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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
Roosevelt
GROUP

EXECUTIVE INSIGHT BRIEF | JULY 26, 2019
TOP STORIES

China's Secret Deal

The *Wall Street Journal* published a report on Sunday indicating that [Cambodia](#) [has reached a deal with Beijing to host a Chinese naval base](#). If true, this

development would have significant ramifications for the security situation in Southeast Asia. The report cites unnamed U.S. officials and comes only weeks after a State Department memo was issued to Cambodia urging the country to honor its constitutional obligation not to host foreign military forces.

Cambodia is increasingly in China's debt having accepted more than \$600 million in Chinese loans and \$150 million in aid in recent years. Beijing further committed to invest almost \$2 billion in Cambodian infrastructure projects as part of the Belt and Road Initiative. A Chinese development company also maintains a 99-year lease on a special economic zone near the town of Sihanoukville—the supposed sight of the future Chinese base—where over 100 Chinese casinos have sprung up over the last two years.

Long time Cambodian Prime Minister, [Hun Sen, fervently denied the reports calling them](#) “the worst ever made-up news against Cambodia.” Regardless of the future of the alleged base, there is little doubt that Beijing's interests are firmly entrenched in Cambodia and will continue to be so for many years to come.

Iran Update

Iranian Denial

On Wednesday, [Iran denied that the U.S. took down one of its drones](#). On Tuesday, U.S. Central Command chief Gen. Kenneth McKenzie reported that the USS Boxer had brought down at least one but possibly even two Iranian drones flying over the Strait of Hormuz. Iran's Defense Minister Gen. Amir Hatami dismissed the claims, however, saying that when Iran shot down a U.S. drone last month it shared images of the wreckage to verify it. "If someone

claims, he should provide evidence," Hatami said, insisting "none of our drones have been intercepted."

The Iranian drone was allegedly taken down by a [Light Marine Air Defense Integrated System \(LMADIS\) jamming system](#). LMADIS jams the signal between drones and their operators, leaving them at the mercy of physics, and inevitably, gravity. The LMADIS system was parked on the bow of the Boxer.

Before the incident, the LMADIS was only tested on commercial drones, however, the Iranian drone taken down is believed to be much larger. The Pentagon believes the drone was a part of Iran's Mohajer series. Iran reported that it was a Mohajer-4 drone, but also reported that the drone was not downed. This alleged confrontation marks continued hostility between the U.S. and Iran in the Strait of Hormuz.

Iranian Allegations

On Monday, [Iran announced the arrest of 17 Iranians accused of spying](#) on the country's nuclear and military sites for the CIA. Some of the accused have been sentenced to death. An Iranian intelligence official said the accused worked on "sensitive sites" in military and nuclear installations. They were allegedly recruited by the CIA and had sophisticated training, but the official reported that they did not succeed in their sabotage mission. Their spying missions included collecting information at the facilities where they worked and installing monitoring devices, he said.

[The Trump administration has denied the Iranian claims](#), tweeting that the claim had "zero truth" and calling the Iranian regime "a total mess." Trump said Iran has "disrespected" the U.S with these accusations. Secretary of State and former CIA director Mike Pompeo declined to address specifics of the arrests but commented that "The Iranian regime has a history of lying." Iran

occasionally announces the detention of people it says are spying for foreign countries, including the U.S. and Israel. In June, Iran said it executed a former staff member of the Defense Ministry who was convicted of spying for the CIA. Iran has declined to say how many of the arrested were sentenced to death.

Iranian Provocations

Tensions continue to soar in the Strait of Hormuz after Iran seized a British-flagged tanker named the Steno Impero on Friday. Many European allies condemned the seizure. The ship owner has reported that the 23 person crew are all safe and have been cooperating with officials. They were given a limited amount of time to talk with their families. In response to the seizure, Great Britain [has started giving U.K. ships a royal escort](#) by the British frigate HMS Montrose through the Strait of Hormuz.

Iranian President Hassan Rouhani suggested on Wednesday that [Iran might swap British tanker](#) for an Iranian oil tanker seized by the British off the coast of Gibraltar earlier this month. "We do not seek the continuation of tension with some European countries," Rouhani said in comments carried on his website. "Should they be committed to international frameworks and give up their wrong actions, including what they did in Gibraltar, they will receive a proportional response from Iran." Iranian officials alleged the ship was seized after it violated international maritime law by turning off its signaling for longer than is allowed and passing through the wrong channels. However, they also claimed that the tanker was seized in response to the British seizure of an Iranian oil tanker earlier this month.

