

**AMERICAN DEFENSE SYSTEMS INC. (OTC:ADES)  
2020 TO 2024  
GLOBAL MARKET ASSESSMENT  
AS OF OCTOBER 7TH, 2020**



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**AMERICAN DEFENSE SYSTEMS INC. (OTC:ADFS)****2020-2024****GLOBAL MARKET ASSESSMENT****A. INTRODUCTION**

**Planning A War Against Nature:** Daily disruptions to our economy, society, and international relations are compelling industries in the Western Hemisphere to establish new assessments, projections, and goals, for a post-COVID-19 recovery. Uncooperatively, the pandemic<sup>1</sup>, protests, oil prices<sup>2</sup>, scandals<sup>3</sup>, violence<sup>4</sup>, hunger<sup>6</sup> <sup>7</sup>, and global military challenges<sup>8</sup> have created a perfect storm of uncertainty. There is also a combination of heat waves, droughts, wildfires,<sup>9</sup> hurricanes,<sup>10</sup> floods,<sup>11</sup> and earthquakes,<sup>12</sup> adding to the general panic. Of interest also, are the prolonged debates about the virus and civic unrest that has allowed these crises to linger and merge. As the situation drags, corporations planning supplies and distribution across the American continent must *ascertain the potential lifespan of the current crisis* before any reliable business planning can be finalized.

All things considered, the phrase ‘survival of the fittest’ comes to mind. It is a phrase that originated from Charles Darwin’s evolutionary theory of how species adapt to survive a changing environment.<sup>13</sup> Darwin equated ‘natural selection’ with ‘survival of the fittest’.<sup>14</sup> Meaning, the species that adapts best to changes in the environment, will survive; and by implication, those who do not, will perish.<sup>15</sup>

We discuss ‘being able to adapt quickly’ because a significant portion of the population are still not convinced of how serious this corona virus pandemic is. On the other hand, enough of us agree that the best business plan for today is one that has honest clarity about both the present and what comes next.

**B. POST-COVID-19 MARKET RESEARCH & ANALYSIS****1.0 THE PANDEMIC**

<sup>1</sup> <https://www.cdc.gov/coronavirus/2019-ncov/index.html>

<sup>2</sup> [https://en.wikipedia.org/wiki/2020\\_Russia%E2%80%93Saudi\\_Arabia\\_oil\\_price\\_war](https://en.wikipedia.org/wiki/2020_Russia%E2%80%93Saudi_Arabia_oil_price_war)

<sup>3</sup> <https://www.transparency.org/en/news/25-corruption-scandals#>

<sup>4</sup> <https://www.nbcnewyork.com/news/local/crime-and-courts/crime-in-nyc-continues-to-plummet-amid-covid-19-but-uptick-in-murders...>

<sup>5</sup> <https://www.safewise.com/blog/covid-19-crimes/>

<sup>6</sup> <https://www.nytimes.com/2020/04/22/world/africa/coronavirus-hunger-crisis.html>

<sup>7</sup> <https://www.npr.org/sections/goatsandsoda/2020/06/14/876002404/>

<sup>8</sup> [https://en.wikipedia.org/wiki/List\\_of\\_ongoing\\_armed\\_conflicts](https://en.wikipedia.org/wiki/List_of_ongoing_armed_conflicts)

<sup>9</sup> <https://www.hrw.org/news/2020/05/20/years-forest-fire-season-could-be-even-deadlier>

<sup>10</sup> <https://www.noaa.gov/media-release/busy-atlantic-hurricane-season-predicted-for-2020>

<sup>11</sup> <https://www.climate.gov/news-features/understanding-climate/climate-change-global-sea-level>

<sup>12</sup> [https://en.wikipedia.org/wiki/List\\_of\\_earthquakes\\_in\\_2020](https://en.wikipedia.org/wiki/List_of_earthquakes_in_2020)

<sup>13</sup> Herbert Spencer first used the phrase, after reading Charles Darwin's On the Origin of Species, in his Principles of Biology (1864), in which he drew parallels between his own economic theories and Darwin's biological ones.

<sup>14</sup> "This preservation of favorable variations, and the destruction of injurious variations, I call Natural Selection, or the Survival of the Fittest." - Darwin, Charles (1869), On the Origin of Species by Means of Natural Selection, or the Preservation of Favored Races in the Struggle for Life (5th ed.), London: John Murray, pp. 91-92, retrieved 22 February 2009

<sup>15</sup> "Stephen Jay Gould, Darwin's Untimely Burial", 1976; from Philosophy of Biology: An Anthology, Alex Rosenberg, Robert Arp ed., John Wiley & Sons, May 2009, pp. 99-102.



