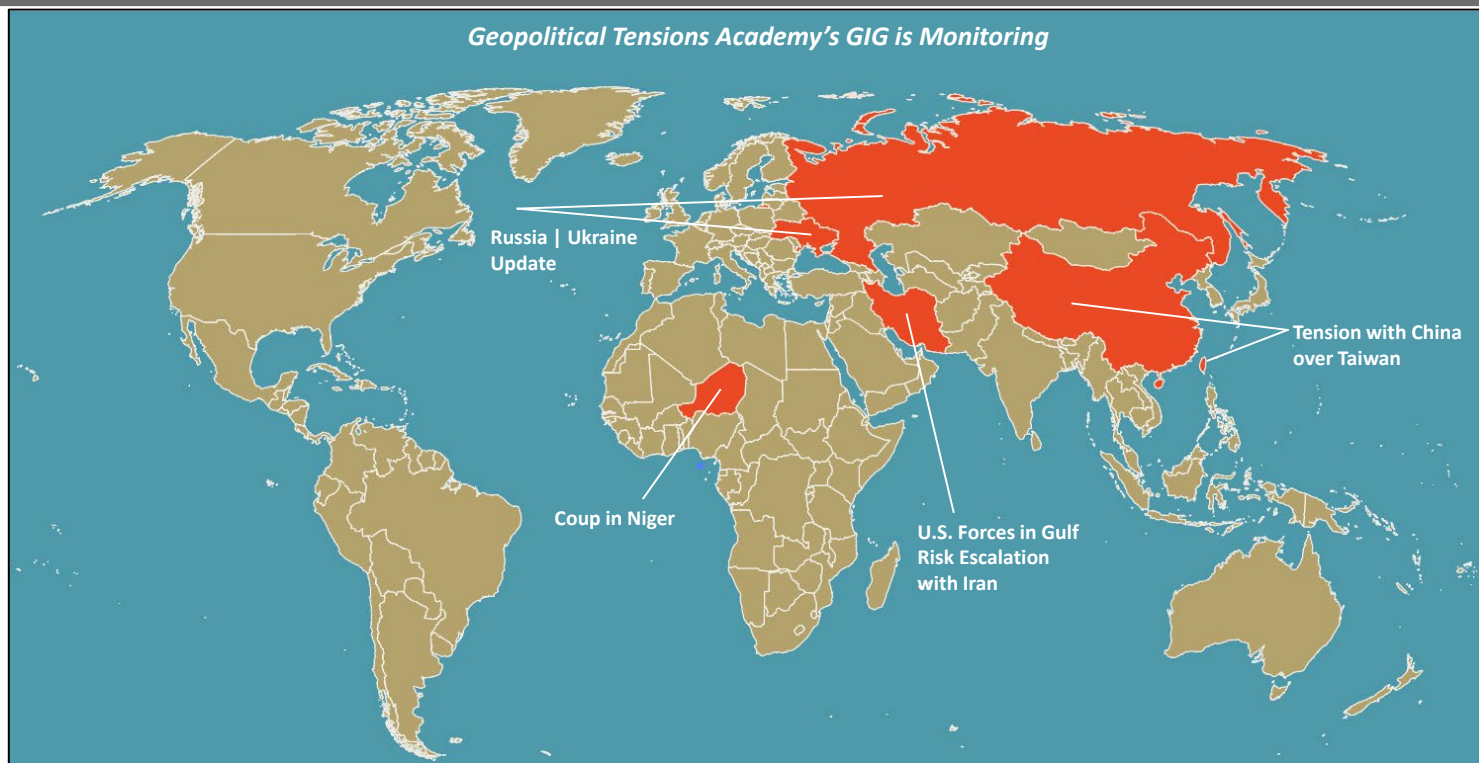


Around the World with Academy Securities

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. Tension with China over Taiwan
3. Coup in Niger
4. U.S. Forces in Gulf Risk Escalation with Iran

