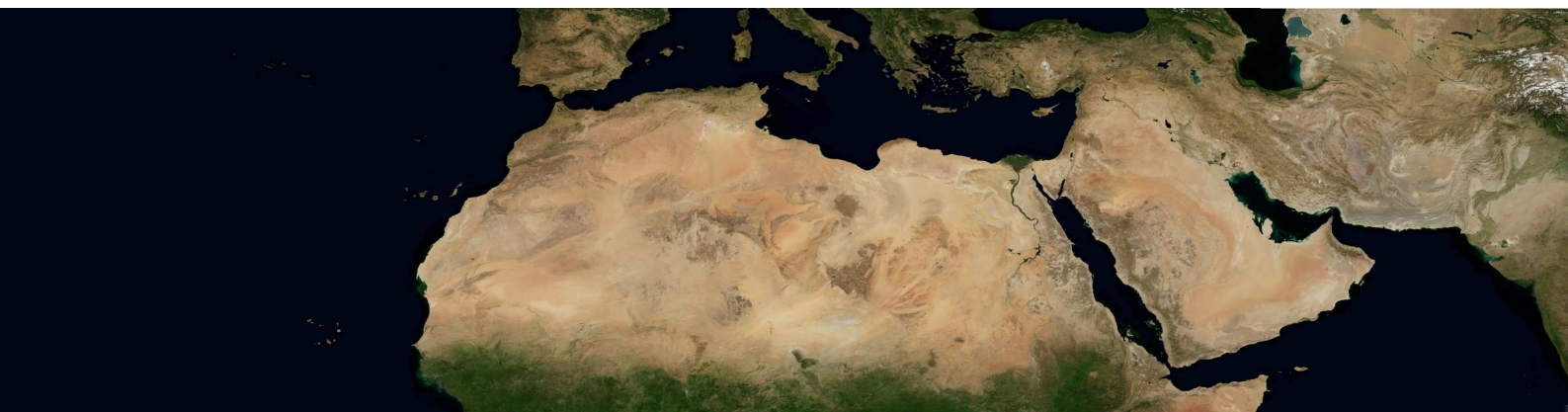




THE INKERMAN GROUP



MENA EXAMINER

29 JUNE 2011

The Inkerman MENA Examiner is an informative weekly assessment of developments taking place across the Middle East and North Africa, providing travellers and businesses operating in these countries with a comprehensive overview of regional risk.

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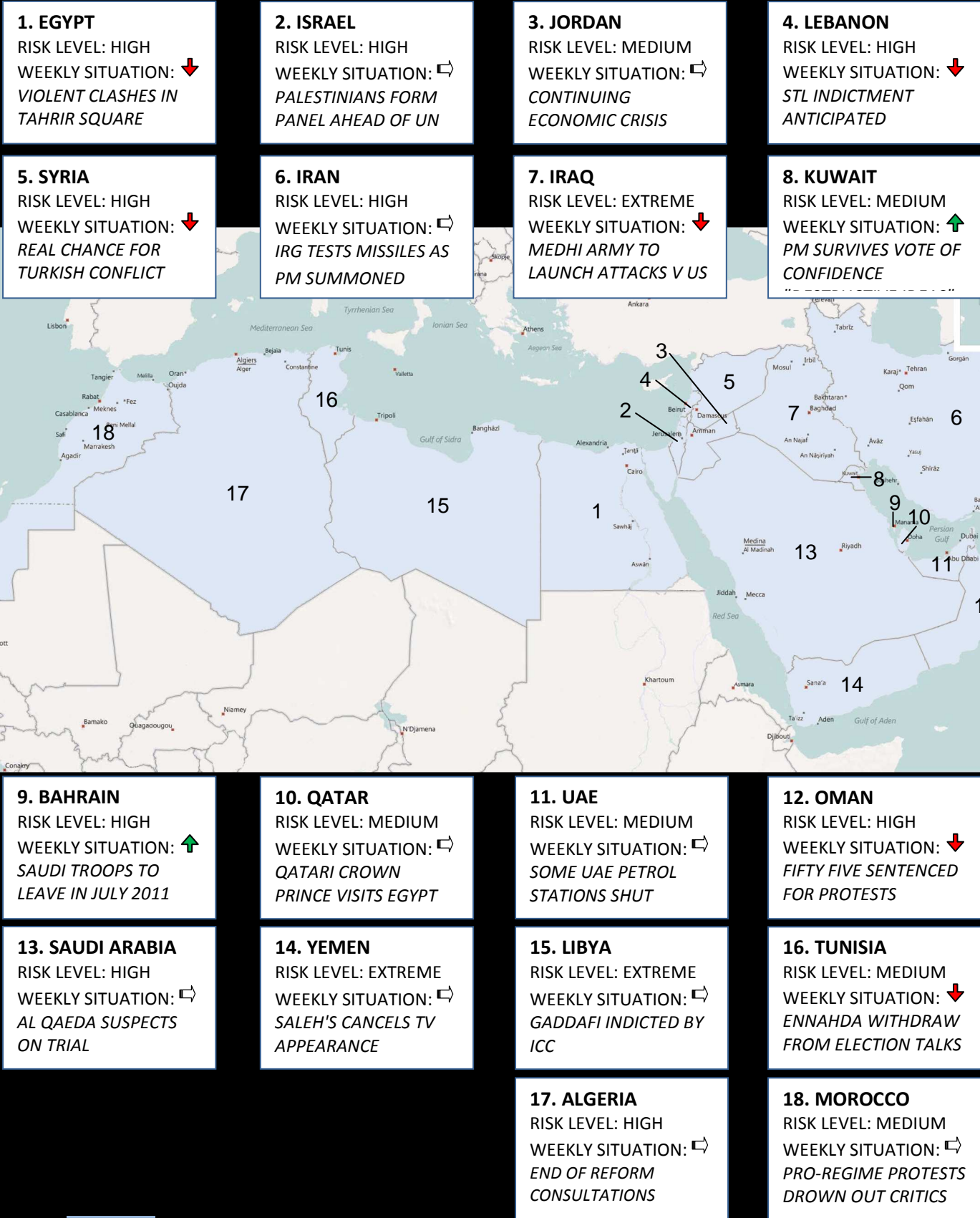
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REGIONAL FORM AT A GLANCE – 29 JUNE 2011