In January 2019, the U.S. intelligence community issued its annual global threat assessment. It stated, “We assess that the United States and the world will remain vulnerable to the next flu pandemic or large-scale outbreak of a contagious disease that could lead to massive rates of death and disability, severely affect the world economy, strain international resources, and increase calls on the United States for support... The growing proximity of humans and animals has increased the risk of disease transmission. The number of outbreaks has increased in part because pathogens originally found in animals have spread to human populations.”

In September 2019, the Johns Hopkins Center for Health Security issued a report titled “Preparedness for a High-Impact Respiratory Pathogen Pandemic.” The report found that if such a pathogen emerged, “it would likely have significant public health, economic, social, and political consequences... The combined possibilities of short incubation periods and asymptomatic spread can result in very small windows for interrupting transmission, making such an outbreak difficult to contain.” The report pointed to “large national and international readiness gaps.”

In October 2019, the Nuclear Threat Initiative, working with the Johns Hopkins Center and the Economist Intelligence Unit, published its latest Global Health Security Index, examining open-source information about the state of health security across 195 nations, and scoring them. The report warned, “No country is fully prepared for epidemics or pandemics, and every country has important gaps to address.” The report found that “Fewer than 5 percent of countries scored in the highest tier for their ability to rapidly respond to and mitigate the spread of an epidemic.”

In November 2019, the Center for Strategic & International Studies published a study by its Commission on Strengthening America’s Health Security. It warned, “The American people are far from safe. To the contrary, the United States remains woefully ill-prepared to respond to global health security threats. This kind of vulnerability should not be acceptable to anyone. At the extreme, it is a matter of life and death... Outbreaks proliferate that can spread swiftly across the globe and become pandemics, disrupting supply chains, trade, transport, and ultimately entire societies and economies.”

In the last quarter of 2019, the Corona virus, which causes the respiratory infection Covid-19, was first detected in the city of Wuhan, China. The outbreak spread quickly across the globe in the first months of 2020 and declared a global pandemic by the WHO on March 11<sup>th</sup>, 2020. Governments across the world have been forced to limit public movement and close businesses and venues in a bid to slow the spread of the virus. This has had a devastating impact on the global economy.

As of the date of this report, coronavirus is continuing its spread, with more than 35 million confirmed cases in 188 countries and more than one million deaths.<sup>16</sup> The virus is surging in many regions and some countries that had apparent success in suppressing initial outbreaks are also seeing infections rise again.<sup>17</sup> The World Health Organization (WHO) has warned the global death toll could hit two million before an

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<sup>16</sup> Covid-19 pandemic: Tracking the global coronavirus outbreak; By The Visual and Data Journalism Team; BBC News; 7 October 2020

<sup>17</sup> Source: Johns Hopkins University, national public health agencies; Figures last updated 7 October 2020, 09:02 BST



effective vaccine is widely in use. Roughly one-in-ten people worldwide may have been infected, and much of the world remains at risk.<sup>18</sup>

The US has recorded more than 210,000 deaths from coronavirus, the world's highest official death toll. It has also recorded more than 7.5 million cases.<sup>19</sup> While cases, deaths and hospitalization rates have declined on a national scale in recent weeks, cases continue to rise in some states.<sup>20</sup> The outbreak has had a devastating impact on the US economy, with GDP falling by a record rate of 33% in the three months from April to June.

In Latin America, newly confirmed cases in Argentina have been rising quickly and the country now has more than 800,000 infections.

Several European countries, including the UK, France and Spain, have seen record daily numbers of new cases in recent days. A data processing issue in the UK meant nearly 16,000 cases of coronavirus were added to recent figures, and daily cases have continued to rise since then. A number of European countries have re-imposed lockdowns and other restrictions in their worst-affected regions, and there have been fresh appeals for people to wear face coverings and follow social distancing rules.<sup>21</sup>

India has driven the increase in numbers in Asia, with the official total of confirmed infections in the country passing 6.5 million, the second-highest in the world after the US. The country has, however, maintained a relatively low death rate, given the size of its population, and there are signs that cases and deaths may now have begun to decline. Cases are also continuing to rise in Indonesia and the country has recorded more than 11,000 deaths - the highest number in South East Asia.<sup>22</sup>

In the Middle East, cases in Iraq have been rising steadily since June, with the country fast approaching 400,000 cases. Israel has imposed a new national lockdown after recording a record number of daily cases in recent weeks.

