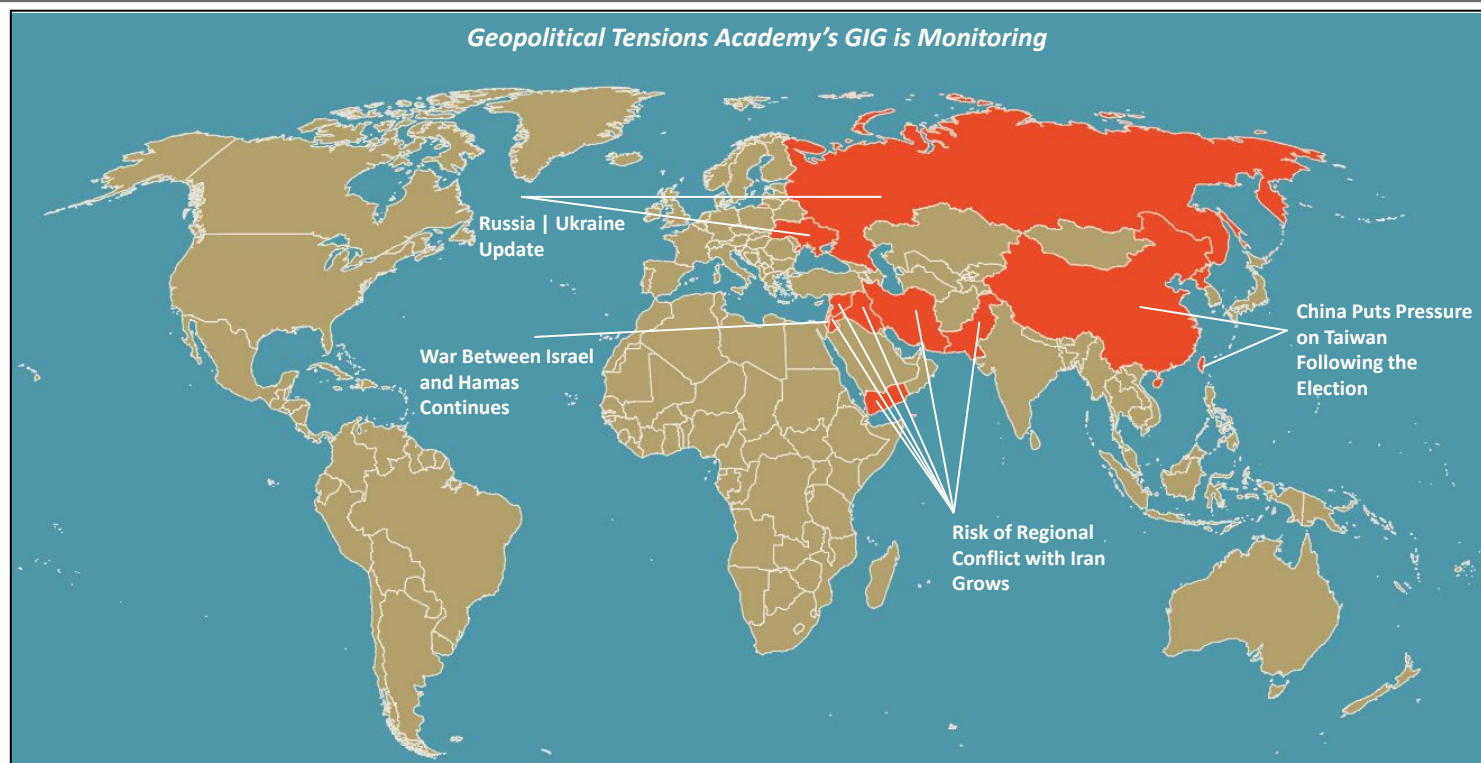


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In this month's edition of Around the World with Academy Securities, our [Geopolitical Intelligence Group](#) (GIG) focuses on the following geopolitical tensions that we are monitoring:

1. War Between Israel and Hamas Continues
2. Risk of Regional Conflict with Iran Grows
3. Russia | Ukraine Update
4. China Puts Pressure on Taiwan Following the Election

