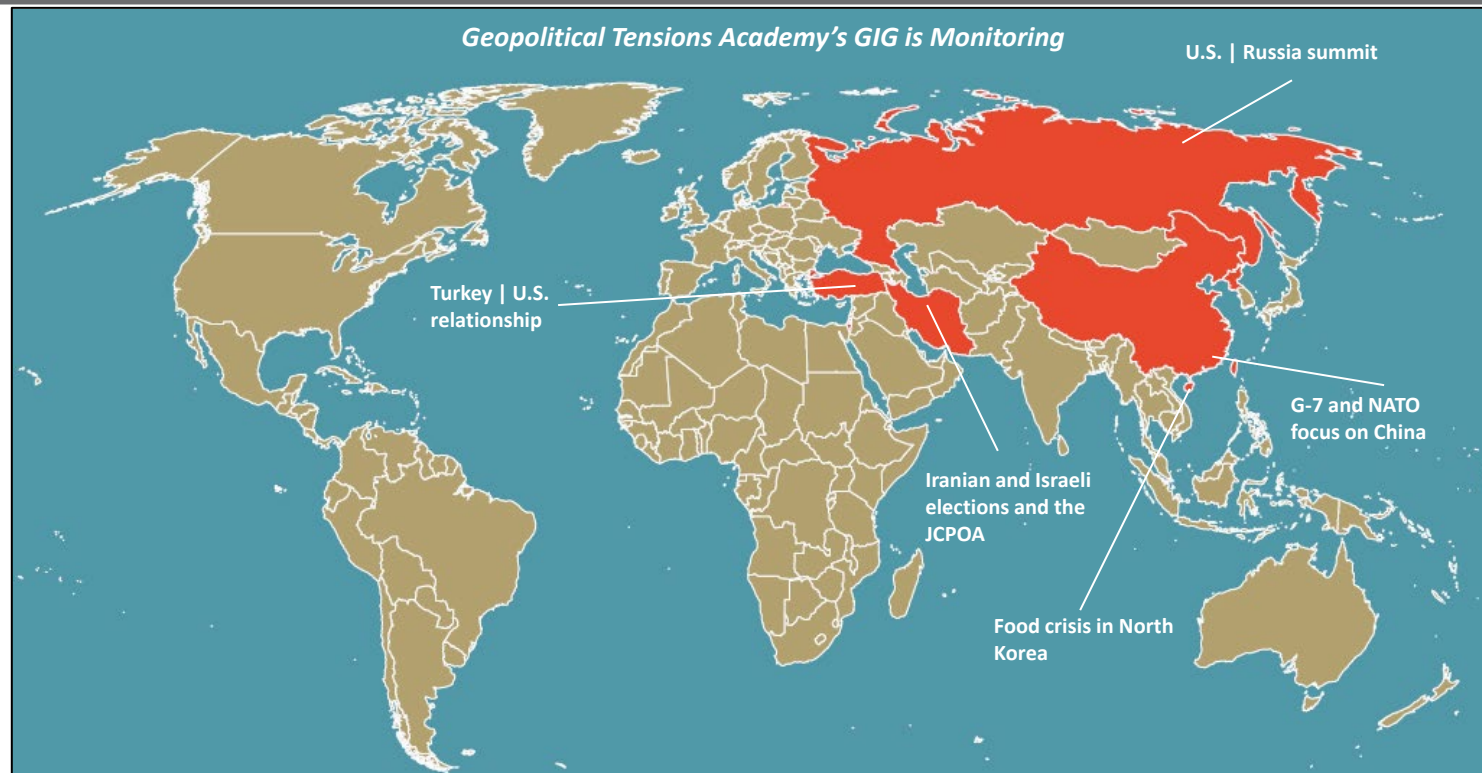


Around the World with Academy Securities



In this month's edition of Around the World with Academy Securities, our [Geopolitical Intelligence Group](#) (GIG) focuses on providing their perspective on the following tensions that we are monitoring:

1. G-7 and NATO Focus on China.
2. North Korea's Food Crisis.
3. U.S. | Russia Summit.
4. Iranian and Israeli Presidential Elections.
5. Turkey | U.S. Relationship.

