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**To:** Craig Quigley  
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**Ladies & Gentlemen, below please find this week's edition of *Executive Insight Brief* from The Roosevelt Group.**

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GROUP

**EXECUTIVE INSIGHT BRIEF | JUNE 14, 2019**  
**TOP STORIES**

### **National Defense Authorization Act News**

Hearings for the National Defense Authorization Act (NDAA) in the House Armed Services Committee began on Wednesday. The DOD budget talks went

well into the early morning hours of Thursday morning. While there was a serious debate on much of the content of the bill, the HASC was able to submit a finalized draft of the bill on Thursday as the NDAA passed 33-24.

An important topic discussed by both the HASC and the Senate Armed Services Committee was the creation of the United States Space Force. HASC voted to create the U.S. Space Corps as a separate service within the Air Force, led by a four-star commandant, who would be included on the Joint Chiefs of Staff. However, SASC changed the legislation to give the Air Force more command and responsibility for the Space Force's actions. Under the [proposed legislation](#), the Senate would hold confirmation power over the chief of the Space Force as well as designating personnel restrictions on recruitment of Space Force personnel.

One notable rejection by the HASC in the NDAA was the [deployment of low-yield nuclear weapons](#) on submarines. Proponents for deploying the W76-2 submarine-launched missiles equated the reduction in deployment capabilities to unilateral disarmament. The language of the bill will likely be the subject of intense scrutiny in Senate negotiations.

Additionally, the HASC voted to include a [housing and tenant bill of rights](#) for service members and their families living in privatized military housing. This comes as part of an effort to increase the standard of living across the board for U.S. military members around the country.

### **Tensions Boiling in the Strait of Hormuz**

On Thursday, Secretary of State Mike Pompeo accused Iran of [unprovoked](#)

[attacks against two tankers](#) in the Strait of Hormuz. The tankers, both destined for Asian ports, were loaded with petroleum products from Iranian rivals Qatar and Saudi Arabia. While Sec. Pompeo offered no evidence in his briefing to the press, he noted that the sophistication of the attack and the methods used pointed to Iranian involvement. International oil prices spiked worldwide following the reporting of the incident, with [futures increasing by 4%](#) on Thursday.

This is the most recent in a series of attacks against the petroleum infrastructure in the region. In May, Iranian forces were suspected to have attacked four tankers off the Emirati port of Fujairah and an attack against a Saudi oil pipeline. In all of these incidents, the attackers used magnetic limpet mines to attach explosives to the ships.

Late Thursday evening, the U.S. Navy released [video](#) that purportedly shows Iranian forces returning to one of the previously attacked ships to retrieve unexploded ordnance. President Trump said on Friday morning that the video evidence affirms the previous accusations by Sec. Pompeo. The Iranian government has denied all charges.

### **United Technologies and Raytheon merger**

On Sunday morning [Raytheon and United Technologies announced that they are planning an all-stock merger deal](#). The merger would marry the aerospace giant United Technologies with defense leader Raytheon. The combination of the two companies would create a dynamic mega-company competitive in both the defense and aerospace sectors. Furthermore, the new company, tentatively named Raytheon Technologies, would have an annual revenue of \$74 billion,

making it the second largest aerospace and defense company in revenue behind Boeing.

United Technologies also recently expanded its impressive aerospace portfolio, which includes the likes of jet engine producer Pratt and Whitney, with the private acquisition on Rockwell Collins in November 2018.

If the merger is approved, the new company would result in United Technologies shareholders owning 57% while the shareholders of Raytheon would own 43% on a diluted basis. Raytheon and United Technologies have a combined market value of around \$166 billion. The combination of both companies would give them a substantial edge in research and development capabilities. The CEO of United Technologies stated in a report “The combination of United Technologies and Raytheon will define the future of aerospace and defense.” The merger deal is expected to close in the first half of 2020.

## **On the F-35**

### ***Polish F-35 purchase***

Polish president Andrzej Duda visited the White House on Wednesday, [celebrating Poland's purchase](#) of 32 F-35's, a sign of a continuing U.S.-Poland partnership in Eastern Europe. While standing on the White House front lawn, Presidents Trump and Duda, along with their wives, witnessed an F-35 flyover before speaking to reporters about the deal. Poland is one of the few countries in NATO that uphold their promise to contribute 2% of their GDP to NATO's defense budget.

Accompanying the shipment of F-35's is a deployment of 1,000 additional U.S. troops to the country, adding to the 4,500 U.S. servicemen and women who rotate through the country already, as well as an MQ-9 Reaper drone squadron.