In our first ATW for 2024, we start off by revisiting the war between Israel and Hamas in Gaza. With the war passing the 100-day mark, it is becoming clear that the mission to completely eradicate Hamas (while seeing the return of all the hostages) will be increasingly difficult to achieve. Even as progress is made in southern Gaza, the IDF still faces pockets of resistance in the north, and the likelihood of a long insurgency is growing. The questions of how and when this war will end, as well as which entities will administer Gaza (and help pay for reconstruction), are still outstanding. In addition, as the war rages on, Iranian-backed militias continue to strike U.S. forces in Iraq, Syria, and now Jordan,

while Houthi rebels are still mounting attacks on commercial shipping/the U.S. Navy in the Red Sea. While the U.S./coalition forces have stepped up their strikes against Houthi missile, radar, and munitions storage facilities in Yemen, the Houthis have made it clear that these attacks will not stop until the war in Gaza is over. In addition, as the U.S. targets Iranian-backed militia leadership in Iraq, and Israel strikes back against Hezbollah in southern Lebanon (as well as IRGC “advisors” in Syria), the risk of a direct confrontation with Iran is increasing. Next, we provide an update on the war in Ukraine and the threat that ballistic missiles provided by North Korea and Iran to Russia could pose to Ukrainian cities/critical infrastructure, especially in light of waning Western support. Finally, we report on the election in Taiwan where DPP candidate and current VP Lai won. China has positioned Lai as a “dangerous separatist,” and we are starting to see military exercises commence once again around Taiwan.

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

### **Front and Center: War Between Israel and Hamas Continues**

As we have addressed in our previous [ATWs](#), [SITREPs](#), and [podcasts](#), our GIG continues to closely monitor the war between Israel and Hamas. As we predicted, shortly after the beginning of the year, Israel began to pull back some of its major combat forces from Gaza. However, the operation to destroy Hamas and its ability to inflict further harm on Israel is far from over. As Israeli forces focus on the southern portion of Gaza, it has encircled Khan Younis, thought to be where Hamas leadership (including Yahya Sinwar) is hiding among dozens of Israeli hostages. Last week, Brett McGurk, the top Middle East coordinator at the White House, returned to the region to further push for the return of hostages in exchange for a ceasefire. In addition, he was involved in the discussions around the reconstruction (and which countries will help pay for this) and the administration of Gaza following the end of the war. There are several scenarios that are being discussed, including one that was proposed by



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Saudi Arabia's foreign minister which includes recognizing Israel if a comprehensive agreement is reached that includes a Palestinian state. In addition, this past weekend, it was reported that the U.S. is involved in the negotiation of a draft agreement that would result in the phased release of hostages held by Hamas in exchange for a six or eight-week cessation of Israel's military operations. The problem that is becoming apparent is that even after over three months of fighting, it has been and will continue to be extremely difficult to completely eradicate Hamas. In fact, even following Israel's significant bombardment of northern Gaza, pockets of Hamas fighters continue to emerge from the tunnel network and ambush Israeli forces. The fear is that even if significant progress is made, Israel will still face an insurgency that will be even harder to defeat. Another concern is that this prolonged fighting, combined with Israeli strikes against Hezbollah targets in Lebanon (and IRGC "advisors" in Syria), will increase the risk of a second front opening up in northern Israel against Hezbollah. In addition, as we will discuss in the next section, as Iran continues to support its proxy-militia forces in the region against the U.S. and Israel, there is a growing concern that there will be an incident (such as the drone attack in Jordan by Iran-backed militia forces this past weekend) that results in a more significant escalation with Iran directly.