We begin with an update on China and the fact that the G-7 and NATO have turned their attention toward the growing security threat. While both groups highlighted Chinese economic coercion, human rights, China's rapidly evolving military capabilities, and the need to counter China's Belt and Road Initiative, some European nations will have to tread carefully as China is a major trading partner. We also revisit North Korea and the food crisis that may provide the U.S. with an opportunity to re-engage in talks with the regime. Next, we address the summit between President Biden and President Putin, where issues such as cyber, Ukraine, and human rights were on the agenda. We then analyze the Iranian and Israeli elections and the impact these results could have on the JCPOA negotiations. Finally, we address the recent meeting between President Biden and President Erdogan of Turkey and the fact that while the S-400 missile system purchase from Russia is still a major point of contention, there are many ways for the U.S. and Turkey to cooperate. In our next ATW, we will provide an update on the Sahel in Africa and our perspective on the recent news that France is ending its counter-terrorism operation in the region.

Please reach out to your Academy coverage officer with any questions and we would be more than happy to engage.

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Front and Center: G-7 and NATO Focus on China

As we reported in our previous [ATW](#), at the May 2021 G-7 Foreign and Development Ministers meeting, the foundation was laid for a tougher stance by the group on China with respect to Taiwan, Hong Kong, and human rights. Additionally, at the mid-June G-7 and NATO meetings, both groups highlighted the growing Chinese security threat. First, at the G-7 meetings (Canada, France, Germany, Italy, Japan, the UK, and the U.S.), the group highlighted the treatment of the Uighurs in Xinjiang, called for “respect for human rights and freedoms” in Hong Kong, and “peace and stability” in the Taiwan Strait. In President Biden’s first NATO summit (as president), the alliance announced its intention to focus on a variety of new and existing issues. One of the key agenda topics at this meeting was the new focus on China. These themes were addressed in a statement following the meeting, where NATO said, “China’s growing influence and international policies can present challenges that we need to address together as an alliance. We will engage China with a view to defending the security interests of the alliance.” The impetus behind this change in strategy was President Biden’s desire to drum up support for policy that would address China’s rapidly evolving military capabilities. While NATO directly identified China’s nuclear arsenal, its conventional and cyber capabilities are also of key concern. In addition, its naval forces and anti-ship ballistic/long-range missile capability significantly enhance China’s ability to deter U.S. operations in the South China Sea.



In response to the statements by the G-7 and the announced “pivot” by NATO, China’s mission to the EU announced, “China will not present 'systematic challenges' to anyone, but we will not sit by and do nothing if 'systematic challenges' come closer to us.” In addition, on June 15, China followed up this statement with 28 incursions by Chinese fighters/bombers into Taiwan’s Air Defense Identification Zone (a single day record).

While President Biden seemingly accomplished the mission of raising awareness to China, there was a mixed reaction by some other member nations. Germany’s Chancellor Angela Merkel said that the Chinese threat “shouldn’t be overstated.” Since China is Germany’s largest trading partner, the shift in posture towards China puts Germany in a difficult position. France’s Emmanuel Macron also cautioned that the alliance should not be distracted from other existing issues such as Russia and terrorism. The question is how effective will this new approach to using NATO and the G-7 to “call out” China be in the medium to long-term? Will the effort to try to isolate China result in further Chinese partnership with Russia (and/or Iran)?

“It is not surprising that NATO, the G7, and the EU all took a more united stance vis-à-vis China during their recent meetings. NATO Secretary General Jens Stoltenberg was committed (along with President Trump) to take on a more realistic position with China. This movement continues with President Biden and the other NATO members stating that, “China’s stated ambitions and assertive behavior present systemic challenges to the rules-based international order and to areas relevant to alliance security.” China is pushing back as their biggest fear is materializing that Biden and the U.S. will use international partners and alliances to frame China as a threat to Western ideals, democracy, technology, and capitalism through their authoritarian state approaches. President Biden, Secretary of State Blinken, and National Security Advisor Jake Sullivan recently pushed to internationalize the campaign against China and made solid headway during Biden’s European trip. NATO’s emphasis on operating in the Indo-Pacific region and outside of Europe has increased China’s and Russia’s sea and air activity in the Pacific. The continued pressure by the U.S. and NATO is galvanizing the military relationships between the two. We can expect China to continue its pushback against Europe and the U.S. due to this perceived threat while building relations where it can through its debt diplomacy in places like Eastern and Central Europe.” **General Robert Walsh**

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“China will continue to message that they are a responsible power ready to take on the mantle of global leadership. Their focus is on swaying smaller countries who hold voting power in international forums and whose unwillingness to criticize China legitimizes their policies on Xinjiang, Hong Kong, Taiwan, and Tibet. China will continue to leverage their soft power to cajole and co-opt U.S. allies into strengthening ties with them and distancing themselves from U.S. efforts to constrain China.” **General KK Chinn**

