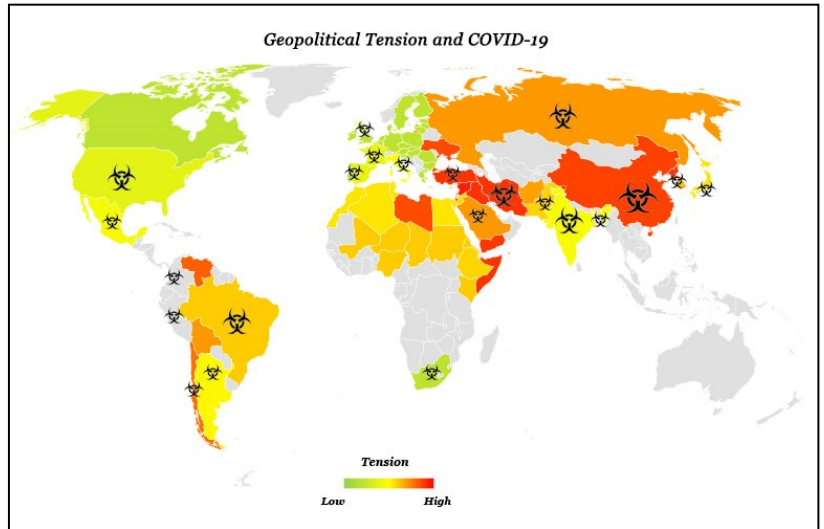


Around the World with Academy Securities

As we head into September, with the Democratic and Republican National Conventions behind us, we expect geopolitical issues to play an important role in the upcoming campaigns. It is one area where President Trump can have a lot of influence somewhat autonomously. China will remain a key issue as tensions remain high between the world’s two largest economies. Of all the geopolitical risks we examine, how this relationship evolves will have the most impact on business and investment decisions. There is renewed talk about trade deals with China as the world slowly, but steadily, seems to be recovering from the pandemic which disrupted everything. This week, Academy took a micro look at [One Town’s Battle with Coronavirus](#), which may offer some insight into how the narrative around COVID is shifting and what a “new” normal economy could look like.



The crisis in Belarus is worth reviewing as it is a good reminder that Russia will continue to exert influence and power where it can.

This week’s Around the World also digs deeper into the Middle East and North Africa – a region that Academy believes will be in the headlines as both a source of risk and opportunity.

Front and Center – Crisis in Belarus

On August 9th, President Alexander Lukashenko won just under 80% of the popular vote to claim a 6th term as President of Belarus. However, even before the results were in, the opposition claimed that the election was rigged and protests broke out in the streets of Minsk. As videos surfaced showing police brutality, it appears that the situation continues to get worse. Thousands of people have been detained and the country now faces EU sanctions. The U.S. has also warned Russia not to get involved after it promised Lukashenko military/security help. Belarus borders several NATO countries, including Poland, and has acted as a “buffer” country between Russia and the West. On August 17th, Lukashenko offered to hold new elections (which he initially ruled out), but it would not be as a result of pressure from protesters. However, Lukashenko continues to hold on to power and is now opening up a criminal case against opposition leaders.



“The protests in Belarus by hundreds of thousands of people continue to put the dictatorship of President Alexander Lukashenko at risk following the rigged August 9th elections. They also put unneeded pressure on Russia’s Vladimir Putin. Putin considers Belarus a critical buffer for Russia from NATO and the European Union both militarily and politically. The protestors have not revealed whether they are anti-Russia or just that they are anti-Lukashenko, so Putin is reluctant to fully support Lukashenko in case he falls. He has never been close with Lukashenko and considers him unworthy of the presidency he gained in 1994. Putin will accept either Lukashenko or the protestor’s backed candidate Svetlana Tikhonovskaya, as long as Belarus remains aligned with Russia. However, if this alignment is

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*threatened, we could expect Russia to use measures to maintain influence and keep Belarus from drifting towards NATO, the European Union, and democracy.” **General Robert Walsh***

*“Russia will not get involved militarily (overtly). Putin will embrace the exercise of power through special operations forces, which is probably already ongoing. Remember, in Crimea, the Russian use of special operations forces was “elegant.” Lukashenko will retain power if he can keep his military and interior security forces in place and empowered.” **General Spider Marks***

China Update

As we discussed during our recent [Webinar](#), the situation in the South China Sea continues to deteriorate. As the U.S. Navy’s Ronald Regan Carrier Strike Group conducts further maritime stability exercises in the South China Sea, China is also conducting war games in the region. The U.S. has also moved forward with the sale of 66 F-16 fighter jets to Taiwan, the largest sale of military equipment to Taiwan in years. In Hong Kong, the U.S. has ended its extradition treaty. However, even as tensions continue to rise, Chinese and U.S. officials will be reviewing the progress of the “Phase One” trade deal. China has so far fallen short of the agreed to purchases, but the pandemic has been blamed for reduced demand. However, the flooding in Southern China, the worst in decades, has taken a toll on rice, wheat, and other crop production along the Yangtze River. While the Three Gorges Dam appears to be holding, the damage has already been done and food security is now an issue.