We begin with an update on the war in Ukraine as the conflict enters its 19th month. With currently no end in sight, the Ukrainian counteroffensive is moving slowly, but certain small tactical gains are being made. As Ukrainian forces attack deeper behind the front lines (Black Sea ports, Kerch Bridge, etc.), Russia is diverting some of its personnel to protect their supply lines. As Ukraine asks for more weapons, one major development in August was the U.S. decision to allow NATO members Denmark and Norway to transfer F-16s to Ukraine after the pilots have completed training (which will not happen until 2024). Next, we revisit the perpetual tension between the U.S. and China over Taiwan. Following the brief transit stop of Taiwan's Vice President William Lai in the U.S. this month, China commenced another round of military drills around Taiwan. As the U.S. bolsters its trilateral relationship with South Korea and Japan following the Camp David Summit, the expectation is that tension in the region with China will continue. We also provide an update on the coup in Niger. While a military intervention by the Economic Community of West African States (ECOWAS) is looking more unlikely, the question is whether or not the U.S. will have to close its drone bases in the country that have been critically important to the counterterrorism mission in the Sahel. Finally, we report on the situation in the Persian Gulf where the U.S. has deployed additional aircraft, ships, and Marines in an effort to deter Iranian aggression towards commercial shipping. While a potential deal is in the works to release \$6 billion in frozen Iranian funds in exchange for several U.S. prisoners, Iran continues to cause trouble in the region and risks a confrontation with U.S. forces.

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

Front and Center: Russia | Ukraine Update

While the Ukrainian counteroffensive continues, the gains are still limited. However, as we reported in our [SITREP](#), Ukraine has been taking the fight (with drones) not only to Moscow, but also to Russian tankers in the Black Sea. In response, following the termination of the grain deal, it appears that Russia has made good on its threat to target civilian shipping and even boarded a freighter earlier this month (see [SITREP](#)). While the vessel was released, it puts other commercial ships in danger and risks a larger incident. Russia is also targeting grain facilities on the Danube, which is close to Romania, a NATO ally. As Ukraine is getting creative in finding ways to transit the Black Sea (albeit more expensive and time consuming), the question is will this situation ever rise to the point that the U.S. and NATO feel the need to start escorting shipping. This idea was initially rejected, but Russia has been relentless in its attacks on grain infrastructure in the ports of the Black Sea (and has even destroyed the grain itself). As the war grinds on, in addition to the F-16s that will likely not be delivered until next year (see [SITREP](#)), Ukraine continues to seek more advanced weaponry to strike fear into the Russian military. The UK has previously sent Storm Shadow cruise missiles with a range of over 150 miles (and they have already been used in combat against Russian forces). Now, Germany is discussing the request to send Taurus long-range air-launched cruise missiles. This weapon is faster than the Storm Shadow, has a longer range, and flies very low to the ground, which makes it perfectly designed to strike Russian command and control positions and supply lines deep into enemy territory.



While Ukraine continues to try to retake Russian controlled territory, it is clear that outside pressure on Russia from parties such as China and Turkey needs to be applied to try to revive the grain deal and put an end to the war. Zelensky has maximalist objectives, but it is very unlikely that he will be able to achieve them. However, the U.S. is taking steps to try to encourage Iran to stop helping Russia. While unlikely, the hope is that if Russia starts to lose support in the coming months, its ability to continue this war of attrition could be diminished. Finally, as we reported in our [SITREP](#), we will continue to follow the impact of the death of Prigozhin and what changes we can expect for the Wagner Group not only in Ukraine, but also in Africa.

“Not surprisingly, NATO’s objectives and Zelensky’s objectives are not aligned. Of course, NATO has been fully supportive of Ukraine, but its level of support is not limitless. Zelensky wants to reclaim Crimea and push the Russians back across the border in the Donbas. Frankly, that will only happen if NATO puts boots on the ground. That, obviously, remains elusive and unimaginable. Zelensky is a Churchillian leader but like Churchill, his legacy will be that he was a leader in war, but was unable to lead in peace. Ukraine does not have the time to achieve a military victory over Russia. It will, however, win tactical engagements but has not demonstrated the ability to isolate and dislocate Russian forces. Until that happens, Ukraine will remain in a strategic defensive posture. As long as NATO stays unified and committed, Ukraine can survive (but at a very high cost). Western military hardware alone will not alter the outcome but is without question the best option to keep Ukraine in the fight.” – General Spider Marks

