

Intelligence Security Diary

Editors: George Holdron, David Rubin
Advisory Board: Howard Coombs, Alan Pickering

November	Entry	Page
1	China Energy Imports	2
2	Smartmatic Corp. - Voting Machines	2
3	China - Iraq Oil	2
6	"Earmarks"	3
7	China - Natural Gas Deals	3
10	Iran - Missile Ordnance	4
13	Hezbollah - Lebanon	4
16	Update - Putin's Tennis Game	5
20	Russian Steel Industry	5
21	Lukoil - Gazprom	5
25	Syrian Foreign Policy	6
27	Airbus - Microeconomics 101	6
30	Lebanon	6
Open Source Intelligence		
	Folio - Cuba - Strategic Economic Framework	7
	Folio - Definitions	9
Contemporary Warfare		
	China - Unrestricted Warfare	10
	International Crisis Group - Information Feeds	10
	Future Army Air and Missile Defence	10
	Counter Insurgency Initiative Website	10
	Afghanistan - Joint Intelligence Centre	11
	In Remembrance	12
	Professional Services	13

George Holdron, B. Com, M.B.A., a former officer in the Canadian Intelligence Corps (C Int C) now known as the Intelligence Branch of the Canadian Forces, was involved in strategic intelligence and subsequently pursued a career in investment management for over thirty years. He is founder of the Intelligence Security Diary and his extensive experience in the financial services industry has allowed him to develop innovative insights in the domain of 'open-source' intelligence. His research interests are in the field of strategy and economic intelligence and he is a Fellow of the Institute Chartered Secretaries & Administrators (U.K.)

David Rubin, KStJ, QC, BA, LL.B. also a former C Int C (Intelligence Branch) officer, is a business lawyer and a partner of Gowling Lafleur Henderson LLP, a Canadian law firm with offices across Canada and in Moscow. He is Chair of the Intelligence Security Diary, was the Publication Chair of Scarlet to Green - A History of Intelligence in the Canadian Army, past President of the Canadian Intelligence and Security Association, past Chair St. John Ambulance, Toronto, and served as Honorary Aide-de-Camp to several Ontario Lieutenant-Governors.

Howard Coombs, BA (Hon), BEd, Master Military Art & Science (Theatre Operations) retired from the regular component of the Canadian Forces in 2002. He is a graduate of the United States Army Command and General Staff College and the United States Army School of Advanced Military Studies. He is a research associate of the Canadian Forces Leadership Institute, a part-time instructor at the Canadian Forces Staff College and a Lieutenant Colonel commanding the Princess of Wales' Own Regiment, Kingston. He advises on the 'Contemporary Warfare' section of the Intelligence Security Diary.

Major General Alan Pickering, CMM, CD (Ret'd), served in the Canadian Forces in a variety of operational and command positions. He holds a BSc (Mechanical Engineering) degree from the Royal Military College and Queen's University. He is a graduate of the Royal Canadian Air Force Staff College and the United States Navy War College. His last posting was Chief Intelligence & Security - Department National Defense. He served for eleven years as Director General Information Technology Security at the Communications Security Establishment following retirement from the military in 1985.

The Editors may be contacted at david.rubin@gowlings.com or (416) 862-3520.

1 Nov China Energy Imports

China's imports of refined energy products increased strongly in September. Imports of diesel fuel rose 99% versus the previous year to meet demand during the fishing season and from farmers harvesting crops. Chinese customs data, however, gave no indication of China's crude-oil exports to North Korea - which relies on China to meet its energy needs. The data was "unavailable".

[Intelligence analysts are monitoring the statistics closely to determine if Beijing is applying economic pressure against North Korea to restart arms-control talks.]

2 Nov Smartmatic Corp - Voting Machines

Smartmatic Corp., voting machine manufacturer, will see its units used in sixteen states on November 7th. The company, however, is under review by the Committee On Foreign Investment in the United States. Certain Venezuelan 'entrepreneurs' own Smartmatic.

Smartmatic gained prominence in 2004 when its machines were used in an election to recall President Hugo Chavez, which Mr. Chavez won handily - and which the Venezuelan opposition claim was riddled with fraud. Accusations of Chavez government control of Smartmatic have plagued the company ever since.

Smartmatic abandoned a simple corporate organization, which was based in the United States. It adopted a complex offshore structure, with headquarters in the Netherlands Antilles, a main subsidiary in the Netherlands, and a variety of subsidiaries in the United States, Barbados, Venezuela and Mexico. Company officials indicate the structure is designed for tax avoidance purposes and not to disguise (covert and malignant) foreign ownership.

[One 'intelligence wag' was heard to comment - when does a company "openly admit tax avoidance" to explain its actions? There is a hidden agenda here somewhere - Hugo will render unto Chavez what is Caesar's!]