North Korea’s Food Crisis

While the current food crisis in North Korea is “getting tense” (according to Kim Jong-un), the path to re-start discussions with North Korea is by no means certain. Millions of North Koreans died in the 1990’s during the last major famine and United Nations’ Food and Agriculture Organization recently said that unless imports/aid address the food shortages, “Households could experience a harsh lean period between August and October.” Meanwhile, the new U.S. special envoy to North Korea, Sung Kim said that he would be open to a meeting (to re-start the negotiations) “anytime, anywhere” without preconditions. However, in response, Kim Yo-jong, the sister of Kim Jong-un and who many expect to be his potential successor one day, said that “The expectation (for talks), which they (the U.S.) chose to harbor the wrong way, would plunge them into a greater disappointment.” However, Kim Jong-un has told his government to be prepared for both “dialogue and confrontation” (with the U.S.), which is a mixed message.



COVID has had a very damaging effect on North Korea’s economy and the closure of the Chinese border due to the pandemic played a large part in that. Sanctions also took their toll on the country and Kim apologized for not “improving the lives of his people” in an address last fall. However, when they are ready to talk, North Korea usually asks for incentives prior to speaking. With sanctions being the primary leverage the U.S. has, it is unlikely there will be any movement on that point until some clear progress is made regarding the country’s nuclear weapons program. Also, with joint U.S./South Korea military exercises upcoming, the North will likely point to that as another reason to defer any discussions. In the meantime, North Korea will try to reopen the border with China and rely on its largest trading partner to help assuage the current food crisis. While the U.S. may be ready to talk, it appears that progress in the nuclear discussions will be difficult to achieve in the near-term.

“North Korea’s Supreme Leader Kim Jong-un recently announced that his country was undergoing a food shortage due to natural disasters not seen since the 1990’s (when they lost support from the Soviet Union) and due to the recent global pandemic. China’s closing of the border because of COVID-19 has significantly decreased food supplies from North Korea’s primary trading partner. China just announced that it may keep its borders closed for another year causing Kim to publicly acknowledge his plight. This public acknowledgement is likely a signal to the U.S. and South Korea that he is willing to enter new discussions to reduce sanctions on his crippled economy. Kim also said that North Korea should prepare for both dialogue and confrontation with the U.S. The acknowledgement of his food plight and his statement for dialogue could open the door to the Biden administration to tie the food shortage to negotiations over sanctions relief and denuclearization. The Biden administration has consistently said that they want to re-enter discussions with North Korea, but up until now have been pushed back by Kim. This new development may open the door to badly needed negotiations considering the WMD that the hermit kingdom has continued to develop over the last few years. We can potentially expect North Korea to reach out with provocative acts that could be tied to the timing of the Olympic Games in Japan. It’s more reason for pro-active actions by the Biden diplomacy team.” **General Robert Walsh**

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“North Korea has a habitual cycle of engagement/behavior that they operate under. The cycle is crisis, action, diplomatic outreach, negotiations, recriminations, breakdown, and return to crisis. We have observed this cycle repeatedly, most recently with the Trump administration’s outreach. Kim’s statement of “be prepared for both dialogue and confrontation” indicates that North Korea will continue to bide their time and look for a better negotiating position with the Biden administration. Of note, China marks their 100th anniversary of the founding of the ruling Communist Party this Thursday so it would be surprising to see North Korea attempt any missile testing in the month of July and disrupt the celebrations.

*North Korea will look to leverage the food crisis as they did in the 1990’s famine to garner humanitarian/food aid. I expect to see South Korea provide aid to North Korea and a relaxation of sanctions as President Moon looks to leave a legacy as his term as President ends in 2022. As part of the process, it will be interesting to see if Six Party Talks will be resumed (North Korea, South Korea, Japan, China, Russia, USA) in China, which were ended in 2009 by North Korea. The goal of the Six Party Talks was to dismantle North Korea’s nuclear program by providing security guarantees along with the lifting of financial sanctions and trade normalization. Six Party Talks would fall in line with the Biden administration’s approach to multilateralism and their current strategy of a “calibrated, practical, and measured approach with eventual denuclearization by North Korea”. With the Beijing Olympics upcoming next year (much like we saw with the Olympics in South Korea), expect to see North Korea reaching out after an upcoming crisis on the peninsula later this summer or fall.” **General KK Chinn***