KEY: ↑ IMPROVEMENT
↓ DETERIORATION
↔ UNCHANGED

In what is being called the 'Arab Spring' the peoples of the Middle East and North Africa are continuing to demand reforms from their governments. This has caused mass protests and unrest as well as the potential for sweeping changes across the region influenced by social, economic and political factors.



EGYPT		SITUATION: Deterioration
		EVACUATION RISK RATING: HIGH
		PERSONNEL RISK RATING: HIGH

SITUATION TO DATE:	<p>Egyptian security forces and 5,000 reform protesters clashed in Cairo's Tahrir Square between 28-29 June 2011, leaving more than 590 injured after police fired tear gas at those throwing rocks. The incident does not suggest a resurgence of mass protest action but the potential for further scuffles remain high and is very much tied to the perceived slow prosecution of security officers held responsible for the deaths of protesters during the uprising. The initial spark occurred outside a theatre in Agouza, where a planned memorial service for the families of the more than 840 people who were killed during the Egyptian uprising in February 2011, was taking place, and many allege they were denied access to the event. Clashes which ultimately spilled over to other parts of the city, gaining momentum outside the interior ministry building in Tahrir Square, as protesters chanted: "Down with the military junta". Protestors claimed the head of the Supreme Council of the Armed Forces (SCAF), Field Marshal Hussein Tantawi, (who took power when former President Hosni Mubarak stepped down) should be removed from office.</p>
THE WAY AHEAD:	<p>It is significant that the clashes took place in Tahrir Square, the epicentre of the nearly three-week-long uprising that ousted Mubarak, and this incident is an example of the tension that still exists between the police and ordinary Egyptians. Many Egyptians remain frustrated by the wheels of justice not turning fast enough and the incident also came a day after a US delegation visited Cairo and requested that the SCAF postpone parliamentary elections until a constitution could be drafted, allegedly to prevent Islamic powers from controlling the committee to ensure a balanced constitution that takes minorities into consideration. A revelation which is expected to lead to calls for the re-evaluation of Egyptian-US relations, after Washington's perceived pressure on the mechanisms for political representation to be allied more towards the US rather than by Egyptians for Egyptians. From a SCAF perspective it is aware that public protests have arisen as a means to pressure the body into quickening change, and it appears that the 28 June 2011 decision to dissolve Egypt's local councils elected under Mubarak did not go far enough for protestors. Moreover, it would appear that a fair, free, transparent and critically "on time" election in September 2011, and the trial of Mubarak's family, will go a long way to appeasing demands. Further small scale challenges over the speed of reform and the process of justice are expected to continue, particularly each Friday after Prayers in Tahrir Square.</p>

ISRAEL		SITUATION: Unchanged
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: MEDIUM

SITUATION TO DATE:	<p>It was announced this week that the Palestinian leadership plans to establish a panel which will coordinated preparations for the planned September 2011 to bid to seek United Nations membership for a Palestinian state in the West Bank, Gaza and east Jerusalem. The Palestinians hope UN recognition will give them greater leverage in future dealings with Israel and improve prospects for successful negotiations. According to Fatah, the committee members will include Palestine Liberation Organisation Secretary-General Yasser Abed Rabbo and Palestinian Foreign Minister Riyad al-Malki. The panel will seek to consolidate the Palestinian position vis a vis the inevitable US-Israeli objections, by lobbying countries to the Palestinian cause, whilst maintaining strong relations with countries already supporting their stance. In a surprising turn, Palestinian Prime Minister Salam Fayyad has broken ranks with the rest of the Palestinian leadership, describing UN recognition of a Palestinian state as a "largely symbolic victory" which would not change the reality of "Israeli occupation".</p>
THE WAY AHEAD:	<p>It is almost certain that the US will utilise its veto in the Security Council to block Palestinian membership, however, when, rather than if, this happens, it appears that the Palestinians intend to request that the General Assembly accept Palestine as a non-member observer state, a status which the Palestinian leadership hope could grant the Palestinians membership in UN-related institutions. If they were successful in this bid, they may then return to the Security Council in the hopes that a show of broad international support would persuade the US to drop the veto. However, it is deemed highly unlikely that the US will change its stance, given the fact that US President Barack Obama is already taking criticism from Republican candidates for being insufficiently pro-Israel.</p>