1/2 (GAME - SET - MATCH - Chavez)

[This guy is not in the class of Putin - but his tennis game has some potential. One of the Diary's Editors is knowledgeable in corporate structure - anyone wishing a more detailed explanation of the aforementioned corporate-tax structure need only contact us - our rates are at the usual - always modest - Bay Street-Toronto standard.]

3 Nov China - Iraq Oil

China and Iraq officials will meet this month to negotiate an agreement over the al-Ahdab oil field. State-owned China National Petroleum Corp. signed the al-Ahdab deal in the midst of United Nations sanctions that barred direct dealings with Iraq's oil industry. Beijing was waiting for sanctions to end when the United States invaded in 2003.

The new Baghdad government is courting Beijing because Chinese producers are willing to invest in Angola, Sudan and other countries that are considered politically too dangerous. In the immediate post invasion period it was assumed that the best deals would go to the United States and its allies. But the escalating intensity of violence has made Iraq unattractive to Western producers.

[The same 'intelligence wag' quoted in the preceding entry was again heard to comment, "It wasn't supposed to happen this way. This wasn't the grand design at all!" Anecdotal sources indicate that proponents of the 'Halliburton' energy-asset acquisition model have gone back to their drawing boards. It will, however, be interesting to see the extent to which sabotage (if at all) is directed against the Chinese

interests. As Lenin stated, "Identify the beneficiaries of an action and you will understand motive" - there may be an ultimate strategic 'energy-related' objective underlying the wide-spread escalation of violence.]

6 Nov "Earmarks"

eTrepid Technologies is a Reno, Nevada, company that has won millions of dollars in classified federal software contracts from the Air Force, US Special Operations Command and the Central Intelligence Agency. A civil lawsuit has been filed in federal court in Reno, involving a dispute between the company and a former employee over the rights to certain software code.

The lawsuit raised concerns in Washington because of fears that national secrets will be exposed if it goes to trial. One of the entities that funded eTrepid is code-named *Big Safari* and is a classified program. John D. Negroponete, the top US Intelligence official, recently filed a statement with the court seeking to seal the case. The legal dispute sheds light on the shadowy world of "black-budget" contracting and the efforts of Jim Gibbons, the local Republican congressman, to acquire funding for programs in which eTrepid was involved.

It is reported that the company received a \$1.5 million "plus-up" or "earmark" for a contract on a secret program, code-named *Eaglevision*. The program involved satellite transmission of high-resolution video images. Earmarks have attracted intense scrutiny this year and have figured in a series of public-corruption probes. Earmarks are excluded from the normal oversight process in that lawmakers can directly insert them into spending bills without competitive bidding.

Military and intelligence officials wanted software that could store and search video taken by unmanned aircraft. eTrepid was given access and searched for specific people, vehicles and other objects in aerial video beamed back from battlefields in Iraq and elsewhere. One source of funding for eTrepid was the Special Operations Command, Tampa, Florida, that controls military-intelligence forces around the world. Pentagon investigators indicated last year that they found evidence that the command kept special accounts for "congressional earmarks".

[Big Safari, Eaglevision - the Diary's Editors "absolutely thrill" over codenames - it makes us feel we are inside a spy novel!]

7 Nov China - Natural Gas Deals

China has emerged as an aggressive buyer of natural gas signing a string of mega-deals at higher prices. China wants to reduce its reliance on highly polluting coal by switching to natural gas. It appears China is prepared to accommodate higher prices for "certainty of supply". Most of these deals have come in the past 30-60 days.

- Malaysian national oil company Petroleum Nasional has signed a deal to supply liquefied natural gas to Shanghai for 25 years, starting in 2009. The deal is expected to produce a cash flow of about \$15 billion to \$20 billion a year to Petroleum Nasional.
- China National Offshore Oil has signed frameworks with Suez, Total and Shell Eastern Trading to buy spot shipments of LNG to make up for any supply shortfalls. In September it announced an agreement to purchase LNG from Indonesia.
- Exxon Mobil confirmed it has reached a preliminary agreement to sell natural gas from a project off Russia's Sakhalin Island to China - instead of to Japan as originally planned.

Analysts are watching these developments closely - the emergence of China as a rising importer of liquefied natural gas. It now appears China - and to a lesser extent India - have a clear willingness to pay higher prices to ensure gas supplies. Long-term natural-gas contracts are priced in a sliding scale indexed to the price of oil. "At \$60 a barrel for oil, the Shanghai contract with Petroleum Nasional would mean paying about \$6 for one million British thermal units - the measure for natural gas." This is about twice the price China paid two years ago.

[The United States is becoming increasingly vulnerable in the energy domain. Vladimir Putin has established absolute control over energy sources in Russia, China has aggressively invested in projects world-wide and "paying the price" to secure supply, while the United States remains increasingly dependent on the Middle East and Venezuela. The growing demand for energy from China and India and the whole Far East will place strong upward pressure on prices.

