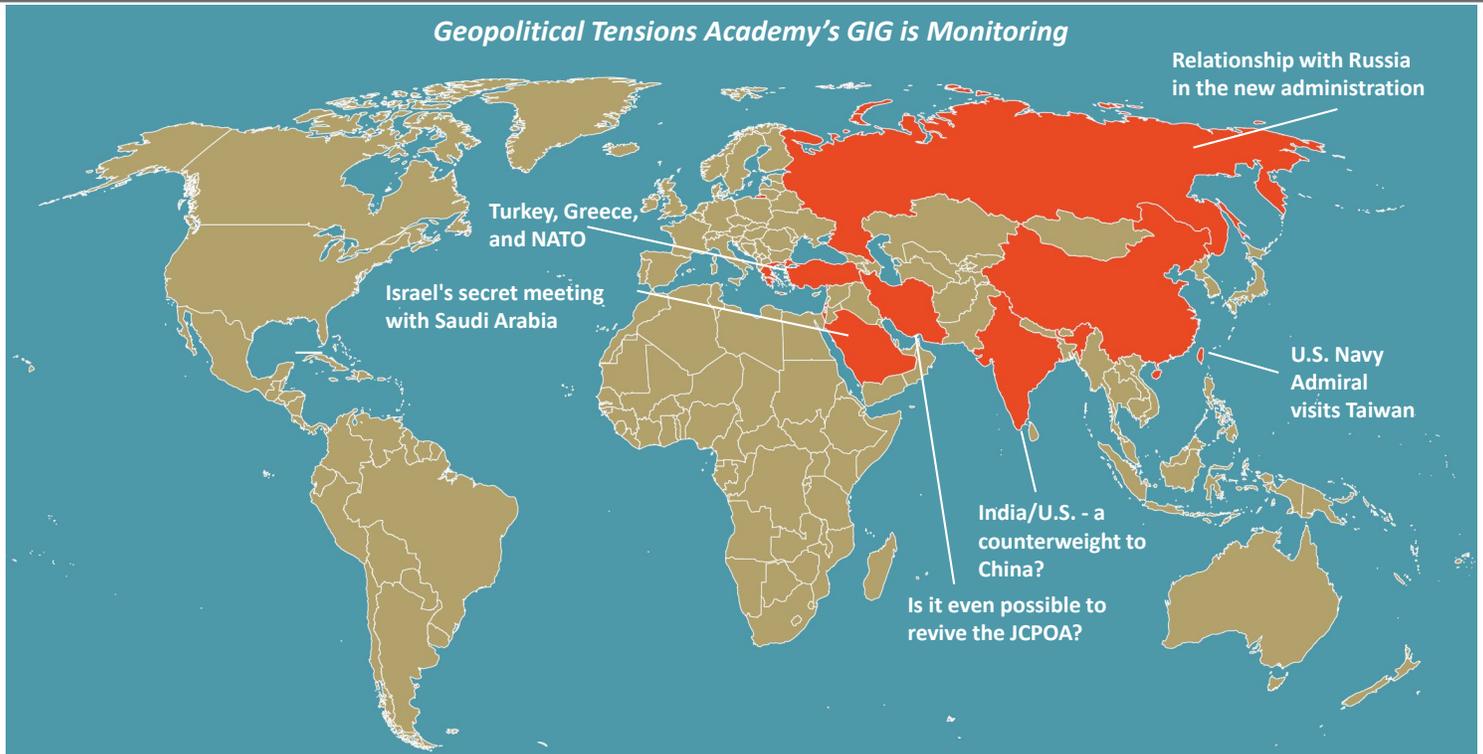


*Around the World with Academy Securities*



There are two major overriding themes in this report:

- 1) The goals of the Biden administration are unlikely to deviate significantly from the goals of the Trump administration.
- 2) How the Biden administration attempts to achieve those goals will change dramatically as the U.S. will re-embrace global institutions and work towards coalition building.

The key geopolitical issues facing the U.S., namely China, Russia, and the Middle East, have not changed. What will change is how we attempt to deal with those issues and at the margin, some priorities will shift in importance.

