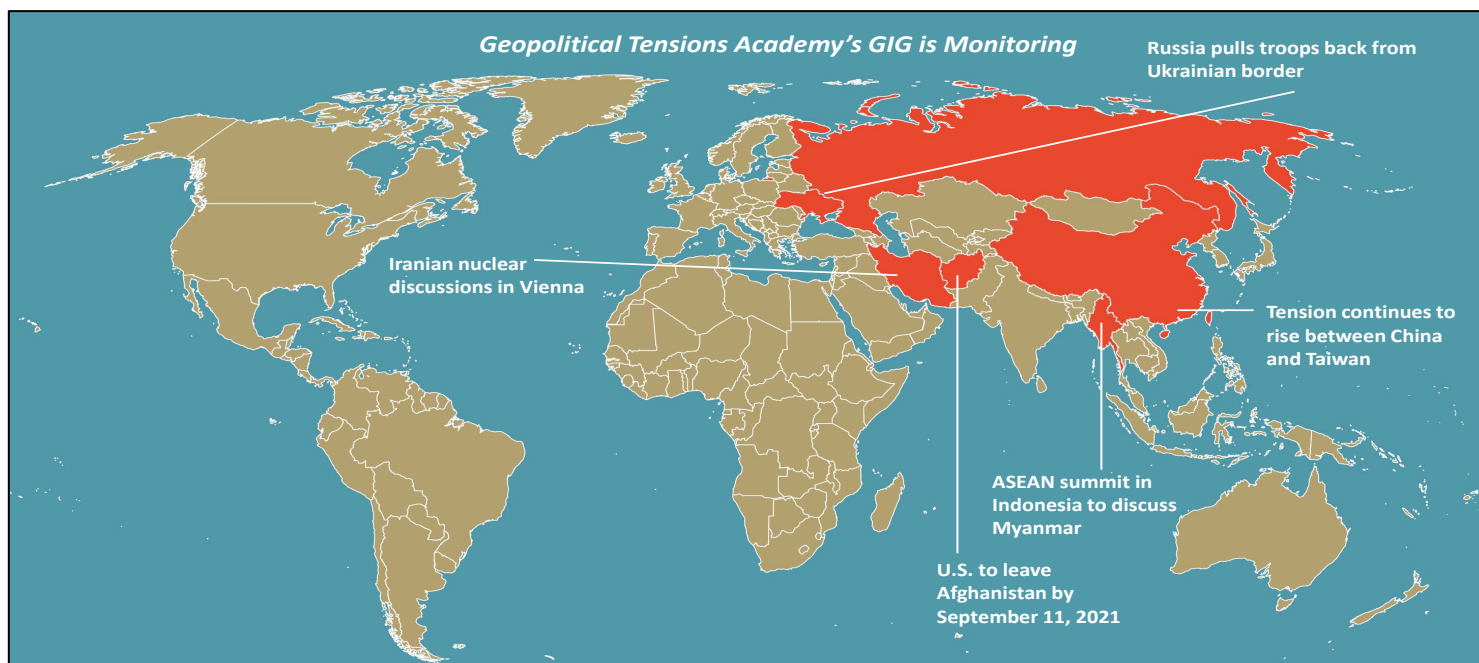


Around the World with Academy Securities



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. Russian troops to leave Ukrainian border and return to bases by May 1, 2021.
2. Tension continues to rise between China and Taiwan.
3. Iranian nuclear discussions in Vienna.
4. ASEAN summit regarding the crisis in Myanmar.
5. U.S. to leave Afghanistan by September 11, 2021.

We begin with an update on the Russian troops on the Ukrainian border. As we discussed in our recent [SITREP](#) and [webinar](#) on the topic, while this was a dramatic exhibition of force, Putin was able to achieve his goal of testing the U.S. and NATO and demonstrating that he can show restraint at the same time. We also revisit China and the tension with Taiwan. While the dozens of recent Chinese fighter/bomber incursions into Taiwanese airspace are nothing new, the issue being discussed is whether to end the era of strategic ambiguity in order to further deter a Chinese move on Taiwan. Next, we address the nuclear discussions in Vienna where the U.S. (through intermediaries) and Iran claim that “progress” is being made. Meanwhile, the Natanz “power outage” and the suspicious death of the second in command of Iran’s Quds Force could provide the U.S. with negotiating leverage. We also cover the ASEAN summit that addressed the crisis in Myanmar. However, the only representative from Myanmar at the meeting was the head of the junta who led the coup. Finally, we address the recent announcement by the Biden administration to leave Afghanistan by September 11, 2021. While these are some of the current tensions we are reporting on in detail, other situations that we are watching include the standoff in Africa between Egypt/Sudan and Ethiopia over control of water from the Nile River. We will revisit North Africa in our next ATW.

