

17 April 2024

An Analytic Intelligence
Wire Prepared by The
Students of Embry-Riddle
Aeronautical University

Issue 452

Of Eagle Eye Intelligence

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ROMANIA-BULGARIA: Full Schengen Entry Delay Likely to Hinder Economic Growth

Summary: Bucharest and Sofia will likely face setbacks in the potential for economic growth after acquiring only partial accession into the Schengen Area, with a delay of full membership coming from illegal immigration concerns from Austria. Prolonged negotiations with Vienna will likely continue stalling land transportation routers for truckers, which will likely result in economic losses and protests from local transportation workers and businesses.

Background: On 31 March, Bucharest and Sofia partially joined Europe's Schengen Area, an area of lifted internal border controls that allow for free movement of citizens and goods. Partial entry only lifts border restrictions for both countries towards air and sea travel, but not land travel. Schengen rules would apply to all the countries' international airports and seaports, including the Bucharest Henri Coandă International Airport and the Sofia International Airport, which handled a combined 36 million passengers in 2023, according to Radio Free Europe/Radio Liberty. As a result of Schengen entry, more border police and immigration officers will station in international ports to support passengers with international travel processes and combat human trafficking and other forms of illegal travel, according to AP News. European Commission President Ursula von der Leyen celebrated Bucharest and Sofia's entry into the Schengen Area, declaring it a "historic moment" that would lead to a "stronger, more united Europe for all our citizens," according to *Euronews*.

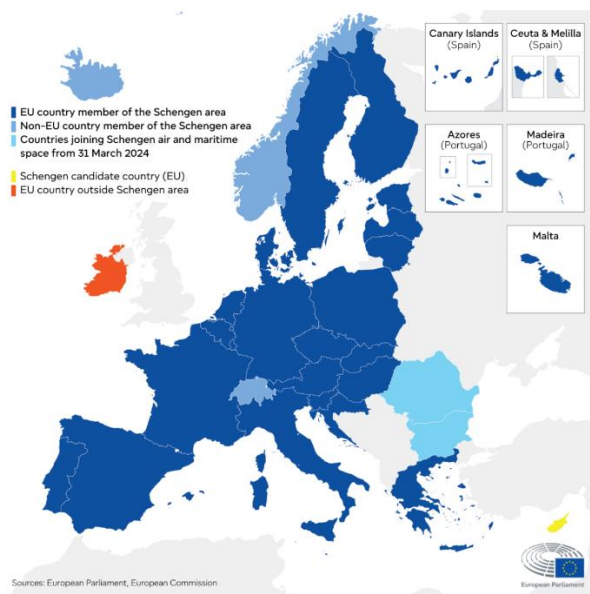


Figure 1: Map of Schengen member countries

Illegal Immigration Concerns: Concerns by Vienna over illegal immigration will almost certainly stall Bucharest and Sofia's accession into the Schengen area for land routes. On 8 December 2022, Vienna vetoed Schengen accession for both Bucharest and Sofia, according to AP News. The accession process required unanimous approval among all member countries to grant full membership, thus, both Bucharest and Sofia failed to receive Schengen membership. On 28 December 2023, Bucharest and Sofia reached an agreement with Vienna for Schengen entry after agreeing to strengthen border security measures, according to Reuters. Bucharest and Sofia will likely continue land border negotiations with Vienna to strengthen support for full Schengen access. However, Vienna's strong illegal immigration stance makes it unlikely for negotiations to quickly resolve. Bucharest and Sofia have continued strengthening countermeasures against illegal immigration, with both countries joining a regional police initiative with Vienna, as well as Sofia reaching an agreement with the EU border agency Frontex to triple its number of officers along Sofia's border with Istanbul, according to *Al Jazeera*. Further delays in land routes will almost certainly impact the regulation of goods and tourists, resulting in economic losses. The lifting of land border checks will likely prevent future losses, meaning both countries will likely engage in increased collaboration with Vienna for the sake of their economies. As a result, Bucharest and Sofia will likely continue making efforts to strengthen border security to appeal to Vienna's demands.

