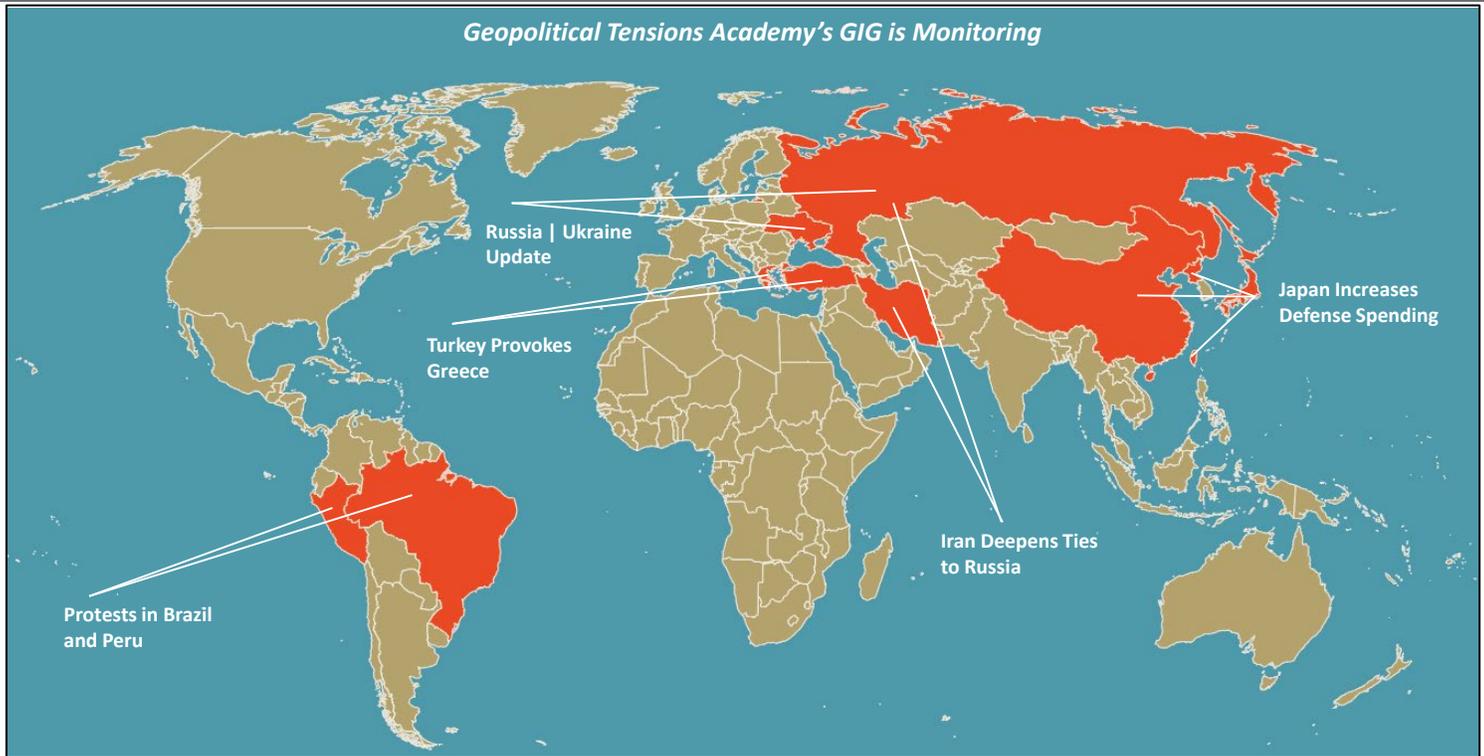


Around the World with Academy Securities

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

1. Russia | Ukraine Update
2. Japan Increases Defense Spending
3. Iran Deepens Ties to Russia
4. Turkey Provokes Greece
5. Protests in Brazil and Peru

