

IN THE NEWS

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World News

China's military expansion is making the Pacific a higher strategic planning priority than in the past. For instance, the US Navy is exploring increasing the number of submarine detecting sonobuoys along the US Pacific coast line from 20 to 720 [1]. Additionally, one report indicates the US military is looking for weapons that can counter the new Chinese hypersonic missiles [2].

With its enhanced wealth, the Chinese military continues to expand in the South China Sea. This includes expanding its military capability to attack islands. For instance, the Amphibious Mechanized Infantry Division (AMID) was expanded from approximately 30,000 to 60,000 men [3]. Additionally, the PLA created a new department of the People's Armed Forces on islands claimed by Vietnam [4]. To understand the economic stakes, consider the untapped mineral resources available. Case in Point, CNOCO reported natural gas and oil discovered at a depth of 3215 feet at a drill site in the South China Sea [5].

Elsewhere in Asia, North Korea continues to make nuclear weapons advances. Case in point, one report indicates the communist country is close to developing miniaturized nuclear weapons [6]. What's more, one report indicates North Korea is equipping one of its subs with a missile launching capability [7]. These developments could allow greater ease in reaching US targets.

The fighting in Iraq is more like a war than an insurgency. For instance, the Islamic State (IS) now has to defend its supply lines [8]. Additionally, US troops are once again training the Iraqi military [9]. What's more, during 2014 the US gave Iraq \$300 million in military equipment [10]. However, the IS continues to use suicide bombers to attack police check points and Shiite worshipers [11]. In a further sign of a widening conflict, bordering nations are seeing more spillage. For instance, three Saudi policemen were killed near the Iraqi border [12].

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Security

Once again we received another letter informing us of a security breach. This time, the letter came from Staples and is best summarized with the following passage: "Staples' data security experts detected that criminals deployed malicious software, or "malware," to some point-of-sale systems of its more than 1,400 U.S. retail

stores" [1]. Then there is a report a security breach at the Chick-fil A fast food chain may have compromised customer credit card information [2]. Another report indicates the Morgan Stanley suffered an insider security breach impacting 350,000 clients [3].

The US concluded that North Korea was responsible for the attack against

Sony [4]. However, more clues point to a China connection. Case in point, according to reports of a North Korean defector, the Bureau 121 hackers are actually operating out of the Chinese city of Shenyang [5].

1. Letter from: Komola, Christine T., Staples Return Mail Processor,

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Special points of interest:

- Terrorist attack in France

Security

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4. Frizell, Sam, Time, *NSA Director on Sony Hack: 'The Entire World is Watching'*, January 8, 2015.
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*In war, events of
importance are the result
of trivial causes—Julius
Caesar*

World News

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4. China Times, *Beijing creates armed militia to enforce S China Sea claims*, January 11, 2015.
5. Offshore, CNOOC *reports new South China Sea gas discovery*, January 6, 2015.
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*Victory belongs to the most
persevering—Napoleon
Bonaparte*

Sometimes, what goes around comes around. This appears to be the case for an Islamic State terrorist accused of carrying out beheading. One report indicated his tortured and decapitated body was discovered in Eastern Syria [1].

In France, terrorist gunmen, killed over a dozen people located at a newspaper facility that in the past publish unflattering cartoons of the Prophet Muhammad [2]. Reports indicate the gunmen shouted "Allahu akbar!" as they fired their guns [3]. The situation came to a head on the third day with three of the terrorists killed by French law enforcement in two separate hostage situations [4]. In one of the standoffs, a terrorist killed four hostages in a kosher supermarket [5]. One remaining female terrorist is believed to have entered Turkey and then disappeared near the border with Syria [6].

As long as terrorist attacks achieve the goals of the attackers, we can expect to see more instances of violence. Case in point, ten years ago the Dan-

Terrorism

ish newspaper Jyllands-Posten, published cartoons of the Prophet Mohammad resulting in the death of 50 people [7]. In a clear sign that terrorism works; Jyllands-Posten will not republish the French cartoons [8].

The threat from radical Islam is not limited to cartoonists and Jewish people in France. For instance, by one report, Radical Islam is a growing threat to Christians [9]. Case in point, the Islamic militant group, Boko Haram, is reported to have killed over 2,000 people in in the northeast Nigeria town of Baga [10].

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3. Keaten, Jamey, and Hinant, Lori, AP, *12 dead in terrorist attack on Paris weekly; gunmen at large*, January 7, 2015.
4. Vinograd, Cassandra, et. al., NBC News, *Paris Massacre Suspects Killed in*

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Economy

While much of the news focuses on the positive aspects of the economy; there are others that paint a different picture. Case in point, former Federal Reserve Chairman Alan Greenspan, claims the economy is sluggish [1].

According to data released by the Labor Department, the number of first time unemployment claims for the week ending December 27 was 298,000 [2]. Then for the following week, the number reported fell to 294,000 claims [3]. The Labor Department also reported the December unemployment rate fell to 5.6% [4].

Oil prices continue to slide lower, falling below \$50 per barrel [5]. In turn, this should reduce the cost of manufacturing goods and lower transportation costs.

China currently enjoys a trade policy that favors them at the expense of the US. No matter how bad the products provided, there are little to no consequences for the communist

giant. Case in point, the FDA has received over 4,800 complaints regarding animal illnesses tied to pet treats made in China; consequently Petco has finally pulled all Chinese made products [6].

The Commerce Department release data show the US trade deficit for December was \$39 billion, reflecting a slight improvement due in part to falling oil prices [7]. Although China enjoys a one sided trade environment, it provides a look at how US products compare with other countries. Case in point, for auto sales in china, GM and VW are the leaders with Ford selling more cars there than Toyota [8].

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6. Manning, Sue, Fox News, *Petco pulls Chinese treats*, January 6, 2015.
7. Dow Jones Newswires, *U.S. Trade Deficit Shrinks to Lowest Level Since December 2013*, January 7, 2015.
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*France cannot be France
without greatness—Charles
de Gaulle*

Ebola

While the news has moved away from Ebola, the death rate continues to grow. According to the WHO, the number of deaths due to Ebola was 7989; since then the number has passed 8,000 [1].

Elsewhere, the cost of the Ebola outbreak continues to impact other areas. For example,

the bridal shop visited by one of the infected Dallas nurses lost so much business that it closing for good [2].

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help, January 9, 2015.