Losses Over Land Crossings: Delays in Schengen land access will almost certainly lead to delayed supply chains and major economic losses for Bucharest and Sofia. Due to border checks continuing along Romanian and Bulgarian borders, long queues for trucks and freight trains have delayed the passage of imports and exports to and from Bucharest and Sofia, resulting in increased urgency among road transportation workers, unions, and organizations for full Schengen integration. The National Union of Road Transporters from Romania (UNTRR), one of Bucharest's main road transport unions, petitioned for Bucharest to acquire full Schengen access as quickly as possible, citing billions of dollars in losses a year over long waits, according to *Al Jazeera*. UNTRR also expressed concern over the health of road transportation workers, stating that wait times range from eight to 16 hours at the Hungarian border and 20 to 30 hours at the Bulgarian border, with peaks of up to three days, according to France24. The Bulgarian Industrial Capital Association (BICA) also expressed frustration over delayed Schengen access, stating that air and sea transportation only transports three percent of Bulgarian goods, according

to *Al Jazeera*. Further economic losses and supply chain issues will likely continue due to continuously delayed land access, and both Bucharest and Sofia will most likely face further backlash by unions and other organizations.



Outlook and Implications: Due to Vienna’s veto of full Schengen accession, Bucharest and Sofia will most likely prioritize increasing security and border protection to appeal to Vienna for joining an otherwise unanimous vote, likely with the aim of stopping further economic losses. Policymakers in Bucharest and Sofia will likely take a strong stance against illegal immigration to further objectives with Schengen and possibly other European Union-aligned policies. Protests and other backlash against Bucharest and Sofia over economic losses and wait times along land borders will most likely intensify over the coming months, and a prolonged economic loss may deteriorate support for officials in Bucharest and Sofia. As a result, both Bucharest and Sofia will most likely attempt to hasten negotiations with Vienna to cover losses and strengthen their economic success and potential because of a full Schengen membership.

[Brandon Greenaway]

YEMEN: Houthis Will Most Likely Pursue Attacks on Every Vessel in the Red Sea

Summary: The Houthi rebels recently attacked a Chinese oil tanker, one week after agreeing not to hit Russian or Chinese ships due to their relationship with Iran. Previously, the Houthis fired missiles at an Iran-bound ship, despite Tehran providing them with training, intelligence, and weapons. Houthi militants are likely to continue attacks on ships passing through the Red Sea regardless of ship origin and previous engagements made with other countries due to their lack of technology and intelligence.

Background: On 23 March, the Iranian-backed Houthis launched four anti-ship ballistic missiles into the Red Sea in the vicinity of MV Huang Pu, a Chinese-owned and operated oil tanker, according to CENTCOM. A week earlier, Iran promised two of its main allies, Russia and China, that its ships would remain safe amidst the blockade, according to Iran International. The Houthis agreed not to hit Chinese vessels because of their allied relationship with Beijing, and Beijing currently represents the primary consumer of Iranian oil, according to Iran International. The missile that struck MV Huang Pu caused an onboard fire, and the vessel sent out a distress call; luckily no casualties occurred, according to USNI News. “The Houthi spokespeople usually announce their strikes on the social media site X, yet they have not addressed the attack on Huang Pu,” according to USNI News.

Series of Attacks: Due to a history of attacks, the Houthis are likely to continue striking any vessel within range of Yemen’s borders. The Iran-backed Houthi militant group started attacking ships in the Red Sea and the Gulf of Aden, claiming it as a response to Israel’s continuing war in Gaza, according to *Al Jazeera*. On 19 November 2023, Houthis hijacked a British-owned, Japanese-operated commercial ship in the Red Sea, according to The Iran Primer. On 3 December 2023, Houthis fired ballistic missiles at three commercial ships in the Red Sea, according to The Iran Primer. On 18 February, Houthi-controlled areas of Yemen at the British-owned carrier MV Rubymar launched two anti-ship ballistic missiles, according to CNBC. Between 19 November 2023 and 25 February, the Houthis launched at least 57 attacks on commercial and military ships in the Red Sea and the Gulf of Aden, according to AP News. On 6 March, a Houthi missile attack on the Barbados-flagged cargo ship True Confidence attack killed three sailors, according to *Al Jazeera*.