The United States' diminishing energy-sourcing network is located in politically unstable regions. The Diary has portrayed the strategic 'pincer movement' against the United States in numerous issues over the past few months. The Diary correctly profiled Putin's political-energy moves several years ago long before it drew commentary in the mainstream media.

In similar theme, we put forward the warning that America will face a major energy crisis in a few years if geo-political events align against the United States and it becomes "cut-off" from its energy supply. Even a cursory assessment shows the United States in an increasingly tenuous position. The next major super-power confrontation will be fought and lost on the energy front. Putin and the Chinese have an acute sense of "strategic imperative!"

...Doesn't the widespread violence in Iraq suddenly have strategic nuance? The United States desperately needs the Iraqi oil reservoir - it appears it will ultimately be denied this asset! If the United States is kept on the defensive in the Middle East and remains "bogged-down" with the nuclear aspirations of Iraq and North Korea - it will be too fatigued to win the "quest for energy assets". Economic initiatives are becoming increasingly important in contemporary warfare - if you are outflanked and encircled strategically - tactical defeat will very likely ensue - it is called the "Stalingrad Syndrome" - refer APPENDIX-OSINT DEFINITIONS]

10 Nov Iran - Missile Ordnance

Last week Iran tested dozens of Shahab-2 and Shahab-3 missiles, which have ranges up to 2,000 kilometres. Amongst the potential targets are India, Pakistan, Saudi Arabia, Egypt, Israel and Turkey. They are a direct threat to US bases and troops throughout the region. The commander of Iran's Revolutionary Guards indicated that they do not expect any US interference in that country's nuclear program - "they know that Iran has missiles with the range of 2,000 kilometres which will put their interests in danger".

[The Wall Street Journal's editorial-opinion described it well when it stated, "The clue that the ruling mullahs have something other than peaceful nuclear energy in mind is the huge investment they're making in ballistic-missile technology, which is far from the most efficient means of delivering a non-nuclear explosive payload."]

13 Nov Hezbollah - Lebanon

Hezbollah and its Shiite Muslim allies withdrew their representatives from the Lebanese Cabinet and plan street protests for a new government - which it would control. Lebanon is a proxy for the geopolitical ambitions of its more powerful neighbouring nations. Hezbollah is denounced by Israel (United States) and hailed by Iran, Syria, and many Muslims as a legitimate resistance movement. Hezbollah appears to have been emboldened by the Republican Party's setback in the U.S. midterm elections last week. The White House accused Hezbollah of, "preparing plans to topple Lebanon's democratically elected government". There have been threats on the lives of leading anti-Syrian figures - several of which were assassinated last year.

[A review of the Diary's database suggests that Hezbollah's move may be targeted at thwarting Washington's principal foreign-policy goals in the region - in particular, the establishment of an international tribunal to judge Syrian officials implicated in the murder in February last year of Rafik Hariri, former prime

minister of Lebanon. The Lebanese cabinet must determine tribunal proposals endorsed last week by the United Nations Security Council - Syria would like to see this process terminated. If Hezbollah gains a third of the cabinet seats, they will prevent the Hariri case from going to trial.]

16 Nov Update - Putin's Tennis Game

Russian gas monopoly OAO Gazprom dismissed its deputy chief executive officer and named a successor close to President Vladimir Putin. The company appointed Valery Golubev to the position. Mr Golubev is a former KGB officer - and worked with Putin in St. Petersburg in the 1990s.

[Energy analysts indicate that the change may reflect the fact that the company's production growth and oil and gas reserves are declining - intelligence analysts know otherwise!]

GAME - SET - MATCH - Putin!

20 Nov Russian Steel Industry

Russian steel maker Evraz Group SA is in final negotiations to purchase Oregon Steel Mills of the United States for about \$2.5 billion. Russian metals companies are playing an increasing role in the consolidation of the world steel industry. Earlier this year Russian steel-maker OAO Severstal acquired Arcelor SA of Luxembourg and Severstal has recently raised capital for other acquisitions. (The shares of U.S. Steel rose sharply on Friday, November 17th, on speculation it was about to be acquired by Severstal.)

Russia's steel sector is very fragmented but the big players do not have an interest in consolidation. Most of the physical plant, equipment and processes are relics of the Soviet era - strategic acquisitions provide immediate 'state-of-the-art' technology and specialized methodologies. The Russian firms indicate (the 'spin') they are attracted to the profitable markets in the United States for steel used in cars and home construction. The US companies, however, have technology that the Russian producers desperately need to modernize - steel firms making pipes and tubes for the oil and gas industry are also prime targets as Putin consolidates Russia's energy platform.

21 Nov Lukoil - Gazprom

Russian oil producer OAO Lukoil indicated it would cede control of planned joint ventures for new projects to state-controlled OAO Gazprom. The decision is a Kremlin orchestrated move to further consolidate its control over Russian oil wealth. Gazprom's control over new energy projects will consign Lukoil investors such as US ConocoPhillips, which owns about 20% of Lukoil shares, to the "back seat" when making strategic decisions.