Today's Around the World focuses on these issues, as well as Turkey, NATO, and the G20. This report provides a framework for how our [Geopolitical Intelligence Group](#) sees the new administration navigating these crucial geostrategic questions. We highlight the differences and the similarities and will be using the new "benchmarks" laid out here to interpret implications for the global economy and markets.

## Around the World with Academy Securities

### Front and Center – China and Taiwan Update

As we discussed in our [SITREP](#) in September as well as in our last [ATW](#), the tension between China and the U.S. with respect to Taiwan continues to grow. Last week, Navy Rear Admiral Michael Studeman, the top U.S. intelligence official in the Pacific Command, visited Taiwan. Chinese Foreign Ministry spokesman Zhao Lijian said that as a result, China would have a “legitimate and necessary response.” What this means is unclear, but following the visit by HHS Secretary Azar back in August, China flew bombers into Taiwanese airspace. The number of flights across the Strait by Chinese military aircraft have increased in recent months as a show of force. The Trump administration supported Taiwan with a number of weapons sales including F-16’s and air to ground cruise missiles capable of striking China from distances outside the reach of China’s air defense systems. The incoming Biden administration will also show support for Taiwan, but the extent of that support remains to be seen. However, it is believed that President-elect Biden will continue to expand upon the growing relationship between India and the U.S. to act as a counterweight to China militarily and economically in the region.



*“Last week’s reported visit by RADM Studeman, the head of military intelligence at the U.S. Indo-Pacific Command, is another step by the Trump administration in escalating the tension between Beijing and Washington. The recent visits by senior U.S. officials to Taiwan all resulted in Chinese military actions towards Taiwan. The last two visits resulted in Chinese bombers entering Taiwan’s airspace. Some view the increased visits by Trump officials as a way to try to box in a new Biden administration by forcing them to remain tough on China.*”

*We can expect President-elect Biden to follow through with his tough pre-election rhetoric on China, but place emphasis in different areas such as human rights and climate change while acting less provocatively than the Trump administration. When it comes to Taiwan, President-elect Biden has supported Taiwan throughout his career. He met with Taiwan’s President Tsai Ing-wen in Washington when she was running for President when he was Vice President. He recently tweeted congratulations after she was reelected. Taiwanese citizens are concerned that a Biden administration will be a repeat of President Obama’s approach to Taiwan that avoided provoking China at Taiwan’s expense. We can expect the pace of engagement with and military funding of Taiwan to continue but slow down. A Biden administration is expected to focus on China’s human rights abuses while aiding Taiwan’s democratic resiliency.”* **General Robert Walsh**

*“A Biden administration is expected to remain tough on China and use U.S.-India relations as a centerpiece in countering China in the Indo-Pacific region. Biden is expected to continue several previous administrations’ trends towards developing stronger relationships with India and drifting further away from the diminishing returns seen with Pakistan. When President-elect Biden was a U.S. Senator in 2006, he said, “my dream is that in 2020, the two closest nations in the world will be India and the United States.” Adding to the expected positive relationship is Vice President-elect Kamala Harris becoming the first Indian-American vice president. While this all sounds positive, we can also expect the new administration to highlight Prime Minister Modi’s human rights record and his move towards a Hindu nationalist agenda and away from India’s secularism. We can also expect John Kerry, Biden’s pick to be his Climate Czar, to focus on drawing India into climate change discussions. It will be interesting to see how President-elect Biden handles his personal relations with Prime Minister Modi in light of the very public relationship President Trump has with him.”* **General Robert Walsh**

*“The Trump administration did a pretty solid job of killing the “strategic ambiguity” of the U.S. commitment to Taiwan and improved the foundation of Washington’s relationship with Taipei. There is little reason to believe that the Biden administration will try to resuscitate that ambiguity. President Trump steered a clear, hardline path of unilateralism toward China. China’s clumsy handling of the COVID pandemic put itself in the penalty box, and they*