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

Around the World with Academy Securities

Front and Center: Russian Troops to Leave Ukrainian Border

As we reported in our recent [SITREP](#) and [webinar](#), our Geopolitical Intelligence Group was closely monitoring the build up of Russian troops on the Ukrainian border. However, on April 22, the troops were ordered back to their bases by May 1. The timing of this announcement seemed strange since it was the day after Putin's State of the Nation address where he warned the west not to cross any "red lines". However, Putin also praised himself for showing "utmost restraint" in the face of "unfriendly actions" toward Russia

while also saying, "if someone takes our good intentions as indifference or weakness and aims to fully burn or even detonate these bridges himself, he should know that Russia's response will be asymmetrical, swift, and tough." Meanwhile, jailed opposition leader Alexei Navalny announced on April 23 that he would be ending his hunger strike, which is good news as his health was failing rapidly and National Security Advisor Jake Sullivan had warned Russia of consequences if Navalny were to die in prison.



So, what was Putin's strategy with respect to the buildup and subsequent withdrawal? We believe that he was sending a message and demonstrating his capabilities, while at the same time, showing the world that he can restrain himself. It is important to note that much of the equipment will still remain in place in preparation for exercises in the fall. With respect to Navalny, it would not be a good outcome for Putin if he were to die, especially with the potential for upcoming protests in the spring and a significant level of social unrest among the Russian people due to the weak economy and the impact of COVID. However, our Geopolitical Intelligence Group expects Putin to find additional ways to distract his population from Russia's own internal issues.

"It's difficult to define what exactly was behind President Vladimir Putin's ordering of Russian troops and equipment to mass on the Ukrainian border and in the Black Sea off the coast of Ukraine. What is clear is that he is a master of escalation tactics that he learned well during the Cold War. The U.S. military and NATO tend to view military conflict in the extreme that once escalation starts, we expect full scale conflict. Putin, on the other hand, operates in the far left or in the "grey zone" of the conflict continuum. He ratchets up pressure forcing others to expect the worst-case scenario and then he backs off while gaining power and influence through the fear and uncertainty he just created. While others feared full-scale conflict in Ukraine, Putin left the scene after projecting his influence and affirming his power to the Russian people, the people of Ukraine, NATO, and the U.S. His "snap inspection" exercise also left heavy weapons in place near the border after the pullout. This adds even more uncertainty regarding how quickly Russian troops could redeploy and fall back on those weapons and take the next step in the escalation of conflict. It's a chess game he plays well by keeping his adversaries in fear of his next move." **General Robert Walsh**

"Putin's actions create fear and anxiety, reinforce Russian nationalism at home, and provide a rehearsal/preparation for any future attack. Demonstrating capability is a huge statement of political will which also tests the international response and ability to respond. It can also condition the environment to believe the next iteration is also a demonstration rather than the real thing. Going back to bases for most of the forces is a signal of future intent. I am sure that the Russian military has left people and gear in place to rapidly return." **General Frank Kearney**

"Putin did what we expected. He reminded everyone who was watching (who wasn't?) that he had much more to gain with the threat of a deeper invasion into Ukraine than pulling the trigger and ordering the invasion. He showed that Russia has a capable military and that he sets the agenda. Putin successfully diverted attention away from the internal challenges of the upcoming Parliamentary elections in a few months, the Navalny hunger strike from which he cannot avoid blame, and a sluggish economy that although suffered only a 3% contraction during the pandemic,

Around the World with Academy Securities

remains mostly isolated and choked by government control. Even Putin's newest buddy, President Erdogan of Turkey, walked away from him during his display of brinkmanship and classic Russian adventurism." **General Spider Marks**

"I agree with Spider. His people love to see him stand up to the U.S./western world, even when he decides in the end to walk away. I would add that his posturing and then standing down also chips away at the lack of trust that he suffers from within Europe, especially from the progressives. They yearn to trust him and all the other strong men who they see as having suffered under the west (especially the U.S.). Ukraine will continue to be an issue as it is a centuries old point of aspiration of Russia's going back to Catherine the Great." **General Mastin Robeson**

