

Weekly Intelligence Brief

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Chinese Belt & Road Initiative continues African expansion despite Houthi attacks in the region

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The Houthi Movement, officially known as Ansar Allah, is a “specially designated global terrorist” group according to a statement by National Security Advisor Jake Sullivan. Iran has been providing military support to the Houthis. On 02 OCT 2023, over one million 7.62 mm rounds of ammunition were seized in the Arabian Sea according to the Department of Justice. This ammunition was coming from Iran and

was *en route* to the Houthi-controlled region of Yemen.

Iran, in 2021, signed the Iran-China 25-year Cooperation Program which includes China buying sanctioned Iranian oil. The Chinese Belt & Road Initiative (BRI) aims to provide economic, military, and technological assistance to countries in need. These Chinese goals are set towards Africa and Europe, according to the Chinese Government press release regarding the BRI. The BRI includes the region around the Horn of Africa. The Chinese People’s Liberation Army Support Base is located near the Bab-el-Mandeb

Strait in Djibouti. China is one of two named countries that are to be granted safe passage through the Red Sea, and a senior Houthi official stated China’s shipping is not threatened.

It can be assessed with high confidence that China will continue to send military personnel to this base to ensure the safety of their container ships in the region, specifically the Bab-el-Mandeb Strait. It can also be assessed with high confidence that it is unlikely that the Houthis will rein in attacks in the Gulf of Aden and Bab-el-Mandeb, as the Houthis have already stated that Chinese ships are free to pass in the region.

Ukraine's drone tactics to hold off Russian invaders

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On 22 JAN, Ukraine President Volodymyr Zelensky pledged to make a million drones specifically used for dropping or sending bombs to attack Russian forces. To help with this initiative, the United Kingdom is sending a new \$2.7 billion package in 2024 or 2025 which is an increase of \$200 million from the previous two years. Ukraine plans on spending \$200 million on just the drones themselves. Each drone costs around \$500 (€396) and has shown significant returns, as stated by Tymur, the commander of the Samosud squad in Ukraine's 11th National Guard Brigade. He claims that his team once destroyed an S-350 air defense missile system worth \$136 million

However, the Russian invaders are doing the exact same to the Ukrainians. In the city of Kherson, the street life has gradually drained due to constant drone surveillance and enemy bombardment. On the outskirts of the city, pilots practice drone flights with plastic bottles tied beneath them, acting as grenades. This tactic of first-person view (FPV) drones has been one of the more successful low-cost strategies used by Ukraine. However, the drones they receive are cheap and show less effectiveness compared to the more expensive ones. One soldier in the Donetsk region in the "Raroh" Squadron has said they would rather have 10 well-made ones than 50 less reliable ones. However, another soldier has said that despite drones being a significant part of fighting the war,

artillery remains an important weapon for fighting Russian forces.

We can assess with high confidence that both Ukraine and Russia will continue to use drones to fight this war, and that this can influence other countries or organizations into adopting the use of drone tactics.



Maritime Trade Security in the South China Sea

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A recently released Taiwanese report stated that Taiwan's export orders fell by almost 16% or over \$500 billion during 2023 increasing their reliance on Chinese importers. Taiwan's Ministry of Economic Affairs released an announcement highlighting 14 straight months of export decline, tensions in the South China Sea, rising economic concerns, and global supply chain stress,

suggesting a pessimistic outlook for 2024. However, an Oxford Economics Foundation report found that China has been increasing its imports from Taiwan despite geopolitical tensions.

Conflict in the Red Sea has already shown an inflationary effect on maritime trade in the South China Sea. To avoid the risks of moving through the Houthi-attacked Bab-el-Mandeb strait, freighters are adding two weeks of shipping by sailing around South Africa's Cape of Good Hope. This route change delays cargo vessels from returning to ports

to pick up freight, raising storage costs for harbors which is passed onto trading organizations, creating an inflationary effect across the South China Sea. The Níngbō-Zhōushān harbor in China's Zhèjiāng province has already seen holding costs rise by 300% since the Houthi attacks began in early December.

We assess with high confidence that these increased competitive pressures on maritime trade will result in heightened tensions between competing countries in the South China Sea.

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