[Intelligence analysts see the move as continuing evidence of Putin's brilliant manipulation of 'corporate capital structure' to achieve strategic economic objectives. Who needs a Soviet era "Combined Arms Army" massed in East Germany when you achieve your objectives by simply slipping US capital interests into an ever diminishing 'minority position'?)

GAME - SET - MATCH - Putin!

25 Nov Syrian Foreign Policy

The following is a precis of an excellent opinion-editorial entitled "Syria Lends A Hand", written by Bret Stephens, which appeared in the November 21st issue of the *Wall Street Journal*:

Walid al-Moallem, Syrian foreign minister met with James Baker's Iraq Study Group and indicated it was in Syria's national interest to stabilize the situation in Iraq and that Israel would find Syria ready to resume peace negotiations. In return the Syrians are seeking US acquiescence to abandon seeking 'regime change' in Syria and a truly independent Lebanon.

Analysts are questioning Syria's motive. In the past, Syria's Assad family have made concessions only under the most severe pressure. At the moment they are riding high on America's stalemate in Iraq and Hezbollah's "victory" over Israel. There is a growing sense in Damascus that it will be more beneficial to outwait Bush and use the Iraq Study Group to painfully allow the US to disengage from Baghdad.

Assad's strategy is to ingratiate himself just enough with the US to take the goal of regime change permanently off the table. Arms continue to flow to Hezbollah and Syria has not withdrawn from any of its goals in Lebanon. Intelligence analysts believe that the current diplomatic moves are aimed to neutralize and terminate the Hariri investigation - which would cease any further examination of the Syrian government's involvement in his assassination.

[The Syrian government does not want its "supposed" involvement in the Hariri assassination publicized. Last year's United Nations 'Mehlis Report' indicated that the same Walid al-Moallem met with Hariri two weeks prior to his assassination and the following exchange was recorded:

Hariri: "Lebanon will never be ruled from Syria. This will no longer happen"

Moallem: "We and the security services here have put you into a corner. Please do not take things lightly."]

27 Nov Airbus - Microeconomics 101

Airbus announced it will increase production of the A320 jet from 30 to 36 per month between now and December 2008 - to satisfy customers who have ordered the planes. The increase in cash flow will help Airbus pay bills of about \$15 billion to address problems with its A380 super jumbo and to finish design of the A350 jet.

The increase in production will allow Airbus to grab market share in the short-haul segment of the market - the largest segment of the jet market. Securing more customers for the existing A320 single-aisle plane would help Airbus position against Boeing five to ten years from now, when both manufacturers develop a new generation of short-haul planes.

The decision to increase production incurs significant risk. A decade ago, Boeing tried to increase production of its 737 model and found its suppliers weren't able to meet demand - potential bottlenecks at suppliers are a greater risk than Airbus's own ability to assemble the planes. Competitors are placing increasing orders with suppliers for advanced aluminum alloys, titanium, new composite materials and electronic systems.

Airbus makes 30 A320 per month - a production rate that already is the highest for any jet in the world. Airbus has a backlog of more than 1,800 orders for the A320 plane and its managers are confident they can deliver the planes faster without creating a glut. Airbus managers are also considering increasing production of the company's A330 wide body.

Airlines will order planes years ahead and then sometimes cancel them. Airbus overbooks production slots - much like airlines overbook flights to offset passenger cancellations. Even a cursory study of the microeconomics of this industry demonstrates its vulnerability to short-term working capital demands. These short-term demands can become particularly onerous when supplier bottlenecks occur, or worst still, when orders are cancelled *en masse* in a cyclical downturn.

[Russian President Putin has emphasized his country's interest in Airbus - refer to the Diary's

entry for October 1st - entitled Tri-Partite Summit. (A Russian bank owns a 5% interest in Airbus' parent - European Aeronautic Defence & Space ("EADS")). Vladimir Putin has demonstrated an exceptional understanding of corporate capital structure - will he be as insightful in manipulating working capital management-techniques to achieve strategic goals? As the Diary's editors stated in the October 1st commentary - "as for the EADS statement concerning the minimal influence of the Russian entity - this will only hold until the first major cash-flow crisis hits!"]

30 Nov Lebanon

Pierre Gemayel, Lebanon's Industry Minister was brutally gunned down in broad daylight on a Beirut street. At his funeral his father urged Lebanon to rise up in what he called a "second independence intifada" to free the nation from Syrian influence. The father believes Syria is behind the killing of his son and four other pro-Western political figures assassinated in the past two years. The uprising the father is orchestrating is expected to be peaceful, however, there are fears the country may descend into civil war - given that tensions between the country's pro- and anti-Syrian groups are at a breaking point. Hassan Nasrallah, the leader of Hezbollah has already announced plans to try to bring the existing government down.

