



# AKE International

## Special Report — Hong Kong SAR

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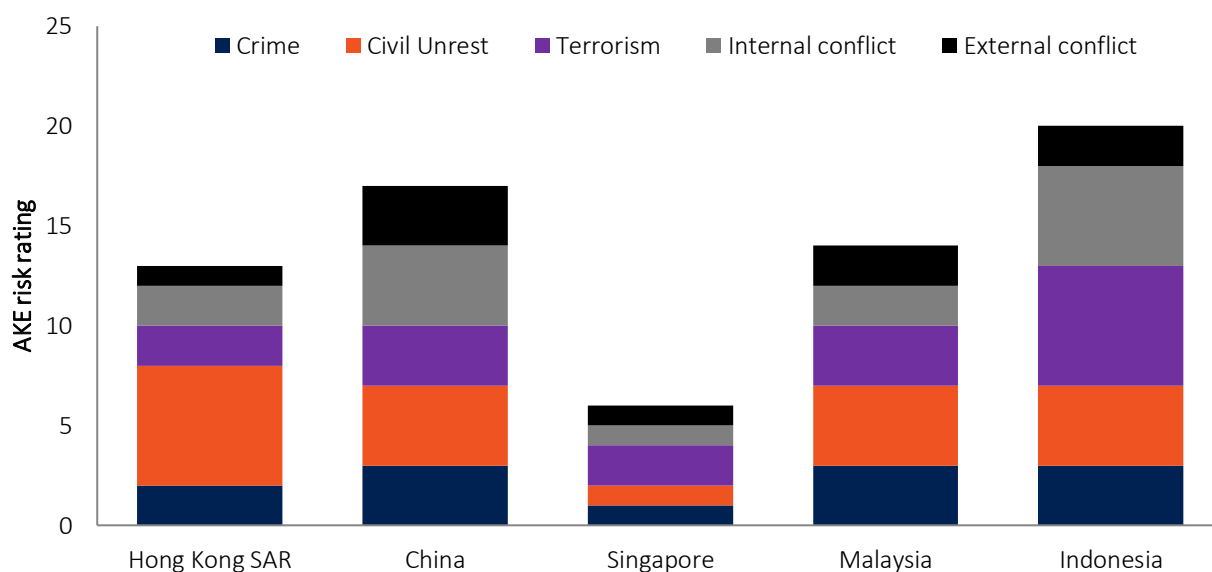
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## 1. OVERVIEW

- AKE's Special Report examines the evolving security situation in Hong Kong SAR, which has fallen into a protracted period of chaotic unrest triggered by a proposed extradition bill that would have allowed extraditions of Hong Kong residents to mainland China.
- The report aims to provide a comprehensive and detailed overview of the Hong Kong protests to a widescale audience, ranging from avid followers of Hong Kong news to individuals and entities with business interests in the city.
- The report is divided in two main areas. First, after country risk rating comparisons and key points, sections 3 to 7 focus on Hong Kong's current security environment, as well as on risks and mitigation advice. The latter sections then expand on Hong Kong's security outlook, including projections and best- to worst-case scenario analysis. The likelihood of Beijing directly intervening by deploying armed forces to forcefully shut down the protests is thoroughly examined.

## 2. COUNTRY COMPARISON



AKE's 1-100 security risk ratings are objective measures of the level of risk in any given country. Sub-ratings for individual risks are updated in real time in response to changing dynamics in the global security environment, and these are in turn used to calculate overall country ratings.



### 3. SUMMARY

#### KEY POINTS

- Hong Kong Special Administrative Region (SAR) has undergone weeks of violent anti-government protests since June. On 26 August the protests reached the 79-day mark, the point at which the 'Occupy Central' movement in 2014 came to an end.
- Demonstrations are varied in terms of strategy and protester tactics. The security force response has been stepped up since the first clashes between police and protesters erupted in June. Violent clashes between protesters and members of the security forces now take place on a regular basis.
- A division has emerged between those who remain vehemently anti-China and furious at Hong Kong authorities, and those who have had enough of the disruption caused by the protests or are fearful of the consequences. This has resulted in violent clashes between civilians from opposing groups.
- Incidents have spread beyond the traditional hotspots of Wan Chai, Admiralty, Causeway Bay, or even Mong Kok in Kowloon, with 13 of the Hong Kong's 18 districts having been exposed to some form of unrest over the last weeks.
- While for the most part it is 'business as usual' for Hong Kong residents, there are risks to the general public as well as to media personnel covering the protests.
- Beijing has upped the ante, issuing statements ranging from explicit warnings to thinly veiled threats such as a video clip of a military drill quelling a protest in Hong Kong and deployments of paramilitary forces to neighbouring Shenzhen.
- There is potential for further escalation in the immediate term. After a brief reprieve with peaceful rallies held on 17-18 August, protests on the weekend of 31 August-1 September brought some of the worst violence seen since major unrest broke out in June.
- The security situation is expected to eventually de-escalate in the long-term, but Hong Kong will suffer longstanding – although not fatal – political and economic consequences in the wake of the protests. The likelihood of renewed phases of unrest in the future is high.
- Prospects for an end to the turmoil remain uncertain. There are several conceivable scenarios, ranging from best- to worst-case. The more likely and best-case scenario is that after an escalation of violent unrest in the immediate term, protests begin to fizzle out.
- The likelihood of Beijing directly intervening by deploying armed forces to forcefully shut down the protests – the worst case-scenario – should not be overstated as this would be counter to China's interests. However, Hong Kong police have been given unconditional support from Beijing and carte blanche to suppress unrest without subsequent punishment.