Struggling with Misidentification: Houthis will likely continue attacking Iranian and Chinese vessels because they lack the means to identify the origin of the vessel. On 12 February, Houthis fired two missiles at a cargo ship bound for Bandar Khomeini in Iran, the main backer of the Houthis war in Yemen, according to CBS News. Missiles struck MV Star Iris while transiting the Red Sea carrying corn from Brazil, according to Reuters. Houthis identified the vessel as United States-linked and confirmed striking the ship while it traveled in waters off Yemen, according to *Al-Jazeera*. The Houthis likely misidentified MV Huang Pu as well as MV Star Iris.

Outlooks and Implications: The Houthi militants will almost certainly continue to attack all vessels on the Red Sea regardless of allied ships or ships bound for their main supporters. Houthi militants likely lack the means to identify each vessel. The Houthis almost certainly attack vessels in a campaign to support the Palestinian's war against Gaza and will likely continue until the war ends. Iran may cease support for the Houthis due to wrongful attacks. This will likely

cause the Houthis to run out of supplies halting their attacks. Moving forward, the Houthis will likely need to exercise greater caution when deciding what vessels to target. Almost all shipping companies have rerouted to go around Africa and the Cape of Good Hope to avoid Houthi attacks. The Houthis may combat the change of route by attacking vessels that redirected towards the Cape of Good Hope.

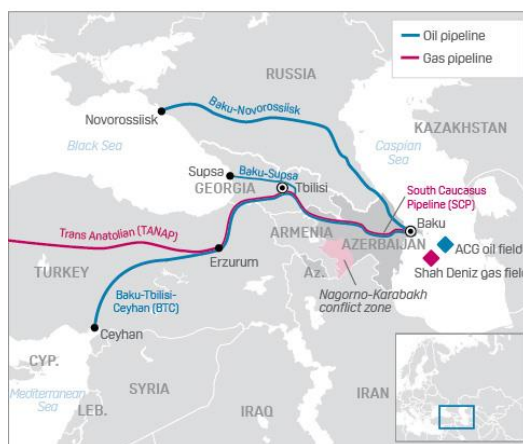
[Kate Hagopian]

AZERBAIJAN: Energy Expansion Likely Intended to Insulate Economy

Summary: Since 2022, Baku has greatly expanded its international energy partnerships. Agreements with European Union (EU) members, who seek a cheap energy source amid high energy prices, comprise most of the new partnerships, but other countries such as China have created new deals as well. Baku likely intends to use these ties to strengthen its economy, prevent the implementation of harmful EU policies by increasing its strategic importance to Europe, and increase its economic resilience should the EU implement these policies.

Background: On 1 April, Azerbaijani President Ilham Aliyev and Romanian Energy Minister Sebastian-Ioan Burduja discussed increasing Azerbaijani energy exports to Romania. On 4 March, Baku and the EU signed an agreement to increase offshore wind farming in Azerbaijan during a meeting between Azerbaijani Energy Minister Parviz Shahbazov and EU Commissioner for Energy Kadri Simson. On 22 February, Shahbazov visited Washington to discuss cooperation to expand the Southern Gas Corridor, a set of three pipelines that carries Azerbaijani gas to Turkey and Europe. On 27 January, Shahbazov and Turkish Energy and Natural Resources Minister Alparslan Bayraktar met in Baku to discuss deepening Azerbaijan-Turkey energy trade.