Speaking of Provocations...

A [Venezuelan military fighter aircraft recently made an “unsafe approach”](#) to a U.S. Navy aircraft flying in international airspace, thereby “endangering the safety of the crew and jeopardizing the mission,” the U.S. military stated last Friday. The incident involved a Russian-made SU-30 Flanker Venezuelan fighter aircraft and a U.S. Navy EP-3 Aries II aircraft conducting a “detection and monitoring” mission. The Venezuelan jet aggressively shadowed the EP-3 at an unsafe distance in international airspace for an extended period of time, according to the U.S. Southern Command. The Venezuelan military reacted to these claims by denouncing the U.S. aircraft for violating “security of air operations and international treaties.” According to Venezuela, more than [76 U.S. aircraft have attempted to enter Venezuelan airspace in 2019.](#)

Provocations seemed to be a Theme This Week, as...

South Korea has accused a [Russian reconnaissance aircraft of violating its airspace](#) on Tuesday in a [multifaceted confrontation](#) between Seoul, Moscow, Tokyo and Beijing. The aircraft was taking part in a larger joint patrol deployed by Russia and Beijing to demonstrate enhanced military cooperation. Korean security forces claim to have fired numerous flares and 360 warning shots toward the rogue Russian aircraft to drive it away from the disputed South Korean-controlled but Japanese-claimed Dokdo/Takeshima islands.

In response, Russian officials couldn't seem to establish a unified message. The Russian military attaché to Seoul initially indicated that the incursion was caused by a technical malfunction and Acting Russian Ambassador to South Korea said that Russia feels regret over the incident. Russia's Defense Ministry, however, claimed not only that its planes did not violate Korean airspace, but that no Korean shots were fired.

Further complicating the confusing incident, Japanese officials accused South Korea of violating Tokyo's airspace by scrambling jets and firing shots over the disputed islands.

What is known for certain is that for the first time in history, Russian and Chinese air forces are working in cooperation in Northeast Asia. Many see this incident as one more sign that the [US-led Northeast Asian security apparatus is under assault](#).

News from the Hill

Cuts to Imperative AF Program

America's air superiority is exceedingly fragile and has been made more fragile [due to significant budget cuts to the Air Force's Next Generation Air Dominance Program \(NGAD\)](#). The House Appropriations Defense Subcommittee enacted a 50% reduction in funding for the NGAD program. The Office of Management and Budget commented that "This fifty percent reduction in funding would result in a three-year slip in advanced development timelines and the cancellation of critical new production technology programs."

These budget cuts come at a tumultuous time for the Air Force's fleet as much of it is aging. Over 80 percent of the service's fighter aircraft are based upon designs from the late 1960s and early 1970s. Furthermore, with the cancelling of the 5th generation model aircraft F-22 and delayed production of the F-35, the Air Force's fleet is being severely strained. The NGAD program is designed to modernize the Air Force's fleet and produce sophisticated 5th and 6th generation manned and unmanned aircraft. However, with funding at risk, Air

Force leaders are lobbying Capitol Hill, arguing that the NGAD funding is pivotal to the Air Force's ability to maintain its air dominance and protect the homeland.

Senate Passes 9/11 First Responder Bill

On Tuesday, the Senate [overwhelmingly passed a bill](#) that solidified a victims compensation fund for the victims of 9/11. The fund, which was set to run out in 2020, will ensure victims and first responders will be compensated until 2092. The bill passed the Senate by a vote of 97-2, with the only dissension coming from Rand Paul and Mike Lee, who cited budgetary oversight and funding concerns for their lack of support. The Congressional Budget Office said that the bill would result in about \$10.2 billion in additional compensation payments over the next ten years. Senators Chuck Schumer and Kirsten Gillibrand, both of New York, heralded the decision.

The debate over more funding for 9/11 victims and first responders had been ongoing for almost a year. These efforts were highlighted by former [New York police detective Luis Alvarez](#), who was stricken with cancer from the toxic smoke of the remains of the World Trade Center. He maintained that the fund had enabled him to continue chemotherapy treatment. Alvarez and former "Daily Show" host Jon Stewart pleaded with a House committee in June to allocate more funds. Alvarez died three weeks after appearing before Congress.