## 4. THE PROTESTS

### FORM

- **Background:** The unrest in Hong Kong has so far involved large rallies, marches organised by the Catholic community, violent clashes with security forces, violent clashes with activists from opposing camps, road and public transport disruption, sit-ins at Hong Kong International Airport (HKIA), city-wide strikes and student boycotts. A regular pattern has emerged in which protests held during the day deteriorate into violent clashes with security forces and between opposing civilian groups at night.
- **Demands:** The protesters' five demands include:
  - The withdrawal of the highly contentious extradition bill;
  - The resignation of Chief Executive Carrie Lam;
  - The retraction of the government's characterisation of the violent clashes as 'riots';
  - A full independent inquiry into allegations of police brutality;
  - The unconditional release of detained protesters.
- **'Urban Warfare':** The protests on 24-25 August have been described as 'urban warfare'. Protesters armed with cudgels and Molotov cocktails clashed with security forces in several locations across the city. The police response was unprecedented; a warning shot was fired and, for the first time ever in Hong Kong, water cannons were used to disperse the crowds.
- **'Be Water' strategy:** To carry out acts of civil disobedience, Hong Kong protesters have moved away from previous 'occupy' strategies as seen during 'Occupy Central' in 2014. The Hong Kong government did not cede and the movement ended in failure. The new protests are aimed at wearing authorities down by draining energy and resources from the security forces. The tactics observed in recent weeks are borrowed from Kung-Fu movie star Bruce Lee, who advised "Be formless, shapeless, like water".
  - **High mobility:** Protesters are anonymous, spontaneous, flexible, evasive and seemingly directionless.
  - **Flash mob strategy:** Protests are erupting in multiple locations within a short period of time and without warning. The main body of protesters tends to split into different groups and participants play cat-and-mouse with security forces: they create chaos in a contained location to draw out police before moving on to another target location.
- **Locations:** Incidents have spread beyond the traditional protest hotspots in Wan Chai, Admiralty, Causeway Bay, and Mong Kok in Kowloon, to which the protests in 2014 remained confined. Unrest has been reported at tourist attractions, major transport hubs, shopping malls and in residential neighbourhoods, including the more rural ones in the northern New Territories. So far, protests and/or clashes have erupted in 13 of Hong Kong's 18 districts. Popular protest locations include:
  - The Legislative Council (Legco) building and Central Government Complex area;
  - Government House;

- Hong Kong Liaison Office;
  - Police Headquarters;
  - The Court of Final Appeal;
  - The People's Liberation Army (PLA) building;
  - West Kowloon station;
  - Open grounds such as Victoria Park, Tamar Park, Chater Garden and Southern Playground.
- **Leaders:** The protests remain leaderless so as to prevent a crackdown on organisers, as it happened during and after the 2014 'Occupy Central' movement. However, authorities are now arresting protesters *en masse*. As of 3 September, 1,117 people had been arrested for their involvement in protests, while at least 44 people had been charged with 'rioting', a crime that carries a maximum penalty of 10 years in prison.
  - **The protesters:** As shown by the mass turnout at the unauthorised rally on 18 August, at least 1.7 million Hong Kong civilians continue to support the movement. However, polarisation within the protest movement is intensifying, leading to violent clashes between rival groups.
    - **The moderates:** The majority of protesters continue to demand the government meet their five main demands through peaceful action.
    - **The radicals:** A small but growing number of anti-government protesters have turned to violence and severe disruption to achieve their goals.
  - **Dress codes:** Anti-government protesters are usually dressed in black, wearing surgical masks, goggles and yellow construction helmets. Pro-China groups – including the suspected triad members who attacked anti-government protesters returning from the city centre at Yuen Long MTR station on 21 July – are usually dressed in white and armed with metal/ bamboo rods.

