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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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THE
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EXECUTIVE INSIGHT BRIEF | JUNE 21, 2019
TOP STORIES

Iran

American Drone Shot Down

Military tensions between Iran and the United States reached a high-water

mark on Thursday when an Iranian missile battery [shot down](#) a U.S. drone in international airspace. According to the Iranian Revolutionary Guard, who were responsible for the shoot-down, the drone was a RQ-4 Global Hawk supposedly conducting surveillance missions around the Strait of Hormuz.

The drone's price tag comes out to [\\$130-220 million dollar price tag](#) considering research and development costs, which is more expensive than an F-35 Joint Strike Fighter (\$90 million apiece currently). While the Department of Defense insisted the drone was in international airspace, Iranian officials maintained that the drone had violated Iranian sovereignty. The drone came down close to the location of the incident involving alleged Iranian attacks on two oil tankers.

U.S. [oil prices spiked](#) on Thursday as relations with Iran, a huge global exporter of oil, deteriorated further. Brent Crude, the global benchmark for oil prices, was up 4.5%, giving oil a price tag of \$64.61 a barrel. The market's anxiety about the subject shows the potential implications that armed conflict between Iran and the U.S. could have on the global economy and trade.

On Friday morning, the [Pentagon announced](#) that President Trump had approved a retaliatory attack but called it off at the last moment. A source with knowledge of the planned attack said the strike against radar sites and missile batteries was suggested by senior Defense officials and were one of the few options discussed. President Trump tweeted on Friday morning that concern over the loss of life as a result of the strike was the reason for his reversal.

Uranium Enrichment Brinkmanship?

Adding to the tensions, Iranian officials announced on Monday that their [uranium enrichment](#) will soon surpass the levels set by the international nuclear

deal. In a statement, a spokesperson for the country's atomic agency also announced that Iran possessed the ability to enrich uranium up to 20%, which is a step closer to [weapons-grade](#).

Iran's announcement puts pressure on European countries to revisit the terms of the Iran nuclear deal, as European powers have been unable to offer Iran an opportunity to circumvent U.S. sanctions. Iranian President Hassan Rouhani has maintained that scrapping the deal is not in anyone's best interest.

Iranian Proxies Back At It

In a separate incident, [Saudi Arabia announced](#) on Thursday that Iranian-backed Yemeni Houthi rebels were behind a rocket attack earlier in the week against a Saudi desalination plant. The attack did not harm anyone and caused minimal damage to the plant itself. The incident is particularly important given the Iranian-backed Houthi rebels were responsible for the provocation, exemplifying the [continuing regional power](#) struggle between Iran and Saudi Arabia. These skirmishes are only a small part of the much wider proxy war fought between the two powers.

Pompeo Visits USCENTCOM

Secretary of State Mike Pompeo arrived at [U.S. Central Command](#) at MacDill Air Force Base on Tuesday to review military strategy following the announcement that the U.S. was sending 1,000 further troops to the Middle East. Answering media questions following his meetings, Sec. Pompeo maintained that the deployment was simply a strategy of deterrence and that President Trump does not want war with Iran. The Secretary of State visiting USCENTCOM is a relatively unprecedented move, however, Sec. Pompeo downplayed the meeting, claiming it was designed to "achieve the strategic objectives" laid out by President Trump.

Update on China

Xi and Kim

On Wednesday, Xi Jinping made the [first visit to North Korea](#) by a Chinese leader in 14 years. The North Koreans pulled out all the stops for Xi's visit, including banners touting "unbreakable friendship" between the two nominally Communist countries, despite somewhat rocky relations over the past decade. The meeting was intended to reaffirm the alliance between the two states, as the leaders pledged to work towards 'peace and stability' on the Korean peninsula.

President Xi was accompanied by several important advisors, including Foreign Minister Wang Yi and economic advisor He Lifeng. [Analysts have speculated](#) that Xi's visit will help restart stalled nuclear talks between the U.S. and North Korea ahead of Xi's scheduled meeting with President Trump at next week's G20 Summit. Additionally, Kim and Xi sought to improve stability and economic co-operation as China is North Korea's largest trading partner. Chinese state media said on Wednesday that the two leaders would "agree on some concrete cooperation projects" specifically focused on the economy.

