



Foreign Policy 2017



Introduction

The Foreign Policy Initiative (FPI), a non-partisan and non-profit 501(c)(3) organization in Washington, D.C., has developed **Foreign Policy 2017**, a resource that is publicly available online via FPI's website at www.foreignpolicyi.org/foreignpolicy2017. As you page through the book, you will see that it offers a useful overview of today's most pressing challenges to U.S. foreign policy, concisely pulling together key points, critical facts, and penetrating insights.

FPI also **offers policy briefings** to members of Congress and federal candidates in the United States—regardless of political affiliation. These tailored briefings, which can run from a half-hour to a half-day, connect Washington's current and future decision-makers with America's leading thinkers on foreign policy.

To schedule a policy briefing with FPI, please contact us at info@foreignpolicyi.org.

About the Foreign Policy Initiative

The Foreign Policy Initiative (FPI) is a **non-profit and non-partisan tax-exempt organization** under Section 501(c)(3) of the U.S. Internal Revenue Code that promotes:

- **continued U.S. engagement**—diplomatic, economic, and military—in the world and rejection of policies that would lead us down the path to isolationism;
- **robust support** for America's democratic allies and opposition to rogue regimes that threaten American interests;
- **the human rights** of those oppressed by their governments, and **U.S. leadership** in working to spread political and economic freedom;
- **a strong military** with the defense budget needed to ensure that America is ready to confront the threats of the 21st century; and
- **international economic engagement** as a key element of U.S. foreign policy in this time of great economic dislocation.

FPI looks forward to **working with all who share these objectives**, regardless of political party, so that the United States successfully confronts its challenges and makes progress **toward a freer and more secure future**.



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Executive Summary

Americans have passionately debated foreign policy since the founding of the republic. It is on the basis of such debate that a bipartisan consensus was reached after World War II on **the necessity of American leadership in the world in order to advance the causes of peace, prosperity, and freedom.**

Now, for the first time, American voters have chosen a president who campaigned against many of the elements of American leadership, including long-term alliances, economic openness, and a concern for democracy and human rights. At the same time, the president has filled the key positions in his cabinet with advisers who recognize the value of international leadership. Thus, **American foreign policy has entered into a period of uncertainty with no precedent in the postwar era.** Will President Trump pursue the agenda he laid out as a candidate? Or will it be tempered—perhaps even repaced—by the perspectives of his advisers?

The Foreign Policy Initiative (FPI) remains committed to educating Congress, the executive branch, and the American public about how international leadership has enabled us to become stronger, richer, and more influential than our rivals. American leadership has made our allies more secure, helped to raise nations out of poverty, and spread freedom to places it never reached before. **The question is not whether U.S. foreign policy puts America first. It is whether we recognize that America does best when we advance our own interests by cooperating with our friends on the basis of shared values.**

To serve as an effective leader, **the United States must rebuild its armed forces**, so that we can deter adversaries or defeat them if necessary. We also need **a strong and respected intelligence community** capable of detecting threats that may arise at any moment. Likewise, America must have **a first-rate diplomatic corps** so that we can strengthen our alliances and negotiate with our adversaries from a position of strength. Finally, **effective foreign aid programs**, with a proven record of saving millions of lives, are integral to U.S. leadership.

Our readiness to lead also depends on a vibrant economy. Increasingly, there is a temptation to believe that we can protect American jobs by creating barriers to free trade and competition. While there are workers and communities that have suffered because of trade, **the American people as a whole benefit from economic openness.** Cancelling trade agreements and raising tariffs will only raise the cost of living for American workers. The United States should also **lower costs for consumers and increase our energy security** by taking maximum advantage of new technology for producing oil and gas.

Last but not least, American leadership depends on **a commitment to the principles of freedom.** This commitment enables the United States to win the trust of friends and allies across the globe, while remaining true to our belief that our Creator has endowed all mankind with inalienable rights to life, liberty, and the pursuit of happiness.

Challenges and Opportunities

Afghanistan

To prevent terrorism at home, the United States must remain committed to fighting terrorism in Afghanistan. Already, the drawdown of U.S. forces has led to dramatic gains for the Taliban and al-Qaeda and heavy casualties for Afghan forces, who fight tenaciously.

China

Beijing's military build-up and its aggressive, destabilizing foreign policy now threaten the Asia-Pacific region and the world. The United States and its democratic partners in Asia must send a clear message to Beijing that they will remain united in the face of Chinese intimidation, while speaking out on behalf of dignity and human rights for the people of China.

Iran

The Islamic Republic of Iran is **a state sponsor of terrorism whose nuclear program was legitimized by the flawed 2015 nuclear deal.** The U.S. should compel Iran to renegotiate the deal by imposing sanctions in response to its missile tests and pushing back on every front against its campaign to dominate its neighbors by means of subversion, force, and propaganda.

ISIS, al-Qaeda, Iraq, and Syria

Terrorist attacks in Paris, Brussels, Orlando, and San Bernardino have demonstrated that the U.S. and its allies must destroy the Islamic State. The campaign against ISIS in Iraq and Syria has begun to make significant gains, yet the Islamic State will remain a global threat even after it loses its sanctuaries in Iraq and Syria. Meanwhile, **al-Qaeda is quietly growing stronger.**

Israel

America has a vital interest in ensuring that Israel remains strong and secure. Israel is a valuable democratic ally in a dangerous region, which shares both our values and our interests.

Latin America

The U.S. and its partners in the region must continue to promote free elections, individual liberty, human rights, and economic freedom throughout the hemisphere. Pressure on Cuba and Venezuela should not cease until their governments stop oppressing their people.

North Korea

North Korea is the most repressive regime in the world whose illegal nuclear weapons directly threaten the U.S. and its allies. Pyongyang has shown that it will not negotiate in good faith but is susceptible to sustained political and economic pressure.

Russia and NATO

Vladimir Putin's campaign of aggression and intimidation presents a direct threat to NATO and especially its Baltic member states. It is vital that the United States and its European allies work together to preserve the gains that resulted from four decades of NATO solidarity during the Cold War. Meanwhile, the Russian intervention in Syria has only empowered extremists. Putin is not a viable partner in the fight against ISIS.

Ukraine

The U.S. and its allies must help Kiev to stop and reverse Vladimir Putin's invasion of eastern Ukraine and annexation of Crimea. Despite the hardships imposed by Moscow's aggression, Kiev must demonstrate greater commitment to fighting corruption at home if it expects foreign support.



I. The Case for American Leadership

America's Role in the World

What is an "America First" foreign policy? Does the idea of putting our interests above all others represent a sharp break with the past, or just a return to common sense? As a slogan, "America First" is controversial because it began as a rallying cry for the isolationists who favored neutrality in the early 1940s while the Nazis were conquering Europe and the Japanese empire enveloped East Asia.



American foreign policy has always prioritized the security and interests of the American people, yet since World War II, our leaders have been much more willing to support policies that ensured long-term benefits even if they entailed short-term costs. This led the United States to build a global network of alliances, promote free trade, and speak out on behalf of democracy and human rights.

President Trump's statements as a candidate suggest that an America First foreign policy would focus on deriving clear and immediate benefits for the United States from every agreement or action. In that vein, Trump has questioned the value of alliances, trade, and the defense of democracy or human rights.

Americans would undermine their own prosperity by retreating to protectionism and isolationism. The frustrations of the past 15 years have led many Americans to question whether the costs of leadership are greater than its benefits. The history of the postwar era clearly shows that a strategy of long-term leadership has helped to create a world that is far safer, freer and more prosperous than ever before.

Key Points

- **In the first half of the 20th century, when no single nation was capable of preserving the peace, two catastrophic wars tore apart Europe and compelled America to fight.** In the era of American leadership, there have been no wars between great powers. This has not prevented such regional conflicts as the wars in Afghanistan and Iraq, yet the absence of another world war is nonetheless remarkable.
- **Alliances with other democratic nations have played a crucial role in preventing conflict and securing peaceful victories, such as the end of the Cold War.** As a candidate, President Trump frequently criticized alliances as a raw deal for the United States. Some aspects of this criticism were simply false, such as the accusation that our allies don't share the cost of basing American troops on their soil. It is true, however, that many of our allies don't spend as much on defense as they should. Nonetheless, while a particular alliance may seem unbalanced, the ability of the United States to create enduring networks of allies has played a crucial role in deterring our adversaries. In the long-term, this benefit far outweighs the short-term cost of any alliance.
- **The American commitment to democratic values enhances our security and provides the foundation for our leadership.** Trust plays a critical role in foreign relations. Countries watch each other carefully over long periods of time, paying careful attention to the motivations that drive the other's behavior. America's partners have learned that we do not seek to conquer and dominate weaker nations – something that cannot be said of Russia, China, or Iran. Instead, we respect the independence of peaceful nations and work to defend the liberty of free peoples. Thanks to this trust, others welcome our leadership in dangerous and controversial undertakings, such as the campaigns against ISIS and al-Qaeda. If the United

States began to place its short-term interests above all other concerns, we would jeopardize the trust we have built over decades and the advantages that trust allows.

- **Trade agreements play a vital role in cementing long-term partnerships and alliances.** The economic impact of trade has become a subject of intense debate. (For more information, see “Trade” on page 15). However, the strategic benefits of trade are clear. By promoting an open system of global trade and commerce, the U.S. has strengthened the ability of our allies to contribute to the common defense. If ratified, agreements such as the Trans-Pacific Partnership (TPP) would have helped to demonstrate that alignment with the United States is the surest road to prosperity and that deference to China—which is excluded from TPP—is not necessary.
- **Incomparable military strength is essential for U.S. leadership.** Unmatched strength is the surest road to peace. While other countries may trust the United States because of its commitment to shared values, partners will only take risks by our side if they know we have the strength to defeat our common enemies. Over the past five years, deep cuts to the defense budget have seriously impaired the size, readiness, and technological advantages of the U.S. Armed Forces. As a candidate, President Trump said that as soon as he took office, he would “ask Congress to fully eliminate the defense sequester” and request funds to increase the size, readiness, and capabilities of our forces. This would represent a major step forward for American national security.
- **Decline is a choice.** America alone has the means to achieve enduring greatness. Despite the economic challenges of the past decade, the U.S. economy remains the most innovative in the world and is still growing faster than almost all of our allies. Our population is likely to keep growing for decades, while other wealthy nations struggle with demographic decline. Our principles and culture continue to appeal to people across the globe. In contrast, our adversaries invest tremendous energy and resources in silencing their own populations. Their neighbors fear and distrust them. Corruption pervades their economies. In recent years, they have succeeded because of their ruthlessness; against a strong and confident America, their options are sorely limited.

Defense Policy and Budget

In 2017, the White House and Congress will have a historic opportunity to reverse the decline of the Armed Forces' size, readiness, and capabilities.

As George Washington observed in his first State of the Union address, "To be prepared for war is one of the most effectual means of preserving peace." Yet the U.S. Army, Navy, and Air Force have each shrunk to historic lows in recent years, while their equipment has grown older and training less frequent.



As a candidate, President Trump said that as soon as he took office, he would "ask Congress to fully eliminate the defense sequester" which has led to a 10% real reduction in the U.S. defense budget despite the intensification of threats across the globe. The President also laid out specific targets for the growth of each of the armed services and said he would request funds to finance that growth.

Key Points

- **The Constitution clearly states that it is the exclusive and mandatory responsibility of the federal government "to provide for the common defense."** Whereas most federal powers are discretionary, defense is mandatory. Thus, the Constitution assigns a broad array of defense-related authorities to both Congress and the President. A failure to provide the armed forces with sufficient resources amounts to negligence of this constitutional imperative.
- **Military strength provides America with the leverage necessary to achieve its objectives through diplomacy and deterrence. Diplomatic and military solutions are complementary, not mutually exclusive.** Military strength can reassure allies, encouraging them to take a more constructive role in the diplomatic process. It can also compel our adversaries to compromise by showing that they cannot exhaust or intimidate us.

Rebuilding & Reform

- **Under the Budget Control Act (BCA) of 2011, our armed forces are suffering steep cuts.** Initially, the BCA required \$487 billion in cuts to the defense budget over 10 years. Then, in 2012, the failure of a bipartisan committee to reduce the deficit triggered an additional \$500 billion in "sequestration" cuts. As the President noted last year, "defense took half of the [sequestration] cuts – even though it makes up only one-sixth of the budget." Although a series of temporary deals have restored a sliver of this funding, it remains insufficient for our military's needs.
- **Defense spending is not responsible for the country's debt or deficits. Spending on entitlements is far greater.** Forty years ago, defense consumed 30 percent of the federal budget compared to 26 percent for major entitlements. Today, defense accounts only for 16 percent while major entitlements consume 48 percent of the budget.
- **Leading experts on both sides of the aisle have warned that a failure to invest in our military runs the risk of it becoming a "hollow force."** In 2014, the National Defense Panel, a bipartisan commission established by Congress, unanimously called for returning to pre-BCA levels of spending.
- **Together with the Department of Defense, the Armed Services Committees in the House and Senate have pursued a reform agenda designed to ensure that the Pentagon spends taxpayer dollars efficiently.** Recent reforms have focused on the military retirement system, the weapons acquisition process, and the excess of civilians in the Department Defense. Additional targets

for reform must include the cost of Pentagon services contracts, the quality and cost of military healthcare, the rigidity of the Department's personnel system, and the closure of unnecessary bases.

- **Reform and rebuilding are complementary goals that should proceed together.** Well-intentioned critics suggest that rebuilding should wait until the process of reform is complete, so every taxpayer dollar is spent most effectively. Yet even the most ambitious reform agenda would not generate enough savings to compensate for recent cuts. No less importantly, we cannot postpone rebuilding, since our adversaries will not delay their efforts to threaten our sovereignty and security.

Readiness and Force Structure

- **To meet challenges across the globe, the military must have sufficient forces to deal with multiple crises.** In 2011, Secretary of Defense Leon Panetta told Sen. John McCain that sequestration-level cuts would result in “the smallest ground force since 1940, the smallest number of ships since 1915, and the smallest Air Force in its history,” a warning that has come to pass. As a candidate, the President said he would ask Congress to add 90,000 soldiers to the Army, for a total of 540,000; an additional 13 combat battalions to the Marine Corps, which now has 23 battalions; 74 ships to the Navy, to create a fleet of 350 ships; and 87 more fighter aircraft, for a total of 1,200 in the Air Force.
- **The Armed Forces' readiness to fight has declined sharply because too few units are being asked to conduct too many missions with insufficient resources.** Last year, the Marine Corps reported that only 30 percent of its strike fighters were ready to fly. Desperate mechanics even stripped parts from a mothballed museum jet to help get one plane back in the air. This year, the Navy reported that two-thirds of its strike fighters can't fly. Air Force pilots are getting fewer hours in the air than pilots in the “hollow force” of the 1970s. During his first week in the White House, President Trump issued an executive order instructing the Secretary of Defense to address the readiness crisis as quickly as possible and to request from Congress the necessary funding to do so.