Africa has recorded about 1.5 million confirmed cases, although the true extent of the pandemic there is not known as testing rates are low. South Africa is still the worst affected with almost 700,000 cases. Morocco and Egypt are the only other countries to officially record more than 100,000 cases.

Other countries that have seen a resurgence of the virus include Peru, Canada and Russia.

## 2.0 THE LIFESPAN OF THE MERGING CRISES

The good news is, the pandemic can be contained if people keep wearing masks, washing hands, and social distancing; and protests would end if the rule of law were adhered to. Even if these two solutions are not universally adopted, the worst case should be that the trillions of dollars can be directed to ensure food,

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<sup>18</sup> WHO head of emergencies, Michael Ryan

<sup>19</sup> Johns Hopkins University

<sup>20</sup> Including Wisconsin and North and South Dakota, according to the US-based Covid Tracking Project.

<sup>21</sup> the European Centre for Disease Prevention and Control

<sup>22</sup> Respective national governments and health agencies



water, housing, and electricity are provided to every citizen in every country for the duration of the crisis. It would spur a quick return to peace, employment, and productivity; and thus, ease the burden on governments; and then stabilize the global eco-social system immediately.

Finding people who are asymptomatic and yet infected with covid-19; and then, having them isolate, with strong social supports, is the second-best strategy for controlling covid-19 that is currently not being generally used. The various levels of governments seem to be mired in debates about how many covid-19 tests are needed for two prevalent scenarios: (a) handling the daily flow of new cases coming into the hospitals (“therapeutic usage”); and (b) effectively controlling the spread of the disease among the general public while everyone is free to engage in their normal activities and movement.

The bad news, therefore, is that although containing this virus and restoring peace could be easy, changing the mind of human beings is not. The virus and the violence are not so much the root of the problem, as our inability to work together to tackle them. This divide will probably prolong the lifespan of the economic crisis until another wave of disaster arrives to further the damage. A smart gambler, therefore, would bet that the current instability in the global economy will last for years.

### 3.0 THE GLOBAL IMPACT

The impact of the pandemic and protests so far, is that traditional strengths are losing ground to challenges that are faster, bolder, or more flexible. Weaknesses in the old order of multi-lateral institutions are exposed as various member states embrace protectionist policies for their own survival. More ambitious, China, Turkey, India, and Brazil have each expressed desire for new global leadership. Russia, England, France, Germany, Japan, and North Korea are desperate to remain respected, or even feared. Saudi Arabia and Iran still intend to religiously pursue conflicts; and when considering the many forever-wars still smoldering across Asia, Africa, and Central and South America, it’s hard to ignore the spreading disorder due to the nonrecognition of authorities.<sup>23</sup>

Damage to the world's major economies is thus four times worse than the 2009 global financial crisis.<sup>24</sup> The United Nations has projected that up to 265 million people could face starvation by the end of the year because of the impact of Covid-19 alone.<sup>25</sup> All of this is occurring while the world is waking up to the fact that at the end of the day, when things start falling apart, each country can only depend on what they already have secured within their own borders. This will lead to an increase in the building of storage facilities, to enhance food and pharmaceutical security. Both WHO and the World Bank are already starting to fund such initiatives. Other natural and man-made disasters will no doubt have a cumulative negative impact on global trade and the regional integration.

As each nation is determined to recover quickly, squash significant competition, and maintain previous advantages, political and economic environments will be ‘hostile’. Immigrants, migrants, refugees, and protesters are, in this context, a very near and present danger. Isolationist policies are a natural reflex, and

<sup>23</sup> an-ar-chy: (noun) /'anərkē/ : a state of disorder due to absence or nonrecognition of authority

<sup>24</sup> according to the Organization for Economic Cooperation and Development (OECD).

<sup>25</sup> UN data on populations



hence, global and regional institutions will continue to be torn into opposing camps, and several new cold wars will blossom.

***Consolidating political, industrial, and financial control will be national security priorities; and an over-reliance on technology to achieve these goals may further limit individual privacy and liberty.*** At the end of an era in which ‘globalization’ and ‘individual rights’ were more popular than these ‘nationalistic populism’, confidence in free trade and democracy, at home and abroad, is at risk.

