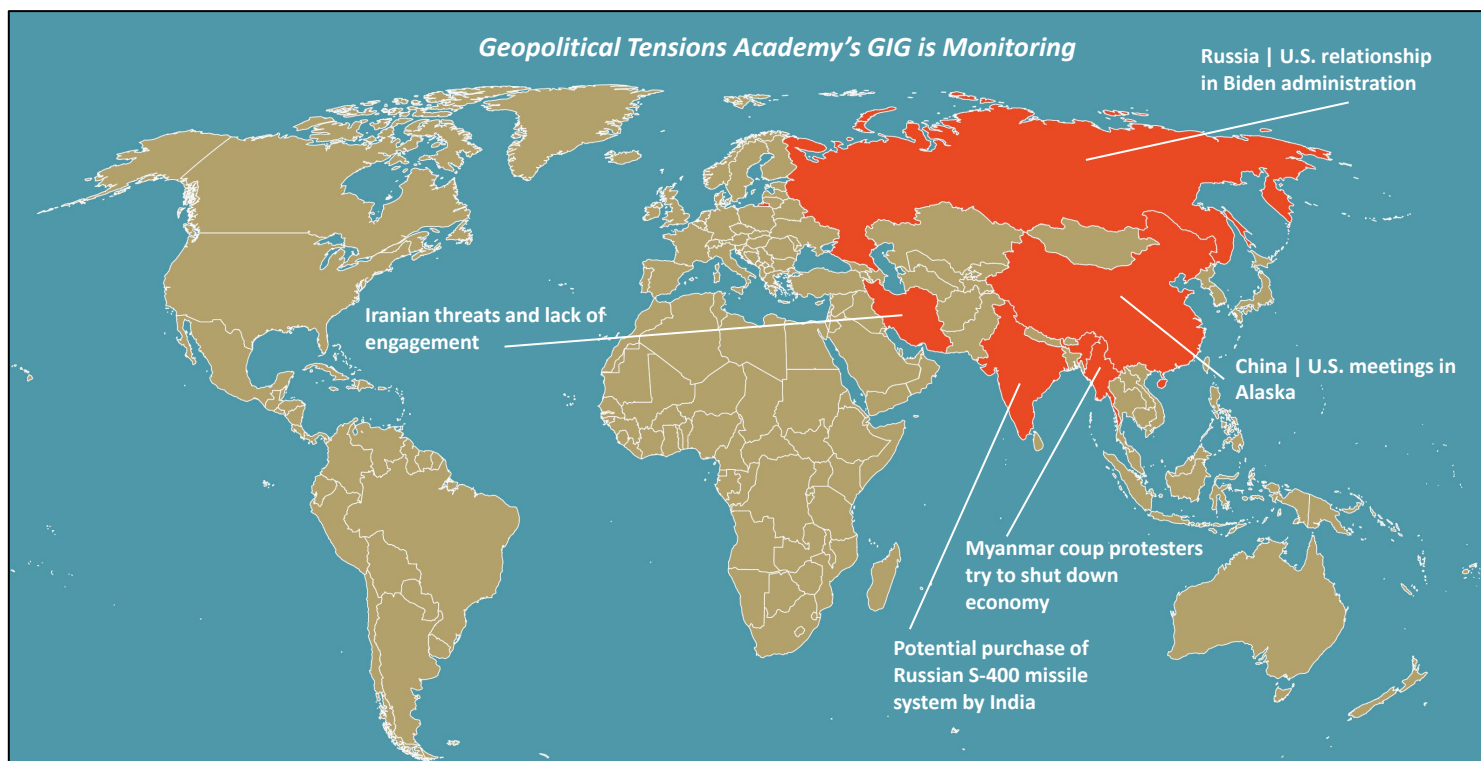


Around the World with Academy Securities



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. Update on the coup in Myanmar.
2. The recent (tense) meetings between China and the United States in Alaska.
3. The intercepted threat of an Iranian attack on senior U.S. Army leadership at Fort McNair and the lack of engagement with Iran regarding the nuclear issue.
4. The potential acquisition of the Russian S-400 missile system by India.
5. The current state of U.S./Russian relations in the new Biden administration.