## TACTICS

- **Acts of civil disobedience:** Protesters have caused mass disruption in the city, blocking major thoroughfares and transport infrastructure. They also express their opposition to the Hong Kong government and Beijing's influence on the territory through acts of both peaceful non-cooperation and violence targeting property and police.
  - **Strikes and acts of non-cooperation:** This tactic was witnessed in full swing for the first time on Monday 5 August, when a city-wide mass strike took place. Civil servants, drivers, teachers, construction workers and others missed work to join rallies around the city – the first general strike in Hong Kong in over 50 years. Swathes of the city were paralysed, more than 200 flights were cancelled and several lines of the MTR, the rail network serving Hong Kong, were suspended.
  - **Roadblocks:** Protesters have erected barricades made from dismantled metal railings, public bin receptacles, bricks and umbrellas to obstruct traffic on major thoroughfares such as Harcourt road and the Cross-Harbour Tunnel.

- **Rail service disruption:** Groups of protesters have caused severe disruption at major MTR stations and on the Airport Express line. Tactics include crowding station platforms to prevent commuters from boarding trains, obstructing train doors by positioning objects or lying down across the door area, and vandalising control rooms and other infrastructure. Disruptions has caused heated verbal exchanges with commuters as well as low-level scuffles.
  - **Sit-ins:** While sit-ins have become a dated act of civil disobedience in Hong Kong, this nonetheless was the tactic used during a planned protest at HKIA. Thousands of protesters have staged sit-ins in the arrivals and departures halls of HKIA to draw international attention to the contentious extradition bill and police violence against protesters.
  - **Student boycotts:** An estimated 10,000 students from 200 schools are believed to be participating in a school boycott of the first two weeks of the academic year, which started on 2 September.
  - **Arson:** Protesters have set fires on major thoroughfares, in commercial areas and outside police stations. Items set on fire include garbage bins, umbrellas and other miscellaneous items found on the street.
  - **Projectiles:** Protesters have dug up bricks from the street and hurled them at security forces, police stations, and vehicles attempting to drive through roadblocks. Other projectiles include iron rods, glass and petrol bombs. Some protesters have been seen using elastic ropes to create slingshots.
  - **Laser pointers:** Protesters have on multiple occasions pointed lasers beams into Sham Shui Po police compound, the scene of several confrontations in August.
  - **Vandalism:** Protesters have vandalised multiple buildings, street infrastructure, statues and monuments, Bank of China ATMs, MTR stations and other assets believed to represent mainland Chinese influence over the territory.
  - **Attacks on biased media groups:** There have been cases where reporters accused of bias have been attacked and assets damaged. For example, protesters smashed up a TVB News van in Kwun Tong, while pro-China elements attacked a Truth Media Hong Kong (TMHK) reporter in Tai Po.
  - **Catholic hymns and rallies:** Hong Kong's Catholic community has also participated in the protests. There have been several candlelight vigils and marches calling for peace amid Hong Kong's political unrest.
  - **Clashes:** Violent clashes have been reported almost systematically alongside acts of civil disobedience.
    - **Security forces:** Clashes between protesters and members of the security forces are frequent. Protesters arm themselves with umbrellas, bamboo sticks, metal poles, firebombs and, in more recent cases, Molotov cocktails, and directly confront police equipped with riot gear.
    - **Triads:** Suspected pro-Beijing triad members attacked protesters at Yuen Long MTR station on 21 July. Beijing appears to be using its non-state supporters on the ground – civic groups and criminal organisations – to press its Hong Kong agenda.
    - **Opposing civilian groups:** There has been as spike in clashes between protesters and mobs armed with metal/ bamboo poles and other improvised weapons, as was the case on 5 August in North Point. Civilian groups that are either pro-China or simply tired of the continuous unrest and disruption have directly confronted anti-government protesters.
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- **Frustrated residents:** There are concerns over growing tensions between protesters and some Hong Kong residents who support neither the violence nor the protracted disruption and/or fear that the protests will draw retaliation from Beijing. There have also been cases of frustrated drivers ramming through crowds of protesters who had set up roadblocks.
  - **Agitated travellers:** Scuffles were reported between protesters and frustrated air passengers at HKIA on 13 August.
- **Protection:** Protesters have used various tactics to shield themselves from tear gas, confuse security forces and to protect their identity.
  - **Neutralising tear gas:** The latest anti-tear gas tactic involves using a traffic cone to stop gas from spreading. When a tear gas shell lands among the crowd, small mobile teams of ‘firefighters’ race in to cover the shell with the traffic cone, before putting it out with water. Protesters are also countering the spread of tear gas by using liquid nitrogen to turn shell contents into solid form. Perhaps counter-productively, this has resulted in the increased use of tear gas by security forces.
  - **Laser pointers:** Laser pointers emitting green and blue beams of light have been used widely during confrontations to confuse police officers and deter passers-by from taking photographs that might help identify protesters.
- **Communication:** While the protests appear directionless, they are in fact highly organised, with protesters using various strategies to communicate.
  - **AirDrop:** Rather than using Telegram, which was shut down shortly after the unrest erupted, protesters have turned to peer-to-peer technologies like Apple’s ‘AirDrop’ feature, which uses Bluetooth rather than mobile data or Wi-Fi. Protesters use AirDrop both to coordinate the protest movement and to spread unsolicited information about the movement among the broader community. Prior to protests, Hong Kong activists remind each other to turn on AirDrop.
  - **Sign language and supply chains:** Protesters have developed a unique system of hand signals to send messages through the crowd about what equipment they need to protect themselves from the security forces. From helmets to umbrellas, eye masks, saline solution and pliers, Hong Kong protesters have at least 12 hand signals to communicate with their peers. They form human chains to pass along the items, and some protesters serve as runners to get urgently needed supplies to the frontline.