Nuclear Weapons and Missile Defense

- **Nuclear weapons remain essential to deterrence.** To ensure that the U.S. arsenal remains secure and effective, the Pentagon must follow through on its long-overdue modernization plans. All three legs of the triad—sea, land, and air—remain necessary to ensure strategic stability. The modernization of the U.S. nuclear arsenal will be expensive, yet the overall size and cost of the arsenal has fallen sharply since the Cold War ended. While Americans rightly hope for the eventual abolition of nuclear weapons, our adversaries continue to build up their nuclear arsenals and violate arms control agreements.
- **Missile defense programs play a critical role in deterring nuclear-armed rogue states as well as other adversaries.** Funding for the Missile Defense Agency (MDA) has fallen more than 20 percent in real terms from its 2007 peak. These cuts have had a disproportionate impact on the MDA research enterprise, since the Pentagon now draws on the Agency's budget to pay for the procurement and operation of active missile defense systems. Especially as ballistic missile threats from North Korea and Iran grow, it is essential that MDA be sufficiently funded to stay ahead of the threat.

Democracy and Human Rights

When children are butchered in Aleppo, what should America do? When dissidents are tortured in Moscow or women forced to have abortions in rural China, what is the proper response? This brutality tears at America's conscience, yet also creates a feeling of helplessness, since it is hard to know how we can prevent ruthless dictatorships from abusing their own citizens.



Americans have always felt a special connection to the victims of oppression because our own freedom is founded on the notion that each and every human being is endowed with God-given rights. From the earliest days of the Republic, Americans have expressed alarm in response to atrocities overseas. Yet there is an equally old tradition of questioning whether America “should go abroad in search of monsters to destroy”, since it may lead to us getting entangled in bloody foreign conflicts.

While Americans cannot right every wrong, a consistent stand against oppression can help to resolve crises and promote the spread of democracy and human rights. This is not just something that America should do because it is right, but because it is in our interest. Our influence grows and our adversaries' influence diminishes when our values prevail.

For more information about democracy in the Middle East, see page 27.

Key Points

- **The United States can and should promote both our values and our interests at the same time.** Nations that become democratic are far more likely to become pro-American as well; our many allies in Eastern Europe provide clear examples. In contrast, nations that regress toward dictatorship, such as Russia and Venezuela, often become dangerously anti-American. Furthermore, our commitment to democracy and human rights weakens our principal adversaries, because they are dictatorships that live in fear of their own populations.
- **Sometimes, a conflict between our values and our interests is unavoidable.** In some cases, it is necessary to cooperate with one dictatorship to defeat another that is even more dangerous. The classic example is our alliance with the Soviet Union against Nazi Germany. This means that the consistency of our commitment to democracy and human rights can never be perfect. However, by doing the right thing as often as possible, the U.S. can ensure its credibility as an advocate of democratic values.
- **It is essential for the President and other p to speak out consistently on behalf of democracy and human rights.** Words are powerful, even when American leverage seems to be limited. As dissidents testified after the Cold War, hearing the truth about their governments often provided them with encouragement in moments of despair. In contrast, when our leaders ignore or deny human rights violations, it emboldens our adversaries. For that reason, foreign policy experts from across the political spectrum expressed grave concern when President Trump, as a candidate, refused to acknowledge oppression in Russia while praising China's violent suppression of the Tiananmen Square protests.
- **The United States did not invade Iraq or any other country for the purpose of making it democratic.** On important occasions, from World War II to the War on Terror, the United States has overthrown hostile regimes that threatened our security. After defeating these adversaries, we have supported the establishment of governments chosen by the people. In Iraq, the failure to locate weapons of mass destruction encouraged the mistaken belief the purpose of

the war was to promote democracy, or even the belief that war is the principal means of spreading freedom.

- **Diplomacy, not force, is the most important means of promoting democracy and human rights.** The forceful expulsion of a brutal dictatorship, whether in Berlin, Tokyo, or Baghdad, commands far more attention than less noticeable efforts to support dissidents or pressure an authoritarian regime. Yet some of the most successful transitions to democracy, such as those in South Korea and Chile, were facilitated through diplomatic means. Moreover, those efforts often entailed bipartisan support as well as cooperation between Congress and the executive branch.
- **Democratic values resonate across every racial, religious, and cultural divide.** The spread of democracy throughout Latin America, Eastern Europe, East Asia, and even parts of Africa has dismantled the argument that democracy and human rights are Western inventions that other people either do not want or cannot sustain. Even the people of the Middle East have clearly shown their thirst for liberty, although extremist movements and repressive governments have undermined the hopes of the Arab Spring.
- **Repressive governments often provoke precisely the kind of instability that they are supposed to prevent.** During the Cold War, Americans argued about whether to support anti-communist strongmen in order to suppress communist insurgencies. Siding with dictatorships often backfired, generating a more potent insurgency as well as an anti-American backlash. Today, in Syria, the brutality of the Assad regime is precisely the reason that ISIS has become so powerful. In Egypt, an anti-terrorist dictatorship has made many friends in Washington, yet seems incapable of defeating the Islamic State's branch in the Sinai.
- **There is deep disagreement about whether the United States should use military force to prevent genocide, ethnic cleansing, and other mass atrocities.** When a regime wages war on its own civilian population, only force can stop it. In Kosovo in 1999, an American-led intervention prevented massacres from escalating into genocide. In Libya in 2011, a second intervention also prevented atrocities from escalating into a mass slaughter. However, Libya soon became a safe haven for terrorists, including those who killed four Americans in Benghazi. It is very difficult to weigh the benefits of saving lives against the risks of further instability. However, inaction can impose extremely high costs. In Syria, American passivity has resulted in mass atrocities, the empowerment of ISIS, and the spread of Russian and Iranian influence in a critically important part of the world.

Energy Security

After trading at more than \$100 per barrel from 2011-2014, oil prices fell sharply, hovering at around \$50 in the latter half of 2016, while the price of natural gas has fallen significantly over the past decade. In the U.S., these trends have substantially lowered the cost of gasoline and electricity, which has benefitted consumers while pushing numerous energy firms into bankruptcy. Abroad, falling prices have damaged the finances of energy exporters ranging from such adversaries as Russia to partners like Saudi Arabia.



While it remains the world's leading producer of both oil and gas, the United States must stay focused on the security of the global energy supply. The price of oil is set in a global marketplace, meaning the United States will continue to feel the impact of volatile prices. Disruptions of supply by key producers and renewed growth in global demand still have the potential to drive prices higher very rapidly. This is one reason that U.S. naval and air forces must remain committed to their historic mission of protecting the freedom of the seas, including major chokepoints in the global energy supply system, such as the Strait of Hormuz.

Key Points

- **The shale revolution led to dramatic growth in U.S. oil and gas production over the past decade.** The production of oil almost doubled while that of gas increased by 40 percent. According to a study by Dartmouth economists, the boom created 725,000 jobs, although falling prices have led to many bankruptcies in the energy sector. Even so, growth in U.S. production has played an important role in reducing the cost of energy both at home and abroad, thereby contributing to economic growth.
- **Battered by low oil prices, the members Organization of the Petroleum Exporting Countries (OPEC) finally reached a deal to cut production in November 2016.** This move temporarily boosted oil costs. OPEC also negotiated a series of coordinated production cuts with other leading oil producers, including Russia. Initial reports suggest that both OPEC and non-OPEC states are abiding by their commitments to reduce production, despite the temptation of selling at a higher price.
- **The United States must maintain its mission to ensure the freedom of trade across vital energy chokepoints in Asia and the Middle East.** In 2013, 63 percent of global oil exports were transported by sea. Thirty percent of oil shipped by sea must pass through the Strait of Hormuz, which is under the constant threat of Iranian blockade. The U.S. Navy is vital to the security and safe passage of this and other energy chokepoints across the Middle East and Asia.
- **Whereas oil is traded in a global marketplace, the difficulty of transporting natural gas has left many importers dependent on traditional suppliers like Russia, which use energy as a tool of intimidation.** In 2014, Russia halted the supply of natural gas to Ukraine. This echoed Russia's actions in the winter of 2006—just one year after the Orange Revolution installed a pro-Western government in Ukraine. A dependence on Russian gas prevented many European countries from responding more vigorously to the Russian invasions of Crimea and eastern Ukraine.
- **The United States is rapidly growing its capacity to export liquefied natural gas (LNG), and the growing LNG market is poised to make the United States a net energy exporter by the mid-2020s.** To cross the ocean, natural gas must be converted into a liquid and then converted back to a gas after being transported by ship. Although the United States is not yet a major exporter to developed countries, this growing capacity will provide our allies an opportunity

to reduce their energy dependency on authoritarian regimes. The United States should work to avoid imposing additional costs and delays on the construction of gas conversion facilities, in light of their growing strategic importance.

- **In time, renewable resources such as wind and solar energy may contribute significantly to energy security both at home and abroad while helping to protect the natural environment.** For the foreseeable future, however, the global economy will depend on oil, gas, and other hydrocarbons. According to the Energy Information Administration (EIA), hydrocarbons are projected to provide more than 80 percent of American energy through 2040. Globally, the International Energy Agency estimates hydrocarbon reliance at approximately 75 percent within the same timeframe. Meanwhile, increased production of natural gas will reduce carbon emissions by reducing reliance on coal. Today, U.S. carbon emissions are near their lowest levels in 20 years.

Foreign Assistance

Foreign assistance plays a key role in advancing America's national interests. From major programs like the Marshall Plan, which helped to rebuild Europe and stem the rise of communism, to modern initiatives like the Millennium Challenge Corporation, foreign assistance enables the United States to promote security, prosperity, and human dignity across the globe.

Foreign aid can be a potent means of demonstrating the power of American leadership to bring about positive change once thought impossible. Well executed assistance programs have saved millions of lives and enhanced the capabilities of our allies. Nonetheless, the difficulty of implementing assistance programs

demands constant vigilance and innovation to ensure that taxpayer dollars are spent efficiently in order to achieve measurable results.



Key Points

- **Foreign aid has helped to transform vulnerable partners into robust allies.** The Marshall Plan helped launch the recovery of Europe in the aftermath of World War II, promoting democracy while preventing the spread of communism. The cost of the plan was \$17 billion, or roughly \$120-\$160 billion in today's dollars. South Korea has become one of the top 10 markets for American exports, yet previously received \$35 billion of U.S. assistance (in real terms). Today, annual U.S. exports to South Korea are worth almost twice that amount. In Colombia, almost \$10 billion of U.S. assistance over a decade helped a reformist government turn a nearly failed state into a thriving democracy whose imports of American goods have increased five-fold, to \$18.6 billion in 2013.
- **The impact of foreign aid is indisputable.** The World Health Organization reports that AIDS-related deaths have fallen by almost half since their peak in 2005, largely as a result of the President's Emergency Plan for AIDS Relief (PEPFAR) launched by President George W. Bush in 2004. This program supports 11.5 million patients with anti-retroviral drugs – a 50 percent increase since 2014, which has been achieved without significant new funding. Other beneficiaries include 2 million children of infected mothers who were born without HIV.
- **The challenges remain daunting.** The annual death toll from AIDS remains in the neighborhood of 1 million. Each year, there are roughly 2 million new infections. Malaria kills more than 400,000 people each year, three-quarters of whom are children under five. (Fortunately, the death toll has fallen by almost 30 percent since 2010.) More people are displaced by war today than at any time since the Second World War. Health, sustenance, and education remain elusive for more than a billion men and women who contend every day with the effects of poverty, war, and natural disasters.
- **President Trump's proposal to slash the international affairs budget by more than a third would gravely harm U.S. diplomatic and foreign assistance efforts.** More than 120 retired three and four-star generals have written to the Congress asking that international affairs funding not suffer draconian cuts, as proposed by President Trump. As Secretary of Defense James Mattis previously warned, "If you don't fund the State Department fully, then I need to buy more ammunition."
- **Economic freedom is lifting billions out of poverty.** Market economies have brought decades of consistent growth to most of the developing world. The rise of China is the most remarkable illustration of this trend, yet the benefits are global. Nonetheless, more than a billion people still

live in countries where stagnation is the norm and the quality of life has not progressed for decades.

- **Foreign aid is one of several key sources of investment flowing from donor states.** The Hudson Index of Global Philanthropy estimates that donor states provided \$137 billion of assistance in 2011. Private charities raised \$60 billion. That total is matched almost exactly by the \$196 billion of remittances sent home by migrant workers. In addition, \$322 billion of private capital flowed into the developing world. The most effective aid policies amplify the impact of these other investments.
- **Foreign assistance plays an essential role in U.S. military operations.** In 2011, General David Petraeus, then serving as the commander of U.S. and NATO forces in Afghanistan, told Congress, “Inadequate resourcing of our civilian partners could, in fact, jeopardize accomplishment of the overall mission.” Senior military officers are among the most vocal advocates of ensuring that foreign assistance remains an integral part of the American foreign policy toolkit.
- **The United States should emphasize transparent and targeted foreign assistance.** For example, the Millennium Challenge Corporation (MCC) is an independent U.S. agency that awards grants to nations that can measurably demonstrate a commitment to good governance and economic freedom. These grants have supported water supply and sanitation projects, finance and enterprise growth, and democracy promotion in developing nations. MCC assistance helps not only to strengthen America’s current partners, but also to develop new ones.
- **Reforming foreign aid programs remains an imperative.** A recent review of lessons learned by the U.S. Global Leadership Coalition identified six areas of consensus among experts. To increase effectiveness, aid programs require high-quality staff and sufficient funding. There should be an increased focus on measurable results and leveraging private sector initiatives. Finally, there is a need for improved coordination among U.S. government agencies as well as the constant imperative to set clear priorities for investing scarce resources.

Intelligence

Our country needs a strong and flexible intelligence community that is insulated from political pressure. Elected officials should exercise independent judgement about matters related to intelligence, but they should not rush to attack the motives or conduct of intelligence professionals. Congressional oversight of the intelligence community is indispensable, but should not become a vehicle for advancing political agendas.



In recent years, the political process in both the United States and allied countries has come under an unprecedented attack by Russia, while China and other actors have escalated their cyber activities. In response, the United States should focus on more effective counter-intelligence operations, while developing an approach to cyber space that is integrated across the intelligence agencies and the Defense Department. These urgent needs come after years of budget cuts, the restriction of surveillance authorities, and internal threats to the security of classified information.

Key Points

- **In early January, the CIA, NSA, and FBI assessed with high confidence that Vladimir Putin sought to “undermine public faith in the U.S. democratic process” and to benefit the campaign of President Trump.** Putin has directed similar campaigns in several European countries in order to favor pro-Russian parties and weaken the resolve of our NATO allies.
- **Initially, President Trump rejected the intelligence community’s findings while challenging its competence and credibility.** He later accepted that Russia was responsible for hacking the Democratic National Committee. Trump did not specify the reasons for his initial doubts.
- **Public attacks on the intelligence community may be self-destructive in the long run, since every president depends on intelligence to inform and justify key national security decisions.** If the president does not have faith in the intelligence community, one should not expect either American voters or allied governments to have faith in its conclusions.
- **Politically motivated leaks threaten the intelligence community’s reputation for impartial analysis.** No administration should selectively leak classified information in order to justify its policies. Nor should anyone within the community leak classified information in order to obstruct the administration’s policies, unless the law has been broken.