U.S. | Russia Summit

On June 16, President Biden met with President Putin in their first official meeting during the new Biden administration. The highly anticipated summit included agenda items such as “strategic stability”, arms control, cyber security, Navalny, Ukraine, and Belarus (among other topics). Relations between the two nations reached a low point this past spring as Biden referred to Putin as a “killer” and 100,000 Russian troops positioned themselves on the border with Ukraine. As we addressed in our previous [ATW](#) and [SITREP](#), as expected, Putin pulled back from the border, but only after achieving his goal of testing the new Biden administration. With respect to cyber, also addressed in a recent [SITREP](#) on the Colonial Pipeline cyber-hack, Putin once again denied any official Russian involvement here as well as in the other attacks against JBS, Microsoft, and other U.S. organizations. Putin even went so far as to say that the U.S. is the biggest “offender” in the cyber realm. However, Putin did say, “We believe the sphere of cyber security is extremely important for the world in general — including for the United States, and for Russia to the same degree.” The hope is that follow on discussions will include cyber with a goal of preventing attacks on critical infrastructure in peace time with Biden mentioning, “We have significant cyber-capabilities, and (Putin) knows it.”



While there were no major “deliverables” from this summit, there was an expectation that areas of cooperation could be found, and clear identification of American interests could be achieved. However, with Russian Parliamentary elections upcoming, did Putin achieve his goal of gaining post-summit support at home? With the threat of further protests related to the Navalny imprisonment and additional U.S. sanctions in the works as well, what will Putin’s next move be to continue to divert the Russian peoples’ attention from the deteriorating economic situation at home? Recent Russian naval exercises in the Pacific off Hawaii ([SITREP](#)) are just another example of Putin’s posturing and how he is keen to remind the U.S. that the Russian military is still a force that cannot be underestimated. With the U.S./NATO Sea Breeze 2021 exercises this week in the Black Sea, our GIG will

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be closely monitoring the situation, especially after the Russian claim that it fired warning shots at a UK warship to chase it out of the waters off the coast of Crimea last week.

“President Biden’s meeting with Vladimir Putin went through the motions as expected. Biden had to address Russian cyber-attacks, human rights, and Ukraine or he would come off as weak. Whether he needed to meet directly with Putin is a question. Most would argue he needs to build a relationship with Putin though it comes with risk. Putin gained his true objective of taking the world stage, a place he relishes and needs, both domestically and internationally. Both agreed to work on cyber security and nuclear weapons together as a start to their relationship. In the end, Biden did what he needed to do while Putin gained what he needed to gain. Putin dismissed any acknowledgment of Russian involvement in the recent cyber-attacks and concerns over Alexei Navalny while questioning Biden’s authority to lecture him on human rights. You could call this first match a necessary draw.”

General Robert Walsh

“Russia will continue to flex their military and informational capabilities as they assess the Biden administration’s response to their actions and ascertain where the U.S. redlines are. The latest Russian military exercises provide them with an opportunity to encourage China to continue to increase and expand their military activities in South Asia and the Indian Ocean.” **General KK Chinn**

Iranian and Israeli Presidential Elections

On June 18, Iran held its presidential election, and the winner was front runner (and hardliner) Ebrahim Raisi. Raisi is the Chief Justice and a close ally of Supreme Leader Ayatollah Ali Khamenei. The topics that mattered most to the Iranian voters were the economy and the U.S. sanctions that have been blamed for the economic problems in the country. The question now is whether or not Raisi will be supportive of returning to a nuclear deal. Running on a platform of sanctions relief might make that an option, but it becomes an issue of timing. There is a chance that the deal could be pushed through before Raisi takes office in August so that he cannot be blamed for the fact that it will take time for the economy to recover, even if some sanctions are removed as part of the deal. The other issue at hand is Iran’s support for regional terrorism (including Hamas, see May 2021 [ATW](#)) and its long-range missile program. Of note, on June 27, the U.S. conducted airstrikes targeting facilities being utilized by Iranian-backed militia groups. These strikes took place near the Iraq/Syria border and U.S. forces in Syria came under rocket attack shortly after with no reported injuries. Raisi has said that Iran’s support of regional terrorism and its long-range missile program are off the table, which is a topic of contention. As the 6th round of talks were completed on June 20 and the respective delegations returned to brief their leadership teams on the progress, a final decision regarding what a return to the JCPOA could look like may be near. However, the ball is still in Iran’s court as the month-long extension of the IAEA monitoring agreement ended on June 24 and has yet to be renewed by Iran.