*"The future for post-war Gaza rests on how far Israel gets in achieving its objectives of destroying Hamas and demilitarizing/deradicalizing the strip. It is estimated that over two-thirds of the homes have been destroyed. Gaza is now a tent city. There are discussions amongst far-right members of the Israeli government for pushing Gazans into the Sinai. Rebuilding Gaza could be led by wealthy Gulf Arab nations, but no one is stepping forward knowing the risk of taking ownership of a problem without a clear solution. Many are saying a reimagined Palestinian Authority is the governance answer that could lead both the West Bank and Gaza to a Palestinian state. Prime Minister Netanyahu has said that the Palestinian Authority and a Palestinian state are red lines for Israel while rebuffing Biden on both. International pressure is building for some type of international force providing security with the Arab states helping with reconstruction that could be the start of a transition framework once combat operations end." –*  
**General Robert Walsh**

*"Netanyahu will only remain in power for as long as the war lasts, so he and his coalition will continue this effort until internal/external pressure creates change in the government. His commitment to destroying Hamas (and no two-state solution) means*

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*that the real plan to deal with Gaza governance/reconstruction and Palestinian statehood will ultimately be executed by a successor government. The UN court's 'no ruling' on genocide also leaves the path free for continued war. So, this situation continues the increasing proxy war in the region. This weekend's strike on the Tower 22 complex ensures an escalating series of engagements in an already region-wide fight. The intensity of these engagements will grow and broaden in my view."* – **General Frank Kearney**

*"Netanyahu is hovering around a 15% approval rating. I agree his longevity is tied to the war, however there is always the possibility of a shift that brings Benny Gantz, or someone else, to power and results in a more centrist government. The fighting will continue though at a reduced pace for the better part of the year. The actual destruction of Hamas, based on some figures thrown out, is around 20% and much of the underground infrastructure still needs to be addressed. The Kingdom of Saudi Arabia (KSA) is focused on economics and the future, however given their leadership role in the region, they cannot walk away from public advocacy for the two-state solution. However, behind closed doors, I assess that they are more willing to speak to Israel about a way ahead and some compromised solutions (it just won't be while Netanyahu is PM). This is problematic with Netanyahu though I imagine his interlocutors are in dialogue with the KSA constantly. Hezbollah may be the outlier on the road to escalation given the challenges they have in their proxy role/responsibilities in Lebanon from a governance perspective. They do not want a broader war, no one in the region does.*

*I don't see our current actions deterring the Houthis in the near-term, short of a broader series of strikes to greatly diminish their weapons inventories. A greater focus needs to be on interdicting supplies from Iran (unknown how much weapons related material they have archived). An interesting development could be some level of engagement by China specifically as it relates to Iran. Traditionally, the PLA is a bystander, but given its own economic interests in regional stability, Xi may be willing to break with tradition and become more engaged. The strike on Tower 22 is unique only in that it resulted in the death of Americans. I assess similar strikes have been ongoing and have been interdicted or fell on a location that didn't result in U.S. casualties. This is an escalation in outcome, but not intent by the proxies."* – **General Robert Ashley**

## Risk of Regional Conflict with Iran Grows

As we reported in our recent [SITREPs](#), the U.S. has continued to strike Iranian-backed militia groups in Syria and Iraq (e.g., Kataib Hezbollah). Also, starting on January 11<sup>th</sup>, the U.S./coalition forces have struck Houthi positions in Yemen directly nine times. Since the war between Israel and Hamas began, there have been over 150 attacks by Iranian-backed militia against U.S. forces in Iran and Syria resulting in dozens of injuries, and as of this past weekend, three U.S. fatalities in Jordan. On January 28<sup>th</sup> (see [SITREP](#)) Iranian-backed militia launched a drone attack on a U.S. base in Jordan that killed three service members and injured over 25 others. In addition, there have been over two dozen attacks on commercial shipping and U.S./coalition forces in the Red Sea since the end of November. While the U.S. has increased the frequency of its responses, the attacks from these Iranian-backed entities continue. While the U.S. believes that Iran does not want an outright conflict with the U.S. at this time, there is more of a risk that one of these attacks (like the drone attack in Jordan) will result in a significantly stronger response directly against Iran (the U.S. is currently evaluating its options for a retaliatory strike). The U.S. has also targeted key leaders of Iran-backed militia forces in Iraq (see [SITREP](#)) and Israeli forces have targeted high-level IRGC “advisors” in Syria. In light of the events in the past few weeks mentioned above (in addition to [Iran and Pakistan exchanging strikes](#)), the environment in the Middle East remains highly charged and the risk of a significant escalatory event occurring is very real.