JORDAN**SITUATION:** Unchanged**EVACUATION RISK RATING:** MEDIUM**PERSONNEL RISK RATING:** MEDIUM**SITUATION TO DATE**

Amid growing pressure on King Abdullah II to instigate promised political reform, concern continues in Jordan over the kingdom's poor economic performance. The political turmoil which has gripped the Middle East and North Africa since the end of 2010 has exacerbated resource-poor Jordan's budget crisis, as travellers avoid the region due to the turmoil associated with the Arab Spring. This has been coupled with a sharp increase in commodity prices, and the government being required to spend US\$500 million to cover a fuel shortage resulting from the sabotage of a pipeline carrying gas from Egypt to Jordan. Together these have created a huge and unexpected drain on the public finances. Whilst the government is hoping to limit its 2011 budget deficit to around 5.5%, this will only be achievable with foreign aid.

THE WAY AHEAD:


Jordan has thus far avoided the widespread turmoil witnessed elsewhere in the region, however this can in part be attributed to the fact that, in order to quell popular discontent, the government promised earlier in 2011 to maintain energy and food prices at an artificially low level, and also to increase both wages and pensions for those employed by the country's (arguably bloated) public sector. This expenditure has been facilitated by the aforementioned assistance, particularly from the US (which has promised to "mobilise several hundreds of millions of dollars", topping up the previously agreed annual transfer of about us\$660m, and has also agreed to provide 50,000 tonnes of wheat to the kingdom) and Saudi Arabia (which earlier in June 2011, provide a fresh grant worth US\$400m to the government in Amman). Due to continuing discontent in the country which has already compelled the government to promise to implement a number of political reforms, Jordan cannot afford to lower the subsidies, despite the fiscal imperative, but fortunately it is expected to continue receiving aid, despite the US's own deficit concerns, because of the kingdom's vital role in providing a "buffer" for Israel. It is also perceived to be in Saudi Arabia's interest to provide support, as Riyadh sees maintaining the current regime as key to proving that conservative, pro-western monarchies such as Jordan and Saudi Arabia can stand apart from the Arab Spring.

LEBANON**SITUATION:** Deterioration**EVACUATION RISK RATING:** HIGH**PERSONNEL RISK RATING:** HIGH**SITUATION TO DATE:**


The Lebanese Government appears to be living down to expectations, with concern that the ongoing political turmoil in the country will force it to collapse. This week, Nabih Berri, the speaker of the Lebanese parliament warned that the government of Prime Minister Najib Mikati that under the constitution the cabinet has only has until 13 July 2011, thirty days after it was initially formed, to present a policy statement to parliament. Failure to do so results in the automatic collapse of the cabinet. The failure to finalise a programme for governing despite the fact that the draft committee has held six meetings primarily reflects the continuing dispute over how to proceed with the most divisive issue in Lebanese politics: the UN-backed Special Tribunal for Lebanon (STL). The STL was set up to investigate the assassination of the former Prime Minister Rafiq Hariri in February 2005.

THE WAY AHEAD:


The STL was the issue which toppled the government of Saad Hariri, as Hezbollah forced the collapse of the government over the then-Prime Minister's refusal to reject the tribunal. Within the present cabinet, the Shiite militant group Hezbollah-led March 8 coalition which comprises the majority, has made no secret of its opposition to the STL, and wants the new government to cut ties to it. However, according to some reports Prime Minister Mikati, a Sunni billionaire businessman, is believed to oppose this approach. Meanwhile, the STL is expected to finalise its indictment next week (potentially on 03/04 July 2011) with sources indicating that it will contain the name of a Hezbollah commander among other accused of the assassination. The revelation is likely to be hugely incendiary: whilst the STL has maintained that it seeks to indict individuals, not political entities, the courts reported intent to accuse a senior member of Hezbollah is likely to put the country's judiciary in an extremely difficult position, particularly if the cabinet has failed to come to an agreement on the issue. If the indictment is issued prior to the government forming its policy statement, this may make the task of consensus-building near impossible.