Other Challenges

- **The United States should reverse deep cuts to the intelligence budget.** The intelligence community has suffered from cuts comparable to those imposed on the Department of Defense by the Budget Control Act of 2011 and the process of sequestration. Funding for the National Intelligence Program peaked at \$59 billion in FY 2011, falling to \$51 billion in FY 2014, before slight increases in subsequent years.
- **Edward Snowden was not a whistleblower; he indiscriminately released information that was deeply harmful to U.S. and allied national security.** A unanimous report by the 22 members of the House Intelligence Committee—13 Republicans and 9 Democrats—found that Snowden “caused extensive damage to national security” and lied on official documents. The report found that “the vast majority of the documents [Snowden] stole have nothing to do with programs impacting individual privacy interests—they instead pertain to military, defense, and

intelligence programs of great interest to America's adversaries." Even though Snowden has claimed that he reported his concerns through official channels prior to his theft of over 1 million documents, the committee found no evidence of such complaints.

- **The 2015 USA Freedom Act substantially reduced the intelligence community's access to the metadata of cross-border telephone calls.** Previously, the NSA collected metadata, which could be queried through a court established by the Foreign Intelligence Surveillance Act (FISA). In contrast, the new system relies on telecommunication service providers to preserve their own metadata, then provide the government with case-by-case access when the FISA court issues a warrant. Former CIA Director Michael Hayden and Attorney General Michael Mukasey have criticized "this cumbersome and untried process" that would "be more burdensome than what any assistant U.S. attorney must do to get metadata in a routine criminal case."
- **There were extensive safeguards in place to prevent the NSA's metadata collection program from violating Americans' privacy.** While serving in Congress, CIA Director Mike Pompeo explained,

"[The] metadata program permits the federal government to store telephone call data—date and time of call, the calling number (from address) and the called number (to address); and the duration of the call. That's it. It does not permit the collection of any call content, nor the names of the callers, nor any locational information—none.

"It then allows for that data to be queried, under court-approved processes and only after providing the court a reasonable articulable suspicion in connection with communications from specific foreign terrorist organizations. There is no data-mining or indiscriminate sifting through the data; every single query conducted is auditable."

Former CIA Director Michael Hayden and former Attorney General Michael Mukasey add that "only 22 people at the NSA" were permitted access to the metadata, and they were "overseen by a Madisonian trifecta of the FISA court, the executive and committees of Congress."

Trade

Trade has become deeply controversial. “I believe in free trade,” President Trump has said, “But, if you look at China, and you look Japan, and if you look at Mexico...they're killing us.”

Trump has broken decisively with the bipartisan tradition of presidents who work to build pro-trade coalitions in Congress. Upon taking office, Trump immediately withdrew the United States from the Trans-Pacific Partnership (TPP), a twelve-nation agreement to facilitate trade.



Despite Trump's criticism, there is still a strong consensus among economists that its overall benefits are immense.

In 2014, American companies exported goods and services with a value of \$2.35 trillion, a record amount. This demand for American goods and services supported 11.7 million jobs, an increase of 1.8 million over just five years.

Key Points

- **The unprecedented surge of Chinese imports has become known to economists as the “China Shock”.** Imports of less than \$10 billion in 1985 grew to almost \$500 billion in 2015. Whereas imports from China grew fifty-fold, imports from Mexico only grew from \$50 billion to a little less than \$300 billion over the same 30 years.
- **The availability of factory jobs plummeted after 2001, with total employment plunging from about 17 million to 12 million, a net loss of 5 million factory jobs.** While the percentage of Americans who work in factories had declined steadily since World War II, the total number of factory jobs remained relatively constant from 1970-2000.
- **New research estimates that one fifth of factory jobs were lost as a result of surging Chinese imports. However, the primary cause of job loss was improved efficiency, facilitated by new technology.** While factory employment has plummeted since 2000, total manufacturing output has increased by 40 percent. In the auto industry, a workforce that has contracted by 25 percent—a loss of 300,000 jobs—still produces the same number of automobiles.
- **New research also shows that workers displaced by trade also face depressed earnings and difficulty finding new jobs.** These effects are much greater for low wage workers without a college education. A pivotal reason for this poor adjustment is that workers do not relocate to areas with better job opportunities, either because relocation is expensive or because of attachments to their community.
- **The U.S. trade deficit with China has grown to more than \$350 billion per year, while the deficit with Mexico is about \$60 billion.** Protectionists often assume that eliminating the trade deficit would redirect a similar amount of spending back into the U.S. economy, thus creating millions of jobs. However, the data clearly show that rising trade deficits correlate with lower unemployment, and vice versa.

Mexico and NAFTA

- **While revising their assessment of the negative impacts of trade with China, economists remain adamant that free trade with Mexico has not had similar downsides.** Current estimates indicate that growing trade with Mexico creates about 185,000 jobs per year while displacing 200,000 workers, for a net annual loss of 15,000 jobs. Given that roughly 4 million American workers lose their jobs each year (and then find new ones), the impact of trade with Mexico is limited,

despite Ross Perot's famous prediction that the flight of jobs to Mexico would create a "giant sucking sound."

- **There is no evidence that increased trade with Mexico leads to lower wages for U.S. factory workers.** One reason for this may be that U.S. trade with Mexico is far more balanced than U.S. trade with China, since U.S. exports to Mexico have grown almost as quickly as imports. In addition, it is often the same industries that ship goods in both directions, whereas China delivers consumer goods to U.S. markets but does not import similar goods.
- **Some industries have hired extensively in Mexico while shedding jobs in the United States.** For example, carmakers have added more than 300,000 jobs in Mexico while reducing employment by a similar amount in the U.S. Even so, rejecting NAFTA is unlikely to have saved many jobs at U.S. car factories. Rather, the ability to relocate some facilities to Mexico aided the survival of American carmakers, thus helping to save hundreds of thousands of jobs.

Tariff Walls and Trade Wars

- **Withdrawing from TPP undermined the president's own goal of preventing China from setting the terms of trade.** The deal included Japan and other U.S. allies while pointedly excluding China. It would have demonstrated U.S. leadership in Asia, both political and economic. Former Secretary of Defense Ashton Carter observed, "TPP is as important to me as another aircraft carrier."
- **President Trump has proposed aggressive tariffs of 35 percent on imports from Mexico and 45 percent on imports from China. While hurting China and Mexico, these tariffs would likely backfire.** A study from the Peterson Institute for International Economics estimated that imposing these tariffs would raise unemployment from 5 percent to more than 8 percent while pushing the economy into a recession. There would be heavy job losses in precisely the communities Trump has pledged to save.
- **In practice, tariffs on consumer goods amount to a heavy tax on poor and working-class households.** These families spend more on material goods, while better-off households spend more on services. Thus, low prices at Walmart and similar stores have increased their purchasing power by thousands of dollars per year. Tariffs would reverse those gains.
- **Tariffs on China and Mexico would likely divert basic manufacturing to other countries with low labor costs.** While some manufacturing may return to the U.S., the American emphasis on technology and automation would put more American machines to work, rather than employing a substantial number of less-educated workers.
- **The undervaluation of China's currency is no longer a major concern.** Since 2005, Beijing has allowed the value of the yuan to rise by about 20 percent. It has even intervened in currency markets to prevent the value of the yuan from falling.
- **One point of consensus on trade should be the value of agreements with high-tech, high-wage economies like Britain and Japan.** The president's inclusion of Japan as a trade threat alongside China and Mexico defies all economic logic. The U.S. should also revive negotiations for the Transatlantic Trade and Investment Partnership (TTIP) with the European Union.



II. Challenges and Opportunities

Afghanistan

American security at home depends on success in the fight against al-Qaeda, the Islamic State, and other terrorists in Afghanistan. There are 20 U.S.-designated terrorist organizations now operating in Afghanistan and Pakistan, the highest concentration anywhere in the world.

If the Taliban's resurgence continues, it will not be possible to contain the terrorist threat. The Taliban now control more territory than at any time since before the September 11 attacks, and have inflicted a record number of casualties on Afghan security forces. Although President Obama's withdrawal of 90 percent of American troops left our Afghan allies unprepared to lead the fight, there is still time to reverse the Taliban's gains without large-scale U.S. deployments if we increase our support for Afghan forces and sustain U.S.-led counterterrorism operations.



Key Points

The Terrorist Threat

- **The United States has a vital national security interest in ensuring that Afghanistan never again becomes a safe haven for terrorists like those who perpetrated the 9/11 attacks.** Disengagement from Afghanistan in the 1990s contributed to its becoming a failed state—one that eventually became a Taliban-dominated safe haven for al-Qaeda. By the end of his term in office, President Obama had reduced the number of U.S. troops in Afghanistan to just 8,400, less than a third of the force deployed when he took office, and a shadow of the surge-level force of roughly 100,000 deployed between 2010-2011.
- **There are 20 U.S.-designated terrorist organizations now operating in Afghanistan and Pakistan, including the Islamic State and al-Qaeda.** This is the highest concentration anywhere in the world, representing more than one-fifth of all designated groups. Al-Qaeda's Afghan presence and global reach remain an especially serious threat. Gen. John Nicholson, the U.S. commander in Afghanistan, testified that his troops recently killed two al-Qaeda leaders who "were directly involved in planning threats against the U.S. in the last year." Altogether in 2016, U.S. forces killed or captured 50 significant al-Qaeda operatives in Afghanistan while killing 200 of the organization's fighters.
- **The Islamic State has a foothold in the eastern Afghanistan but suffered setbacks in 2016.** Two years ago, the Islamic State established *Wilayat Khorasan* (the province of Khorasan, or ISIL-K) to serve as its affiliate in the Afghanistan-Pakistan region. Gen. Nicholson testified that recent operations resulted in the death of ISIL-K's leader and one-third of its fighters, while breaking the organization's hold on six of the nine districts it previously controlled in the eastern Afghan province of Nangarhar. There are signs, however, that ISIL-K may be laying the groundwork for new sanctuaries in Jowzjan province in northwestern Afghanistan.

The Taliban Resurgence

- **Troubled Afghan security forces are taking extremely heavy casualties and losing substantial ground to the Taliban.** In 2016, the percentage of districts controlled by Afghan security forces fell from 72 to 57, according to the U.S. military. For the third consecutive year, Afghan forces suffered a record number of casualties, surpassing the mark of 16,000 in 2016. In the past two

years, Gen. Nicholson observed, Afghan forces “have suffered almost twice as many casualties as [the U.S.] suffered in the previous 10 years.”

- **American generals warned that Afghan security forces were not prepared for the rapid withdrawal of 90 percent of U.S. troops.** Only Afghanistan’s special forces, which comprise just a tenth of its army, are fully capable of conducting offensive operations. According to Gen. Nicholson, the special forces have conducted 70 percent of all offensive operations. The Afghan security forces are pushing these elite troops to the point of exhaustion as they rush them around to meet unexpected threats from a surging Taliban
- **Corruption within the Afghan government and security forces takes a direct toll in lives, in addition to wasting American taxpayer dollars.** The Afghan army and police include tens of thousands of “ghost soldiers” who exist only on paper, while corrupt officials pocket their salaries. Meanwhile, corruption deprives the actual troops of needed equipment, damages morale, and may result in the promotion of incompetent officers. Thus Gen. Nicholson testified that corruption was the second most important cause of the security forces’ unprecedented casualties in 2016.
- **Deep divisions within the Kabul government also threaten the country’s stability.** The unity government of President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah was formed in the wake of the inconclusive 2014 presidential elections, succeeding the administration of Hamid Karzai. Ghani and Abdullah continue to have a difficult relationship. Meanwhile, investigators are probing accusations that Vice President Abdul Rashid Dostum abducted and tortured a political rival. For weeks, Dostum barricaded himself inside a fortified compound in order to prevent the questioning of his bodyguards.
- **Pakistan still provides sanctuary and support to the Taliban and other extremist groups who seek to destabilize Afghanistan.** At the same time, Pakistan faces a persistent threat from extremists who seek to overthrow the government in Islamabad. After the Pakistani Taliban (TTP) murdered more than 130 children at a Peshawar school in December 2014, Pakistani forces launched a broad offensive against the group. Nonetheless, powerful forces within the military and intelligence services remain firm supporters of extremists who seek to harm the interests of Afghanistan, India, and the United States.

The Way Forward

- **Success in Afghanistan remains essential to U.S. national security despite the length, cost, and frustrations of the war.** Neither President Bush nor President Obama made success in Afghanistan a priority; the result is a war that has outlasted both their administrations. President Trump now faces the difficult choice of whether to invest the resources required for success or let the conflict fester.
- **Gen. Nicholson, the U.S. commander in Afghanistan, has testified that success depends on sending thousands more U.S. troops to train Afghan forces.** Gen. Nicholson said he has sufficient forces for counterterrorism operations. If the security situation continues to worsen however, that assessment may prove to be optimistic.
- **Afghan forces need more striking power in order to take the fight to the Taliban.** The Afghans will need multiple years to increase the number of their special forces troops while training pilots to provide close air support for troops engaged in ground combat. Since 2001, the U.S. has spent \$64 billion to train and equip Afghan security forces, yet we squandered much of this investment by prematurely withdrawing our troops. Thus, the U.S. must continue to invest in Afghan forces, because they are the only alternative to sending large numbers of our own reinforcements.

Africa

While supporting African efforts to fight terrorism and disease, the United States must also work to strengthen democratic institutions and increase economic opportunity. Boko Haram's bombings and abductions continue, while mass rape and other atrocities are pervasive in South Sudan's civil war. Despite the impressive achievements of anti-AIDS and anti-malaria programs, the diseases continue to inflict considerable damage. Nonetheless, there are reasons to be hopeful for Africa's future—economic growth has been rapid over the past 15 years and poverty has decreased significantly. The continent has 1 billion inhabitants, abundant natural resources, and a growing middle class, all of which give it the potential to become a significant economic partner if it can achieve a measure of stability.



Key Points

Security

- **Now affiliated with the Islamic State, Boko Haram has terrorized Nigeria and its neighbors since 2009, launching waves of massacres, suicide attacks, and kidnappings.** The group has killed an estimated 12,500 individuals (as of late 2015) and displaced millions more. The Nigerian armed forces have driven Boko Haram out of many areas the group once controlled, yet lethal attacks—including the use of children as suicide bombers—continue apace. In 2016, Boko Haram apparently split into two main factions after Islamic State authorities sought to appoint a new leader for the group.
- **Al Shabaab, an affiliate of al-Qaeda, continues to launch devastating attacks despite losing much of the territory it held in Somalia.** In January 2016, al Shabaab overran an African Union base, killing an estimated 180 Kenyan soldiers. The previous year, the group massacred 147 students at Garissa University College in central Kenya. Al Shabaab has also recruited fighters and raised funds from the Somali community in the United States, which has deployed special operations forces to support Somali government and African Union forces. In recent months, there has been an apparent split within the al Shabaab leadership.
- **An ethnic civil war continues to rage in South Sudan, where mass rape and other atrocities are pervasive.** The conflict has already claimed tens of thousands of lives and the UN has warned that there is a significant risk of genocide if the war continues. While there are 12,000 peacekeepers on the ground, they have proven so ineffective that the UN itself condemned their failure.