## KEY DATES

## SCHEDULED PROTESTS

- **2 September – 3 September, multiple locations:** General strike with students and workers from at least 20 different sectors expected to participate.
- **2 September – 13 September:** Student boycott of lectures in order to sustain the protest movement.

## FLASHPOINT DATES

- **28 September:** Fifth Anniversary of the 'Occupy Central' movement, which began on this day in 2014;
- **1 October:** 70<sup>th</sup> Anniversary of the founding of the People's Republic of China (PRC);
- **Month of October:** Resumption of Legco sessions

## 5. SECURITY FORCES

### RESPONSE

- **Reputation:** The 34,000-member Hong Kong Police Force has long been considered “Asia’s finest”, but its use of force to combat the protest movement has eroded its reputation. About 600 arrests had been made as of early September, and police have been accused of harassing journalists and passers-by as well as protesters. It should be noted that some senior members of the police force are British. They have been seen directing subordinates to confront protesters with crowd control equipment such as tear gas.
- **Escalation:** The security force response to the unrest in Hong Kong has escalated significantly since 12 June, when security forces fired tear gas and rubber bullets against protesters for the first time since the protests erupted. On 25 August water cannon, which had never been used before in Hong Kong, was fired to disperse the crowds. It has been used on multiple occasions since, including blue dye to mark protesters. Since 25 August police have also begun to fend off mobs of protesters by firing warning shots.
- **Anti-police anger:** Anger against police has also escalated in the wake of the 21 July incident, wherein suspected pro-Beijing triad members attacked protesters and commuters at Yuen Long MTR station. Critics accused police of delaying their response, allowing the gang to carry out the beatings. Activists are also increasingly accusing police of inflaming protester rage by using excessive force. Tear gas has been used inside malls, train carriages and in residential areas, leading to collateral damage, while countless videos of police officers beating subdued protesters or aiming for their heads with rubber bullets have gone viral.
- **Face of the government:** Police themselves have become targets of angry protesters and residents, as shown by the direct attacks on police stations and police dwellings. The targeting of the police is further exacerbated by the fact that the force has become the most visible face of a Hong Kong government that has kept a low profile since protests escalated in June. Police officials are now hosting daily news conferences, while Chief Executive Carrie Lam has made only occasional public appearances and statements.
- **Motivation:** Authorities in Beijing are pressuring Hong Kong security forces to get tougher to resolve the crisis. Essentially, authorities in Hong Kong appear to have been given carte blanche to suppress the unrest without subsequent punishment.

### TACTICS

- **Crowd control tactics**
  - **Brutality:** Security forces have been accused of using excessive force to quell unrest. Police in riot gear armed with batons have been seen charging at crowds in enclosed areas such as shopping malls and beating subdued protesters. Police have also been accused of verbally, physically and sexually assaulting protesters.
  - **Kettling:** To counter protester tactics, police are attempting to keep protesters stationary and sap their morale by massing around them, a technique known as ‘kettling’. This police tactic is considered dangerous as it prevents people from leaving, and risks fuelling violent clashes between protesters and police.