China | Taiwan Tension

As we addressed in our previous [ATW](#), the tension (on many fronts) between the U.S. and China does not seem to be abating anytime soon. The U.S./China meetings in Alaska in March made it abundantly clear that the two sides do not see eye to eye on a variety of issues including human rights (Uighurs in Xinjiang), Hong Kong (national security law), economic coercion against other countries, cyber, sanctions, or Taiwan. As the U.S. vows to hold China accountable, will the strategy of strategic ambiguity with respect to Taiwan have to evolve? Some people, such as Richard Haass, who is the President of the Council on Foreign Relations, believes that this era could be coming to an end and that might be helpful in heading off a military confrontation. He believes, "the time has come for the United States to introduce a policy of strategic clarity: one that makes explicit that the United States would respond to any Chinese use of force against Taiwan," and that "such a policy would lower the chances of Chinese miscalculation, which is the likeliest catalyst for war in the Taiwan Strait." There are definitely a few schools of thought on this issue as others believe that this strategy has avoided provoking China. However, what is clear is that China is getting stronger militarily, much faster than expected. The timing to modernize its military (on par with the U.S.) has now moved up from 2035 to 2027. China's cyber and nuclear weapons programs, in addition to its missile and submarine capabilities, are also improving rapidly.



One other question to consider is how does the economic relationship with Taiwan come into play? While China is reliant on Taiwan (and the U.S.) for its integrated circuits, that vulnerability is not overlooked. China is currently focused on its own domestic manufacturing capability for semiconductors and its goal is to gain independence from its reliance on foreign suppliers. If China does achieve this level of economic decoupling, in conjunction with its drive toward military parity with the U.S., it could be just a matter of time before China does indeed make a move on Taiwan and the U.S. and its regional allies need to be watching this closely.

"China continues to take pages out of Russian President Vladimir Putin's "grey zone" playbook of conflict escalation. Chinese actions leave doubt in everyone's mind on whether President Xi will order an invasion of Taiwan or not. It sounds very familiar to what is ongoing along the Russia/Ukraine border. We should not expect an imminent invasion of Taiwan. China is taking the long view of conflict and sees the game playing in their favor with every passing day. Taiwan is being worn out by China's ever-increasing intimidation and at the same time, and more importantly, their economies are depending more and more on each other. Taiwan Semiconductor Manufacturing, the largest power broker in microchips, recently stated that 22% of its sales were from mainland China, a slight increase from the previous year. The Chinese Communist Party's goal is to slowly influence the Taiwanese people in understanding China's overwhelming economic, military, and diplomatic power. The countries that recognize Taiwan continue to fall due to Beijing's Belt and Road Initiative influence. Just like Russia, China remains committed to the left side of the conflict continuum and is unwilling to risk the chance of failure in an invasion attempt until it is a fait accompli."

General Robert Walsh

Around the World with Academy Securities

“I still believe that the Chinese will absorb Taiwan once they completely demonstrate to the U.S. military that a fight is a losing proposition and that we cannot respond in time to prevent military success. Continual activity conditions the adversaries, including the Taiwanese government. I think ambiguity will remain the U.S. policy because a declaration of support could produce the takeover we want to avoid. Once the Chinese have complete confidence of military dominance, we will see activities to destabilize the government and that will test U.S. resolve.” **General Frank Kearney**

“China will not intentionally confront Taiwan militarily in the near-term. Its military is still no match for the U.S. military which will certainly provide support to Taiwan if the mainland communists decide to attack. China very much believes that it can achieve unification, or in this case, death by a thousand cuts. China would love to provoke a military response and cast the U.S. or the Taiwanese as the aggressors. Alternatively, patience continues to be China’s greatest strength. China’s hawks are the strongest, most influential voice in the CCP and asymmetric strategies guide their operational planning. Taiwan will eventually rejoin the 23 provinces of the People’s Republic, but Beijing is in no hurry. In fact, China may be taking a page from the U.S. strategy during the Cold War in which Washington forced Moscow into a military buildup that cratered their economy and accelerated the collapse of the Soviet Union. China’s military is rapidly improving and demonstrations of force and capability may cause the U.S. to exhaust itself with an unsustainable “guns and butter” economic policy.” **General Spider Marks**

