



GROUPE EHC LLC

GLOBAL SECURITY / DEFENCE / LOGISTICS ASSISTANCE
IN EXTREME ENVIRONMENTS

WEEKLY INTELLIGENCE GUIDANCE

30th August 2008

INTELLIGENCE GUIDANCE: WEEK OF AUG 30-31 2008

All guidance from last week remains in place. Supplemental guidance:

1. *The United States' actions regarding Georgia:* The focus this week is on Washington. The United States has made it clear that it is opposed to Russian actions in Georgia. What exactly will Washington do? There are two obvious options. One is to insert a small unit, says a battalion, in Georgia, as a symbol and to support Georgian President Mikhail Saakashvili. The second is to build up a squadron in the Black Sea. The first creates a long-term presence for the United States in Georgia - not a great idea. The second would also support Ukraine but is meaningful only if Washington is prepared to use the force to blockade or harass - both are dangerous, and NATO would not sanction such actions. Furthermore, the crisis before this one was Iran. At some point the United States will have to refocus on that, and accept the possibility of Russian arms sales to Iran. Regardless, watch Washington this week.

2. *Iran's moves:* Watch Iran as well. The country's supreme leader has endorsed President Mahmoud Ahmadinejad for a second term. That is a huge blow to Washington's hope for a change in Iranian policy. Iran seems to be measuring how distracted Washington is by Russia before making a move, but there are indicators in Baghdad that Shia might be increasing pressure on Sunnis. Iran could be reconsidering its decision not to undermine the current government but to try to increase the power of its allies. While The Iranians are testing the United States for vulnerabilities, they are still indicating that a deal is possible. Muqtada al-Sadr has announced the complete disbanding of his militia, and there have been leaks that al-Sadr will stay in Iran - under Tehran's thumb - for years.

3. *Russia's next actions:* The Russians are continuing to talk aggressively, and are pointing at Europe's dependency on natural gas - Russian natural gas. If this were simply a game of chess, the idea now would be a flurry of moves while the other side is off balance. That would mean pressure all along the Russian periphery. It really isn't clear what the Russians are thinking. In fact, they may themselves not know, and are waiting to see how Washington and Europe react to the Georgia situation. But there is clearly a decision-making process under way and there is a real possibility of further political or even military action along the Russian periphery. Any statements by the Russians and any movements of Russian forces are interesting to us now.

4. *Ukraine:* Ukraine has to decide how to deal with this. One way is to threaten Russian ports in the Crimea. The other is to cut a deal with the Russians and back away from the Americans. The internal political struggle in Kiev is critical here. The Baltics have a solid position, plus loads of Russians in their

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countries. This is not the time to expel them, but we need to watch for any signs of "spontaneous" unrest among the Russian populations there.

5. Cuba and Venezuela: Venezuela and Cuba have just gotten new leases on life. If they can be of use to the Russians - it is hard to see what their value is except to irritate the Americans, and that might be the point - then both regimes could get a lifeline. Both regimes are on the economic ropes. Neither country - particularly Cuba - needs much. The Russians might very well want to use each as a base. Even if manageable by the United States, Russian aircraft in Venezuela and Cuba would cause all sorts of threats to the Panama Canal and the Caribbean. The Venezuelans and Cubans would probably welcome them and might be offering bases as we speak. It will be interesting to see the Russian answer.

6. Gustav and the U.S Gulf coast: Hurricane Gustav is a geopolitical event. Recall what we said about Katrina. If the storm hits the Mississippi River, causing blockages from silting or shifts in the course of the river, just as the U.S grain harvest starts coming in, getting to market will be a real problem. The economic impact on grain markets, plus the devastating effect on the Midwest, could really trigger a financial crisis in the United States and a surge in grain prices. Everyone is looking at energy prices, and that's important, but if the Mississippi is closed to navigation there will be a real problem. Right now Gustav does not seem to be heading toward the Mississippi. But if it does hit there, it will be a global geopolitical issue of the first magnitude.

EURASIA

- Sept 1: A special E.U summit will take place in Brussels at French President and current E.U President Nicolas Sarkozy's bidding to discuss the union's future relations with Moscow following Russia's war with Georgia. The possibility of sanctions will be discussed.
- Sept 2: U.S Vice President Dick Cheney will visit the former Soviet republics of Georgia, Azerbaijan and the Ukraine, as well as Italy, though the exact dates of his visit are unconfirmed and there are conflicting reports that he will not go for another month.
- Sept 2: Russian President Dmitri Medvedev and Armenian President Serzh Sarkissian will meet in Sochi to discuss Russian-Armenian partnerships, including military expansion.
- Sept 3-4: French President Nicolas Sarkozy will visit Syria to meet with President Bashar al Assad in the first visit by a French head of state to the country since France severed ties with Syria in 2005.
- Sept 5: The Collective Security Treaty Organization - consisting of Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan - will hold a summit in Moscow. At the summit, Belarus is considering recognizing the independence of South Ossetia and Abkhazia.

MIDDLE EAST/SOUTH ASIA

- Sept 1: Libya will celebrate its national holiday Revolution Day, marking the coup that brought Moammar Gadhafi to power.
- Sept 1-2: Bolivian President Evo Morales will visit Iran.
- Sept 1-2: Lebanese President Michel Suleiman will visit Qatar.
- Sept 3-4: French President Nicolas Sarkozy will visit Syria.
- Sept 4-5: The Nuclear Suppliers Group, consisting of 45 nations, will reconvene in Vienna in an effort to consider granting approval to India's civilian nuclear agreement with America.
- Sept 6: Pakistan will hold a presidential election.

EAST ASIA

- Aug 31-Sept 4: U.S House Speaker Nancy Pelosi will visit Japan.

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- Sept 2-4: Thai Prime Minister Samak Sundaravej will visit Japan to meet with Prime Minister Yasuo Fukuda and Emperor Akihito.
- Sept 2-6: Singaporean Deputy Prime Minister for Home Affairs Wong Kan Seng will be in China to co-chair the fifth meeting of the China-Singapore Joint Council for Bilateral Cooperation.

LATIN AMERICA

- Aug 30: Mexican civic groups will march in Mexico City to protest Mexico's deteriorating security situation and in particular rising kidnapping rates.
- Aug 30: The Confederation of Rural Argentines will hold a national protest against the government's agricultural and price regulation policies. The protest is not expected to interrupt traffic and transport.
- Aug 30: The Venezuelan Movement Toward Socialism Party will protest a packet of 26 laws passed by Venezuelan President Hugo Chavez's decree. Many of the laws had been rejected in a national referendum.
- Aug 30: Ecuadorian President Rafael Correa will visit Venezuela.
- Sept 3-4: The Student Federation of Peru will protest, among other things, the rising price of transportation.

AFRICA

- Sept 2-3: South Africa will host Venezuelan President Hugo Chavez for a state visit.
- Sept 5: Angola will hold parliamentary elections - the country's first since 1992.

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