*“Iran is widening the conflict across the region through attacks by its proxy forces in Gaza, Lebanon, Syria, Iraq, and Yemen. Their objective is to put international and U.S. pressure on Israel to agree to a ceasefire. They see additional opportunity in achieving their goal to reduce U.S. influence in the Middle East. The attack that killed three U.S. service members in Jordan crossed a line that requires the Biden administration to respond with significant retaliatory strikes. The U.S. retaliatory strikes on Shia militias in Iraq are causing public outrage and political insistence for the U.S. military forces to leave. The Houthis in Yemen escalated their attacks after every warning from the U.S. and its partners. The attacks have now increased from commercial shipping to the naval*



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*forces in Operation Prosperity Guardian. The Houthis are seeing a recruiting boom to their forces that provides fuel for their cause. A larger risk is to the U.S. influence in the region as the U.S. gambles strategically by reaching out to China to ask Iran to stop the attacks. The U.S. objective to deescalate the situation and limit the conflict to Gaza was lost when the three U.S. service members were killed in the drone strike on Sunday.” –*

**General Robert Walsh**

*“We have been fighting a proxy war with Iran since the Iraq war started (and even before). We are at war. I don’t believe even with current events this weekend that the administration is ready to directly strike the Iranian homeland. It actually would turn off Iranian youths (who really want to have more freedom) pushing back on the regime. As much as avenging our KIAs this weekend drives some response planning, we also need to support a long-term effort to fuel the unrest in the youth of Iran.” –*

**General Frank Kearney**

*“I agree with General Kearney, there are broader long-term objectives regarding Iran that we need to be positioning ourselves for to drive Iran to a post-Ayatollah led regime. I would expect to see the pace of operations in Syria and Iraq pick up. We still adhere to the Law of Armed Conflict (LOAC) and a key aspect of that law is related to proportionality. However, a more sustained series of strikes in Syria and Iraq is likely coming and easily justifiable within LOAC standards.*

*Tensions in Baluchistan and the southeastern region of Iran are not new. Attacks by separatist groups have occurred for years on both sides. This is an example of ‘Iran flexing its military power’ to demonstrate that they are a regional hegemon and that they will act to protect Iranian national interests. However, neither Iran nor Pakistan wants a border conflict and frankly the Baluchistan region is something of a wild west. In addition, Pakistani and Iranian governance is problematic in dealing with separatist organizations adjacent to the border. Countless strikes against Iranian police and government facilities by Baluch separatists have occurred over the last several years including an attack last month that reportedly left 11 Iranian policeman dead. Iranian actions only add to the cacophony of events intended to raise the specter of a broader conflict.” –*

**General Robert Ashley**

*“When the Saudis intervened in the Yemen civil war in 2015, the Houthis were able to sustain a campaign of drone and missile strikes against them for years (with Iranian assistance). The Houthis know how to do this in a survivable way. They have demonstrated experience in hiding launch sites, assembling drones, transporting rocket engines, etc. Now, they have manufactured a veil of legitimacy tied to supporting the Hamas/anti-Israel cause. These coalition strikes represent a very significant change in 'global' posture against Houthi (and Iranian) harassment in the Red Sea. Since this*

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*operation (campaign) represented a consortium of allied partners (and the campaign began with a concerted effort to destroy air-defense capability first), a longer-running campaign of strikes against additional Houthi targets is possible in ways it was not before.*

*The Houthis have a track record of being very clever in hiding their capabilities and have shown no compunction about risking the human population in Yemen by hiding military capabilities in civilian areas. We can expect the same, potentially creating risk of collateral damage from coalition strikes among the civilian population in Yemen. That may, in fact, be one of their primary objectives. Finally, the big question is what response the Iranians will undertake. Does this shift drone manufacturing capacity to support the Middle East instead of Russia? Do the Iranians take additional lethal action behind the veil of proxies, or does the coalition 'call them' on their actions? The PRC and European nations are already experiencing economic and supply chain disruptions that will have after-effects. Sixty percent of China's container volume to Western Europe flows through the Suez. The Germans are already making noise about the impact on German products going the other way. The rise in shipping and insurance costs in both directions may perpetuate elevated inflation, especially for Europe.*