SYRIA		SITUATION: Deterioration
		EVACUATION RISK RATING: HIGH
		PERSONNEL RISK RATING: EXTREME


SITUATION TO DATE:	<p>After nearly four months of anti-government protests and government crackdowns, Syria remains a country divided. This week real worries emerged concerning bringing the crisis to a regional level after exiled Syrian opposition figures urged Russia on 28 June 2011 to persuade Syria's President Bashar al Assad to resign, warning that Moscow risked being left behind by history unless it withdrew its support for the leader. The meeting was seen as a possible sign the Kremlin might be hedging its bets and trying to ensure its clout ahead of a regime change. Once-warm ties between Turkey and Syria are also close to breaking point as al Assad's increasingly bloody repression of protests has driven 12,000 Syrian refugees to move north and take shelter in camps in Turkey, followed, closely by Syrian troops who have moved up to seal off the area. Turkey has gone to great pains to avoid being seen as a resurgent and aggressive power, but this crisis is pushing Ankara to take a more confrontational stance. US Secretary of State Hillary Clinton warned that the reported Syrian military actions had raised "the potential of border clashes", saying that the US was monitoring the situation closely. Syrian troops backed by tanks continue to surge through the series of towns which sit on the Turkish border to the north and mass tank formations in Khirbet al-Joz bear testament to al Assad's will to crush this rebellion through force. Turkey is understandably nervous about what is happening so close to home and potential cross border skirmishes are likely if Turkey sees a build-up of forces as a threat to its own sovereignty.</p>
THE WAY AHEAD:	<p>A host of high level cross-border conversations continue to take place and both sides will be reassuring each other that they both have their own houses in order and that the declaration of "non interference" in another state's matters remains sacrosanct. Turkey's ruling Justice and Development Party (AKP) has exerted a great deal of effort in recent months trying to manage the Syrian crisis and this latest threat, albeit a military one, could be the latest stage in negotiations, especially as Turkey has quietly advised Syria on how to proceed with reforms and even provided open forums for Syrian opposition forces, including the Syrian Muslim Brotherhood (MB), to organise. Seen in this light then, Turkey is deliberately advising the Syrian regime, whilst also playing both sides off against each other, by talking to the opposition, in what it feels is an "honest effort" to stabilise Syria. Meanwhile, about 200 Syrian opposition figures, including independent intellectuals, held a rare consultative meeting in Damascus and presented several recommendations to help end the unrest in the country. The meeting received prior government approval and featured some supporters of al Assad, however main opposition figures had said the meeting could give political cover to Assad, and refused to participate in it..</p>

IRAQ		SITUATION: Deterioration
		EVACUATION RISK RATING: EXTREME
		PERSONNEL RISK RATING: EXTREME


SITUATION TO DATE:	<p>Supporters of influential Shiite leader Muqtada al Sadr's disbanded Mehdi Army claimed this week that they are ready to attack US troops in Iraq, including suicide attacks against foreign targets, if US forces stay in the country beyond a year-end deadline. This worrying statement regarding the fiercely anti-US cleric revives fears of sectarian violence across Iraq. At the height of Iraq's 2006-2007 sectarian slaughter, the Mehdi Army was seen as one of the biggest threats to Iraqi security. Al Sadr disarmed his militia after Shi'ite Prime Minister Nuri al-Maliki's troops, backed by US forces, defeated them in Baghdad and southern cities in 2008, and since then al Sadr has since become a potent force in mainstream politics.</p>
THE WAY AHEAD:	<p>Sadr's anti-US rhetoric still inspires followers, and Mehdi Army cells still pose a security risk, emerging in the form of Shi'ite militia that Washington claims is backed by Iran. The Nour Al Maliki-led government, formed in December 2011, has been facing political pressures, both internally and by the international investors who want to do business but are running out of patience with the government's poor infrastructure and organisation as well as myriad security threats. Faced with domestic unrest and worried about an Arab Spring-inspired grassroots revolution, the government has been frantically attempting to get al Sadr's support on US withdrawal plans and Iraqi economic vision going forward.</p>

IRAN		SITUATION: Deterioration
		EVACUATION RISK RATING: HIGH
		PERSONNEL RISK RATING: HIGH

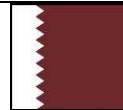
SITUATION TO DATE:	<p>Iran's Revolutionary Guards tested up to fourteen surface-to-surface missiles on 28 June 2011, during the second day of "war games" intended as a show of strength toward Israel and the US and emphasised "Iran's preparedness" in the event of any attack on the Islamic Republic, which Washington has threatened if diplomatic means fail to stop it developing nuclear weapons. Tehran also claimed it would send five monkeys into space as part of its space programme next month. Both moves have sparked fears from Western countries about the progress of Iran's missile arsenal and the likelihood for an increase in such tests is high as President Mahmoud Ahmadinejad attempts to galvanise his domestic audience as he faces further scrutiny from conservative elements of the Iranian parliament for publicly speaking against the Supreme Leader Ayatollah Khamenei in recent weeks. The moves came in the face of the Iranian parliament summoning Ahmadinejad for questioning raising tensions in a power struggle between factions in the Islamic Republic's ruling elite. The move requires Ahmadinejad (facing parliamentary elections in 2012 and a presidential race in 2013) to attend within a month and comes after 100 lawmakers signed a motion calling him in. Unless he can persuade parliament to withdraw the summons, Ahmadinejad will face questions over his delay in nominating a sports minister and in granting parliament-approved funding to the Tehran Metro. Both issues are the subject of long-running tussles between president and lawmakers and some members of parliament have suggested impeaching Ahmadinejad over what his critics in the house have called his "demagogic" manner.</p>
THE WAY AHEAD:	<p>The conservative-dominated parliament has often used its constitutional powers against Ahmadinejad, particularly over ministerial appointments and budgetary matters, and most recently rejected a close ally he nominated as deputy foreign minister. Ahmadinejad's opponents have been emboldened by Supreme Leader Ayatollah Ali Khamenei's intervention in April 2011 to stop the president sacking his intelligence minister, which analysts said showed he could no longer count on the complete support of Iran's top authority. Far from toning down his policies, Ahmadinejad sacked several other ministers, including the head of the Oil Ministry in what he said was merely the execution of a previously announced government streamlining. As well as facing pressure over policy issues, Ahmadinejad faces accusations that many of his closest aides are part of a "deviant current" who they say put secular nationalism ahead of Islamic values and are a threat to Iran's clerical rule.</p>