There are also continuing talks to establish a U.S. base in Poland, which the Poles have aptly named "Fort Trump," but President Trump said on Wednesday that nothing had been finalized.

### ***Turkey F-35 and the Russian Missile deal***

Ankara will not back out of the deal to procure Russian S-400 missile defense systems after Washington warned that this would lead the nation to be excluded from the F-35 fighter jet program. Foreign Minister Melvut Cavusoglu stated that Turkey will not acknowledge any ultimatums and [will not be pressured](#) by this style of diplomacy.

### ***What does this mean for NATO?***

The United States stated that the S-400's are not compatible with NATO's defense systems. Moreover, Washington believes the installation of the Russian missile defense system would compromise its F-35's, which Turkey still plans to purchase. Turkey has called the allies to form a "working group to assess the impact of the S-400s." Washington has yet to give a response to this request.

Furthermore, President Erdogan said that Turkey would challenge any removal from the F-35 program on every platform. It seems that the current American ultimatum diplomacy style in conjunction with Turkey's decision to buy the S-400 is putting a strain on the bilateral relationship. The United States has threatened to impose sanctions on Turkey under the Countering America Adversaries through Sanctions Act. Ankara has stated that if the U.S. decides

to impose sanctions they will [“take reciprocal steps”](#).

## **Update on China**

### ***Taiwan Weapons Sale***

The United States is currently negotiating a [\\$2 billion dollar armaments deal](#) with the Republic of China. The deal calls for 108 M1A2 Abrams tanks, 409 Javelin missiles, 1,240 TOW anti-tank missiles, and 250 Stinger missiles. While consistent with historical security arrangements, some are questioning the viability of the current Taiwan-U.S. security strategy, [suggesting a shift toward cutting-edge anti-air and anti-ship systems](#) that might mitigate the growing gap in military capabilities between the PRC and ROC.

### ***Hong Kong Protests***

Violent clashes between [Hong Kong protesters](#) and police plagued the city on Wednesday, as a result of government plans to fast-track an extradition deal with the PRC. In an effort to stop consideration of the bill altogether, [protesters stormed the legislative council building](#) where they were met with rubber bullets and tear gas. The bill would allow Hong Kong to extradite citizens to China for trial, something many believe would crush the free speech and expression enjoyed in the special administrative region. Protests over the bill are expected to continue into the weekend. On top of that, the former British colony doesn't feel they have a similar identity to the PRC and enjoy partial independence.

### ***Rare Earth Options***

The largest rare earth minerals refiner in the world outside of China - which produces 70% of the world's rare earth minerals—recently announced plans to open a rare earth [refining plant in Texas](#). This would be the first such plant

opened in the U.S. in many years and represents a new, non-Chinese source of the minerals which are so critical in sophisticated modern technologies. The company further announced that it would [prioritize working with the U.S. military](#) which is in need of a secure domestic supply chain to ensure trade frictions with China do not compromise defense capabilities.

## Quick Hits

### ***Sarah Sanders to Leave White House***

President Trump's press secretary, Sarah Huckabee Sanders, announced on Thursday that she [would be stepping down](#) from her post at the end of the month. One of President Trump's longest serving staff members, Sanders cited being closer to her children as a reason for her departure. Rumors have been circulating about Sanders' interest in the gubernatorial race in Arkansas, a state where her father, Mike Huckabee, was once governor.

### ***Medal of Honor Recipient***

The White House [announced](#) on Monday that former Army Staff Sergeant David Bellavia will receive the Medal of Honor later this month during a ceremony at the White House. Former Staff Sgt. Bellavia will become the first living recipient of the Medal of Honor from the Iraq War. The five previous Medal of Honors from that conflict were awarded posthumously.

Former Staff Sgt. Bellavia is being recognized for his extraordinary valor displayed on November 10th, 2004 during Operation Phantom Fury in Fallujah, Iraq. A [White House statement](#) said former Staff Sgt. Bellavia "rescued an entire squad, cleared an insurgent strongpoint, and saved many members of his platoon from imminent threat." He was previously given a Silver Star for his

heroism before the recent decision to elevate his award.

### ***Tyndall AFB***

During the NDAA hearings that occurred on Wednesday, a major topic of contention was the fate of Tyndall Air Force Base that was battered by Hurricane Michael. In the bill, members of the House Armed Services Committee [allocated \\$2.3 billion](#) to disaster recovery efforts for several bases throughout the U.S., including Tyndall AFB. This comes weeks after President Trump signed a disaster relief bill that saw an additional allotment of \$4.5 billion for repairs to several installations affected by natural disasters.