Mueller Testifies before Congress

After a two year investigation, former special counsel Robert Mueller [testified before the House Judiciary](#) and House Intelligence Committees on Wednesday. House Democrats prodded Mueller to give testimony that would implicate the Trump administration in either obstruction of justice or collusion with Russia

charges. Meanwhile, the Republican agenda consisted of discrediting Mueller, his team, the investigation, and the final conclusions. Mueller refused to adhere to either sides' narratives, giving short concise answers (answering "yes," "no," "true," or "correct" 176 times), sticking close to the findings of the report, and standing behind those findings.

Much of the questioning on the Democratic side revolved around the [Justice Department's Office of Legal Counsel rule](#), stating that the Justice Department does not have the authority to indict a sitting President. Mueller confirmed that the OLC ruling did play a role in their overall findings and their decision not to indict President Trump. However, Mueller also mistakenly testified that the OLC rule was the sole reason President Trump was not indicted, implying that the President was guilty of a crime. Mueller later walked back this testimony in the second hearing, saying that the report did not conclude if President Trump committed a crime. However, after the testimony, House Democrats' main takeaway was that Mueller confirmed that the report did not exonerate President Trump.

On the other hand, Republicans [claimed the hearing as a victory](#). Republicans highlighted how many members of Mueller's team were former Clinton lawyers and how a few were removed from the investigation after being found to have a bias against President Trump. Republicans questioned the integrity and impartiality of Mueller, asking about his relations to former FBI Director James Comey (who was abruptly fired by President Trump) and his meeting with the President before his special counsel appointment which involved discussion of the FBI Directorship.

Military Technology Updates

Boeing 'Pays' for KC-46 Woes

The U.S. [Air Force withheld \\$360 million from Boeing](#) due to numerous problems with the company's KC-46 tanker; it is the first time the Air Force has publicly stated the complete amount that is being held back until Boeing alleviates the issues.

As of now Boeing has delivered 13 tankers to the Air Force, therefore the company has been shorted nearly \$27.7 million per plane. Capt. Cara Bousie, an Air Force spokeswoman, said in an email that "The Air Force is withholding payments to protect our interests and incentivize Boeing to deliver KC-46s that meet all specification requirements in the contract."

Esper Confirmation

The Senate [voted overwhelmingly to confirm Mark Esper](#) as the Secretary of Defense on Tuesday. In a 90-8 vote, the Senate made Esper the first permanent head of the Pentagon since Jim Mattis stepped down in December. The former Secretary of the Army's confirmation signals an end to a six-month period of relative uncertainty for the Pentagon, with many top positions being occupied in acting roles. While Esper experienced a large contingent of bipartisan support, several senators, including 2020 presidential candidate Elizabeth Warren, 'raised questions' over Esper's refusal to recuse himself on Raytheon matters. Esper served as a Raytheon executive before his posting as civilian leader of the Army.

Esper graduated from West Point in 1986, coincidentally in the same class as Secretary of State Mike Pompeo, and served in the Gulf War. In [his first message to DoD personnel](#) in his new capacity, Esper highlighted his three objectives to maintain the Pentagon's edge: build a more lethal force,

strengthen alliances, and reform the department for greater effectiveness and affordability. Esper also reaffirmed his commitment to the welfare of military families, saying he understands the sacrifices they make for the greater good of the U.S.

Devil Dogs' New Toy

The Mk13 Mod 7 sniper rifle reached [full operational capability](#) earlier this year after extensive testing, Marine Corps Systems Command announced on Wednesday. Now, the new rifle is finally available in both scout snipers and recon Marine arsenals. The [announcement](#) comes amid a major makeover for the Corps' precision weapon capabilities. In January, the Corps was testing the M38 variant of the beloved M27 Infantry Automatic Rifle for potential fielding in a squad designated marksman role. [Read more here.](#)

Quick Hits

Puerto Rico Governor Resigns

[Puerto Rico's governor](#), Ricky Rossello, announced on Wednesday that he will resign, effective August 2nd. The resignation comes after a week of massive protests over leaked text messages and virulent corruption throughout Gov. Rossello's administration. The protests crippled much of the country, with turnout estimated in the hundreds of thousands. Rossello's ruling pro-statehood party will look to rebuild in the aftermath of the protests, with protestors maintaining they will not support anyone with ties to the former governor's administration. There has been speculation that former Representative and current Washington, D.C. based lawyer Pedro Pierluisi will take over gubernatorial duties. [Read more here.](#)

