nine-dash line.

Following the ruling from The Hague, China has reinforced its military grip on the maritime regions in question, including regular patrols using fighter and bomber aircraft. China also conducts frequent military exercises, and in September 2016 the annual Russian-Chinese exercise "Joint Sea" was held in the South China Sea, where the participants were drilled in recapturing occupied islands.

"Other littoral states in the Asia Pacific are rearming."

Beijing will continue to militarise the maritime region in the year ahead, completing several of the military base installations at the Spratly and Paracel Islands in 2017. In the long term, China's objective is to achieve military control of the South China Sea.

We assess that China will attempt to build an airport at the disputed Scarborough Reef in order to achieve this level of control. With this airport, China would control a triangle of base installations, with Spratly in the south, the Paracel Islands to the northwest and Scarborough to the northeast. China has also indicated that it may establish an air identification zone in the South China Sea. It would be easier for the People's Liberation Army to claim such a zone if Scarborough were under Chinese control.

While China's militarisation fuels the conflict in the South China Sea, it is likely that Beijing will increase pressure on Japan in connection with the Senkaku and Diaoyu island dispute in the East China Sea in 2017. In August 2016, more than 200 Chinese fishing vessels and several coastguard vessels entered the area around the islands. China's escalation of pressure in the South and East China Seas represents a new trend: the Chinese are linking two originally unconnected conflicts. In the past, China has tried to avert conflicts in the two maritime regions from flaring up at the same time. Now, Beijing claims that Japan is interfering in the South China Sea conflict and wants to signal that such interference will cause growing unrest in the East China Sea.

The Chinese authorities' willingness to accept a higher

level of conflict in the two maritime regions is also the result of fundamental changes to Chinese foreign policy in recent years. Since 2010, China has been pursuing a more assertive foreign policy line and has abandoned its previous approach of keeping a low international profile. This trend has been reinforced since Xi Jinping assumed power in 2012.

Other littoral states in the Asia Pacific are rearming. These states are prioritising maritime capabilities, air and missile forces, and several of the weapons systems are intended to serve as military deterrents against China. Moreover, several countries have deployed their capabilities in a manner that directly challenges China's attempt to control the South and East China Seas. When Vietnam stationed rocket artillery on the Spratly Islands in August 2016, it became the first country after China to militarise the maritime region's islands and reefs.

The risk of an armed confrontation in the East and South China Seas will increase in 2017. Military aircraft, naval and coastguard vessels operate in close proximity of each other, and the risk of accidents or misunderstandings is considerable.

North Korean nuclear tests to cause regional divisions

North Korea's nuclear and missile tests are a source of tension between China and neighbouring countries. Pyongyang will likely continue its tests in 2017 in order to provoke even stronger friction in the region.

In 2016, North Korea increased activity related to its nuclear weapons programme sharply. Kim Jong-un's regime conducted its fourth and fifth nuclear test in January and September. Two nuclear tests in one year represent a significant escalation, as it has previously been years between each test. The country has also tested several missiles.

Although the main purpose of the tests is to improve the country's nuclear weapons arsenal, North Korea also wants to cause discord in East Asia. Pyongyang wants to prevent the region's states from forming a united front against the country. As a result of its intense rivalry with South Korea, the regime also wishes to prevent important actors, including China and Russia, from improving their relations with Seoul.

Pyongyang's provocations in 2016 have created major discord. Disagreement between China and the other regional actors surfaced after the nuclear test in January. Although the Security Council agreed on a new UN resolution, China has been unwilling to implement sanctions.



The conflict between president Ghani and CEO Abdullah escalated in autumn 2016.

Beijing's reserved approach has disappointed the South Koreans in particular. In recent years, South Korea has maintained relatively good relations with China. The weak implementation of the sanctions regime, however, confirms that China's first priority is to protect Kim Jong-un's regime; its relations with South Korea comes second.

South Korea's decision to deploy a U.S. missile defence system further increases tensions with China. According to Seoul, the system is a defence against the growing nuclear threat from North Korea; however, the Chinese are worried about the system's so-called TPY-2 radar being aimed at China. Moreover, Beijing fears that the radar is part of a larger, integrated U.S. missile defence system for the region, and Beijing has therefore strongly opposed the decision, as has Russia.

China's opposition is also the result of the country's fear of being "encircled" by the U.S. and its allies. To the Chinese leaders, the decision to deploy a U.S. missile defence confirms and consolidates South Korea's alliance with the U.S. Furthermore, China fears that the decision could contribute to closer security collaboration between

South Korea and Japan now that both countries are party to the region's U.S. missile defence network. China's discontent will likely reduce its willingness to exert additional pressure on North Korea.