We begin with an update on the war in Ukraine as it approaches the one-year anniversary of the Russian invasion. As Russia prepares for a springtime offensive, Ukraine has been asking for additional weapons from the U.S./Europe to not only break the stalemate, but to also go on the offensive. The U.S. is in the process of sending armored personnel carriers and Ukraine will also receive Leopard 2 tanks from Europe and Abrams tanks from the U.S. (which Russia is calling a "blatant provocation"). These kinds of tanks could potentially be a game changer for Ukraine. Next, we revisit Japan and the proposed doubling of their defense budget (which would include the purchase of offensive Tomahawk cruise missiles from the U.S.) by 2027, which is a huge change in policy brought on by the threat from China and North Korea. We then revisit Iran and the growing military relationship with Russia, including the expected March delivery of Russian Su-35 fighter planes. We also report on Turkey and the tension with Greece in the Eastern Mediterranean. President Erdogan will continue to present the image of being a "strong leader standing up to Greece" to tap into the nationalistic sentiment in the country in the run-up to the upcoming presidential election. He will also try to use every bit of leverage he has over Sweden's/Finland's NATO application to receive the F-16s he ordered from the U.S. Finally, we report on the riots in Brazil earlier this month as well as the deadly protests in Peru. With the threat of further Chinese influence in the region, there is an opportunity for the U.S. to expand its economic relationship with countries in Latin America.

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

*Around the World with Academy Securities***Front and Center: Russia | Ukraine Update**

In our previous [ATWs](#), our recent [SITREPs](#), and [webinar](#) this month covering our 2023 Geopolitical Outlook, we have continued to provide updates on the latest developments in the conflict in Ukraine. As the war approaches its one-year anniversary, Russia appears to be preparing for a spring offensive (and another potential mobilization) in an attempt to “break the back” of the Ukrainian military, while continuing to hammer local infrastructure to “break the will” of the Ukrainian people. While Ukraine continues to receive unprecedented U.S./NATO support, in a December 2022 address to Congress and meeting with President Biden, President Zelensky asked for even more weapons including air defense systems (Patriot), longer-range rocket systems (ATACMS), battle tanks, and armored personnel carriers. In the early stages of the conflict, the U.S. and NATO were reluctant to send these types of weapons (especially the longer-range rockets) because of the fear that these systems could strike inside of Russia which would ignite a major escalation (including a possible nuclear strike). However, as the war rages on, allied powers are feeling confident in taking more risks and are in the process of providing Ukraine with additional assistance. President Biden also announced that Ukraine would receive Patriot missile batteries (and the required training in the U.S. for its operators) to protect its major cities and critical infrastructure.



There has also been serious discussions among NATO members about sending tanks to Ukraine. In mid-January, the UK announced that it would send 14 Challenger 2 main battle tanks. Initially, Germany said that it would not send (or allow other NATO members to send) its Leopard 2 tanks (specifically designed to compete with the Russian T-90) to Ukraine unless the U.S. sent the Abrams. However, following the news that the U.S. is now finalizing plans to send ~30 Abrams tanks to Ukraine, Germany announced this week that it will send Ukraine 14 Leopard 2 tanks. Poland also asked Germany for permission and will send 14 of these tanks from their inventory. In addition, the U.S. is sending 50 Bradley fighting vehicles to Ukraine as well as 100 Stryker armored vehicles as part of the new \$2.5b military assistance package. These armored vehicles will protect Ukraine’s infantry and allow it to cross the plains in eastern Ukraine and engage with Russian forces which are fighting from heavily fortified defensive positions. If received in sufficient quantities, these weapons will allow Ukraine to defend against the expected Russian offensive this spring.

Stopping a Russian advance in Ukraine and breaking the stalemate is one thing, but what would Ukraine need to potentially try to take back Crimea? Longer-range weapons such as the HIMARS have been helpful in striking Russian supply positions, but are they enough? The U.S. has softened its stance on Crimea because it is a staging point for Russian attacks in Ukraine. Crimea is a major red line for Putin, but Ukraine might not have to take it back to gain leverage in any potential peace negotiation - it may only have to demonstrate that it has the ability to do so. Our GIG will continue to monitor the situation on the ground closely and while neither Russia nor Ukraine are there yet, we will be watching for conditions that would be required that could allow for a longer-term ceasefire.