We therefore conclude as follows: (a) global trends will not change in time to substantially mitigate the damage done by the next wave of the virus; (b) the resulting damage will be magnified by concurrent civic unrest and seasonal disasters; (c) food and healthcare supply chains will be strained; (d) poverty, hunger, and fatality rates will reach historical levels; (e) governments will continue to pursue political, industrial, and financial protectionism; (f) protests, riots, crime and violence will overwhelm law enforcement agencies; and (g) an over-reliance on technology to achieve national security goals will further limit individual privacy and liberty.

One should also expect current affairs to alter international relations for the foreseeable future. Our best estimate is that the next few years will be wrought with fierce and often violent competition between the United States on one side, and China, Russia, and Iran on the other.

#### 4.0 THE DOMESTIC IMPACT

Like many nations, the United States imposed lockdown and social-distancing measures to curtail the spread of the virus. Then, Congress approved a \$2 trillion rescue package, which included \$1,200 for each adult, \$500 for each child, and a \$600-a-week increase in unemployment-insurance payments.<sup>26</sup> The administration also created a sweeping small-business rescue plan, covering payroll for companies that kept their employees on the books.

These and other government initiatives kept families afloat for the first few months of shelter-in-place. Recent estimates suggest that the rescue plan prevented poverty rates from rising, with many jobless workers seeing their incomes increase due to the generous government payouts.<sup>27</sup>

In the first half of June 2020, under immense pressure and protests by lower-middle class and blue-collar workers, who were desperate to return to work, the American economy began reopening from the lockdown. Yet, our research leads us to conclude that at least seven major factors will hinder a speedy economic recovery (some of which are detailed further below): (a) diminishing household cashflow, (b) business closures, (c) government bankruptcies, (d) a looming healthcare crisis, (e) other crises and natural disasters, (f) global competition, politics and war, and (e) divisive domestic politics.

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<sup>26</sup> The Second Great Depression: At least four major factors are terrifying economists and weighing on the recovery; JUNE 23, 2020; by Annie Lowrey; Staff writer at The Atlantic; <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>

<sup>27</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>



**(a) Diminishing Household Cashflow:** During the Spring of 2020, the pandemic and ensuing shelter-in-place orders caused mass job loss unlike anything in recent American history. Nearly 40 percent of low-wage workers lost their jobs in March. More than 40 million people lost their jobs in March, April, or May. As of June, the unemployment rate was in the double digits. On top of that, the congressional bailout left out roughly 15 million people in immigrant families, many of whom were working essential jobs stocking grocery shelves, delivering takeout, and drawing blood in hospitals.<sup>28</sup>

Rich workers, the ones with do-anywhere office jobs, remained relatively untouched by job and earnings losses. The wealthy have seen their investment portfolios rebound to close to where they were in the winter. But poorer workers (disproportionately minorities and millennials) have borne the heaviest employment and earnings losses. They entered this recession with no wealth cushion, many saddled with heavy rents and heavy debts. Income and job losses for them translate into a loss of demand economy wide.<sup>29</sup>

When that federal intervention dries up, millions of families just keeping their head above water will sink, as lost jobs or income force them to stop paying their rent and go into arrears on their debts. Hunger, homelessness, and desperation will precede a rise in violent crimes.

**(b) Business Closures:** Economists expect that 42 percent of people recently let go will not return to their former employers. Students are not willing to pay as much for online learning as in-person instruction. Companies are not financing travel to conferences and sales meetings. Major concerts and festivals are not expected to restart until we develop a coronavirus vaccine. All told, the CBO forecasts that every quarter through the end of 2021, American consumers will buy \$300 billion to \$370 billion less than they would have if the pandemic had never happened.<sup>30</sup> Numerous businesses (airlines, restaurants, hotels, private schools, oil and gas companies) face severe cashflow crises.

When the federal intervention dries up, thousands of businesses, small and large, will lay off more workers, reduce hours, stop paying their rent, and go into arrears on their debt payments. Corporate debt and bankruptcy is expected to reach unprecedented levels in the aftermath.