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*know it. The Biden team should take advantage of this. The world recognizes China was negligent. Global trade dependence with China was, and remains, out of balance and a correction is taking place through a measured repatriation of supply lines. By comparison, Taiwan's handling of the pandemic was the model and commerce remained vibrant, schools stayed open, and infections were low. As the ninth largest trading partner with the U.S., Taiwan's security is key to U.S. regional influence. It's in Washington's best interest to ensure this does not change."*

### ***General Spider Marks***

### **Iran and the JCPOA**

During the campaign, President-elect Biden made it clear that he supported a return to the Joint Comprehensive Plan of Action (JCPOA). The JCPOA is the 2015 Iran nuclear deal that President Trump withdrew from in 2018. Following the withdrawal, the Trump administration executed a "maximum pressure" sanctions-based campaign designed to reduce Iran's ability to further develop its nuclear/long-range missile program as well as to stop its support for proxy forces in the Middle East. With Iran's economy contracting at ~6% a year since the Trump administration's withdrawal from the JCPOA, it may be very difficult for the Biden administration to reengage in talks with the regime. A likely precondition to even begin a discussion with the U.S. would be significant economic compensation for the damage inflicted on the Iranian economy, which would be a non-starter for any administration. In addition, there is a chance that the Iranian elections in 2021 will result in a more hardline administration. While Iran does not trust the United States, the feeling is mutual, as evidenced by the killing of a senior Al Qaeda leader in Tehran by Israeli operatives back in August (please see our [SITREP](#)). Adding to the tensions, the top Iranian nuclear scientist was shot and killed outside Tehran on November 27<sup>th</sup> and our GIG comments on the attack are below. The Biden administration will not have an easy time convincing Congress (or the American people) that Iran can meet the requirements to abide by any kind of agreement.



*"In all likelihood it is an Israeli attack. Given what they believe may be an administration that will try to negotiate a new treaty with Iran, they are taking action. This is a similar tactic to other killings of Iranian nuclear experts. The Israelis don't have the ability to destroy Iranian underground facilities so this is the best option to disrupt the program. I believe that the current administration is supportive in the eyes of the Israeli government but that may change January 20th."* **General Frank Kearney**

*"The targeted killing of Iran's leading nuclear scientist, Mohsen Fakhrazadeh, changes the calculus of the decision by the Biden administration to rejoin the Joint Comprehensive Plan of Action (JCPOA), or the Iranian nuclear deal. There was every reason to believe that President-elect Biden was inclined to rejoin the JCPOA when he chose Jake Sullivan, the architect of the deal, to be his national security advisor. The inevitability of that decision is now in question. It's safe to say Israel was behind the killing. Biden's national security team must weigh the competing interests of Israeli relations with the U.S. (as well as an increasing number of Arab states) and the desire to return to the JCPOA after a four-year absence."* **General Spider Marks**

*"Is a reset with Iran possible with a new Biden administration? We can expect President-elect Biden to begin confidence building steps with Iran soon after taking office with the objective of reentering the Joint Comprehensive Plan of Action. During the runups to the election he said that he would "offer Tehran a credible path back to diplomacy if Iran moves back into compliance with its nuclear obligations." Biden and his key national security picks have repeatedly disagreed with the Trump administration's exit from the plan that Biden was a key part of under President Obama. Time is tight with the Iranian elections in June. Iran's President Rouhani cannot run for re-election and a hardliner will most likely follow. Iran agreed to the JCPOA deal under Rouhani's watch. It will be a tough challenge in such a short time to thread the "negotiation needle" after Iran increased its nuclear enrichment and*

## ***Around the World with Academy Securities***

*grew its ballistic missile program. The quickest path for Biden would be an unconditional re-entry but that is unacceptable to a Republican controlled senate. Even some of our European partners are tired of the lack of consistency by the U.S. It will also be unappealing for a Biden administration to lift sanctions without proof that Iran will come back into compliance. An additional wildcard could be how the Abraham Accords are viewed by Biden and his team knowing that Iran would love to drive a wedge between the U.S. and Israel and the Arab nations that signed up to it. Saudi Arabia and the UAE have a big say on U.S. policy in the Middle East. They could make Biden's objective to enter into a quick negotiation with Tehran unrealistic." **General Robert Walsh***