“The recent signals that China is willing to further discuss the Phase One trade deal with the U.S. only means that they are focused on their “long march” and what is good for the Communist Party. They are not willing to slow their economic growth and become party to a Cold War with the U.S. while China is rising as a global power. They see keeping trade talks open with the U.S. as vital to achieving strategic growth and the re-emergence of China as the “Middle Kingdom.” No one should read this as a sign of weakness from the pressure the U.S. has been putting on China using all means of national power.

*President Xi Jinping has consolidated power around him through personally executed purges of the CCP and massive changes to the command structures of the military, security, and intelligence apparatus. He knows that keeping him and the CCP in power requires the support of the Chinese people. The economy has been growing since he took power and he can’t afford to let off the gas even if this requires negotiating with President Trump on trade. President Xi is thinking strategically by pulling back into a more independent and internal economic focus with less dependence on U.S. companies. However, he realizes the need to provide renewed confidence in foreign companies looking to conduct business in China if he is to realize the objectives of his Belt and Road Initiative and maintain his grip on power. President Trump is a businessman and can be expected to maintain ongoing trade negotiations. He also sees the importance of U.S. economic growth in key agricultural and manufacturing swing states in the run up to the November election despite his anti-China rhetoric following the Coronavirus.” **General Robert Walsh***

“The spate of challenges China now faces are ephemeral. Chinese strategy is unaffected by external pressures. Beijing realizes that normalization of relations with Taiwan is not an immediate reality especially in light of American military resilience and presence in the South China Sea. The posturing in the SCS is the new normal. The visible military competition is what we see. What is most threatening and dangerous is the persistent and provocative presence in cyberspace. That struggle will continue and defines our level of engagement. Also, contrary to public opinion, Chinese hawks are strong and influential. The military does not hesitate to do the “dirty work” necessary to

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achieve the CCP's strategic objectives. Although a tactical fight is not in China's best interest, mistakes can result from aggressive and provocative behavior. The "danger close" Chinese missile launches earlier this week at U.S. warships are an example of high-risk tactics which the Chinese must assume are without consequence. De-escalation is what our military does professionally, as is the application of precise and devastating military power." **General Spider Marks**

Middle East and North Africa

Iran

In our previous [ATW](#), we reported that the U.S. was actively trying to extend the arms embargo on Iran that is set to expire in the next two months. However, this action was voted down in the UN Security Council. As a result, the U.S. will now try to reinstate sanctions on Iran via a "snapback". While the U.S. withdrew from the 2015 Iran nuclear deal, it still remains a participant, and can force a re-establishment of the sanctions if it believes that Iran is in violation of the agreement. Secretary Pompeo notified the UN Security Council of the request to reinstate the sanctions in response to Iran's violations of the 2015 deal. The Security Council has 30 days to vote to continue the sanctions relief, and if it does not, the sanctions will automatically be re-imposed. Iran continues to support its proxy forces in the region and the sanctions/embargo are directly targeting those programs. Tensions in the region continue to build between Iran and the UAE as well after news of the agreement with Israel was announced. Iran recently detained a UAE fishing boat after an incident that left an Iranian fisherman dead. Increased uranium enrichment (even while Iran agreed to IAEA inspections), new long-range cruise and ballistic missiles, and Iran's support of proxy forces in the region are the key reasons why the U.S. is looking to reinstate the sanctions and the arms embargo. Finally, the U.S. continues to squeeze Iran and its ability to fund its weapons programs by broadening its economic ties (oil and gas infrastructure, in particular) with Iraq in an effort to reduce Iraq's reliance on Iranian energy sources.



"The U.S. failure two weeks ago to extend the UN arms embargo against Iran has now led the U.S. to initiate a process in which "snapback" sanctions against Iran would occur for their failure to comply with the Iran nuclear deal. Other countries on the UN Security Council have said that the U.S. does not have the legal right to initiate "snapback" sanctions because it pulled out of the deal in 2018. Secretary of State Pompeo contests that opinion. The U.S. position is that countries on the Security Council have to now submit a resolution to stop the "snapback" on which the U.S., as a permanent member of the Security Council, could veto. This is becoming a nightmare scenario for the UN Security Council which seeks unanimity. The U.S. stated it is "very clear" that it will do everything in its power to keep Iran from becoming an arms market for violent terrorists around the world. I expect the UN to try to find a way to delay the decision until after the U.S. election in hopes that a Biden administration would return to the former Obama administration's support for the current nuclear deal. I also expect that the "snapback" sanctions and the arms embargo on Iran will be redlines for the Trump administration as they use them to ratchet up support for re-election." **General Robert Walsh**

"The UN will not support increased sanctions against Iran. It simply will not happen. The U.S. must keep maximum pressure on the Tehran regime. The Iranian regime remains viable and is expanding its relations with China. Again, our efforts vis-a-vis Iran should be front and center in our relations with China. An "outside-in" strategy is the only way to bridge the widening chasm between Washington and Tehran." **General Spider Marks**