**(c) Government Bankruptcies:** The federal government does not have to balance its ledger year to year, but most states, cities and towns are required to. Right now, sales taxes, transfer taxes, income taxes, commercial fines, and corporate fees, are all severely down, leaving local governments with a budget gap expected to total \$1 trillion next year. This will necessarily mean massive service cuts and job losses: namely, an estimated 5.3 million further in job losses.<sup>31</sup>

The shrinking of the government at the state and local level has already started, as Congress dithers on providing fiscal aid. For example, Michigan is facing a \$3 billion budget gap this year and a \$4 billion one next year. It has instituted a work-share plan, asking two in three state employees to accept a partial furlough. In New Jersey, the government has asked 100,000 public workers to move to abbreviated

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<sup>28</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>

<sup>29</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>

<sup>30</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>

<sup>31</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>



schedules. Schools have already let go more workers than they did during the Great Recession, with nearly 500,000 positions lost.<sup>32</sup>

**(d) A Looming Healthcare Crisis:** Some have argued that there is a trade-off between the country's economic health and its public health. It is our conclusion, however, that *failure to control the pandemic means failure to recover the economy*. The country is reopening with the disease still spreading and killing, as several states experienced a dramatic surge in caseloads. Localities might end up having to return to extreme social-distancing measures over the winter.

If that happens, if a second wave is as devastating as the first, fear and mistrust will depress consumer confidence, ruin faith in government, and millions of parents will continue supervising their children instead of committing to work. Americans will avoid doctors, bars, and sports, while offices will remain empty, crippling the industries built to support them.

Some economists are forecasting a strong rebound within months, with activity surging right back to where it was before COVID-19. This optimism ignores the inescapable effects of the 'velocity of money' which dictate that with consumer purchases at all-time lows, it will take some time to catalyze that velocity of spending back to pre-COVID-19 levels. The more conservative bet is that the pain will extend for two to three years. This is mostly because people are still frightened, Americans are still dying, and it is becoming evident that the next phase of the coronavirus pandemic is already upon us. Ending the pandemic is the only way to restore the country's wealth, health, and economic strength. But in the current political environment, supercharged by an election year, it is unlikely a consensus can be formed around any of the competing strategies to achieve that goal.

**(e) Other Crises & Natural Disasters:** The recent series of natural disasters plaguing the world, and the United States in particular, are a risk to prospects for a speedy recovery of the American economy. Before the current pandemic, protests, bankruptcies, closures, and rising debt, 115 droughts, floods, tornados, hurricanes, earthquakes, winter storms and wildfires, devastated regions across the United States between 2010 and 2019.<sup>33</sup> These natural disasters were responsible for at least \$10 billion in damage, with Texas experiencing the most loss, and Kansas, Oklahoma, Missouri and Illinois not far behind.<sup>34</sup> Hawaii was the only state that did not experience a billion-dollar disaster in the decade.<sup>35</sup>

14 different natural disasters cost the United States \$91 billion in 2018.<sup>36</sup> Eighty percent, or \$73 billion, of the total loss was attributable to just three events: Hurricane Michael in Florida, Hurricane Florence in the Carolinas, and wildfires in the West, including California. That year set a record for wildfire costs, with \$24 billion in losses. November's Camp Fire destroyed over 150,000 acres of homes and businesses in

<sup>32</sup> <https://www.theatlantic.com/ideas/archive/2020/06/second-great-depression/613360/>

<sup>33</sup> Unforgettable U.S. Natural Disasters of the 2010s: Mother Nature wreaked havoc on almost every U.S. state between 2010 and 2019. By Katelyn Newman, Dec. 27, 2019, at 8:00 a.m.; <https://www.usnews.com/news/best-states/slideshows/the-10-most-unforgettable-us-natural-disasters-of-the-past-decade>

<sup>34</sup> In October 2019, the National Centers for Environmental Information – under the National Oceanic and Atmospheric Administration – created a list of 115 natural disasters responsible for at least \$1 billion in damage in the United States between 2010 and 2019.

<sup>35</sup> <https://www.usnews.com/news/best-states/slideshows/the-10-most-unforgettable-us-natural-disasters-of-the-past-decade>

<sup>36</sup> According to a new report from the National Oceanic and Atmospheric Administration; <https://www.cnn.com/2019/02/06/natural-disasters-cost-91-billion-in-2018-federal-report.html#>



northern California alone. 2018 marked the eighth consecutive year with eight or more natural disasters that cost at least \$1 billion each.<sup>37</sup> Since 1980, the U.S. has sustained over \$1.6 trillion in losses due to natural disasters.