“While the bravery of Ukraine’s armed forces is beyond question, we need to recognize that the current bloody grind is simply not sustainable absent a breakthrough. Airpower is a key attribute critical to achieving that effect. We need to get serious about increasing the rate, scale, and scope at which it is delivered. As General Douglas MacArthur famously remarked: “The history of failure in war can almost always be summed up in two words: ‘too late.’ Too late in comprehending the deadly purpose of a potential enemy. Too late in realizing the mortal danger. Too late in preparedness. Too late in uniting all possible forces for resistance.” Given what is at stake in Ukraine and the free world, the U.S. and its allies need to commit to providing a decisive airpower advantage.” – General David Deptula

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“Putin is frustrated with Ukraine’s continued (modest) gains in the counteroffensive and with the successful long-range drone strikes on a Russian tanker and the Kerch Strait Bridge. In retribution he is tightening the economic screws again on Ukraine’s Black Sea grain shipments. His objectives are to cause economic hardship on the Ukrainian people, reduce the funding of Ukraine’s war effort, and to increase war fatigue in NATO and Ukraine. Putin has also doubled down in limiting Ukraine’s ability to ship grain by attacking Ukraine’s Black Sea ports. The effective blockade is against international law. NATO and the U.S. have the option to escort convoys of commercial grain shipments through the Black Sea, but this goes against the Biden administration’s past intent of not provoking Putin for fear of escalating the war. A mission like this would be a high stakes plan that NATO, and the U.S. are more than capable of executing. It comes with the expectation that an irrational Putin would act rationally, and this is why the mission is not on the table.” – General Robert Walsh

“While gains remain limited, the Ukrainian military continues to grow in competence and confidence in addressing the “Surovikin Line”. Previously no one expected that Ukraine could execute a high-speed maneuver campaign inside Russian-held territory. The Russian obstacles/fortifications are deadly and are effectively covered with massed Russian artillery fires. These obstacle belts remain viable, even in the face of significant Russian casualties. While this situation calls to mind the fortifications of WWI, there are good indicators that the Ukrainians have made gains in “sensing” the Russian positions. A compelling difference from WWI is the at-scale surveillance network that leverages unmanned vehicles, space assets, electronic warfare, and old-fashioned reconnaissance to return more precise fires on the Russian forces. Given the increasing inability to hide on the modern battlefield, the role of precision fires, unmanned attacks, etc. give the Ukrainians a way to win, even without superiority. Of course, this technology is available to both sides, and the Russians have also demonstrated their capabilities.

Regarding the threat to shipping, merchant ships in the Black Sea have taken cover in safe waters since the Russians fired on a Palau-flagged vessel. Approximately 85 ships have sought refuge in Romanian waters. International law allows parties in a conflict to interdict and search neutral shipping to ascertain if they are carrying military cargo, but they must allow neutral shipping without military cargo to continue. Recently, Israeli, Greek, and Turkish ships have entered Ukrainian ports without harassment, clearly marking Russian activities as politically motivated. More significant would be potential attacks on neutrals like the Romanians. A blockade of Romanian vessels or attacks on Romanian infrastructure would be an overt attack on Romania, potentially triggering a NATO Article V conversation. It is unlikely that the Russians would escalate to this level in the current situation. One of the obstacles to shifting Ukrainian grain to other NATO ports is the different gauge used by national railroads. It is not possible to run Ukrainian rail cars on Romanian tracks, leaving ships as the only viable export option for Ukrainian food crops.” – General Michael Groen

