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Ladies & Gentlemen, below please find the current edition of *Executive Insight Brief* from The Roosevelt Group. Apologize for the delayed distribution!

Craig



EXECUTIVE INSIGHT BRIEF | JUNE 1, 2018

TOP STORIES

MAY JOB REPORT

The labor market was booming in May, the latest Department of Labor [report](#) shows. The unemployment rate fell to 3.8%, the lowest it's been since April 2000. Non-farm payrolls rose a seasonally adjusted 223,000 and wages ticked up by an average of 2.7%.

The historically low unemployment rate and growing wages should keep Federal Reserve policy makers in line to [raise the central bank's benchmark interest rate](#) at a meeting later this month. [Read More.](#)

TARIFF TALK

Interest rates aren't the only things on the rise. Prices for American businesses and consumers are about to go up, after the Trump Administration imposed stiff new tariffs on steel and aluminum from Canada, Mexico and the European Union.

The tariffs mark a major escalation of the trade war between the U.S. and its top trading partners. In response, the EU has promised to impose import taxes on politically sensitive items like Kentucky bourbon. Mexico said it would levy tariffs on American farm products, while Canada zeroed in on the same metals

that Trump had targeted. [Read More.](#)

[Here's](#) a look at how the new trade wars could play out. It is worth noting the tariffs may be particularly harmful to the [defense sector](#).

On Tuesday, the Trump Administration announced it was also moving forward with its threat to apply tariffs on Chinese imports and other actions to restrict Beijing from accessing sensitive U.S. technology. Commerce Secretary Wilbur Ross arrived in the Chinese capital on Saturday for trade negotiations amidst the chaos. [Read More.](#)

SPEAKING OF CHINA...

The Secretary of Commerce isn't the only official focused on China. Secretary of Defense Jim Mattis highlighted his department's shift towards countering Chinese activities in the Pacific, when he announced on Wednesday that U.S. Pacific Command would now be called [U.S. Indo-Pacific Command](#).

While Mattis stressed that the change was not meant to be combative, it did reinforce the return to great power competition stressed in the [National Defense Strategy](#).

In conjunction with the announcement, members of the [House Armed Services Committee](#) met with high-level Indian officials to discuss transnational terrorism and China's aggressive behavior in the region.

Meanwhile, the [North Korean summit](#) is back on, after President Trump and Secretary of State Mike Pompeo met with North Korean officials in the Oval Office on Friday. China, of course, is North Korea's greatest diplomatic backer, so keep an eye on how things may play out come June 12.

EUROPEAN AFFAIRS

While returning to great power competition is one theme of the National Defense Strategy, building and strengthening strategic partnerships and alliances is another area Mattis wishes to focus on. Although this week's tariff decision seems to do just the opposite of that, the U.S. has indicated it is still committed to protecting European interests by holding preliminary discussions

about moving a Terminal High Altitude Area Defense (THAAD) missile system to Germany. [Read More.](#)

The proposal comes amid a broader push to strengthen Europe's air and missile defenses, but could trigger fresh tensions with Moscow. NATO Secretary General Jans Stoltenberg hinted that it would be a topic of discussion at the annual meeting of NATO leadership set to take place next month, when he said defense and deterrence is his number one priority.

Projecting stability comes second, but after Spain's Prime Minister was [ousted](#) on Friday that may be easier said than done. See the full line up of issues for July's meeting, [here.](#)

MIDDLE EAST UPDATE

On Thursday, Syrian President Bashar al-Assad warned that he would wage war to expel U.S. troops from northeastern Syria if dialogue fails to bring the area back under government control. It was not the first time that Assad has threatened to attack U.S. troops, but it was his most explicit expression yet of his determination to rid Syria of American forces.

Assad was speaking a little over a week after his government declared that it was in full control of the suburbs around Damascus, the Syrian capital, for the first time in seven years.

The Syrian army is now preparing for an offensive to recapture the parts of southwest Syria bordering Israel and Jordan that are still under rebel control, one of three significant areas outside the government's grip. Israel has warned that it will not tolerate having Iranian advisers and the Shiite militias they support move closer to its borders, making southern Syria the likely next flash point of the war. [Read More.](#)

Another flashpoint area? Northwestern Syria. The region has become an invaluable safe-haven from which al Qaeda and its affiliates can exert themselves internationally. One of those groups is known as Tanzim Huras al-Din, or the Religious Guardians' Organization. This smaller organization is pursuing global terror ambitions from deep in the shadows, and experts argue it is being overlooked by the U.S. government in favor of targeting larger, more

nationally-oriented groups like Hayat Tahrir al-Sham. [Read More.](#)

LOOK AHEAD

There are no Armed Services Committee hearings scheduled for this week.

On Tuesday, The Brookings Institute will host Secretary of the Army Mark Esper for a [discussion](#) on U.S. Army priorities.

Wednesday marks the 74th Anniversary of D-Day. A memorial ceremony will be held at the World War II Memorial in Washington, DC. Those interested in attending can RSVP, [here.](#)

On Friday, AFA's Mitchell Institute hosts Lt. General John Thompson for a discussion on space and America's missile systems. [Register here.](#)