KUWAIT		SITUATION: Improvement
		EVACUATION RISK RATING: LOW
		PERSONNEL RISK RATING: LOW


SITUATION TO DATE:	<p>Kuwait's Prime Minister comfortably survived a parliament vote called by the opposition in a bid to oust him over allegations he boosted ties with Iran rather than Gulf Arab states, after only eighteen MPs voted for the motion, seven votes short of the required number to unseat Prime Minister Sheikh Nasser Mohammad al-Ahmad Al-Sabah. The vote came after questioning on 14 June 2011, after the opposition accused him of undermining national security by developing ties with Iran. It is the third time that the prime minister has survived a bid to oust him, the last being in January 2011 on allegations that he suppressed public freedoms. Meanwhile from an energy perspective, Kuwait announced its ambition to increase oil production capacity from 2.6 million barrels per day to 4 million barrels per day by 2020.</p>
THE WAY AHEAD:	<p>Kuwait's various attempts to invite major oil companies to drill for oil have faced obstacles in the past and as a way to mitigate that risk, Sheikh Ahmad Al-Abdullah Al-Sabah, was replaced with a new oil minister Muhammad al-Busairi in May 2011 to increase confidence and transparency. Having an oil minister now means the Supreme Petroleum Council can now make decisions on refinery upgrades and expansion. The first of many anticipated moves occurred on 28 June 2011, when the Supreme Petroleum Council (SPC) approved the construction of a long-stalled oil mega project worth more than eight billion dinars (US\$29 billion). The project is intended to be a new state-of-the-art refinery, whilst two of three existing refineries are also to be upgraded to raise output and produce cleaner products.</p>

BAHRAIN		SITUATION: Improvement
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: MEDIUM


SITUATION TO DATE:	On 29 June 2011, the Bahraini Government announced that Saudi Arabia will begin withdrawing its troops from 04 July 2011, as the situation in the country is reportedly 'much calmer'. A GCC backed foreign intervention force (which also comprised UAE and Qatari troops) was sent into Bahrain in mid-March 2011 to help clear the streets of anti-government protesters who had staged demonstrations since February 2011. Emergency rule imposed at the time (and lifted on 01 June 2011) featured the deployment of up to 1,000 Saudi troops to protect government facilities and enforce the law alongside Bahraini security forces. While the crisis on the island has been contained in the short term, and the "redeployment" plan is being viewed as a positive step to full withdrawal by most Bahrainis, continued Shiite discontent is likely to simmer in the background until real reforms are ushered in, especially as the Shi'ite led opposition continues to seek greater political freedoms and access to jobs.
THE WAY AHEAD:	Most Sunni Groups due to take part in Bahrain's national dialogue say the Shi'ite-led opposition is serving Iran and the largest opposition bloc may not even take part. Deep-seated divisions and mutual suspicions mean consensus will be tough to reach and any reforms that are agreed are unlikely to satisfy everyone. The lifting of emergency laws and promises of political reform by Manama are designed in the short term to repair some of the damage to Bahrain's relationship with the US and in the long term to contain the fallout from the Sunni royal family's crackdown on the country's Shi'ite majority. While the lifting of emergency laws (and statements that GCC forces will remain deployed at "vital installations" in the country in order to free up Bahraini troops to secure the streets if needed) reinforce a perception of calm and security returning to Bahrain, it still faces a broader strategic dilemma in trying to maintain the status quo of a very different MENA environment to even January 2011.

