

Annual Review 2012–13  
Navigating the new geopolitics

---

New power dynamics  
Security challenges  
Economic interdependencies  
Resources futures  
Law and governance



CHATHAM HOUSE

---

Chatham House has been the home of the Royal Institute of International Affairs for more than ninety years. Our mission is to be a world-leading source of independent analysis, informed debate and influential ideas on how to build a prosperous and secure world for all.

[Introduction](#)  
2–3 2012–13 Review

[About us](#)  
4–7 What we do at Chatham House

[Africa](#) | [Asia](#) | [MENA](#) | [Eurasia](#) | [US](#)  
8–13 **New power dynamics**

[Asia](#) | [Cyber](#) | [Energy](#) | [Health](#) | [Nuclear](#)  
14–21 **Security challenges**

[Africa](#) | [Europe](#) | [Finance](#) | [G20](#)  
22–27 **Economic interdependencies**

[Energy](#) | [Food](#) | [Water](#)  
28–33 **Resources futures**

[Africa](#) | [Fishing](#) | [Human Rights](#) | [Logging](#)  
34–37 **Law and governance**

38 [Honorary Treasurer's Report](#)

39 [Financial Headlines](#)

40 [Patron, Presidents and Council](#)

41 [Panel of Senior Advisers and individual supporters](#)

42–45 [Financial Support](#)

46–48 [Staff and Associate Fellows](#)

# 2012–13 Review

## Chairman's Statement

I am pleased to report, in my first year as Chairman, that we have continued to build on our recent successes at Chatham House and have enjoyed another year of growth, expansion and achievement. This review outlines some of the year's highlights and reports on our financial situation, but first I would like to say a few words of introduction.

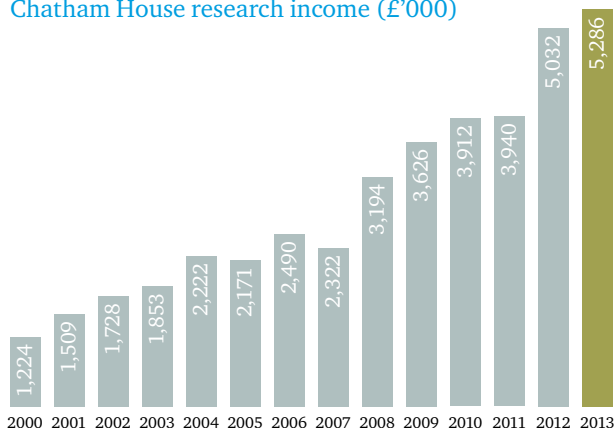
I am honoured to succeed Dame DeAnne Julius as the institute's Chairman. I would like to pay a warm tribute to DeAnne, who, alongside our Director Robin Niblett and his predecessor, Victor Bulmer-Thomas, implemented a strategy to ensure the survival and growth of Chatham House, one that continues to evolve to this day. They broadened and increased our sources of income and set about rebuilding our research capacity and support functions to create a reinvigorated, focused and relevant institute. Indeed, in 2013 we were ranked the top non-US think-tank for the fifth consecutive year, and were once again ranked the second highest global think-tank, in the University of Pennsylvania's annual survey of more than 6,000 peer organizations from across the world.

Today, my role is to enable and support Robin and his team to achieve a number of key objectives including facilitating further growth where it is required; implementing major new initiatives such as our Visiting Fellowship programme; ensuring that we have the logistical capability to accommodate expansion; and, perhaps most importantly, securing longer-term funding. These are all major challenges and we can only succeed by retaining the institute's precious reputation for world-leading, rigorous and independent research.

I am confident that we are in a strong position to achieve these immediate and longer-term objectives, particularly pertinent as we head towards our centenary in 2020 and start to celebrate our achievements, past and present. To this end, during 2012–13 we moved forward with an important initiative to digitize our archive, which will open up the institute's collection of previously hidden materials to members and others, and allow us to gain a better understanding of the institute's role in key global developments in the 20th century.

Our role is arguably more important today than it has ever been, which is perhaps why organizations and individuals continue to be drawn to Chatham House. This year our individual membership stands at 2,797, up from 1,560 in 2003; and Corporate Partners and Major Corporate Members have grown to 79 from 45 during the

Chatham House research income (£'000)



same period. This provided an income from membership subscriptions of £2,084,000 in 2012–13, up from £1,870,000 in the previous year. Similarly, research income grew to £5,286,000 in 2012–13, up from last year's £5,032,000. As Ed Smith explains in his Honorary Treasurer's Report (page 38), the institute's overall financial performance was less strong than in recent years, owing to a number of factors. However, the growth in our membership and the increase in research income were notable achievements, particularly given the challenging national and international economic environment.

I would like to acknowledge and thank Dr John Llewellyn and Seth Thomas who step down from Council this year. Their input and support, along with those of other colleagues on Council, our Senior Advisers and our Presidents, have been invaluable in shaping the institute's recent success. I would also like to thank and pay tribute to Robin Niblett and his team of staff and Associate Fellows for their hard work and dedication to Chatham House.

Finally, I would like to express my indebtedness and gratitude to our members and supporters who play such a vital role in the continued success of the institute. Thanks to all of you, we can look to the future with confidence and continue to provide a strong and independent voice on international affairs.

Stuart Popham





## Director's Statement

Over the past 12 months, Chatham House has strengthened further its ability to help policy-makers and others around the world understand, anticipate and respond to global developments. We did this by expanding our research capacity and output, and by offering an integrated approach to the analysis of regional developments alongside our work on resources, the environment, the global economy and security challenges.

During 2012–13 we were able to take significant steps towards our goal of engaging new, diverse voices from around the world in the institute's work through our new Visiting Fellowship initiatives. In January, we announced the launch of our Asfari Fellowships, which will offer rising and established civil society leaders from the Middle East the opportunity to further develop their understanding, ideas and approaches on the most pressing challenges facing the Arab world. Further, our Robert Bosch Fellowships, bringing young scholars from the Eastern Partnership countries and Russia to Chatham House, has been extended for a further two years.

With the support of the Annual Fund, we also introduced the DeAnne Julius Fellowship to offer early-career economic researchers the opportunity to work for one year with our International Economics Department. The Julius Fellowship honours the institute's former chairman, Dr DeAnne Julius, who has contributed so much to the institute over many years as a member of staff, a member of Council and now on our Panel of Senior Advisers.

This past year we launched a number of new research projects and initiatives, including, for example, in our Asia Programme, where we undertook a project sponsored by the Department for International Development (DFID) on South Asian water security and began a five-year project on Japan, supported by the Nippon Foundation. A new project on Afghanistan, led by Michael Keating, a UN Deputy Envoy to the country from 2010 to 2012, will focus on how Western governments can encourage and support stability in the country after 2014 around three priority issues: elections, reconciliation and development. A new Senior Consulting Fellow, Dr Tim Summers, is undertaking research on the new Chinese leadership.

This and other new research activity created additional impetus to address a shortfall in the availability of office space at the institute. In August 2012, Chatham House took

a rental lease on the second floor of Ames House, a building adjacent to the institute on Duke of York Street. In February 2013, we purchased a 999-year lease on the ground floor of Ames House, to give us an option for further expansion of our office space and facilities.

This major initiative has given us the confidence to continue meeting the growing demand for our research. In this review, we describe how we evaluated and offered policy ideas in five key areas: leadership changes, including in China and North Korea (*New power dynamics*); new threats from cyber security and the risk posed by global infectious diseases (*Security challenges*); continued slow economic growth of developed countries as well as the continued growth of developing countries (*Economic interdependencies*); the struggle for access to natural resources including water security and famine early-warning systems (*Resources futures*); and the pressing challenges surrounding global governance and the international rule of law (*Law and governance*).

To help us explore these and other changes I was delighted that we were able to host a number of world leaders to speak at, or under the auspices of, Chatham House. These included Prime Minister Shinzo Abe of Japan; President Enrique Peña Nieto of Mexico; President Sheikh Mohamud of Somalia; Anders Fogh Rasmussen, Secretary-General of NATO; and, as winners of the Chatham House Prize, President Moncef Marzouki of Tunisia and Sheikh Rached Ghannouchi, leader of the Ennahdha movement. We provided an important platform to hear, debate and challenge their views, not least thanks to questions and comments offered by our members.

As always, I am extremely grateful for the ongoing support and guidance of our Council and our Panel of Senior Advisers. I am also indebted to our members and supporters, for their involvement and engagement, and to our staff and Associate Fellows for their hard work and dedication to the success of the institute. We look forward to making 2013–14 another successful year.

Dr Robin Niblett

# What we do at Chatham House

## Origins

Chatham House has been the home of the Royal Institute of International Affairs for ninety years. In 1919 British and American delegates to the Paris Peace Conference, appalled by the waste of human life caused by the First World War, conceived the idea of an Anglo-American institute of foreign affairs to study international problems.

In the event, the British Institute of International Affairs was founded in London in July 1920 and the American delegates established the Council on Foreign Relations separately in New York. The institute received its Royal Charter in 1926 and became the Royal Institute of International Affairs. Since 1923 the institute has been based at Chatham House and is now more commonly known by this name. Chatham House, the home of three former British Prime Ministers, is located in historic St James's Square close to key government departments in the heart of London.

## Mission

Chatham House is a world-leading source of independent analysis, informed debate and influential ideas on how to build a prosperous and secure world for all. The institute:

- engages governments, the private sector, civil society and its members in open debates and confidential discussions about significant developments in international affairs;
- produces independent and rigorous analysis of critical global, regional and country-specific challenges and opportunities;
- offers new ideas to decision-makers and -shapers on how these could best be tackled from the near to the long term.

Demand for Chatham House's research, convening capacity and ideas is growing. In response, the institute is focusing its efforts on three priorities: expanding and deepening core areas of research capacity; attracting a growing number of Visiting Fellows from around the world, including through the creation of an Academy for Leadership in International Affairs within the institute; and gaining access to additional physical space adjacent to the institute's current premises in order to accommodate the first two priorities.

## What we do



## Independent analysis

- Our reports, papers, books and other research output provide independent and in-depth analysis.
- *International Affairs*, a leading journal of international relations, combines policy relevance with an academic, in-depth analytical approach to contemporary world politics.
- *The World Today*, the institute's magazine, presents authoritative analysis and commentary on current topics. It provides a vital background for experts, business planners, academics and others.
- The Chatham House website received 1,273,163 individual visits last year.
- The institute received over 1,600 citations in major international media outlets during 2012–13.

From left to right: Douglas Alexander MP, Shadow Secretary of State for Foreign and Commonwealth Affairs, speaks on Britain's future in Europe in January.

HE Joyce Banda, President of the Republic of Malawi, setting out her vision for Malawi's future in March.

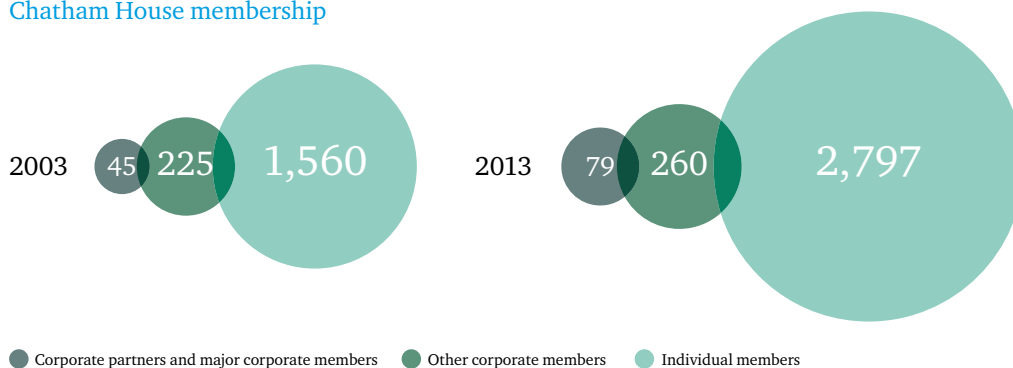


## Members

Ever since our founding in 1920, Chatham House has relied on its members to support its mission, especially its role as a platform for informed debate on the most pressing issues in international affairs. Members are drawn from the worlds of business, diplomacy, academia, politics, the media and civil society. They play an essential role in questioning and challenging world leaders and other speakers when they visit Chatham House. While the majority are UK-based, overseas members (based in 76 countries) form an increasingly significant proportion of the total.

The financial support from members, through their annual subscriptions and donations to the Annual Fund and other initiatives, is a vital source of discretionary revenue for the institute that is central to sustaining its independence. The Chatham House Council is composed of members of the institute, elected annually for a three-year term. The Council may co-opt a small number of additional members each year.

## Chatham House membership



## Informed debate

- Around 120 events for members and some 15 major one- or two-day conferences last year enabled world leaders and experts to exchange ideas.
- Research programmes hosted a further 200 workshops, seminars and briefings on a range of policy questions.
- Experts frequently provide evidence to government officials and legislators in Beijing, Brussels, Delhi, London, Washington and other capitals.
- Regular briefings for corporate partners and members allow them to interact with invited speakers under the Chatham House Rule.

## New policy ideas

- A number of research projects culminate in Chatham House Reports which make recommendations for tackling a range of key policy challenges.
- These recommendations are frequently developed iteratively with leading policy-makers, giving them a stake in the ideas.
- Experts provide briefings with their ideas to government officials and legislators in relevant capitals around the world.
- Chatham House was ranked the top non-US think-tank for the fifth year in a row and second in the world behind the Brookings Institution in a comprehensive international survey by the University of Pennsylvania released in January 2013.



Chatham House Director Robin Niblett introduces Dr Moncef Marzouki (left), President of Tunisia and Sheikh Rached Ghannouchi (right), Head of the Ennahdha movement in Tunisia, joint winners of the 2012 Chatham House Prize, with Dr Claire Spencer, Head of the Middle East and North Africa Programme.



Top: Baroness Scotland, QC (centre), Co-President of Chatham House, with Mary Francis (left) and Dame Clara Furse (right), members of the Chatham House Panel of Senior Advisers, at the 2012 Chatham House Prize award ceremony.



Above: Suzan Sabancı Dinçer, a member of the Chatham House Panel of Senior Advisers, with Chatham House Co-President Sir John Major and Chairman Stuart Popham, QC, at the 2012 Chatham House Prize award ceremony.



The annual Chatham House Prize is awarded to the statesperson who is deemed by Chatham House members to have made the most significant contribution to the improvement of international relations in the previous year.

## 2012

### July

#### Chatham House–YouGov Survey 2012

An interactive website presented the findings of the survey testing British thinking about the country's place in the world. It allows users to explore the data through charts and tables.



### Aug

#### *The World Today* special issue on drugs

In August, *The World Today* published a ground-breaking analysis of the 50-year war on drugs in conjunction with the International Security Department.



### Sep

#### Istanbul Roundtable

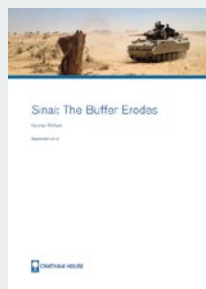
Opinion leaders met to discuss the revolutions in the Arab world, the involvement of major powers in Central Asia and the Caucasus, and Europe's economic fragility.



### Oct

#### Sinai report launched

October saw the official launch of this report on the Sinai Peninsula by Nicolas Pelham, Jerusalem Correspondent, *The Economist*.



### Nov

#### His Royal Highness The Duke of York KG presents the Chatham House Prize

The joint winners, Sheikh Rached Ghannouchi and Dr Moncef Marzouki, were nominated for the successful compromises each achieved during Tunisia's democratic transition.



### Dec

#### Resources Futures report launch

This publication focused on the new political economy of resources. The report proposed a series of critical interventions to tackle the issues raised and was supported by an innovative microsite.







From left to right: Irakli Alasania, Georgia's Minister of Defence, speaking in January on Georgia's democratic path. HE Ambassador Zha Peixin, Vice Chairman, Foreign Affairs Committee, National People's Congress, speaking on China's road ahead. Former US Secretary of State Condoleezza Rice attends a Chatham House event in June.

Right: Enrique Peña Nieto, President of Mexico, speaking with Chatham House Director Robin Niblett in June.

Below left: Guests watch the presentations at the 2012 Chatham House Prize award ceremony in London's Banqueting House.



Each year Chatham House hosts more than 300 events, including around 100 public events for members, plus regular conferences and numerous private workshops and roundtable discussions in London and internationally.

## 2013

### Jan

**Third Robert Bosch Visiting Fellow appointed**  
Launched in January 2012, these Fellowships are run in partnership with the Robert Bosch Stiftung.