Prosperity

- **African nations have demonstrated their potential to grow rapidly when conditions are favorable.** The gross domestic product (GDP) of sub-Saharan Africa has grown to roughly \$1.5 trillion, resulting in a 13-point decrease in the poverty rate and a doubling of capita income over the past 20 years. Since 2014, several sub-Saharan countries have grown even faster than China. While only 1.2 percent of U.S. exports went to Africa as of 2015, this modest amount of trade already supports 230,000 jobs in the United States. Former Secretary of Commerce Penny Pritzker observed, "As Africa's middle class continues to expand, we hope to see our export numbers expand, too."

- **In June 2015, President Obama signed into law a ten-year renewal of the African Growth and Opportunity Act (AGOA) of 2000, which passed both houses with strong bipartisan support.** AGOA provides duty-free access for certain goods produced by the 39 eligible countries in sub-Saharan Africa. Oil has consistently been the top duty-free import under AGOA, yet apparel and vehicles also account for a significant share.
- **Last year, Congress unanimously approved the Electrify Africa Act, which seeks to increase by one-third the amount of generating capacity in sub-Saharan Africa.** In 2014, the International Energy Agency estimated that 620 million Africans—about 60 percent in all—have no access to electricity. This shortage presents a major roadblock to both economic growth and public health initiatives. The Congressional Budget Office reported that the Act will not increase net spending or deficits because it leverages existing government resources and programs.
- **China has become both the leading source of imports for sub-Saharan Africa as well as the largest market for its exports.** However, Beijing reported in 2015 that African exports to China had fallen by almost 40 percent because of China's decelerating growth. China's reliance on bribery to facilitate deals as well as Chinese companies' mistreatment of local workers have provoked criticism from both African and Western observers. Beijing has also shown a willingness to cooperate with the region's most oppressive dictatorships, such as Zimbabwe.

Health, Freedom and Dignity

- **Progress toward democratization has stalled across the continent.** The handful of free countries in the region—notably Botswana, Ghana, Senegal, and South Africa—have preserved their democratic systems, yet Freedom House reported “worrying signs of dysfunction” even in these nations. According to Freedom House’s annual assessment, two-fifths of the region’s governments are dictatorships while another two-fifths are partly free. Notable developments in 2015 and 2016 included rigged elections in Burundi that led to hundreds of killings and fears of another genocide. In the Gambia, foreign pressure—including an incursion by Senegalese troops—forced long-time President Yahya Jammeh to step down after he refused to accept his loss at the polls in December.
- **Programs such as the President's Emergency Plan for AIDS Relief (PEPFAR) have demonstrated that foreign assistance can transform millions of lives, yet daunting challenges remain.** The investment of \$65 billion in PEPFAR has contributed to a 50 percent decline in AIDS-related deaths and a reduction by one-third of new infections. Through PEPFAR, the United States now supports 11.5 million patients with anti-retroviral drugs – a 50 percent increase since 2014, which has been achieved without significant new funding. Other beneficiaries include 2 million children of infected mothers who were born without HIV. Foreign assistance has also led to a 30 percent reduction in malaria deaths since 2010, down to 400,000 per year.
- **The 2014 Ebola crisis in West Africa was the largest and most widespread outbreak of the disease in history.** Liberia, Sierra Leone, and Guinea were hit the hardest. Ebola wrecked economies and healthcare systems as well as taking lives. The United States deployed over 3,000 troops to Monrovia, Liberia as part of Operation United Assistance, and approved \$2.5 billion in emergency funding to fight Ebola.

Al-Qaeda

Al-Qaeda (AQ) now controls more territory and has greater strength on the battlefield than ever before. Before leaving office, President Obama declared that “core al Qaeda – the organization that hit us on 9/11 – is a shadow of its former self.” Yet senior leaders such as Ayman al-Zawahiri continue to play a leading role in the organization’s thriving global network.



The U.S. must wage a comprehensive global counter-terrorism campaign with sufficient resources to focus on al-Qaeda and other threats in addition to the Islamic State.

AQ is now deeply entrenched in Syria, active in more than a dozen other countries, and has demonstrated surprising resilience in Afghanistan. The path to success is not purely military, however; it will require the U.S. to help its local partners establish representative and accountable governments that respect basic human rights.

Key Points

- **While al-Qaeda’s original leadership has suffered major losses in recent years—including the killing of Osama bin Laden in Pakistan by U.S. Navy SEALs in 2011—new leaders have revived both AQ’s “core” and “affiliates”.** In reality, the core and affiliates are part of an integrated network, despite the Obama administration’s persistent efforts to distinguish the two.
- **Like the Islamic State, al-Qaeda exploited U.S. complacency following the death of Osama bin Laden.** A passive response to the war in Syria gave AQ the opportunity to build what has become its most potent affiliate. Meanwhile a rushed withdrawal from Afghanistan enabled the group to begin rebuilding in the midst of a Taliban resurgence.
- **The al-Qaeda network—core and affiliates alike—remain committed to striking U.S. and allied targets.** As Director of National Intelligence James Clapper told Congress, “Al-Qaeda’s affiliates have proven resilient and...will continue to pose a threat to local, regional, and even possibly global interests as demonstrated by the January 2015 attack on French satirical newspaper *Charlie Hebdo* by individuals linked to al-Qaeda in the Arabian Peninsula.”
- **Al-Qaeda pursues a consistent, comprehensive global strategy to achieve its ends.** The organization focuses first on establishing organizations in Muslim-majority countries that have a weak central government, an ongoing insurgency, or domestic hostility against the United States. Then, AQ focuses on forcing the American presence out of those countries so that it can overthrow the government and impose the group’s extremist religious and political regime on the people.
- **Defeating al-Qaeda demands a comprehensive strategy** that will require Washington to rally its partners, discredit AQ ideology, bolster legitimate local partners, and support counterinsurgency campaigns to disrupt, dismantle, and defeat AQ affiliates. A strategy aimed at decapitating the organization by killing high-value targets has failed for more than 15 years and will continue to fail because it does not address the network’s territorial safe havens, popular base of support, and ability to reconstitute.
- **Defeating extremism requires reaching out to the vast majority of Muslims who are peaceful and seek a better future for themselves and their families.** As the bipartisan *9/11 Commission Report* noted, “Tolerance, the rule of law, political and economic openness, the extension of greater opportunities to women—these cures must come from within Muslim societies themselves. The United States must support such developments.”

Key Countries

- **Al-Qaeda's resistance to the atrocity-laden siege of Aleppo has enhanced the reputation of its already potent forces in Syria.** Once again, the brutality of the Assad regime has only amplified the strength of extremists. In addition, the regime's victory in Aleppo dealt a serious blow to AQ's more moderate rivals within the Syrian opposition. Previously known as Jabhat al-Nusra (JN), al-Qaeda's Syrian affiliate has renamed itself multiple times in order to create the false impression that it has severed ties with AQ leadership. First renamed Jabhat Fateh al-Sham (JFS), the group is now called Hayyat Tahrir al-Sham (HTS).
- **Along with the Taliban, al-Qaeda has taken advantage of the rushed U.S. withdrawal from Afghanistan.** In late 2015, American forces raided the largest al-Qaeda camp encountered in 14 years of fighting. The raid resulted in the deaths of more than 150 al-Qaeda operatives, despite earlier Pentagon assertions that there were only 50 to 100 AQ operatives in all of Afghanistan. In 2016, U.S. commander in Afghanistan, Gen. John "Mick" Nicholson said his troops are pursuing AQ leaders in seven different provinces. In February, Nicholson testified that precision strikes led to the death of al-Qaeda's external operations director, Farouq al-Qahtani, who had been actively plotting attacks on the U.S. homeland.
- **The U.S. has intensified operations in Yemen's in response to the growing threat posed by al-Qaeda in the Arabian Peninsula (AQAP), the local AQ affiliate.** The U.S. targeted AQAP with 30 airstrikes in early March, launching more in two days than it had in all of 2016. In late January, AQAP was also the target of the first counterterrorist operation approved by the new administration. In his first address to Congress, President Trump honored Navy SEAL William "Ryan" Owens, who lost his life in that raid. According to Katherine Zimmerman of the American Enterprise Institute (AEI), AQAP has benefited from a tacit partnership with Saudi-backed forces in the Yemeni civil war. She writes, "AQAP provides [pro-government] militias with weapons, training, and resources, and in doing so, builds a broader popular base." Zimmerman recommends that the U.S. work toward a negotiated resolution of the Yemeni civil war while seeking to prevent civilian casualties and widespread famine.
- **Al-Qaeda has pursued a partnership with Iran.** Notwithstanding historical Sunni-Shiite tensions, a shared animus toward the United States has united Sunni al-Qaeda and Shiite Iran. In a 2007 letter recovered from Osama bin Laden's compound after his death, the al-Qaeda leader stated that "Iran is our main artery for funds, personnel, and communications." Another document indicates that al-Qaeda has sought to use Iran as a launch pad for terrorist attacks. Tehran also has a long record of support for the Taliban. In May 2016, a drone strike killed the Taliban emir Mullah Akhtar Mansour while on his way back from a trip to Tehran.

China

China's military build-up and aggressive foreign policy threaten the Asia-Pacific region and the world. Today, Chinese military spending is five times greater than it was in 2000; the country has waged a cyberespionage campaign against the U.S. government; and Beijing is militarizing artificial islands in the South China Sea in an effort to enforce expansive territorial claims against its neighbors.



The United States and its democratic partners in Asia must send a clear message to Beijing that they will remain united and resist Chinese

intimidation. Only after Beijing understands that its antagonism will not succeed can Washington move forward with an engagement strategy to bridge the economic, diplomatic, and human rights issues that divide the United States and China. In addition to preventing China's intimidation of its neighbors, the United States and its democratic allies must also support Chinese dissidents—including Christians, Tibetans, and Uighurs—in their struggle for human rights and dignity. Steadfast U.S. support for human rights, in conjunction with America's Asian allies, would be a firm basis for a principled—and successful—policy in the region.

Key Points

- **China has unilaterally rewritten the status quo in the Asia-Pacific and relied on force to impose its claims on contested islands.** In November 2013, Beijing declared an Air Defense Identification Zone (ADIZ) over the Senkaku Islands in the East China Sea, which Japan also claims. It has also built military facilities on artificial islands in the South China Sea, which Beijing claims in almost its entirety. China also targets Taiwan with missiles, and seeks to bully the people of Taiwan into reunification on China's terms.
- **China continues to support North Korea, even as Pyongyang works to deploy a nuclear weapon on a missile that can reach the United States.** Although President Trump has claimed that China's Xi Jinping is “doing everything in his power to help us” with North Korea, the reality is that Beijing views North Korea as an ally and a buffer state, while Chinese companies are helping Pyongyang to develop its missile force. China will play a critical role if North Korea ever agrees to dismantle its nuclear weapons, but Beijing should not be mistaken for a trusted partner in any such effort.
- **China's regional aggression has been supported by a large-scale, long-term military buildup.** China's official military budget for 2016 was about \$146 billion, but the Pentagon and Independent groups estimate that its actual military spending may be as high as \$216 billion. The Pentagon reports that China's modernization effort “has the potential to reduce core U.S. military technological advantages.” A RAND Corporation study adds that the United States “faces a progressively receding frontier of military dominance in Asia,” and that in several aspects, China is gaining strength against the United States, or has surpassed American capabilities.
- **China has waged an increasingly aggressive cyberespionage campaign against the U.S. government and U.S. businesses.** In June 2015, it was revealed that China had hacked into a U.S. government database which holds the sensitive personal information of more than 21 million current and former federal employees. In addition, Beijing wages economic cyberespionage to benefit Chinese businesses. “No one is doing it on the scale that the Chinese are doing it,” said General Michael Hayden, former director of the Central Intelligence Agency and the National Security Agency, in March 2014. “As a professional

intelligence officer, I just stand back in awe at the depth, breadth and persistence of the Chinese espionage effort against the West and the United States.”

- **The Obama administration’s “pivot” or “rebalance” strategy was largely ineffective, and the beginning of the Trump administration has left it U.S. policy in disarray.** Deep defense cuts have prevented the U.S. military from significantly increasing its presence in the region over the past five years. China and North Korea are working to exploit tensions among security partners that the United States needs to work closer together. Washington must articulate a vision that addresses these challenges across the region and demonstrate its ability to achieve that vision.
- **The Trans-Pacific Partnership remains essential to preventing an alternative to a China-dominated economic order in Asia.** In late 2015, the Obama administration concluded negotiations for the 12-nation TPP, but President Trump has since withdrawn from the agreement. It is essential that the United States reinvigorate a TPP-like vehicle in order to set rules for trade in the Asia-Pacific, or else China will have a free hand to do so without America involvement.
- **U.S. policy also should seek to help Japan and other Asian allies balance against China’s increasingly assertive foreign policy and growing military might.** Japanese Prime Minister Shinzo Abe has observed that China is attempting “to change the status quo through force and coercion,” and that the U.S.-Japanese alliance remains the “cornerstone for regional peace and stability.” He is correct, and the United States should strengthen its security cooperation with Japan as well as Taiwan, South Korea, Australia, and India.
- **The United States should elevate its call for Chinese leaders to respect the human rights of all of its citizens and embrace democratic values anchored in the rule of law.** In China today, open political discussion is repressed and freedom of religion stifled. In response, the United States should: (1) speak out against Chinese human rights abuses in every available forum; (2) establish linkage between U.S. policy toward China and its human rights behavior; (3) recognize that the best solution to Chinese behavior is China’s eventual democratization; and (4) expose the connection between the nature of China’s authoritarian regime and its behavior both at home and abroad.
- **The United States and India, which feel increasingly threatened by China’s aggressive posture in the region, should reinvigorate their partnership on a wide range of strategic issues.** Both democracies are bound together by increasingly shared values, face major terrorist threats, and stand to reap great benefits from deeper cooperation on the economic, diplomatic, and security fronts.
- **Beijing must enforce the intellectual property rights of U.S. firms and ensure their ability to compete on a level playing field in China.** China’s economic growth and huge population offer tremendous opportunity for American businesses, provided that being treats them fairly. While the U.S. government should pressure Beijing to ensure equal treatment, imposing tariffs on Chinese imports is not an effective means of doing so. President Obama has rightly refused to support such a policy, which would mainly punish American consumers.

Democracy in the Middle East

In 2011, the “Arab Spring” gave hope to people across the Middle East who suffered from decades of political repression, economic stagnation, and widespread corruption. However, incumbent regimes have moved to crush democratic movements while Islamist extremists exploit the resulting instability.

For the United States, the lesson of the Arab Spring and its aftermath is that American support for democracy in the Middle East must be a long-term project pursued with vigor and consistency.