AZERBAIJAN'S OIL AND GAS EXPORT ROUTES



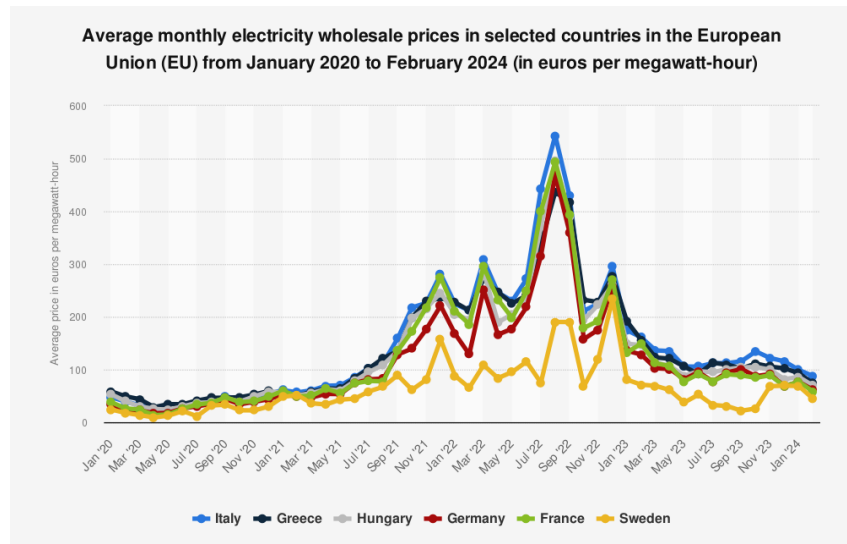
Source: S&P Global Platts

On 15 November 2023, Baku's energy ministry announced that Baku and Belgrade signed an agreement under which Belgrade will import 400 million cubic meters of natural gas per year from Azerbaijan. On 29 October 2023, Tel Aviv announced that it granted the State Oil Company of the Republic of Azerbaijan (SOCAR) a three-year license to explore and drill for offshore gas in Israeli waters after an extensive bidding process, according to Reuters. On 30 June 2023, Baku began installing the country's first major solar power plant with assistance from Chinese company Dongfang. On 17 December 2022, Baku, Tbilisi, Budapest, and Bucharest signed an agreement to construct a green energy cable under the Black Sea to carry Azerbaijani energy to Europe. In July 2022, Baku and the EU signed an agreement under which Baku will double its energy exports to the EU by 2027. At the time of many of these agreements, European backlash abounded against

Baku's military takeover of Nagorno-Karabakh in September 2023. Following this takeover, several prominent EU leaders, including Paris's President Emmanuel Macron, condemned Baku's actions and the EU parliament voted in favor of sanctions against Baku's officials, although no EU countries instituted them.

Azerbaijani Agenda: Baku likely aims to expand the Azeri economy and increase its resilience towards potential sanctions by expanding energy production and diversifying its energy exports. Energy accounts for over 90% of Azerbaijani export revenues, with most of these exports sent to European countries. In expanding energy production, Baku likely aims to expand the Azerbaijani economy, increasing both tax revenue and citizens' standards of living. Baku almost certainly wants to ensure that this expansion can continue and protect its previous economic growth, which potential sanctions would derail. Baku likely sees deeper integration in the European energy market as a hedge against this threat. European leaders would likely hesitate to impose sanctions against a major energy supplier, especially considering the 2022 energy crisis and ongoing sanctions against Russia, the continent's other major energy supplier. To further protect against potential EU legislation that would harm Azerbaijani oil exports, Baku also diversified the variety and destination of its energy exports. Baku's swift development of its renewable energy sector, demonstrated by its recent deals to create wind and solar power plants, will ensure that it can maintain its position in the European energy market even as countries shift away from fossil fuels and towards renewable energy. Nevertheless, Baku continues to expand its oil production to fill shortages in Europe and increase its exports to countries that do not place a high priority on reducing their dependence on fossil fuels, improving the Azeri economy through lucrative oil exports and preventing the economy from becoming overly dependent on one export type. Baku is likely increasing its energy deals with non-European countries such as China as a contingency plan against EU sanctions; by ensuring that it has other trading partners, it ensures that it will likely have a lifeline should the EU partners impose sanctions.