We begin with an update on the coup in Myanmar, which has now claimed hundreds of lives. As millions protest the February 1st military takeover, the citizens of Myanmar are fighting back not only in the streets, but economically as well. With walkouts happening in every industry around the country, Myanmar's economy is grinding to a complete halt. Next, we review the recent meetings between the U.S. and Chinese delegations in Alaska. The tension was evident and made it clear that the tone of engagement from the previous administration would not soon change between the two countries. With respect to Iran, we review the threat against the U.S. and the fact that as more time goes by without action, Iran will expand upon its international partnerships with our competitors (China) and will further develop its nuclear and long-range missile programs. We also revisit India and the potential S-400 missile purchase from Russia. While the threat of sanctions is on the table, it is becoming clearer how important the Quad alliance (that includes India) is to acting as a counterweight to China. Finally, we review the current state of the U.S./Russia relationship and the fact that more U.S. sanctions are likely heading their way.

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 – Myanmar Update

As we reported in our previous [ATW](#), Myanmar's military (led by General Min Aung Hlaing) seized power on February 1, 2021 and detained State Counselor Aung San Suu Kyi and President Win Myint. Myanmar had been under civilian rule since 2011, but the military claimed that the November 2020 election, where the National League for Democracy won 83% of the seats in Parliament, was fraudulent (there is no evidence of that). The military quickly took charge of the country's infrastructure and prepared for the protests to begin. The military's response to the protests was measured at first, but their methods have become more violent over the past few weeks and over 500 protesters have been killed (more than 100 were killed on March 27th alone). As millions of protesters continue to take to the streets, their goal has become to shut the country down until the military returns power to the democratically elected government. Banks are closed, the internet has been shut down, and the government has ceased to function. Factory and shipyard workers have joined the protests and are refusing to come to work - even if that means going without pay. While Myanmar's economy was already weak leading up to the coup, the situation has grown increasingly dire.



U.S. and EU sanctions have started to take their toll and former members of the ousted Parliament have been pleading with foreign companies to not do business with the military junta. On March 25th, the U.S. made plans to impose sanctions directed at the business interests of the Myanmar military. As exports have ground to a halt, there has been and will continue to be major disruptions to the global supply chain. While the export of oil and gas to China has continued, even that could be at risk. China has done nothing to condemn the coup, but it has not chosen a side to support, either. While the chaos on its border continues, it is clear that China's number one concern is protecting its economic interests. As the funding for the military regime in power starts to dry up, the military will continue to look for other sources of income, but how long can it hold on to power? The regime clearly may not have been prepared to face the resolve of the people of Myanmar. Our GIG will continue to monitor the situation and General Kearney believes that, **"The ruthless dictatorship is unlikely to respond to coercion until they consolidate power. While there is currently international outrage, they are likely to wait out the storm."**

"There is no future for the Myanmar military leaders if they give up control of power. They will cling to power as there are no other good options for them. The U.S. and many other nations have imposed sanctions as a political gesture, intended to show that the international community is doing something in response to the military's bad behavior with little expectation of success."

The Myanmar military will continue to defend its borders from ethnic rebel armies, some of which are supported by China. The Myanmar military and China are not on friendly terms due to the border disputes so it will be interesting to see if China will step up and intervene in Myanmar. They were supportive of the National League for Democracy (NLD) and State Counselor Aung San Suu Kyi since China accounts for 30% of Myanmar's trade and China had many economic/infrastructure deals ongoing as they worked to expand their influence in Myanmar. The U.S. has no vital interests in Myanmar, but our interest is to support and promote human rights and democracy so we will continue to work with allies and partners to diplomatically resolve the situation through negotiation using ASEAN nations. However, ASEAN has a history of non-interference in the internal affairs of other ASEAN nations (the Thailand 2014 coup is an example), so it is doubtful ASEAN will be able to negotiate an end to the violence. The wild card is the possibility that China intervenes in Myanmar to restore the NLD back in power. Most likely, China will allow Myanmar to fester and continue to be a thorn in our side, as it is a distraction, and they can pursue their other agendas."