“I agree with Spider here as well, though I think the defense in depth measures Taiwan has taken in the past 4 years, including the new jets we sold them, and the stronger rhetoric that both Trump and now Biden have addressed China with will cause China to take a slower and more cautious approach. Not sure I see any economic issues that would cause China to move more aggressively. It is not in their best interest to get drawn into a protracted war or to go toe to toe with the U.S.” **General Mastin Robeson**

“I would not put it past the PRC if they acted sooner rather than later on Taiwan. From their perspective, they may view the current administration as not willing to oppose them militarily if they move physically on Taiwan. It would be a gutsy move, but look at what they did in the South China Sea and U.S. did not take any action, so I would caveat a move on Taiwan as a wild card.” **General David Deptula**

Iranian Nuclear Talks in Vienna

Earlier this month, Iran and the U.S. (via intermediaries) agreed to meet in Vienna and discuss restoring the nuclear deal agreed to in 2015. These talks, which are the first in over four years, are significant to note, but the two sides are still very far apart and the “preconditions” set by both the U.S. and Iran will not make these negotiations any easier. An example of these preconditions is that Iran has requested that all sanction be removed before any deal can be agreed upon. As time continues to run short before the upcoming elections in Iran, the chances of agreeing to a deal in the coming weeks remains slim. One major factor that came to light in a leaked audio tape on April 25 was the relationship between the Iranian Foreign Minister Mohammad Javad Zarif and the Revolutionary Guard. In the tape, Zarif said that the Revolutionary Guard holds the power and is the entity that really makes the decisions in Iran. This means that Zarif’s influence and power are limited, which comes at a critical time in the negotiations.



Making the situation more delicate are the rumors of continued Israeli covert activities in Iran. On April 11, it was reported that an explosion at the Iranian Natanz nuclear facility took out the power for the underground centrifuges used to enrich uranium. In response, Iran announced that it would begin enriching uranium to 60%, its highest level ever. A few days later, it was announced that Brig. Gen. Mohammad Hosseinzadeh Hejazi, the second in command of the Quds Force of the Revolutionary Guard, mysteriously died of heart disease. If this was indeed

Around the World with Academy Securities

an intentional act, it would mark the third high profile Iranian to be assassinated in the past 18 months (including the nuclear scientist Mohsen Fakhrazadeh and Quds Force Commander Qasem Soleimani). At the very least, these covert actions will further reduce any leverage the Iranians have in the discussions. These internal and external factors will continue to make any potential deal very difficult to navigate, even as the U.S. representatives have said that the talks have been “constructive” and both sides have said that “some progress” has been made. While a deal is by no means imminent, the real question is can Iran be trusted to abide by any kind of agreement? Also, the recent incident in the northern Persian Gulf this week where a U.S. warship fired warning shots at an Iranian Revolutionary Guard vessel that came within 68 yards of it reminds us that tensions will continue to rise even while discussions are taking place.

“Iran cannot be trusted from a U.S. point of view but from an Iranian point of view, neither can we. Sanctions relief is the goal and will drive any return to the JCPOA. The escalation of enrichment and other activities are bargaining tools to gain leverage. An agreement prior to Iranian elections seems hard to accomplish now so conditions are being set for the next round.” **General Frank Kearney**

“Many are touting the recently initiated indirect negotiations between the U.S. and Iran as moving forward in a positive direction. However, there are others who view the leverage put on Iran by the Trump administration needing to go further and choke Iran’s ballistic missile and regional ambitions. Initially, the Biden administration seemed to move in that direction by wanting to “lengthen and strengthen” a new agreement. They seem to have backed off that position and are now willing to go back to where they were during the Obama administration with the Joint Comprehensive Plan of Action.” **General Robert Walsh**

Myanmar Update

As we reported in our previous [ATW](#), even as protests continue, the military junta that seized power in the coup on February 1, 2021 and detained State Counselor Aung San Suu Kyi and President Win Myint still controls the country. As the junta, led by General Min Aung Hlaing, continues to crack down on the protests, over 700 people have been killed and over 3,000 others have been detained. In response, the citizens of Myanmar have tried to shut down the economy in an effort to force the military to transfer power back to the democratically elected government. As the situation worsens, the Association of Southeast Asian Nations (ASEAN) finally stepped in and tried to broker a resolution to the violence.



