

# IN THE NEWS

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## World News

It appears that China will continue importing more Iranian oil and at a discounted price [1]. What's more, China/Iran trade increased 55%, reaching \$45 billion during 2011 [2]. So as long as we continue to encourage one-sided trade with China, the average American will need to spend more on oil products. Moreover, India says it will continue buying Iranian oil without requesting any US waiver [3]. In essence, the UN is powerless to exert economic pressure against Iran. Furthermore, Iran is warning its neighbors (read Saudi Arabia) not to increase oil production to offset the embargo [4].

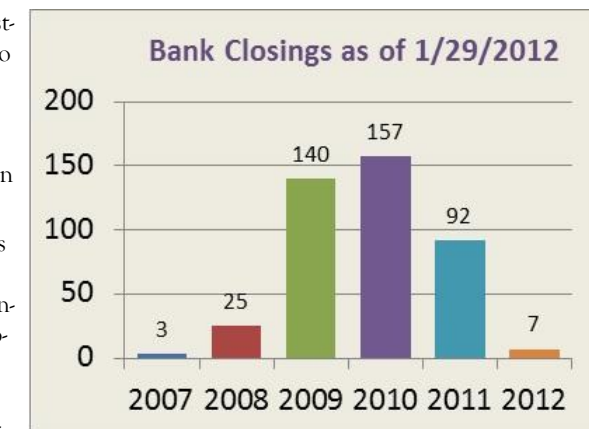
Elsewhere, Russia vows to prevent any Western military action in Syria [5]. Next door to Syria and barely a month after U.S. troops left, the Government of Iraq appears to be disintegrating [6]. For instance, there is an increased frequency of terrorist bombings in Iraq [7].

The former Israeli Intelligence Chief claims Iran has all the parts to build an atomic bomb [8]. Furthermore, Israeli Defense Minister Ehud Barak warned Iran's nuclear program needs to be stopped immediately [9]. What's more, the largest bunker buster bomb in the U.S. military may not be sufficient to penetrate Iran's deep underground facilities [10].

In spite of Iranian threats to sink the ship, a US aircraft carrier the Abraham Lincoln, passed through the strait without Iranian interference [11].

In the U.S., the consequences of looming defense budget cuts could result in the lowest number of Navy ships since World War I; the smallest Army since 1940; and the smallest Air Force ever [12]. For instance, the Army plans to reduce the number of combat brigades from 45 down to 32, cutting 80,000 soldiers [13]. This 29% reduction comes as China's military is

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### Special points of interest:

- Keystone pipeline permit denied, 20,000 jobs lost
- Expected Military cuts
  - Smallest Army since 1940
  - Fewest ships since 1917
  - Smallest Air Force ever

## Security

Hackers continue to dominate the news. For example, the online store Zappos was hacked exposing 24 million customer's data [1].

Meanwhile, Middle East hacking is on the rise. For example, hackers took down multiple hospital and newspaper web sites in Israel using denial of service attacks [2]. Meanwhile,

Israeli hackers attacked sites in Iran [3].

Aside from hackers, malicious software (malware) continues to find its way into new products. The latest case is an android malware app may have infected 5 million users [4]. What's more, Apple malware included a fake antivirus product last year [5].

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2. Albanesius, Chloe, PC Magazine, *Hackers Target Israeli Newspaper, Hospital Web Sites*, January 25, 2012.
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## Security

(Continued from page 1)

attack Iranian sites, January 26, 2012.

4. Keizer, Gregg, Computer

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5. Dunn, John, Techworld,

*Apple malware became more sophisticated in 2011*, January 26, 2012.



Happy Chinese New Year: Year of the Dragon

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*We always want the best man to win an election. Unfortunately, he never runs.—Will Rogers*

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modernizing, expanding, and challenging the US [14].

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4. Pomeroy, Robin, et. al., Reuters, *Iran warns of consequences if Arabs back oil sanctions*, January 15, 2012.
5. AP, *Russia vows to block Western intervention in*

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*Syria*, January 18, 2012.