### Feb

**Asfari Fellowships opened for applications**  
The Asfari Fellowship scheme is a joint initiative with the Asfari Foundation, for potential and established leaders from the Middle East.



### Mar

**Francis Maude MP launched the Cyber Security Information Sharing Partnership**  
This new government and industry partnership will share information and intelligence on cyber security threats.



### Apr

**Madeleine K Albright, former US Secretary of State, visited Chatham House**  
Madeleine Albright gave the C Douglas Dillon Lecture on the power of diplomacy in April.



### May

**Special Issue of International Affairs**  
This special issue on 'Negotiating the Rise of New Powers' was accompanied by an event to examine the rise of new powers in the context of bargaining and negotiation.



### June

**UK-Japan Global Seminar Series launched**  
The first of five annual conferences, supported by the Nippon Foundation and alternating between London and Tokyo, was held at Chatham House in June.



# New power dynamics



Leadership and domestic challenges remain key themes in global power dynamics, especially with transitions to new leaders in China and North Korea, the re-election of Barack Obama and Vladimir Putin's return to power in Russia. These themes are also at the heart of ongoing profound shifts in the Middle East and North Africa. The BRICS countries face their own internal challenges that affect their foreign policy ambitions, while mid-sized countries such as Turkey, South Korea and Australia show new regional and global ambitions. In all of these, the drivers for change are both economic and political. Chatham House has engaged with these issues through visits, research and by hosting meetings.

## BRICS and other emerging powers

The teething problems of emerging powers captured global attention in 2013. Associate Fellows Fadi Hakura and Victor Bulmer-Thomas commented frequently in the media on the effect of the street protests in Turkey and Brazil. Chatham House's Turkey Project hosted another Istanbul Roundtable in 2012, which addressed Europe's economic fragility and its effect on Turkey's economy, the revolutions in the Arab world and the changing Russia-China-Central Asia axis. In November 2012, a joint workshop with the Centro Brasileiro de Relações Internacionais (CEBRI) on 'Brazil and the World' saw the launch of a briefing paper, *Brazil in Africa: Just Another BRICS Country Seeking Resources?*

Brazil, Russia, India, China and South Africa (the BRICS) claim to represent the world's emerging markets and act as a counterweight to the G8 and G20, which are dominated by rich-world economies, but all these countries face domestic challenges that affect their foreign policy ambitions and Chatham House research continues to focus on these issues.

A research project on India has included meetings on the challenges of urbanization, while South African Finance Minister Pravin Gordhan spoke at Chatham House in May 2013 on growth and development in his country.



## Russia and Eurasia: mixed picture

The post-Soviet space saw an unusual mixture of outright negatives, genuine positives, new initiatives and broad stagnation. The region's disparities have rarely been so visible. In Russia, Putin's return to the presidency has seen an erosion of his grip on power, a hardened anti-Westernism, repressive domestic legislation and modest economic growth. These developments have been analysed in expert roundtables and in publications by Andrew Monaghan, Andrew Wood, and Philip Hanson and Elizabeth Teague.

Bold but flawed Russian initiatives for a new regional integration architecture, such as the Eurasian Economic Union, contrasted with half-hearted Western attempts at supporting civil society in the same area, and were assessed in papers by Kateryna Wolczuk and Rilka Dragneva, and Orysia Lutsevych respectively.

Meanwhile in Georgia, an unusually democratic election saw the incumbent government toppled. But this was followed by arrests of key figures from the old regime, and relations with Russia remain tense. Irakli Alasania, the new defence minister, spoke to Chatham House audiences on the new political party Georgian Dream.

While Central Asian governments focus on the effect of the US pull-out from Afghanistan, their refusal to reform leads to stagnation. The concern for some is that this will lead to the recurrence of nationalist and ethnic violence, a danger documented in Nick Megoran's paper on Kyrgyzstan.







Facing page: Radosław Sikorski, the Polish Foreign Minister, gives the closing address at an event exploring the European Union and the Eastern Partnership.

Left: The Ukrainian Minister of Foreign Affairs, Leonid Kozhara, speaking in May on Ukraine's foreign policy priorities.



### China: growing political and economic influence

China's wide-ranging political and economic impact across the world continues to grow, under new leadership in Beijing. A briefing paper by Tim Summers looked at the changes in Chinese approaches to international affairs, resulting from shifting external and internal factors, and their implications for Europe and the UK in particular. China's relations with South Asia have been brought into sharper focus by the leadership change in Pakistan and the run-up to India's elections in 2014. A paper by Rosheen Kabraji examined the dynamics of the Sino-Pakistan alliance and the impact of strengthening ties for the United States and India.

Since 2011, Chatham House has also been providing advice on China to European policy-makers as part of the EU-funded consortium Europe China Research and Advice Network (ECRAN). ECRAN continues to produce research on China-related topics for key decision-makers at the European Commission. Now in its third year, ECRAN has seen its network grow to include more than 300 China experts from across the EU member states, and it has commissioned 100 policy briefings and 20 extended research studies. These publications have covered a range of topics, including food security, demographic change, Chinese immigration into the EU, and common security interests between China, the EU and the United States. ECRAN has continued to promote its research by convening events across Europe. In September 2012, it hosted a series of events at Chatham House in the build-up to the 15th EU-China Summit, and in June 2013 it hosted a conference in Brussels commemorating ten years of the EU-China strategic partnership.



### Iraq: ten years on

With Iraqi national elections scheduled for March 2014 and the continuing conflict in Syria threatening to destabilize Iraq, understanding Iraq's foreign policy remains crucial to analysing regional dynamics. Ten years on from the US-led invasion, Chatham House marked the occasion with a conference that analysed the state of the country today, its prospects for political reconciliation and the effect of the invasion on the debate about international intervention in other countries in the region such as Libya and Syria. These themes were discussed in further detail in a MENA Programme multi-authored report, *Iraq Ten Years On*, which analysed issues associated with Iraq's domestic, regional and international relations. This complemented the ongoing research project 'Iraq on the Regional and International Stage', funded by the United States Institute of Peace, which examines the interplay between domestic and regional politics and to what extent Iraq is developing an independent and coherent state foreign policy.

The March 2013 issue of *International Affairs* included articles on the Middle East ten years after the invasion. Authors included Toby Dodge, Ali Ansari and Fawaz Gerges.

Far left: South Africa's Minister of Finance Pravin Gordhan stands outside the Cape Town parliament. In 2013, South Africa hosted the fifth BRICS summit.

Left: Russia's President Vladimir Putin visits the new studio of the state-owned English-language *Russia Today* television network in Moscow.

Above left: Chinese Vice President Xi Jinping delivers a speech watched by residents in Shanghai's northern district of Zhabei in November 2012.

Above: An Iraqi woman waits to receive her monthly ration of flour in Baghdad in November 2012.



Claire Spencer, Head of the Middle East and North Africa Programme, in discussion with HRH Princess Basmah Bint Saud, Global United Lanterns Foundation, at the 'Women and Power in the Middle East' event in April.

### The deep drivers of change in the Arab world

The conflict in Syria, the complex transition in Egypt, and the continuing propensity for flare-ups in otherwise neglected areas such as Gaza and Algeria need to be understood in the context of long-term shifts in demographics and information that are reshaping old conflicts over economic and political resources.

Reflecting the importance of a new generation of political actors, the Middle East and North Africa (MENA) Programme places inclusion at the heart of its research. The Young Arab Analysts Network enables young policy analysts from North Africa to interact more effectively with policy communities at home and abroad. The Asfari Fellowships, a joint initiative with the Asfari Foundation, offer potential and established leaders from the Middle East the opportunity to develop their understanding, ideas and approaches on the most pressing challenges facing the region.

The Egypt Dialogue draws previously suppressed voices into international policy discussions – for example, assessing policy challenges in marginalized areas such as the Delta and Sinai. In *The Military Council and the Transition to Democracy*, Dr Maha Azzam considered how the polarization between the old guard and the 'new' Egypt hampered progress on civilian rule, while in *Bread, Dignity and Social Justice: The Political Economy of Egypt's Transition*, Jane Kinninmont explored the underlying economic challenges.

The Yemen Forum, directed by Ginny Hill, raises awareness and shares expertise to address the causes of conflict, poverty and poor governance in that country, engaging closely with governments and the UN.

On Syria, in addition to a regular expert study group, a long-term project will explore the conflict's regional dimensions. *Into the Quagmire: Turkey's Frustrated Syria*



*Relations*, published in December 2012, explored the overspill of the conflict, foreshadowing the escalation – and the opposition within Turkey itself – evident in summer 2013.

Work on North Africa focused on post-revolution Libya and on Algeria, where violence intensified following the French military intervention in Mali. Dr Claire Spencer and Associate Fellow Jon Marks contributed written evidence to the UK parliamentary Foreign Affairs Committee (FAC) inquiry into stability in North and North-west Africa.

Similarly, Jane Kinninmont was the first witness to testify at the FAC inquiry into Britain's relations with Saudi Arabia and Bahrain, as director of 'GCC Future Trends'. This multi-year research project, which includes regular ministerial-level briefings in the Gulf and the West, analyses the drivers of change in one of the world's most dynamic and strategically important areas.



### Japan, the UK and the EU

In 2013, Chatham House began a five-year project, funded by the Nippon Foundation and held in partnership with the Great Britain Sasakawa Foundation, to explore the current state of UK-Japan relations. The project will examine what role Japan, the UK and the EU could play in maintaining security and enhancing multilateral governance through international institutions. It will explore Japan's view of key international developments and how it approaches these from a domestic and regional perspective. It will also examine areas of convergence and divergence with UK and European approaches. The project will include five seminars, alternating between London and Tokyo; the production of annual discussion papers that explore key themes from the seminars; regular roundtable discussion groups held on Japan-related issues; and a biennial *State of the UK-Japan Relationship* report.



Right: Matthew Goodwin, Associate Fellow, Europe, speaking on 'Understanding Counter-Jihad Extremism: The Case of the English Defence League' in March.

Far right: Sir John Major, Co-President of Chatham House and former British prime minister, speaking on 'The Referendum on Europe: Opportunity or Threat?' in February.



Bottom left: Japanese Prime Minister Shinzo Abe speaks at the Guildhall about Japan's economic revival at an event co-hosted by Chatham House and the City of London Corporation in June 2013.

Left: A woman casts her vote in Cairo in June 2012, during Egypt's presidential run-off election.

Right: A British National Party (BNP) supporter waves a Union flag during a march in central London.

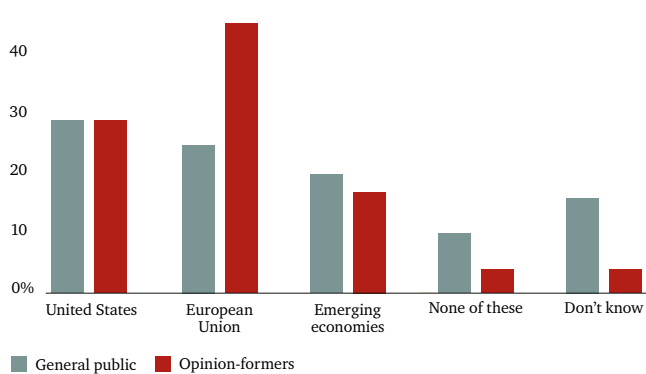


## Britain and the EU

Chatham House has been an important neutral forum in the ongoing debate about Britain's membership of the European Union. Over the last year, Tony Blair, Sir John Major, Nick Clegg, Douglas Alexander and Vince Cable have all addressed the institute on the question of Britain's future in Europe. The Europe Programme also ran an expert seminar series exploring different aspects of the European debate.

In July 2012, the third annual Chatham House–YouGov survey explored British public attitudes to the EU, finding entrenched public scepticism towards European integration and broad support for a referendum. It also showed the gap between public attitudes and those of 'opinion-formers' in business, politics, academia and the media, who tended to think Britain's future lies within the EU.

### Who should Britain have closest ties with?



## Examining the radical right in Europe

Over the last year, Chatham House has continued its work examining radical right movements in Europe. In March 2013, the institute published a briefing paper by Europe Associate Fellow Dr Matthew Goodwin examining 'counter-Jihad' movements, which challenges a number of widely held assumptions about who supports these groups. *The Roots of Extremism: The English Defence League and the Counter-Jihad Challenge* uses new survey data to assess public attitudes to the EDL, and finds that the supporters of such groups are not just young, uneducated, economically insecure or politically apathetic. They are not simply anti-Muslim or overtly racist, but xenophobic and profoundly hostile towards immigration. Furthermore their beliefs about the threatening nature of Islam have wider public support. The paper points to the need for mainstream voices to challenge counter-Jihad narratives and was launched at Chatham House with a panel discussion including Sunder Katwala, Director of the think-tank British Futures and Gavin Shuker, MP for Luton South.



### Africa's diversified international engagements

The sustained strong economic growth and political stability demonstrated by many sub-Saharan African countries are changing external perceptions of the continent as a whole. Over the last decade, Chatham House's Africa Programme has influenced thinking and policy-making in and on Africa through its focus on the politics and decision-making dynamics of individual states and their international relations. As past and potential global powers consider African countries more in terms of opportunity than risk, our research offers a more nuanced understanding of the drivers, nature and sustainability of specific engagements. It also focuses on how African governments are selectively diversifying their international relations both to maximize economic benefit and to bolster political and strategic capacity in international fora and foreign policy. Research and events continue to examine key traditional and new relationships between Africa, the West and Asian powers, in addition to a range of growing relationships with middle-ranking emerging powers such as Turkey, Iran and South Korea.

### US Election Notes series

The 2012 US Presidential and Congressional election occurred at a time of profound uncertainty inside and outside the United States. The *US Election Notes* series was published in the run-up to the election and considered foreign policy issues, the relative positions of the Republican and Democratic candidates, and the international implications of each. The series, supported by the Stavros Niarchos Foundation, culminated in the January 2013 report, *The Next Chapter: President Obama's Second-Term Foreign Policy*.

### Challenges for President Obama's second term

President Obama's re-election in November 2012 might have suggested that America's foreign policy would follow the trends of the past four years. However, the global environment has changed dramatically since 2009. The US economy is strengthening, parts of the Middle East and North Africa are being radically transformed, technologies such as drones are increasingly relied upon for the prosecution of warfare, cyber security threats are becoming even more prominent, and countries such as Indonesia, Turkey and Brazil are taking new leadership roles.

Domestic factors too, including greater partisanship in Washington, higher (albeit falling) unemployment, the revolution in shale gas production and shifting demographic dynamics, are all influencing decision-making. In *The Next Chapter: President Obama's Second-Term Foreign Policy*, Xenia Dormandy, Project Director for the US Programme, together with a variety of experts, analysed the challenges the US will face, the likely solutions and the international implications.

Following the success of last year's report exploring US defensive partnerships in the Asia-Pacific region, the US Programme is currently exploring how the countries of the region view their security interests and how a changing America fits into that equation.

A number of projects and events continue to foster dialogue between the United States and European countries. The US-UK Strategic Dialogue, run jointly with the US Council on Foreign Relations, brings together a range of British and American representatives to explore potential solutions and areas for collaboration on a number of issues of mutual strategic concern. In the breakfast series on 'US and European Perspectives on Common Economic Challenges', European and American economists, private-sector, media and government representatives will focus on the Transatlantic Trade and Investment Partnership, competition, and economic and financial governance.



Far left: Zimbabwe's Minister of Finance, Tendai Biti, speaking on the prospects for regional cooperation and investment in Zimbabwe.

Left: Professor Joseph Nye, University Distinguished Service Professor at Harvard, discussing the theme 'Do US Presidents Matter?' with Chatham House Director Robin Niblett in May.

Left: Pedestrians pass an advertisement in Nairobi, Kenya, on 1 March 2013, a few days before the national elections.

Below left: President Barack Obama shakes hands after speaking to crowds in May 2013 in Asbury Park, New Jersey.

## People

### New power dynamics



#### Michael Williams

Lord Williams of Baglan is a Distinguished Visiting Fellow and Acting Head of the Chatham House Asia Programme. He was UN Under Secretary General, Middle East, 2006–11, and Special Adviser to the Foreign Secretary, 2000–06.

His expertise includes the Middle East, Southeast Asia (especially Indonesia, Vietnam and Cambodia), the United Nations and peacekeeping, as well as international security. He is a regular commentator on these and related issues. His articles have included 'Diplomacy: The Art of Reconciling Foes', published in *The Independent on Sunday* in June 2013, and 'Britain's Self-defeating Referendum' for the *International Herald Tribune*, in May 2013.



