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**SUMMARY BULLETIN & THREAT ASSESSMENT**

SOUTH CHINA SEA – 3 December, 2019

13:50 EEST

Subject: Chinese attack on US naval vessels

Status: Heightened

Event: Chinese attack on US naval vessels in the South China Sea resulted in the deaths of 23 American citizens. US forces are expected to respond by demolishing the Chinese-made military installation islands that the Chinese government is using to claim expansion of territorial waters.

**Threat Assessment:**

1. Chinese response to the loss of their military assets is expected to be harsh.
2. Responses could include tariffs on American goods, economic sanctions, and even closer trade relations with Russia and other adversaries.
3. The US must be prepared to respond with our own increased economic pressures to limit Chinese economic expansion and tighten their military budget and capabilities.

Recommended Economic Response: Until we know how Chinese response will play out, no action is recommended. However, if there are economic retaliations on the part of China, the US should be prepared to institute sanctions and tariffs of our own. Congress should conduct research into the most effective means of economic suppression of the Chinese government and military.

Failure to Act: If the Chinese government does introduce new economic sanctions in retaliation and the US does not respond, we can expect the Chinese market to expand at the cost of American interests. The Chinese government will also likely be emboldened to further ramp up economic control measures against American interests. Inaction may also embolden Russia to continue expansion along its western border.