

Drexel GPS: Geopolitical Update President Biden and Chinese President Xi Meet in the U.S. 11/16/23

President Biden and Chinese President Xi Meet in the U.S. 11/16/23

Yesterday's geopolitical backdrop was framed by President Joe Biden and Chinese President Xi Jinping meeting in San Francisco for the first time in six years. The meeting was held on the sidelines of the Asia-Pacific Economic Cooperation summit.

The two leaders discussed a range of issues, including climate change, global macroeconomic stability, health security, and global food security. President Biden emphasized the need for the United States and China to work together to address transnational challenges. The meeting was significant as it marked the first engagement between the leaders in what has been a tension-filled year between the world's two biggest economic powers.

Why was the meeting significant?

The meeting between President Biden and President Xi Jinping has geopolitical significance as it provides an opportunity for the two countries to address their differences and work towards a more stable relationship. The meeting was held amid rising tensions between the United States and China over issues such as trade, human rights, and Taiwan.

- The two leaders were looking to have a conversation where they could directly share their concerns and unlock space for further constructive engagement.
- The meeting was not expected to result in major changes to the relationship between the two nations, but the U.S. believed that the two sides would be able to make some modest announcements following their meeting.
- US officials sought a resumption of military-to-military communications and Chinese co-operation in stemming the flow of ingredients fueling the fentanyl trade in the US - and reports are that the Chinese agreed to these.
- Reestablishment of direct military-military "hotlines" is significant as it provides a much-needed mechanism to avoid direct engagements between the two countries, especially as China's aggressive and provocative military actions in the South China Sea are expected to continue to increase in scope and scale.
- With China's economy in turmoil there is a clearer pathway for follow-on discussions with the U.S. to produce some tangible results. An example of this would be for Xi to use this as an opportunity to show the U.S. his willingness to utilize his influence with Iran to curb its military-proxies from engaging in the increasing number of attacks on U.S. personnel in the region.

Why does China have influence with Iran?

For a variety of reasons-at the top of that list would be oil. China, the world's largest crude importer and Iran's top customer, bought an average 1.05 million barrels per day of Iranian oil in the first 10 months of 2023. Imports jumped this year after Tehran raised output and offered steep discounts.

Biden and Xi Meet Yesterday in California



Israel/Hamas War

Hamas has been using civilians as a shield for its operations in Gaza- but the IDF is still losing the information war in the global court of public opinion for a variety of reasons, most notably among them the images of civilian casualties.

- International condemnation of the IDF's killing of civilians in Gaza mounts and Israel refuses a ceasefire. A complete ceasefire at this point primarily benefits Hamas and is not a viable solution for the IDF nor should it be.
- The U.S. administration will increasingly find itself in a position where it will need to provide the optics that it is urging the IDF's engagement in some "tactical pauses" for humanitarian relief operations to be performed while it continues its military activities and airstrikes in and around civilian areas.
to preserve the status of its influence in the Middle East.
- In the face of mounting international scrutiny for the civilian casualties in the region Israel's position is that it must not leave Gaza until it achieves its military objectives. There are prudent steps the IDF can take to simultaneously reduce the impact on Gaza civilians, achieve its military goals, and also counter the information-warfare operations (IO/IW) by Hamas and its supporters. Among them:
 1. Apply lessons learned in 2014's Operation Protective Edge- Modern democratic militaries must increasingly confront "lawfare", using law as a substitute for traditional military means to achieve a warfighting objective when combating irregular forces such as Hamas, especially in urban terrain.
 2. Understand that precision firepower has limitations no matter how advanced, and particularly in dense urban terrain.

3. Conflict hinges on perception of success. Public support for the conflict often hinges more on perceptions of the human toll and cost of a campaign's success than the catalyst that started it. The IDF could increase its public affairs (PA) efforts to combat the pro-Hamas messaging and global perception that it is indifferent and lacks sensitivity to civilian casualties.
4. Identify gaps in military realities on the ground with their own approaches to these issues and communicate those gaps with urgency to policymakers.

- As part of that strategy expect to see an increasing number of videos and images from the IDF supporting its claims (and an established fact) that Hamas has been using civilians and hospitals as human shields/operation centers.

Hamas Operating Under Al-Shifa Hospital



Drexel GPS Assessment:

- IDF must destroy and disable the entire Hamas tunnel system that exists under Gaza before any lasting and meaningful “2-state solution” to the Palestine/Israel situation can be achieved. Hamas’s ability to operate freely under and around Gaza must be neutralized prior to any meaningful long-term resolution is reached. The war is being fought on two fronts—on the ground and in the information space.
- There is increasing regional risk that the U.S. influence over Israel is being called into question by the global audience as Israel has refused to comply with the U.S.’s request for ceasefires, humanitarian pauses etc. This sentiment should abate to an extent as the IDF moves further into Gaza and starts publicizing images and videos of Hamas headquarters located in civilian areas, hospitals, etc. If the U.S. is not viewed as having influence as it pertains to the civilian casualties in Gaza, state-actors such as Iran and Syria will use that as a rationale for increased disregard for U.S. diplomatic initiatives in the region. This would further complicate any 2-state solution or other peace talks designed to normalize Israeli relations with the rest of the Arab world. The rationale being that Israel would not necessarily abide by any U.S. brokered deal/deals.

- It should not be forgotten that while anti-Israeli sentiment exists and predates this war much of the current anti-Israel, pro-Hamas sentiment is likely part of a highly coordinated information warfare campaign designed by Hamas and its enablers as a preconceived and supporting part of the Oct 7th attack, with full knowledge that any military response by the IDF would involve civilian casualties and intended to leverage that against Israel going forward.

Hamas Tunnel in Al-Shifa Hospital



Drexel GPS will continue to monitor this situation as it develops.

Ben Downing

Director

Cyber & Geopolitical Strategy

110 East 42nd Street | New York, NY 10017

o: +1 646 412-1500 | c: +1 646-412-1500

www.drexelhamilton.com



Information regarding securities products, services, portfolios, markets, etc is not guaranteed as to accuracy, completeness, or fitness to a particular use. This is not an order entry system; please do not convey securities orders via e-mail, as Drexel Hamilton, LLC cannot be responsible for their timely handling. This communication is not intended as a solicitation for any securities transaction, nor as a final confirmation of any transaction. Drexel Hamilton, LLC reserves the right to monitor and disclose to others all e-mail communications, and cannot guarantee the confidentiality of any transmission. The information contained in this transmission is intended solely for the individual or entity to which it is addressed and may contain sensitive material. Any review, storage, re-transmission of, or taking action in reliance upon, this information by persons other than the intended recipient is prohibited. If you have received this email in error please notify the sender and delete the original. Drexel Hamilton, LLC is a member of FINRA/SIPC.