#### Andrew Monaghan

Dr Andrew Monaghan joined the Russia and Eurasia Programme as a Research Fellow in February 2013. Previously, he directed Russia research at the NATO Defence College, and was a Senior Associate at the Advanced Research and Assessment Group (ARAG) at the Defence Academy of the UK.

He is leading a project on Russian strategy. His work on Russian domestic politics and foreign policy has been published in a wide range of academic and public policy journals, most recently in *International Affairs* and the Carnegie Strategic Europe series.

Andrew is currently also a Senior Associate Member at St Antony's College, Oxford.



#### David Butter

David Butter has been an Associate Fellow of the Middle East and North Africa (MENA) Programme at Chatham House since 2012.

He was previously the Middle East Regional Director at the Economist Intelligence Unit, 2002–12, and Editor of *Middle East Economic Digest* (MEED), 1984–2002.

David's publications over the last year have included 'Syria's Alawites' in the August 2012 issue of *The World Today*, as well as several articles on Egypt published in *Africa Confidential*.

Over the coming year, David will continue to contribute to MEED and the Economist Intelligence Unit with a focus on the political economy of the MENA region. His contribution to Chatham House's work lies primarily in his expertise on the political economies of the MENA region with a particular emphasis on Egypt and the regional fall-out from the crisis in Syria.



#### Further reading:

*China's New Leadership: Approaches to International Affairs*, Tim Summers



# Security challenges



Anders Fogh Rasmussen, NATO Secretary General, speaking in July on 'Delivering Security in the 21st Century'.

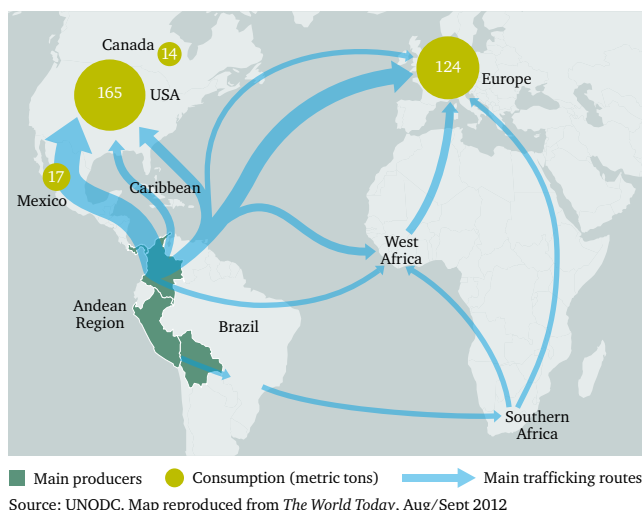
Chatham House continues to analyse the changing security environment. Over the past year, cyber security and nuclear proliferation in the Middle East and on the Korean peninsula have risen up the international security agenda. Across departments, our research focuses on a wide range of security topics, including drugs and organized crime, threats to biosecurity and the risk posed by global infectious diseases, Africa's maritime security challenges and the conflict in the South China Sea. Ten years on from the invasion that removed Saddam Hussein from power in Iraq, Chatham House reviewed the continued legacy of the intervention and the implications for security and stability in the region.

## Drug production and security problems

Against the backdrop of persistent security problems and violence related to drug production, trafficking and consumption, there are growing calls for current drug strategies and policies to be reassessed. Looking towards the 2016 United Nations General Assembly's Special Session on drugs, the International Security Department at Chatham House is providing a distinctive contribution to the debate, aiming to find commonalities between different perspectives. Over the past year, the department has hosted a series of events, including roundtables with Gil Kerlikowske, Director of the Office of National Drug Control Policy at the White House, and Fernando Carrera, Foreign Minister of Guatemala. In August 2012, a special issue of *The World Today* entitled 'Rethinking the War on Drugs' explored various options for reducing casualties. In addition to the International Security Department experts, other contributors to this issue included President Juan Manuel Santos of Colombia, a prime mover in changing attitudes in drug-producing and transit countries.

As part of this work, Chatham House is collaborating with the International Drug Policy Consortium and the International Institute for Strategic Studies on a project entitled 'Modernizing Drug Law Enforcement' to explore how law enforcement can be adjusted to manage drug markets in order to minimize drug-related harm.

## Global cocaine flow



Left: A police officer frisks a drug addict in 'El Calvario', a place where drug addicts congregate, in downtown Cali, department of Valle del Cauca, Colombia.

Right: A soldier from the French army mans an observation point during an exercise with the Royal Artillery in Otterburn, UK, February 2013.

Far right: South Koreans at the Seoul train station watch TV news reporting North Korea's apparent nuclear test in February 2013.





The Director General of the International Atomic Energy Agency (IAEA), Yukiya Amano, speaking on 'Future Prospects for Nuclear Energy' in October.

### Franco-British defence and security cooperation

On 2 November 2010 at Lancaster House in London, the UK and France signed treaties to enhance their bilateral security and defence cooperation. Progress has been made, notably thanks to the missions in Libya and Mali and additional joint exercises. However, a number of challenges remain including the potential impact of the increasingly visible differences on the European Union, problems in intelligence sharing and broader decision-making processes, and at an industrial level following the failed merger between BAE and EADS.

Chatham House has partnered with four leading think-tanks – the Centre for European Reform (CER) and the Royal United Services Institute (RUSI) in London, and Fondation pour la Recherche Stratégique (FRS) and Institut Français des Relations Internationales (IFRI) in Paris – to set up the FRUK Defence Forum. The forum aims to inform and stimulate the debate on cross-Channel defence cooperation, including hosting events and publishing reports. In addition, the International Security Department at Chatham House has written papers and briefed officials from the UK, France and other countries about the current state of Franco-British defence and security cooperation, and the challenges and opportunities ahead.

### Nuclear weapons

Nuclear weapons have featured prominently on the international agenda in the past year, most notably in regard to developments in Iran and North Korea and between the United States and Russia. To contribute to the debate about the future role and implications of nuclear weapons and capabilities, the International Security Department is engaged in a number of projects.

With the support of Norway's Ministry of Foreign Affairs, Chatham House has been developing a facts-based discussion that separates nuclear discourse from political and military debates and that focuses instead on the effects of a nuclear detonation. Humanitarian organizations would play a key role in responses to such a situation, yet are typically removed from discourses on nuclear weapons. The department has led a series of workshops with these organizations to discuss how nuclear weapons work, their medical and environmental impacts, and response options and requirements.

In a similar vein of advancing new discourses, the Carrington Series of discussions seeks to examine the validity of nuclear deterrence concepts in a range of countries and regions and to generate new thinking. The discussions involve experts with different points of view who are asked to engage on the role of nuclear weapons and deterrence in their national narratives. Over the course of the series, they will consider France, the UK and Russia.





Dr Keiji Fukuda, Assistant Director-General for Health Security and Environment, World Health Organization, speaking on mitigating infectious disease threats.



### Security in the Middle East and a WMD Free Zone

Instability and insecurity in the Middle East are exacerbated by anxieties in the region over the existence, proliferation and potential use of chemical, biological and nuclear weapons.

The 2010 Nuclear Non-Proliferation Treaty (NPT) Review Conference set in train discussions on the establishment of a WMD Free Zone in the region. The International Security Department has been working with regional experts to explore the options as part of the NPT process and to examine potential obstacles. The department has held a series of meetings and consultations on the topic in the UK and in the Middle East region, and Research Director Dr Patricia Lewis has published a series of papers and articles on requirements and options for progress.

At a time when Syria, Iran and Israel are high on the agenda, this project will continue to inform international discussions and seek to provide analysis and options for the establishment of a WMD Free Zone in the Middle East.

### Biosecurity

In recent years there has been increased recognition of the difference in standards of biomaterial security across the world, and some experts warn that this may pose a risk to global health security. A number of international biological threat reduction programmes have made significant efforts to address existing imbalances and build capacity in more vulnerable areas, including the World Health Organization and World Organization for Animal Health.

Current programmes have often sought to achieve their aims through the provision of large and technically complex containment laboratory facilities that are built, and designed to be operated, to so-called 'Western standards'. However, in many low- and middle-income countries, the global health protection burden can overwhelm the ability of available resources to operate to the technically sophisticated standards required in most of the more developed countries. Last year, the Chatham House Centre on Global Health Security and the International Security Department, in conjunction with the UK's Defence, Security and Technology Laboratory and Health Protection Agency, hosted a high-level meeting on 'Safe and Secure Biomaterials: Matching Resources to Reality' to consider the current state of biomaterial safety and security in low- and middle-income countries. The meeting also examined the options available to increase the effectiveness of programmes while meeting the necessary standards.

The meeting was successful in generating a rich and productive discussion as well as building a diverse constituency of stakeholders who remain engaged and who contribute to and highlight ongoing work in this field, with which Chatham House remains closely involved.

Above: Syrian refugees in the Altinozu camp in Hatay city, Turkey. The Altinozu camp was one of the first refugee camps set up by Turkey soon after the unrest erupted in Syria in March 2011.

Right: A doctor at the Beijing Center of Disease Control puts on a decontamination suit before entering the laboratory.

Far right: A resident holds her pets as a worker fumigates her house to fight the mosquito *Aedes aegypti*, the vector of the dengue fever, in San Salvador, El Salvador.





---

### Tackling infectious diseases

New and re-emerging infectious diseases pose an increasing global health threat and will have an impact on both national and global security over the next few years. The spread of infectious disease results as much from changes in human behaviour – including lifestyles and land-use patterns, increased trade and travel – as from mutations in pathogens. Global health security has been defined by the World Health Assembly as ‘the need to reduce the vulnerability of people around the world to new, acute, or rapidly spreading risks to health, particularly those that cross international borders’. Senior leaders from the security and health sectors of government must work together to address the threats posed by infectious diseases and the agents that cause them.

In June 2013, the Chatham House Centre on Global Health Security hosted a one-day high-level roundtable with senior officials from key government sectors, including

leaders from the human health, animal health and security communities. The aim was to share perspectives and develop tangible approaches, which, if implemented over the next five years, could achieve the ambitious goal of minimizing and mitigating global threats posed by infectious disease outbreaks. This meeting focused on the essential role that cross-sectoral collaboration needs to play in achieving this goal, and discussions centred on activities to better prevent, detect and respond to health emergencies of international concern, including naturally occurring outbreaks, and accidental or intentional releases.

Funders for the Centre on Global Health Security’s work include the Bill and Melinda Gates Foundation, Rockefeller Foundation, Skoll Global Threats Fund, DFID, USAID and the UK Department of Health.





Matt Waldman, Associate Fellow, Asia; Dr Robert Johnson, Director, The Changing Character of War Programme, University of Oxford; Michael Keating, Senior Consulting Fellow, Asia; and Jawed Nader, Director, British and Irish Agencies Afghanistan Group, at a panel event 'Is Peaceful Political Transition in Afghanistan Possible?' in March.



### Energy and climate security

At the annual climate change negotiations in Durban in 2012, countries agreed to produce a global climate accord by 2015. Designed to limit global warming to 2 degrees Celsius above pre-industrial levels, the agreement is due to come into effect before 2020. While progress has been made in recent years – for example on renewable energy and efficiency – there are still significant political, social and economic barriers in many countries. A major new Chatham House stream of work is examining how to reinvigorate the partnership on energy and climate between the EU and China – two of the largest economies and carbon emitters. Another stream is exploring the potential for trilateral cooperation between African countries, China and the EU on low carbon development. Researchers are working with partners in each of the three regions to find practical ways to accelerate climate-sensitive development and devise models for cooperation and trust-building which can overcome these hurdles.

### Afghanistan and Pakistan

Chatham House's work on Afghanistan examines the prospects of a peaceful political transition as Western troops withdraw and presidential elections take place in 2014. A project headed by Michael Keating and Matt Waldman on 'Afghanistan: Opportunities in Crisis' will focus on how Western governments can encourage and support stability after 2014 around three priority issues: elections, reconciliation and development. Research also focuses on Afghanistan's relations with its neighbours and on its development challenges, as well as exploring the potential benefits of regional engagement in South Asia.

Dr Gareth Price wrote a paper for the Barcelona Centre for International Affairs on 'Sources of Tension in Afghanistan and Pakistan: Regional Perspectives'. In 2012, Chatham House organized a conference and published a report with the Danish Institute of International Studies on regional rivalries and their impact on Pakistan.







Martin Howard, Director of Cyber Policy at GCHQ, speaking at a session on 'Building Cyber Resilience across the Public and Private Sectors', at the cyber security conference in June.

## Cyber security

Cyber security has been an important pillar of Chatham House work over the past decade. Amid growing interest in the implications of cyberspace for international security, a report entitled *Cyber Security and Global Interdependence: What is Critical?* was launched in February, with the aim of enabling policy-makers more accurately to define and prioritize the truly critical elements of physical and logical infrastructure. The International Security department works closely with governments and international organizations on this topic.

In April 2013, Francis Maude MP launched the Cyber Security Information Sharing Partnership (CISP) at Chatham House. This partnership shares information in real time on cyber threats between the government and businesses. Dave Clemente also contributed to the NATO National Cyber Security Framework Manual, launched in December 2012, to provide guidance to member states and partner nations on the improvement of cyber defence policy-making processes.

As part of efforts to build collaborations, the department is working in partnership with the United Nations Institute for Disarmament Research (UNIDIR) to analyse multilateral cyber security issues, and with Finmeccanica UK to examine the security challenges emerging at the intersection of cyber security and outer space.

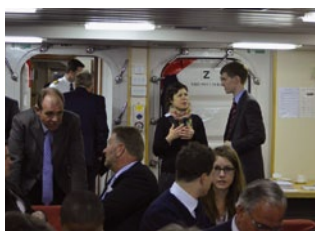
A Chatham House conference on cyber security in June 2013 considered the international political and commercial risks and opportunities that come with operating in cyberspace.

Top left: Two women wearing masks during severe pollution in Beijing, China in January 2013. The fourth heavy smog to hit Beijing in one month caused more serious respiratory illnesses and prompted calls for legislation to curb pollution.

Left: A US soldier walks past a traditional Afghan bread shop in Ghazni city on his patrol in May 2013.

Right: A woman in Hong Kong next to an edition of the *South China Morning Post* in June 2013, when extensive internet and phone surveillance by US intelligence was revealed in the media worldwide.





Delegates at a Chatham House event in May, on board *HMS Illustrious*, discuss the Navy's role in resilience and prosperity to mark the seventieth anniversary of the Battle of the Atlantic.

### Maritime security in Africa and Asia

The Africa Programme has been at the forefront of tracking and analysing the sources, politics and impacts of Africa's maritime security challenges and supporting evolving international policy-making in this area. Beyond a sustained focus on the land-based causes of Somali piracy in the Gulf of Aden and Indian Ocean, which included one expert accompanying a NATO counter-piracy mission in the Indian Ocean in 2012, the Africa Programme has significantly increased its research and related activities on maritime insecurity in the Gulf of Guinea. In 2012, Chatham House ran a conference on the British Royal Navy ship *HMS Dauntless* in Angola and a follow-up conference was hosted in London, each event resulting in a published report. The Africa Programme also participated in a conference, organized jointly with the International Security and Energy, Environment and Resources Departments on board *HMS Illustrious*, to mark the anniversary of the Battle of the Atlantic, on the Navy's role in resilience and prosperity.

With tensions rising between China and ASEAN members over conflicting regional claims in the South China Sea, the institute's research and events have examined what is at stake in the dispute and analysed the internal pressures on the key players involved. The Asia Programme has assessed the risk of clashes escalating between China and several ASEAN members given the latter's rapid development of naval capabilities, and the prospects for a diplomatic solution to the dispute. As Burma prepares to assume the ASEAN chair in 2014, research will focus on the challenges of the current transition, future prospects for international engagement, and the instability caused by the ethnic violence that continues to plague the country.



### Korean peninsula

Led by Dr John Swenson-Wright, Chatham House's research on the Korean peninsula focuses on critical topics affecting the Republic of Korea (ROK) and the Democratic People's Republic of Korea (DPRK): the geopolitical and strategic issues shaping relations between the two Koreas, including the nuclear crisis, the balance of conventional forces on the peninsula, the leadership transition and economic policy in the DPRK, and humanitarian aspects including human rights.

Another line of research considers the ROK's increasingly influential role as a 'middle power', addressing issues relating to foreign and economic policy and climate change. Work on the ROK is closely integrated with research on Japan and China, centring on the critical alliances, particularly the US-ROK and US-Japan relationships. The core themes influencing domestic political change within South Korea are also examined, including conservative-progressive ideological tensions and leadership politics.



