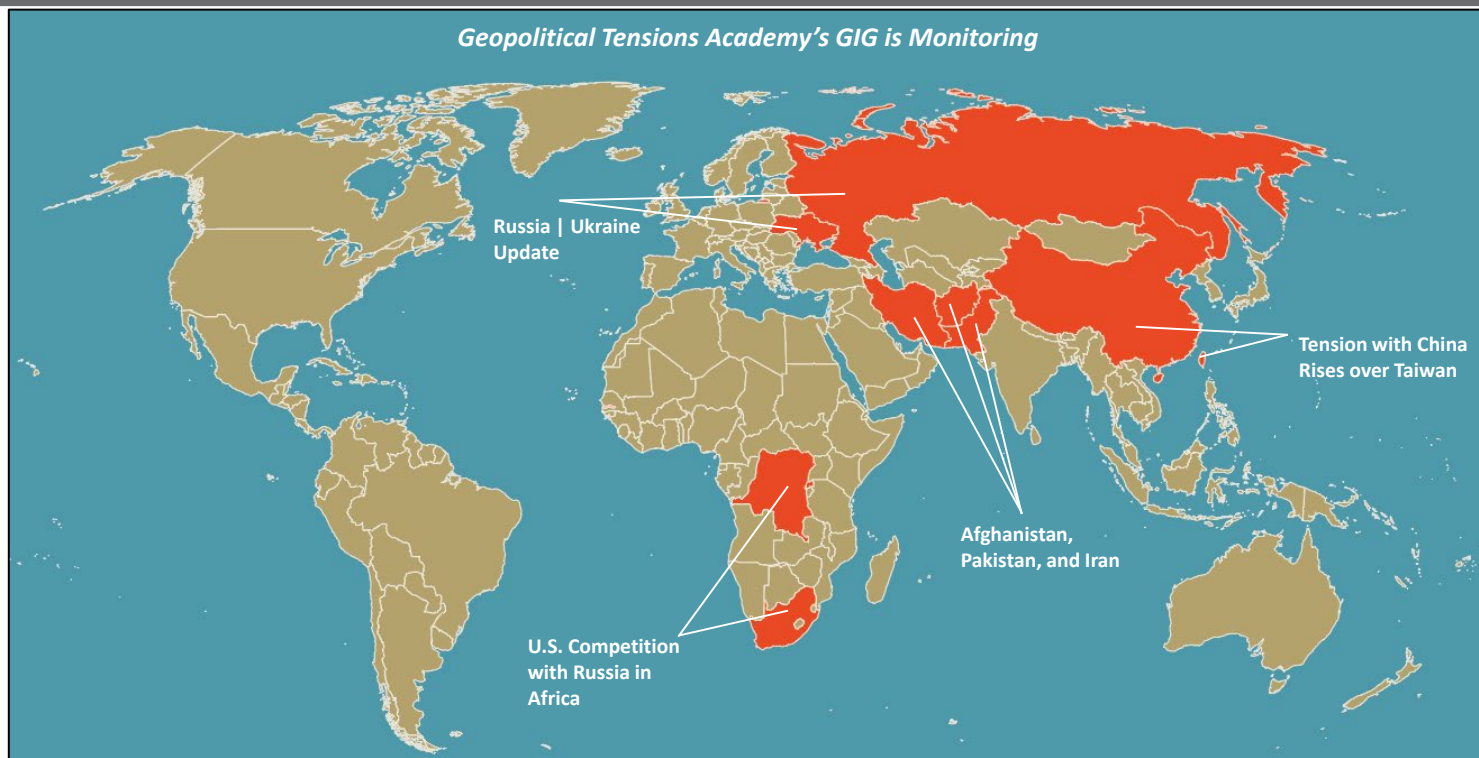


Around the World with Academy Securities

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. Tension with China Rises over Taiwan
2. Russia | Ukraine Update
3. U.S. Competition with Russia in Africa
4. Afghanistan, Pakistan, and Iran