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7. AP, *Suicide bomber kills 32 at Baghdad funeral march*, January 27, 2012.
8. AP, *Report: Former Israeli intelligence chief says Iran can build bomb now if it wants*, January 19, 2012.
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14. AP, *China newspaper calls for punishing Philippines over proposed closer military links with US*, January 29, 2012.

# Energy

The Administration's jobs council recommended building pipelines and expanding drilling in the US [1]. Unfortunately, the permit to allow construction of the Keystone Pipeline was denied; a move expected to cost 20,000 US jobs [2]. In response, Canada is now planning to move forward with a new pipeline to the coast where the oil will be exported to Asia [3]. This decision will help ensure our dependence on imported oil from unreliable sources. Perhaps this is why OPEC believes \$100 per barrel oil is acceptable [4]. However, on a positive note, President Obama is promising to support the Natural Gas fracking initiatives that will create 600,000 new jobs [5].



Meanwhile, a Chinese built oil rig arrived in Cuba to start exploratory drilling near the Florida Keys [6]. While US industry is banned from drilling off the coast of Florida, Cuba has no such restrictions.

In the past, we have pointed out how US import inspections lack the rigor of other countries. For example, tissue holders sold domestically were imported from India and contained radioactive Cobalt-60 [7]. Moreover, to bypass the U.S. sanctions, Iran is requesting that India provide oil payments using Yen as the exchange currency [8].

In Japan, there are just three of 54 nuclear reactors generating electricity [9]. Reduced nuclear energy resulted in Japan importing 32% more liquefied natural gas and a five-fold increase in oil last December [10]. The additional cost for electricity is expected to drive Japanese steelmakers in the red thereby making them unprofitable [11]. Moreover, the stricken reactor company, Tokyo Electric, will get \$12.6 billion in public funds to help ease the recovery [12]. While the economy struggles to keep people employed, 32 coal fired power plants, producing enough electricity for 11 million households are being shuttered due to new mercury pollution standards [13]. Yet we have known for years that the mercury pollution from China coal burning is reaching the US [14]. What's more, each of the new compact fluorescence bulbs contains approximately 5 mg of mercury [15]. So while this is a small amount of mercury per light bulb, when multiplied by the number of bulbs disposed of every day, the impact to the environment should not be underestimated.

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15. Nixon, Mike, Tri Parish Times (LA), *Light bulb law to change how Tri-parishes look at light*, January 28, 2012.

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*The road up and the road  
down are one and the  
same—Heraclitus*

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## Economy

For the week ending January 14, the number of first time unemployment claims was 352,000 [1]. For the following week (January 21), the number of claims increased to 377,000 [2]. However, industry continues to announce additional layoffs. For instance, the Novartis drug company announced plans to lay off 1,960 workers in the US [3]. Then Kraft announced plans to eliminate 1,600 jobs in North America [4]. Additionally, Abbot Laboratories plans to cut 700 jobs [5].

On January 20, the following financial institutions were shuttered: 1) Central Florida State Bank; 2) The First State Bank in Georgia; and 3) American Eagle Savings Bank in Pennsylvania [6]. Then on January 27, the following were shuttered: 4) First Guarantee Bank and Trust Company in Florida; 5) Tennessee Commerce Bank; 6) Patriot Bank Minnesota; and 7) Bank East in Tennessee [7].

For decades, Japan enjoyed a

trade surplus facilitated by unfair trade practices. However, new players, notably China, are using the same techniques and Japanese industry has to cut its workforce. For instance, after three years of losses, NEC will lay off 10,000 workers [8]. What's more, even the Japanese video game manufacturer Nintendo reported an earnings loss based on a strong Yen and weak sales [9].

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2. Reuters, *Jobless claims rise, but trend shows improvement*, January 26, 2012.
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*When I was young,  
poverty was so common  
that we didn't know it had  
a name—Lyndon B.  
Johnson*

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