Erdogan Says Turkey Will Turn Elsewhere if U.S Will Not Sell F-35's

Turkish President Tayyip Erdogan said today that Turkey would turn [elsewhere for fighter jets](#) if the United States will not sell Ankara F-35's. He went on to state "Even if we're not getting the F-35's, we are buying 100 advanced Boeing aircrafts, the agreement is signed. We are good customers" "But, if things continue like this, we will have to reconsider this." In addition, Russia's Rostec state conglomerate stated that Russia would be ready to supply its SU-35 jets to Turkey if they requested them. However, Turkish officials on Thursday said that no talks with Moscow have opened up on alternatives for the F-35. Ties between Ankara and Washington seem to be [strained](#) over a myriad of issues.

Boris Johnson

Former London mayor and ex-Foreign Secretary [Boris Johnson is now the Prime Minister](#) of the United Kingdom. He won the contest to lead the Conservative party, and therefore the prime ministership, with 66.4% of the Conservative party vote. His opponent, Jeremy Hunt, congratulated Mr. Johnson stating that he will "do a great job" because of his "total, unshakable confidence in our country." [In his first Commons speech](#), Mr. Johnson illustrated an optimistic picture of the Brexit situation, guaranteed protection of EU citizen rights in the UK post-Brexit, and committed to completing Brexit by October 31 or to launch a no-deal Brexit. Johnson also commended his predecessor saying that it had been "a privilege to serve in her cabinet." Across the pond, President Trump appeared satisfied with the result, calling Johnson "a really good man" who will be able to get Brexit done. It is still unclear who will be the new ambassador for the U.K. to the U.S.

New CNO

Navy Secretary Richard Spencer [nominated three-star Vice Admiral Mike Gilday to be the next Chief of Naval Operations](#). Vice Admiral Gilday is the

former head of the Navy's Cyber Command and has served as Director of the Joint Staff since March 1st. Gilday will be promoted to CNO over several of his four-star colleagues and will become the first three-star to be nominated to the position since 1970. Gilday's promotion comes amid turmoil and controversy around the Navy's top officer slot as Admiral Bill Moran was slated to take the job as CNO. Moran had been picked by President Trump and unanimously confirmed by the Senate before Moran decided to retire after 39 years of service because of backlash he faced after a Pentagon email probe revealed correspondence between him and a dishonored officer CDR Chris Servello, who stands accused of sexual misconduct. Gilday [was formally nominated on July 17th](#) and upon confirmation will serve as the Navy's 32nd CNO

This Day in History

657

Mu'awiya defeats Caliph Ali in the [Battle of Siffin](#) in Mesopotamia.

1526

[Lucas Vazquez de Ayllon](#) and colonists leave Santo Domingo for Florida.

1529

[Francisco Pizarro](#) receives a royal warrant to "discover and conquer" Peru.

1758

British forces capture France's [Fortress of Louisbourg](#) after a seven-week siege.

1775

The Continental Congress [establishes a postal system](#) for the colonies, with Benjamin Franklin as the first postmaster general.

1794

The French defeat an Austrian army at the [Battle of Fleurus](#), France.

1830

King Charles X of France [issues](#) five ordinances limiting the political and civil rights of citizens.

1847

[Liberia](#) becomes the first African colony to become an independent state.

1848

The French army suppresses the Paris [uprising](#).

1886

[William Gladstone](#) is replaced by [Lord Salisbury](#) as Prime Minister of England.

1908

The Federal Bureau of Investigation is [founded](#).

1918

Britain's top war ace, [Edward Mannock](#), is shot down by ground fire on the Western Front.

1931

Grasshoppers [bring ruin](#) to Midwest.

1941

The United States [freezes Japanese assets](#) in retaliation for their occupation of French Indo-China.

1945

Winston Churchill is forced to [resign](#) as British Prime Minister.

1948

In an Executive Order, President Harry Truman calls for the [end of discrimination and segregation](#) in the U.S. armed forces.

1956

The Suez Crisis [begins](#) when Egyptian President Gamal Abdel Nasser nationalizes the British and French-owned Suez Canal.

2005

The shuttle Discovery launches on [mission STS-114](#), marking a return to space after the shuttle Columbia crash of 2003.

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

Look Ahead

Monday, July 29

9:00 AM EDT

Discussion: The Economic Club of Washington, D.C.