Top: Visitors look towards North Korea from a South Korean observation post in the border city of Paju near the Demilitarized Zone in June 2013.

Left: Delegates at an Africa Programme conference on board *HMS Dauntless* in Luanda discuss Angola's role in maritime security and development in the Gulf of Guinea.



**Dave Clemente**

Dave Clemente is a Research Associate with the International Security Department at Chatham House. His areas of research include technology and cyber security policy, and US and UK security and defence policy.

He was educated at the Ohio State University, the University of Damascus and the School of Oriental and African Studies, University of London, and has worked at the International Institute for Strategic Studies and the Overseas Development Institute.

He is the author of the 2013 report *Cyber Security and Global Interdependence: What is Critical?* and co-author of *Cyber Security and the UK's Critical National Infrastructure*, published by Chatham House in 2011, and *On Cyber Warfare*, Chatham House, 2010.



**Professor Nigel Lightfoot CBE**

Professor Nigel Lightfoot CBE is an Associate Fellow of the Chatham House Centre on Global Health Security. He leads the Centre's work on biosecurity and enhancing multi-sectoral approaches to mitigating infectious disease threats. He has had a long and distinguished career in public health and global health security and is currently the Executive Director of CORDS, Connecting Organizations for Regional Disease Surveillance.

Professor Lightfoot was until recently the Chief Advisor for Emergency Response at the Health Protection Agency, leading on pandemic influenza, emerging health threats, Chemical, Biological, Radiological, and Nuclear (CBRN) response strategies, and international relations in these areas. He was appointed by the Secretary of State for Defence to the Advisory Group on Medical Countermeasures, and as an expert advisor to the Chief Medical Officer, he has made significant contributions to the Global Health Security Network of the G7 where he is co-chair of the Risk Management and Coordination Working Group.

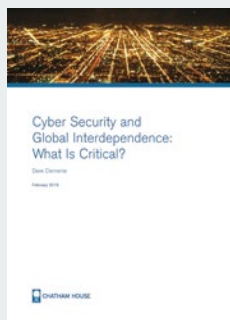


**Leena Hoffman**

Dr Leena Koni Hoffman is an ERANDA Junior Research Fellow with the Africa Programme at Chatham House. A Nigeria expert, her research project considers the international policy implications of changing power and influence in Northern Nigeria.

Leena formerly worked with Nigeria's Independent Corrupt Practices Commission and holds a PhD in African Studies.

She brings to Chatham House valuable expertise on patronage politics, security and conflict dynamics in Nigeria, informing policy and decision-making on sub-Saharan Africa's most populous, complex and important nation. She has appeared as an expert commentator on BBC television news and Radio 4's Today programme.



**Further reading:**

*Cyber Security and Global Interdependence: What Is Critical?* Dave Clemente



# Economic interdependencies

As the balance of the global economy continues to shift, most developed countries are still experiencing slow economic growth. In Europe the public debate on the euro and fiscal consolidation is ongoing. Despite a recent slow-down, China's economy continues to expand, even if at the slower rate. Sub-Saharan Africa's prospects for economic growth remain strong. Chatham House research continues in all of these areas, including working with governments and businesses on global economic governance and policy coordination.

## Reform of the international monetary system

The balance of the global economy continues to shift. The International Economics research team undertook a number of joint projects, including one with the Asian Development Bank Institute (ADBI) on monetary policy in a changing world economy. Another project, with the Asia-Europe Foundation (ASEF), explored the impact of monetary integration on Asia and Europe. The team's research continued to provide thought leadership on China's renminbi strategy and the internationalization of the Chinese currency. Research results were presented in international conferences, such as the Lujiazui Financial Forum in Shanghai, and a number of publications have been produced, including the June 2013 briefing paper, *Taipei and the Renminbi Offshore Market: Another Piece in the Jigsaw*, by Paola Subacchi and Helena Huang.

Right: US dollar, Indonesian rupiah and Chinese renminbi currencies are displayed in a money exchange shop in Jakarta.

Far right: Visitors take photos with a replica of the famous Wall Street bronze bull on the Bund in Shanghai.

Far right top: People check their laptops at a cafe in Beijing in May 2013. The International Monetary Fund cut its 2013 growth forecast for China to around 7.75 per cent.





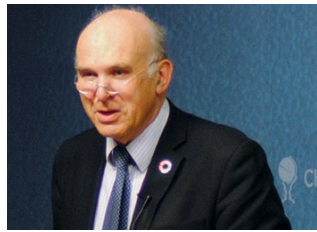


Robert E Rubin, Co-Chairman of the Council on Foreign Relations and former US Treasury Secretary, speaking in May about the critical economic challenges facing democracies.

### The growth of financial centres and financial integration

The global financial crisis in 2008 has raised new challenges, but also opportunities, for financial centres around the world. International Economics researchers explored the expansion of China's financial periphery through an in-depth examination of four rising financial centres (Hong Kong, Shanghai, Taipei and Shenzhen). Research focused on interactions between financial centres, including London, in the expanding renminbi (RMB) offshore market, and the dynamics between onshore and offshore RMB markets as the RMB moves towards becoming an international reserve currency. The research project in collaboration with the Central Policy Unit of the government of Hong Kong resulted in the publication in September 2012 of *The Connecting Dots of China's Renminbi Strategy: London and Hong Kong*.





### European economic governance

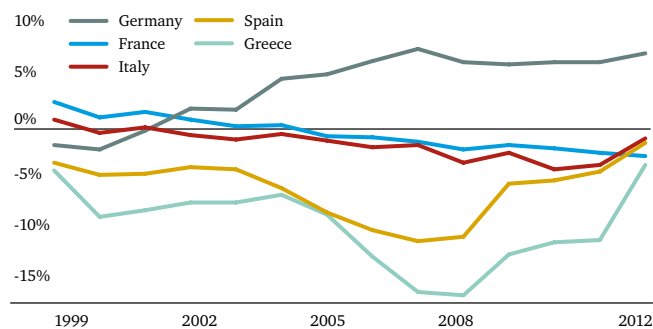
Although the risk of a break-up of Europe's monetary union is considerably reduced, economic growth and financial stability remain elusive in many euro area countries. Further steps towards deeper and more effective economic and financial integration and governance are needed.

The International Economics Department contributed to the public debate on the euro area through research and roundtables with experts from national governments, international organizations and the private sector. Meetings in London, Rome and Madrid respectively focused on macroeconomic and fiscal imbalances, structural reforms and policies for growth in Italy and Spain, and the prospects for a banking union. A briefing paper entitled *Broken Forever? Addressing Europe's Multiple Crises*, by Paola Subacchi and Stephen Pickford, examined the problems of periphery countries and the reforms needed for them to stay within the euro area. Another briefing paper, *Intra-European Imbalances: the Need for a Positive-sum-game Approach*, by Paolo Guerrieri, highlighted the need for a more effective European governance framework.

The challenges facing Europe were also covered in our magazine and journal. The November special issue of *International Affairs*, 'Forty Years On: the UK and Europe', looked back on the UK's 40-year membership of the EU with articles by Robert Cooper and Julie Smith as well as an exclusive interview by Quentin Peel and Michael Stürmer with former German Foreign Minister and Vice Chancellor Hans-Dietrich Genscher. In December 2012, *The World Today* asked: do the Nordic countries have all the answers to the financial and social problems plaguing the EU? The answer, from a range of experts, was a qualified yes, but only in some areas. Professor Alyson Bailes, a former British diplomat with unrivalled experience of the region, concluded that the Nordic countries enjoy many advantages: a benign location in northern Europe, high levels of trust in government, a proven ability to learn from past mistakes, and unusually efficient public services which make people willing to pay high taxes. These advantages may serve as an example to Greece or Spain, but they are not readily transferable.

### Divergent paths in Europe

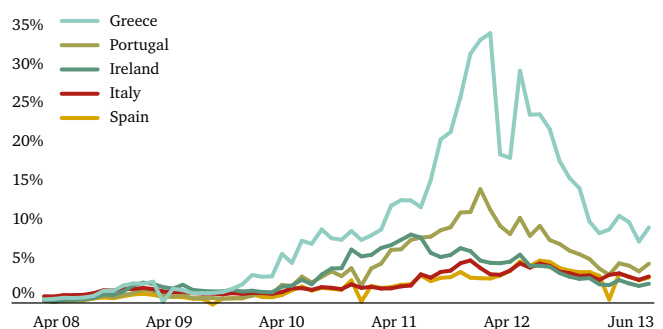
Current account balance (% of GDP)



Source: Eurostat

### Rising spreads and public debt

Ten years maturity government bonds, yields spreads on German bunds



Source: Chatham House calculation on Financial Times Market Data



Far left: Dr Vince Cable MP, Secretary of State, Department for Business, Innovation and Skills, speaking on 'Counting the Cost: Britain's 40 Years in the EU' in November.

Left: Former British prime minister Tony Blair at a Business for New Europe event hosted by Chatham House on 'Europe, Britain and Business – Beyond the Crisis' in November.



Montek Singh Ahluwalia, Indian Sherpa to the G20; Deputy Chairman, Planning Commission for India, New Delhi, speaking at an event in May on economic global governance.

## A changing world economy and the G20 framework

Jobs and growth rank high on world leaders' agendas. The impact of imbalances, exchange rate arrangements and capital movements was assessed in work with the International Monetary Fund. As part of ongoing research on global governance and policy coordination, the research team in International Economics explored the strengthening of frameworks for macroeconomic policy coordination and the implementation of the Mutual Assessment Process (MAP), agreed by the G20 in 2009. The team also contributed to a project on global economic governance with the Lowy Institute for International Policy, Sydney.

International Economics is leading the work on economic governance for an EU-funded project, Transworld. This is a consortium of 13 research centres and universities, which aims to assess the future of the transatlantic relationship and its future global relevance.

Far left: People queue at an employment office in Madrid. The number of Spanish job benefit claimants shrank in May 2013 for a third month, a result hailed by the government as it battled record unemployment.

Left: An employee polishes the bonnet of an Audi A3 car, produced by Volkswagen AG's Audi brand at the company's plant in Ingolstadt, Germany. Audi is set to spend 13 billion euros (\$17 billion) up to 2016 on expansion and development.

Below: Finance ministers and central bank governors pose for a photo following the G20 meeting in Washington in April 2013.







HE John Dramani Mahama, President of the Republic of Ghana, speaking on Ghana's 'Democratic Gains, Economic Change and Regional Influence' in June.



### International competitiveness and growth

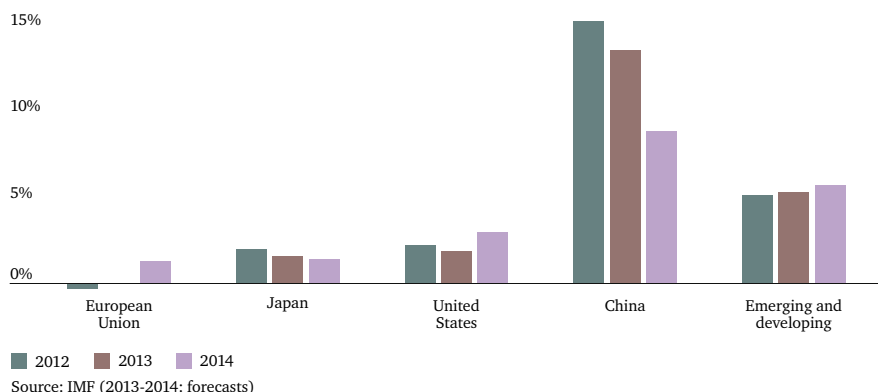
Economic growth continues to lag in most Western countries, particularly in Europe, although there are some signs of economic recovery in the United States. The partnership between the International Economics Department and the Centre for Competitive Advantage in the Global Economy (CAGE), in the Department of Economics at Warwick University, continues to analyse these shifting dynamics. Work undertaken includes an ESRC-funded project which explores the way markets, institutions and public policy interact to create and sustain competitive advantage in response to global changes. Publications have included *International Migration, Politics and Culture: the Case for Greater Labour Mobility*; *EU Structural Funds: Do They Generate More Growth?*; and *Tax Competition and the Myth of the 'Race to the Bottom': Why Governments Still Tax Capital*. A project on 'The World's Industrial Transformation' produced a series of sectoral case studies, with a final synthesis report to be published in July 2013.

### African growth

As prospects for economic growth in sub-Saharan Africa remain strong and businesses around the world are becoming increasingly interested in investment opportunities in the continent, the Africa Programme has continued to work with governments and businesses to support an environment of transparency, accountability and the rule of law. A series of events in 2012, involving six African heads of state, considered the opportunities for national and regional economic transformation presented to these countries by strong growth. Events and research placed economic change in the context of evolving national political and security dynamics, and shifting foreign policies and international relations. The case for a more business-focused engagement with African states, which remains nuanced and cognizant of regional variability, and of the role of new development and investment partners, will also be examined in a report on 'Middle-ranking Powers and Africa'.

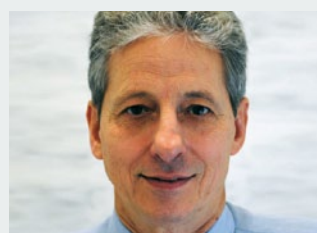
### The multiple speeds of the global economy

Real GDP growth



Far left: As economic growth in Europe remains elusive, a shopper walks past a window display which reads 'To A Shining Future' in London in October 2012.

Below right: South African President Jacob Zuma, Japanese Prime Minister Yoshihiko Noda and Brazilian President Dilma Rousseff at the G20 Leaders Summit in Los Cabos, Mexico, May 2013.



#### André Astrow

André Astrow has been a Senior Consultant and Project Director with the International Economics Department at Chatham House since 2011. He was previously Country Analysis Director of the Economist Intelligence Unit (EIU), 1997–2010, and the EIU's Deputy Editorial Director, 1999–2009.

In the past year, André has been responsible for producing a series of briefing papers, published jointly by Chatham House and the Centre for Competitive Advantage in the Global Economy (CAGE) at the University of Warwick. He also edited CAGE's flagship policy report, *Reversals of Fortune? A Long-term Perspective on Global Economic Prospects*. His areas of expertise include global economic issues and country risk analysis, and he holds a PhD in Interdisciplinary Studies.



#### Sarah Okoye

Sarah Okoye is Executive Assistant to the Research Director of the International Economics Department at Chatham House. With administrative, project management and budgetary responsibilities, she is involved across departmental projects including European economic governance, China's renminbi strategy and international competitiveness and growth.

Prior to joining the International Economics team in 2011, she worked as a project coordinator for international membership organizations in London and Paris. Sarah studied law at the University of Surrey and Jean Moulin University Lyon III.



#### Further reading:

*The Connecting Dots of China's Renminbi Strategy: London and Hong Kong*, Paola Subacchi and Helena Huang



The spectre of resource insecurity has come back with a vengeance. The world is undergoing a period of intensified resource stress, driven in part by the scale and speed of demand growth from emerging economies and a decade of tight commodity markets. In December 2012, Chatham House launched a major report examining the new political economy of resources, from oil, gas and metals to water and food. It also continued to build on its long-standing work on oil and gas geopolitics and on the implications of the shale gas revolution in the United States. Other projects focused on water security and improving famine early-warning systems.

### Examining the new political economy of resources

*Resources Futures*, a major report from the Energy, Environment and Resources Department (EER), launched in December 2012, concluded that, whether or not resources are running out, the outlook is one of supply disruptions, volatile prices, accelerated environmental degradation and rising political tensions over resource access. The report proposes a series of critical interventions, including new informal dialogues involving a group of systemically significant producer and consumer countries to tackle resource price volatility and to improve confidence and coordination in increasingly integrated global resource markets.