### ***Mexico Asylum Deal***

Mexico has not accepted that Washington can send an unlimited number of asylum seekers into their country. However, they have agreed to “share the burden of migrants” and will now hold a portion of Central American asylum seekers in Mexico who are waiting for the outcome for their U.S. asylum claims.

Mexican officials have also offered to deploy [6,000 troops](#) along the Guatemalan border to stop the flow of Central American migrants traveling through Mexico to the United States. [Read more here.](#)

### ***Air-Force One Redesign***

President Trump displayed his proposed [redesign of the Air Force One fleet](#) this week roughly one year after securing the \$3.9 billion dollar deal for the new planes. The design features a red, white and blue paint job that replaces the previous robins-egg blue and white with darker and bolder hues. Despite his enthusiasm, Congress has expressed some concern with the president's plans and HASC voted this week to restrict spending on the plans purportedly for practical concerns about weight and fiscal responsibility but perhaps also because of the iconic status of the current design. [Air Force one](#) refers to one

of two highly customized Boeing 747-200B series aircraft. The first plane was delivered in 1990.

### **This Day in History**

*1642*

Massachusetts passes the [first compulsory education law](#) in the colonies.

*1645*

Oliver Cromwell and his "New Model Army" defeat royalist forces led by Charles I at the [Battle of Naseby](#). This decisive battle would be the beginning of the end for King Charles and the Stuart dynasty.

*1775*

The [U.S. Army](#) (Continental) is [founded](#) when the Continental Congress authorizes the muster of troops. George Washington would receive his appointment of commander-in-chief the next day.

*1777*

The Continental Congress [authorizes](#) the "stars and stripes" flag for the new United States.

*1807*

Emperor Napoleon I's French forces defeat the Russian army at the [Battle of Friedland](#) in Prussia, effectively ending the War of the Fourth Coalition.

*1846*

The California [Bear Flag Revolt](#) begins.

1864

At the [Battle of Pine Mountain](#) (or Pine Knob), Georgia, Confederate General [Leonidas Polk](#) is killed by a Union shell.

1885

Wisconsin school teacher, Bernard Cigrand, holds the first formally observed [Flag Day](#) at the Stony Hill School. Although some suggest the first Flag Day occurred two years earlier, or even as early as 1861, this date is the most widely recognized.

1922

President Warren G. Harding becomes the first president to [speak on the radio](#).

1932

Representative Edward Eslick dies on the floor of the House of Representatives while pleading for the passage of the [bonus bill](#).

1940

German forces [occupy](#) Paris.

1944

[Boeing B-29](#) bombers conduct their first raid against mainland Japan. The Superfortress was a game-changing aircraft that without a doubt hastened the end of the war. With its unrivaled range (nearly double that of the B-17) and unmatched payload, the bomber originally developed for the war against Germany found its niche in the vast distances of the Pacific theater, wreaking havoc on Japanese cities. The [B-29](#) was the first bomber to have a fully-

pressurized cabin, which made a huge difference considering the high altitude in which the B-29 operated. The [Superfortress](#) is perhaps most famous for the two missions that ultimately ended the war, dropping atomic bombs on [Hiroshima and Nagasaki](#).

*1951*

[UNIVAC](#), the first computer built for commercial purposes, is demonstrated in Philadelphia by Dr. John W. Mauchly and J. Presper Eckert, Jr.

*1954*

Americans take part in the first nation-wide civil defense test against atomic attack.

*1969*

U.S. command [announces](#) troop withdrawal.

*1982*

Argentina surrenders to the United Kingdom ending the [Falkland Islands War](#).

*1985*

Shiite Hezbollah terrorists [hijack](#) a passenger jet, TWA 847, over the Middle East.

*1995*

Chechen rebels take 2,000 people hostage in a hospital in Russia.

*2017*

Gunman James T. Hodgkinson [opens fire](#) on Republican Congressmen holding their last practice before the Congressional baseball game.

2019

United States President Donald Trump turns 72.

See more at [Historynet.com](http://Historynet.com) and [History.com](http://History.com).

## **Look Ahead**

***Monday, June 17***

8:10 AM EDT

Meeting: Defense Department; Office of the Secretary

Topic: Defense Policy Board Strategic Planning

Location: The Pentagon, Room 2000

9:00 AM EDT

Summit: Gartner

Topic: Technology

Location: Gaylord National Resort & Convention Center, 201 Waterfront St.,  
National Harbor, Md.