We begin this month's report with an update on the tension with China over Taiwan, which has been increasing following the visit by Speaker Pelosi (and others) this month (please also see our [SITREP](#)). Our GIG does not believe that a conflict to reunite China and Taiwan is imminent and while China will continue to use Speaker Pelosi's visit as a reason to conduct military exercises in the region (raising the probability of an accidental engagement), they are not yet ready for a military confrontation. However, China will continue pushing farther out into the Pacific (as we addressed in our April [ATW](#)) and capitalizing on their partnership with the Solomon Islands. We then revisit the war between Russia and Ukraine and discuss the recent attacks in Crimea on Russian forces by Ukraine. As the U.S. continues to support Ukraine with over \$10 billion in aid/weapons, we have seen Ukrainian forces recently try to mount a counter-offensive in the south. However, as Russia continues to expand the war by striking more civilian targets and holding Europe's largest nuclear facility hostage, the conflict has no near-term end in sight. Next, we discuss the ongoing competition for influence (and resources) in Africa between the U.S. and Russia and some of the recent high-level visits to the continent by both countries. We also examine the situation in Afghanistan a year after the U.S. withdrawal (and the challenges that continue to exist), the instability in Pakistan, and the progress made in the Iran nuclear negotiations. Finally, our GIG is also monitoring the violence in Iraq following the Shia leader Moqtada al-Sadr announcing his exit from Iraqi politics, further complicating Iraq's efforts to form a new government.

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

*Around the World with Academy Securities***Front and Center: Tension with China Rises over Taiwan**

In our last [ATW](#) and previous [SITREP](#), we addressed the Chinese reaction to the visit by Speaker Pelosi to Taiwan. Following the meetings, China staged large scale military drills around Taiwan. These drills included live fire exercises involving dozens of ships and aircraft in addition to short range ballistic missiles. With multiple incursions into Taiwan's Air Defense Identification Zone and the presence of the USS Reagan Aircraft Carrier Strike Group in the region, there was a concern that an accidental engagement could quickly escalate. However, on August 10th, China halted the drills and stated that it would continue to patrol the area. Some believed that the exercises were only a reaction to Speaker Pelosi's visit and a way for Xi to demonstrate his displeasure on the heels of the highest-ranking visit to the island in 25 years. Then, a second congressional delegation led by Sen. Edward J. Markey landed in Taiwan on August 14th and military drills commenced once again, underscoring the tension and the desire of China to use these exercises as a deterrent to foreign support of Taiwan. However, as the response from China grows louder, additional countries in the region (including Japan and Australia) are stepping up to condemn the provocative actions and Germany announced that a parliamentary delegation will be visiting Taiwan in October. Germany also sent a number of fighter planes to Singapore (and back) in mid-August to test their air force's ability to move quickly to the Asia-Pacific region if need be.



However, the bigger picture here is that China likely used these visits to implement a broader strategy not only regarding Taiwan, but to extend its influence into the Pacific (note the recent denial of entry of a U.S. Coast Guard vessel in the Solomon Islands, a nation that has recently partnered with China). As China watches the U.S. response to the Russian war in Ukraine and the billions of dollars in military support provided to aid in the defense of the country, Xi is likely wary of the kinds of weapons being sold to Taiwan (both defensive and offensive) that could potentially deter or dramatically impede an invasion. While our GIG does not believe that an attack on the island to force a reunification could take place for several years, these exercises demonstrated the integrated use of air, sea, and missile forces that can be activated on short notice.

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While U.S. intelligence was likely able to collect information on some of the platforms being utilized in the exercises, China was able to effectively demonstrate its ability to encircle Taiwan and potentially execute a blockade. China's missile systems have the ability to threaten not only U.S. and allied naval forces in the region, but bases in Japan and Guam as well. Make no mistake, Xi believes that his legacy is predicated on the reunification of China with Taiwan and the only question is "when and how" the move on Taiwan will take place.