“Ukrainian President Zelensky and Russian President Putin both understand that a prolonged conflict is not in Ukraine’s best interest. It is only a matter of time before U.S. and European support begins to erode. Putin has tightened his grip at home despite the debacle in Ukraine. He is prepared for a long war and is communicating this to his people. He is convinced that Russia is strong, and Ukraine is weak. His goal is to stay the course and grind down the Ukrainians by slowly weakening their military while demoralizing their population. He sees the currently stagnated situation as working to his advantage. The Russians continue to improve their defenses and push more soldiers to the front. Both sides are preparing for spring offensives. Russian military operations in Ukraine are under

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new leadership and Putin is drawing on new reserve forces to enter the war before the spring. His attrition warfare is aimed at destroying Ukrainian equipment and soldiers faster than they can replace them.

*The U.S. recently agreed to supply Ukraine’s military with the Patriot and NASAMS (missile system) along with other NATO countries agreeing to send air defense systems because of the Russian missile and UAV onslaught on Ukraine’s critical infrastructure. The focus has turned to meeting Zelensky’s request for western made battle tanks. The tanks are a means to stop a Russian spring offensive and to enable Ukraine’s offensive operations. The tanks are the latest request in the continued slow and reactive approach to supplying arms to Ukraine’s military. The speed of the deliveries is key since it will take time to train personnel on the new equipment with the spring offensives just around the corner.” – **General Robert Walsh***

*“At the current rate, the weapons being supplied to Ukraine will allow them to maintain the status quo, but are not sufficient to provide Ukraine with a decisive edge to eject the Russians from their country. The longer this situation goes on, the more it is indicative that the intent is not to completely eject all Russian forces from Ukraine. If this is the case, the goal could instead be a negotiated settlement. There continues to be reticence on the part of the U.S. and our NATO partners to send what would really provide Ukraine with a decisive advantage—F-15 and F-16 fighter jets along with the associated training and weapons. This is likely due to the concern of not wanting to provoke Putin.” – **General David Deptula***

*“In a perfect world, the weather in Ukraine would have been below freezing for most of the winter so Ukrainian forces could have maintained their offensive momentum and their armored vehicles would not have been restricted in their movements. This would have allowed them to close the land bridge to Crimea that Russia secured last year. Western weapons and technology (armored vehicles, MLRS, UAVs, the Patriot system, etc.) will assist in closing this land bridge, but air power is also required, so it must be a combined joint effort. Ukraine must set the conditions to win back their territory logistically now while they have the opportunity by denying Russia access to key railheads, ports, and airfields and destroying critical bridges that would restrict Russia’s ability to go on the offensive. A gauge of how the war is going will be if Ukraine can close the land bridge from Russia to Crimea.” – **General K.K. Chinn***

Japan Increases Defense Spending

In our [December ATW](#) we highlighted Japan’s plans to rapidly increase defense spending (26% increase in 2023 and a “2% of GDP” pledge by 2027, ranking it 3rd globally in spending behind the U.S. and China) which would include strike weapons such as Tomahawk land attack missiles, joint air-to-surface standoff attack missiles, and anti-ship missiles. This is a massive shift in policy and would mark the first time since the end of WWII that Japan is seeking to acquire offensive weapons. President Biden reassured Prime Minister Kishida at their White House meeting this month by saying, “Let me be crystal clear: the United States is fully, thoroughly, and completely committed to the alliance and, more importantly, to Japan’s defense.” However, what is really clear is the fact that Japan sees the security situation deteriorating in the region and even though it is protected by the “nuclear umbrella” of the U.S., it will take steps to not only defend itself, but also gain the ability to strike back. Japan sees itself as being in the middle of any conflict that could break out in the region, especially regarding Taiwan or North Korea. In 2022, not only did North Korea test a record number of missiles, but several were also fired over Japan. In addition, during the exercises that followed former House Speaker Pelosi’s visit to Taiwan in August, the Chinese fired several missiles into Japan’s Exclusive Economic Zone. These tests were not accidents, they were designed to send Japan a message that they would be targets in the event of any military conflict over Taiwan. Japan is a key member of the Quad (U.S., Australia, India, Japan) and will be an important part of the strategy to counterbalance China’s influence and military power in the region.