11:00 AM EDT

Hearing: House Science, Space, and Technology Committee

Topic: Improving Hurricane Resiliency through Research

Location: Houston Community College, West Loop Campus, 5601 West Loop  
South, Houston, Texas

11:00 AM EDT

Meeting: State Department

Topic: Historical Diplomatic Documentation

Location: State Department, 2300 E St. NW, SA-4D Conference Room

11:30 AM EDT

Discussion: The Washington Space Business Roundtable

Topic: Defense

Location: Hogan Lovells US LLP, 555 Thirteenth St. NW, Washington, D.C

4:00 PM EDT

Lecture: The Institute of World Politics

Topic: Foreign Affairs

Location: IWP, 1521 16th St. NW

***Tuesday, June 18***

7:15 AM EDT

Summit: Gartner

Topic: Technology

Location: Gaylord National Resort & Convention Center, 201 Waterfront St.,  
National Harbor, Md.

8:00 AM EDT

Meeting: Defense Department; Office of the Secretary

Topic: Defense Policy Board Strategic Planning

Location: The Pentagon, Room 2000

8:00 AM EDT

Meeting: Defense Department; Office of the Secretary

Topic: Defense Policy Board Strategic Planning

Location: The Pentagon, Room 2000

8:30 AM EDT

Forum: The National Defense Industrial Association, the Mitchell Institute for  
Aerospace Studies, the Air Force Association and the Reserve Officers  
Association

Topic: Defense

Location: Capitol Hill Club, 300 First St. SE

10:00 AM EDT

Hearing: Senate Banking, Housing and Urban Affairs Committee

Topic: Terrorism Risk Insurance Program Reauthorization

Location: 538 Dirksen Senate Office Building

***Wednesday, June 19***

7:15 AM EDT

Summit: Gartner

Topic: Technology

Location: Gaylord National Resort & Convention Center, 201 Waterfront St.,  
National Harbor, Md.

9:15 AM EDT

Hearing: Senate Veterans' Affairs Committee

Topic: Prescription Drug Prices

Location: 562 Dirksen Senate Office Building

9:30 AM EDT

Event: The Atlantic Council

Topic: Foreign Affairs

Location: Atlantic Council, 1030 15th St. NW, 12th Floor

10:00 AM EDT

Hearing: House Veterans' Affairs Committee

Topic: Examining Mid-Semester School Closures/Student Veterans Impact

Location: HVC-210 U.S. Capitol

10:00 AM EDT

News Conference: The National Press Club Newsmaker Program

Topic: Foreign Affairs

Location: National Press Club, 14th and F Streets NW, Holeman Lounge

12:00 PM EDT

Book Discussion: The Cato Institute

Topic: Homeland Security

Location: Cato Institute, 1000 Massachusetts Avenue NW, F.A. Hayek  
Auditorium

2:00 PM EDT

Hearing: House Veterans' Affairs Committee

Topic: VA Emergency Response and Cache Program

Location: HVC-210 U.S. Capitol

6:30 PM EDT

Discussion: The Council on Foreign Relations

Topic: Defense

Location: CFR, 1777 F St. NW

***Thursday, June 20***

8:30 AM EDT

Seminar: The Air Force Association's Mitchell Institute for Aerospace Studies

Topic: Defense

Location: Capitol Hill Club, 300 First St. SE

8:30 AM EDT

Summit: Gartner

Topic: Technology

Location: Gaylord National Resort & Convention Center, 201 Waterfront St.,  
National Harbor, Md.

8:30 AM EDT

Conference: The Woodrow Wilson Center's Mexico Institute

Topic: Foreign Affairs

Location: WWC, One Woodrow Wilson Plaza, Ronald Reagan Building, 1300  
Pennsylvania Avenue NW, Sixth Floor

9:00 AM EDT

Discussion: The Atlantic Council

Topic: Foreign Affairs

Location: Atlantic Council, 1030 15th St. NW, 12th Floor

9:30 AM EDT

Hearing: U.S.-China Economic and Security Review Commission

Topic: Chinese Military Ambitions

Location: TBA

10:00 AM EDT

Hearing: House Veterans' Affairs Committee

Topic: Disability Benefits for Military Sexual Trauma Survivors

Location: HVC-210 U.S. Capitol

10:30 AM EDT

Meeting: Homeland Security Department; Coast Guard

Topic: DHS Maritime Security Cooperation

Location: Coast Guard Headquarters Building at St. Elizabeth's, 2703 Martin

Luther King, Jr. Avenue SE, Room 5L18-01

Happy Flag Day and Happy Birthday to the U.S. Army!

"I am what you make me; nothing more. I swing before your eyes as a bright gleam of color, a symbol of yourself." - Franklin K. Lane, Secretary of the Interior, delivered at the Flag Day address (1914)