General KK Chinn

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“Why should the U.S. care about what’s going on in Myanmar? Because it is in the Indo-Pacific region and is another country that the Biden administration does not want to fall solely under Beijing’s influence. Myanmar’s trade with China is already seven times greater than with the U.S. and they were completely dependent on China prior to the 2010 general election. If we distance ourselves from every autocratic or non-democratic country, we will leave a good part of the world under China’s and Russia’s influence. So far, the U.S. economic sanctions on Myanmar have been small and have not targeted the economic survival of the regime. This is a sign that the U.S. still hopes to influence and work with the military junta that is in place. The military led government says it still plans to hold elections within the next year. Economic and diplomatic pressure by the U.S. for elections seems to be a way forward while opening up engagements to bring Myanmar back within the sphere of developing democratic nations.”

General Robert Walsh

“The military coup in early February following the re-election of Aung San Suu Kyi included a promise by the military to form a “true and disciplined democracy” within a year. Democracy has never been disciplined and invites struggle among all the elements of power within shared government. The Commerce Department imposed trade sanctions on Myanmar’s Ministry of Defense and Home Affairs, but economic sanctions never achieve the desired result unless they are draconian. In this case, the sanctions are hollow. Until China engages to challenge or reverse the coup, America cannot affect the outcome. This is the first major test of President Biden’s pledge to collaborate more with allies on international challenges, especially to confront China’s influence. However, in this case, Biden needs Xi but China has already vetoed the UN vote to condemn the coup. Also, the G7 has only issued a statement of concern. President Biden needs to build a coalition to ensure the coup is reversed, the November election results are recognized, and the government is again functioning.”

U.S. | China Meetings in Alaska

Last week, the U.S. and China held their first official cabinet level meetings under the new Biden administration. Secretary of State Antony Blinken and National Security Advisor Jake Sullivan led the U.S. delegation and Yang Jiechi, Director of the Central Foreign Affairs Commission Office and Wang Yi, China's Foreign Minister, were representing China. The meetings immediately got off to a tense start as Secretary Blinken detailed U.S. concerns regarding Hong Kong, Taiwan, cyber, Xinjiang, and economic coercion. The Chinese delegation immediately fired back and said that the U.S. should focus on its own internal issues and called the U.S. the “champion” of cyber-attacks. While both countries appeared shocked at the tone of the opening remarks, the reality is that this is the current state of the U.S./China relationship. It is clear that at the current time, the new Biden administration will continue to hold the line on the former administration’s positions on several hot button issues. While the other meetings followed a more subdued tone and areas such as weapons proliferation, and Iran were discussed, the competing agendas of the U.S. and China will not make collaboration an easy task.



In an effort to try to lead from a position of strength, the U.S. is making a concerted effort to build up its “Quad” alliance, consisting of the United States, Japan, Australia, and India. Meanwhile, China is growing stronger, both militarily and economically. It is building up its nuclear (including additional land-based missile silos) and cyber capabilities at a rate much faster than what was anticipated. Its Belt and Road Initiative is a multi-trillion-dollar program that is designed to tie China to over 100 countries around the world. It routinely uses this and other programs such as the offer to supply vaccines to Brazil as leverage (Brazil recently dropped its opposition to Huawei). As we reported on [last year](#), China has also been discussing a strategic partnership with Iran and just signed the 25 year cooperation agreement on March 27th. General Kearney believes that, “**Xi will stick to China’s**

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current strategy and play the long game and there was plenty of talking to home audiences in the Alaska meetings. A complex relationship of competition and limited cooperation will be the strategy (per Secretary Blinken)." The U.S. must keep its alliances strong and shore up counterweights against China.

