



Summary

Tensions have significantly risen in the past few days with the arrival of United States Speaker Nancy Pelosi to Taiwan on Tuesday 2 August, with China calling the visit “extremely dangerous.” The trip is the highest-ranking by an American politician to the island in 25 years, and comes amidst already heightened tensions between China and Taiwan. China views Taiwan as a breakaway province that will eventually be under Beijing’s control again. Chinese President Xi Jinping has previously said that “reunification” with Taiwan “must be fulfilled,” and he has not ruled out the possible use of force to achieve this goal. Taiwan meanwhile views itself as an independent country, with its own constitution and democratically elected leaders. Tensions between China and Taiwan have however been on the rise in the past year. In 2021, China appeared to increase its pressure on Taiwan by sending military aircraft into Taiwan’s Air Defence Zone, a self-declared area where foreign aircraft are identified, monitored and controlled in the interests of national security. In 2020, Taiwan made data on plane incursions public, with the number of aircraft reported peaking in October 2021, with 56 incursions in a single day. China’s announcement of military drills being held in the coming days marks a significant escalation.



Current Situation

Beijing has made its discontent about Pelosi’s visit to Taiwan clear. With China claiming Taiwan as part of its territory, its foreign minister disclosed that the visit violates China’s sovereignty. Just several minutes after Pelosi arrived in the Taiwanese capital Taipei on the evening of Tuesday 2 August, China announced that it would hold days-long military drills, which would include firing “long-range ammunition” in the waters around Taiwan. Beijing has demanded that foreign ships and aircraft not enter the zone during that period. The seas around Taiwan are busy shipping routes, with Taiwan stating that China’s actions amount to a blockade in breach of international law.

Economically, China has also retaliated by blocking the trade of a number of key products between Taiwan and mainland China. On 3 August, Chinese commerce and customs authorities said that they had halted exports of sand, a key material used in construction, and imports of Taiwanese citrus fruit and some types of fish. China’s General Administration of Customs reported that the food imports were halted due to the presence of pesticide and the coronavirus in some shipments, while the Ministry of Commerce disclosed that it had suspended sand exports in line with unspecified legal provisions. Separately, China’s Taiwan Affairs Office announced that it would prohibit mainland Chinese companies and individuals from financial deals with two Taiwanese organizations – the Taiwan Foundation for Democracy and the Taiwan International Cooperation and Development Fund. The trade measures follow a notice released on 1 August by China’s customs agency that it had blacklisted more than 100 Taiwanese food brands for failing to renew their export registration.

Nancy Pelosi left Taiwan on Wednesday 3 August, with her plane taking off from Songshan airport, ending a visit of less than 24 hours on the island. While she will continue her visit to the region, travelling next to South Korea and Japan, tensions between China and the US are likely to continue in the coming days and weeks.

Military Drills

In the wake of Pelosi’s visit to Taiwan, China announced that it would hold military drills, with the exercises beginning on Tuesday night shortly after Pelosi landed in Taiwan. China’s People’s Liberation Army announced that starting on the evening of 2 August, it would begin conducting a series of joint naval and air exercises in six regions, including in the waters and airspace to the north, southwest, and southeast of Taiwan. According to a statement attributed to



Col. Shi Yi, spokesman for China’s Eastern Theatre Command, those exercises would include “long-range live firing in the Taiwan Strait,” and “regular-guided fire testing in the eastern waters” off Taiwan. Additional separate statements released by China’s Foreign Ministry and Defence Ministry disclosed that the military actions were necessary to “resolutely defend national sovereignty and territorial integrity.” Meanwhile, the state-run Xinhua News Agency reported that the People’s Liberation Army would also conduct expanded live-fire exercises from 4 – 7 August in six different areas around the island. Unusually, a map highlighting where the drills would take place was also circulated by Xinhua, noting that the drills will occur “...in the following maritime areas and their air space bounded by lines joining:”