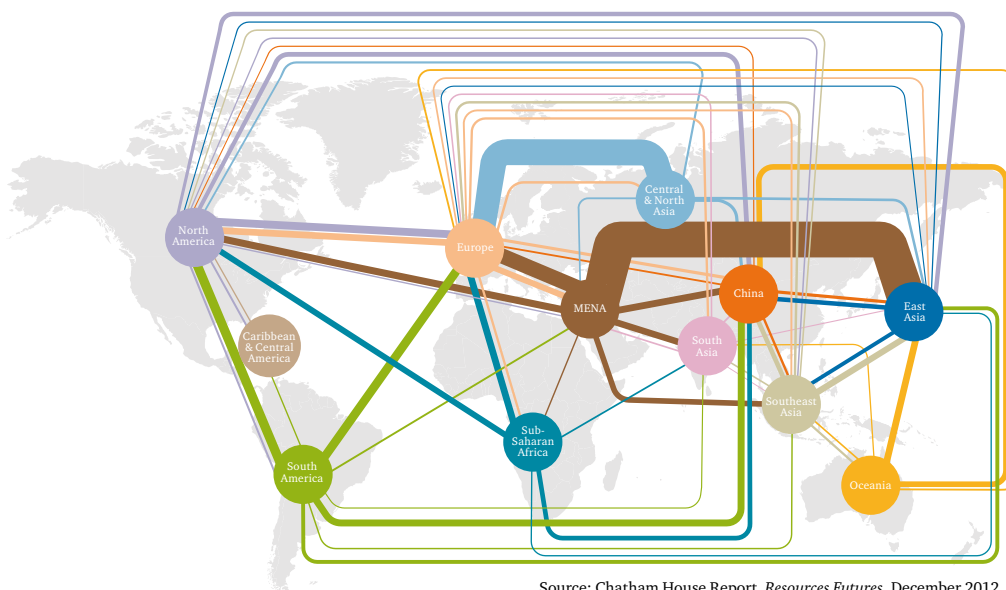
The Resources Futures project, supported by the Fondation Hoffmann, also featured a pioneering interactive visualization, available at [www.resourcesfutures.org](http://www.resourcesfutures.org). This illustrates the complex dynamics of natural resources and resource security using real-world examples of resource trade, investments and potential global hotspots. A separate

partnership with the *Financial Times* infographic team produced an online visualization of global trade in key commodities, which has subsequently been nominated for a data journalism prize. The findings of the report itself were covered by, among others, the *Wall Street Journal*, *The Independent*, *Reuters* and *The Times*.

Dissemination of the report's key messages has so far included targeted high-level engagement with governments in Europe, North and South America, Asia and the Middle East. A flagship event at Chatham House in May 2013 convened key stakeholders to draw out the kinds of interventions and measures that could stimulate better resource governance and reinvigorate international cooperation going forward.

In March 2013, a Chinese translation of the report and a Chinese version of the interactive microsite (including additional material on the specific characteristics of China's resource-related trends) were launched in Beijing.

### Resource trade between regions, by value, 2010



Source: Chatham House Report, *Resources Futures*, December 2012



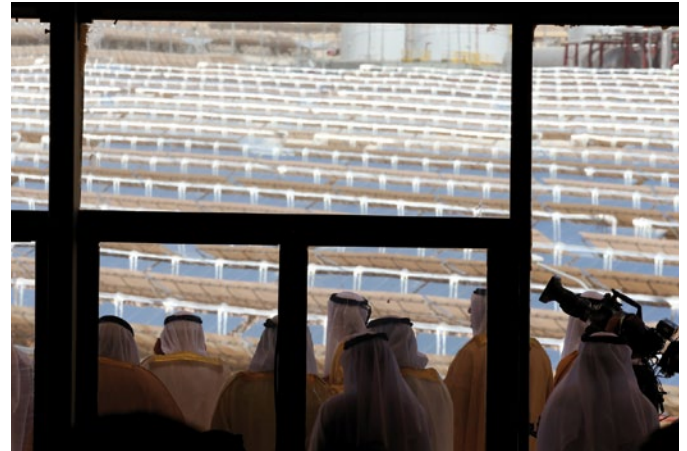


Dame Ellen MacArthur of the Ellen MacArthur Foundation speaking on 'The Circular Economy: Redesigning the Future' in February.

### Improving energy intensity in the Gulf

The Gulf Cooperation Council (GCC) countries of Saudi Arabia, the UAE, Kuwait, Oman, Qatar and Bahrain together represent a formidable energy consumer, with demand and associated emissions growing fast. Following the 2011 report *Burning Oil to Keep Cool*, EER has been working with partners in Saudi Arabia and neighbouring countries to promote targets and measures to conserve oil and gas. The initial report explained the high risks of continued energy resource waste in Saudi Arabia and resonated across the GCC, where all countries face high dependence on oil or gas revenues, low domestic energy and water prices, desalination dependence, and high energy intensity. Each now has renewable energy targets, but integrating these with efficiency and environmental goals will enable countries to capitalize on potential resource savings and lower emissions. EER convened a series of six high-level workshops with partners on how challenges could be overcome. A final report will be published in summer 2013, mapping progress in the region and setting out recommendations for optimizing oil and gas savings through regional collaboration. This project was supported by the UK Foreign & Commonwealth Office and partner institutions in the GCC.

Building on this and our work on the future of resources, EER is initiating a dialogue on 'Valuing Vital Resources' (energy, water and food), which aims to produce guidance on how countries can achieve price reform that reflects costs and incentivizes sustainable use in a politically acceptable manner.



Top right: United Arab Emirates officials look at the Shams 1, Concentrated Solar power plant, in al-Gharibiyah district on the outskirts of Abu Dhabi, during the inauguration of the facility in March 2013.

Right: An Asian labourer of the Saudi National Water Company working at a construction site in a main road in the capital Riyadh. Saudi Arabia, the top oil producer in the world, is seeking alternative ways to produce electrical power and desalinate water.



Charles Emmerson, Senior Research Fellow, Energy, Environment and Resources at Chatham House (far left); Roger Harrabin, Environment Analyst, BBC; Robert Blaauw, Senior Adviser, Global Arctic Theme, Shell International; and the Swedish Ambassador, HE Nicola Clase (right) at a July event discussing the implications of opening up the Arctic.



## Oil and gas security

During the year, EER built on its long-standing work on oil and gas geopolitics, governance of the extractives sector and related development issues. In October, John Mitchell published *What Next for the Oil and Gas Industry?* a seminal report which discussed how a range of dynamics, from the shift of oil trade to Asia to the new competition from automotive technology, demands fresh company strategies. The following month, Dr Valérie Marcel held an expert workshop with emerging oil and gas producers from Africa, Asia and Latin America that considered ways of maximizing development benefits through good governance of the sector. Producer-led guidelines resulting from this ongoing dialogue will be published in the summer of 2013.

In December 2012, Dr Keun-Wook Paik's *Through the Dragon Gate?* described the narrowing window of opportunity for a deal on Russian gas to Northeast Asia. His paper urged the conclusion of the long-stalled pipeline deal to enable China to reduce coal dependence – and therefore CO<sub>2</sub> emissions – and to enable development of Russia's Far East. Work continued throughout the year on a major study of conflict between governments and companies in the extractives sector, due for publication in late 2013.

## The shale gas revolution

The 'shale gas revolution' in the United States has had a significant impact on recent developments in the energy sector. Over the last year, Chatham House has continued its work in this area. For instance, the 2010 report *The 'Shale Gas Revolution': Hype and Reality* was translated into Arabic and published by the Emirates Centre for Strategic Studies and Research, Abu Dhabi. Key findings from the report were also updated and published in August 2012 in a briefing paper, *The 'Shale Gas Revolution': Developments and Changes*. The research considers the impact of the 'revolution' in the United States, whether it can continue there and whether it can be replicated elsewhere, notably in Europe. Professor Paul Stevens continues to write extensively and has presented seminal papers at conferences and colloquia in Britain, the United States, Australia, Hungary, Finland, Switzerland, Ireland, Italy, France and Poland. His views, widely quoted and reported through interviews in the international media, have been influential in the preparation of the recent report on shale gas produced by the House of Commons Select Committee on Energy and Climate Change.



Above: Environmentalists stage a protest to coincide with a fundraising event by President Barack Obama in New York City in May 2013.

Right: A drilling rig belonging to oil company Chevron, which is exploring for shale gas on agricultural land in Ksiezomierz, south-eastern Poland.





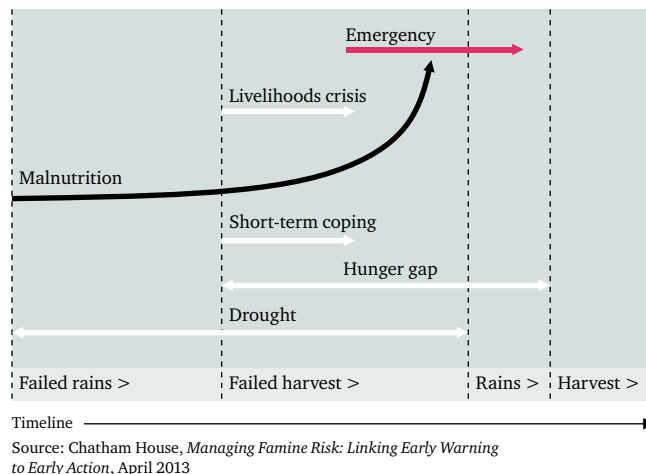


Bernice Lee, Research Director, Energy, Environment and Resources Department at Chatham House, with Graham van't Hoff, Chairman and Executive Vice President, CO<sub>2</sub> and Alternative Energies at Shell, at the October 2012 climate change conference.

## Managing famine risk

Building on a body of research undertaken in 2012, EER, in collaboration with the Africa Programme, strengthened its work on food security and governance during 2013. In April, Rob Bailey's influential report *Managing Famine Risk: Linking Early Warning to Early Action* was launched in London and Nairobi. It drew on field research case studies for East and West Africa by Africa Programme Associate Fellows Jason Mosley and Paul Melly. While famine early warning systems have a good record of accomplishment in predicting food crises, they have been relatively poor at enabling early action from governments and donors. The report analyses the reason for this gap between information and action, and argues that root-and-branch reform of the humanitarian funding system is required; that governments and donors should enable vulnerable communities to take action themselves; and that a partnership approach should be used to test 'resilience labs' for new approaches to tackle food crises. Outreach events to present the report and its findings to target stakeholders in donor governments, national governments and the humanitarian system were convened, and a final event is planned for Dakar in September 2013. The project also generated significant coverage in mainstream and specialist media, for example *The Economist*, *The Guardian*, the BBC and Reuters.

## Illustrative famine timeline



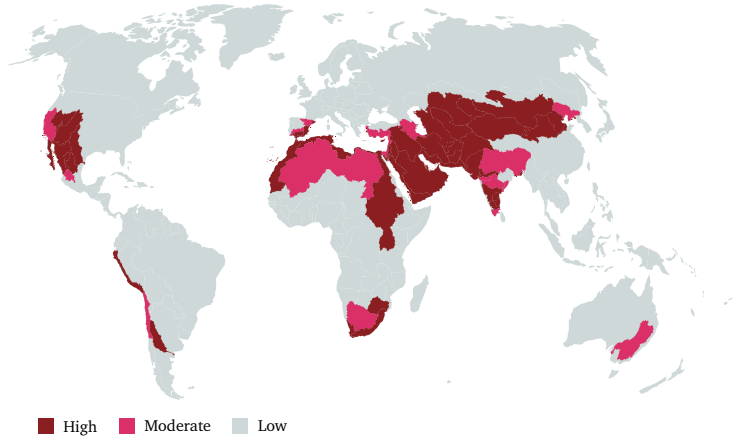
Somali children queue at a feeding centre in the capital, Mogadishu, in July 2012.



### South Asia and water security

The Asia Programme is undertaking a research project exploring how to improve regional cooperation in relation to waters shared by India, Pakistan, Bangladesh, Afghanistan and Nepal – five of the eight members of the South Asian Association for Regional Cooperation. The project aims to provide insights into the political economy of water and the barriers to better regional engagement over this vital resource. It also assesses how to shift transboundary water debates from the existing zero-sum approach towards a more collaborative one. The project is being conducted in association with a network of regional research institutes or think-tanks in each country and is supported by DFID.

### Global distribution of physical water scarcity



Source: FAO (2011). Map reproduced from Chatham House Report, *Resources Futures*, December 2012.



Children using a hand pump to fill water containers in New Delhi, India.



**Charles Emmerson**

Charles Emmerson is a Senior Research Fellow with the Energy, Environment and Resources Department at Chatham House. He was formerly an Associate Director and Fellow of the World Economic Forum, working on global risks, and has been a lead writer with *The Times*.

He is the author of *The Future History of the Arctic* (2010) and *1913: The World Before the Great War* (2013), as well as a number of Chatham House reports, articles and briefing papers. He is a regular media commentator and has written for a wide range of print and online outlets, including *Monocle* and *The Huffington Post*.



**Valérie Marcel**

Dr Valérie Marcel is an Associate Fellow with the Energy, Environment and Resources Department at Chatham House. A specialist in the geopolitics of energy in the Middle East, she currently leads on research exploring governance challenges for emerging oil and gas producers.

She has been a lecturer at Oxford University and at Sciences Po, Paris and is author of the book *Oil Titans: National Oil Companies in the Middle East*. Other recent Chatham House publications include *What Next for the Oil and Gas Industry?* with John Mitchell and Beth Mitchell.



**Jaakko Kooroshy**

Jaakko Kooroshy is a Research Fellow with the Energy, Environment and Resources Department at Chatham House, and was previously a policy analyst at The Hague Centre for Strategic Studies. He specializes in the political economy of natural resources and global commodity markets, with particular expertise on rare earths and other speciality metals.

He contributes to various projects in the Energy, Environment and Resources Department concerned with shifting trends around the global production, use and trade of natural resources. He is one of the lead authors on the report *Resources Futures* and has also written on the political and environmental dynamics of the soya bean trade, security concerns for resource management in advanced economies, and rare earth and strategic mineral policy.



**Further reading:**

*What Next for the Oil and Gas Industry?*  
John Mitchell with Valérie Marcel  
and Beth Mitchell

# Law and governance

There are pressing challenges surrounding governance and the compatibility of policy-making with the international rule of law. Chatham House has continued its work in this important area, including on international criminal law and the classification of conflicts, and on China's approach to international human rights. Other projects have explored forest governance, tackling illegal logging and the threats of unreported and unregulated fishing. Chatham House has also engaged with governments, extractive companies and civil society to support more informed decision-making for better policy outcomes in energy- and mineral-producing African states.

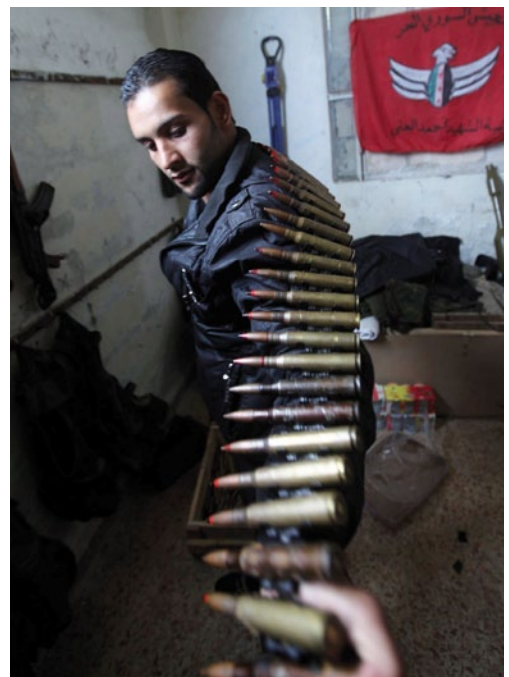
## International law

One of the aims of the United Nations, as stated in the preamble to its Charter, is 'to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained'. The growth of the International Law Programme, with the support of a core grant from the Oak Foundation, has enabled research and meetings with the potential to influence the formation of policy in a manner compatible with the international rule of law. Within this general framework, the International Law Discussion Group has held a series of meetings on 'Milestones in International Criminal Justice', supporting the bringing to justice of perpetrators of atrocities, and on economic sanctions, which have dealt with issues of fair process. A paper by Associate Fellow Louise Arimatsu on conflict minerals was used by the European Commission in its work on this area.

## Armed violence and conflict classification

The prevalence of armed violence in so many countries of the world poses the question of how the international rule of law can have an influence in these situations. The International Law Programme was able to support efforts to increase compliance with international human rights and international humanitarian law by holding a series of meetings bringing together policy-makers, members of the armed forces, the International Committee of the Red Cross, governments and civil society to resolve particular legal problems in situations of armed conflict and to consider ways in which the law can be better known and better obeyed.

In September the programme launched a book, *International Law and the Classification of Conflicts*, edited by Associate Fellow Elizabeth Wilmshurst, which aims to clarify the application of specific bodies of international law to different situations of armed violence.







Juan Méndez, UN Special Rapporteur on Torture, speaking on 'Enforcing the Absolute Prohibition Against Torture' in September.



Keir Starmer QC, Director of Public Prosecutions in the UK, speaking on 'Social Media, Free Speech and the Law' in February.