"The CCP studied the new Biden administration's messaging closely and hoped for change after the tough going it had with the Trump administration. They have now decided that going back to the Obama days is not in the cards. The CCP has now taken on their own hardline approach. Competition with the U.S. is the new coin of the realm for both global leaders. The days of China acquiescing to the U.S. and working behind the scenes quietly to advance their plan to be the dominant global superpower are over. China came out swinging during the diplomatic talks in Alaska by stating that "the United States does not have the qualification to say that it wants to speak to China from a position of strength." They challenged the U.S. on human rights, race relations, democratic values, military adventurism, and bullying other countries. Their "Wolf Warrior" diplomatic approach had been largely for domestic consumption. It is now targeting the U.S. and we can expect it to continue.

The U.S. hardline approach to both China and Russia has driven them together in forming a pact against the U.S. China now plans to divide the U.S. from other countries and Secretary of State Blinken stated that "Beijing and Moscow...are pressuring our allies and driving wedges between us." China's new strategy is to show the U.S. as a weak and declining power. They are no longer afraid of confronting the U.S. diplomatically, economically, and soon militarily. Their Belt and Road Initiative along with Made in China 2025 are outpacing the U.S. for influence across the globe. Money talks and they are using it to their advantage to include a steady push to move away from the dollar as the global currency. Their influence operations are challenging the Biden administration's foreign policy priorities. They range from military engagements with Iran, to oil imports with Venezuela, and providing COVID-19 vaccinations across South America." **General Robert Walsh**

"Remember, the "Art of War" is a Chinese manuscript. The Chinese taught us that "the supreme art of war is to subdue the enemy without fighting." China will not directly confront the United States military in the Taiwan Straits or elsewhere in the region nor will Beijing listen to America's condemnation of China's brutality against the Uighurs or protests in Hong Kong. China is being masterful. They will push and be productive against Taiwan, demonstrating military strength and hope for a mishap. China has taken a page from our Cold War strategy against the Soviets "to spend" the competition into irrelevance. Let's be honest, we're being forced into a military modernization race against China's growing military capabilities but we are also expanding our domestic spending at an alarming rate. We are in a classic "guns AND butter" race. China's strategic initiative "Made in China 2025" is an investment of trillions of dollars to achieve independence from foreign suppliers and encourage increased production in high tech products and services, with a priority focus on its semiconductor industry knowing that advances in chip technology will "lead to breakthroughs in other areas of technology." This is the new battleground with new tools: online, in space, using AI, 5G/next generation mobile network, and blockchain technology." **General Spider Marks**

Iranian Threats and Lack of Engagement

As we reported in last month's [ATW](#), the Biden administration announced on February 18th that it offered to re-enter nuclear discussions with Iran alongside the other JCPOA signatories. Iran flatly rejected that overture and stated that the U.S. needs to lift all sanctions before any talks could begin. A few days before this announcement, the Biden administration launched airstrikes against Iranian-backed militia positions in eastern Syria in response to rocket attacks on U.S. facilities in Iraq. These strikes were meant to be "proportional" in nature and not designed to escalate tensions. This strike was not the reason for the rejection of the offer to re-start a dialogue regarding the JCPOA and was meant to send a message that



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Iran could not continue to attack U.S. facilities with impunity. Meanwhile, Iran is causing trouble for other U.S. allies in the region as Saudi Arabia continues to intercept armed drones from Yemen, fired by the Iranian-backed Houthi rebels and an Israeli-owned ship was hit by a suspected Iranian missile in the Arabian Sea on March 25th.