*Finally, with respect to Iran's rocket program, their latest launch of three satellites on a Simorgh rocket was reportedly successful. There are no indications yet about successful payload operations. Iran asserts that these satellites are for communications, research, and global positioning. This demonstration may indicate a credible long-range nuclear weapon capability, complicating the calculus (eventually) for direct strikes on Iranian targets." – **General Michael Groen***

## Russia | Ukraine Update

As we have addressed in our previous [ATWs](#), the stalemate in Ukraine continues. While the winter fighting will likely not result in significant gains by either side, Ukraine will continue to attack Russian military and supply infrastructure as seen with the strike against Russian oil terminals in St. Petersburg. However, while

Ukraine has formally started the screening process for joining the EU, Western support for Ukraine is falling. Ukraine currently still has enough air defense munitions to try to protect its cities and major infrastructure into the spring,



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but the risk is that Russia's use of North Korean and Iranian ballistic missiles could become a major problem. Putin is reportedly planning another visit with North Korean leader Kim, and the likely topics of discussion will include the supply of weapons (e.g., ballistic missiles) to Russia beyond the million artillery shells that have already been provided. In addition, Kim has been making concerning comments in recent weeks related to South Korea being its "principal enemy" and is abolishing all government agencies responsible for promoting cooperation/unification with the South. With the expanded partnership with Russia, it appears that Kim has become emboldened and could ratchet up the tension with the South. Iran has also increased its support for Russia, and it is reported that medium-range ballistic missiles could be sent next. These weapons would make it much easier for Russia to overwhelm the remaining Patriot missile batteries in Ukraine, especially in the event of a spring offensive. Putin will likely try to negotiate from a position of strength in the event that ceasefire/armistice negotiations begin later this year.

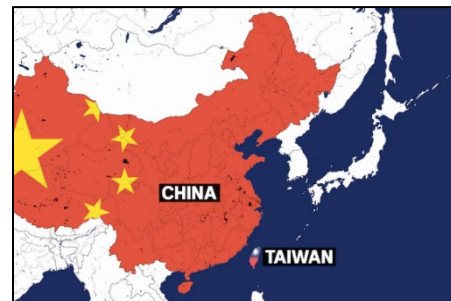
*"2023 saw the character of the war change to a defensive struggle along frontlines that moved little. The Ukrainian offensive did not go according to plan and the Russian offensive seems to have culminated. The U.S. support for the war is suffering from political infighting and the West in general feels war fatigue. Putin is regenerating his manpower and wartime industrial capacity and is willing to sit back and wait to see how the West's support goes. He is willing to fight a war of attrition knowing that he will be reelected in March, and he sees the West's support waning. The Russian military will continue trying to encircle key towns in an incremental approach without any major gains. Ukraine will try to preserve men and equipment while it waits to see how the U.S. and NATO's funding support plays out. If U.S. support remains tied up in Congress, the Europeans will need to step up. However, European skepticism is growing for a decisive Ukraine victory. Putin is willing to take any territory he can get and will hope for negotiations in 2025. Biden will reduce some support in the 2024 election year. Zelensky will have to taper his maximalist objectives and push for negotiating from the best position he can get."* – **General Robert Walsh**

*"Russia-Ukraine is a status quo stalemate as neither has the capability for maneuver offense against the increasingly deepening defenses both sides are emplacing. Without U.S. and EU support, Ukraine has little chance of pushing Russia out. The longer the stalemate is in place the less likely a military solution will decide the end state."* – **General Frank Kearney**