Slowing Chinese Job Market

There are signs that the ongoing trade tensions between Washington and Beijing are seriously affecting [the Chinese job market](#), at least more than the Chinese government would care to admit. According to China's top economic planning body, some domestic companies are cutting back the hiring of new university graduates. The National Development and Reform Commission asserted that the impact from the continued economic friction between the U.S.

and China, among other uncertainties, has caused for the demand of university graduates to decline in numerous sectors including tech, finance and other industries.

Hong Kong Unrest Continues

Hong Kong leader Carrie Lam refused to acknowledge a [Thursday deadline](#) set by protesters that requests Honk Kong withdraw completely from an extradition bill that has caused [protests throughout the city](#). Lam has already suspended the bill that would allow for criminal suspects in Hong Kong to be extradited to mainland China for their trial. Courts on mainland China are controlled by the Communist Party, whereas Hong Kong has a separate sovereign judicial system.

Furthermore, protestors are also asking that the government drop all charges against those who were arrested during last week's protests and to stop referring to the protest as riots. Many residents are worried about Beijing's tightening grip over the city and its civil liberties. The Chinese government has stated that it respects Lam's decision to suspend the extradition bill, but is unhappy with Western powers' criticism including Washington's comments on the situation.

Shanahan Out, Esper In

President Trump announced on Tuesday that he will not move forward with the [confirmation of Patrick Shanahan](#) as permanent Defense Secretary. Trump furthered his statement by saying current Army Secretary Mark Esper would become new acting Defense Secretary. Mr. Shanahan released a statement confirming the President's comments, saying he had "asked to be withdrawn

from consideration” and resigned from his current post.

Shanahan’s withdrawal from consideration stems from a 2010 domestic violence [incident](#) involving his ex-wife. Following confirmation hearing protocol, the FBI had been investigating claims from both Shanahan and his ex-wife that they had been hit by the other, despite police evidence that he had not been the aggressor.

New acting [Secretary Mark Esper](#), a graduate of the U.S. Military Academy, will inherit a tumultuous time for the Department of Defense. Rising tensions with Iran, North Korean denuclearization, and increased military involvement on the Mexican border exemplify these challenges. Pres. Trump said on Tuesday that he would “most likely” formally nominate Esper for the position of SecDef but gave no timeline on when he would do so.

Mexico Border Situation

Mexican efforts to slow down [Central American migration](#) across its territory proved to be effective on Monday as its forces turned would-be migrants back south. The increase of enforcement on the Mexican-Guatemalan border is focusing on breaking up human smuggling rings. A government official announced that the 6,000 National Guard members who were previously reported to have been destined for the southern border have been rerouted and will be deployed across the northern border.

An anonymous senior Mexican official said about 4,200 migrants were arriving at the U.S border daily three weeks ago, while presently those numbers have dropped to about 2,600 a day. The Mexican official warned that it is too early to

gauge the true effects of the increased enforcement in such a small time frame, but believes that these new measures will prove effective in the long term.

Paris Air Show

K-46 Debut and Troubles Continue

The U.S. Air Force's new [K-46 tanker](#) made an appearance at the Paris Air Show on Monday, with a dramatic landing serving as an exclamation mark for its debut. While the show impressed many, questions still linger regarding the viability of the refueling ability of the KC-46. Rather than using a rear-facing window to guide the refueling boom, such as the ones used in the KC-10 and KC-135 tankers, the KC-46 uses a video screen station. Concerns have also arisen over the protection of the "stealth" coating on the F-35 fighters that might require a redesign of the refueling boom. However, there was some good news from the KC-46 project, as the cost of delivery for the 179 KC-46 tankers will only total \$43 billion, \$9 billion less than the original 2011 estimates.

Boeing Makes Badly Needed Sales

The Paris Air Show brought good news to Boeing for the first time in some months. The aerospace giant first secured a sale of 20 787 Dreamliners to Korean Air before making a massive deal with British Airways parent company, IAG, for 200 737 Max aircraft. These deals represent the [first new commercial contracts](#) secured by Boeing since countries around the world grounded 737 Max aircraft following catastrophic accidents in March 2019 and October 2018. [Boeing's Paris appearance](#) appears to have earned the company upwards of \$35 billion.

