

## IN THE NEWS

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### World News

At least one US General is concerned that China's aggressive actions in the South China Sea could inadvertently result in military escalation [1]. This comes at a time when sequestration cuts are placing US Navy supremacy at risk [2]. What's more, China is described as having the most active and diverse ballistic missile development program in the world [3]. Meanwhile, in a sign of renewed military strength, Japan unveiled a flattop destroyer capable of carrying 14 helicopters; Japan's biggest warship since World War II [4]. Furthermore, experts believe the new carrier could be used for certain fighter jet aircraft [5]. Additionally, Japan issued a protest to China after 4 Chinese warships spent 24 hours within Japanese territorial waters [6].

In its expanding role, Russia is sending the missile cruiser, Moskva, to Cuba [7]. This comes at a time when the US and Russian relations have deteriorated [8].

Terrorism is continuing to impact the ability of the US to conduct normal business. Case in point, the State Department announced US Embassies in the Middle-East would be shut down starting on August 4 [9].

Elsewhere, by next summer Iran will have the ability to produce Plutonium (this is in addition to its current Uranium processing capability) [10]. It is estimated the new capability will produce enough plutonium for two nuclear bombs per year [11]. Additionally, it appears Iran is developing a cruise missile based on illegally transferred technology for the 3,000 KM range Russian Kh-55 weapon [12]. Furthermore, one report indicates Iran has constructed a new ballistic missile capable test launch facility [13].

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(Continued on page 2)

### Security

One key aspect of security is, knowing where items are located. With this backdrop, one article indicates the Department of Homeland Security (DHS) cannot account for one million foreigners that entered the US but has no record indicate they left [1]. Once again, China's cyber army was caught hacking. This time, they took over a fake site (honey pot) depict-

ed as a water control system; but actually set up by researchers to monitor hacker attacks [2]. Meanwhile, China is preparing a cyber-war capability that includes attacks on satellites and will use both civilian and military personnel [3]. As new technologies are deployed more security problems are discovered. Case in point, a flaw was discovered in Samsung

Smart TVs that hackers could use to watch the TV viewers [4].

Cyber-crime losses continue to mount. For instance, the Efficient Services Escrow Group in California was forced out of business after \$1.5 million was stolen by bad actors using malicious software [5].

1. Dinan, Stephen,

(Continued on page 2)

#### Inside this issue:

Syria	3
Economy	4
China Pollution	4

#### Special points of interest:

- Chinese army observed taking over a honey pot
- 18<sup>th</sup> Bank shuttered
- Overall \$34.2 billion June US Trade Deficit
- \$26.6 billion US trade deficit with China
- Escrow company closed following cyber-theft

## Security

(Continued from page 1)

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2. Simonite, Tom, MIT Technology, *Chinese Hacking Team Caught Taking Over Decoy Water Plant*, August 2, 2013.
  3. Gertz, Bill, Washington Free Beacon, *China's Military Preparing for 'People's War' in Cyberspace*, Space, July 30, 2013.
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  6. Lies, Elaine, Reuters, *Japan protests to China after ships linger for a day near isles*, August 8, 2013.
  7. Gertz, Bill, Washington Times, *Inside the Ring: Russia boosts Cuba ties*, July 31, 2013.
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  10. Washington Free Beacon, *Iran on New Path to Nuclear Weapon*, August 5, 2013.
  11. Solomon, Jay, Wall Street Journal, *Iran Seen Trying New Path to a Bomb*, August 5, 2013.
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  13. George, Marcus, Reuters, *Iran has new rocket site, ballistic missile tests possible: report*, August 8, 2013.

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*Give me a lever long  
enough and a fulcrum on  
which to place it, and I  
shall move the world—  
Archimedes*

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One report indicates the Syrian military is firing ballistic missiles into civilian populated areas thereby killing hundreds [1]. Additionally, the Syria military is accused of cleansing retaken areas of the Sunni Muslim population [2]. What's more, the Syrian government had some significant military victories. For instance, a rebel base located in the city of Homs was retaken [3]. Next, the Syrian government claims to have killed 62 al Qaeda-linked al-Nusra Front rebels east of Damascus [4].

However, the war is providing each side with victories and defeats. One report suggests rebel forces have captured an air base located in Aleppo province located near the Turkish border [5]. It appears the rebels used a suicide attack where two people in an armored vehicle breached Syrian defenses [6]. Additionally, rebels captured four Alawite villages located on the Mediterranean coast [7]. Moreover,

10 mainly Islamist rebel brigades, (including two al Qaeda-linked groups) advanced toward President Bashar al-Assad's hometown of Qardaha [8]. Furthermore, one report indicates rebels targeted President Bashar al-Assad's motorcade with a rocket attack [9]. As a final point, one report indicates the rebels are using tunnels to dig under Syrian fortifications and then launch attacks from the inside perimeter [10].

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5. BBC News, *Syria rebels 'capture key Aleppo airbase'*, August 6, 2013.
6. Barnard, Anne, and Saad, Hwaida, *Rebels Gain Control of Government Air Base in Syria*, New York Times, August 5, 2013.
7. CBS News, *Syria rebels capture 4 villages in Assad's territory*, July 25, 2013.
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*To every action there is  
always opposed an equal  
reaction—Isaac Newton*

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## Economy

Like the old Roman Empire, the US has exported most of its wealth and must now work with the limited funds left. In a sign of the times, one piece suggests that 4 out of 5 Americans will have problems with joblessness, near poverty, or reliance on welfare during their lives [1]. What's more, the weak economy resulted in 7 million fewer home owners than at the peak [2].

The United States has the ability (through the use of fracking) to approach energy independence. By one estimate, the US could be energy self-sufficient by 2035 [3]. What's more, for April, the US was the world's largest oil producer thanks to fracking technology [4]. In turn, this has led one Saudi prince to warn that fracking could impact the kingdom's economy as energy demand falls [5].

During the second quarter (April – June), the economy grew at an estimated annual rate of 1.7% [6]. Meanwhile, the US trade deficit for June was \$34.2 billion [7]. However, the trade deficit with China was \$26.6 billion [8].

For the week ending July 27, the number of first time unemployment claims reported by the Labor Department was

326,000 [9]. Then for the next week, the number of claims was 333,000 [10]. Meanwhile, 162,000 jobs were added during July; combining this and subtracting the number of people leaving the labor market resulted in a 7.4% unemployment rate [11].

Elsewhere, regulators continued shuttering banks. The First Community Bank in Florida became the 17<sup>th</sup> financial institution closed this year [12]. Then, the Bank of Wausau in Wisconsin became the 18<sup>th</sup> bank shuttered this year [13].

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3. Markay, Lachlan, Washington Free Beacon, *Fracking Helps Make U.S. World's Top Petroleum Producer*, August 1, 2013.
4. Bruno, Michael, and Warwick, Graham, Aviation Week, *Energy Equation*, July 29, 2013.
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6. AP/Washington Post, *US economy grew at sluggish 1.7 percent rate in 2nd quarter as businesses stepped up spending*, July 31, 2013.
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8. Yuwei, Zhang, China Daily, *Sino-US trade gap narrows*, August 8, 2013.
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*A weak currency is the  
sign of a weak economy,  
and a weak economy leads  
to a weak nation—Ross  
Perot*

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## China Pollution

One of the biggest suppliers of electric car batteries in China is accused of pollution that sickened children and contaminated land [1]. This comes after numerous rice samples were found to have unsafe levels of the metal cadmium [2].

The heavy pollution in China is impacting its travel industry.

By one estimate tourism to Beijing was down 14% for the first half-year [3].

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