## China Puts Pressure on Taiwan Following the Election

As discussed in our previous [ATW](#), our GIG closely monitored the Taiwanese election on January 13<sup>th</sup>. As expected, current VP and DPP presidential candidate William Lai, who was leading in the polls, won the election. China had favored the candidates from the KMT/TPP to win, both of which campaigned on the platform of re-starting talks with Beijing. However, with the opposition parties failing to form a joint ticket, VP Lai was able to win the election and keep the DPP in charge for four more years. Even though China positioned Lai as a “dangerous separatist” in the days leading up to the election, Lai announced that he too is open to re-starting talks with Beijing in a last-minute effort to try to appease Taiwanese voters. Lai also made it clear that he had no plans to declare independence from China because “Taiwan was already a sovereign and independent country.” However, while the DPP won the presidential election (Lai will be inaugurated on May 20<sup>th</sup>), it lost its legislative majority, which could limit its agenda. The question now is how will China respond to these results? Air/naval activity around Taiwan has increased, but we have yet to see major exercises similar to the ones in April and August/September of last year (such as simulating a blockade). While there have been reports of planes conducting joint “combat readiness patrols” with Chinese ships in the area, the reaction has been more limited to date. However, there have been a number of Chinese balloons that have been detected flying over the Taiwan Strait, including one which crossed directly over the island near a Taiwanese air base. While it remains to be seen what the intent was of flying these balloons over/near Taiwan, it is likely part of a broader strategy of harassment put in place before the election. However, it is only a matter of time before a larger exercise is launched this spring to further demonstrate the interoperability of Chinese air and naval forces and to impress upon Taiwan the intention of China to eventually unify with the island nation. As the U.S. will continue its freedom of navigation patrols through the Taiwan Strait (USS John Finn, a DDG, transited last week), tensions will remain high throughout this year.



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*“The election of Vice President William Lai of the DPP was not what Xi Jinping and the CCP wanted. They consider Lai leaning towards seeking independence. It’s expected that Lai will continue the non-provocative approach of President Tsai to reduce tensions with Beijing. China will steadily increase its strategy of diplomatic, economic, and military coercion that started the day after the election with 18 Chinese military aircraft operating with warships near Taiwan. Chinese actions will present the Biden administration with challenges as they try to improve relations with Beijing and reduce tensions after Biden and Xi met at the APEC summit last November. Tensions in the Indo-Pacific region will increase with more PLA aggression. We can expect the U.S. military, its partners, and allies in the region to increase military training and exercises to deter China from making a military move on the island.” –*

**General Robert Walsh**

*“The Chinese Lunar New Year is on February 10th, so we should see decreased military activity this month, followed by an increase around Lai’s inauguration in May, and I expect it to then remain steady through the U.S. elections. China’s influence campaign is working in Taiwan as Lai only received 40% of the vote versus Tsai receiving 57% in 2020. With a divided legislature, Lai will be forced to make compromises with either the KMT or TPP to govern. China will continue to isolate Taiwan diplomatically by working on the remaining 12 countries and the Vatican that recognize Taiwan (10 countries switched support to China since 2016, when President Tsai took office). Expect an announcement on another country recognizing China around the May inauguration. Currently over 170 countries have established ties with China under their One China principle. The remaining countries are all small countries, and their loss will have minimal geopolitical consequences. For the remainder of 2024, China will continue to strengthen its geostrategic power by working to influence the political process in democratic countries. 60 of the 193 countries China has relationships with have elections this year.” –*

**General KK Chinn**

*“I think that the Taiwan election has been managed well by the DPP and that the China-U.S. engagement now makes a violent takeover less likely in the near-term. Taiwan wants the status quo to continue and likely will try to ensure the U.S. actions in support of Taiwan do not create tensions that could lead to a return of heightened military intimidation.” –*

**General Frank Kearney**

*“While I put no trust in what I hear from Beijing, there is clearly a change in the relationship and willingness to engage in dialogue. I assess this is driven by contractions in China’s economic outlook both internationally and domestically. The dialogue across multiple U.S. organizations is promising, but we need to remain clear-eyed about China’s intent regarding Taiwan. Tension will remain and we are in our own election year and that could prove problematic if we have a new administration that increases economic pressure on China.” –*

**General Robert Ashley**

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