"In 2016, North Korea increased activity related to its nuclear weapons programme sharply."

The nuclear and missile tests in 2016 have paid off politically for North Korea. The U.S. and its allies are now on one side and China and Russia on the other in the missile defence debate; this is a development North Korea welcomes. It is therefore likely that North Korea will continue to provoke and attempt to exacerbate tensions in East Asia in 2017.

The head of a Taliban breakaway group, Mullah Abdul Manan Niazi, spoke to his soldiers in Herat province in Afghanistan in May last year.

ASIA



[AFGHANISTAN]

THE TALIBAN TO STRENGTHEN ITS MILITARY POSITION

The Taliban is strengthening its military position across Afghanistan and is putting increasing pressure on the Afghan security forces. Combined with political instability in Kabul, the Taliban's progress is contributing to the standstill in the peace negotiations.

AFGHANISTAN

In 2017, the Taliban will emerge as more united than at the beginning of 2016. Haibatullah Akhundzada succeeded the controversial leader Mansour, who was killed by coalition forces in May 2016, and he will continue to consolidate his power together with his influential seconds-in-command. Thus, the Taliban's military wing can use fewer resources on handling internal feuds and more resources on fighting the Afghan security forces (ANSF).

It is highly likely that a more united Taliban will expand its operations in all parts of Afghanistan. The Taliban is taking advantage of the fact that the security forces are stretched thin and are operating reactively, as well as their inability to counteract the intensity and simultaneity of the Taliban's military operations. The ANSF is still superior in numbers, but it has suffered increasing losses in recent years and has had to cut training time for new personnel. In time, this development will present significant challenges to the ANSF, qualitatively and quantitatively. Furthermore, the ANSF's losses and the Taliban's successful information campaigns have weakened morale among the regular units. The regular forces' lack of morale has led to the increasing use of Afghan special forces at the front line. This will reduce the ANSF's ability to carry out special operations in the longer term.

As a result of the Taliban's expected military progress, several new districts will come under the group's control. The Taliban will be increasing its activities along the main road axes, reducing the ANSF's and the local population's freedom of movement. The main cities of Helmand, Uruzgan, Farah, Kunduz and Baghlan are particularly vulnerable. It is unlikely that the Taliban will be able to take permanent control of these cities in 2017 as long as coalition forces are supporting the ANSF, nor will the Taliban be able to challenge the authorities' control in Kabul, Jalalabad, Kandahar, Herat or Mazar-e Sharif – the five regional power centres in Afghanistan.

The Taliban will also seek to strengthen its position by monopolising the insurgency. In particular, they will attempt to defeat the ISKP, ISIL's branch in Afghanistan. The ISKP has its main base in the southern parts of Nangarhar, but started recruiting members from the neighbouring provinces in 2016. However, the ISKP suffered a major setback in 2016 as a result of battles against the Taliban and increased focus by the ANSF's and coalition forces. The ISKP will maintain a limited presence in Nangarhar and surrounding areas in 2017, but with little chance of expanding beyond eastern Afghanistan.

The Taliban's military progress and the demanding security situation will increase political instability in Afghanistan. In 2016, Ashraf Ghani's government was unable

