

April 3, 2019

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Academy Securities Geopolitical SITREP

Geopolitical Flashpoints: The Macroeconomic Impact of the Geostrategic Landscape

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Key Points:

Chinese Military Expansion and Trade

- The U.S. is in a tricky situation as it has named China a strategic competitor while seeking compromise on trade.
 - The economy needs a boost (China, U.S., and Global) and a trade deal is needed to provide that boost.
- Expect a trade deal in the next 3-4 weeks, likely more of an outline than a full-fledged deal.

Tensions with Taiwan

- U.S. support of Taiwan has always been a contentious element of U.S.-China relations.
 - It is imperative that the U.S. maintains access through the South China Sea.
- While likely an example to be promoted, the Hong Kong model is unlikely to translate to Taiwan.

Sanctions Lifted on North Korea

- The President is motivated to move aggressively on progress with North Korea and his view is likely that progress is best made if he personally manages negotiations.
- 20 guard posts and 20 minefields have been taken down in the DMZ.
 - Real progress has been made at the local level but, strategically, the goal remains denuclearization.

India's Growing Global Influence

- India recently demonstrated anti-satellite military capabilities and is the fourth nation to have this skill in its arsenal.
- Purpose of this technology is twofold:
 - Project power to impact global influence and protect against threats from Pakistan.
- This capability reflects India's growing economic influence.

- The optics of acquiring advanced military technology as opposed to pure military/kinetic application.
- India is replicating China's tactics by pursuing international partnerships and relationships in an effort to acquire resources.

Elections in Indonesia

- Indonesia remains a battleground for influence between China and Saudi Arabia, yet the U.S. has remained notably absent as a mediator or influencer.

Brexit and NATO

- Brexit can harm NATO's cohesion and military readiness.
- One challenge faced by an impending Brexit is that roughly 75-80% of funding of NATO would then come from non-European nations.
- NATO's mission remains relevant and vital.
 - Russian recidivist behavior is ongoing.

Elections in Ukraine

- The U.S. must remain vigilant to combat Russian meddling in its elections.
- Ukraine remains vulnerable and its current election is critical to Ukraine's future security, status, and health.
- The U.S. has increased military support for Ukraine.

Economic and Diplomatic Challenges in Turkey

- Turkey and Erdogan are feeling pressure externally and internally.
 - U.S., E.U., ISIS, PKK, and internal politics.
 - The relationship between the U.S. and Turkey has always been challenging.
 - Turkey is caught between military conflict and economic opportunity.
- In Turkey, we see geopolitical tensions spilling over into economic impact.
- More than a million refugees remain in Turkey.
 - If Erdogan threatens to stop allowing refugees to reside in his country, Europe will ultimately absorb this population.

Russian Troops in Venezuela

- Russia, Iran, Hezbollah, and Cuba all support and prop up President Maduro.
 - This relationship allows these countries and organizations to conduct illegal activities.
- Economic pressure on Maduro from the West will not lead to his removal or resignation.
 - Venezuela's military must abandon Maduro if there is to be regime change.
- The market has become somewhat indifferent to the challenge for power in Venezuela.
- China is heavily invested in Venezuelan oil and infrastructure.
 - China is attempting to hedge its bets by reaching out to both Guaido and Maduro in order to secure its investment.
- How far will China go to protect their international investments?
 - Venezuela appears to be a test case for how aggressively China will be in protecting its global investments.

Major General (Ret.) James A. "Spider" Marks is Head of Geopolitical Strategy and Academy Securities' Senior Advisory Board Member. General Marks is the Founder and President of The Marks Collaborative, an advisory for corporate leader development, education and training and has led entrepreneurial efforts in global primary research and national security. He served over 30 years in the Army holding every command position from infantry platoon leader to commanding general and was the senior intelligence officer in the LA Riots, the Balkans, Korea, and Operation Iraqi Freedom. He culminated his career as the Commanding General of the U.S. Army Intelligence Center and School at Fort Huachuca, Arizona. He has been awarded the Distinguished Service Medal, the Defense Superior Service Medal, Legion of Merit with Oak Leaf Cluster, Bronze Star, and multiple combat, expeditionary and service ribbons. General Marks is a Master Parachutist, authorized to wear Korean and Canadian Airborne wings, Air Assault qualified, and Honor Graduate of the U.S. Army Ranger School. General Marks is a national security contributor to CNN and member of the Military Intelligence Hall of Fame.

Brigadier General Anthony J. Tata commanded combat units in the 82nd and 101st Airborne Divisions and the 10th Mountain Division. His last combat tour was in Afghanistan in 2007; he was Deputy Commanding General of the 30,000 strong combined and joint task force, where he earned the Combat Action Badge and Bronze Star Medal. General Tata is recognized as a national security expert and has been a frequent foreign policy guest commentator on Fox News, CBS News, One America News Network, and the Daily Buzz. NBC's Today Show featured General Tata's career transition from the military to education leadership, where he served as the Chief Operations Officer of Washington, D.C. Public Schools and was the Superintendent of the 16th largest school district in the nation in Wake County/Raleigh, NC. He most recently served as North Carolina's Secretary of Transportation. General Tata now writes novels and has authored six critically acclaimed and bestselling novels. He is a West Point Graduate with a Master of Arts and Sciences from the School of Advanced Military Studies, and a Fellowship at Harvard University's JFK School of Government.

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