Even outside of the United States, American neighbors, allies, and trading partners are battling heatwaves that cause forest fires, power outages, destroy crops, strain water supplies, dehydrate humans, and reduce productivity overall. Hurricanes, cyclones and typhoons that devastate millions of lives, cause billions in damage, and leave absolute poverty behind, every year. Droughts shrink harvests, further complicating the task of feeding a global population expected to reach 10 billion by 2050.<sup>38</sup> The World Bank is warning, “if we don't do something immediately, climate change could push 100 million more people into poverty by 2030.”

As disaster causes poverty, which spreads hunger, and leads to crime, an increase in violence is almost inevitable. All of these factors at the grassroots level will linger for decades, especially when government does not throw resources at them.<sup>39</sup> Climate change and natural disasters are therefore a significant threat to economic recovery and stability, especially if the Americas are hit with another major disaster before the end of 2020.

Aside from the usual suspects with a 99.99% chance of occurrence (hurricanes, storms, earthquakes, and wildfires), there are a few more potentially catastrophic events ahead for the Americas, sooner or later:

**(f) Global Competition, Politics & War:** The unrest in Syria, the last surviving campaign of the wider 2011 Arab Spring movement, escalated to armed conflict after civilian protests were violently suppressed.<sup>40</sup> The war is being fought by several factions: the Syrian Armed Forces and its international allies; a loose alliance of Sunni rebel groups (including the Free Syrian Army); Salafi jihadist groups (including al-Nusra Front); the mixed Kurdish-Arab Syrian Democratic Forces (SDF); and the Islamic State of Iraq and the Levant (ISIL); with a number of countries in the region and beyond being either directly involved or providing support to one or another faction (Iran, Russia, Turkey, the United States, as well as others). This is the closest we have come to a full-blown third world war, and the conflict is still ongoing.

International organizations have criticized all sides involved of severe human rights violations and massacres.<sup>41</sup> The conflict has also caused a major refugee crisis that threatens the long term unity of the European Union, and with the recent news of Turkish soldiers being killed by a suspected Russian airstrike, many fear that the Syrian conflict could turn into a proxy war that engulfs Asia, Europe and Africa.

<sup>37</sup> Natural disasters cost \$91 billion in 2018, according to federal report; Published Wed, Feb 6 2019 12:03 Pm Est; updated Wed, Feb 6 2019 1:00 Pm Est, by Garmin Chappell

<sup>38</sup> World Population Prospects 2019, United Nations Organisation

<sup>39</sup> The Weather Channel examined the 2019 NCEI list and ranked the top 10 most unforgettable storms in the U.S. during the 2010s based on "the magnitude of their impacts at the time" they occurred and "their effects lingering for months or years after," such as estimated costs of damage and the number of associated deaths, according to the site.

<sup>40</sup> "Syria's civil war explained from the beginning". Al Jazeera. Archived from the original on 30 April 2017. Retrieved 29 April 2017.

<sup>41</sup> Hubbard, Anne Barnard, Ben; Fisher, Ian (15 April 2017). "As Atrocities Mount in Syria, Justice Seems Out of Reach". The New York Times. Archived from the original on 17 May 2017. Retrieved 18 May 2017.



But the worst threat on the horizon is the troubled U.S.-Chinese relationship, which raises profound questions about the shape of the emerging international order.

Since 2017, U.S.-China relations have been tested by human rights, environmental degradation, unfair trade practices<sup>42</sup>, the South China Seas, Hong Kong, North Korea, Iran, Venezuela, tariffs, spying accusations, cyber-attacks, a trade war, and now, a pandemic, oil price crash, stock market crash, economic turmoil, and a rock-throwing skirmish on the Indian border.

Surprisingly, despite these well-publicized challenges, up until recently, the American public did not see China as a threat. At the end of 2019, the loss of jobs to China was still a serious problem to 52% of Americans, but this was down from 71% in 2012. In another example, the U.S. trade deficit with China recently shrank for the first time in five years, and those who considered it a serious problem reduced from about 61% in 2012 to 49% in 2020. So clearly, there has been some resistance in the American polity to the ‘demonization’ of China for things going wrong in the American economy. One must not make the mistake of assuming that ‘anti-Chinaism’ was on the rise in America prior to COVID-19, because it was not.

