

**10-12-22**

Week 3 Analysis

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# Strategic Intelligence and Foreign Affairs Initiative

## Weekly Newsletter

Liberty University

Helms School of Government Students



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# Russia-Ukraine War

## BLUF

- The war in Ukraine continues to escalate as Putin must deal with the bombing of the Kerch bridge which has caused supply chain issues. The bridge was one of the most prized projects of Putin and was a major point of symbolism for the Russian invasion of Crimea.

## Analysis

### Overview

- On the morning of October 8, the suspected truck bomb ignited several fuel tanks in a passing train.
- No evidence directly linking the bombing to Ukraine; however, Putin is using this as an excuse to threaten cities with heavy missile bombardments.
- The destruction of the bridge led to a disruption of military supplies and fuel from Crimea and Russian motherland.



### Conclusion

- The bombing of the Kerch bridge represents a slowly turning tide in the war with Russia being forced to play defensive. However, this forces Putin to act with extreme disregard as demonstrated with the intense missile strikes across the country targeting civilian populated areas.

## Sources

1. [Reuters](#)
2. [Reuters](#)
3. [The Hill](#)
4. [US News](#)
5. [UK News](#)
6. [Critical Threats](#)

# Biden Executive Action on Marijuana Policy

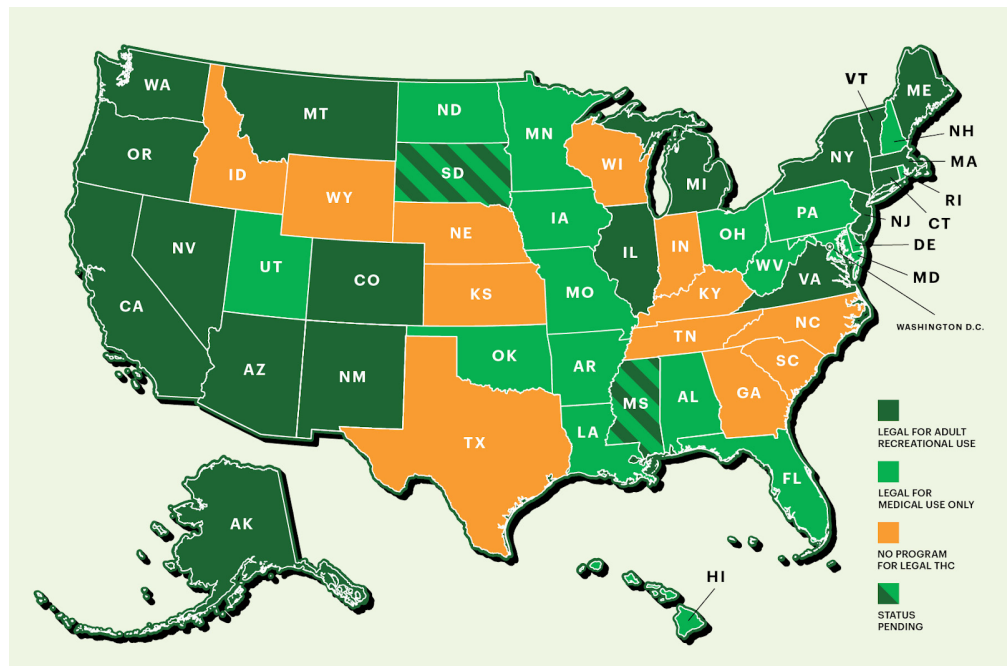
## BLUF

- In a recent White House statement, Joe Biden has announced that people convicted with simple possession of marijuana will be pardoned of their crime. It will likely affect 6500 people in pardons for the charges of simple marijuana possession. The White House has also said that it does not have any intentions of going any further with pardons going beyond the simple possession charges.

## Analysis

### Overview

- This will not affect any felons in prisons, only federal offenses and the DC area.
- This means that those who were charged as far back as 1992, can now run for office, sit on a jury, and vote.



### Conclusion

- Despite the White House and Joe Biden saying that there are no intentions of pardoning more marijuana possession charges other than the simple possession charges, it is possible that in the future the definition of simple charges could change to a looser interpretation of the rules and regulations that could pardon more individuals. As of now, marijuana possession is in the same category of heroin possession.