Foreign Interests: European countries likely aim to secure an affordable and available energy source, while Beijing likely seeks to expand its international influence. In January 2020, energy cost, on average, 46.32 euros per megawatt hour in six EU countries. In February 2024,



the average price of energy in those countries stood at 71.45 euros per megawatt hour. In August 2022, prices peaked at 438.07 euros per megawatt hour following sanctions imposed against Russia by EU countries. The EU likely aims to continue reducing its energy dependance on Russia and high energy prices to maintain its citizens' standard of living and prevent domestic social and political unrest. These goals likely motivated the EU and its member countries to decline to impose sanctions following the September 2023 invasion of Nagorno-Karabakh, instead expanding its investment in Azerbaijan despite the ongoing threat of war in the South Caucasus and widespread opposition to the current Baku regime. Beijing's investments reflect its ongoing attempt to increase its economic and political influence internationally through the Belt and Road Initiative. Beijing displayed modest interest in expanding its economic ties with Tbilisi and Yerevan as well as Baku, but most of its attention focused on Africa, Southeastern Asia, Central Asia, and the Middle East. Beijing likely does not prioritize expanding the Belt and Road Initiative or other influential programs in the Caucasus countries due to geographic distance and a lack of major natural resources excluding Azerbaijan's energy.

Outlook and Implications: Baku will likely continue to expand its energy production and exports. This will likely include a heavy short-term focus on expanding its energy transportation infrastructure through projects such as the Southern Gas Corridor expansion and Black Sea green energy cable. Baku will likely attempt to expand its geographical reach by creating the transportation infrastructure necessary to enter energy deals with countries in North Africa and the Middle East in an attempt to further diversify its trade agreements. The EU will likely welcome this expanded aid despite humanitarian concerns. Given Azerbaijan's importance in the

EU's already-fragile energy market, the EU will likely not implement sanctions against Baku in the event of war between Armenia and Azerbaijan, although some member states, notably France, may implement sanctions independently. Beijing will likely not significantly expand its involvement in Azerbaijan but may undertake small-scale investment projects to maintain some regional influence.

[Christina Muchow]

CHINA: Artificial Intelligence Will Not Likely Have a Significant Impact on Cyber-Attacks

Summary: The advancements and implementation of artificial intelligence (AI) has increased significantly over the last five years. Microsoft and OpenAI released a report about Beijing's implementation of AI in the cyber domain. The prevalence of these operations means Beijing will likely continue to use AI in cyber operations. The evolution of AI technology will likely cause its implementation in the cyber domain to evolve too. AI's current implementation in cyber-attacks will not likely have a significant effect in the near future.

Background: Hacking groups affiliated with Moscow, Pyongyang, Tehran, and Beijing recently implemented AI in their cyber-attacks, according to a report Microsoft and OpenAI released. Microsoft financially supports OpenAI, a US-based AI research organization. The groups used AI to support their current techniques and operations, according to Microsoft. OpenAI disabled all accounts linked to the state-sponsored hacking groups, according to Infosecurity Magazine. It does not appear that Beijing used AI to develop new techniques, like its powerful living-off-the-land technique discovered last year. Beijing seeks to establish superiority over nations in the field of AI, according to *The Guardian*. Beijing has about 3,300 AI companies, according to GlassAI. This includes some of its top technology companies, such as Alibaba, Baidu, and Huawei.

Beijing's Use of AI: Beijing will likely continue to use AI in its cyber operations. Beijing currently uses large language models (LLMs) to support hacking operations, according to Microsoft. LLMs apply text-based AI to understand human communication and create human-sounding answers. OpenAI's ChatGPT software implements an LLM. Beijing uses LLMs "like any other user," according to Microsoft. For example, the hackers used AI to answer questions and perform simple tasks, according to OpenAI. They used AI to screen the quality of scripts, translate, and create content to use for social engineering campaigns, according to OpenAI. Beijing previously used AI for the early stages of cyber reconnaissance, according to Microsoft. Beijing also used AI to develop tools and research post-compromise and concealment tactics for successful cyber intrusions, according to Microsoft. Beijing has not used AI to develop innovative cyber techniques, according to Microsoft. Beijing has also implemented AI to spread disinformation and pro-China, anti-US sentiments online, according to *The New York Times*. Because of the efficiency of AI systems, Beijing will likely continue to use LLMs to assist cyber operations. Beijing will likely try to find other platforms that use LLMs now that OpenAI has disabled its accounts. LLMs have likely posed the greatest advantage in the areas of social

engineering, disinformation, and propaganda campaigns. The ability of AI to generate realistic and trustworthy messages in other languages will likely continue to pose an advantage for Beijing's state-sponsored cyber activities.