"Relations between the U.S., the West, and China continue to worsen after the recent visits by Speaker Pelosi and a subsequent delegation of five U.S. members of Congress. China came down hard against a recent announcement that a Canadian parliamentary delegation was going to visit Taiwan in October to discuss trade. China warned Canada that it would take forceful measures if anyone interfered in Taiwan. China continues to dramatically escalate military provocations with new announcements of air and naval maneuvers around Taiwan to intimidate Taiwan from accepting foreign delegations. The escalating actions by China surrounding Taiwan are setting the new stage for power and influence in the Pacific and raise the risk of a military misstep and confrontation between the U.S. and China. While China's diplomatic and military efforts have focused on Taiwan, China's economic influence

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continues through its Belt and Road Initiative. China's telecommunications giant Huawei inked a deal with the Solomon Islands only months after China and the Solomon Islands signed a security pact. China also wrote-off interest free loans to 17 African countries. The debt relief sends a strong signal to developing African countries of China's generosity and friendship." – General Robert Walsh

"I do not see China accelerating their "invasion plans." They have taken notice of the U.S. aid to Ukraine and the resulting effective resistance. They have also noticed the global support as the world has rallied against Russia and the resulting economic sanctions. China is unlikely to leap into that scenario and I do not expect China to do more than posture and undermine others economically. The visits by both the Speaker and by the group of congressional delegates only reinforced China's concern for crossing the straits with a military incursion at this time. They will continue to seek economic and diplomatic gains while waiting for a better opportunity to achieve their goals. It could be 3-5 years, or it could be 20-25 years. China will be patient." – General Mastin Robeson

"Xi is using this opportunity for multiple purposes – i.e., to demonstrate resolve, exercise forces, and send a message to his domestic audience just as much as to international adversaries/competitors. China's economy is slowing and while Xi is unlikely to be at any risk, he feels the need to bolster his domestics position. Timing for an attack will be when Xi believes that the risk is acceptable, and he is sufficiently confident in his forces. No doubt the Russian military performance has given him reason for pause regarding his force's actual readiness." – General Robert Ashley

"China's current military activities toward Taiwan have little to do with Nancy Pelosi's recent visit to Taipei. However, these actions are significant. China has two objectives: to overtly increase their military presence in the vicinity of Taiwan and to normalize it. Simultaneously, Xi intends to obfuscate and accelerate their broad military modernization efforts. China has no incentive to accelerate its strategy or a timeline for unification with Taiwan. It has every reason to remain patient. Precisely because of Russia's display of military incompetence in Ukraine, China must pressure test its military readiness and question the underlying assumptions upon which a military invasion of Taiwan are based. If anything, Russia gave Taiwan more time, not less." – General Spider Marks

"China will continue to develop clients in the region and demonstrate increased operational military capability between now and 2024 when Taiwan and the U.S. have elections for a new president (President Tsai cannot run again). China wants to win without fighting as right now a war in Taiwan would be an economic disaster due to the GDP of both China and Taiwan (and the U.S., Japan, and Australia). Two key words that will cause concern in the region are if Taiwan starts talking about "independence" or if China starts talking about "reunification."

Xi is working hard to control public opinion in China and has the tools to manage it. We will see these tools at work leading up to his unprecedented election to a third term (only Mao Tse Tung has served more than 2 terms, Xi abolished the presidential term limit in 2018) as China has many internal challenges they need to work through. Some of these include the real estate market crumbling, the economy slowing down, zero COVID policy, crackdown on technology, and drought/power challenges. Nothing major happens in the region before Xi is elected president again by the 20th National Congress of the Chinese Communist Party in November." – General K.K. Chinn

*Around the World with Academy Securities***Russia | Ukraine Update**

As we have reported in our previous [ATWs](#), Russia's war in Ukraine has more recently focused on the southern portions of the country. While the war continues into its 7th month, the U.S. announced an additional \$1 billion in funding for Ukraine in the form of weapons and equipment that will allow Ukraine to not only continue to defend itself, but strike back farther into Russian held territory via long-range rockets (High Mobility Artillery Rocket Systems). Since the beginning of the conflict, the U.S. has supplied Ukraine with ~\$10 billion in security assistance packages.



Ukraine has also commenced operations into Crimea with the August 9th attack (and subsequent ammunition depot attack on August 16th/drone attack on August 20th) on the Russian air base there, which would mark the first time Ukrainian forces have expanded their counterattacks beyond the Russian held areas in Ukraine. This would be an example of Ukraine's use of guerilla (or partisan) forces to attack Russian positions in areas beyond the reach of Ukraine's weapons systems. With President Zelensky recently stating that, "this Russian war against Ukraine and against all of free Europe began with Crimea and must end with Crimea – its liberation" it is clear that the level of Ukrainian resistance is not showing any signs of slowing.