## Sources

1. [The White House](#)
2. [Inquirer](#)
3. [The White House](#)
4. [Politico](#)

# U.S Export Controls on Chinese Chip Industry

## BLUF

- On Oct 7, 2022, the U.S. imposed sweeping export controls restrictions on China regulating semiconductor and advanced computing manufacturing to stifle Chinese pursuits of technology weaponization and dominance through technological containment.

## Analysis

### Overview

- This move prohibits U.S. firms from providing Chinese companies with advanced semiconductor and supercomputer technology, whether through transfers, sales, or exports, without first securing licensure from the Bureau of Industry and Security. The action also imposes additional restrictions on potential dozens of Chinese companies. Though the U.S. is not the leading manufacturer in the industry, its firms are critically integrated throughout the designing and manufacturing process giving these new regulations necessary leverage. This policy reflects a broader strategy to slow down the competition rather than simply seeking to outrun them.
- Department of Commerce Imposes two categories of regulatory actions
  - Implementation of additional export controls
    - Controls affect semiconductor and supercomputer manufacture and end use
    - Entity list modification
      - Chinese entities will be added to the unverified list if Bureau of Industry (BIS) cannot complete on-site compliance audits. After 60 days denial of access companies will be subject to placement on the Entity List.
    - Licensure requirements
      - U.S. and ally firms must apply for license in order to transfer, sell, or export semiconductor equipment to China.
  - Revisions to unverified list
    - Clarification on stipulations of Entity List criteria
      - Lack cooperation from the host government which prevents BIS compliance checks may warrant addition to the list.
    - Entities on list are covered with broad restriction on trade.
    - BIS compliance checks
      - Audits to ensure Chinese companies can be trusted to receive sensitive US technology.

### Analysis Technique

- U.S. BIS can cut any Chinese company off from the global supply chain in 2 months. This will be a regular occurrence as current CCP policy does not allow for the U.S. to conduct its required site checks. The new policy will hurt China's ability to obtain and manufacture semiconductors needed to develop and maintain supercomputers used in the PRC military complex and commercial sectors. This marks a strong action to ensure that U.S. innovation will not enable Chinese exploitation.
  - Impact/probability Scenarios
    - High Impact/High Probability: U.S. loses access to Chinese market. In addition to losing the benefits of cheap manufacturing operations, loss of access to China's market and consumers will substantially cut U.S. revenue. According to the Brookings Institute, China purchases \$300 billion of semiconductors annually and accounts for 25% of U.S. industry market consumption. Its buying power poses significant
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leverage. Other experts anticipate a \$400 million loss in sales to China. There is also a risk of lower investment in U.S. research and development which would threaten U.S. competition and innovation. This has already been evidenced in a 10% drop in stock of major U.S. Chip companies since implementation.

- High Impact/Low Probability: China manipulates supply of rare earth and critical materials. Of the 17 rare earth materials required for chip production, China dominates in the extraction of nine and the refining of 14 minerals. 82% of rare earth and critical materials are ultimately controlled by China, giving PRC considerable leverage. Targeted denial or restriction of access would command chip production, yet it is of high confidence that such action would not pass Beijing's cost-benefit calculus.
- Moderate Impact/Low Probability: China disrupts the global supply chain through its preponderant share of OSAT and wafer fabrication. While China lacks the ability to insource chip production, it plays a necessary role in the manufacturing process and supply chain. Its notable strengths are OSAT (outsourced assembly, packaging, an assembly with a 38% share, 23% supplied domestically and 15% globally) and wafer manufacturing (23% of global supply). Denial or restrictions would cause moderate but reparable and transient disruption to the supply chain as these sectors are relatively low skill.
- High Impact/Moderate Probability: China takes aggressive action against Taiwan to compensate for crippled markets through Taiwanese industry leadership. Such a move would be unstable as China would be reliant on Taiwanese cooperation. Disruption in Taiwan, the leader in the field, would cause vast global chip shortages triggering concerns at a critical level of national security. Current Chinese aggression towards Taiwan elevates the probability of such a threat. The question is not whether or not China will make a definitive move for control of Taiwan but when.