Turkey's New Fighter

Turkey unveiled a full-scale mock-up of a new domestic [5th generation stealth fighter](#) concept on Monday at the 2019 Paris Air Show. The TF-X will be the first fifth-generation fighter produced by Turkey. The reveal comes during a period of rocky relations with the United States which jeopardize Ankara's access to the F-35 program due to Turkey's purchase of Russian S-400 surface-to-air missile systems. The president and CEO of Turkish Aerospace Industries Inc., the company behind the jet, Temel Kotil, stated that the plane displayed at the airshow is just a mockup and that the machine itself will be ready in [2023](#) and will enter service in 2028.

France's New Fighter

French jet maker Dassault just pulled back the curtain on its vision for a [sixth-generation fighter jet](#). The Future Combat Air System, or [FCAS](#), is Dassault's first clean sheet fighter design in four decades, following the 1980s-era Rafale. The aircraft, which is being designed in collaboration with European aircraft giant Airbus, will fly for the first time in 2026.

Valkyrie Drones Entice Air Force

The U.S. Air Force indicated on Tuesday that it is considering acquiring 20 to 30 [XQ58-A Valkyrie drones](#). The Valkyrie, manufactured by Kratos Defense, completed its second successful test flight on June 11th apparently impressing all involved. The XQ58-A is produced in conjunction with the Air Force through the Low Cost Attritable Strike Demonstrator program which aims to develop a "loyal wingman" to fly alongside manned aircraft and learn how to [respond to threats independently](#) while being cheap enough to be considered an acceptable loss in combat. Assistant Secretary of the Air Force for Acquisition, Technology and Logistics, Will Roper, was so pleased by the aircraft that he indicated at the Paris Air Show that the XQ58-A could become a full scale program as early as 2021.

Quick Hits

USS Minneapolis-St. Paul

On June 17th, the [USS Minneapolis-St. Paul](#) was launched from the Fincantieri Marinette Marine Shipyard in Marinette, Wisconsin. Minnesota native and Deputy Under Secretary of the Navy Jodi J. Greene christened the ship and commended all those involved in its construction. The littoral combat ship was laid down in February 2018 and is expected to be commissioned in the first half of 2020. It cost roughly \$360 million dollars and is the 11th Freedom Class vessel to be launched.

Charges in MH17 Downing over Ukraine

International investigators [charged three Russians](#) and one Ukrainian suspected in the 2014 downing of Malaysian Airlines Flight 17. The suspects will be charged with murder for their involvement in the incident. The suspects included Russian nationals with ties to the elite special operations force Spetsnaz, as well as the rebel forces in the Donetsk People's Republic. The investigators also intend to prosecute the suspects, as international arrest warrants have been issued by the Netherlands Public Prosecution Service and hearings are scheduled for March 2020 in The Hague. The authorities do not expect [Russian cooperation](#) in the case.

B-52 Hypersonic Missile

The Air Force conducted a critical weapons integration test last week by successfully flying a B-52 Stratofortress with the [AGM-183A Air Launched Rapid Response Weapon \(ARRW\)](#) on board. The ARRW is Lockheed Martin's hypersonic missile prototype which the Pentagon is developing in response to

similar technologies emerging in Russian and Chinese arsenals. Though the ARRW was not deployed from the aircraft, the test provided valuable data on the drag and vibrations produced by the missile while being carried which might affect the flight of the Stratofortress. Lockheed officials remarked that the test represented a critical milestone in the rapid development of U.S. hypersonic capabilities.

This Day in History

1675

[Christopher Wren](#) begins work on rebuilding [St. Paul's Cathedral](#) in London after the [Great Fire](#).

1779

After preliminary reluctance to support a colonial revolt, [Spain declares war on Great Britain](#), however the French foreign minister was able to convince the Spanish to do so. Additionally, the desire to retain possessions in the Americas as well as retaking [Gibraltar](#) from the British played a critical role in the decision by King Charles III.

1788

New Hampshire becomes the ninth and last necessary state [to ratify the Constitution](#) of the United States, thereby making the document the law of the land.