“I assess that the Russian actions in the Black Sea against shipping will remain asymmetric in that there will not be a sustained or increasingly lethal campaign but rather periodic strikes to demonstrate Russian capability as an intimidation factor. As we have seen so far Russia has been selective in the ships that they have targeted. I would also assess that Russia would have to significantly increase the level of harassment for NATO nations to seriously consider any form of escort duties. The U.S. could be an outlier and perform escort duties outside the framework of NATO but that is also unlikely. Given Turkey’s role in implementing the Montreux Convention they would be the most likely actor to take the lead in discussions with Russia regarding keeping the lanes open. China has an opportunity here to put pressure on Russia given their own dependence on grain and the relationship that they have with many African nations. China would however have to see how this all plays into their own national interests and not those of Ukraine. There is little that the U.S. can do to increase the level of pressure to get Iran to cease its support of Russia. Iran and Russia have had a somewhat transactional partnership for years and it remains constant given their shared antipathy toward the U.S. I don’t anticipate that Turkey or China will step in any time soon with pressure beyond their token dialogue associated with “negotiation talks.” China does not want to see Russia lose but will not become more decisively engaged short of a Russian tactical nuclear strike. China is in no rush to make any decisive moves in the conflict. Xi has more than enough domestic/economic issues to keep him busy.” – General Robert Ashley

Tension with China over Taiwan

Last month, as we reported in our [ATW](#), a record number of Chinese Navy ships were operating off the coast of Taiwan. In addition, earlier this month, 25 Chinese aircraft engaged in exercises, including J-10 and J-16 fighters as well as H-6 bombers. Taiwan further clarified that 10 aircraft had either crossed the median line of the Taiwan Strait (the unofficial barrier between the two sides) or entered the southwestern part of Taiwan's air defense identification zone (ADIZ). China routinely uses these incursions to test the defense systems and response times of the Taiwanese military. While these incursions are increasing in frequency and scope, China has reserved the largest exercises (and blockade simulations) for when there are high level U.S./Taiwanese in person engagements. On August 12th, Taiwan's Vice President (and presidential candidate) William Lai stopped in the U.S. en route to Paraguay. China believes that VP Lai is a "separatist" and independence advocate. China displayed its displeasure over Lai's transit of the U.S. and the recent "Trilateral Summit" (hosted by President Biden at Camp David with the leaders of South Korea and Japan) by once again staging military drills (42 Chinese aircraft and eight ships) around Taiwan on August 19th. However, these drills were not quite on the same scale as the ones conducted following Speaker Pelosi's visit to Taiwan last August (66 Chinese aircraft and 14 ships).



"China's PLA once again launched military drills that their Eastern Theater Command called an "omnidirectional encirclement of the island" using naval and air forces. They came after Taiwan's Vice President William Lai made a stopover visit in the U.S. en route to Paraguay which is Taiwan's last diplomatic partner in South America. The drills again demonstrated the PLA's plans to intimidate and coerce Taiwan into compliance by putting fear into Taiwan's leadership and its people of a possible invasion or blockade. Similar actions by the PLA took place after President Tsai Ing-wen's April 5 meeting at the Ronald Reagan Presidential Library in California with U.S. House Speaker McCarthy following her visit to Central America. China's aggressive actions are driving regional partners closer to the U.S. Of note, during these exercises, President Biden met with his Japanese and South Korean counterparts at Camp David to strengthen regional security ties." – General Robert Walsh

"The current overt Chinese posture relative to Taiwan is caution. Xi Jinping may be at risk, and he knows it. China's economy is anemic after decades of unprecedented market growth and expansion. China's economy lifted millions out of poverty and created a robust middle class of almost 500 million people that is both educated and mobile. Their expectations may now be shattered. Resolving the Taiwan problem may be Xi's generational mission, but the military solution would be too costly in human and economic capital. Frankly, China cannot afford it now. What China can afford to do is wait." – General Spider Marks

"China has been clear in their messaging and will likely continue to apply pressure via their military presence (both air and maritime). This has become the new norm and we should be wary of the "boiling frog" analogy and not become complacent. The recent visit by the Japanese and South Korean leadership at Camp David serves multiple purposes. At the core it works to shore up the relationship between the two nations (which is in our national interest). It also creates a foundation for increased competition in our relationship with China. Specifically, this relates to supply chains and economic sanctions (associated with AI, quantum, and semiconductors) even though we've left the door open for some trade between South Korea/Japan and China. Our relationship with the Philippines remains critical in the Pacific. The key is ensuring that we sustain this relationship and are seen as a dependable partner." – General Robert Ashley