Topic: Foreign Affairs

Location: Ritz-Carlton Hotel, 1150 22nd St. NW, Ritz-Carlton Ballroom

9:00 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

9:00 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

9:30 AM EDT

Discussion: The Arms Control Association

Topic: Defense

Location: Carnegie Endowment for International Peace, 1779 Massachusetts
Avenue NW, Choate Room

10:00 AM EDT

Briefing: The National History Center

Topic: Foreign Affairs

Location: 121 Cannon House Office Building

11:00 AM EDT

Discussion: The Center for Strategic and International Studies

Topic: Foreign Affairs

Location: CSIS, 1616 Rhode Island Avenue NW

Tuesday, July 30

8:50 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

8:50 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

9:00 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Government Operations

Location: Hilton Alexandria Mark Center, 5000 Seminary Road

9:00 AM EDT

Conference: The Young America's Foundation

Topic: Politics

Location: Renaissance Hotel, 999 Ninth St. NW

9:30 AM EDT

Hearing: Senate Armed Services Committee

Topic: Gilday Nomination

Location: G-50 Dirksen Senate Office Building

10:00 AM EDT

Hearing: Senate Homeland Security and Governmental Affairs Committee

Topic: Improving Southern Border Conditions

Location: 342 Dirksen Senate Office Building

10:30 AM EDT

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

Topic: Defense

Location: Air Force Association, 1501 Lee Highway, Fourth Floor Boardroom,
Arlington, Va.

2:30 PM EDT

Hearing: Senate Foreign Relations Committee

Topic: Carwile/McKee Nominations

Location: 419 Dirksen Senate Office Building

2:30 PM EDT

Hearing: Senate Homeland Security and Governmental Affairs Committee

Topic: Improving Federal Hiring

Location: 342 Dirksen Senate Office Building

9:00 PM EDT

Debate: DNC, CNN

Topic: Democratic presidential primary debate

Location: Detroit

Wednesday, July 31

8:30 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Government Operations

Location: Hilton Alexandria Mark Center, 5000 Seminary Road

8:30 AM EDT

Book Discussion: The Atlantic Council

Topic: Foreign Affairs

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

8:50 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

8:50 AM EDT

Conference: The Institute for Defense and Government Advancement

Topic: Defense

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

9:00 AM EDT

Conference: The Center for Strategic and International Studies' Energy and
National Security Program

Topic: Foreign Affairs

Location: CSIS, 1616 Rhode Island Avenue NW

12:15 PM EDT

Discussion: The Institute of World Politics

Topic: Homeland Security

Location: IWP, 1521 16th St. NW

2:00 PM EDT

Discussion: The Brookings Institution

Topic: Defense

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

2:30 PM EDT

Discussion: The Center for Strategic and International Studies

Topic: Technology

Location: CSIS, 1616 Rhode Island Avenue NW

7:00 PM EDT

Book Discussion: Politics and Prose Bookstore

Topic: Foreign Affairs

Location: Politics and Prose, 5015 Connecticut Avenue NW

9:00 PM EDT

Debate: DNC, CNN

Topic: Democratic presidential primary debate

Location: Detroit

Thursday, August 1

9:00 AM EDT

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

Topic: U.S.-China Economic and Security Issues

Location: 444 North Capitol St. NW, Room 231

3:00 PM EDT

Discussion: The Center for Strategic and International Studies

Topic: Foreign Affairs

Location: CSIS, 1616 Rhode Island Avenue NW

Friday, August 2

9:45 AM EDT

Discussion: The Hudson Institute

Topic: Economy

Location: Hudson Institute, 1201 Pennsylvania Avenue NW, Suite 400

10:00 AM EDT

Meeting: Defense Department; Undersecretary for Personnel and Readiness

Topic: Medicare-Eligible Retiree Health Care Valuation Methods

Location: 4800 Mark Center Drive, Conference Room 13, Level B1, Alexandria,
Va.

1:00 PM EDT

Discussion: The Middlebury Institute of International Studies at the Monterey

James Martin Center for Nonproliferation Studies

Topic: Foreign Affairs

Location: James Martin Center for Nonproliferation Studies, 1400 K St. NW,
Suite 1225

2:30 PM EDT

Forum: The Center for Strategic and International Studies

Topic: Foreign Affairs
Location: CSIS, 1616 Rhode Island Avenue NW

Have a great weekend!

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