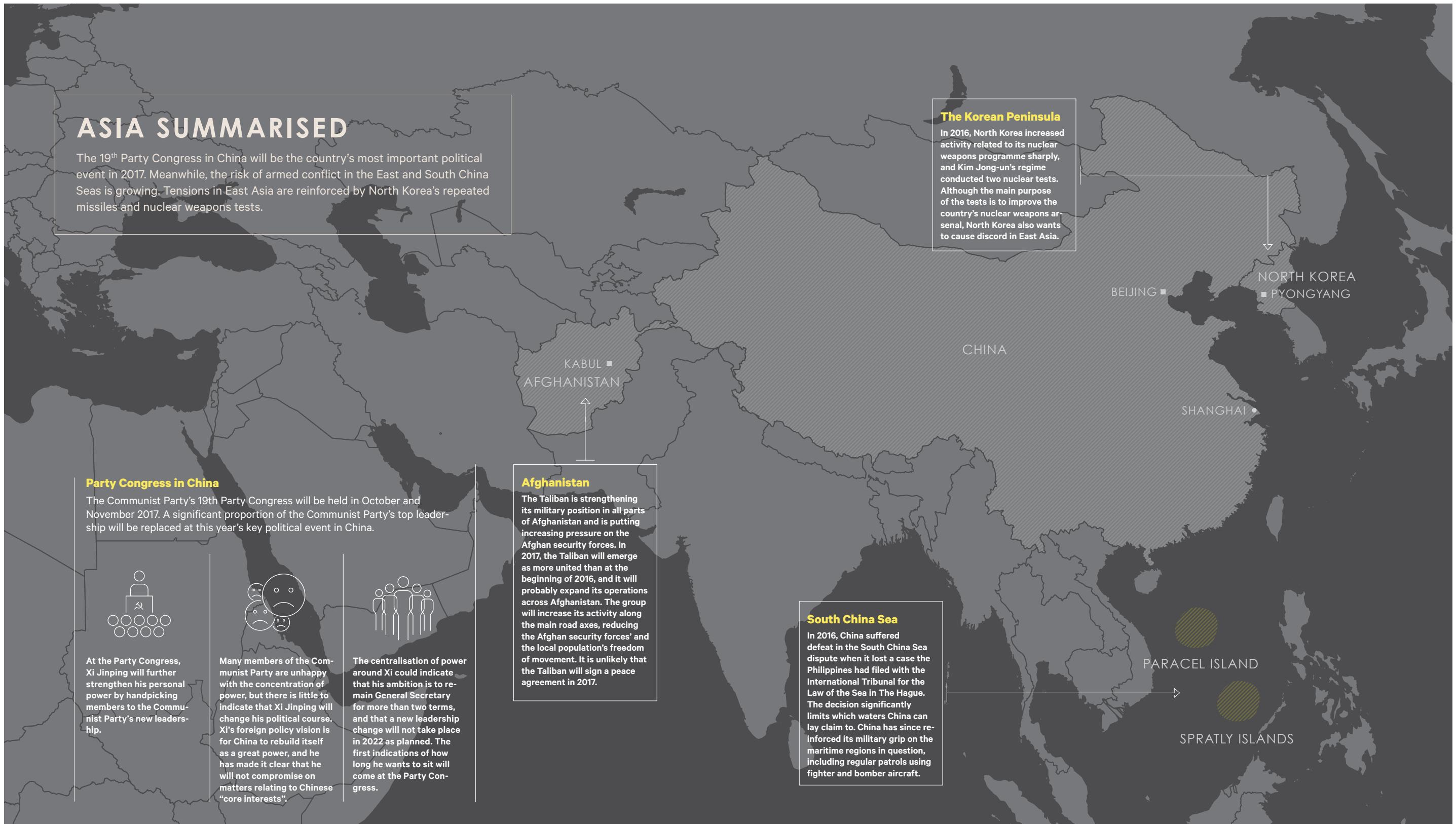
to implement election reform, the scheduled parliamentary election or summon a Loya Jirga (grand assembly) to formalise Abdullah Abdullah's office of prime minister. Elections and a subsequent Loya Jirga could take place in spring 2017 at the earliest, but there is a real chance that the security situation will force the government to abstain from carrying out the elections. Without elections, the government's legitimacy will diminish further.

Serious collaboration issues within Ghani's unity government also contribute to political instability, and this situation is unlikely to improve in 2017. The conflict between Ghani and Abdullah escalated into an open power struggle in autumn 2016; however, Abdullah would probably not benefit from breaking off collaboration with Ghani.

"It is unlikely that the Taliban will sign a peace agreement in 2017."

Despite the Taliban challenge, the power struggle with Abdullah and the opposition's growing discontent, it is highly likely that Ghani's government will survive 2017. At present, the opposition is not strong, united or coordinated enough to overturn Ghani. Although united in its opposition against the government, the opposition consists of individuals with very different agendas. Accordingly, the opposition is not perceived as a credible governing alternative. The survival of the state and government will continue to be contingent on political, military and economic support from the international community.

It is unlikely that the Taliban will sign a peace agreement in 2017, for several reasons: firstly, as a result of its military progress, the Taliban expects to acquire an even stronger negotiation position vis-à-vis the government, leaving few incentives to sign an agreement anytime soon. Secondly, it is likely that the murder of Mansour in May 2016 made it more difficult to argue for a peace process within the Taliban. Thirdly, there is significant internal opposition within the Taliban to signing an agreement while there is still an international military presence in Afghanistan. Central Afghan power brokers, both within the unity government and outside it, oppose an agreement, which further complicates the peace process. A political solution would entail further redistribution of power and positions, and the influence exerted by the various interest groups would be reduced accordingly.





The background of the image is a scenic view of mountains, likely the Norwegian Alps, with white peaks and blue skies. A faint circular watermark is visible in the upper right corner of the image.

“The number of cyber-based threats to political, military and economic targets in Norway originating from Russia and China is increasing. We can expect extensive intelligence operations against Norway from both countries in the year ahead.”

LIEUTENANT GENERAL MORTEN HAGA LUNDE
DIRECTOR NORWEGIAN INTELLIGENCE SERVICE