1791

The French royal family is arrested in [Varennes](#) in their attempt to flee Paris amid the growing turmoil of the [revolution](#).

1813

At Vitoria, Spain, a massive allied British, Portuguese, and Spanish force under British General Arthur Wellesley [routs the French](#), effectively ending the [Peninsular War](#).

1834

Cyrus McCormick [patents](#) the first practical reaper.

1863

In the second day of fighting, Confederate troops fail to dislodge a Union force at the [Battle of LaFourche Crossing](#).

1864

Grant extends the [Petersburg](#) line

1900

General Arthur MacArthur offers amnesty to [Filipinos rebelling](#) against American rule. His son Douglass, would later make history more than 40 years later, freeing the Filipino people from the grips of the Imperial Japanese Army—making good on the most famous vow in history.

1911

[Porforio Diaz](#), the ex-president of Mexico, exiles himself to Paris.

1916

Brigadier General John J. Pershing is [attacked](#) by Mexican troops, while [pursuing](#) Poncho Villa in Mexico.

1919

Germans scuttle their own fleet at [Scapa Flow](#), Scotland.

1942

German General Erwin Rommel captures the port city of [Tobruk](#) in North Africa.

1945

Japanese forces on [Okinawa](#) surrender to American troops. Dubbed “[the Typhoon of Steel](#)” for its ferociousness, the battle claimed the lives of 12,000 plus Americans and 100,000 Japanese, including the commanding generals on both sides. In addition, at least 100,000 civilians were either killed in combat or were ordered to commit suicide by the Japanese military, but there are some estimates that place this number at 300,000. Codenamed [Operation Iceberg](#), the battle for Okinawa raged since April 1 and proved to be one of the most horrific battles, not just in the Second World War, but in all of history. Furthermore, the desperation of Japanese forces was made fully evident, given many knew it was a matter of time before Japan lost the war at this point, the use of [Kamikazes](#) and [Bonzai Charges](#) were prominent elements in this battle.

1966

[Operation Rolling Thunder](#) raids continue as U.S. forces destroy a series of petroleum facilities.

1982

John Hinckley Jr. is found not guilty by reason of insanity for attempting to assassinate President Ronald Reagan.

See More at [Historynet.com](#) and [History.com](#)

Look Ahead

Monday, June 24

9:00 AM EDT

Summit: The Institute for Defense and Government Advancement

Topic: Homeland Security

Location: Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, Va.

10:00 AM EDT

Discussion: The Carnegie Endowment for International Peace

Topic: Foreign Affairs

Location: CEIP, 1779 Massachusetts Avenue NW

11:00 AM EDT

Forum: The Center for Strategic and International Studies

Topic: Foreign Affairs

Location: CSIS, 1616 Rhode Island Avenue NW

12:30 PM EDT

Luncheon: The National Press Club

Topic: Defense

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

2:00 PM EDT

Discussion: The Carnegie Endowment for International Peace

Topic: Foreign Affairs

Location: CEIP, 1779 Massachusetts Avenue NW

5:30 PM EDT

Discussion: The Center for Strategic and International Studies

Topic: Foreign Affairs

Location: CSIS, 1616 Rhode Island Avenue NW

Tuesday, June 25

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: Foreign Affairs

Location: Capitol Hill Club, 300 First St. SE

8:45 AM EDT

Summit: The Institute for Defense and Government Advancement

Topic: Homeland Security

Location: Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, Va.