Critics of democracy promotion insist that the U.S. helped to destabilize the region by encouraging protestors to overthrow regimes that may have been repressive, but were capable of holding back the tide of Islamist extremism. On the contrary, it is American passivity, especially in Syria and Libya, that has resulted in violence, chaos, and the rise of Islamist extremism.



Key Points

- **From its beginnings in Tunisia, the Arab Spring rapidly spread throughout the region.** When a Tunisian street vendor set himself on fire to protest harassment from authorities and the unlawful seizure of his cart, he triggered a wave of demonstrations throughout the Middle East, leading to the fall of regimes in Tunisia, Egypt, Libya and Yemen, as well as significant instability in Morocco, Algeria, Jordan, Syria, and Bahrain.
- **Decades of authoritarian rule in the Middle East and North Africa have produced a state of political and economic stagnation characterized by rampant corruption, constant oppression, high unemployment, and anti-Americanism.** Once mistaken for stability, the fragility of this state of affairs was exposed by the Arab Spring. While democratic movements initially flourished as a response to stagnation, they did not demonstrate the same resilience in the face of oppression as Islamist extremists, whose ideology prepares them both to inflict and to endure relentless violence.
- **Elections alone do not produce a democracy, but there is no democracy without elections.** During the wars in Iraq and Afghanistan, critics asserted that the U.S. naively placed too much hope in elections as a cure-all for instability. However, the primary cause of persistent violence in both countries was not an excess of confidence in elections, but a failure to apply the principles of counterinsurgency. In Iraq, the eventual application of those principles enabled the country's democratic institutions to serve as a vehicle for reconciliation, at least while American forces remained on the ground. The disappointments of the Arab Spring, which often followed national elections, have led to a renewed concern with the limits of elections as a vehicle for reform. Once again, this concern is appropriate but in some respects misleading, to the extent it implies that elections are part of the problem. Unquestionably, the U.S. should also focus its attention on building the rule of law, ensuring the protection of minorities, and other aspects of democratic governance. Yet reforms cannot last in the absence of a leadership chosen by the people.

Rare Successes, Numerous Disappointments

- **Tunisia has made historic progress since 2011, approving the most liberal constitution in the Arab world in 2014 and implementing one of the first peaceful transfers of power in an Arab democracy.** In 2015, however, the Islamic State launched three bloody attacks on Tunisian targets, killing numerous foreign visitors and threatening the vital tourism industry. The

government is also struggling to address high levels of unemployment, especially for younger workers. The United States should reward and sustain Tunisia's progress by increasing economic and security assistance, announcing its intent to sign a bilateral Free Trade Agreement, and working with the Tunisian government to build democratic and accountable institutions. The 2015 designation of Tunisia as a Major Non-NATO Ally was an important step in the right direction.

- **Washington's abandonment of Libya after the fall of Qaddafi has led to chaos.** Libya had already descended into civil war before the U.S.-led intervention in 2011. That intervention saved countless lives while hastening the fall of Muammar al-Qaddafi. This initial success provided the U.S. with an opportunity to steer the country back toward stability, yet the White House refused to engage. One result of the anarchy that followed was the storming of the U.S. consulate in Benghazi in September 2012 and the murder of U.S. Ambassador Christopher Stevens and three other Americans. Libya still has multiple governments that claim national authority, which initially facilitated the rise of an Islamic State stronghold based in the coastal city of Sirte. After losses on the battlefield, ISIS has scattered and taken on the characteristics of an insurgency.
- **In Egypt, the re-establishment of a military dictatorship has led to instability, violence, and economic chaos.** After protests in 2013 against abuses of power by elected President Mohamed Morsi, the candidate of the Muslim Brotherhood, the Egyptian military reasserted its control of the state. Under the new regime, led by the former general Abdel Fattah al-Sisi, the Egyptian security services have killed more than 2,000 citizens and imprisoned tens of thousands more. Meanwhile, the inflation rate has risen sharply, the national currency has plummeted in value, and the country implemented painful reforms in order to secure an IMF bailout package. Although al-Sisi has won praise from some quarters in the West for his denunciations of Islamic extremism, harsher rule has not resulted in security. In the Sinai Peninsula, ISIS now has a thriving affiliate that has carried out a wave of bombings, including one that targeted the Coptic cathedral in Cairo.
- **In Syria, violent extremism flourished precisely because the United States did not take action to support the country's peaceful democratic protesters.** Although President Obama called on Bashar al-Assad to leave office, the White House took no action to stop his violent suppression of the protests. During the first years of the civil war, there was strong representation of moderate forces within the armed opposition. After the U.S. failed to support these moderates, extremist elements within the opposition began to grow rapidly. (For more information on Syria, see page 45).
- **In Bahrain, a minority Sunni regime, continues to deny basic political rights to a majority Shiite population.** Since the emergence of widespread dissent, frustration with the lack of reforms has led to the emergence of violent groups that attack government security forces. The regime, meanwhile, now holds an estimated 4,000 political prisoners and failed to implement the majority of reforms mandated by the Bahrain Independent Commission of Inquiry (BICI). Bahrain continues to serve as the home of the U.S. Navy's Fifth Fleet as well as the target of frequent Iranian intimidation.

Europe and NATO

Europe and NATO now face internal and external threats of a kind unfamiliar since the end of the Cold War. Vladimir Putin is waging a campaign of intimidation against several NATO member states as well as seeking to divide the alliance from within. Slow growth, rising unemployment, and massive refugee flows have provoked a backlash against the European Union. Finally, there is unprecedented concern in Europe about America's commitment to the Atlantic alliance.



For more information about Russia, please see page 43. For more information about Ukraine, please see page 47.

Key Points

- **NATO has been the bedrock of Western security for almost 70 years.** The liberal democratic values that bind the alliance together have enabled NATO to endure and adapt in a manner that has no historical precedent. European troops have fought and died alongside American soldiers and Marines in Afghanistan. Now, the alliance is refocusing on the conventional threat from Russia. There are simply no grounds for dismissing the alliance as obsolete.
- **NATO's credibility depends on the unconditional commitment of all members to defend each other from external threats.** Article V of the North Atlantic Treaty declares that an armed attack against any member of the alliance "shall be considered an attack against them all". Article V has been invoked only once in the history of the alliance, when it unanimously declared its commitment to defend the United States after 9/11.
- **After the Russian invasion of Ukraine, NATO members began to reverse the long-term decline of their defense spending.** At the alliance's 2014 summit in Wales, members formalized a previously non-binding pledge to spend 2 percent of GDP on defense. While the U.S. has always spent well more than 2 percent, the sharp cuts inflicted on the U.S. military over the past five years signaled to NATO that the U.S. would not lead by example. If Congress and the president boost defense spending in 2017, it will send a powerful message to NATO.
- **For more than 25 years, American presidents have supported the vision of "a Europe whole and free"** consisting of sovereign states where voters decide a nation's course and none is entitled to a sphere of influence. To achieve this goal, NATO should welcome every qualified candidate for membership. Recently, the U.S. Senate voted 97-2 to approve the accession of Montenegro's. The alliance should also offer Membership Action Programs to Ukraine and Georgia, while increasing cooperation with Sweden and Finland, which face increased Russian intimidation.

The Russian Threat

- **Vladimir Putin wants to undermine NATO by testing the resolve of its members to defend the Baltic states of Latvia, Lithuania, and Estonia.** The credibility of the Article V security guarantee depends on a willingness to defend all members, including the smallest. Already, Russia has begun to launch military incursions into the sovereign waters and air space of the Baltic states as well as their Scandinavian neighbors. It has also launched cyberattacks and even kidnapped an Estonian intelligence officer, who was later released as part of a prisoner exchange.

- **Putin has also created a pretext for future intervention in the Baltics by claiming an alleged right to intervene on behalf of Russian-speaking minorities** if he deems them to be victims of abuse. In fact, these minorities enjoy the rights that Putin denies to his own population. Furthermore, Russia has also threatened to use nuclear weapons as a means of “de-escalating” potential conflicts in the region.
- **The overall U.S. military presence in Europe is a shadow of its former self.** Approximately 65,000 U.S. military personnel are now stationed permanently on the continent, down from 340,000 troops when the Berlin Wall came down and 118,000 at the time of 9/11. This includes only two Army combat brigades, down from four as recently as 2008. NATO allies share the cost of hosting American forces.
- **Temporary or “rotational” deployments to Europe are not sufficient to deter Putin.** At the Warsaw Summit in 2016, NATO leaders approved the deployment of four battalions to Poland and the Baltic States. Through the European Reassurance Initiative (ERI), the U.S. has begun the rotational deployment of a combat brigade in Eastern Europe. However, General Philip Breedlove, the former commander of NATO and U.S. forces in Europe, testified that, “Permanently stationed forces are a force multiplier that rotational deployments can never match.” According to a RAND study, an effective deterrent posture would require three NATO combat brigades in the Baltics as well as rapid reaction force comprising four additional brigades.

Political Upheaval and Russian Influence

- **Across Europe, the parties leading the backlash against the EU and uncontrolled migration also have pronounced sympathies for Vladimir Putin.** In France, Marine Le Pen, the leader of the National Front, defends Putin’s actions in Crimea and Ukraine while accepting financial support from Russia. In Germany, the right-wing Alternativ fur Deutschland party and Pegida movement include many Putin admirers, while even mainstream Social Democrats call for lifting sanctions on Russia. In Britain, UK Independence Party leaders have praised Putin while Labour leader Jeremy Corbyn has expressed warmth toward both Russia and Iran.
- **In Eastern Europe, where democratic institutions and the rule of law are weaker, “Russia has cultivated an opaque network of patronage across the region** that it uses to influence and direct decision-making,” according to a comprehensive analysis by the Center for Strategic and International Studies. Via disinformation and economic leverage, Russia seeks to export its model of corrupt oligarchic rule. It is troubling that in a country like Hungary, Prime Minister Viktor Orbán has cited Russia as a successful model of “illiberal democracy.”
- **In June 2016, British voters cast their ballots in favor of “Brexit”, or British exit from the EU.** The new government of Prime Minister Theresa May will negotiate the complicated Brexit process. There were strong arguments made both for and against Brexit, which represents a major blow to the EU, but not necessarily to the American interest in a strong Europe and unified NATO.

Iran

Iran poses grave threats to the United States and its allies. The July 2015 nuclear agreement, which Tehran has repeatedly violated in letter and spirit, only compounds this danger. With its weak verification and enforcement mechanisms, the nuclear deal legitimizes Iran's nuclear program rather than dismantling it. The deal also has provided the regime with billions of dollars in sanctions relief that it has used to advance its goal of regional hegemony.



Washington should seek to reverse this dynamic by raising the costs for Tehran's misbehavior so dramatically that Iran, rather than the United States, will seek a new deal aimed at relieving those costs. Washington can then use its regained leverage to negotiate new terms more conducive to its interests.

Key Points

The Nuclear Agreement

- **The nuclear agreement, known as the Joint Comprehensive Plan of Action (JCPOA), preserves Iran's nuclear infrastructure.** The agreement does not shut down the nuclear facilities that Iran built covertly, in direct violation of its previous non-proliferation commitments. Instead, it required Tehran to place some of its centrifuges in storage and accept a temporary limit on the size of its enriched uranium stockpile. These restrictions, however, expire after 10 years. Research and development on a range of advanced centrifuges may continue for the agreement's duration.
- **The nuclear deal contains weak verification measures that are insufficient to prevent Iran from advancing its covert nuclear weapons research.** The Obama administration initially emphasized the importance of "anytime, anywhere" inspections. Instead, the nuclear deal allows Iran to delay access for 24 days to suspicious sites identified by international inspectors. Moreover, Iranian officials have repeatedly said they will deny the inspectors access to all military sites. According to a confidential side deal negotiated alongside the JCPOA, Iran was able to self-inspect the Parchin military complex, where Tehran may have tested the key explosive components of a nuclear weapon.

Iran's Behavior Since the Agreement

- **Iran has repeatedly violated both the letter and spirit of the JCPOA and U.N. Security Council Resolution 2231, which enshrined it as international law.** Since July 2015, Iran has conducted ballistic missile tests as many as 14 times, violating the spirit of the UNSCR 2231, which nonbindingly calls upon Iran to halt ballistic missile development for eight years. Iran has exceeded its allotment of heavy water and pursued illicit technology for its nuclear weapons program — a direct violation of the JCPOA. Moreover, in violation of the spirit of the agreement, Tehran has increased support for Syria's Assad regime, Iraqi Shiite militias, Houthi rebels in Yemen, Hezbollah in Lebanon, and Shiite proxies in Bahrain. It also still maintains terror networks throughout the world, including Asia, Africa and Latin America.
- **The JCPOA's implementation has lacked transparency.** In four reports documenting the JCPOA's implementation in 2016, the International Atomic Energy Agency (IAEA)—the U.N. body tasked with monitoring the deal's implementation — omitted key data that would enable independent verification of Iranian compliance. This development contradicted the

Obama administration's repeated claims that the JCPOA provides "unprecedented" transparency, and would be based not on trust, but on verification. Moreover, Iran has refused to come clean about its past efforts to weaponize nuclear material.

- **Despite Iran's unlawful and provocative actions, the Obama administration refused to hold it accountable because it feared that Tehran would withdraw from the deal.** During the JCPOA's congressional review period, the Obama administration repeatedly pledged that it would hold Iran accountable for JCPOA violations, regional aggression, human rights abuses and ballistic missile tests. Instead, it remained largely passive as Iran's misbehavior proceeded in all these areas. Tehran understood that it could act with impunity, because the White House was so desperate to preserve its diplomatic legacy. Thus, Iran has enjoyed the benefits of the JCPOA while progressively dispensing with its constraints. Only by demonstrating that it is prepared to re-impose major sanctions can the U.S. deter further provocations.
- **Iran's repression of its own people has continued.** Ahmed Shaheed, the U.N. special rapporteur on the situation of human rights, has reported that Iran's human rights abuses have proceeded unabated since the JCPOA. In February 2016 parliamentary elections, the Iranian regime disqualified thousands of reformist candidates from running. In the months that followed, hardliners were elected to serve as speaker of Iran's parliament and as chairman of the Assembly of Experts, a body tasked with appointing the country's next supreme leader.
- **Tensions between Shiite Iran and Sunni Arab states have escalated.** Initially, the Obama administration claimed that the JCPOA may help lead to a broader rapprochement between Iran and the Sunni Arab world. Instead, Sunni-Shiite relations have deteriorated. In January 2016, after Iranian protestors set fire to the Saudi embassy in Tehran in response to Riyadh's execution of a pro-Iran Shiite cleric, multiple Arab states cut ties with Iran. In March 2016, the Gulf Cooperation Council and the Arab League designated the Iran-backed Hezbollah as a terrorist organization.