However, considering the combat action in and around the Zaporizhzhia nuclear power plant (Europe's largest that will see a visit by the IAEA this week and demonstrates Russia's ulterior motive of denying Ukraine and potentially some of Europe the power produced by the facility) and Russian missile deployments to Belarus, it is also clear that Putin will not be in a position to negotiate a ceasefire until he believes he has successfully achieved his objectives. As the U.S. and NATO continue to show their resolve and with the U.S. ratifying Finland's and Sweden's NATO applications, the support from the West will continue.

"The three recent attacks in Crimea against a Russian airfield, an ammunition depot, and a drone strike on the headquarters of Russia's Black Sea Fleet risk escalating the use of force by the Russian military. Ukraine is walking a fine line with these attacks. It is being reported that Russia is moving large quantities of missiles into Southern Belarus near the Ukrainian border. The U.S. embassy in Kyiv has warned U.S. citizens to leave because of the increased indications and warnings of attacks by Russia on Ukraine's civilian infrastructure. Russia could attack Kyiv with missiles from the north while they continue to solidify gains in the east and move additional forces to support their next priority effort to choke off Ukrainian access to the Black Sea in the south. The missile attacks could come as a warning for Ukraine to cease any attacks on Russian territory. They could also provide the reason for Russia to increase attacks outside of the eastern and southern combat zones to grind down the morale and will of the Ukrainian people. The potential for renewed missile attacks on Ukraine's civilian infrastructure fits well with Russia's continuing war of attrition." – General Robert Walsh

"Putin has his hands full with economic sanctions, a united EU, a growing NATO, and Ukraine employing very effective "SDF like" tactics with improved weapons. Ukraine's ability to strike into Russia and more importantly to strike into Crimea (i.e., the Black Sea Fleet HQ) are real causes for concern for Putin. Coupled with Putin's growing challenges with military manpower shortages (especially trained ones), the next 6-8 months will likely not be positive for Putin. The key will be whether the Russian population remains united in support of Putin's fabricated logic for the invasion. Time is against Putin in a world of instant notification via uncontrolled social media platforms (in addition to his significant logistical and maintenance challenges)." – General Mastin Robeson

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"Putin will likely strike more often into non-contiguous combat areas to increase the level of devastation on the Ukrainian people in an attempt (albeit unlikely) to curb their resolve. Putin still holds control of the airwaves in Russia and there has yet to be any centralized/coherent resistance that presents a near-term threat to Putin. Sanctions remains a slow process as Russian manufacturing will continue to be affected and this will gradually impact select industries/job markets." – General Robert Ashley

"This war remains a stalemate, a frozen conflict. Ukraine has achieved several significant tactical successes against a ponderous, lethargic, and miserably led Russian military. It's staggering how inept Russian forces are. However, Ukraine is unable to push Russian forces back across the Russian border. Both Russia and Ukraine have a "winning narrative" although the costs are high. Not surprisingly, the only likely outcome to stop the slaughter is a brokered deal by Turkey. President Erdogan enjoys a cozy relationship with Putin and as a member of NATO has a voice within the alliance. Over the coming months, watch for Ukraine and Russia to agree to a cease fire, but the battle lines will remain in place. Russia wins: Crimea and the Donbas stay with Russia. That doesn't mean Putin is finished, it just means he's finished for now. Ukraine wins: it remains a sovereign and independent nation morally, politically, and economically aligned more deeply with its European neighbors. Zelensky stared the bear down and won, but he'll then likely have to leave office and be followed by a TBD political unknown. Zelensky becomes the 21st century Churchill who won the war, but was ill-suited to win the peace." – General Spider Marks

U.S. Competition with Russia in Africa

During Secretary Blinken's visit to Africa earlier this month (he visited South Africa, the Democratic Republic of the Congo, and Rwanda), he made it clear that the U.S. does not view Africa as "the latest playing field in a competition between great powers." However, Russia and China have spent considerable time and money working with local governments on the continent not only to secure resources, but shore up support for their broader strategies.