Current and Future State of AI: AI technology will likely continue to improve and become more widespread in its use in the public and private sectors. Current AI technology has many facets to it. The financial sector implements AI to make financial predictions based on historical data. As discussed above, LLMs use AI to interact normally with humans. They can write poetry, answer questions, and carry on conversations. Companies like OpenAI have also added application programming interfaces, where AI can assist with writing code. Computer scientists have also developed AI that can identify objects, something also known as “computer vision.” Self-driving cars and facial recognition systems implement this type of AI. Beijing uses facial recognition for law enforcement and has invested heavily into its operation, according to Medium. Industries and organizations implement AI in a variety of other ways than just the ones discussed above. In the future of cybersecurity, organizations will likely implement AI to make higher-level cyber tasks simpler and more automated, according to Wired. Beyond aiding in defensive cyber measures, AI's evolution in the cyber domain remains unclear. Companies and researchers will likely combine AI technologies to create multi-model systems that can work with images, sounds, videos, and text. The lack of experts in the field of AI will likely present the most significant hinderance to its development. This “skills gap” has emerged from the rapid growth of AI technology surpassing the supply of AI experts, according to Medium. AI has gained enough significance in our society and economy that this lack of supply will almost certainly not stop the development of AI. It will likely determine the pace of its evolution. Many experts aim to create AI that aligns with human values, and they restrict its learning data and development to do this, according to *The New York Times*. However, AI technology is publicly accessible, and the safe progression of AI concerns many experts and laymen alike, according to *The New York Times*.

Revenues from the artificial intelligence for enterprise applications market worldwide, from 2016 to 2025 (in million U.S. dollars)