[Once again the beautiful people and proud country of Lebanon will suffer dearly because of external influences - maybe the best place for the intifada is right in Syrian President Bashar Assad's Damascus palace. It would look good on his living room carpet.]

OPEN SOURCE INTELLIGENCE

CUBA - STRATEGIC ECONOMIC FRAMEWORK

Fidel Castro, Cuba's ailing 80-year-old leader is widely believed to be dying of cancer. US officials believe Mr. Castro has some form of stomach or colon cancer. The long-time dictator relinquished power on July 31st to his brother Raul, Cuba's defence minister, after undergoing surgery for intestinal bleeding. Although Fidel Castro steadfastly resisted economic reforms his younger brother Raul has experimented in free-market activity. The Wall Street Journal carried an article in its November 15th issue, which discussed the likely course Cuba's economic management will go.

Recent Economic History

Cuba endured dismal economic times in the early 1990s following the collapse of the Soviet Union and the end of its subsidies. Between 1989 and 1993, Cuba's gross domestic product fell 35%, while the island's foreign trade slumped by 75%. Many residents of Havana were forced to eat stray cats and dogs while an epidemic of optic neuropathy, caused by deficiencies in nutrition and resulting in temporary blindness, struck down an estimated 35,000 Cubans. As a consequence, economic security became an important part of national security.

Raul Castro reduced the military from about 300,000 troops in 1990 to an estimated 45,000 today. To revive the economy he pushed reforms such as farmers' markets and self-employment for plumbers, hairdressers and other small-time entrepreneurs. The Castro brothers appointed military and intelligence officers, who were their most trusted supporters, to cultivate foreign capital.

In 1991 Cuba negotiated its first cell phone deal with a Mexican company and a program was initiated wherein the military recruited foreign tenants for Soviet-built bases that were turned into duty-free zones. During this period, Raul sent officers, who had previously trained at prestigious Soviet military schools, to learn hotel management in Spain, and management accounting in Europe, Latin America, Asia, and Canada. Raul then applied capitalist-style accounting and management incentives to run military owned

factories. This reform program was called "perfeccionamiento empresarial" - entrepreneurial improvement.

By 2000, an estimated 1,400 state companies out of about 3,000 were being managed under the "perfeccionamiento empresarial" program. The military found foreign joint-venture partners for Cuba's moribund citrus industry, which had collapsed after losing its market in the Soviet Block. Today, citrus is an important export and its showcase exporter is a joint venture with Grupo BM, an Israeli firm that operates 115,000-acre farm that grows grapefruit using state-of-the-art drip irrigation techniques.

Cuba also benefits from an estimated \$2 billion annual oil subsidy provided by Venezuela's president Hugo Chavez. It has also allowed hundreds of millions of dollars of Chinese investment in its nickel-mining industry. Raul Castro has traveled to China several times to study Beijing's economic policies. Chinese economic advisors have visited and lectured in Cuba frequently.

Military Involvement

The Cuban military's network of companies is run by the Grupo de Administration Empresarial SA ("Gaesa"), or the Business Administration Group. Deputy Defence Minister General Julio Casas Requerio heads the group. The deputy head is Colonel Luis Alberto Rodriguez - Raul Castro's son-in-law. (A little nepotism never hurts - eh?) The group is run from offices on the fourth floor of Cuba's defence ministry.

Gaesa's most important business is Gaviota - the tourism company. Gaviota started by turning officers' clubs and navy bases into resorts. It now has an estimated 8,500 rooms out of Cuba's total of 40,000 hotel rooms. Many of its hotels are luxury five star establishments managed by companies such as Spain's Sol Melia and France's Club Med. Gaviota owns the domestic airline, Aerogaviota. It also rents cars, runs marinas, manages gourmet restaurants and specialty attractions such as an operation that allows tourists to swim with dolphins.

The Cuban Generals occupy top management slots in the country's economic ministries.*

- Ulises del Toro - Head of Cuba's sugar industry, a member of the Politburo and served as Raul Castro's chief of staff for 15 years. He also was military adviser to Venezuelan guerrillas during the 1960s.
- Abelardo Colome - Interior minister and considered Raul Castro's closest confidant. He served under Raul in the rebel army during 1959 revolution, served as Havana's police chief, and, was the first commander of Cuban troops in Angola.
- Alvaro Lopez Miera - Chief of staff of Cuba's armed forces. He joined Raul Castro's revolutionary forces in eastern Cuba when still a teen-ager, saw action in Angola and Ethiopia, and studied at prestigious Soviet military academies.
- Julio Casas Requeiro - Deputy defence minister - He heads the holding company that operates the armed forces' business empire. He fought with Raul Castro's forces in the Sierra Cristal during the revolution and is a veteran of Cuba's African campaigns.