That positivity, however, was negated when accusations about the pandemic’s handling magnified the voice of the 49% of Americans who believe that China’s growing military power is a substantial concern. From there, the negative views of China have continued to grow,<sup>43</sup> with roughly two-thirds of Americans claiming they now have an unfavorable view of China.<sup>44</sup> Americans also overwhelmingly believe their country leads the world militarily,<sup>45</sup> and that the world is better off with U.S. leadership as opposed to that of China.<sup>46</sup> Even young people, who were more positive toward China before the pandemic, now increasingly hold negative views and are more prone to see it as a threat to the U.S.<sup>47</sup>

Whether on purpose or by providence, a stage has been set for each side to cast aspersions on the other, ‘decouple’, and real war will be just one move away. The slow and risky process of decoupling the United States from China is already disrupting oil, shipping, warehousing, the pharmaceutical industry, global tech-flow, talent, trade, and investment between the two superpowers. The most visible of these casualties is the floundering global 5G network that would have undoubtedly been a milestone of China’s Belt & Road Initiative and solidified its place as the comptroller of the global tech industry.<sup>48</sup> American attempts to regain their footing by sabotaging the opponent not only affects trade between the two nations, but it is deepening suspicion and geopolitical tensions around the world.

Southeast Asian countries have expressed reluctance to get caught in the middle. They recognize the United States has vital interests in their region. At the same time, China is a useful and generous neighbor,

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<sup>42</sup> Americans surveyed are also more worried about China when it comes to cybersecurity and economic issues such as job losses to China and the trade imbalance.

<sup>43</sup> Nearly three-quarters of Republicans and Republican-leaning independents see China unfavorably, compared with roughly six-in-ten Democrats and Democratic leaners.

<sup>44</sup> according to a new Pew Research Center survey of Americans conducted in March, 2020

<sup>45</sup> Republicans are more likely than Democrats to see the United States outpacing China as the world’s leading economic power as well as the world’s top military.

<sup>46</sup> the most negative rating for the country since 2005, and up nearly 20 percentage points since the start of the Trump administration.

<sup>47</sup> These are among the findings of a new survey of 1,000 adults in the U.S. by Pew Research Center, conducted March 3 to 29, 2020.

<sup>48</sup> As the U.S. keeps its market closed to the Chinese telecommunications giant Huawei and raises alarms about the security of Chinese technology, about half of U.S. adults (47%) are concerned about China’s growing technological power. China has also recently overtaken the U.S. as the world’s top producer of patent applications.



especially when there are needs left unfulfilled from relations with the U.S. Asian countries, therefore, do not want to be forced to choose between the two.<sup>49</sup> Unfortunately, if Washington tries to contain China's rise, or if Beijing seeks to build an exclusive sphere of influence in Asia, then Southeast Asian nations may just have to. It is probable that a Southeast Asian Cold War would not just draw in immediate neighbors, but it would also catalyze unpredictable events as far away as North Korea, Iran, Syria and Venezuela.

The impact of all of this is that insecurity is spreading, and individuals are resorting to their basic 'survival instincts.' Most communities around America have made a retreat inward, mimicking the international institutions that have been torn into opposing camps. A new cold war has begun within domestic affairs, as the next world war is simmering on the global stage. Reinforcing domestic political and capital control are now major national security issues, while healthcare, liberty, and other immediate needs of 'main street' are not. This is 'the new normal'.

## 5.0 OPPORTUNITIES FOR ADFS INC.

Disasters, therefore, like the current global catastrophe, are opportunities to adapt and leap ahead of the competition. The eventual survivors of these modern-day purges will be those who employ broader, longer-term strategies, and "never let a good crisis go to waste."<sup>50</sup> As sure as history has taught us that dark ages breed new empires, if the world is decoupling, ADFS should rely on its rich historical experience and track record, and our exclusive access to commercially valuable holistic data, to employ bold long-term strategies and pioneer new post-COVID-19 industries exclusively for the post-COVID-19 era.

Moving forward, it is our resolve that ADFS should limit our markets to: (a) customized disaster relief for wealthy families; (b) government-continuity services; (c) mobile emergency healthcare technologies; (d) emergency warehousing and shelters; and (d) high-technology law enforcement and disaster management equipment and training.

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<sup>49</sup> The Endangered Asian Century: America, China, and the Perils of Confrontation; By Lee Hsien Loong; July/August 2020

<sup>50</sup> Rahm Emmanuel, [https://www.realcleardefense.com/articles/2020/06/01/never\\_let\\_a\\_good\\_crisis\\_go\\_to\\_waste\\_115336.html](https://www.realcleardefense.com/articles/2020/06/01/never_let_a_good_crisis_go_to_waste_115336.html)