In July, Russian foreign minister Lavrov visited four countries in Africa (Egypt, Uganda, Ethiopia, and the Democratic Republic of the Congo), seeking support for Moscow's invasion of Ukraine. Broadly speaking, 17 African nations abstained from the UN vote condemning the Russian invasion and the reason was partly due to the military alliances Russia has developed with countries like Libya, Mali, Sudan, the Central African Republic, and Mozambique, which are dealing with security concerns and political instability. Russia has a significant number of trading contracts with African governments including ones for food, fertilizer, and energy. While the U.S. position will likely be to focus on the impact that the Russian war in Ukraine is having on food shortages, access to critical minerals, and trying to ease the tension between Rwanda and the Democratic Republic of the Congo are also high near-term priorities for the Biden administration. In addition, in an effort to differentiate the U.S. from the Russian efforts, the U.S. recently promised a total of \$1.3 billion in support to address the effects of hunger in Africa, while Russia (Lavrov) did not provide any financial assistance guarantees during his visit.



"The U.S. National Security Strategy states that the U.S. is in a peer competition with both China and Russia for global influence. Speaker Pelosi called it a competition between "autocracy and democracy." The competition is being played out by all three countries across the African continent. Russian President Putin and his Minister of Foreign Affairs Lavrov have gone to extremes in attempting to rebuild lost Soviet Union relationships by calling out the U.S. in trying to impose a unipolar world order. There are many countries in Africa with friendly feelings towards Russia

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for helping to liberate them from colonial rule. Putin is sending Lavrov across the continent to rekindle those relationships. The divide of how African countries view the U.S. and Russia was seen in the UN votes to suspend Russia's membership in the Human Rights Council and to withdraw its troops from Ukraine. In both cases the votes were divided with many countries voting against the resolutions or abstaining. The U.S. must be careful not to approach African countries by saying that they must use the U.S. model for democracy with China willing to provide capital without political strings and Russia willing to oppose the U.S. everywhere. There are still governments turning away from democracy and preferring authoritarian rule." – General Robert Walsh

"China and Russia have been actively engaged in Africa for 3 decades. Russia's engagement has mostly been military/security architecture related while China's has been focused on roads and bridges. Russia's ties to Ethiopia after the fall of the Derg Socialist Regime (74-91) is the reason we (the U.S.) turned our allegiance to Somalia in the 80's in an effort to have a presence near the Bab El-Mandeb Strait between the Red Sea and the Gulf of Aden. We chose Djibouti over Eritrea in 2004 to locate the Combined Joint Task Force - Horn of Africa for that reason. Much of our challenge in Africa has been with Russian military equipment, training, and education. For decades, every time we sanction an African country for human rights, the Russians (and sometimes the Chinese) jump into the vacated space to meet that country's military equipment, education, and training needs. That said, African countries much prefer our partnership regarding roads/bridges/infrastructure as well as the military related space. Our best solution in Africa is to lead with military partnership and democratic/constitutional based governance (the reason we stood up AFRICOM)." – General Mastin Robeson

Afghanistan, Pakistan, and Iran

As we recently passed the one-year anniversary of the U.S. withdrawal from **Afghanistan**, earlier this month, the U.S. conducted a drone strike operation that killed Al Qaeda leader Ayman al-Zawahiri in Kabul. In the past year, there have been reports that Al Qaeda was trying to rebuild within Afghanistan and the fact that al-Zawahiri was killed in Kabul (in a residence owned by the Haqqani Network) means that the Taliban have been at best turning a blind eye to the presence of the terrorist organization in the country. With respect to who will take over Al Qaeda, Saif al-Adel, an Egyptian



national and veteran Al Qaeda operative and Abd al-Rahman al-Maghrebi, a Moroccan national and son-in-law of Zawahiri, appear to be the frontrunners. Both are believed to be living in Iran, which could further complicate the nuclear discussions. With the U.S. intelligence capabilities largely diminished in the country post the withdrawal, it is clear that the U.S. still maintains the ability to monitor and strike targets remotely. While the U.S. begins to re-task some of its intelligence gathering operations towards China, it is imperative that the U.S. must continue to remain focused on the terrorist threat in Afghanistan and ensure that it does not once again become a safe haven for these organizations. In addition to Al Qaeda, ISIS-K continues to be a threat, but at this point, it is more of a concern for the Taliban because of the differences in ideology between the two groups.