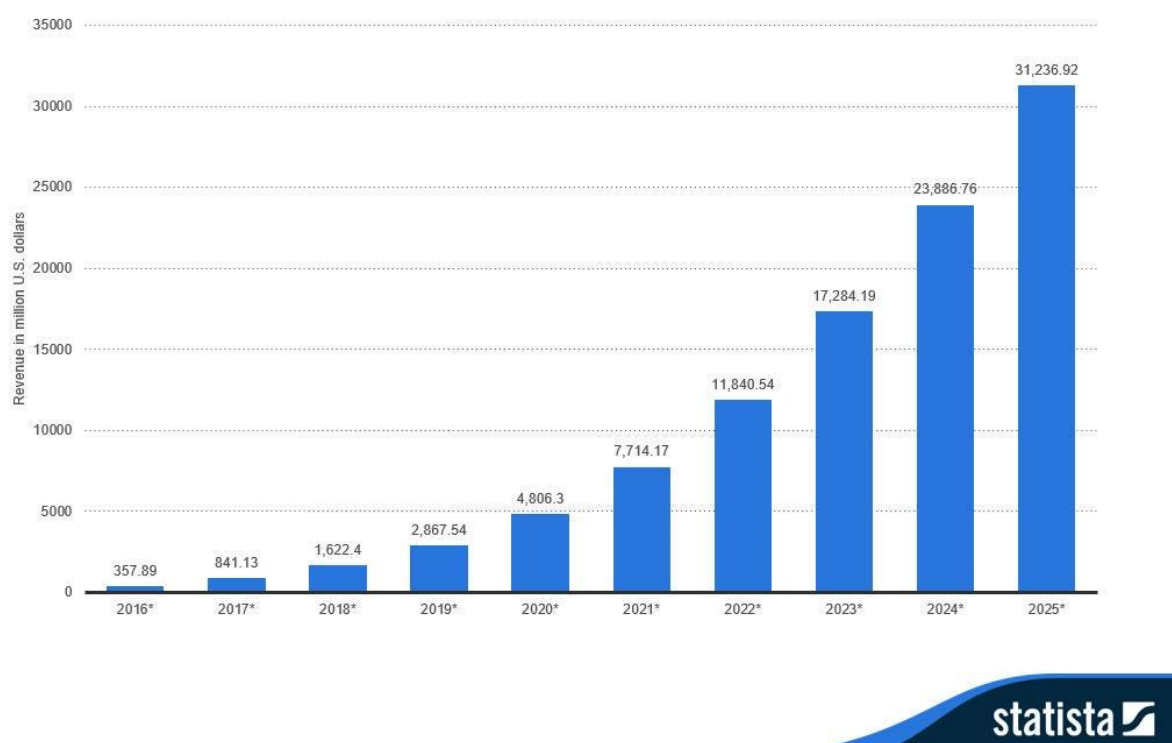


Figure 1: Graph showing the increased use of and revenues from AI in enterprise applications.

Outlook and Implications: AI technology will likely not significantly advance offensive cyber techniques in the next couple of years. Beijing's use of AI likely increased the effectiveness and efficiency of its cyber operations. Beijing-backed hackers already use AI to assist with operations, its current implementation will likely not significantly increase the damage cyber-attacks cause. Because of the current state of AI and the restrictions many AI companies place on the use of AI, state-sponsored hackers will not likely use AI to create novel attack weapons and techniques for several years to come. Although AI will not have a significant impact on cyber-attacks, Beijing's use of it will likely significantly increase the impact of disinformation and propaganda campaigns. If novel advancements in AI occur faster than expected, it could likely have a significant impact on cyber-attack techniques. This would likely cause the generation of novel techniques and make Beijing's use of AI much more significant.

[Reina Girouard]

YEMEN: Houthi Attacks on Ships in The Red Sea Likely Have No Impact on Gaza

Summary: The Houthis' primary objective of supporting Palestine during the war in Gaza led to attacks on ships in the Red Sea with ties to Jerusalem, which escalated the humanitarian crisis and most likely had little to no impact on halting the war in Gaza.

Background: On 1 March, the UK-owned cargo ship Rubymar sank because of a Houthi anti-ship ballistic missile, according to AP news. The Rubymar carried fertilizer and fuel, contaminating the water as it sank. The Houthis continue to target cargo ships in the Red Sea, having begun in November 2023, according to the BBC. On 26 March, the Houthis took responsibility for attacking six ships with missiles and drones, according to Reuters. The attacks on vessels in the Red Sea have caused other cargo ships to reroute around the Horn of Africa to avoid Houthi forces, according to *The Times of Israel*.

Targets of The Houthis: The Houthis probably have alternative motives besides supporting Palestine because of their deceptive statements on targets in the Red Sea. The Houthis said that they intend to target ships in the Red Sea with ties to Jerusalem, according to the BBC. This statement does not align with their actions as the Houthis target ships in the Red Sea indiscriminately, without regard to the ship's ties to or support of Jerusalem. On 24 February, an anchor severed three undersea communications cables, according to AP news. No group has taken responsibility for this action, but it probably involved Houthi forces attempting to destabilize the Red Sea further. The Houthis stated that their actions support Palestine during the Israel-Hamas war, according to Reuters. The proximity of Yemen to the Red Sea puts the Houthis in a position to control the cargo shipping routes, according to *Al-Jazeera*. The Houthis probably intended for the attacks in the Red Sea to punish Israeli allies for their support of or indifference to the war in Gaza.

