

## IN THE NEWS

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### World News

Russian Deputy Foreign Minister Sergei Ryabkov claims Iran is escalating its nuclear program at an alarming rate in clear violation of UN resolutions [1]. Yet, there are those that believe the current embargo is seriously impacting Iran and this will bring the regime to the bargaining table over their nuclear weapons program [2]. However, one report indicates that Iran is also exporting Syria's oil to China [3]. For example, on April 3, the 81,000-ton M.T. Tour oil tanker owned by Iran that was carrying Syrian oil passed through the Suez Cannel on its way to Singapore (to a Chinese state run oil company) [4]. What's more, both India and China are skirting the Iranian oil sanctions often trading in goods instead of currency [5]. In fact, China and India are cashing in on the sanctions getting cheaper oil while the West pays higher prices [6]. By one estimate, the US is paying an extra 25 cents per gallon of gas because for the sanction on Iran [7]. Moreover, China has once again rejected the call for an embargo against Iran [8]. As a result, Iran has access to the second largest economy in the world. Perhaps this is why Iran vows to stick to its nuclear ambitions [9]. As long as China and others continue to import Iranian oil, it is unclear how effective the current embargo really is.

North Korea believes it has the full backing of China as preparations continue to launch a rocket into space [10]. This, as North Korea began fueling the rocket [11]. By some estimates, the new missile will be able to reach the continental US [12]. Meanwhile, Japan has announced it will shoot down any part of the North Korean missile that enters its territory [13]. Furthermore, because of the missile test, the US is putting on hold the delivery of 240,000 metric tons of food [14].

India becomes the sixth nation to field an operational nuclear powered submarine [15]. One reason cited for the Indian submarine is the growth of China's navy [16]. India also plans to launch a domestic built nuclear submarine armed with nuclear-tipped K-15 missiles [17]. The domestic sub will carry either 12 K-15's with a range of 750 KM or 4 K-4's with a range of 3,600 KM [18]. As a side note, India was not part of the US/Russia nuclear reduction treaty so there are no limits to the number of weapons India can deploy.

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### Security

The GAO conducted a sting operation where they purchased 16 military grade parts that were counterfeits made in China [1]. Elsewhere, the Japanese security firm, Trend Micro, traced cyber spy hackers to China; these hackers were targeting India, Japan, and Tibetans [2].

It appears a breach at Global Payments may have exposed hundreds of thousands to identity theft [3].

Another report indicates 10 million credit and debit card transactions were stolen [4]. By April 1, Global Payments Inc. personnel were suggesting the damage was limited to fewer than 1.5 million consumers [5]. Interestingly, the cyber thieves harvested stolen account numbers for months before starting to use them [6].

Apple released a Java fix for a dozen critical security

vulnerabilities [7]. Concurrently, it is estimated that over half a million Mac computers are infected with the 'flashback' Trojan [8]. Elsewhere, European hackers are believed to be behind a cyber-attack that exposed 24,000 Medicare files at the Utah Health Department [9]. Later, Utah revised the estimated loss to approximately 182,000 beneficiaries and 25,000 social securi-

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#### Special points of interest:

- Global Payments Inc breach of 1.5 million accounts
- Half a million Mac computers infected
- 16<sup>th</sup> Bank closed

## Security

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ty numbers [10]. Finally, the FDA has discovered a second counterfeit version of the imported cancer drug Avastin [11].

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*Wars are, of course, as a rule to be avoided; but they are far better than certain kinds of peace—Theodore Roosevelt*

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# Energy

For the first time, EPA rules make building new coal-fired power plants too expensive [1]. This will certainly reduce coal power generating industry.

Apparently the Fukushima reactor number 2 is still hot, highly radioactive, and has little water to cool it [2]. Meanwhile, Tepco is reporting another 12 tons of radioactive water leaked [3].

Moreover, the owner of the stricken reactors, Tepco, is asking the Japanese government for an additional \$12 billion to remain solvent [4]. This at a time when Tepco is trying to increase power rates by 17% [5]. What's more, the failed reactors have moved Japan away from nuclear power. Case in point, Tepco killed plans for new nuclear reactors that were to be built [6]. On the positive note, now Japan is seriously looking at future tsunami risks. For example, two studies report the potential of 112 foot waves, twice the estimate before the Fukushima disaster [7].

China continues to expand its energy industry. For example, PetroChina has surpassed Exxon as the world's biggest publicly traded producer of oil [8].

Some companies, such as Dow Chemical, are recognizing the low cost of US natural gas offsets lower labor costs in Asia [9]. This comes at a time when natural gas prices are at a ten year low [10].

One report suggests Saudi Arabia may be at the end of its oil cushion and unable to meet rapid demands for more oil [11]. If true, consumers could see rapid increases in oil prices based on world events. Meanwhile, Iran is planning to invest \$30 billion in its oil industry [12].

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*The goal to strive for is a poor government but a rich people—Andrew Johnson*

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## Economy

First time unemployment claims for the week ending March 24 were 359,000, nearly a four year low [1]. For the week ending March 31, the claims fell to a four year low of 357,000 [2]. However, the GDP grew only at an annual rate of 3% [3]. Meanwhile, the Labor Department estimates the Number of jobs added during March was 120,000 and the unemployment rate 8.2% [4]. However, unemployment dropped primarily because more people stopped looking for jobs [5]. In actuality, the number that fell from the work force was 164,000 people [6].

Regulators were rather quiet closing only one bank. This occurred on March 30 when the Fidelity Bank in Michigan was shuttered [7].

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*I am a tariff man,  
standing on a tariff  
platform—William  
McKinley*

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## Iran

During President Carter's Administration, Iran converted from a US friend to an enemy. Before then, seizing another country's embassy was considered an act of war. Nevertheless, Iran allowed students to seize the U.S. embassy. At the time, President Carter tried to negotiate the release of the hostages; including offering \$ billion in assets and applying sanctions [1]. Yet the Iran government was unmoving. However, the Iranian government did believe the new President, Reagan, planned to attack [2]. As a consequence, after 444 day hostage ordeal, Iran release

the 52 US captives minutes after Ronald Reagan replaced Jimmy Carter as President of the United States [3].

Now we find ourselves in a similar situation with Iran trying to build nuclear weapons and our response appears to be similar to the attempts tried during the 444-day hostage ordeal. What's more, China is taking steps to ensure there is no attack on Iran [4]. In effect, China is diluting sanctions making them ineffective. The question remains, will Israel allow sanctions to continue or will they opt for a military strike?

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