### China and international human rights

China's approach to international human rights issues has been less well researched than human rights policy and practice inside China. A report published in October 2012, *China and the International Human Rights System*, by Sonya Sceats with Shaun Breslin, Associate Fellows in the International Law and Asia Programmes respectively, shed new light on human rights in Chinese foreign policy in the context of China's increasing global power and questions about the future of the liberal international order. Drawing on an innovative empirical study of China's voting behaviour and other contributions at the UN Human Rights Council and more than 50 interviews with diplomats and other experts, the report has been especially well received in policy circles; it was the first to document and explain a more assertive approach by China in the Human Rights Council on issues connected with the Arab Spring. Diplomats posted in Beijing have indicated that the research broke new ground and has forced Western governments to think seriously about how to engage more effectively with China on international human rights issues.



### Africa's extractive industries

The Africa Programme engages with governments, extractive companies and civil society to support more informed decision-making for better policy outcomes in energy- and mineral-producing African states. Its recent work relating to extractives transparency and accountability includes a publication on East Africa and Africa's changing energy landscape, and research on Ghana and Uganda, as well as a sustained focus on Africa's biggest established producers, Nigeria and Angola. In February 2013 the Programme published a report, *Oil in Uganda: International Lessons for Success*, that discusses the potential of oil to accelerate development and drive Uganda's transformation into a regional economic player, as well as the risks this resource brings. The report, presented to Ugandan decision-makers, was launched in Kampala and London. Other key activities have included ongoing engagement with leading civil society organizations working on extractive industry transparency in G20 and African countries; and supporting innovative thinking among G20 governments and businesses on global governance and resource security.

Lower left: United Nations Secretary General Ban Ki-moon gives a speech during the twenty-first session of the UN Human Rights Council at the UN offices in Geneva in September 2012.

Lower right: A Free Syrian Army member at its base in Darkoush, Syria in April 2013.

Top left: Russia's Ambassador to the UN Vitaly Churkin, with China's Ambassador to the UN Li Baodong, before a Security Council vote on Syria in July 2012 at the organization's headquarters in New York.

Top right: Thousands of striking workers march on a South African mine in Marikana in September 2012.



The International IUU Fishing Forum, February 2013. From left to right: Richard Benyon MP, UK Parliamentary Under-Secretary for Natural Environment and Fisheries; Maria Damanaki, European Commissioner for Maritime Affairs and Fisheries; and Dr Jane Lubchenco, former US Under Secretary of Commerce for Oceans and Atmosphere.



### Forest governance and illegal logging

Stopping the trade in illegal timber requires a combined effort to shut down the market for illegal wood products while at the same time addressing the root causes of illegal logging, such as weak governance in producer countries. Chatham House has been assessing progress in the implementation of the new European timber legislation, and is working to improve its enforcement through a range of research activities aimed at improving understanding of forest-product supply chains. At the global level, Chatham House is also assessing the state of play of illegal logging and policy responses to this issue in 19 countries. This project is helping to increase understanding of how governments and the private sector have been trying to tackle illegal logging and to assess the effectiveness of these responses. The core findings will be released during 2013 and 2014.

Building on its expertise within the forest sector, work is also under way to consider what lessons have been learnt from initiatives to date and consider their application to other sectors – most notably, to contribute to efforts to improve sustainability of agricultural commodities and lessen their impact on forests.

A further element of this work is the development of a dedicated microsite [www.illegal-logging.info](http://www.illegal-logging.info), which is one of the primary sources of information on issues related to illegal logging. This work is funded by DFID as part of its Forest Governance, Markets and Climate programme.

### Illegal, unreported and unregulated fishing

Illegal, unreported and unregulated (IUU) fishing is a major global problem, accounting for between 11 and 26 million tonnes of fish caught per year, equivalent to at least 15 per cent of world catches, and causing financial losses of US\$10–23.5 billion annually, according to latest estimates. With the reform of the EU's Common Fisheries Policy well under way, efforts to improve fisheries governance is attracting renewed attention.

Since 2006, Chatham House has convened an annual International Forum on IUU Fishing to discuss the latest initiatives, regulations and research in the area of fisheries governance and trade in illegal fish products. Feeding in to the Energy, Environment and Resources Department's broader work on environmental crime, the forum has advanced debate in this area, featuring inputs and presentations by major international stakeholders, including leading policy-makers, researchers, industry representatives and civil society groups.

Now well known within the field, the forum provides a unique space for open and informed dialogue to foster greater cooperation and explore more effective and sustainable solutions to mitigate IUU fishing. This work is run by EER, with funding from the Department for Environment, Food and Rural Affairs.



Left: Hundreds of logs choke a river on the outskirts of Buenaventura, Colombia. Authorities worry that illegal logging may be filling the coffers of the nation's largest guerrilla group, the FARC.

Lower right: Fish being prepared for sale in a market in Singapore in February 2013. It is estimated that about a third of all fishery products on the world market comes from illegal fishing.



#### Sonya Sceats

Sonya Sceats is an Associate Fellow in the International Law Programme at Chatham House where she focuses on international human rights issues.

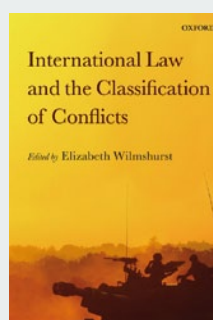
She takes a particular interest in international and regional human rights protection systems and the implications for these of current shifts in global power, including the ascendancy of states that have traditionally resisted scrutiny of their own and other states' human rights records. She is currently leading a project exploring the consequences of China's rise for the international human rights system.



#### Alison Hoare

Dr Alison Hoare is a Senior Research Fellow with the Energy, Environment and Resources Department and currently leads Chatham House's influential research on forest governance and illegal logging.

Trained as an ethnobiologist, she previously worked with Forests Monitor directing a project on developing community forestry in the Democratic Republic of Congo. Her expertise includes illegal logging and the timber trade, natural resource use and community forestry.



#### Further reading:

*International Law and the Classification of Conflicts*, edited by Elizabeth Wilmshurst





Chatham House had a more challenging year financially in 2012/13 compared with recent years. The overall net surplus for 2012/13 was £212,000, comprising a deficit on incoming resources of £286,000, offset by an investment gain of £498,000. The deficit was partly due to lower than anticipated revenues across a range of activities (conferences, individual fundraising, publications), but mainly due to an increased cost base as a result of our investing in expansion by taking a ten-year lease on the second floor of Ames House (next door to the Chatham House building in Duke of York Street) on 1 August 2012.

Membership subscriptions of £2,084,000 grew faster (11%) than in the previous year, primarily owing to strong growth in corporate revenues. Revenues from conferences showed no growth in difficult trading conditions. As a result, in the last quarter of the year the department was restructured, with further investment in resources and a change away from organizing international roundtables to purely focusing on organizing large conferences. Income from publications was flat, ignoring the large one-off payment in the previous year for the signing of the new publishing contract for the flagship publication *International Affairs*. Fundraising income and donations increased marginally, mainly owing to the Annual Fund appeal and a higher financial contribution from the Chatham House Prize event.

Expenditure on membership, meetings, the library, communications and publications increased by 6% to £1,891,000. This was primarily due to further investment in order to continue to meet the expanding needs of the institute in supporting digital content and publications. Support costs, net of recharges to the research programmes, increased by 4%. Excluding the cost of the new lease in Ames House, this was mainly due to higher depreciation and building maintenance costs, partly offset by an increase in recharges to research.

Total research income of £5,286,000 increased by 5% over the previous year. However, research costs increased by 15% reflecting further investment in the expansion of capacity, in particular, in the International Security Department and the US Programme.

On 1 February 2013, the Institute acquired a 999-year lease on the ground floor of Ames House. At the same time, it also acquired ten-year leases (with five-year, tenant-only breaks) for the first and second floors, along with five-year options to acquire 999-year leases for either or both of these floors. The purchase of the ground floor was undertaken using £0.5 million of the Institute's reserves, with the remaining £3.5 million coming from two loans at competitive interest rates, both of which are repayable in December 2015. The institute also obtained the right to extend the lease on the basement to 999 years from 1 July 2013, at a cost of £20,000.

Overall investment income increased by 16% over the previous year to £238,000. This included rental income of £28,000 resulting from the acquisition of the ground floor on Ames House. Cash and short-term deposits however, only earned an average of 1.8% during the year, reflecting the continuing historically low interest rates. At year-end, Chatham House held investments with a market value of £5,095,000, compared with £4,676,000 as at 31 March 2012. This increase reflects the improvement in world stock markets over the past year, particularly in emerging markets. Cash decreased by £1,658,000 during the year to £2,985,000, mainly as the result of the purchase of the ground floor of Ames House, but the decrease also included VAT of £800,000 that was repaid after year-end.

Total net assets as at 31 March 2013, excluding the value of Chatham House itself, were £10,083,000, compared with £9,871,000 as at 31 March 2012 – an increase of 2%.

The various lease acquisitions in Ames House represent a considerable investment for the institute. However, the way in which they have been structured should provide time to put together a sustainable fundraising strategy, supported by a compelling business plan which makes the case for future expansion, without causing undue stress on the institute's finances.

A handwritten signature in black ink, which appears to read 'Ed Smith'.

Ed Smith

	<b>2013</b> (£'000s)	<b>2012</b> (£'000s)	incr/decr
<b>Total net assets at year-end*</b>	<b>10,083</b>	<b>9,871</b>	
<b>Income</b>			
Membership subscriptions	2,084	1,870	11%
Research	5,286	5,032	5%
Conferences	984	980	0%
Investment return	238	206	16%
Publications	518	716	-28%
Fundraising and donations	670	618	8%
Other	65	35	86%
	<b>9,845</b>	<b>9,457</b>	
<b>Expenditure</b>			
Research	5,741	5,001	15%
Conferences	779	641	22%
Membership, meetings, library, communications and publications	1,891	1,783	6%
Support costs net of recharges to research	1,720	1,494	15%
	<b>10,131</b>	<b>8,919</b>	
Operational net (deficit) / income	(286)	538	
Net investment gains / (losses)	498	(59)	
Net surplus for the year	<b>212</b>	<b>479</b>	
Net cash (outflow) / inflow for the year	(1,658)	734	

\*The Institute owns the freehold of Chatham House, the full value of which is not included in these figures.

The Financial Headlines are extracted from the full unqualified audited group accounts, a copy of which is available to members on the website at [www.chathamhouse.org](http://www.chathamhouse.org). Alternatively copies may be obtained from Rhona Moir, Executive Assistant to the Finance Director, on telephone number +44 (0)20 7957 5700 or email [rmoir@chathamhouse.org](mailto:rmoir@chathamhouse.org). Copies will also be available at the Annual General Meeting.

## Patron, Presidents and Council

at 30 June 2013



Alistair Burt MP, Parliamentary Under Secretary of State for Foreign and Commonwealth Affairs, in conversation with HRH The Duke of York at the Chatham House Prize 2012.

### Patron

Her Majesty The Queen

### Presidents

Rt Hon Lord Ashdown of Norton-sub-Hamdon  
GCMG KBE PC

Rt Hon Sir John Major KG, CH

Rt Hon Baroness Scotland QC

### Council

Stuart Popham

**Chairman; Executive Committee; Finance Committee**  
Vice Chairman EMEA Banking, Citigroup;  
former Senior Partner, Clifford Chance LLP

Rt Hon Sir Roderic Lyne KBE CMG

**Deputy Chairman, Executive Committee**

Member of the Iraq Inquiry Committee;  
Chairman of the Governors of Kingston University;  
a Non-Executive Director of Petropavlovsk plc and  
of JPMorgan Bank International

Ed Smith

**Hon Treasurer (ex-officio); Executive Committee;  
Finance Committee; Investment Committee**  
Chairman, WWF-UK; Chairman, Student Loan  
Company; Non-Executive Director, NHS England

Dr Mohammed Abdel-Haq

Businessman and Academic

Greg Baxter

Global Head of Digital Strategy, Citi – New York.  
A former Partner and UK Board member at  
Booz & Company

Ryan Gawn

Director, Stratagem International; Strategic  
Campaigns Advisor, Department for International  
Development – Pakistan; former Director of  
Penn, Schoen & Berland

Martin Giles

US Technology Correspondent, *The Economist*

Sir Jeremy Greenstock

Chairman, UN Association-UK; Chairman, Gatehouse  
Advisory Partners Ltd; Chairman, Lambert Energy  
Advisory Ltd; UK Ambassador to the UN (1998–2003)

Sir Richard Lambert

Lead non-executive, Foreign and Commonwealth  
Office Supervisory Board; Chancellor,  
University of Warwick; Senior Independent Adviser,  
Deutsche Bank; Director-General, CBI (2006–11)

Dr John Llewellyn

**Investment Committee**

Partner, Llewellyn Consulting; former Senior  
Economic Policy Adviser, Lehman Brothers

Bronwen Maddox

Editor and Chief Executive, Prospect Publishing;  
Chief Foreign Commentator, *The Times* (2006–10)

Peter Montagnon

**Finance Committee**

Senior Investment Adviser, Financial Reporting Council

Alastair Newton

**Executive Committee**

Senior Political Analyst, Nomura International plc

Stuart Sinclair

**Finance Committee**

Non-Executive Director, Pru-Health,  
Provident Financial, Platinum Bank (Ukraine),  
The Home & Savings Bank

Xan Smiley

Middle East and North Africa editor, *The Economist*

Seth Thomas

**Finance Committee**

Student, MPP – Blavatnik School of Government,  
Oxford; Welsh Government Advisory Panel on  
Financial & Professional Services

Robert Woodthorpe Browne

Chairman, International Relations Committee,  
Liberal Democrats Treasurer, Liberal International;  
CEO, Robert Browne and Partners Limited –  
International Reinsurance Consultants

Caroline Wyatt

BBC Defence Correspondent

*Council meetings are customarily also attended  
by the Director and the Secretary to Council,  
Paul Curtin*



## Panel of Senior Advisers and individual supporters at 30 June 2013



Outgoing Chairman Dame DeAnne Julius receives a print from Director Robin Niblett at the Annual General Meeting in July 2012. The 2012–13 Annual Fund helped to create the Julius Fellowship in International Economics in honour of her exceptional contributions to the institute.

### Panel of Senior Advisers

The Panel of Senior Advisers was founded in 2008 to provide Chatham House with an experienced sounding board for our policy conclusions and help communicate our ideas at the highest levels in the UK and abroad.

**Chairman: Rt Hon Sir John Major KG, CH**  
UK Prime Minister (1990–97)

**Ayman Asfari**  
Group Chief Executive, Petrofac Ltd

**Shumeet Banerji**  
Senior Partner, Booz & Company

**Lord Browne of Madingley**  
President, Royal Academy of Engineering;  
Chief Executive, BP (1995–2007)

**R Nicholas Burns**  
Professor of the Practice of Diplomacy and International Politics, John F Kennedy School of Government, Harvard University; Under Secretary of State for Political Affairs, US Department of State (2005–08); US Ambassador to NATO (2001–05)

**Victor Chu**  
Chairman, First Eastern Investment Group,  
Hong Kong

**Tim Clark**  
Senior Adviser to G3 and Fleming Family & Partners

**Lord Davies of Abersoch CBE**  
Partner and Vice Chairman, Corsair Capital;  
Minister for Trade and Industry (2009–10)

**Suzan Sabancı Dinçer CBE**  
Chairman and Executive Board Member, Akbank

**Mary Francis CBE**  
Non-Executive Director, Centrica plc and  
Swiss Reinsurance Company;  
Director, Bank of England (2001–07)

**Dame Clara Furse DBE**  
External Member, Financial Policy Committee,  
Bank of England; Non-Executive Director,  
Nomura Holdings, Amadeus IT Holdings and  
Department for Work and Pensions, UK

**James Gaggero**  
Chairman, Bland Group Ltd

**André Hoffmann**  
Vice-Chairman, Board of Roche Holding Ltd

**Lord Hurd of Westwell**  
UK Foreign Secretary (1989–95)

**Lord Jay of Ewelme**  
Permanent Under-Secretary,  
Foreign Office (2002–06)

**Sir Paul Judge**  
Chairman, Schroder Income Growth Fund plc;  
Deputy Chairman, Royal Society of Arts

**Dame DeAnne Julius DCMG, CBE**  
Independent Non-Executive Director of Deloitte (UK),  
Roche Holdings SA (Switzerland) and  
Jones Lang LaSalle (USA); former Chairman,  
Chatham House (2003–12)

**Nemir Kirdar**  
Founder, Executive Chairman and CEO, Investcorp

**Caio Koch-Weser**  
Vice Chairman, Deutsche Bank Group;  
Deputy Finance Minister for Germany (1999–2005)

**Hon Marc E Leland**  
President, Marc E Leland and Associates, USA;  
Co-Chairman, German Marshall Fund of the  
United States

**Rachel Lomax**

Non-Executive Director, HSBC and Heathrow  
Airport Holdings; Deputy Governor, Monetary Policy,  
the Bank of England (2003–08)

**Sir David Manning GCMG CVO**  
British Ambassador to the United States (2003–07);  
foreign affairs and defence adviser to Prime Minister  
Tony Blair (2001–03)

**Dame Judith Mayhew Jonas DBE**  
Trustee, The Imperial War Museum;  
Chairman, New West End Company

**Sir Michael Rake**  
Chairman, BT and EasyJet

**Lord Robertson of Port Ellen**  
Secretary General, NATO (1999–2003);  
UK Defence Secretary (1997–99)

**Andrés Rozental**  
Former Mexican diplomat; founding president  
of the Mexican Council on Foreign Relations;  
Chairman of ArcelorMittal Mexico; non-resident  
senior fellow at the Brookings Institution

**Kevin Rudd**  
Prime Minister of Australia (2007–10);  
Minister for Foreign Affairs (2010–12)

**Daniel Sachs**  
Chief Executive Officer, Proventus AB

**John C Whitehead**  
Founding Chairman, Lower Manhattan Development  
Corporation, USA; former Co-Chairman of  
Goldman Sachs

### Director's Research Innovation Fund

The Director's Research Innovation Fund was founded in 2011 to enable the institute to invest in timely and innovative research and thought leadership. To date the fund has been generously supported by the following donors:

Celia and Edward Atkin CBE

Stephen Brenninkmeijer

Dr Carlos Bulgheroni

Tim Bunting

Victor Chu

Ronald M Freeman

Richard Hayden

Michael Hoffman

Timothy Jones

Nemir Kirdar

Andrew E Law

Hon Marc E Leland

Chris Rokos

### William Pitt Group

The William Pitt Group, founded in 2009, comprises individuals committed to the long-term success of the institute, enabling it to undertake a range of long-term strategic projects thanks to their philanthropic support.