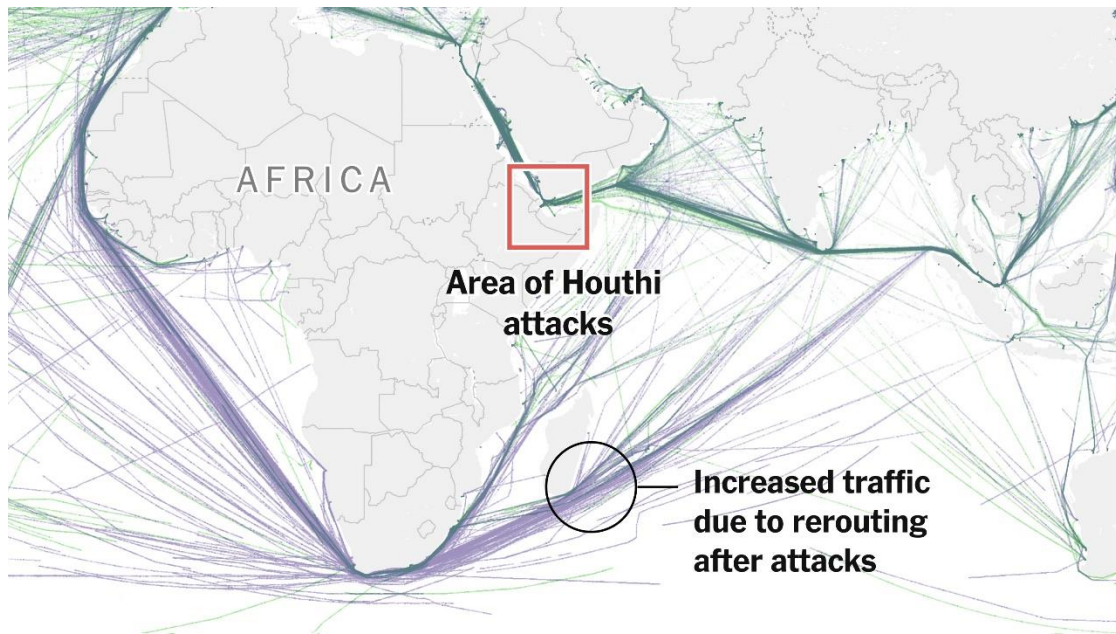


Figure 1: Red Sea Shipping Deviations Due to The Houthi Attacks

Effectiveness of The Houthi Attacks: Although the Houthis intended to attack Israeli allied ships to protest Jerusalem's actions, they have almost certainly shifted their focus to any vessel in the Red Sea, causing humanitarian and ecological disasters. The UN's recently passed ceasefire in Gaza almost certainly did not occur because of Houthi attacks. The Houthi attacks will probably continue even with the UN ceasefire.

Outlook and Implications: Despite ship attacks in the Red Sea, Houthis have almost certainly not contributed to peace in Gaza. Their actions will likely only bring a more significant military presence into the Red Sea to counter the Houthis attacks. Houthis drone and missile strikes do not consistently target ships tied to Jerusalem, which likely dismisses their purpose and puts them in a position to receive backlash and counterattacks from more powerful military groups. The panic surrounding Houthis attacks on civilian cargo ships will likely lead to altered cargo routes, going around the Horn of Africa instead of through the Red Sea, and raising shipping costs.

[Elliot Bankler]

About GSIS

Embry-Riddle Aeronautical University's (ERAU) Bachelor of Science in Global Security & Intelligence Studies (GSIS) degree program at our Prescott Campus blends both academic and professional studies to equip students with the knowledge and skills necessary to become future leaders in intelligence, security, and law enforcement. The program provides students with a sound foundation in the liberal arts, including international relations, foreign languages and cultures, international law, foreign policy, political and military history, and other essential topics.

About EE

Eagle Eye Intelligence (EE) is an intelligence and research organization led by the students of the GSIS program at ERAU in Prescott, Arizona.

Dr. Philip E. Jones founded EE and Embry-Riddle's GSIS program in 2002, following a career with the Central Intelligence Agency and consulting work in international development and global security. Currently, Professor Dale R. Avery, a former career intelligence analyst, serves as EE's faculty advisor.

EE strives to provide actionable intelligence and analysis to its customers during the academic year. We are driven by a number of goals – continuous development, nonpartisanship, interdisciplinary studies, global awareness, and professionalism.

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