The Way Forward

- **President Trump should seek to renegotiate the JCPOA.** The Trump administration should seek a new deal with Iran that corrects the JCPOA's many deficiencies. At a minimum, such an agreement should include anytime-anywhere inspections, the dismantling of Iran's nuclear facilities, the termination of its ballistic missile development, and full disclosure of its past efforts to weaponized nuclear material. At the same time, it should provide gradual sanctions relief only following a sustained period of Iranian compliance with its obligations.
- **The United States should impose new sanctions on Iran for its ballistic missile tests, regional aggression, and human rights abuses.** These types of sanctions are permissible under the JCPOA and would raise the costs to Iran's of its continued belligerence. In particular, Washington should sanction key sectors of Iran's economy controlled by the Islamic Revolutionary Guard Corps (IRGC), which manages Iran's regional aggression and ballistic missile program and controls as much as 20 to 30 percent of Iran's economy. In so doing, Washington can attain leverage for future nuclear talks with Iran, prevent further conflagrations in the Middle East that undermine its stability, and strengthen ties between America and Arab states victimized by Iranian misbehavior.

Iraq

With support from more than 5,000 U.S. troops, Iraqi forces have begun to expel the Islamic State from its stronghold in Mosul, the largest city in northern Iraq. The war in Iraq continues to rage because the rushed withdrawal of American forces in 2011 created a military and political vacuum that benefited ISIS.



To achieve President Trump's goal of "totally obliterate[ing]" the Islamic State, the U.S. must oversee the growth of stable military and political institutions in Iraq after the fall of Mosul. Sunni

extremism will outlive the fall of ISIS' so-called caliphate. Iran will continue to stoke Shi'ite militancy in order to tighten its grip on Iraqi politics. Only the U.S. and its regional partners can bring together Iraqi leaders committed to responsible non-sectarian government.

For more information about ISIS, please see page 35.

Key Points

- **Military leaders in both the U.S. and Iraq advised that the complete withdrawal of American troops in 2011 would create a serious risk of instability.** After the withdrawal, the increasingly sectarian, oppressive, and pro-Iranian government of Prime Minister Nouri al-Maliki provoked a violent Sunni-Shi'ite conflict that ISIS exploited to spectacular effect, by swarming across western and northwestern Iraq.
- **The rapid growth of ISIS in 2014 forced the Obama administration to initiate a new military campaign in Iraq.** The campaign made very limited progress in its first two years because the White House remained hesitant to employ sufficient air power or to send enough American troops to train their Iraqi counterparts. After devastating ISIS attacks in Europe and ISIS-inspired mass shootings in the United States, the Obama White House authorized additional support.
- **Prime Minister Haidar al-Abadi presides tenuously over an increasingly fractured political system.** Abadi is committed to the defeat of ISIS and has been a reliable partner for the U.S. He is acceptable to Iran because he is too weak to implement serious reforms or tame pro-Tehran rivals within his barely coherent coalition government. In the spring of 2016, protesters stormed the Green Zone in Baghdad while boycotts by numerous MPs made it impossible for Abadi to assemble a quorum. Later in the year, parliament ousted Abadi's ministers of defense and finance. These political challenges often delayed or threatened to undermine the campaign against ISIS.
- **Thanks to a heavy reliance on a small number of elite forces, the Iraqi military has been able to recapture numerous ISIS strongholds, including much of Mosul.** If and when the city is under the Iraqi government's control, it would mark the fall of the last major stronghold in the Iraqi wing of the so-called ISIS caliphate. However, Iraq's limited pool of elite troops has taken extremely heavy casualties while conducting operations at an exhausting pace.
- **Iran is exploiting the counter-ISIS campaign to expand its influence in Iraq.** Whereas the U.S. and its partners seek to restore pluralistic government, Iran favors sectarian polarization that renders Iraqi Shi'ites increasingly dependent on Tehran. To that end, Iran has provided extensive support for numerous Shi'ite militias, known as Popular Mobilization Units (PMUs), on which Baghdad has often relied because the Maliki government allowed the country's conventional forces to deteriorate after the U.S. withdrawal. Pro-Iran militias have often

committed atrocities against Sunni civilians after expelling ISIS from a town or city. In November 2016, the Iraqi parliament passed a law that empowered the PMUs by formally integrating them into the Iraqi military.

The Way Forward

- **The fall of Mosul will likely unleash new threats that require continued American leadership in the region.** ISIS and other Sunni extremists are likely to conduct guerrilla warfare reminiscent of the 2003-2008 insurgency. Drawing on its newfound strength in Syria, Al-Qaeda may seek to rebuild the influence it lost as a result of ISIS' initial rise. Meanwhile, the destruction of ISIS strongholds will minimize the need for Shi'ite militants and their Iranian patrons to accommodate the American presence in Iraq. Thus, Iran and its partners may seek to oust Prime Minister Abadi and replace him another candidate closer to Tehran.
- **The United States cannot afford to abandon Iraq after the fall of Mosul. As in 2011, a reckless disengagement would give free rein to the sectarian animosity that fosters extremism.** Although the imbalance between Iraq's Shi'ite majority and Sunni minority is a perennial source of tension, the U.S. has shown that it can serve as an honest broker capable of reassuring both sides. Since checks and balances within the Iraqi political system remain tenuous, there is a persistent need for external efforts to reduce tensions and prevent extremists from exploiting the situation.
- **The U.S. should continue to rebuild non-sectarian security forces capable of fighting insurgencies and maintaining peace.** Although the U.S. helped to train formidable Iraqi forces prior to its 2011 withdrawal, those forces collapsed under pressure from ISIS because the Maliki government had transformed the army and police into corrupt enforcers of Shi'ite rule. To prevent this from happening again, the U.S. must establish a close, long-term partnership with the Iraqi security forces. According to Michael Knights of the Washington Institute for Near East Policy, "The coalition should commit the United States to at least three further years of extraordinary security cooperation, subject to review and extension. ... The message should be clear: the United States will not disengage from this fight after Mosul is liberated."
- **The Iraqi Kurdish forces known as peshmerga remain a key U.S. partner in the war against ISIS, yet cannot serve as a substitute for Sunni Arab forces.** The Kurds have helped Iraqi forces reclaim substantial territory from ISIS, yet the Kurdish advance into mixed Sunni-Kurdish areas has led to a flaring of ethnic tensions. Moreover, Kurdish success in fighting ISIS in both Iraq and Syria has stoked Turkish fears that their strength and autonomy will inspire Turkish Kurds to seek independence.
- **The U.S. should make a concerted effort to ensure that the 2018 elections in Iraq are both free and fair.** Elections provide a critical means for ensuring a reasonable balance of ethnic and religious groups within the national government. Elections alone cannot prevent conflict, yet they are essential to building confidence, especially among minorities. Dictatorship in Iraq has never been benevolent, so the most realistic option for stability is to promote representative government.

The Islamic State

The Islamic State — also known as ISIS, ISIL, or Daesh — directly threatens the United States and the stability of the entire Middle East. ISIS is not merely a terrorist organization, but an aspiring state rooted in a radical ideology that seeks to build a global caliphate through terror and bloodshed. Terror attacks in the United States, France, Belgium, and throughout the world have spurred Washington and its coalition partners to intensify their campaign against ISIS, but ultimate success depends on enabling Middle Eastern governments to eliminate the threat of Islamic extremism.



For more information about al-Qaeda, see page 23. For Iraq, see page 33. For Syria, page 45.

Key Points

A Global Threat

- **ISIS-inspired terror attacks in Florida, Texas, California, Massachusetts, Tennessee, Minnesota, New York, New Jersey and other U.S. states reflect a serious threat to the homeland.** More than 100 Americans have now been arrested, indicted, and/or convicted for their efforts to support or join the Islamic State. The FBI continues to conduct ISIS-related investigations in all 50 states. As General Joseph Dunford, chair of the Joint Chiefs of Staff, said in September 2016, groups such as IS “seek to inspire and radicalize others, and in so doing, they are attempting to fundamentally change our way of life.”
- **ISIS has committed or inspired at least than 140 attacks in some 29 countries other than Iraq and Syria, killing more than 2,000 people.** The day before the November 2015 terror attacks in Paris, President Obama claimed IS had been “contained.” In fact, the threat from IS endures. “We judge that ISIL is training and attempting to deploy operatives for further attacks,” said CIA Director John Brennan in June 2016. “ISIL has large cadres of Western fighters who could potentially serve as operatives for attacks in the West.” In July 2016, ISIS struck France once again when a cargo truck drove into a crowd in Nice, killing 86 people and wounding hundreds more.
- **The uncontrolled flow of refugees into Europe has dramatically increased the risk of further ISIS-led or ISIS-inspired attacks on the continent.** In 2015 more than one million refugees from the Middle East and North Africa arrived in Europe. In 2016, some 364,000 refugees arrived. These migrants often travel at great risk: in 2016, some 7,495 refugees died while crossing the Mediterranean. Former CIA Director Brennan said that ISIS “is probably exploring a variety of means for infiltrating operatives into the West, including in refugee flows, smuggling routes and legitimate methods of travel.” In fact, some of the Paris and Brussels attackers posed as refugees while travelling to or across Europe.

The Origin and Nature of IS

- **IS began as an al-Qaeda affiliate, and then broke with the parent organization for political and ideological reasons.** In 2006, Al-Qaeda in Iraq (AQI) renamed itself the Islamic State of Iraq (ISI). In 2013, al-Qaeda chief Ayman al-Zawahiri expelled ISI from al-Qaeda after its leader, Abu Bakr al-Baghdadi refused to obey his orders to cease operations in Syria. Baghdadi then renamed his group IS.

- **The proclamation of a caliphate has endowed IS with incomparable prestige among Islamic radicals.** Islamists deeply resent the abolition of the original caliphate in 1924, which endured from the mid-7th century until shortly after the fall of the Ottoman Empire. The vision of a new caliphate has proven to be a magnetic force, drawing an estimated 40,000 foreign Muslims to fight for ISIS from over 100 countries, including more than 6,000 from Europe and 250 from the United States.
- **ISIS draws directly on its interpretation of Islamic law to justify its efforts to exterminate and enslave minority groups, including Christians and Yazidis.** Mass rape and sex slavery are also an integral part of IS governance. Many of the victims are teenagers or even younger.
- **ISIS has a growing number of affiliates that have pledged oaths of allegiance to ISIS leader Abu Bakr al-Baghdadi but exercise considerable autonomy.** In November 2014, ISIS announced the creation of *wilayats* (provinces or governorates) in Algeria, Libya, Saudi Arabia, Yemen, and the Sinai Peninsula. It later recognized *wilayats* in the Caucasus and the Afghanistan-Pakistan region. After the Nigerian terrorist group Boko Haram pledged allegiance to ISIS, it became known as Wilayat Gharb Ifriqiyah (West Africa). The leadership of the Islamic Movement of Uzbekistan (IMU) has also pledged its loyalty to IS.

U.S. Strategy

- **During President Obama's final months in office, the U.S.-led campaign against ISIS began to threaten key ISIS strongholds in Iraq and Syria.** With American support, Iraqi forces pushed ISIS out of eastern Mosul in January. In Syria, the U.S.-backed, Kurdish-led Syrian Democratic Forces (SDF) are working to complete the isolation of Raqqa, the ISIS capital. Rising tensions between Turkish forces and the Syrian Kurds could derail the effort to retake Raqqa, however.
- **To fulfill his pledge to "totally obliterate" ISIS, President Trump must avoid the mistake of prematurely declaring victory before local governments are capable of leading the fight on their own.** As a candidate, the president frequently criticized his predecessor for a rushed withdrawal from Iraq, yet Trump will face the same temptation to announce his success rather than committing the resources necessary to consolidate military and political advances.
- **The Islamic State will remain a global threat despite setbacks in Iraq and Syria.** "The so-called caliphate will be crushed," said FBI Director James Comey in September 2016. "The challenge will be: through the fingers of that crush are going to come hundreds of very, very dangerous people. They will not all die on the battlefield in Syria and Iraq. There will be a terrorist diaspora sometime in the next two to five years like we've never seen before." Even within Iraq and Syria, ISIS may be able to sustain a potent insurgency.
- **Terrorist groups will flourish in Syria for as long as Bashar al-Assad remains in power.** Assad's forces mainly target the more moderate elements of the opposition which present a greater threat to his control. His unrelenting brutality demonstrates to Syrian Sunnis that they have less to fear from extremists than they do from Assad. Even as the Islamic State loses ground, al-Qaeda aligned forces are achieving unprecedented strength in Syria.

Israel

America has a vital interest in ensuring that Israel remains strong and secure. The U.S.-Israel relationship is mutually beneficial as well as essential to the preservation of a democratic ally facing extraordinary security challenges. Unfortunately, tension and disagreement between the two countries emerged over the course of the Obama administration, particularly with respect to the Iranian nuclear agreement. The Trump administration must repair these ties.



Key Points

- **The U.S.-Israel relationship is rooted in shared values and interests.** Israel is a liberal democracy that embraces freedom of the press, speech, and religion, and respects the rights of women and minorities. It holds free and fair elections, maintains an independent legal system, and has repeatedly demonstrated its willingness to make painful sacrifices to achieve peace with its neighbors. Israel shares the American goal of defeating Islamic extremism.
- **American military assistance saves Israeli lives and represents an investment in the security of a dependable ally.** In 2016, the United States and Israel signed a landmark memorandum of understanding (MOU) that commits Washington, beginning in 2019, to provide Israel with \$38 billion in security assistance over a period of 10 years. Of this total, \$5 billion will go to joint missile defense programs. The MOU follows a similar 10-year agreement, expiring in 2018, that supplies Israel with \$30 billion. The new memorandum requires Israel to spend approximately 75 percent of its security assistance in the United States, thereby supporting the U.S. defense industry and the continuing employment of its workers.
- **The United States should oppose the global boycott, divestment and sanctions (BDS) campaign against Israel.** Multiple countries and international institutions have threatened to punish Israel economically in order to extract concessions on behalf of the Palestinians. The BDS campaign applies a double standard that directs criticism toward the Jewish state alone while discounting the far more abusive and authoritarian behavior of its adversaries. Such pressure only serves to delegitimize the lone democracy in the region, and emboldens Israel's enemies to reject any compromises that could advance the cause of peace.

The Iranian Threat

- **Iran poses an existential threat to Israel.** Tehran routinely threatens to destroy the Jewish state. As Iran's supreme leader, Ayatollah Ali Khamenei, said in June 2016, "The vile and cancerous Zionist regime ... [is one of] our main enemies." In March 2016, Tehran test-fired ballistic missiles with the words "Israel must be wiped out" emblazoned on them in Hebrew. Tehran's radical Islamist ideology, which places Israel's elimination at the heart of its worldview, suggests that its threats are not idle. In light of these threats, Israel has repeatedly stated that it is prepared to take unilateral military action if Iran were ever poised to acquire nuclear weapons.
- **Israel considers the Iranian nuclear deal a historic mistake that would pave the way for Tehran's acquisition of a bomb.** Despite the fractious politics of the Jewish state, there is a broad and deep consensus across the political spectrum that the nuclear deal with Iran will amplify the gravest threat to Israeli security. Israel also fears that Iran's receipt of billions of dollars in sanctions relief under the deal will enable the regime to strengthen its support for groups like Hamas and Hezbollah, which seek Israel's destruction.