- 25-15.26N 120-29.20E, 24-50.30N 120-05.45E, 25-04.32N 119-51.22E, 25-28.12N 120-14.30E
- 26-07.00N 121-57.00E, 25-30.00N 121-57.00E, 25-30.00N 121-28.00E, 26-07.00N 121-28.00E
- 25-34.00N 122-50.00E, 25-03.00N 122-50.00E, 25-03.00N 122-11.00E, 25-34.00N 122-11.00E
- 22-56.00N 122-40.00E, 23-38.00N 122-51.00E, 23-38.00N 123-23.00E, 22-56.00N 123-09.00E
- 21-14.00N 121-33.00E, 21-33.00N 121-18.00E, 21-07.00N 120-43.00E, 20-48.00N 120-59.00E
- 22-43.00N 119-14.00E, 22-10.00N 119-06.00E, 21-33.00N 120-29.00E, 22-09.00N 120-32.00E

The map indicates that the drills will go far beyond the missile firings that occurred in the straits in 1996, when Beijing protested against the island’s first direct presidential election. The latest military drills also appear to infringe on Taiwan’s territorial waters, and could further increase tensions in the region. Ships and aircraft in the area have been warned against trespassing those areas for “safety reasons,” according to the statement released by Xinhua. Some of the areas overlap with Taiwan’s territorial waters, with one of the areas of the planned drills appearing to be less than 12 miles from Kaohsiung, a southern port city, according to a map released by Xinhua. On Wednesday, Taiwan disclosed that the drills violated United Nations rules, invaded its territorial space and amounted to a blockade of its air and sea, adding that it would respond appropriately. The Eastern Theatre Command reported on Wednesday that a multi-force exercise involving the Navy, Air Force, Rocket Force, Strategic Support Force, and Joint Logistics Support Force occurred in the air and sea north, southwest and southeast of Taiwan, adding that they had practiced various exercises, including simulated sea and land attacks.

The announcement of six large exclusion zones around Taiwan has the potential to turn this into a full-scale crisis and the planned military drills are the most assertive show of Chinese military power in the region since the 1996 Taiwan Strait crisis. While in the mid-90s, China fired missiles to intimidate the island, the exclusion zones at the time were well outside of Taiwan’s territorial waters. This time, three of the six zones intrude into Taiwan’s 12-mile limit. Taiwan’s defence ministry has already called the move a breach of United Nations conventions, and has said that it amounts to an air and sea blockade against the island. In the event that China were to move ships or aircraft into those areas, it would amount to an invasion of Taiwan territory, and could result in Taiwan feeling compelled to defend its own territorial waters. The US Navy meanwhile is watching China’s movements in the region very



closely and it already has the USS Ronald Reagan carrier battle group sailing in the nearby Philippine Sea. While in 1996, the US Navy dispatched two aircraft carriers close to the straits to effectively end the crisis, a similar move this time would be more complicated, given China's military growth in recent years.

Shipping

The current military drills will effectively temporarily bloc access to some commercial shipping lanes and Taiwanese ports. Port authorities in Taiwan have asked vessels to find alternative routes and to avoid areas of China's announced drills around the island. The Maritime and Port Bureau announced in a notice that ships going in and out of the seven major harbours across Taiwan, including Taipei harbour, should be aware of the drills, which are expected to run from 1200 (Beijing Time) on 4 August until 1200 (Beijing Time) on 7 August. As of Wednesday 3 August, ship mangers and shipowners reported that traffic overall through the Taiwan Strait was normal. The drills however will have an impact, with vessels likely rerouting around the eastern side of the island, rather than through the busy waterway between mainland China and Taiwan. **Any vessels due to transit this region in the coming days is advised to keep abreast of the current situation and to adhere to all warnings, including avoiding the above indicated coordinates.**

Consequences

While China's response is not surprising, notably in announcing that military drills will be carried out, it remains to be seen whether these drills will enter Taiwanese territory, and to what extent. It also remains to be seen how both Taiwan and the United States respond to these military drills. So far, Taiwan's defence ministry has disclosed in a statement that it would "respond appropriately in time," as it accused China of "unilaterally undermining regional peace and stability." On Tuesday 2 August, Taiwan's defence ministry reported that 21 Chinese aircraft had entered Taiwan's defence zone. What is evident is that Pelosi's visit to Taiwan effectively places China in a difficult position of balancing between demonstrating regionally and international a resolute and sweeping response while also avoiding a full-blown conflict.



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