### **Israel's Secret Meeting with Saudi Arabia**

In our previous [ATW](#), we reported on the normalization of relations between Israel and Sudan, as well as with the UAE and Bahrain. On Sunday November 22<sup>nd</sup>, news broke of the first ever meeting between Israeli Prime Minister Benjamin Netanyahu and Saudi Crown Prince Mohammed bin Salman. The meeting, which is said to have been arranged by the U.S., is a significant step forward for Israeli/Saudi relations and a possible peace deal. However, the real goal of the meeting was meant to send a signal to the incoming Biden administration: do not re-enter the Iran nuclear deal. Saudi Arabia and Israel are clearly concerned that the Biden administration will try to re-engage with Iran. While the behind the scenes relationship between KSA and Israel is well known in the region, any potential deal with Iran will draw these countries closer together with their Gulf allies to act as a counterweight to Iran. The feeling is that if the U.S. does not act to stop the Iranian nuclear program and cease Iran's support for proxy forces in the region, other nations will have to take matters into their own hands (and are already doing so).



*"The recent Abraham Accords negotiations by Secretary of State Pompeo with Israel and Saudi Arabia is an indication by all three of the increased pressure put on them by the recent U.S. election results. The Trump administration would like nothing better than to add Saudi Arabia, the crown jewel of Arab nations, to the Abraham Accords. Saudi Arabia has always championed the right for a Palestinian homeland, but the threat from Iran has incrementally changed the Kingdom's view of its relationships with Israel. The old adage holds true that "the enemy of my enemy is my friend." There have been subtle signs from within the Kingdom since the U.S. election that they are thinking of moving forward with the Accords. Saudi Arabia and Israel are both opposed to the U.S. rejoining the Joint Comprehensive Plan of Action with Iran. Saudi Arabia agreeing to enter the Abraham Accords would put more pressure on a new Biden administration to rethink its plan to re-enter the JCPOA. Israel and Saudi Arabia are key influencers of the U.S. in the Middle East. A Saudi-Israeli deal could also have the effect of putting pressure on Iran into negotiating with the Biden administration. All are telltale signs of the heightened national security risks incurred with any change in administration." **General Robert Walsh***

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**Turkey, Greece and NATO**

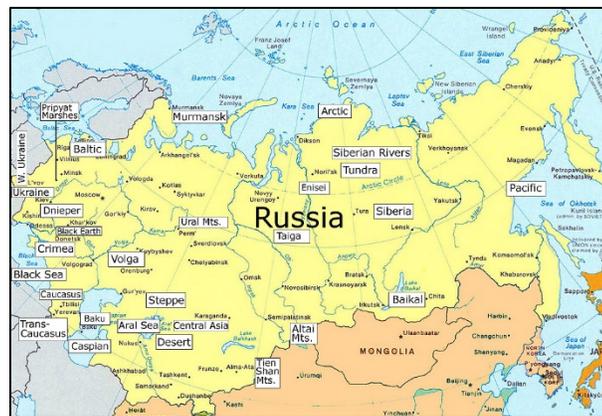
As we reported in our previous [ATW](#), we continue to monitor the situation in the Eastern Mediterranean as it relates to the oil and gas exploration standoff between Turkey and Greece. With Turkey not backing down and continuing to explore for reserves in Greek territorial waters, the EU (led by Germany) indicated that unless Turkey ceases its survey operations in the Eastern Mediterranean, the EU would impose sanctions on Turkey. Many steps to mediate the situation have failed, including ones by NATO and the U.S. directly. Placing sanctions on a NATO country might not be supported by the incoming Biden administration. While President-elect Biden has voiced support for globalization (and the EU and NATO), his advisors, including Michael Carpenter, have voiced that the new administration, “does not intend to push Turkey into a corner.” As opposed to creating economic distress for a NATO ally that the U.S. relies upon for support in the conflicts in Syria and Libya, the new administration will instead look for cooperation from Turkey to ease the tensions. The Biden administration will likely not want Turkey to move closer to Russia (as it did via the purchase of the S-400 missile system) and we will have to see how much pressure it is willing to put on Turkey to diffuse the situation in the Eastern Mediterranean.