With respect to **Pakistan**, tensions with the Taliban leadership continue as a roadside bomb attack recently killed a senior Pakistani Taliban leader (Omar Khalid Khurasani) in Eastern Afghanistan. The relationship between the Taliban and Pakistan continues to be tense after the 15-year insurgency that was conducted by the Pakistani Taliban against the government of Pakistan. This incident puts the months-long ceasefire agreement between Pakistan and the Pakistani Taliban at risk and further inflames tension between the neighboring countries. Pakistan (a nuclear power)

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has been politically and economically unstable over the past few years resulting in a recent \$1 billion bailout by the IMF to avert default and a terrorism charge for their former PM, who is trying to mount a political comeback. Recent record flooding has also killed over 1,000 people, adding to the problems. Also of note is the recent news that China may contemplate deploying troops in regional outposts to protect its investments in Afghanistan and Pakistan (which comes on the heels of a Chinese surveillance ship docking at Sri Lanka's Hambantota port in mid-August).

Finally, regarding the **Iran** nuclear deal, the final agreement is now with leadership from both the U.S. and Iran. With the potential for a deal in sight, three sticking points remain: 1) Iran's demand to remove the IRGC from the designated list of terrorist organizations (though Iran has recently agreed to remove this as a gating item), 2) Iran wants assurances that the deal cannot be cancelled by a subsequent administration (or at least Iran should be compensated if that were to happen), and 3) Iran wants the IAEA investigation into small amounts of uranium found at an undisclosed facility called off. The deal would lift sanctions in return for Iran rolling back its nuclear program, but many in the region are highly skeptical that Iran will live up to its side of the bargain that will also allow for hundreds of thousands of barrels a day of Iranian oil to flow back into the global market. In addition, the fact that an Iranian operative has been charged for conspiring to try to assassinate former U.S. National Security Adviser John Bolton further drives home the point that Iran cannot be trusted and will continue to work against U.S. interests even in the middle of negotiations. However, as Iran has demonstrated, they are masters of "strategic patience" and even if Iran were able to get to a deal that only lasts for two years, the access to \$100 billion in foreign reserves alone would be a good enough outcome for the Iranian economy.

"It is unlikely that the Taliban will sever their relationship with Al Qaeda. However, I would anticipate that they would seek to obfuscate and/or deny them the ability to plan/direct an operation from Afghanistan which the Taliban likely recognizes would result in U.S. strikes and possibly limited ground operations. While this may be a Taliban objective, that does not mean Al Qaeda would not seek to reach an external operational capability. The Taliban seeks to eliminate ISIS and as we have seen in recent attacks in Kabul, this will be a challenge. While the PRC has said it would not station troops in foreign countries, Djibouti has proven that to be untrue. However, I cannot see Xi committing troops along the Afghan/Pak corridor. Xi would not want to get bogged down in such a commitment." -
General Robert Ashley

"The stalemated Iran nuclear negotiations took a turn when Iran dropped some of its previous demands that were holding up the U.S. acceptance of an agreement. The U.S. is now studying the response to determine next steps. The Biden administration has been dead set on re-establishing the agreement after the Trump administration walked away from it. This development makes it more likely. Biden would also like to bring Iran's oil into the market to reduce the energy crisis brought on by the war in Ukraine. The challenge of a deal is resulting in Israel and its Arab neighbors working together towards common defense and intelligence sharing agreements never seen before. The recent Negev Summit was a first ever meeting to address these concerns. All are focused on uniting against the threat they see emerging due to the Biden administration's single-minded focus on getting back into an Iran nuclear deal. The public nature of the summit says it all.

All feel threatened by Iran and its proxies, but no one has more concern for Iran developing an atomic weapon than Israel. The shadow war being conducted between Israel and Iran has ramped up over Israel's concerns regarding the potential re-signing of a nuclear deal, the easing of sanctions, and the need for Israel to stop Iran from obtaining a nuclear weapon. The Israelis are doing everything possible to provide the needed intelligence to convince the Biden administration that Iran is lying about fulfilling the promises of a new agreement. Israel is willing to take any military action to protect its citizens. Israel is expected to increase its shadow war operations should the JCPOA be signed. Israel openly admits that they are training to adapt to combat scenarios in a "different type of war" should Iran gain a nuclear weapon." -
General Robert Walsh

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