## **Conclusion**

- The export controls have already begun to blacklist Chinese companies with sure consequences of hurting Chinese industry. They send a strong message that foreign government actions which prevent BIS compliance determinations will be met with decisive consequences inhibiting a company's access to U.S. technology. The lasting efficacy of these controls is dependent on whether other foreign nations will join the United States in enforcing them; the political tensions between the United States and China will contribute to increase regardless of outcome.

## **Sources**

1. [Reuters](#)
  2. [Aljazeera](#)
  3. [Federal Registration](#)
  4. [Indexes](#)
  5. [Reuters](#)
  6. [Semianalysis](#)
  7. [National Law Review](#)
  8. [CNBC](#)
  9. [BIS](#)
  10. [China Daily](#)
  11. [Global Times](#)
  12. [Web Assets](#)
  13. [Semiconductors](#)
  14. [COV](#)
  15. [Bloomberg](#)
  16. [Brookings](#)
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# Pakistan Flooding

## BLUF

- Flooding in Pakistan is a risk to regional stability, but also creates an opportunity for the U.S. to strengthen ties with the nation, countering Chinese influence and protecting U.S. interests in the Indo-Pacific.

## Analysis

### Analysis Technique

- SWOT Analysis: Looking at Pakistan Flooding from U.S. Perspective

<b>Strengths</b> <ul style="list-style-type: none"> <li>U.S. has funds, resources to contribute for aid</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>U.S. has an icy relationship with Pakistan</li> <li>Pakistani support for terror organizations</li> <li>Pakistan's close ties to China</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>U.S. can provide support, aid to Pakistan during crisis; potential for strengthened ties</li> <li>Counter Chinese influence in Indo-Pacific</li> <li>Joint counterterrorism effort</li> <li>Protect regional U.S. military capabilities</li> <li>Forge closer ties with new government</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>Chinese influence in Pakistan/Indo-Pacific</li> <li>Nuclear Threat</li> <li>Terrorism</li> <li>Pakistani political and economic instability</li> </ul>

### Conclusion

- The humanitarian crisis in Pakistan creates several opportunities for the U.S. to advance its interests through strengthened ties with the nation.

## Sources

- [USAID](#)
  - [CRS Reports](#)
  - [Heritage](#)
  - [NY Times](#)
  - [BBC](#)
  - [Brookings](#)
  - [CFR](#)
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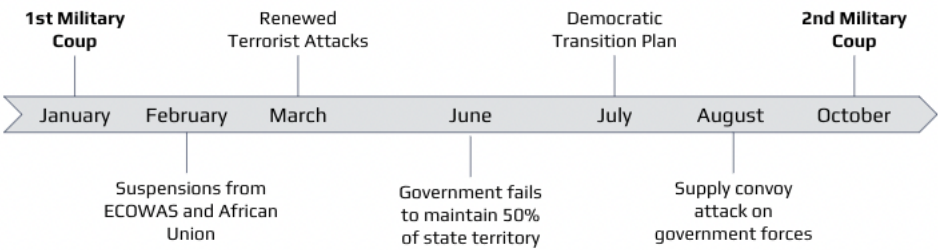
# Burkina Faso

## BLUF

- Burkina Faso is currently experiencing their second military coup this year. The key factors behind this are greater security and transparency in the government. The goal is the return of civilian control.

## Analysis

### Analysis Technique



- SWOT: U.S. Perspective

<b>Strengths</b> <ul style="list-style-type: none"><li>Instability in the government can allow U.S./French influence to grow</li></ul>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>Country lies in a very strategic position. Allowing Russian influence or Islamic extremists control over the region can result in serious national security repercussions.</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>This could lead to increased pressure from the citizens for their government to emphasize Democracy, Human Rights, Governance, and food security.</li></ul>	<b>Threats</b> <ul style="list-style-type: none"><li>Could become a base for terrorist operations if there is another coup.</li></ul>

### Conclusion

- The situation is continuing to develop but it appears most of the populace supports a Civilian controlled government. Traoré’s main focus is to combat groups such as Al-Qaida.

## Sources

- [ABC News](#)
- [MSN](#)
- [USAID](#)
- [Reuters](#)
- [The Hindu](#)

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*“The question shouldn’t be what we ought to do, but what we can do” – Rory Stewart*

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