QATAR		SITUATION: Unchanged
		EVACUATION RISK RATING: LOW
		PERSONNEL RISK RATING: LOW


SITUATION TO DATE:	Qatari Crown Prince Sheikh Tamim bin Hamad al-Thani travelled to Egypt on 28 June 2011, for talks which focused on bolstering economic and trade ties and political cooperation. Issues such as Qatari investment in Egypt were addressed and followed a 01 June 2011, agreement that Qatar would invest up to US\$10 billion in Egypt, with the construction of a port near Alexandria and the purchase of Egyptian Government bonds. Meanwhile, annual consumer prices in Qatar rose 1.7% in May 2011, from 1.5% the previous month in a sign that inflation is becoming more of a headache for the fast-growing Arab Gulf state, which is embarking on a huge World Cup spending programme. Qatar is weary of record pre-financial crisis inflation levels returning as its economy booms and it gears up to spend billions of dollars on infrastructure ahead of the global football showpiece in 2022.
THE WAY AHEAD:	Qatar, the only Gulf state not to be hit by popular unrest in recent months, is now the largest gas exporter in the world and its proven natural gas resources of 25 trillion cubic metres are the world's third largest after those of Russia and Iran. With a population of 1.15 million in 2009, Qatar has just completed the bulk of mammoth gas projects that boosted its LNG output to 77 million tonnes per year, more than a fifth of the total global LNG supplies, a figure which doesn't even begin to take in its crude oil sales. Qatar remains focused on investment in Egypt as it seeks to position itself at the forefront of a host of bilateral trade opportunities with whatever government emerges from the September 2011 elections. Qatar is keen to give high priority to the export of its liquefied natural gas (LNG) deposits especially considering a recent gas deal between Egypt and Israel is being reviewed over corruption allegations, and as a result Doha believes it can use its proven reserves as a carrot to Egypt.

UAE		SITUATION: Unchanged
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: LOW


SITUATION TO DATE:	<p>On 28 June 2011, the latest twist in the ongoing fuel saga to hit the UAE saw residents of Sharjah being told by UAE authorities that they can expect an end to the fuel shortage before Ramadan begins in August 2011, despite this being a time when there is traditionally not much demand on petrol stations as residents travel abroad. It is anticipated that the government will consider adding more staff and increasing the hours of operation at Adnoc and Emarat stations in the emirate. The move comes as the Sharjah Executive Council discussed solutions to the fuel shortage after a seventy-two hour ultimatum imposed on Enoc Group passed without any it being able to supply petrol to the area for a fourth week running, which lead to a shutdown of their stations. In all some eighty-two stations in Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah, which were negatively affected and left motorists searching for alternative sources, are now out of action.</p>
THE WAY AHEAD:	<p>In another development, despite the previous weeks of hype surrounding a potential upgrade of the UAE stock markets from frontier to emerging markets status, an anti-climax hit the UAE this week after Morgan Stanley Capital International "extended" its decision for another six months. This is an unusual move for the global index provider; as in the past, it has simply said yes or no to an upgrade. In MSCI's own words it has been "extended to December 2011 in order to give additional time for market participants to assess the impact of the recent positive changes implemented in the market". There are some implications to MSCI's decision which raise questions such as whether the "extension" means that the UAE equity markets, and, by extension, those of the Gulf nations, will continue to depend mainly on internal investors for trade volume. Moreover, is uncertain as to the destination of expected cash supplies that global institutions kept waiting in the wings ready for news of the upgrade.</p>

OMAN		SITUATION: Deterioration
		EVACUATION RISK RATING: HIGH
		PERSONNEL RISK RATING: MEDIUM


SITUATION TO DATE:	<p>On 28 June 2011, an Omani court sentenced fifty-five people to prison terms ranging from one month to one year for their alleged involvement in protests which demanded more emphasis on employment for those living in northeast industrial city of Sohar and the eastern coastal town of Jaalan Bani Bu Ali. The sultanate was rocked by months of protests starting in February 2011, inspired by pro-democracy revolts that toppled long-serving rulers in Egypt and Tunisia, where other protest focused on the removal of regimes and greater democracy, the Omani protests focused on jobs, higher wages and an end to corruption, but were largely supportive of the Sultan Qaboos bin Said. The fifty-five protesters were accused of offences including robbery, unlawful gathering and vandalising largely in the government departments in Jaalan Bani Bu Ali. Most of the sentences ranged from one month to three months in jail, with only one person receiving a year's sentence.</p>
THE WAY AHEAD:	<p>The protesters were among hundreds arrested between March-May 2011, when the demonstrations stopped after two people died in Sohar in early April 2011 and more than 100 were injured in clashes with security forces. The protest by about 100 youths in Jaalan Bani Bu Ali turned violent in May 2011, with demonstrators chanting: "Where are the jobs?" and breaking into businesses and government buildings. A total of eighty people were arrested, but twenty-five were then later released. Youth movement opposition protestors involved in sporadic violent protests calling for better pay, jobs and an end to graft in the Gulf Arab state in recent months have been quiet for the last few months, largely after the Sultan promised a US\$2.6 billion spending package after the protests. Many protesters remain unsatisfied with the government response, saying promised changes are partial or too slow to be implemented and remain a threat to Sultan Qaboos bin Said's government. Moreover after these sentencings it is likely that the feeling of injustice will continue which could lead to new problems emerging across the Sultanate, which until 2011 was one of the most stable of states in the Gulf.</p>

SAUDI ARABIA		SITUATION: Unchanged
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: MEDIUM