However, there is still concern regarding Iranian retaliation for the killing of General Qassem Soleimani in Baghdad in January 2020. On March 22nd, news broke that the NSA had intercepted communications alluding to a “USS Cole” style attack plan against General Joseph Martin, the Vice Chief of Staff of the Army, at Fort McNair. This report makes it clear that the threat against the U.S. is not just limited to the Middle East. With the upcoming elections in Iran, it will be difficult for Iran’s leadership to engage in the near-term for fear that they will look weak in the eyes of the Iranian voters. However, lifting sanctions and leaving regional support for terrorism and Iran’s ballistic missile program off the table are non-starters for the U.S. Meanwhile, the U.S. and its allies are losing precious time as Iran improves upon its capabilities and gets closer to the development of a nuclear weapon. General Kearney believes that, **“Iran would be foolish to directly attack the U.S. with the IRGC or their Navy. Iran needs sanctions relief and an act of directly acknowledged aggression is unlikely in my view. This stalemate on talks will occur until the U.S. somehow works out a way to allow Iran to not back down on its policy that sanctions should be removed prior to commencing potential talks.”**

“Iran’s continued use of its proxy forces across the Middle East could backfire and be used by the U.S. to drive tougher terms in rejoining the JCPOA negotiations over Iran’s nuclear weapons development. The geo-political landscape has changed significantly since the Biden administration’s negotiators worked in the Obama administration. Since then, the Trump administration was able to negotiate the Abraham Accords. The result normalized relations between Israel and the UAE, Bahrain, Egypt and Jordan with new ties to Morocco and Sudan and hopes of an agreement in Saudi Arabia. This puts pressure on Iran by not only the U.S. and European countries, but also from those countries that have made peace with Israel. No longer is Iran able to drive a wedge between Israel and the Arab countries in the Middle East over the Palestinian claims to the Holy Land. Iran is becoming more regionally isolated due to the Abraham Accords while it rejects the U.S. demands to abandon its proxy war campaign. In the end, while the U.S. recently ended military support to the Saudis in their conflict with the Iranian backed Houthi rebels in Yemen, the U.S. will tire of Iran’s actions to drive U.S. influence out of the region and look to build a coalition of partners to isolate Iran.” **General Robert Walsh**

U.S. | India and the S-400

As we reported in our [ATW](#) at the end of last year, the U.S. relationship with India is key to developing a strong counterweight to China in the region. While the trade deficit and potential human rights issues (Kashmir) have been in the news, a new point of contention is the potential purchase by India of the Russian S-400 missile system. Defense Secretary Austin discussed the issue with Indian Defense Minister Rajnath Singh during his most recent visit. The topic of potential sanctions was not discussed (because India has not yet taken delivery of the missile system), but the concern exists that the option would be on the table if/when India receives the S-400. In late 2020, the U.S. imposed sanctions on Turkey via the Countering America’s Adversaries Through Sanctions Act (CAATSA) for also purchasing the missiles. While the U.S. relationship with India has been built on a strong foundation (the U.S. is one of the largest providers of military equipment to India), the question remains at to whether or not the U.S. would move forward with sanctions if India takes delivery of the S-400 later this year. This news comes at a critical time for the new administration as it seeks to shore up its regional allies



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against China. General Kearney feels that, **“It is not in our interest to sanction India on this arms sale policy issue. China is job one and India is key to a regional counter China strategy.”**

“Let’s face it, the U.S. is courting India as a strategic partner in its primary national security objective to build a counter-China alliance. If the U.S. wants India in the “Quad”, then the new administration needs to treat them appropriately. Sanctions should not drive us apart when there are “far bigger fish to fry.” The U.S. is making gains in bringing India into alignment with the U.S.’s approach to China despite India’s tradition of nonalignment. India’s purchase of Russian S-400 missiles should not drive a wedge between the two potential democratic allies. India purchased arms from Russia during the Cold War while the U.S. supported India’s archenemy Pakistan. Pakistan also sought to purchase the same S-400’s from Russia. We should not fault India for thinking in their own best interests. However, India is slowly becoming one of the largest purchasers of U.S. arms with lucrative sales by U.S. defense companies. The U.S. needs to put pressure on India to reverse course on the S-400 purchase, but we need to let it play out. China’s new pact with Russia will drive Modi and Biden together.” **General Robert Walsh**