*[*The Wall Street Journal cites Brian Lately, author of "After Fidel, The Inside Story of Castro's Regime and Cuba's Next leader"; Institute for Cuban and Cuban-American Studies at the University of Miami as source. The summary carried in the article was an OSINT analyst's delight!]*

Other generals run the civil aviation, fishing, telecommunications and transportation ministries. A colonel is in charge of Habanos SA, a joint venture with the Spanish firm Altadis, which markets the country's famous cigars around the world. Another colonel runs the tourism industry. The military has a whole unit devoted to doing joint ventures in agriculture.

Strategic Direction

The critical role of the armed forces in the Cuban economy has allowed the Castro brothers to reward their supporters and gives them a stake in the preservation of the regime. Intelligence analysts expect Cuba will follow the "Chinese model" of liberalization - experimenting with market incentives while maintaining tight political control.

There are doubts that a Raul Castro government could accomplish a pure Chinese-style transformation - Cuba is located too close to the United States and a very wealthy and influential community of exiles are a "government in waiting" in Miami. It is expected the Cuban military will move to extend greater monopolistic control after Fidel's death. This will lead to corruption - which will be the successor regime's biggest vulnerability.

Soldiers involved with foreign joint ventures have life styles far better than others in the regular military. Many of the sons of high-ranking military officers - the "juniors" - often live abroad and enjoy privileges unknown to rank and file Cubans. There is wide spread complaint that the "juniors" charge commissions for contracts done with their fathers. There is fear these "juniors" will evolve into semi-criminal mafias that will dominate the expected more "liberalized" new economy.

[Instead of China becoming the model for Cuba, Raul Castro may turn Cuba into a Caribbean version of post-Communist Russia - in effect, another Putinesque masterpiece. Tennis may become more popular than baseball on the Island!]

FOLIO - OPEN SOURCE INTELLIGENCE - DEFINITIONS

1. The Law of **Anecdotal Sources**
Anecdotal Sources can be the most accurate sources of all!
2. The Law of **Beneficiary & Motive**
"Identify the beneficiary and you will determine the motive of any action" - Lenin
3. The Law of **Conspicuous Inconspicuousness**
Sometimes what the enemy is not doing - forewarns as to what the enemy is about to do.
4. The Law of **Disinformation/Disinformatia**
MI5/MI6 and the KNVD/GRU/KGB/(Vladimir & friends) are the best in the world at disinformation/disinformatia.
5. The Law of **Exponential Risk**
The likelihood of information 'leak' increases exponentially with the number of people taken "into confidence".
6. The Law of **Game-Set-Match**
The contest is over before it starts!
7. The Law of **Stalingrad Syndrome**
The finality of an outcome is certain - only the entrapped are ignorant of the finality!
8. The Law of **Unexpected Adverse Consequences**
"What can go wrong - will go wrong!" - except the adverse consequences take place over a much larger-panoramic domain.

9. The Law of ***Watch the Rear***

The enemy sniper will be aiming between your eyes - this is a certainty. The real enemy will fire at you from behind - this is an even greater certainty.

CONTEMPORARY WARFARE

China - Unrestricted Warfare

Unrestricted Warfare is the English translation of a Chinese work of military science written in 1999 by Qiao Liang and Wang Xiangsui, two Colonels in the People's Liberation Army. Its primary concern is how a nation such as China can defeat a technologically superior opponent (such as the United States) through a variety of means. Rather than focusing on direct military confrontation, this book instead examines a variety of other means. Such means include using International Law and a variety of economic means to place one's opponent in a bad position and circumvent the need for direct military action.

This manual is available at <http://www.terrorism.com/documents/TRC-Analysis/unrestricted.pdf>

(Excerpt from Wikipedia, the free encyclopedia http://en.wikipedia.org/wiki/Unrestricted_Warfare)

International Crisis Group - Information Feeds

Brussels, 15 November 2006: International Crisis Group today announced the release of twenty-two new region-specific RSS feeds designed to inform users of their latest publications on areas of the world in which they are most interested.

RSS (Really Simple Syndication) feeds provide up-to-the-minute updates of new additions to the website in a form that can be read by web browsers and news readers. Crisis Group's RSS feeds feature all newly published reports, briefings, statements, speeches, op-eds and media releases.

For an overview of the new feeds and for more information about how to use RSS feeds, please visit www.crisisgroup.org/rss (Excerpt from International Crisis Group)

Future Army Air and Missile Defence

The link

<http://www.epicos.com/WARoot/TechDoc/DARPA%20Future%20Air%20Missile%20Defense.pdf>

is to an article entitled "DARPA and the Future of Army Air and Missile Defense" by Captain Paul K. Chappell. This three page commentary discusses defence research with DARPA with a focus on missile defence. It is an enlightening perspective on one facet of scientific support to the military within the American Army. The piece starts with:

"The Defense Advanced Research Projects Agency (DARPA) produces some of this country's most high-tech innovations. Both past and present, these technological advances have achieved far-reaching applications in both the military and civilian sectors. In the future, DARPA will continue to explore the boundaries of scientific feasibility in its search for high-payoff discoveries in various fields of technology. Throughout this article, I will describe DARPA's mission and how its discoveries have impacted and will continue to impact the military and civilian sectors-Air Defense Artillery in particular."