SITUATION TO DATE:	<p>In the latest sign of Riyadh's tougher security stance, on 28 June 2011, eighty-five al Qaeda suspects went on trial in a special Saudi Arabian security court in connection with deadly attacks carried out in the kingdom since 2003. The accused are charged with being members of al Qaeda and taking part in attacks on public buildings and residential compounds, and of the smuggling and possession of weapons. Thirteen of the eighty-five suspects are accused of participating in the May 2003 car bombings of three residential compounds that left 129 people dead including nine US nationals. Others were charged with attacking security forces, weapons possession, bomb making and armed robbery. The Saudi authorities claim that the arrests prevented the implementation of plots to attack two air bases, a residential compound in the Eastern Province of the Gulf state and on state oil giant Aramco. The decision came in a week when judicial sources revealed that a total of 5,080 terrorist suspects either faced trial or had already been tried before the special court claiming its success in preventing terror attacks on Saudi soil eight years after the attacks.</p>
THE WAY AHEAD:	<p>The announcements came as a reminder to those considering opposing the rule of the house of Saud, in that the aging dynasty remains in control of the security apparatus. It also came in a week when two videos were posted online suggesting that dozens of people staged two peaceful marches in Qatif and Awwamiya in the oil-producing eastern region, demanding basic rights and an end to sectarian discrimination. The modern Saudi kingdom has weathered many challenges and largely remains an oasis of tranquillity amid the widespread turmoil affecting the MENA region. This is largely because the region's financial and political powerhouse has, despite these two incidents this week, faced no major social disturbances. Much of this apparent anomaly is due to the petroleum-rich ruling al Saud family's appeal to the conservative social, religious and cultural values of its populous. A huge recent injection of cash into the economy, by way of subsidies, have reinforced this source of strength further. However looking at the long term picture regional demands for political reform and an impending extended succession are expected to bring about significant challenges to the ruling elite still rocked by the death of Crown Prince Sultan at a US hospital last week, as he was the patriarch of the Sudeiri, the most influential clan within al Saud.</p>

YEMEN		SITUATION: Unchanged
		EVACUATION RISK RATING: EXTREME
		PERSONNEL RISK RATING: EXTREME


SITUATION TO DATE:	<p>A political impasse persists over the fate of President Ali Abdullah Saleh, who is recovering in Saudi Arabia from wounds suffered in a 03 June 2011 attack, at a time of continuing unrest in the south, where nine Islamist militants were killed in fresh clashes on 29 June 2011. Yemeni officials have said Saleh was expected to make a TV appearance on 28 June 2011, but it was cancelled as information on Saleh's health remains scant and his condition does not seem to allow him to appear on television, not to mention return home. The US continues to press Saleh to hand over power to his deputy, acting president Abd-Rabbu Mansour Hadi, who has resisted opposition calls for power to be fully transferred into his hands as a step toward early elections, insisting that Saleh was still the constitutional president.</p>
THE WAY AHEAD:	<p>Months of protests against Saleh's three-decade rule, a resurgent al Qaeda wing and a separatist rebellion in the south remain major threats. Mediation over the security of the country's main Maarib oil pipeline is reportedly under way, but if a deal cannot be reached with tribesmen obstructing any repairs, then a resultant crackdown has been threatened. The Yemeni Government has blamed the opposition for the attack on the 140 mile pipeline, however, Saleh's opponents say the president was behind the attack to show that his government was vital to provide services and stability. If Saleh is able to return to Yemen he is expected to propose two solutions; either transferring all power to parliament and become a figurehead for the foreseeable future, or allowing the formation of a coalition government and early presidential elections, only at a date when Saleh thinks it would benefit Yemen.</p>

LIBYA		SITUATION: Unchanged
		EVACUATION RISK RATING: EXTREME
		PERSONNEL RISK RATING: EXTREME


SITUATION TO DATE:	<p>The International Criminal Court (ICC) formally agreed that arrest warrants should be issued for Muammar Gaddafi, his son Saif al-Islam, described by the court as Libya's de-facto prime minister, and intelligence chief Abdullah Senussi. The three leading members of the regime are charged with crimes against humanity involving Libyan civilians in February 2011. The issue of the warrant before the conflict has ended is unhelpful in terms of securing a peaceful settlement, as Gaddafi and his inner circle now have another reason to cling to power for as long as possible. It has also raised questions over the impartiality of the ICC, which issued the arrest warrant against Gaddafi in his capacity as an opponent of NATO, while ignoring similar abuses in Syria and Bahrain. With the court increasingly seen as merely a political tool of the West, leaders of developing countries (particularly in Africa) will surely be even less willing to hand defendants over to the court if it is not in their political interests to do so – case in point Sudanese President Omar al Bashir, who has visited several ICC signatory countries without fear of arrest. The warrant comes at a time when NATO is under increasing political pressure, from both Europe and (unusually) the US, to scale back its operations and provide a timetable for withdrawal. With the alliance beginning to show its cracks, the ICC judgement comes at an unhelpful time and raises questions as to whether it was wise to push so hard for the indictment.</p>
THE WAY AHEAD:	<p>Inside Libya, the full extent of NATO support for the rebels has become clear, with France becoming the first country to admit to directly supplying the rebels fighting in the Nasufa Mountains with weapons to prevent them being overrun by pro-Gaddafi forces. The UK has also confirmed a payment of US\$100 million to the rebels to help them pay public sector workers in rebel-held areas.</p>

TUNISIA		SITUATION: Deterioration
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: MEDIUM