“Nations act in their own best interest to solidify power and reduce risk. India’s purchase of S-400s is an example. India realizes that the China-Russia friendly relationship is a mile wide and an inch deep. However, China’s relationship with India (especially along contested areas of its common border), remains uneasy. India pushes back on China’s cozy relationship with Pakistan while China is concerned with India’s growing activities in the South China Sea to include India’s strategic “Quad” agreement with the U.S., Japan, and Australia to regionally counter China. The purchase of Russian S-400s just makes sense to India; it seems to balance things out. Provided India does not get trapped by Russia’s largesse, there are always “quids” with the Russians and this decision to buy S-400s could be used to America’s advantage in its struggles with China.” **General Spider Marks**

“India has always viewed China as a land threat and now views them as a sea threat with the 99-year lease of a port in Sri Lanka, just off India’s coast. India’s concerns and the United States’ desire to enhance relationships to build alliances with partners to counter China has led to our SECDEF visiting India on his initial trip overseas. Typically, only allies make the list for a visit, so it is very evident that we expect India to be an increasingly important partner in holding China accountable to act in accordance with the international rules-based order. As geopolitics between India and Russia grow, we can expect India to continue to move towards the United States as their vital interest is the threat that China poses to their sovereignty.” **General KK Chinn**

Russia | U.S. Relations in the Biden Administration

As we reported in our previous [ATW](#), our GIG continues to keep an eye on Russia. While the protests against the Navalny sentencing have quieted down, Navalny’s allies have called for a new and much larger coordinated protest to begin when 500,000 people agree to participate. However, making news recently was the recent comment by President Biden referring to Putin as a “killer”. Not only did this statement result in the recall of the Russian ambassador to the U.S., it reaffirmed the fact that the new Biden administration’s stance on Russia would be tougher than the one in the previous administration. Recent news of Russian interference in the 2020 election has only added to the rationale for the application of additional sanctions on Russia. In addition, Secretary of State Blinken reiterated that companies that are involved in the construction of the Nord Stream 2 pipeline could also face sanctions as the Biden administration tries to urge Germany not to complete the project. As it is clear that the U.S./Russia relationship will continue to deteriorate under the Biden administration, the question is where else in the world can Russia look to appear strong in the eyes of its own citizens? On March 23, the foreign ministers of China and Russia met in an effort to



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appear united against U.S./EU sanctions on both countries. As the spring approaches and the likelihood of new protests erupting in Russia and Belarus grows, Putin will no doubt be on a mission to further undermine the U.S. and its interests to distract his people from Russia's own internal issues. General Kearney believes that, **"The best place for Putin to work at splitting NATO is over Turkey. Deepening a relationship with Turkey and creating stress between NATO and Turkey would be a good target. Second issue is continuing to deepen its relationship with Iran. Finally, the pipeline issue with Germany is an irritant between the U.S. and Germany. While I don't believe it is divisive enough to damage relationships long-term, Russia has created a crack."**

"The Biden administration has clearly signaled their contempt for Vladimir Putin and Russia after the recently released and previously classified report on election interference along with the recent SolarWinds cyberattacks. President Biden's response to a question on whether he considered Putin a "killer" dashed any hopes for a "reset." Expect President Biden to respond with more sanctions since he knows it hurts Putin domestically. The move to impose additional economic sanctions is expected along with what has been telegraphed as clandestine cyber actions that would get the attention of the Russian government.

*Any cyberattacks could result in continued escalation from Russia since this is an area where Russia has tremendous capability to respond and attack western government and commercial networks. Putin knows he can only retaliate so much through cyber, espionage, and countering the U.S. diplomatically and militarily across the globe. He is incapable of challenging the U.S. economically. Secretary of State Blinken travelled to Europe to build European support to counter Russian and Chinese influence. Expect Russia to counter the U.S. and the West by conducting influence operations through the pact it is forming with China. The move by Russia to partner with China is probably more to Russia's benefit by leveraging China's broad diplomatic, economic, and military power." **General Robert Walsh***

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