9:00 AM EDT

Hearing: House Science, Space, and Technology Committee

Topic: Energy Department Research/Development

Location: 2318 Rayburn House Office Building

9:00 AM EDT

Book Discussion: The Center for Strategic and International Studies

Topic: Defense

Location: CSIS, 1616 Rhode Island Avenue NW

10:00 AM EDT

Hearing: House Veterans' Affairs Committee

Topic: Learning from VA Whistleblowers

Location: HVC-210 U.S. Capitol

10:00 AM EDT

Hearing: House Oversight and Reform Committee

Topic: TSA Security Operations

Location: 2154 Rayburn House Office Building

10:00 AM EDT

Hearing: House Homeland Security Committee

Topic: Artificial Intelligence and Counterterrorism

Location: 310 Cannon House Office Building

2:00 PM EDT

Hearing: House Science, Space, and Technology Committee

Topic: Voting Technology Vulnerabilities

Location: 2318 Rayburn House Office Building

2:00 PM EDT

Hearing: House Homeland Security Committee

Topic: State/Local Cybersecurity Challenges

Location: 310 Cannon House Office Building

2:00 PM EDT

Hearing: House Oversight and Reform Committee

Topic: Climate Change

Location: 2154 Rayburn House Office Building

2:15 PM EDT

Markup: Senate Foreign Relations Committee

Topic: Pedrosa Nomination/Pending Business

Location: S-116 U.S. Capitol

3:30 PM EDT

Ceremony: The White House

Topic: Defense

Location: White House

5:00 PM EDT

Discussion: The Nuclear Threat Initiative

Topic: Homeland Security

Location: NTI, 1776 I St. NW, Suite 600

Wednesday, June 26

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

8:45 AM EDT

Summit: The Institute for Defense and Government Advancement

Topic: Homeland Security

Location: Hilton Alexandria Mark Center, 5000 Seminary Road, Alexandria, Va.

9:00 AM EDT

Meeting: Federal Accounting Standards Advisory Board

Topic: Federal Accounting Standards Issues

Location: Government Accountability Office, 441 G St. NW, Room 7C13

9:00 AM EDT

Meeting: Defense Department; Office of the Secretary

Topic: Military Uniform Formulary Recommendations

Location: Naval Heritage Center Theater, 701 Pennsylvania Avenue NW

9:30 AM EDT

Hearing: Senate Homeland Security and Governmental Affairs Committee

Topic: Southern Border Migrant Smuggling-Trafficking-Involuntary Servitude

Location: 342 Dirksen Senate Office Building

10:00 AM EDT

Hearing: House Homeland Security Committee

Topic: Countering Online Terror Content/Misinformation

Location: 310 Cannon House Office Building

10:00 AM EDT

Hearing: House Science, Space, and Technology Committee

Topic: Artificial Intelligence Societal/Ethical Implications

Location: 2318 Rayburn House Office Building

10:15 AM EDT

Markup: Senate Foreign Relations Committee

Topic: Pending Business

Location: S-116 U.S. Capitol

1:30 PM EDT

Meeting: State Department

Topic: Soviet Union Study Grant Recipients

Location: State Department, 2201 C St. NW, Room 1485

2:00 PM EDT

Hearing: House Veterans' Affairs Committee

Topic: Veterans Precision Medicine Program

Location: HVC-210 U.S. Capitol

2:00 PM EDT

Hearing: House Science, Space, and Technology Committee

Topic: NASA Aeronautics Mission

Location: 2318 Rayburn House Office Building

9:00 PM EDT

Debate: DNC, NBC News

Topic: Democratic presidential primary debate

Location: Miami

Thursday, June 27

7:30 AM EDT

Summit: Defense One

Topic: Technology

Location: The Newseum, 555 Pennsylvania Avenue NW

8:30 AM EDT

Discussion: The American Enterprise Institute for Public Policy Research

Topic: Defense

Location: AEI, 1789 Massachusetts Avenue NW, Auditorium

9:00 AM EDT

Meeting: Federal Accounting Standards Advisory Board

Topic: Federal Accounting Standards Issues

Location: Government Accountability Office, 441 G St. NW, Room 7C13

12:20 PM EDT

Seminar: The East-West Center in Washington

Topic: Foreign Affairs

Location: East-West Center in Washington, 1819 L St. NW, Sixth Floor
Conference Room

9:00 PM EDT

Debate: DNC, NBC News

Topic: Democratic presidential primary debate

Location: Miami

Friday, June 28

10:00 AM EDT

Discussion: The Brookings Institution

Topic: Foreign Affairs

Location: Brookings Institution, 1775 Massachusetts Avenue NW, Falk
Auditorium

2:00 PM EDT

Discussion: The Brookings Institution

Topic: Defense

Location: Brookings Institution, 1775 Massachusetts Avenue NW, Falk
Auditorium

Have a great weekend!

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