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*“The Biden administration’s efforts to thicken the military capabilities of partners and allies to counter the PLA’s growing military threat took on new strength with Japan’s announcement to roughly double its defense budget by 2027. This move was made to partner with the U.S. military more closely and counter China’s and North Korea’s regional aggressiveness. It will also provide Japan with more independence from U.S. military support. Countries act in their own interests, and this is a strong demonstration that Japan and the U.S. are aligned. Kim Jong-un’s growing missile and nuclear capabilities and the risk of war in Taiwan are justifying Japan’s increased defense spending. Japan also sees China’s maritime aggressiveness as a threat to its Senkaku Islands. It is easy to see how China could quickly turn its focus from Taiwan to the Senkakus which are part of the same archipelago. Japan views the CCP’s militarization of the South China Sea as an example of what could be in store for them. Japan’s decision is welcomed by the growing regional security partnership made up of countries like the U.S., South Korea, the Philippines, Australia, India, and also Taiwan.” – **General Robert Walsh***

*“Japan’s response to China’s threats and growing capabilities is a signal that they are taking these threats seriously. However, China/NK have too much to lose to risk taking any kind of pre-emptive military action. Having participated in the recent CSIS “China invades Taiwan” wargame, the four major take-aways were: 1) Taiwanese forces must hold the line; 2) There is no “Ukraine model” for Taiwan; 3) The United States must be able to use its bases in Japan for combat ops; and 4) The United States must be able to strike the Chinese fleet rapidly and “en masse” from outside the Chinese defensive zone. While the majority of the “blue” (partner force) teams eventually prevailed in halting the Chinese invasion, that only occurred with massive attrition on both sides and with significant negative strategic consequences for China, Taiwan, and the U.S. My big takeaway is that we need to get creative about deterring China from invading Taiwan. Deterrence involves inducing sufficient uncertainty regarding success and/or consequences in the PRC’s mind such that they elect not to invade. To do so requires taking actions to increase that uncertainty. For example, one of these actions could be assisting Taiwan in acquiring an abundance of surface-to-surface missiles with the range to reach Shanghai (about 450 miles). The risk of losing their cultural and financial capital would weigh heavily on China.” – **General David Deptula***

*“Japan, Taiwan, South Korea, Australia, India, and other countries in the region are acting now to insure their words match their actions by buying U.S. weapons to make sure that they have interoperability with our systems since we are the #1 security provider in the region. China, as the #1 trade partner with all countries in the region, will focus on using their economic leverage on our allies to strengthen their influence in the region and set conditions for the future.” – **General K.K. Chinn***

In addition, with the progress that China is making in its ability to weaponize AI technology and the threat this poses to nations in the region (including U.S. forces), please see below for some thoughts from Academy GIG member Admiral Barrett.

*“From a military perspective, autonomous weapons using AI pose a risk. If the Chinese adapt a policy of allowing their weapons systems to use AI to shorten the “kill chain” and make decisions faster (and for ethical reasons we do not), that difference in the time it takes to make decisions (particularly now that hypersonic weapons are in the mix) could put the United States (and our allies) at a disadvantage. AI is not a perfect science. The Global Partnership on AI documented at least 1,200 instances where the AI made incorrect decisions and caused problems. This is even more pronounced and potentially fatal in warfighting systems. The risk of escalation in warfare with the use of AI is a topic that needs serious international discussion and rules. However, these rules may not be followed in actual warfare. Currently nuclear decisions in both the U.S. and China still require a human, but that may not be the case in the future. Discussions between nations, particularly the U.S. and China who have some of the most advanced AI capabilities, need to be transparent and ongoing which is a tall order given the current environment of distrust and competition.” – **Admiral Danelle Barrett***

*Around the World with Academy Securities***Iran Deepens Ties to Russia**

In our [October ATW](#) we addressed the growing partnership between Russia and Iran. With the war in Ukraine lasting much longer than Russia had ever anticipated, Putin continues to run very low on long-range precision guided munitions. As a result, he turned to Iran to supply Russia with hundreds of drones that were used to attack Ukrainian infrastructure. In return, Russia is planning to supply Iran with 24 Su-35 fighter jets in March. This would be the first major upgrade to Iran's Air Force since the 1990s. In addition, Russia is also likely supplying Iran with other sophisticated military equipment including helicopters and air defense systems while Iran is considering sending ballistic missiles to Russia. Iran has been under immense economic pressure with the sanctions that were put on the country post the end of the nuclear deal. A new deal is likely off the table due to Iran's support of Russia and its crackdown on protesters over the past few months. Iran believes that it is being cornered by not only the U.S. but the EU as well and will continue to look to other parties including Russia and China (especially on the economic front) to reinforce its alliances.