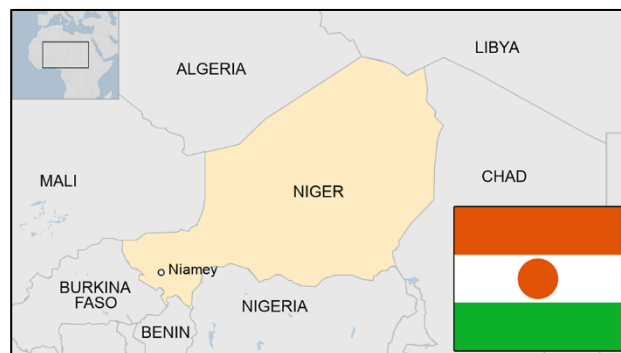
"The confrontations at the Second Thomas Shoal have been going on since 1999, when the Philippines deliberately grounded a warship to stake a claim over the area (and stop China from doing so as they did with Mischief Reef in the Spratly Islands in 1995). China has built 7 military bases within the nine-dash line that is within the economic

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*exclusion zone (EEZ) of the Philippines, Taiwan, Indonesia, Brunei, Malaysia, and Vietnam. The Philippines has been rotating a force of Marines on the ship since 1999. The latest flare-up is a result of President Marcos giving the U.S. access to four more military bases. This is in line with his position of defending his country's borders/protecting its sovereignty. The Philippines is roughly 600 miles from Taiwan. I expect to see increased joint patrols (Australia, Japan, U.S.) to shine a spotlight on Chinese activity that has been occurring for many years (but has not been covered extensively by the media). China wants to keep diplomatic communications open with the U.S. and does not want to see a potential Biden-Xi meeting in India in September or San Francisco in November be called off due to a military incident, so I expect a toning down of military actions by China in the region for the next few months.” – **General K.K. Chinn***

Coup in Niger

As we addressed in our [SITREP](#), the coup in Niger took many by surprise as the country was supposed to be the “stable” and “reliable” counterterrorism partner in the Sahel region after five neighboring countries experienced coups in recent years. As a result, sanctions were placed on Niger and the Economic Community of West African States (ECOWAS) threatened military action. However, as their deadline to return President Bazoum to power passed, it became evident that a military intervention would not occur. At a minimum, ECOWAS would need months to prepare for a military operation and this course of action might not be in the best interests of the people of Niger because it would potentially bring Mali, Burkina Faso, and Guinea into the fighting. The junta controlling the country also recently announced that the ousted president will be prosecuted for “high treason.” As the U.S. and ECOWAS determine what to do next, the void left by a limited French and U.S. presence is quickly being filled by Russia (Wagner forces offering to help from Mali) and by China. The other benefactors are terrorist organizations such as ISIS and Al Qaeda (as evidenced by the attack near the border with Mali this month). These organizations will surely benefit if the U.S. is forced to close its drone bases in the country.



*“From a Western perspective it is best to see the restoration of a democratically elected government without having to engage in conflict. The leaders of the coup have stated that the transition window to a civilian government is three years long making potential military action by ECOWAS unlikely (coup leadership is also seeking alignment of other Sahel nations for military support should ECOWAS deploy forces). It’s key for the West to remain engaged given the risk of IS/AQ being able to expand their territorial holds as the Sahel nations fail to adhere to any coherent counterterrorism strategy. The U.S. and other Western nations could engage with the coup leadership to help ensure basic services are provided to the nation to put Niger on a faster track to elections than the three-year stated goal. Given the death of Wagner’s top leadership there will likely be interruptions in funding and sustained operations. However, one of Russia’s goals is still to exploit and leverage African nations for their gain.” – **General Robert Ashley***