Counter Insurgency Initiative Website

The United States Government has created a website sponsored jointly between the Defense and State departments. This website, available at www.usgcoin.org states: "We request that all US Government agencies provide input to this website. Please contact us with your agency's contribution." The site is currently a work-in-progress and is at this time heavily focused on the September 28-29

Counterinsurgency Conference (<http://www.state.gov/t/pm/rls/othr/misc/73473.htm>) and its outcomes. As the site develops further, the intent is for it to become an information clearing house and a virtual working environment for counterinsurgency. The vast majority of the website's content will be available to the public. Only working documents, once posted, will be password-protected. Currently all documents are available to the public.

In effect, this is an attempt to establish a governmental community of practice in the Global War on Terror. The two officials who have connected themselves with the site are Dr. John Hillen, Assistant Secretary, Political-Military Affairs, and Dr. Jeffrey Nadaner, Deputy Assistant Secretary of Defense, Stability Operations. Most items are strategic in nature and there are interesting links to doctrine, documents and organisations.

Afghanistan - Joint Intelligence Centre

Khaleej Times Online - "Khaleej Times is the No.1 English language daily newspaper published from Dubai, United Arab Emirates. The newspaper is owned by Galadari Printing and Publishing Llc. It reaches out to all parts of the UAE. Additionally, it covers Bahrain, Oman, Kuwait, Qatar and Saudi Arabia through a dedicated distribution network. It is also sold on stands in the UK, India and Pakistan."

"Afghanistan, Pakistan and NATO review joint intelligence centre" (AFP) 11 November 2006

Available at

http://www.khaleejtimes.com/DisplayArticleNew.asp?xfile=data/subcontinent/2006/November/subcontinent_November399.xml§ion=subcontinent

ABUL - Military commanders from Afghanistan, Pakistan and NATO reviewed plans Saturday to build a jointly staffed centre to share intelligence in their battle against extremist militants, an official said.

The commanders were in Kabul for the 19th meeting between the three forces that are together fighting unrest that spans the Afghan and Pakistan border and involves Islamist groups such as the Taleban and Al Qaeda.

Part of their discussions focussed on a planned joint military intelligence sharing centre expected to be based in the Afghan capital, an official with the NATO-led International Security Assistance Force told AFP.

The centre will be staffed by Afghan, Pakistani and ISAF officials and will 'work to understand what information can quickly be shared in a mutually beneficial fashion,' he said.

The meeting -- led by Afghanistan's General Sher Karimi, Pakistan's Major General Ahmad Shuja Pasha and ISAF's General David Richards -- also heard reports on border security and efforts to counter improvised bombs regularly used by the rebels.

The Taleban were in government from 1996 until 2001, when they fled the capital on November 12 after an offensive led by the United States and involving Afghan resistance factions now in the new government.

Members of the extremist group and their Al Qaeda allies fled across the border into Pakistan from where Afghan and international officials allege they are directing an insurgency against the current administration and its international allies.

The violence in Afghanistan has spiked this year -- with around 3,000 people killed, about two-thirds of them rebels -- and there has been similarly styled violence just inside Pakistan.

In Remembrance



The Editors of the
Intelligence Security Diary
remember those who have fallen in
recent Canadian Forces operations and
in particular those who have been killed
in the war in Afghanistan.

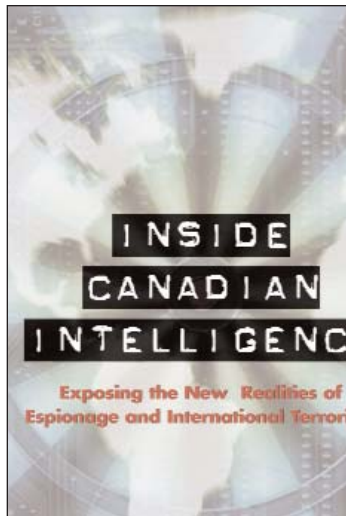


Master Cpl. Raymond Arndt
Cpl. Glen Arnold
Cpl. Robbie Christopher Beerenfenger
Diplomat Glyn Berry
Cpl. Anthony Boneca
Cpl. David Braun
Pte. David Byers
Pte. Robert Costall
Pte. William Jonathan James Cushley
Pte. Kevin Dallaire
Cpl. Paul Davis
Cpl. Matthew Dinning
Cpl. Ainsworth Dyer
Cpl. Andrew James Eykelenboom
Sgt. Craig Paul Gillam
Chief Warrant Officer Robert Girouard
Capt. Nichola Goddard
Cpl. Francisco Gomez
Pte. Mark Anthony Graham
Pte. Richard Green
Major Paeta Derek Hess-von Kruedener
Sgt. Vaughn Ingram
Cpl. Shane Keating