Iran's discussions with Saudi Arabia to improve relations have also stalled mostly due to Iran's treatment of the protesters and its support of the Houthi rebels. In Israel, the new right-wing government that took power when Netanyahu once again became Prime Minister at the end of 2022 will likely sharpen its stance against Iran and its proxy forces this year and recently kicked off Juniper Oak 23, which is "the most significant exercise between the United States and Israel to date" according to a U.S. defense official. 6,400 U.S. and 1,100 Israeli personnel will participate, and the exercise will include 142 aircraft including B-52s, F-35s, F-18s, drones, and a carrier strike group. This exercise is likely intended to demonstrate to Iran that the U.S. is steadfastly committed to Israel and is not distracted by the ongoing war in Ukraine.

*"The relationship between Iran and both Russia and China is growing. Meanwhile, the Iran nuclear talks have all but collapsed amid Iran's accelerating nuclear advancements and weapons transfers to Russia. We can expect Russia and Iran to continue tightening their relationships to include increased weapons transfers. The risk is rising for a military confrontation with Israel with support from those in the U.S. with hawkish views on Iran. The shadow war between Israel and Iran will increase under the new and more hawkish Netanyahu government. Netanyahu is warning Iran and Hezbollah (Iran's proxy) of Israel's redlines. He is calling out Iran's nuclear weapons development and its satellite operations in Syria and Lebanon. He is seeking both U.S. and regional support. The U.S. will expand its presence in the Middle East despite its strategic objective to shift resources to the Pacific." – **General Robert Walsh***

*"With respect to the postulation that repairing Iran's relationship with countries like Saudi Arabia might buy Iran more time to develop a nuke/erode some of the anti-Iran sentiment in the Gulf, that is certainly a possibility, but I suspect that Saudi Arabia will see through any such outreach and/or use it to their own advantage." – **General David Deptula***

*Around the World with Academy Securities***Turkey Provokes Greece**

As we first reported back in our October [2020](#) ATW, tension between Turkey and Greece in the Eastern Mediterranean continues to be an issue. While a military conflict between the two NATO members is unlikely, last month President Erdogan of Turkey threatened to “hit” Athens with its Tayfun short-range ballistic missile. The rhetoric (and lack of diplomacy) from Turkey is increasing largely due to disagreements surrounding energy exploration in the region, disputed claims to several island in the Aegean, and the fact that the U.S. is in the process of selling F-35s to Greece (and F-16s to Turkey).

Turkey was kicked out of the F-35 program back in 2019 and the U.S. also put sanctions on the country as a result of Turkey’s purchase of the Russian S-400 missile system. In addition, while Turkey threatened the launch of a ground offensive in northern Syria late last year, it appears that pressure from Russia has caused Erdogan to change his mind. This means that Erdogan needs to look for another opportunity to “fan the flames” of nationalism.

With an election coming up this year and inflation at 80%, Erdogan needs the support of his people. He also knows that Turkey’s vote is critical in allowing Finland and Sweden to join NATO. At the same time, Erdogan is still trying to act as a mediator between Russia and Ukraine (he has a good relationship with both parties), and our GIG believes that the issues with Greece will not distract Turkey from playing a prominent role in this process. Erdogan will play every card he has in the coming months to gain as much leverage as possible in the run-up to the election and will position himself as a “strong man” that is standing up to Greece, a “mediator” due to his push for a ceasefire in Ukraine, and a “highly influential member” of NATO.