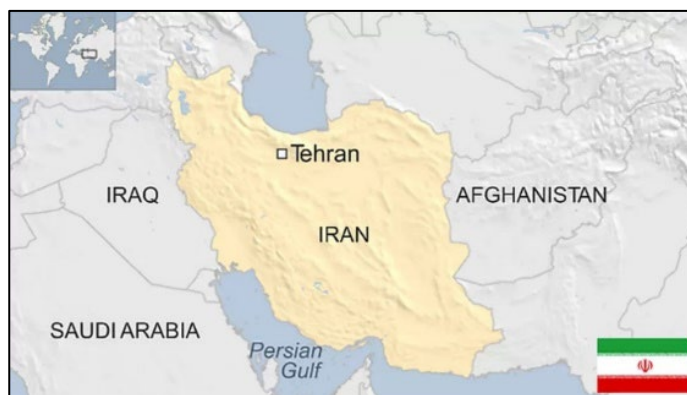
*“The African Union has taken a firm stance on rejecting the coup and its leadership. Niger has been suspended from the African Union, an action that will increase its isolation. The political conditions are being set for an ECOWAS coalition attack to restore the legitimate government of Niger, but the logistics, campaign planning, and coordination of a multi-national African force will be a significant challenge. ECOWAS has rejected interference by individual states and foreign mercenary organizations (i.e., Wagner). The U.S. has made a loud and purposeful statement by not leaving Niger during the crisis. This demonstrates a commitment to African peace and security. The shift in U.S. messaging may set the stage for countering Wagner and other narratives on the continent.” – **General Michael Groen***

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*“The fallout from the military coup in Niger is yet to be seen, but China and Russia will seek to fill the democratic void left in Africa and spread their influence. Even though Wagner Group’s leader Yevgeny Prigozhin is now dead, just last week he said that Wagner was ready to go into Niger and restore order to support the junta. Russia has been on the march to get African countries to back Russia and move them out of the U.S. and European sphere of influence over the war in Ukraine. China is already deeply established in Niger exporting oil and it quickly took advantage of the situation by offering additional developmental projects in the capital of Niamey. China has been quick to deploy resources and influence as U.S. and European governments withdraw from African countries. A real challenge for the U.S. with the China-Russia alliance is the fight for influence in Africa. The U.S. risks losing its two drone bases in Niger that are critical in training Niger’s military, collecting intelligence, and conducting counterterrorism operations. There shouldn’t be any question that Africa is part of the growing Cold War.” – **General Robert Walsh***

U.S. Forces in Gulf Risk Escalation with Iran

As we addressed in our previous [ATW](#), additional U.S. air, naval, and Marine forces were sent to the region last month to encourage Iran to stop interdicting international shipping. However, there is always a risk that a situation could escalate between U.S. forces and the IRGC. Meanwhile, over the past few weeks, the U.S. (via intermediaries) has been discussing a deal to free five U.S. prisoners that have been held captive in Iran for several years. In exchange, \$6 billion in sanctioned Iranian funds currently being held in South Korea would be transferred to a bank in Qatar



and would be restricted for humanitarian use only. The hope is that this deal could be a precursor of a broader deal that would roll back Iran’s nuclear program (in exchange for more Western concessions). However, as relations with Iran remain complex, the risk is that the prisoner deal (and even a broader one designed to curtail Iran’s nuclear capability) would at best just prevent the situation in the region from getting worse in advance of the 2024 U.S. presidential election. However, there are additional forces at play here because the U.S. will also likely try to use any leverage it gains in getting a deal done to restrict or even prohibit Iran’s support of Russia in Ukraine. Simultaneously, though it is in the early stages, the U.S. is supporting an agreement to establish diplomatic relations between Israel and Saudi Arabia. While risking a confrontation with Iran, the U.S. appears to be trying to attain real results in stopping Iran’s progress towards a nuclear weapon, ending their harassment of U.S. interests in the region, and encouraging them to cease their support of Russia.