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Israel/UAE Peace Deal

Also in our previous [ATW](#), we reported on the announcement of an agreement between Israel and the UAE to fully normalize relations between the two countries. The UAE would be the 3rd Arab nation to establish diplomatic relations with Israel, behind Egypt (1979) and Jordan (1994). However, as the geopolitical landscape shifts in the region, there may be opportunities for Israel to partner with other Arab nations as well. While the conflict between Israel and the Palestinians is far from resolved, it is no longer the “unifying” factor in the region that it once was. Now, the longer-term threat is clear. A powerful Iran, potentially acquiring a nuclear weapon, is a terrifying vision for many countries in the Middle East (especially Saudi Arabia). Events such as the attack on the Saudi oil facilities by Iran in 2019 has further emboldened countries to bring their support of Israel into the open. The reason for this is the fact that Israel is the one county in the region (besides the U.S.) which stands against Iran and takes action. As the U.S. takes the sanctions “snapback” request to the Security Council, expect other Gulf nations to pay close attention – if it somehow falls through, other security partnerships could potentially form in the region to act as a counterweight to Iran.

“Israeli Prime Minister Netanyahu said he thinks that the Israel-UAE peace agreement, “spells a change in the Middle East...and it’s the first time in a quarter of a century that we have a peace agreement.” Other Arab countries see that an opportunity could emerge from the aggressive actions that Iran has taken in the region and how it is viewed as a “common threat.” Countries are beginning to question who is the bigger threat, Israel to the Palestinians or Iran to the Arab countries? Iran is slowly driving them to view Israel differently in the larger strategic scenario.

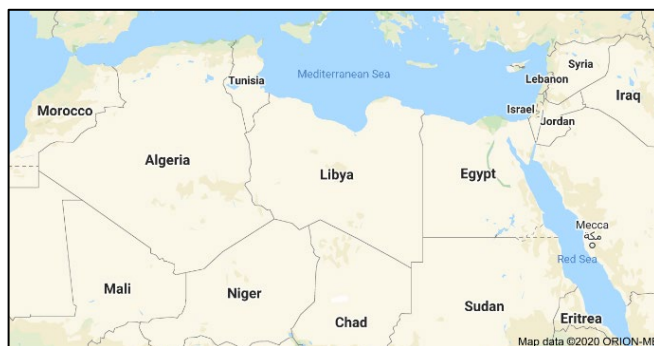
The agreement with Israel is the first with a Gulf country and is a move to ease tensions in the region. Strategically, it restricts Israel from annexing Palestinian territories in the West Bank and allows for the possibility of a two-state solution. Israel and the U.S. would like nothing better than other Arab countries to focus more on Iran and less on the Palestinian problem. The agreement could be the start of more countries coming in-line with this way of thinking. Bahrain, Egypt, Jordan, and Oman already welcomed the agreement. Secretary of State Pompeo recently met with his counterparts in Bahrain and Sudan and it is suspected that the peace agreement was discussed. The recent pushback on the U.S. “snapback” sanctions initiative against Iran in the UN Security Council must be looked at separately from the opportunity to help solve the Palestinian problem and to further isolate Iran in the region.”

General Robert Walsh

“There is little indication that the Israel-UAE peace agreement will create momentum for others to follow. This deal has everything to do with Iran. As long as the U.S. remains a regional presence, which it will, and sustains its pressure on the regime, moderate Arab nations will feel increasingly secure and inclined to follow the U.S. lead. Any further possible deals with Israel will be a derivative of an Iranian regime under stress.” **General Spider Marks**

Sahel Region

As we reported in our [ATW](#) at the end of January 2020, the Sahel region in Africa continues to be a hotbed of extremism. Since then, the situation has continued to deteriorate. As billions of dollars have been spent in a global peace keeping effort, the impact has yet to be seen. As of the quarter that ended June 30th 2020, there were 270 attacks in Burkina Faso, Mali, and Niger. Additionally, on August 9th, a terrorist attack in Niger killed six French tourists. The problem is exacerbated by the unstable governments in the region including in Mali and Burkina Faso. Local governments are not providing the basic services for the people and there have been many human rights abuses. This makes it harder to win the “hearts and minds” of the local population and turns many toward terrorist organizations. This is evident in the recent military coup in Mali, where the president was overthrown. Both the U.S. and France have denounced this



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action, which will likely make the anti-terrorist operations taking place in the region (particularly for the French) more difficult.

*“Don’t expect the U.S. military to become more involved in Mali after the military coup on August 19th. The coup most likely opens up the door for extremist groups in the Sahel region like al Qaeda and the Islamic State to operate more freely with the expected chaos. But the Trump administration is focused on shifting forces to the Indo-Pacific region and not becoming bogged down in Africa. U.S. Special Forces will continue “economy of force” operations by training militaries conducting counterinsurgency operations in Africa.” **General Robert Walsh***

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