Spindrift Al Swaidi

Towfik Al Swaidi

Vahid Alaghband

David Archer

Gavin Boyle

Richard Bram

Stephen Brenninkmeijer

Garvin Brown IV

Tim Bunting

Sir Evelyn de Rothschild

Pierre-Henri Denain

Glenn Earle

Ambassador Edward E Elson

Louis G Elson

Martin Fraenkel

Helen L Freeman

Ronald M Freeman

Luciano Gobbi

Richard Karl Goeltz

Bernard Groveman

Alexis Habib

Charles M Hale

Mark Harms

Richard Hayden

Hon John G Heimann

Michael Hoffman

Sir Joseph Hotung KBE

Farid Issa-El-Khoury

Reuben Jeffery III

Huw Jenkins

Timothy Jones

Hadi Kabalan

Karim Khairallah

Sara Burch Khairallah

Donald Kramer

Andrew E Law

Hon Marc E Leland

Michael R Lynch

Monika Machon

Stephen Marquardt

Morgan McKenney

Maryfrances Metrick

Stuart Popham QC

Paul Rivlin

Chris Rokos

Simon Rowlands

Jacob M Safra

Horacio Sanchez Caballero

Allen Sangines-Krause

Richard W Slocum

Kit Tamkin

Pedro J Torres

Jolana Vainio

Petri Vainio

John Vogelstein

Gareth Williams

Roger Wolf



Guests at a lunch with Mexican President Enrique Peña Nieto in June 2013.

### Partners (at 30 June 2013)

Abu Dhabi Crown Prince Court
Akbank
BG Group
BP plc
Chevron Ltd
Department for International Development, UK
ExxonMobil Corporation
Finmeccanica
Foreign & Commonwealth Office, UK
JETRO London
Ministry of Defence, UK
Royal Dutch Shell
Statoil
Toshiba Corporation
Total Holdings UK Ltd
United Arab Emirates Ministry of Foreign Affairs

### Major Project Sponsors

Asfari Foundation
Australian Agency for International Development
Bank of America Merrill Lynch
BHP Billiton International Services Ltd
Bill & Melinda Gates Foundation
British Council, The
Bureau of European Policy Advisers, European Commission
Climate & Development Knowledge Network
Defence Science and Technology Laboratory, UK
Department of Health, UK
DG Development and Cooperation, European Commission
DG Research and Innovation, European Commission
Fondation Hoffmann
John D and Catherine T MacArthur Foundation
Ministry of Foreign Affairs, Norway
National Intelligence Council, USA
Nippon Foundation
Nomura Foundation
Oak Foundation
Open Society Foundations
Robert Bosch Stiftung
Rockefeller Foundation
Skoll Global Threats Fund
Stavros Niarchos Foundation
United States Agency for International Development

### Research Supporters

Al Tajir Trust
Anadarko
Anglo American plc
Asia-Europe Foundation
Asian Development Bank Institute
Banco Africano de Investimentos
Bechtel
Boeing UK
British Academy
British Army
British Red Cross
Catholic Organization for Relief & Development Aid
Central Policy Unit, Hong Kong SAR Government
Charities Aid Foundation
Charles S & Carmen De Mora Hale Foundation, The
Chubu Electric Power Co Inc
ClientEarth
Clifford Chance LLP
Climate and Land Use Alliance
Commonwealth Secretariat
Dana Petroleum
De Beers Group Services UK Ltd
Delonex Energy
Department for Environment, Food & Rural Affairs, UK
Department of Foreign Affairs and Trade, Ireland
DG Enterprise and Industry, European Commission
Diageo
Disasters Emergency Committee
EADS
Economic & Social Research Council, UK
ENI SpA
Epoch Foundation
Eranda Foundation
European Bank for Reconstruction & Development
European Commission Representation in the UK
Federal Department of Foreign Affairs, Switzerland
German Federal Environment Agency
Goldman Sachs International
GPW
Humanity United
International Development Research Centre, Canada
International Monetary Fund
Japan Economic Foundation
JAPEX
Konrad Adenauer Stiftung
Korea Foundation
Lockheed Martin UK
Lonrho plc

Lowy Institute for International Policy
Marathon Oil Corporation
Matthew Hurlock
Mercator Stiftung
Ministry for Foreign Affairs, Finland
Ministry for Foreign Affairs, Sweden
Ministry of Finance, Japan
Ministry of Foreign Affairs, Lithuania
Ministry of the Environment, Norway
Mitsui & Co Europe plc
Morgan Stanley
Nedbank
Noble Energy
Norwegian Institute of International Affairs
Norwegian Peacebuilding Resource Centre
Olayan Group, The
Raytheon
Revenue Watch Institute
Rio Tinto plc
Saudi Aramco
Sir William Luce Memorial Fund Trust
Smith Richardson Foundation
Standard Bank
Standard Chartered Bank
Trans European Policy Studies Association
Tullow Oil plc
Unicredit
United Kingdom Energy Research Centre
United States Institute of Peace
United States of America, Embassy of the
United States of America, Government of the
White Rose Energy

### Major Corporate Members

(at 30 June 2013)

Accenture
AIG Asset Management
Amsterdam & Partners
Anglo American plc
Atkins
BAE Systems plc
Bank of America Merrill Lynch
Barclays
BBC
BHP Billiton International Services Ltd
Bloomberg
British American Tobacco
British Army



Members of the Under 35s Forum at a networking reception. Forum events in the last year included a panel discussion in November on 'Free Speech in the Age of Social Media'.



The Chatham House Library is digitizing portions of the institute's archives, including meetings, speeches and publications from 1920 to 2008.

## Corporate Members (at 30 June 2013)

BT Group plc
Caxton Asset Management
Citi
City of London
Clifford Chance LLP
Control Risks
Department for Business, Innovation & Skills, UK
Dexion Capital plc
Economist, The
ENI SpA
Eurostar
Freshfields Bruckhaus Deringer
FTI Consulting Ltd
GlaxoSmithKline
Goldman Sachs International
Herbert Smith Freehills LLP
HSBC Holdings plc
Huawei Technologies
Institute of Chartered Accountants in England and Wales
Intesa Sanpaolo SpA
Japan Bank for International Cooperation
JICA UK Office
KPMG LLP
Kuwait Petroleum Corporation
Libra Group
Linklaters
Lockheed Martin UK
Mitsubishi Corporation
Morgan Stanley
Nomura International plc
Oliver Wyman
Pella Resources Ltd
PricewaterhouseCoopers
Rabobank International
Raytheon
Rio Tinto plc
Royal Bank of Scotland
Saudi Petroleum Overseas Ltd
Standard Chartered Bank
Stroz Friedberg
Tesco
Thomson Reuters
United States of America, Embassy of the
Vodafone Group

ActionAid UK
Aegis Defence Services Ltd
Afghanistan, Embassy of the Islamic Republic of
Afren
AKE Ltd
Albany Associates (International) Ltd
Algeria, Embassy of
Allen & Overy LLP
Amnesty International
ArcelorMittal
Argentina, Embassy of
Armenia, Embassy of the Republic of
Asahi Shimbun (Europe)
Aspen Insurance UK Limited
AstraZeneca plc
Australia, High Commission of
Austria, Embassy of
Avio Group
Aviva
AXA Investment Managers
Azerbaijan, Embassy of the Republic of
Bahrain, Embassy of the Kingdom of
Banca d'Italia
Bank of Tokyo-Mitsubishi UFJ
Belgium, Embassy of
Belize, High Commission of
Bell Pottinger
BlackRock Investment Management (UK) Limited
Bland Group Ltd
Boeing UK
Booz & Company
Bosnia and Herzegovina, Embassy of
Brazil, Embassy of
British Council, The
Bulgaria, Embassy of the Republic of
Cabinet Office
Canada, High Commission of
CBS News
CDC Group plc
Centre for European and International Studies Research, University of Portsmouth
Centre for International Studies and Diplomacy, School of Oriental and African Studies
Chile, Embassy of
China, Embassy of The People's Republic of
Chivas Brothers

Chubb Investment Services Ltd
Chubu Electric Power Co Inc
Cleary Gottlieb Steen & Hamilton LLP
CLP Holdings Limited
Commonwealth Parliamentary Association
Commonwealth Secretariat
Concern Worldwide
Consolidated Contractors International (UK) Ltd
Costa Rica, Embassy of
Croatia, Embassy of the Republic of
Crown Agents
CRU International Ltd
Cyprus, High Commission of
Czech Republic, Embassy of the
Daily Mail and General Trust plc
Davis Polk & Wardwell LLP
De Beers Group Services UK Ltd
De La Rue plc
Deloitte Consulting
Denmark, Royal Embassy of
Department of Economics and International Studies, University of Buckingham
Department of Government, London School of Economics
Department of Health
Department of International Relations, London School of Economics
Department of International Relations, Regent's College
Department of Politics and History, Brunel University
Department of Politics and International Relations, University of Kent
Department of Politics, Languages and International Studies, University of Bath
Department of War Studies, King's College London
Dominican Republic, Embassy of the
DP World
EADS UK Ltd
Ecuador, Embassy of
Egypt, Embassy of the Arab Republic of
El Salvador, Embassy of
Energy Charter Secretariat
Energy Industries Council, The
Energy Intelligence Group
ESCP Europe Business School
Esemplia Emerging Markets
ES-KO
Estonia, Embassy of





Alastair Campbell, journalist and Tony Blair's former Director of Communications and Strategy, in discussion with author, journalist and former MP Chris Mullin at the event on 'E-Leadership: Political Communication in a Digital World' in October 2012.

Ethiopia, Embassy of	Japan Oil, Gas & Metals National Corporation (JOGMEC)	Norway, The Royal Embassy of
Eurasia Group	Japan, Embassy of	Norwegian Peacebuilding Resource Centre
European Bank for Reconstruction & Development	JKX Oil & Gas	Oak Foundation
European Business School, Regent's College	John Swire & Sons Ltd	Olayan Group, The
European Commission	Johnson & Johnson	Oman, Embassy of the Sultanate of
European Investment Bank	Jones Lang LaSalle	OpSec Security Ltd
European Parliament UK Office	Jordan, Embassy of the Hashemite Kingdom of	Orrick
Faculty of Laws and School of Public Policy, University College London	Kazakhstan, Embassy of the Republic of	Osborne Clarke
Finland, Embassy of	KOKUSAI Asset Management Co Ltd	Overseas Development Institute (ODI)
First Magazine	Korea, Embassy of the Republic of	Pakistan, High Commission for the Islamic Republic of
France, Embassy of	Kosmos Energy	Permira Advisers LLP
G3 Good Governance Group	Kroll	Petrofac Energy Developments
General Secretariat of the Council of the European Union	Krull Corp	Poland, Embassy of the Republic of
Genesis Investment Management, LLP	Kuwait, Embassy of the State of	polestarglobal.com
Germany, Embassy of the Federal Republic of	Kuwait Investment Office	Political, Social and International Studies, University of East Anglia
Glenalmond Group	Kyodo News	Portugal, Embassy of
Goodenough College	Latvia, Embassy of the Republic of	Premier Oil
Google	League of Arab States	Prudential plc
Government of Gibraltar	Libya, Embassy of	Qatar, Embassy of the State of
Greece, Embassy of	Lithuania, Embassy of the Republic of	Quakers in Britain
Guardian, The	London Academy of Diplomacy, University of East Anglia	Regester Larkin
Henderson Risk Limited	Lonrho plc	Research in Motion (Blackberry)
HM Treasury	Luxembourg, Embassy of the Grand Duchy of	Richmond, the American International University in London
Hong Kong Economic & Trade Office	Malta, High Commission of	Risk Advisory Group
House of Commons Library	Marathon Oil Corporation	Rolls-Royce plc
House of Lords Library	Matheson & Co Ltd	Romania, Embassy of
Hult International Business School	Mexico, Embassy of	Royal College of Defence Studies
Hungary, Embassy of	Microsoft Ltd	Rush Foundation
India, High Commission of	Milbank	Russian Federation, Embassy of the
Indonesia, Embassy of the Republic of	Mitsubishi Heavy Industries Europe Ltd	Rwanda, High Commission of the Republic of
Indorama Services UK Ltd	Mitsui & Co Europe plc	S Rajaratnam School of International Studies, Nanyang Technological University
INPEX	Moldova, Embassy of the Republic of	Saferworld
International Committee of the Red Cross	Mondelez International	Sarasin & Partners LLP
International Institute for Environment and Development	Mondi Group	Saudi Arabia, Embassy of the Royal Kingdom of
International Medical Corps UK	Mongolia, Embassy of	SCA, Svenska Cellulosa Aktiebolaget
Invest in France Agency	Morocco, Embassy of the Kingdom of	Shearman & Sterling LLP
Investcorp International Ltd	Mozambique, High Commission for the Republic of	Schlumberger Limited
Investec Asset Management	NAO	School of Global Studies, University of Sussex
Iraq, Embassy of the Republic of	NEPAD Secretariat	School of Politics and International Relations, Queen Mary, University of London
Ireland, Embassy of	Netherlands, Embassy of the Kingdom of the	Serbia, Embassy of the Republic of
Israel, Embassy of	New Zealand, High Commission of	Sierra Leone High Commission
Italy, Embassy of	Newstate Partners LLP	Singapore, High Commission for the Republic of
ITN	Nexen Petroleum UK Ltd	Slovak Republic, Embassy of the
Jaguar Land Rover	NHK Japan Broadcasting Corporation	
	NIKKEI Inc	



Members Events became more digital, with an open WiFi network in the Joseph Gaggero Hall and over 30 events live streamed online.



In September 2012, the MENA Programme held a policy forum with the Young Arab Analysts Network International (YAANI), a British Council project that aims to develop a network of young Moroccan, Algerian, Tunisian, Egyptian and Jordanian policy analysts to make a significant contribution in their societies by influencing policy development.