*“The only way Iran will alter its nuclear program or agree to international unannounced inspections of its nuclear facilities is if those agreements can be violated. History is unequivocal. Tehran has never signed an agreement that it will not ignore or unilaterally alter in its favor. However, Washington must figure out how it will diplomatically engage with a near-nuclear Iran. The possibility of a Saudi/Israeli diplomatic thaw is not only a good first step but also an essential pre-condition. Iran must be forced to realize that it is regionally isolated and is at risk of losing international support and political validation. Ironically, the quickest path to global support is for Iran to be confrontational and militarily provocative. Tehran would love to see one of its warships burning in the Persian Gulf because of a failed engagement against a U.S. Navy vessel. It’s not likely because our Navy is disciplined and exercises restraint (unlike the IRGC).” – **General Spider Marks***

“The Iranian military’s seizure and attempts to hijack commercial oil tankers has resulted in the U.S. Central Command deploying U.S. Marines to act as security forces if commercial ships request their support. The U.S. already

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*moved a quick reaction force of fighter aircraft, the Bataan Amphibious Ready Group (with its embarked 26th Marine Expeditionary Unit), and Marines from the Fleet Anti-terrorism Security Team (FAST) to the region to deter and prevent further Iranian boardings. The Iranian actions are raising tensions in the region while the U.S. continues its attempts to negotiate a nuclear deal and bargain for the return of American hostages. The security forces would support ships transiting the strategic Strait of Hormuz which links the Persian Gulf and the Gulf of Oman where one fifth of the world's oil transits. The Marines would provide an additional capability to U.S. Navy destroyers in the region that may not always be positioned to deter or defeat Iranian boardings. In addition to the Marine's organic weapons, they also have intelligence, surveillance, and communications systems and could quickly request additional military capabilities. The U.S. actions up the ante and are guaranteed to raise tensions with the Iranian military forces.” – **General Robert Walsh***

*“With Saudi Arabia, UAE, and Iran receiving invitations to join the “BRICS” on 24 August, there will be much commentary and speculation about whether or not this expansion of the BRICS will be a net gain for Middle East regional and international security. Egypt, Ethiopia, and Argentina were also invited. The bloc's growing influence may pose a broader challenge for U.S. and European global objectives. The presence of the world's largest oil importer and its largest exporter will have impacts on global energy markets. The continued expansion into Africa may make China the de facto “head” of an organization of countries that we used to refer to as the “Global South.” The long-term impacts of the BRICS emerging as a “security” club rather than a “development” club are ominous.” – **General Michael Groen***

*“The presence of U.S. Marines on the ships has the potential to serve as a deterrent however there will always be the possibility of Iranian escalation through miscalculation. Iranian naval forces can operate in a somewhat decentralized manner and historically we've seen aggression rewarded with promotion through the ranks. The key is to understand the personalities of the leadership of the various Naval Districts. The Iranians are very transactional and it's possible that the hostage negotiations for economic relief could open the door for talks related to the nuclear program. However, with the Iranians, there is not always a natural connection between one negotiation and a separate topic such as the nuclear program. Another dynamic is the upcoming election. Part of the Biden administration's platform was to get back into the JCPOA (or some form of the agreement). I don't see the Biden administration engaging on a partial band-aid to slow down the program. It's also difficult to fully understand the dynamics of the Israeli/KSA relationship. If Iran approaches a weapon Israel will strike. KSA seeks some relief from Iranian proxies striking their oil infrastructure and is interested in diversifying their portfolio to gain greater access to dual-use technology and weapons systems. BRICS expansion is yet another dynamic that is creating complexity for the U.S. and the West. KSA and Iran remain adversaries however increased opportunities for dialogue can help achieve the KSA goal of fewer attacks on their homeland while they leverage that stability to enhance their economic opportunities with other nations.” – **General Robert Ashley***

*“Our forces provide a low-level of deterrence in my view with the added risk of unintended consequences. The U.S. military presence feeds the IRGC's narrative that trading frozen Iranian funds for detained U.S. personnel is in our interest, but I think that we would be foolish to think that it is the beginning of any thawing. The Iranians are unlikely to enter into anything with the U.S. considering the upcoming U.S. presidential election next year.” – **General Frank Kearney***

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