However, the only party from Myanmar that took part in the ASEAN discussions was General Min Aung Hlaing (with no representation by the National Unity Government). Even though a consensus was reached at the meeting on five primary points: ending violence, a constructive dialogue among all parties, a special ASEAN envoy to facilitate the dialogue, acceptance of aid, and a visit by the envoy to Myanmar, the situation is far from resolved. There was no resolution regarding what to do about the political prisoners and no timeline was given to end the violence. The U.S. has imposed sanctions on the junta, most recently on two companies with ties to the country’s military. However, there has been some pushback by some corporations (including a major U.S. energy company) that has stated sanctions could impact its operations in the country.

“I see the U.S. gradually letting this one go. We have no interests in Myanmar that would necessitate action and we certainly are not looking for another location to engage in a protracted fight. We made our noise, but we do not have the stomach nor desire to engage. Hlaing’s participation will only hasten our willingness to dissipate sanctions, especially if his contributions at the ASEAN summit reinforce our aims and goals in the region...and if he is smart, they will.” **General Mastin Robeson**

Around the World with Academy Securities

*“ASEAN is not NATO and many ASEAN members lean towards authoritarianism (Thailand, Brunei, Vietnam, Laos, Cambodia, Philippines) and have a strong history of non-interference, so I expect the Myanmar military leaders to promise a plan for free and fair elections in the future when conditions are right but will provide no timeline commitments. Because we have no vital interests (only our interest to support and promote human rights and democracy), we will continue to work with allies and partners to diplomatically resolve the situation through negotiation using the ASEAN nations.” **General KK Chinn***

U.S. to Leave Afghanistan

On April 14, President Biden announced that the drawdown of the last 2,500 U.S. troops in Afghanistan would commence on May 1 and would end by September 11, 2021. The move to having all troops out of the country will not be “conditions-based” because the goal is to actually leave and shift priorities to other regions of the world including the threats from China, Russia, Iran, and North Korea. With the timeline laid out, how will the Taliban respond? They did not abide by the previous peace agreement made during the Trump administration. The Doha agreement, which was signed by former Secretary of State Pompeo in February 2020, consisted of an agreement to leave Afghanistan by May 1, 2021 if the Taliban officially ended all support for extremist organizations and began intra-Afghan peace discussions.



However, the intra-Afghan discussions have not achieved much and the Taliban have stepped up attacks on Afghan troops and expanded their area of control. In addition, the planned April peace conference in Turkey (which was meant to be a summit including 20 nations to further intra-Afghan negotiations) was postponed until after Ramadan (with no new date set) because the Taliban refused to meet with anyone until all “foreign forces” were out of Afghanistan. As the U.S. and NATO forces begin the final withdrawal process, what is the path forward in Afghanistan? Bottom line is that the Afghan security forces “need to be ready” according to General Miller, who is head of the U.S.-led coalition in Afghanistan. However, unless the peace deal is firmly in place, civil war could ensue and the Taliban could end up controlling Afghanistan once again. While there will likely continue to be a presence by U.S. intelligence officials, any resurgence of an extremist threat to the U.S. must be identified quickly.

*“President Biden set a new deadline to withdraw the 2,500 U.S. troops by September 11, 2021. It is an extension from the previous Trump administration date of May 1. General Frank McKenzie, the U.S. Central Command Commander, testified that it will be difficult for the Afghan military to hold the ground they’re on now without the support they’ve been used to over many years. It’s a reiteration of the priorities President Biden set in the recently released Interim National Security Strategy Guidance to shift the focus away from counterterrorism and towards China, Russia, North Korea, and Iran. The situation will rapidly deteriorate after U.S. and NATO forces leave unless there is a commitment of training forces that remain that could help stabilize the situation.” **General Robert Walsh***

*“Afghanistan is ungoverned and will remain ungoverned (outside of Kabul). It is essential that the U.S. stay engaged at a sustainable level through military-to-military exchanges, professional military training, and intelligence sharing. DOD knows how to conduct foreign internal defense operations that meet minimal expectations and the new definition of what success looks like in Afghanistan. The ground will always shift underneath us. The U.S. must be sufficiently present to recognize those shifts in order to assist the Afghan government in shaping its responses to them.” **General Spider Marks***

*“Within a year the Taliban will control Afghanistan. Likely they will make an effort to control activities of terrorist organizations to prevent U.S. actions. I don’t see any conditions short of another planned attack on the homeland (from Afghanistan) that would cause our return.” **General Frank Kearney***

Around the World with Academy Securities

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