Meanwhile, the new government in Israel, led by Prime Minister Naftali Bennett, wasted no timing in reaffirming Israel’s position saying that the election of Raisi was, “The last chance for the world powers to wake up before returning to the nuclear agreement and to understand who they’re doing business with. These guys are murderers, mass murderers: a regime of brutal hangmen must never be allowed to have weapons of mass destruction that will enable it to not kill thousands, but millions.” While it is unlikely that Israel will act militarily without consulting first with the U.S., covert activities to roll back the timing of the Iranian nuclear program are likely to continue, as we saw in the Natanz “power outage” in April of this year.

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“The recent election of Ebrahim Raisi as president of Iran will have a far greater impact on Iran and the U.S. returning to the JCPOA than the election of Israel’s new Prime Minister Naftali Bennett. Raisi ran on the position approved by the Iranian Supreme Leader Ayatollah Ali Khamenei that Iran would honor its JCPOA commitment. However, Raisi is the hardest of Iran’s hardliners and is far more extreme in his views than PM Rouhani’s more moderate positions. He has also been discussed as a possible successor to Khamenei.

*Meanwhile, Secretary of State Antony Blinken and National Security Advisor Jake Sullivan have both said that they would like a “longer and stronger” JCPOA deal than the previous one. Raisi immediately pushed back saying he would not negotiate Iran’s ballistic missile program or stop support of Iran’s regional militias. Even with this strong language, we can expect Raisi to come back to the table just so he can ease the pain of U.S. sanctions that are having a crippling effect on Iran’s economy and its ability to fund terrorism. Iran’s recent economic and military pact with China is an attempt by Iran to ease the impact of U.S. sanctions while China seeks to gain influence in the Middle East. Biden is walking diplomatic and political tight ropes in how he handles both Iran and Israel with all eyes watching.” **General Robert Walsh***

Turkey | U.S. Relationship

As the recent meeting between President Biden and Turkish President Erdogan ended on June 14, it became clear that there was no movement on one of the more controversial issues that exists between the two NATO allies. The purchase of the Russian S-400 missile system by Turkey in 2017 resulted in a low point in relations between the two countries and culminated in the December 2020 sanctions under the Countering America’s Adversaries Through Sanctions Act (December 2020 [ATW](#)). While there is no resolution to this issue, there are other areas where the U.S. and Turkey can cooperate. First, there is support for the new government in Libya and ensuring free and fair elections in December 2021. Turkey and the U.S. also agree on sending humanitarian aid to the Idlib province in Northern Syria, an issue that Russia opposes. It is interesting to note that Turkey was the only NATO ally that confronted Russian military-backed forces in both Libya and Syria. In addition, Turkey will play a lead role in guarding Kabul Hamid Karzai International Airport in Afghanistan (where the Taliban continues to take control over major regions of the country) after the U.S. and NATO forces withdraw. While there has been tension with fellow NATO ally Greece regarding oil and gas exploration in the Eastern Mediterranean, Turkey is a key NATO ally. Turkey is also going through a significant financial crisis and there are ways the EU can get more involved by boosting trade with Turkey as several countries (Austria, Germany, Italy, and the Netherlands) are key investment partners. In addition, Turkey is critical to the European supply chain. There certainly are many ways for Biden (and other allied nations) to work with Erdogan to ensure the relationship continues to improve.



*“Turkey’s President Erdogan is at a point that he wants and needs good relations with President Biden, the U.S., NATO, and the West based on the economic trouble Turkey is dealing with. He has tempered his past NATO and U.S. rhetoric and has initiated outreach to President Biden. He needs a functioning economy that is tied to the U.S. and the West to maintain the support of the Turkish people. While President Trump had good personal relations with Erdogan, the two countries certainly had diplomatic issues that drove adverse relations and policies. Some of those continue under the Biden administration such as the S-400 surface-to-air missiles, the F-35 Joint Strike Fighter, and U.S. support to the Kurdish YPG along with new issues raised by President Biden like human rights and the genocide of Armenians during World War I by the Ottoman Empire. After his first meeting with President Biden at the NATO summit he said, “We think that there are no problems in Turkey-U.S. ties that don’t have a solution and that, to the contrary, our areas of cooperation outweigh our problems and look richer.” The doors are open to build on this new start.” **General Robert Walsh***

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