- **Israel faces constant threats on its borders from terrorists who seek its destruction.** Israel faces threats from Hamas in Gaza and Hezbollah in Lebanon, both of which have waged multiple wars against it. To the south, an ISIS affiliate in the Sinai peninsula is focused on destabilizing Egypt, yet recently launched its first rocket attacks on Israel. To the north, a brutal civil war in Syria continues with no end in sight, sending out streams of refugees that threaten the stability of Lebanon and Jordan. Moreover, Israel faces the prospect of Palestinian terrorism emanating from its cities.
- **Palestinian extremism and internal divisions make the prospect of a final status agreement unrealistic in the near term.** Whereas the Palestinian Authority (PA) governs the West Bank, Hamas remains in control of Gaza. While the PA, unlike Hamas, often pays lip service to the idea of peace and has negotiated with Israel in the past, both groups share similar attitudes toward Israel: both refuse to recognize Israel's right to exist as a Jewish state and both promote overt anti-Semitism in their educational curricula and media. These shared attitudes, as well as the larger political divisions between the two sides, accounted for the Obama administration's failure to negotiate a peace agreement despite aggressive efforts by Secretary of State John Kerry.
- **Rather than pressure Israel to pursue a final status agreement, the Trump administration should take incremental steps to condition the environment for peace in the long term.** Washington must make clear that Palestinian society needs to undergo dramatic internal reform before any peace agreement with Israel can be possible. In particular, President Trump should call on both the PA and Hamas to stop inciting violence against Israel, accept Israel's right to exist as a Jewish state, embrace meaningful democratic reforms, and recognize that any deal will require concessions from both sides.
- **The United States should refuse to recognize any Palestinian government that includes Hamas.** In January 2017, the Palestinian Authority (PA), which controls the West Bank, and Hamas, which controls the Gaza Strip, announced plans to form a unity government. Washington must not recognize it. Hamas seeks the destruction of Israel, and is considered a terrorist group by the United States and Israel. Since U.S. law prohibits aid from benefiting Hamas, aid to the PA must also be suspended if it chooses to govern in partnership with Hamas.
- **The United States must veto any U.N. resolution that unfairly singles out Israel.** In December 2016, the U.N. Security Council passed a one-sided resolution that described Israel's entire presence in the West Bank—including the Jewish quarter of East Jerusalem—as illegal. In so doing, the U.N. undermined peace prospects by disincentivizing the Palestinians from making meaningful compromises at the negotiating table. Unfortunately, the Obama administration abstained rather than vetoing the resolution, effectively ensuring its passage. The Trump administration should veto any similar resolution in the future.

Latin America

The decades-long progress of democracy in Latin America is under threat by corruption and violence. With inspiration from the late Fidel Castro and methods borrowed from his late protégé Hugo Chávez, left-wing presidents are working to subvert democracy in Venezuela, Ecuador, Bolivia and Nicaragua



To preserve the gains of recent decades and support market-oriented reformers in the region, the U.S. and its partners must work to protect free speech, human rights, the rule of law, and economic liberty.

So far, President Trump has not prioritized human rights or democracy promotion, objectives pursued by presidents from both parties for more than 30 years. Departing from this tradition would be a serious mistake.

Key Points

Cuba & Venezuela

- **President Obama reversed the long-standing policy of isolating the Cuban regime, asserting that “we can do more to support the Cuban people and promote our values through engagement.”** However, dissidents report that there has been a surge of political arrests since the U.S. reversal in December 2014, with beatings to complement the detentions. In March 2016, President Obama also broke his promise not to visit Cuba unless the island made substantial progress toward protecting human rights, especially the release of political prisoners.
- **Whereas President Obama sent condolences following the November 2016 death of Fidel Castro, Donald Trump issued a statement condemning the legacy of Cuba’s “brutal dictator”.** In the first months of his campaign, Trump said, “The concept of opening with Cuba is fine,” while calling for a “better deal”. More recently, he has tweeted unless Cuba is willing to reach “a better deal for the Cuban people,” he will terminate the Obama-era opening.
- **While Venezuelans suffer from food shortages, pervasive corruption, violent crime, and hyperinflation, Socialist President Nicolás Maduro remains focused on consolidating his dictatorship.** Ever since a landslide victory for the democratic opposition in December 2015 elections for the National Assembly, Maduro has relied on the corrupt and partisan judiciary to rob the assembly of its constitutional powers. Most importantly, Maduro’s judges have blocked efforts to hold a presidential recall election. The suppression of protests has also become increasingly violent, while a growing number of political prisoners are held in jail.
- **In February, the Trump administration sanctioned Venezuelan Vice President Tareck El Aissami for international drug trafficking.** Previously, the Obama administration imposed sanctions on an array of Venezuelan officials for drug trafficking, subversion of democracy, and support to terrorist organizations including Hamas and Hezbollah. The U.S. should support the efforts of the Venezuelan opposition to suspend Venezuela from the Organization of American States (OAS) by invoking the Inter-American Democratic Charter.

Mexico, Central America, Colombia, and Brazil

- **U.S.-Mexico tensions have risen following the election of Donald Trump.** As president, Trump has begun to act on his campaign promise to build a wall along the Mexican border and force the Mexicans to pay for it. In response, President Enrique Peña Nieto cancelled his first

visit to the United States, scheduled for early February. President Trump's relentless criticism of NAFTA and calls for renegotiating the pact have also made the Mexican government apprehensive. *For more information about NAFTA and its economic impact, please see page 15.*

- **At home, Mexico's president has to contend with a sluggish economy, rising crime, and scandals that have damaged his credibility.** Recently, the Peña Nieto administration faced a popular backlash after it allowed the price of gasoline to rise 20 percent, as part of the president's plan to reform the underperforming energy sector. Popular anger also persists because of the unsolved disappearance (and presumed murder) of 43 students in September 2014. In addition, homicide rates have begun to approach the record levels of the years before Peña Nieto's election. Since 2007, the U.S. has provided Mexico with more than \$2.5 billion of assistance, focused mainly on strengthening law enforcement and rebuilding the rule of law.
- **Honduras, Guatemala, and El Salvador continue to suffer both from high levels of gang-related violence as well as pervasive corruption, driving many of their inhabitants to migrate northwards.** All three countries have elected governments, yet without the rule of law, personal liberty and security are precarious at best. Economic opportunity is also scant, with a third of Central American youth neither working nor studying. The U.S. State Department has designated all three countries as major illicit drug producing or drug-transit states.
- **Once on the brink of becoming a failed state, Colombia now enjoys a robust political and economic partnership with the United States.** With \$8 billion of American support as part of Plan Colombia, President Álvaro Uribe (2002-2010) enacted key reforms and made decisive gains against the Marxist guerrillas known as FARC. This past year, President Juan Manuel Santos negotiated a peace agreement that ended the fifty-year insurgency. Nonetheless, Colombia remains a leading source of cocaine for global markets. In October 2011, the U.S. Congress approved a free trade agreement with Colombia. American exports to Colombia have continued to grow from just \$3.5 billion in 1999 to more than \$16.5 billion in 2015.
- **A wave of multi-billion dollar corruption scandals has plunged Brazil into continuing political chaos, culminating in the August 2016 ouster of President Dilma Rousseff.** Her successor, Michel Temer is also facing accusations of corruption, while her predecessor, Lula da Silva, is set to go on trial. Brazil is also in the midst of a deep recession that has lasted almost three years.

North Korea

North Korea, the most repressive regime in the world, is a significant and growing threat to the United States and all of Asia. Left unchecked, Pyongyang will soon be able to directly threaten the continental United States with a nuclear-armed missile. North Korea also supports the nuclear programs of other rogue states, such as Iran and Pakistan.



President Trump has announced that he will replace the Obama-era policy of “strategic patience” with “maximum pressure and negotiations.”

A comprehensive strategy of economic, political, and military pressure is required to enact change within North Korea. This approach will also must also raise the costs of China's longstanding support to North Korea. It is likely that North Korean nuclear disarmament will only occur following a fundamental change in the nature of its regime.

Key Points

- **North Korea continues to develop and expand its nuclear arsenal and the ballistic missiles with which to deliver them against the United States and our allies.** North Korea has dramatically increased the pace of its missile and nuclear tests in recent years, and may test a sixth nuclear device in 2017. The progress of North Korea's arsenal led the United States to conclude that Pyongyang has the ability to attack the U.S. homeland with a nuclear weapon via ballistic missile. In addition, experts at Johns Hopkins University predict that North Korea may have an arsenal of as many as 100 nuclear warheads by 2020.
- **North Korea has continually broken promises to shutter its nuclear program.** The 2002 discovery of North Korea's highly enriched uranium program was a clear violation of the 1994 Agreed Framework between the United States and the regime in Pyongyang. The subsequent six-party talks broke down in 2009 after international condemnation of North Korea's continued ballistic missile tests.
- **North Korea contributes substantially to global arms proliferation.** North Korea is a key supporter of Iran's nuclear program. North Korea and Iran are signatories to a September 2012 Scientific Cooperation Agreement, which is a means for proliferating nuclear technology between the two countries. North Korea signed a similar agreement with Syria in 2002. This agreement played a large part of North Korea's clandestine efforts to build a nuclear reactor within Syria. Additionally, North Korea proliferates arms to Cuba and Burma.
- **North Korea continually threatens its democratic southern neighbor.** A North Korean submarine sunk a South Korean patrol vessel in March of 2010, killing 46 sailors. On November 23, 2010, North Korea shelled Yeonpyeong Island, killing two South Korean Marines. As recently as August 2015, a pair of South Korean soldiers were wounded by land mines planted south of the Demilitarized Zone dividing the two countries. North Korea has continually threatened South Korea and the United States, and has declared that the 1953 Korean War Armistice was “nullified.”
- **North Korea conducts cyberattacks on the United States and its allies.** In 2004, North Korea launched a cyberattack against the U.S. Department of State. North Korea again attacked the United States in 2007 with a logic bomb. The most widely known example of North Korea's cyberterrorism came in December 2014, when Pyongyang hacked the computer systems of Sony Pictures. The capability and sophistication of North Korea's cyberwarfare is likely to continue to grow.

- **According to the United Nations' 2013 Commission of Inquiry on Human Rights in North Korea, the Kim regime is the most repressive in the world.** The commission found "systematic, widespread and grave human rights violations occurring in [North] Korea. It has also found a disturbing array of crimes against humanity... These crimes arise from policies established at the highest level of the state. They have been committed, and continue to take place in [North] Korea, because the policies, institutions, and patterns of impunity that lie at their heart remain in place. The gravity, scale, duration, and nature of the unspeakable atrocities committed in the country reveal a totalitarian state that does not have any parallel in the contemporary world."
- **North Korea is one of the most impoverished countries in the world.** More than half of the 24 million people living in North Korea are in extreme poverty. One-third of North Korea's children are stunted due to malnutrition, and the country's annual GDP ranks 198th in the world.

The Way Forward

- **The United States should reject the failed policies of previous administrations.** U.S. policy toward North Korea has long has been rooted in *quid pro quo* agreements in which the U.S. promised aid in exchange for North Korean good behavior. North Korea has reneged on all these agreements.
- **The United States should instead work to impose such pressure on North Korea that its nuclear program becomes a liability to the regime's survival.** This effort would involve pressuring China to stop supporting the regime, interdicting North Korea's illicit proliferation activities abroad, increasing efforts to help North Korean refugees, and improving broadcasts into the country to inspire the population against the regime.
- **The United States should also expand its strategic cooperation with South Korea and Japan.** Closer alliance coordination will be required to both deter North Korea and respond if it makes further progress toward threatening the American homeland. Immediate steps should include closer integration of missile defense capabilities among the allies, greater contingency planning on how to respond to a new crisis on the peninsula, and any steps necessary to reassure our allies about the credibility of U.S. extended deterrence.
- **Any future agreement with North Korea must result in the complete, verifiable, and irreversible dismantling of its nuclear program.** This is an objective that may take many years to realize, but it is not acceptable to simply wait for the Kim regime to collapse of its own weight or to expect our allies in the region to endlessly tolerate the threat of nuclear blackmail from Pyongyang. Any dialogue that is not directed toward this goal will be a waste of diplomatic efforts.

Russia

General Joseph Dunford, the chairman of the Joint Chiefs of Staff, has identified Russia and its vast arsenal of nuclear weapons as the number one threat to U.S. national security and the NATO alliance. Vladimir Putin's regime is responsible for the murder of scores of dissidents and journalists, as well as the indiscriminate slaughter of Syrian civilians. In the past ten years, Russian forces have invaded and occupied parts of both Ukraine and Georgia, while the Kremlin has interfered in elections in both Europe and the United States.



There will be no reasonable path toward improving U.S.-Russian relations unless Putin respects the sovereignty of his neighbors and puts an end to his campaign to divide NATO. Russia often presents itself as a potential partner for the West in the struggle against Islamic extremism, yet Russian forces in Syria have mainly targeted anti-Assad forces and civilians rather than prosecuting a war against the Islamic State. Therefore, the United States should toughen its sanctions on Russia, provide lethal aid to Ukraine, and permanently station ground forces in Eastern Europe until Putin ends his policy of intimidation and aggression.

Key Points

- **Vladimir Putin spent 16 years as a KGB agent and described the collapse of the Soviet Union as “the greatest geopolitical catastrophe of the century.”** He sees the United States as a mortal enemy seeks to restore the prestige and power that Russia commanded in the Soviet era.
- **There is no equivalence between Putin's brutality and the mistakes the U.S. has made in pursuit of its national security.** The U.S. government does not murder either opposition leaders or investigative journalists. Its military operations have resulted in civilian casualties, yet Russia intentionally targets civilians as means of spreading terror, where the U.S. military actively seeks to minimize civilian suffering. It is indefensible that President Trump has attempted to minimize Putin's brutality by suggesting that “We have a lot of killers. You think our country is so innocent?”
- **Despite signing the first and second Minsk cease-fire agreements, Russia maintains several thousand troops in eastern Ukraine, although it refuses to acknowledge their presence.** The fighting in eastern Ukraine has waxed and waned over time, yet cease-fire violations continue almost daily, pushing the war's toll to more than 10,000 deaths. *For more information about the war in Ukraine, please see page 47.*
- **Russia has engaged in a persistent campaign of intimidation against the democratic states on its western border, several of whom are members of the NATO alliance.** For several years, Russia has engaged in systematic violations of the airspace and territorial waters of Poland and the Baltic states as well as Scandinavia. The Kremlin also brandishes verbal threats, including one to employ nuclear weapons as a means of “de-escalating” regional conflicts. *For more information about the threat to NATO, please see page 29.*
- **Russian advocates of human rights and the rule of law are the targets of official intimidation—or worse.** In February 2015, Russian opposition leader and former Deputy Prime Minister Boris Nemtsov was murdered within sight of the Kremlin. Opposition leader Vladimir Kara-Murza notes that before his murder, Nemtsov was accused by government-controlled television of being a “traitor” and an “enemy of Russia.” For his own prominent role in the Russian opposition, Kara-Murza was subsequently poisoned both in May 2015 and February 2017, suffering critical organ failure. Foreign organizations such as the U.S. National Endowment for

Democracy as well as local groups who receive foreign support have been banned in Russia under a law targeting “undesirable” foreign NGOs. Nearly all American NGOs with field offices in Moscow have had to leave the country.