*“Turkey’s President Erdogan’s reelection is not a given. The Republican People’s Party is the main opposition party and has widespread support along with other opposition parties based on Erdogan’s corruption and the failing economy. Their platform is to return Turkey to a democracy that they feel has eroded under Erdogan. His unpopularity is from Turkey’s economic crisis that has inflation of over 80%. Erdogan has tried to hide the economic woes of the country by distracting the people’s attention from the economy and focusing them instead on a perceived security crisis. He has threatened to send Turkey’s military into Syria to create a buffer zone from the YPG which is the Syrian branch of the PKK. He is also threatening to strike NATO ally Greece over gas drilling, troubles in Cyprus, and his allegations that Greece is militarizing Greek islands in the Aegean Sea. Erdogan relies on the Turkish population’s historic strong nationalistic feelings. His continued military focus follows his military interventions in Syria, Libya, and Nagorno-Karabakh. Threatening war is his means to gain support and take the population’s eyes off the economy.” – **General Robert Walsh***

*“Chalk up Erdogan’s remarks as political rhetoric aimed at his domestic audience. Regarding potential Erdogan action to delay the inclusion of Sweden/Finland into NATO, that issue is tied to what he can extract from NATO and the U.S. to ultimately concur. Included in this calculus is U.S. approval of the proposed advanced F-16 sale.” – **General David Deptula***

*Around the World with Academy Securities***Protests in Brazil and Peru**

Finally, we review the January 8th protests in Brazil where supporters of defeated president Jair Bolsonaro stormed federal buildings (Brazilian Congress, Presidential Palace, and Supreme Court) in Brazil's capital. In October, Luiz Inacio Lula da Silva defeated Bolsonaro in the presidential election, but Bolsonaro failed to concede. Bolsonaro's supporters camped out for 2 months in the capital and even called on the military to take control of the country. While the inauguration of President Lula occurred on January 1 without incident, Bolsonaro supporters stormed the capital buildings a week later resulting in over 1,500 arrests. This was an attack on Brazil's democracy (the largest in South America) and Brazil's Supreme Court will investigate Bolsonaro's role in the event. President Biden stands with President Lula (who will visit the White House in February) and the U.S. must take this opportunity to strengthen its relationship with Brazil. Brazil's largest trading partner is China and sending a strong message that the U.S. supports democracy in Brazil (and elsewhere in Latin America) could help encourage other nations in the region to decrease their reliance on Chinese support.



Another area of concern is in Peru where protests have killed over 50 people since President Castillo was impeached (and tried to dissolve Congress) back in December. Dina Boluarte, the new president, is having a hard time controlling the country and there is a risk that the country could descend into anarchy as protesters are now calling for her to step down. This has also become a test for democracy as only 21% of Peruvians are satisfied with democracy in the country. Peru was hit hard by the COVID pandemic and had the highest death rate per capita in the world. The deep economic crisis that followed exacerbated the problems in the country with high unemployment, inflation, slowing economic growth, and a food shortage. In addition, the major copper mines in the country are running at a reduced capacity due to the unrest. Similar to Brazil, China has been expanding its partnership with Peru as evidenced by the November meeting between Wang Yi (member of the Political Bureau of the Chinese Communist Party) and Peruvian Foreign Minister Cesar Landa at the Asia-Pacific Economic Cooperation gathering in November. This kind of engagement makes it all the more important for the U.S. to economically support democracies in Latin America, especially in times of crisis.

“Latin America is becoming more important to the Biden administration’s plans to bring supply chains closer to home. The problem is that China is out in front of the U.S. in many countries with its “checkbook”. The increasingly left leaning governments are expanding both the size of government and taxes. The trend is heavily influenced by China’s state-led economic system that is alluring to Latin American leaders. The U.S. cannot anchor its geopolitical strategy on democracy and human rights. It must engage countries throughout the region by promoting a market-based economic system, rule-of-law, and limited government to enable economic growth. The U.S. must take a more practical economic approach if it is to compete with China’s influence operations and its Belt and Road Initiative.” –
General Robert Walsh

“The democratic institutions in both Brazil and Peru are very strong and resilient. Both militaries are professional and will continue to provide a safe and secure environment for democracy to flourish. The Biden administration provided early and strong support to both President Lula and Boluarte and I expect this to continue. Leftist governments in the region are funding the destabilization within Peru much like they did in Chile in 2019, which led to a referendum to rewrite Chile’s constitution (which failed in 2022). There may be some impacts on select mining operations, but this will not be significant. The protests will end when President Boluarte agrees to move the presidential election to later this year vice 2024.” –
General K.K. Chinn

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