Slovenia, Embassy of the Republic of
South Africa, High Commission for the Republic of
Spain, Embassy of
Standard Life Group
Stephenson Harwood
Sudan, Embassy of the Republic of
Sullivan & Cromwell LLP
Sumitomo Mitsui Banking Corporation Europe Limited
Sweden, Embassy of the Kingdom of
Switzerland, Embassy of
Tanzania High Commission
Tata Ltd
Telegraph Media Group
Thales
The Group
Tokyo Electric Power Company (TEPCO)
Towers Watson
Trinidad & Tobago, High Commission for the Republic of
Tullow Oil plc
Tunisia, Embassy of
Turkey, Embassy of the Republic of
UBS
Ukraine, Embassy of
United Arab Emirates, Embassy of the
Uruguay, Embassy of
Uzbekistan, Embassy of the Republic of
Venezuela, Embassy of the Bolivarian Republic of
Vietnam, Embassy of the Socialist Republic of
Vitol
Vojvodina European Office
Warburg Pincus LLC
International Relations Department, Webster University Geneva
Wilton Park
World Bank Group
World Society for the Protection of Animals (WSPA)
WorleyParsons Europe
Yemen, Embassy of the Republic of
Yomiuri Shimbun
Zambia, High Commission of

## Annual Fund Donors

### Individuals

Mr John Ackroyd
Mr Jonathan Algar
Mr Hugh Bartlett
Mr Baha Bassatne
Mr Greg Baxter
Ms Sarah Becker
Ms Afsaneh Beschloss
Mr William Bishop
Mrs Mary Bone
Ms Susan Boyde
Mr Jeremy Brown
Mr Eyup Sabri Carmikli
Rt Hon Lord Carrington KG
Sir Bryan Cartledge KCMG
Sir Peter Cazalet
Sir Jayantilal K Chande
Mr John Chown
Mr John Churchill
Mr Tim Clark
Dr David Cohen CBE
Mr Peter Cooke
Mr Michael Cooper
Dr William Crawley
Sir Brian Crowe
Miss Josephine Eldred
Mr Paul Etchells
Mr Tom Fenton
Mr Andrew Fraser CMG
Mrs Adrienne Gignoux
Mr Martin Giles
Mr Richard Karl Goeltz
Sir Philip Goodhart
Mr Peter Green
Mrs Karin Greenhalgh
Sir Jeremy Greenstock GCMG
Mr John Grundon OBE
Mr Alister Harper
Mr Richard Hayden
Dr Sam Hedayati
Dr John Hemery
André and Rosalie Hoffmann
Mr Iain Hope
Sir Joseph Hotung KBE
Rt Hon Lord Howe of Aberavon CH PC
Professor J Martin Hunter
Rt Hon Lord Hurd of Westwell CH CBE PC

Sir Robin Ibbs KBE
Dame DeAnne Julius DCMG CBE
Mr Pierre Keller
Mr Shinji Kowase
Mr Adrian Lamb OBE
Sir Richard Lambert
Mr Ralph Land CBE
Mr John Leech
Mr Gerard Legrain
Hon Marc E Leland
Mr Anthony Loehnis CMG
Rt Hon Sir Roderic Lyne KBE CMG
Dame Judith Mayhew Jonas DBE
Mr Robert Miller
Mr Robin Monro-Davies
Professor Roger Morgan
Miss Angela Mosconi
Mr Allan Niblett
Mr Yoshio Noguchi OBE
Mr William Norton
Mr Edward Pincheson
Mr Stuart Popham
Lord Robertson of Port Ellen KT GCMG PC
Mr Ian Rodger
Ms Thana Saleh-Chawishly
Mr Keith Salway
Mr Horacio Sanchez Caballero
Mr Arthur Sculley
Mr Howard Singleton
Mr Xan Smiley
Mr Edward Smith
Mr Coen Teulings
Mr William Theuer
Rt Hon Lord Tugendhat
Sir Harold Walker KCMG
Miss Valerie Williams
Mr Robert Woodthorpe Browne
Miss Behdis Zandieh

### Corporate

Bahrain, Embassy of the Kingdom of
BT Group plc
Chevron Ltd
Department of International Relations, London School of Economics
Jones Lang LaSalle
Qatar, Embassy of the State of
Turkey, Embassy of the Republic of

## Director

Dr Robin Niblett

### Director's Office

Anna Dorant-Hayes, Executive Assistant to the Director

Jonathan Knight, Research Associate and Manager, Strategic Initiatives

Claire Pearcey, Assistant, Director's Office

## Area Studies and International Law

Alex Vines OBE, Research Director

Alis Martin, Executive Assistant to the Research Director for Area Studies and International Law

### Africa

Alex Vines OBE, Head

Elizabeth Donnelly, Assistant Head and Research Fellow

Adjoa Anyimadu, Research Associate

Ahmed Soliman, Research Assistant

Tighisti Amare, Coordinator

Moirá Welch, Parliamentary Outreach Officer

Chris Vandome, Administrator

#### Associate Fellows:

Jeremy Astill-Brown

Dr Knox Chitiyo

Bob Dewar CMG

Dr Muzong Kodi

Paul Melly

Jason Mosley

Ben Shepherd

Sola Tayo

#### Visiting Fellow:

Leena Hoffman, ERANDA Junior Research Fellow (January – June 2013)

#### Transatlantic Post-Doc Fellowship for International Relations and Security (TAPIR Fellow)

Dr Dominik Balthasar (November 2012 – June 2013)

## Americas

Xenia Dormandy, Senior Fellow

Rory Kinane, Administrator

#### Associate Fellows:

Professor Victor Bulmer-Thomas CMG, OBE

Dr Cath Collins

Professor Michael Cox

Dr Timothy Power

Bruce Stokes

## Asia

Lord Williams of Baglan (Dr Michael Williams) Distinguished Visiting Fellow and Acting Head

Dr Gareth Price, Senior Research Fellow

Michael Keating, Senior Consulting Research Fellow

Dr Tim Summers, Senior Consulting Fellow

Dr John Swenson-Wright, Senior Consulting Fellow

Rosheen Kabraji, Manager

Chloe Sageman, Coordinator and Office Manager, ECRAN

#### Associate Fellows:

Professor Shaun Breslin

Professor Kerry Brown

Charu Lata Hogg

Dr Kun-Chin Lin

Simon Long

Professor Duncan McCargo

Dr Kirsten E Schulze

Dr Farzana Shaikh

Dr Chris Smith

Matt Waldman

Rod Wye

## Europe

Thomas Raines, Research Associate and Coordinator

#### Associate Fellows:

Professor Iain Begg

Professor Maurice Fraser

Dr Matthew Goodwin

Fadi Hakura

Professor Anand Menon

Professor Richard G Whitman

## Middle East and North Africa

Dr Claire Spencer, Head

Jane Kinninmont, Senior Research Fellow

Leonie Northedge, Research Associate

Omar Sirri, Research Assistant

Helen Twist, Manager

Sophie Grant, Coordinator

Doris Carrion, Project Coordinator

Jamil De Dominicis, Administrator

#### Associate Fellows:

Dr Maha Azzam

David Butter

Sir Richard Dalton

Ginny Hill

Jon Marks

Yossi Mekelberg

Dr Christopher Phillips

Sir Tom Phillips

Nadim Shehadi

Dr Kristian Coates Ulrichsen

## Russia and Eurasia

James Nixey, Head

Dr Andrew Monaghan, Research Fellow

Lubica Pollakova, Coordinator

#### Associate Fellows:

Annette Bohr

Professor Julian Cooper OBE

Professor Philip Hanson OBE

Dr Bobo Lo

John Lough



Professor S. Neil MacFarlane
Professor Marie Mendras
Dr Arkady Moshes
Professor Richard Sakwa
James Sherr
Dr Lilia Shevtsova
Sir Andrew Wood
<i>Visiting Fellows:</i>
Anna Munster, Robert Bosch Fellow (January – July 2013)
Katia Glod, Robert Bosch Fellow (July 2012 – January 2013)

## International Law

Elizabeth Wilmshurst, CMG, Associate Fellow  
Catherine Wanjiku, Administrator

### *Associate Fellows:*

Dr Louise Arimatsu  
David Bentley  
Joanne Foakes  
Wim Muller  
Sonya Sceats  
Dr Miša Zgonec-Rožej

## Energy, Environment and Resources

Bernice Lee OBE, Research Director  
Rob Bailey, Senior Research Fellow  
Charles Emmerson, Senior Research Fellow  
Antony Froggatt, Senior Research Fellow  
Alison Hoare, Senior Research Fellow  
Professor Paul Stevens, Senior Research Fellow  
Jaakko Kooroshy, Research Fellow  
Glada Lahn, Research Fellow  
Felix Preston, Research Fellow  
Gemma Green, Manager  
Estelle Rouhaud, Coordinator  
Jens Hein, Coordinator  
Laura Wellesley, Project Coordinator

### *Associate Fellows:*

Heike Baumüller  
William Blyth  
Oli Brown  
Carolyn Deere  
Dr Robert Falkner  
David Grey  
Malcolm Grimston  
Kirsty Hamilton  
Paul Hohnen  
Sam Lawson

Dr Valérie Marcel
John V Mitchell
Dr Keun-Wook Paik
Cleo Paskal
Walt Patterson
Rosalind Reeve
Jade Saunders
Dominic Waughray
<i>Transatlantic Post-Doc Fellowship for International Relations and Security (TAPIR Fellow)</i>
Diarmuid Torney (October 2012 – June 2013)

## International Economics

Dr Paola Subacchi, Research Director  
Stephen Pickford, Senior Research Fellow  
Dr André Astrow, Senior Consultant  
and Project Director  
Myriam Zandonini, Research Associate  
Davide Tentori, Researcher  
Helena Huang, Research Assistant  
Sarah Okoye, Executive Assistant

### *Associate Fellows:*

Professor Benjamin Cohen  
Donald Hepburn  
Professor Jim Rollo  
Professor Catherine Schenk  
*Visiting Fellow:*  
Akihiro Nakashima, Visiting Fellow  
(July 2011 – June 2013)

## International Security

Dr Patricia Lewis, Research Director  
Heather Williams, Research Fellow  
Dave Clemente, Research Associate  
Sasan Aghlani, Research Assistant  
Benoît Gomis, Research Assistant  
Claire Yorke, Manager  
Rachel Kean, Coordinator  
Florence Boaf, Coordinator

### *Associate Fellows:*

Irma Arguello  
Professor Alyson J K Bailes  
Robert Baxter  
Dr John Borrie  
Steven Bowns  
Professor Andrew Dorman  
Dr Bill Durodié  
Dr Stuart Gordon  
(joint Fellow with Global Health Security)  
Dr Claudia Hofmann

Elli Kytömäki
Professor Robert Jackson
Professor Sharad Joshi
David Livingstone MBE DSC
Iain Mathewson CMG
Michael Moodie
Anita Nilsson
Professor Joanna Spear
Col (ret'd) Philip Wilkinson OBE MPhil

## The Centre on Global Health Security

Professor David L Heymann CBE,  
Head and Senior Fellow  
Dr Charles Clift, Senior Consulting Fellow  
Lt Gen Louis Lillywhite (ret'd),  
Senior Consulting Fellow  
Dr Steven Phillips, Senior Consulting Fellow  
Jon Lidén, Consulting Fellow  
Emma Ross, Consultant  
Ian Perrin, Centre Manager  
Arthy Santhakumar, Coordinator  
Dr Gemma Buckland Merrett, Project Coordinator

### *Associate Fellows:*

Professor David Fidler  
Anna George  
Dr Stuart Gordon  
(joint Fellow with International Security)  
Professor Sir Andy Haines  
Professor Ilona Kickbush  
Dr Khalid Koser  
Dr Heidi Larson  
Dr Kelley Lee  
Professor Nigel Lightfoot, CBE  
Professor Anthony J McMichael  
Dr Simon Rushton  
Professor Richard Smith  
Dr Devi Sridhar  
Dr David Stuckler

### Communications and Publishing

Keith Burnet, Communications and Publishing Director

#### Communications Outreach

Nicola Norton, Media Relations Manager

Francis Grove-White, Media and Government Relations Officer

Solomon Schonfield, Communications Outreach Officer

#### Website and Digital Development

Josie Hock, Head (on Maternity Leave)

Mark Horrell, Senior Digital Project Manager

Agnieszka Grychowska, Digital Project Manager

#### Publishing and Online

Amanda Moss, Head

Margaret May, Editor

Nicolas Bouchet, Deputy Editor (Research)

Laura Neff, Publications Administrator

Nicola Roper, Audio/Video Producer

Sara Karnas, Assistant Editor, Online

Jason Naselli, Editorial Assistant, Online

#### International Affairs

Caroline Soper, Editor

Sabine Wolf, Deputy Editor

Heidi Pettersson, Assistant Editor

#### The World Today

Alan Philips, Editor

Agnes Frimston, Assistant Editor

### External Relations

Harry Charlton, External Relations Director

Heather Cartledge, Assistant to External Relations Director

#### Membership and Development

Sophie Eggar, Head of Corporate Relations

Janine Hirt, Corporate Development Manager

Genevieve Bateman, Corporate Membership Officer

Annabel Walton, Donor Relations Manager

Mary Ryan, Membership and Development Officer

Rose Abdollahzadeh, Research Grants Officer

Alex Tucker, Funding Assistant

#### Events

Catherine O'Keeffe, Deputy Director, Events

Alison Archer, Head of Conferences

Kamil Hussain, Conference Developer

George Woodhams, Conference Developer

Georgina Wright, Senior Conference Manager

Belinda Ritchie, Conference Manager

Sara Shah, Senior Events Manager

Medha Basu, Events and Strategic Planning Manager

Sarah Christie, Coordinator

Linda Bedford, Administrator

Esther Stoffels, Marketing Manager

Zara Berry, Marketing Assistant

Alexander Ozioro, Telemarketer

Magdalena Shiltagh, Telemarketer

Freya Curran, List Researcher

### House and Personnel

Dawn Margrett, Assistant Director

Rhona Moir, Executive Assistant to Assistant Director

Patricia Lewis-Goodridge/Florence Boaf, Bookings Coordinator

Sonia Kinghorne, Receptionist

Charag Ali/John Edusei, House Manager

Paul Etheridge, Building Maintenance

Ian Los, Despatch Head

Ray Sutcliffe, Despatch Assistant/Relief Receptionist

Louise Evans, Catering Manager

Claire Harrison, Chef

Joanne Smith, Catering Assistant

Debbie Street, Catering

Kim Thomson, Catering

### Finance and Technical Systems

Paul Curtin, Finance Director and Secretary to Council

Rhona Moir, Executive Assistant to Finance Director

Stephen Martin, Finance Manager

Mahendra Kothari, Senior Financial Accountant

Valerie Ormes, Finance Assistant

Leanne Pope, Finance Assistant

Michael Farrell, Database Manager

Martin Kennedy/Reece McFarlane, IT Help Desk

### Library

David Bates, Library and Information Services Manager

Malcolm Madden, Research Liaison Librarian

Magda Robertson (on Maternity Leave)/Sue Carter, Digital Resources Librarian

*Many programmes and departments are supported throughout the year by temporary staff, volunteers and interns. Chatham House is extremely grateful for their contribution.*

### Contact

The Royal Institute of International Affairs  
Chatham House  
10 St James's Square  
London SW1Y 4LE

T +44 (0)20 7957 5700  
F +44 (0)20 7957 5710  
E [contact@chathamhouse.org](mailto:contact@chathamhouse.org)

Membership Information  
T +44 (0)20 7314 3631  
E [membership@chathamhouse.org](mailto:membership@chathamhouse.org)

Members Events  
T +44 (0)20 7314 3636  
E [membersevents@chathamhouse.org](mailto:membersevents@chathamhouse.org)

Conference Unit  
T +44 (0)20 7957 5753  
E [conferences@chathamhouse.org](mailto:conferences@chathamhouse.org)

Room Hire  
T +44 (0)20 7314 2764  
E [bookings@chathamhouse.org](mailto:bookings@chathamhouse.org)

Media Enquiries/Press Office  
T +44 (0)20 7957 5739  
E [pressoffice@chathamhouse.org](mailto:pressoffice@chathamhouse.org)

Cover image: Melting glacier near  
Qaanaaq, Greenland, July 2012.

Chatham House is independent of government, does not owe allegiance to any political party and is precluded by its Charter from having an institutional view. Opinions expressed in publications or at meetings are those of the authors and speakers concerned.

Written by Chatham House.

Designed by TRUE [www.truedesign.co.uk](http://www.truedesign.co.uk)

Photography by Chatham House and Getty Images.

Printed by Park Communications on FSC® certified Splendorgel paper using vegetable oil based ink.

---

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



---

# Independent thinking on international affairs



CHATHAM HOUSE

The Royal Institute of International Affairs  
Chatham House, 10 St James's Square, London SW1Y 4LE  
T +44 (0)20 7957 5700, E [contact@chathamhouse.org](mailto:contact@chathamhouse.org)  
F +44 (0)20 7957 5710, [www.chathamhouse.org](http://www.chathamhouse.org)

Charity Registration Number: 208223

---