SITUATION TO DATE:	<p>Twenty-six Islamists were arrested on 28 June 2011 after they clashed with a group of lawyers during a protest in Tunis. The Islamists had been demanding the release of seven fundamentalists when they became embroiled in a brawl with a group of lawyers calling for a secular course for post-revolution Tunisia. The violence comes amid an atmosphere of increasing tensions in the country, with sectarian attacks on the increase in a manner similar to that experienced in Egypt. The seven Islamists their fellows were protesting in favour of were arrested a few days previously for attacking a cinema in central Tunis due to a short film whose title 'No God, No Master' they regarded as offensive. The regime of ousted President Zine al-Abidine Ben Ali effectively outlawed Islamist participation in public life, and the revolution has allowed many people their first chance to openly express their views, or to deny others theirs. While the Islamist party Ennahda is now allowed to operate in Tunisia, and is now seen as the country's strongest political group, the Salafi Tahrir party has been refused a licence. On 28 June 2011 Ennahda pulled out of the electoral commission process aimed at preparing the country for its first elections, citing a lack of consultation and attempts by officials to further delay the elections. The well-organised moderate Islamist party had the most to gain from early elections, but agreed to a postponement for the sake of a credible vote. It has now said that while it will still participate in elections, it is unwilling to be associated with the interim authorities.</p>
THE WAY AHEAD:	<p>Tunisia's elections for a national constituent assembly, currently scheduled for 23 October 2011, are critical in establishing a credible political framework for post-Ben Ali Tunisia, and much will depend on providing jobs and revenue for any new government. The election was postponed for three months to ensure the vote is "free and transparent", and held in the best possible conditions, essential for ensuring the political credibility of whichever party assumes control of the government post-election. The shape of this government will determine what form Tunisia's new constitution will take.</p>

ALGERIA		SITUATION: Unchanged
		EVACUATION RISK RATING: HIGH
		PERSONNEL RISK RATING: MEDIUM

SITUATION TO DATE:	<p>This week marked the end of two months of consultations over how to amend Algeria’s constitution to implement reforms aimed at addressing the wave of pro-democracy unrest sweeping the wider region. Critics have suggested that President Abdelaziz Bouteflika is unlikely to offer any substantive changes, with the two leading opposition parties boycotting the process as “a sham”. A committee of three leading figures, including the head of the senate, has spent the past two months meeting with political parties and civil society groups to collect recommendations on how to change the constitution, which will then be presented to the president. There is no indication of when Bouteflika will present the new constitution, but some indication of what the new document may contain is expected before the holy month of Ramadan. The process has been roundly criticised by the opposition Front for Socialist Forces and the Rally for Culture and Democracy, the leaders of which dismissed it as a “monologue of power” and “an act to give the international community some change.”</p>
THE WAY AHEAD:	<p>The recommendations are thought to include proposals to limiting the president to two five-year terms, dividing power between a president and a prime minister, strengthening judicial independence, freeing the media sphere and accelerating economic reforms. These measures do not challenge the state security apparatus, which is arguably the true power in Algeria, and thus any reform is likely to be of limited impact.</p>

MOROCCO		SITUATION: Unchanged
		EVACUATION RISK RATING: MEDIUM
		PERSONNEL RISK RATING: MEDIUM

SITUATION TO DATE:	<p>Rights activists have claimed state officials are actively organising local inhabitants to confront pro-democracy demonstrators planning a series peaceful protests in Morocco on 02 July 2011. The Moroccan Human Rights Association (AMDH) says that the authorities are taking advantage of poor people by manipulating them into confronting the protesters, most of whom are youths. “Violence targeting the youth of the February 20 movement backed by local authorities is dangerous and is worrying,” said the AMDH in a letter to the interior ministry. A representative of the February 20 movement described the move as “sub-contracting repression”, but the claims were rejected by Communication Minister Khalid Naciri, who said the pro-monarchy protesters were simply “spontaneous gatherings of people who support the government’s project for constitutional reform.” The prevailing trend appears to be against the February 20 protesters, with most political parties having called for “massive” counter-rallies every day until 30 June 2011 in support of King Mohammed VI’s reform proposals. The people of Morocco are to vote on the measures, which have been described as “lacklustre” in this report, on 01 July 2011. The February 20 Movement says the reforms do not go far enough, and on 26 June 2011 the group mobilised around 10,000 people for a peaceful rally in Casablanca. The new constitution does place some formal constraints on the king’s power, but these are largely procedural niceties. It also boosts the power of parliament, allowing it to pass laws on most issues, and aims to secure the independence of the judiciary. All this is, of course, subject to the final approval of the king.</p>
THE WAY AHEAD:	<p>The February 20 movement’s main objection to these constitutional reforms is the opaque and inaccessible way in which they were imposed by appointees of the king, rather than by a representative section of Moroccan civil society. Accordingly protest actions by the group are likely to continue. The movement has failed to achieve the numbers seen in Egypt or Tunisia, and it may find some of its momentum nullified if these reforms are approved by referendum and instituted in a credible manner by parliament. The next few months will depend on the king continuing his reform orientated approach, and on the Moroccan political sphere taking full advantage of the opportunities offered by the new constitution to present a more representative face to the people.</p>

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