*“President Trump’s personal relationship with Turkey’s President Erdogan allowed Turkey to become more aggressive diplomatically and militarily. Oftentimes, that was at opposite ends from NATO, the EU, and the Washington establishment. A Biden administration is expected to put much more emphasis on alliances than the Trump administration did. This will cause problems for Erdogan and Turkey. The new administration’s foreign policy advisors are focused on human rights. Biden already went on record during the run-up to the election over Turkey’s attacks on Syria’s Kurds. He said that “Turkey is the real problem” and “Erdogan will pay a heavy price.” Biden has called Erdogan an “autocrat” signaling a frosty relationship from the start. Erdogan will no longer be able to work one on one with Biden like he did with Trump. He can expect the Biden administration to put intense pressure on Turkey’s non-aligned aggressiveness through its willingness to work through alliances and partnering. On the positive side, we can expect Biden to reach out to Erdogan with the intent of reviving a struggling NATO. If anything, bringing Turkey back into NATO’s fold and away from Putin’s influence should be a larger strategic objective for President-elect Biden than punishing Turkey for past transgressions.”* **General Robert Walsh**

**G20 and Russia**

On November 22<sup>nd</sup>, the G20 concluded its virtual meeting in Saudi Arabia. While the global COVID pandemic was at the top of the agenda, the meeting addressed other issues as well such as climate change, debt relief, and other multinational agreements. As the new Biden administration prepares for its inauguration in January, it has voiced its intention to re-enter several agreements that the Trump administration had opposed such as the Open Skies Treaty and New START. As we discussed in our most recent [webinar](#) after the election, the new administration will have a different approach regarding international agreements. The Biden administration has indicated that it would re-enter the Paris Agreement, the Open Skies Agreement (mutual unarmed overflight of U.S./Russian military facilities), and the New START (Strategic Arms Reduction Treaty). While the new administration has announced it would be more supportive of such agreements, the posture towards Russia and its overseas “adventurism” in places like Syria and



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Libya remains to be seen.

*“It’s notable that Vladimir Putin has yet to call and congratulate President-elect Biden while other world leaders have lined up to do so with plans of easing the often-tense relations with the U.S. In fact, Putin has yet to recognize Biden’s election. Earlier he said that he was waiting for an “end to the domestic political standoff.” Of interest, Putin called to congratulate then President-elect Trump before the results of the 2016 election were certified. Nothing serves Putin’s interests better than a weakened U.S. from political division and turmoil. It was clear that Russia favored a Trump re-election in light of Biden announcing his intent to bolster NATO. Putin’s goal is to always weaken NATO. The Trump administration’s pressure on NATO members to make them pay their fair share of NATO’s costs caused discomfort within NATO and was a nice gift to Putin.*

*Biden has said that he seeks more cooperation with Europe which is not good news for the Kremlin. He has also stated that he will take a tougher stance on Russia to deter further aggression in eastern Europe or elsewhere. We can expect more focused diplomatic, economic, military, and information policies to counter Russia’s disinformation efforts. Expect sanctions to be at the heart of putting pressure on the Kremlin and influencing Russian behavior by shifting their calculus. Biden’s supporters deeply believe that the Russians did all they could to undermine the 2016 election. Now that they are back in power, it is expected that they will build a coalition of democratic countries to counter Russian influence campaigns to undermine elections and spread disinformation. While U.S. relations may not be as tense with China under a Biden administration, do not expect the same with Russia.” **General Robert Walsh***

*“What is certain with the Biden national security team is an emphasis on the process required to build a multilateral approach to foreign policy, which is something they believe their predecessors consciously ignored. Process is not a bad thing and the predictability of process provides a degree of certainty in relations among partners and allies and facilitates favorable and confident decision making. What is equally certain is that China and Russia do not care about process or the narrative of consensus building. While the incoming administration will be working the process, China and Russia will be scoring points. Stay tuned for the over-the-horizon successes of our adversaries while the U.S. essentially regroup.” **General Spider Marks***

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