Pte. Josh Klukie
Sgt. Marc D. Leger
Bombardier Myles Mansell
Warrant Officer Frank Robert Mellish
Cpl. Robert Thomas James Mitchell
Cpl. Keith Morley
Cpl. Jamie Brendan Murphy
Warrant Officer Richard Francis Nolan
Cpl. Randy Payne
Cpl. Christopher Jonathan Reid
Sgt. Robert Alan Short
Pte. Nathan Smith
Sgt. Shane Stachnik
Cpl. Albert Storm
Sgt. Darcy Tedford
Lt. William Turner
Master Cpl. Jeffrey Scott Walsh
Cpl. Jason Patrick Warren
Pte. Blake Williamson
Trooper Mark Andrew Wilson
Master Cpl. Timothy Wilson
Pte. Braun Scott Woodfield

PROFESSIONAL SERVICES

For Professional Services advertising rates: david.rubin@gowlings.com or (416) 862-3520.



Terrorist attack is certain; we can't ignore warnings

Winnipeg Free Press

Sunday, July 16, 2006

Inside Canadian Intelligence

Exposing the New Realities of Espionage and International Terrorism

By Dwight Hamilton

Dundurn Press, 264 pages, \$35

Reviewed by Harold Buchwald

It won't come as a shock to anyone who has been paying heed to world terrorism that al-Qaida has labeled Canada as the fifth most important Christian country to be targeted. The United States, Great Britain, Spain and Australia have already been hit. Dwight Hamilton, principal author and editor of this remarkable book, rhetorically asks, "Who's next?"

Perhaps, with inside knowledge, or professional clairvoyance, he was anticipating the apprehension of "the Toronto 17," the Canadian Muslims who were arrested in Ontario last month on charges of plotting terrorist activity within Canada. It was widely predicted that *Inside Canadian Intelligence* would never see the light of day. Besides Hamilton, a journalist, its main contributors are three former highly placed members of the Canadian security and intelligence community.

The results are an informative and revealing study of the intricate and at times Byzantine multiple structures that have been put in place in a large number of different federal departments and agencies to apprehend and counter terrorist activity at home and abroad.

Ex-security officials Kostas Rimsa and John Thompson each contributed four or five chapters. Former Winnipegger Robert Matas, national correspondent with the *Globe and Mail*, has added an enlightening chapter on the Air India bombings and the failures of the Canadian Security and Intelligence Service (CSIS) and the RCMP in their handling of the investigation and prosecution of the suspected perpetrators.

Readers will be fascinated by the substantial detail revealed and the lucid explanations provided of the murky world of intelligence and security. The information is up to date as of February of this year. They will also appreciate the authors' lament and frustration that their warnings of clear and present dangers are generally falling on deaf ears of politicians, commentators and the public at large, who seem to be either unaware or unconcerned. The particular Canadian political psyche provides a soft underbelly for terrorist elements -- foreign and domestic -- who would do us harm.

According to Hamilton and colleagues, the barriers to effective surveillance and apprehension are:

- A prevailing lack of political will.
- Chronic under-funding.
- Bilingualism policies that have excellent candidates for senior intelligence work passed over because they don't speak French (although they speak eight other languages).
- Lax immigration policies and practices (there are currently over 200,000 illegal aliens in Canada).
- Privacy laws that inhibit personal investigations.
- An oversensitivity to Charter of Rights concerns.

In these things, the authors say, we have fallen far behind the Americans, the British and the Australians in the misguided belief that it can't happen here.

The authors propose a pragmatic seven-point plan of action to deal with espionage and terrorism in Canada in the current reality. They also urge readers to constructively lobby their members of Parliament and all political leaders. Describing intelligence as "the brains behind the sword," they urge that an al-Qaida attack is not a matter of if, but when. We ignore these warnings at our peril.

I want a law firm that understands our needs.

We Understand

You want a law firm that has defence and security sector expertise, anticipates and responds to your needs, and gets results.

You want **Gowlings.**

- Crisis management
- Data governance/privacy legislation
- Employment issues
- Federal, provincial and municipal government relations
- Government procurement
- Information security incident management
- Intellectual property and technology law
- Strategic legal advice on corporate and commercial matters

For more information, please contact:

David A. Rubin, QC, Partner
416 862-3520
david.rubin@gowlings.com

Get the power of original thought working for you.

gowlings.com



Barristers & Solicitors | Patent & Trade Mark Agents

The Power of Original Thought

gowlings.com

Montréal | Ottawa | Toronto | Hamilton | Waterloo Region | Calgary | Vancouver | Moscow