- **Russia is in violation of several landmark arms control treaties.** Russia has secretly tested and deployed new cruise missiles that violate the 1987 Intermediate Nuclear Forces (INF) Treaty. Russia has also repudiated the 1987 Treaty on Conventional Armed Forces in Europe and violated the Open Skies Treaty, while failing to provide the information necessary to confirm its adherence to the Biological and Toxin Weapons Convention (BWC) as well as the Chemical Weapons Convention (CWC).

Russian Intervention in the Middle East, Europe, and the United States

- **Russia deployed its armed forces to Syria to prevent the collapse of the Assad regime.** Despite the initial pretense that Russian forces would only target the Islamic State, they have rarely done so. Instead, they have focused on those rebel groups most threatening to Assad's control, including those supported by the United States. Known for their indiscriminate targeting, Russian forces have killed nearly 5,000 civilians since their intervention in 2015, according to local human rights monitors. *For more information about the war in Syria, please see page 45.*
- **Russia has launched major campaigns to promote anti-Western and anti-democratic forces throughout both Eastern and Western Europe.** In Western Europe, Russia has built strong ties to right-wing nationalist parties, who tend to view Russia as a model rather than a threat. In Eastern Europe, where democratic institutions and the rule of law are weaker, “Russia has cultivated an opaque network of patronage across the region that it uses to influence and direct decision-making,” according to a comprehensive analysis by the Center for Strategic and International Studies. Via disinformation and economic leverage, Russia seeks to export its model of corrupt oligarchic rule.
- **The U.S intelligence community (IC) concluded in January 2017 that “Vladimir Putin ordered an influence campaign in 2016 aimed at the US presidential election” in order to help Donald Trump and discredit Hillary Clinton.** After repeated attacks on the competence and loyalty of the IC, President Trump accepted that, “As far as hacking, I think it was Russia.” The IC's findings were part of a declassified summary of a detailed but highly classified report. The IC did not suggest that Russian interference affected the outcome of the U.S. election.
- **In his final month in office, President Obama imposed additional sanctions on Russia and expelled Russian diplomats in response to Russian interference in the 2016 election.** President Trump's first national security adviser, Michael T. Flynn, resigned after anonymous senior officials within the IC revealed to journalists that Flynn had spoken to the Russian ambassador to the U.S. about these sanctions. This information contradicted what both Flynn's public statements and private assurances to Vice President Mike Pence. The nature of Flynn's discussions with the Russian envoy remain unclear. The various leaks about Flynn have further aggravated the poor relationship between the Trump White House and the IC.

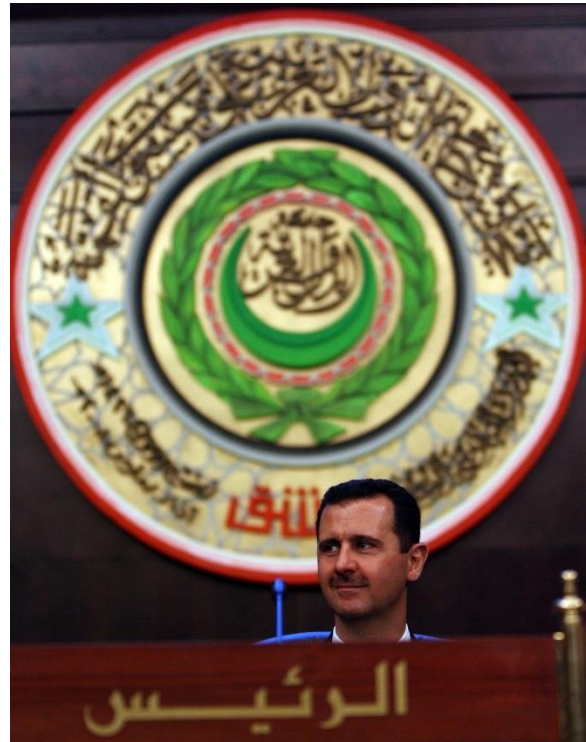
Syria

A client of Tehran, the regime of Bashar al-Assad continues to terrorize and murder the people of Syria. The Syrian Center for Policy Research estimates that at least 470,000 Syrians have died since the outbreak of civil war in 2011. More than four million refugees have fled the country, with more than one million arriving in Europe.

Assad's brutality contributed directly to the rise of ISIS and the resurgence of al-Qaeda. In concert with Iran, Syria also has a long record of providing essential support to Hamas and Hezbollah. While Bashar al-Assad remains in power, extremism will thrive and the threat of international terrorism will grow.

President Trump's April 2017 airstrike against the Assad regime was a step in the right direction, but has not answered major questions about how the administration will resolve the larger conflict in Syria.

For more information about ISIS, please see page 35. On al-Qaeda, please see page 23.



Key Points

- **The U.S. has designated the Assad regime as a state sponsor of terror.** In addition to supporting Hamas and Hezbollah, the regime has provided sanctuary and assistance to Iraqi insurgents responsible for the deaths of American and allied troops during the war in Iraq. Until 2007, Assad pursued a secret nuclear program with the help of North Korea.
- **Iranian support is essential to the survival of the Assad regime.** The regime's increasingly hollow forces now depend almost entirely on an Iranian-led coalition of foreign troops to conduct offensive operations, according to an assessment by the Institute for the Study of War. Tehran's coalition consists of about 30,000 troops drawn from the Iranian Revolutionary Guard Corps, Iranian conventional forces, Lebanese Hizbullah, as well as Shi'ite troops drawn from Iraq and Afghanistan. Tehran's financial support is also essential. Staffan de Mistura, the UN special envoy to Syria, has estimated that Iran spends \$6 billion per year to prop up the regime.
- **Russian intervention helped to turn the tide of a war that Assad was on his way to losing.** Since the fall of 2015, Russian aircraft have provided Syrian and Iranian-led forces with offensive striking power that has been critical to retaking key terrain once held by the opposition. The Russians' primary targets have been moderate rebel groups, despite the Kremlin's insistence that it seeks to destroy ISIS. Russian aircraft have intentionally targeted civilian structures such as hospitals as part of its effort to terrorize civilians. Indiscriminate attacks from the air have also inflicted great suffering on civilians. Nikki Haley, the U.S. Ambassador to the UN, has rightly condemned Russian actions as war crimes.
- **Assad's brutality facilitated the rise of ISIS and the resurgence of al-Qaeda.** The so-called caliphate served as both a planning hub and source of personnel for attacks on France and Belgium. While the Islamic State is losing ground in Syria, al-Qaeda can now field thousands of fighters and plays a leading role within the opposition. In 2016 al-Qaeda's Syrian affiliate renamed itself twice in order to create the impression that it was no longer part of al-Qaeda's

global network. Originally known as Jabhat al-Nusra (JN), it became Jabhat Fateh al-Sham (JFS) and then Hayyat Tahrir al-Sham (HTS).

- **Assad's brutality is also directly responsible for the refugee crisis in both neighboring states and in Europe.** More than half of Syria's pre-war population of 20 million has been displaced, with 4 million seeking refuge in other countries. Rather than remaining in Jordanian camps or Turkish slums, many of the refugees have headed for Europe. Thousands have drowned while seeking to cross the Mediterranean, including 3-year-old Aylan Kurdi, whose lifeless body became a symbol of the refugees' plight.
- **Syria continues to employ chemical weapons.** An August 2016 U.N. report stated that the Assad regime used chemical weapons at least twice since 2013. In September 2016, the regime also reportedly used chlorine gas against Syrian civilians in Aleppo. In April 2017, Assad again used sarin gas in an attack against rebel forces, prompting President Trump to launch an airstrike against a regime military base. While this airstrike was an appropriate response to the Assad regime's brutality and violation of an earlier agreement to surrender these weapons, it does not represent a comprehensive strategy to prevent Assad from continuing his genocidal war.

The Way Forward

- **While Assad remains in power, extremism will thrive and there will be no peace.** President Trump said in October 2016, "I don't like Assad at all, but Assad is killing ISIS." In reality, neither Assad nor his Iranian and Russian patrons are focused on destroying ISIS. They seek to destroy the non-extremist opposition, so Assad can present himself as the only viable alternative to ISIS and al-Qaeda.
- **Russia does not share U.S. strategic goals in Syria, and has used past ceasefire initiatives to consolidate the regime's gains on the battlefield.** In 2016, the Obama administration and the Kremlin brokered a series of ceasefires that effectively allowed Russia, Iran, and Assad to secure de facto U.S. approval of their territorial advances. These ceasefires all eventually collapsed, once the Assad regime had rested its forces and was ready to resume offensive operations. President Trump must not repeat the same mistake.
- **The United States should accelerate its effort to train and equip non-extremist opposition forces fighting Assad.** For several years, the CIA has provided arms and other assistance to an array of vetted opposition groups, yet the Obama administration never provided sufficient support to prevent either extremists or pro-regime forces from killing off most potential moderate rivals. The U.S. military initiated an overt program to train moderate opposition fighters, yet tepid support from the White House contributed to failure on the battlefield. With robust support, however, opposition forces could stand their ground and create leverage for negotiated end to the war.
- **The U.S. and its partners should establish "safe zones" to protect Syrian civilians.** In a January 2017 phone call with Saudi Arabia's King Salman, President Trump voiced support for safe zones, yet he has not addressed the issue further. Such zones would save numerous civilian lives and facilitate the growth of moderate opposition forces. According to Frederic Hof, a former special advisor for Syria at the State Department, "there is simply no way" that the United States or its allies "can effectively support the mainstream opposition 'inside Syria' absent a protected zone in which that opposition can establish a governmental alternative to ISIS and the Assad regime."

Ukraine

After protesters ousted Ukraine's corrupt, pro-Russian president, Russian forces invaded Crimea and eastern Ukraine. The United States and its European partners must hold Vladimir Putin accountable for this aggression by intensifying economic sanctions and providing Kyiv the weapons it needs to defend itself.

Without peace and reform, it will be extremely difficult for Ukraine to rebuild its economy. In eastern Ukraine combined Russian-separatist forces continue to violate the current ceasefire on a daily basis, pushing the war's death toll past 10,000. Despite the ongoing conflict, the U.S. and EU should pressure Kyiv to invigorate its pursuit of anti-corruption reforms, whose deficient pace threatens popular support for the government.



For more information about Russia, please see page 43.

Key Points

- **Vladimir Putin's war on Ukraine represents a direct threat to NATO and to the post-Cold War order in Europe.** The war is a test of the U.S. and NATO commitment to a vision of Europe in which all nations are free of domination by foreign powers. Russia's annexation of Crimea in 2014 was the first time since World War II that the borders of a European country were altered by force. If this precedent stands, it will be an invitation for Vladimir Putin to continue his intimidation of other nations in Eastern Europe, especially the Baltic states of Estonia, Latvia, and Lithuania, which are members of NATO.
- **Ukrainians seek independence from Russian control as well as greater integration into the economic, political, and military institutions of the West.** Three months of concerted demonstrations in Kyiv led to the February 2014 resignation and flight of Viktor Yanukovich, the country's corrupt and increasingly autocratic president. Originally, the "Euromaidan" protests were a response to Yanukovich's refusal to sign an association agreement with the European Union. Yet after Yanukovich's vicious and deadly attempts to crush the protests, their focus became Yanukovich himself.
- **Vladimir Putin wants to undermine Ukrainian sovereignty and exercise veto power over Kyiv's foreign policy.** Russia's use of so-called "separatists" to foment internal conflict is a strategy it has previously employed in Georgia and Moldova. By sponsoring the separatists' efforts to create an enclave within Ukraine, Putin creates "frozen conflicts" that can be heated up whenever it proves beneficial to Moscow. The puppet governments established in Donetsk and Luhansk will likely serve as Putin's vehicle for the consolidation of yet another frozen conflict. The U.S. and its European allies should demand nothing less than the full return of Ukrainian sovereignty, including the withdrawal of Russian weapons and control of the border.
- **Full compliance with the Minsk agreements must be the basis for any settlement between the United States, Europe, Ukraine, and Russia.** The two Minsk protocols, agreed to in September 2014 and February 2015, call for an immediate ceasefire and the withdrawal of armed forces from eastern Ukraine. Russia remains in flagrant violation of these and other clauses, indicating that it will not honor its word until the U.S. and its partners bring sufficient pressure to bear on Moscow. The Kremlin should receive no relief from sanctions until Ukraine exercises full control over both its eastern provinces and their border with Russia. There should be no concessions on this point regardless of whether Putin pledges to fight ISIS in Syria, since those promises would be no more credible than his assent to the Minsk agreements.

- **The Ukrainian military is growing more capable thanks to American support, but further assistance is essential—especially the provision of defensive weapons.** In Congress, overwhelming bipartisan majorities authorized President Obama to provide lethal aid, yet he refused to do so. Both Secretary of State Rex Tillerson and Gen. Joseph Dunford, the chairman of the Joint Chiefs Staff, have expressed their support for sending weapons. Until Russia has to pay a higher price for its aggression, there is little reason for it to change its behavior. The people of Ukraine have continually shown that they are willing to fight and die for their independence; they deserve American support.
- **Corruption and cronyism have continued under President Petro Poroshenko, yet he has also enacted pivotal reforms that have eliminated important opportunities for graft.** The persistent corruption of judges and prosecutors continues to undermine the rule of law while ensuring impunity for the beneficiaries of graft. Ukraine has a new and aggressive National Anti-Corruption Bureau, which often finds itself clashing with other law enforcement bodies that seek to prevent the exposure of graft. On the other hand, the simplification of energy prices has eliminated opportunities for corruption that once cost billions of dollars per year. In addition, hundreds of thousands of government officials now must disclose their income and assets on a publicly available website.
- **The continuing visibility of corruption has undermined public confidence in President Poroshenko as well as his partners and rivals. Continuous U.S. and international pressure is needed to spur additional reforms.** Polls commissioned by the International Republican Institute (IRI) show that Poroshenko's approval rating remains mired at 20 percent or below, with disapproval in the mid-70s. Approval ratings for other political leaders remain just as bad or even worse, with the Rada (parliament) winning only eight percent approval. Voters identify stronger anti-corruption measures as the number one priority for the national government; above all, they seek accountability for corrupt officials.
- **Internal reforms and external assistance seem to have stabilized the Ukrainian economy after the Russian invasion set off a devastating crisis.** After GDP plunged a harrowing 16 percent in 2014-2015, positive growth returned in the latter half of 2016. Inflation has retreated and energy market reforms along with painful austerity measures have helped bring the government's debt and deficit under control. So far, Ukraine has received about \$8 billion of loans from the International Monetary Fund (IMF), as part of total package with a projected value of \$17.5 billion. However, in November 2016 the IMF refused to release the next tranche of funding for Ukraine, noting that "tangible results in prosecuting and convicting corrupt high-level officials and recovering proceeds from corruption have yet to be achieved." In addition, the Ukrainian economy remains hobbled by inefficient state-owned enterprises and other measures that prevent markets from functioning properly.

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