



Goodbye Hong Kong

Risk Management



Stirling Larkin, CIO

Events of the past fortnight evidence China's acceleration towards irredentism – the desire to reassimilate the territories lost during colonialism – reining in Hong Kong's tributary suffrage, escalations towards a full-blown *Russian-style* disinformation campaign against Vietnam and South Korea and shoring up a war-footing readiness by conducting small nuclear tests at its **Lop Nur** site, reported by the [Wall Street Journal on Thursday](#).

Beyond the political, social and ethical considerations afoot, the clear and present threat of a **hot war** in the Indo-Pacific can no longer be ignored and the imminent economic fallout will dwarf the financial impairments currently wielded by the [Corona Crunch](#).

This weekend, fifteen prominent pro-democracy lawmakers in Hong Kong were arrested during COVID-19 home quarantine, portending a new wave of authoritarian suppression intended to eliminate any upcoming opposition to a reintroduction of [Hong Kong's Basic Law Article 23](#).

A reintroduction of Article 23 could immediately place Australia's wealth and superannuation management industries further into jeopardy, with the redefinitions of sedition, theft of state secrets and the nebulous prohibition on, "*foreigners conducting political activities or ties*" – would this then include Australian superannuation institutions' investments in Japanese renewable energy projects? Bloomberg, Refinitiv, IRESS or FactSet datasets regarding Taiwan stored on regional servers, almost all of which remain today in Hong Kong? Australian Red Cross donations intended for Tibet or Uighur minorities?

Cite:- [Hong Kong Affects Backend Of Australian Wealth Management](#), 4 December 2019

Cite:- [Risk Management In The Event Of War With China](#), 6 November 2019

In response to US assertions in the Indo-Pacific during March and summarised for you within our [Anticipating China's Second COVID-19 Wave](#), 29 March Update, in response to the USS McCampbell Guided-Missile Destroyer's passage through the Taiwan Straits and President Trump's TAIPEI Act, signed on Thursday 26 March, China has likely restarted underground small nuclear tests at its **Lop Nur** site, contravening the zero-yield nuclear-weapons testing ban, prohibited under the



Comprehensive Nuclear Test Ban Treaty of 1996, which was never formally ratified.

It is also suspected that Russia has also violated the treaty with secret low-yield nuclear tests in the Arctic.

The kaleidoscope of these events is not coincidental, they are directly inline with Beijing's indignation regarding continued foreign interference with regards to Taiwan.

Cite:- [Taiwanese War & Markets Fallout](#), 30 January 2019

Cite:- [Taiwan's Looming Crisis Is A Much Bigger Threat Than Markets Realise](#), 20 June 2018

Issuing two strongly-worded statements over two days, the spokesperson of the Commissioner's Office of the Chinese Foreign Ministry in Hong Kong urged the governments of Britain and United States to stop meddling in the city's affairs, which he said were completely China's internal matters.

Apart from Britain and the US, the arrests on Saturday also aroused criticisms from the Australian government, an international bar association and the [United Nations Special Rapporteur on the rights to freedom of peaceful assembly and of association](#).

Cite:- [Defence Complex Investments](#), 4 July 2018

While these complicated disturbances and concatenation of escalating belligerents continue, As [first reported by the Times of India](#), on 20 March, the Indo-Pacific "Quad" countries—Australia, India, Japan, and the United States—met via video teleconference to help each other amid the coronavirus pandemic.

Interestingly, these like-minded democracies in the Indo-Pacific added several other, non-Quad, countries to the call, including New Zealand, South Korea, and Vietnam.

Cite:- [South Korea Has Been Overlooked By Investors For Too Long](#), 15 November 2017

This "*Quad Plus*" met again on 27 March at the vice-ministerial level and the group discussed not only coronavirus remedies

but also how to revive their economies once the threat subsides.

The current plan is for the *Quad Plus* to convene on a weekly basis and remain focused on its original longer-term mission, which is to signal unified resolve to counter China's growing assertiveness in the Indo-Pacific.

Since the *Quad's* resurrection from a decade-long hiatus in November 2017, the group has met twice per year (no times in person this year yet) and has emphasised maintaining the liberal rules-based international order, which China seeks to either undermine or overturn.

However, South Korea continues to face Sino harassment, with a concerted disinformation campaign led by China's **Great Firewall** digital army, after the South Koreans in March 2017 allowed the American deployment of Terminal High Altitude Area Defense (THAAD) launchers in South Korea to defend against North Korean projectiles.

[China's retaliation crushed the South Korean economy—the effects of which still linger today](#).

Vietnam would make an excellent addition to a China-focused *Quad Plus*, however, Vietnamese leaders are unlikely to go along with *Quad Plus* unless Chinese assertiveness in the South China Sea dramatically ramps up and forces Hanoi's hand.

Vietnam in general is likely to steer clear of unnecessarily antagonising its much larger and more powerful neighbour after a decade of real economic and cyber bullying.

In the meantime, Vietnam's Three Noes defence policy—no alliances, no foreign bases on Vietnamese territory and no aligning with a second against a third country—significantly constrain Hanoi's ability to participate in a group aimed at countering China.

[China's Totalitarian warpath](#) is not only evidenced, Chinese leaders are not shy about asserting their ambitions.

Australia during this first year of the **Roaring 2020's** has already been confronted with the largest bushfire in recorded human history, a *once-in-a-century* viral pandemic and it's [first technical recession in twenty-nine years](#).

If Australians assessed these challenges as confronting, a **hot war** with China would overshadow these challenges by a multiple not worth speculating.

Australian solidarity with the plight of Hong Kongese is not only an ethical imperative, it's an economic and financial desideratum as well. ■

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