- **Restraint:** Hong Kong police have at times exercised a controlled approach to avoid bloody clashes, including when protesters rampaged through the Hong Kong Legislative Council building on 1 July. However, some have called the approach a 'PR show' after officers were accused of using excessive force against protesters in June.
  - **Crowd control equipment:** While non-lethal if used correctly, some of the below equipment has been used at close range and, despite poor visibility due to tear gas smoke, it has increased the risk of serious injury or death.
    - **Pepper spray:** Pepper spray is a non-lethal chemical agent that irritates the eyes, nose and throat. It is used frequently to disperse crowds.
    - **Pepper balls:** Also called pepper-spray projectiles, they can be fired from guns and have the same subduing effect as pepper spray. Pepper balls were used in Hong Kong for the first time on 12 June.
    - **Sponge grenades:** This is a non-lethal plastic projectile with a foam rubber nose that resembles rubber bullets. They are designed to cause blunt pain to temporarily disable or confuse its target. Being hit by a sponge grenade from within 10 metres could cause severe injury or even death. Their use for riot control was publicly mentioned for the first time in July.
    - **Rubber bullets:** Properly known as rubber baton rounds, they are another non-lethal method of crowd control which can cause serious injury or death if used inappropriately. They are more lethal than sponge grenades because they are harder and smaller.
    - **Bean bag rounds:** Also known as flexible baton rounds, these non-lethal weapons consist of a small fabric pillow filled with about 100 lead pellets weighing about 0.04kg. They are designed to temporarily incapacitate or disable their target but can cause permanent injury if shot at the head. A woman who suffered a severe eye injury after being shot in the face by a beanbag round on 11 August has been made an icon by protesters.
    - **Tear gas:** Tear gas, formally known as 'lachrymator', irritates the eyes, causing a burning sensation and tearing. Police have fired thousands of rounds of tear gas since the beginning of the protests, sometimes aiming directly at heads and spinal cords. Tear gas has also been used in confined areas and densely built up residential areas, with reports of local residents inside their flats being affected. As with all non-lethal weapons, there are risks of permanent injury or death when tear gas is used inappropriately.
    - **Water cannons:** Water cannons were deployed against protesters for the first time on 25 August. Water cannons with blue dye in the liquid mixture were used for the first time on 31 August. The practice seeks to mark individuals for identification later, and can lead to unwarranted harassment or detention after the event. The water may also be enhanced with a range of other additives such as chemical irritants.
    - **Guns:** Since 25 August police officers have started to engage in the practice of firing gun shots skywards in an attempt to disperse crowds. Officers who have so far engaged in the practice said they felt their lives were in danger when mobs of protesters surrounded them.
  - **Injunction orders:** Both the Airport Authority and MTR Corporation have secured injunction orders to ban demonstrations on their premises. The injunctions effectively shift enforcement from police to the court bailiffs to maintain order.
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- **Prosecution:** Beijing has repeatedly said that Hong Kong protesters should face harsh punishments for breaking the law. Mainland authorities will likely support Hong Kong authorities to carry out mass police operations against suspects.
  - **Stop and search:** Hong Kong police are carrying out ID checks to identify protesters, a practice which may result in investigation or arrest at a later stage. Failure to present a valid ID is an offense under Hong Kong law. Police also have the right to inspect the external components of phones, to look at fingerprints etc.
  - **Arrests:** On 2 September police said 1,117 people have been arrested since June, including high-profile pro-democracy and pro-independence activists. Mass arrests were stepped up in August, although the move could prove counterproductive by radicalising protesters.
  - **Severe charges:** At least 44 people have been charged with ‘rioting’, a sentence that carries a maximum prison sentence of 10 years. The rioting statute was introduced by the British in 1967 to quell leftist riots in Hong Kong, and as such is outdated and overreactive. The charges represent a shift for the Hong Kong government, which had initially resisted employing the powerful statute.

## 6. RISKS

### GENERAL PUBLIC

- **Attacks:** There is a risk of being caught up in attacks by civilian and criminal groups. The attacks carried out by suspected triad members at Yuen Long MTR station on 21 July targeted protesters, commuters and bystanders indiscriminately.
- **Clashes:** There is a real risk of becoming caught up in violent clashes among civilians of opposing groups and between protesters and security forces, particularly at unauthorised protests. These have erupted in residential areas, such as North Point, where members of the Fujianese community clashed with anti-government protesters, forcing locals and passers-by to run for cover.
- **Vehicle ramming:** There is a risk of death or injury due to the potential for frustrated drivers to ram into crowds of protesters and roadblocks. There have been at least two incidents when cars have rammed into roadblocks or crowds of protesters, injuring one person.
- **Police brutality:** Bystanders suspected of taking part in the protests have reportedly been physically and verbally assaulted by police carrying out stop and search operations.
- **Travel disruption:** The protests and city-wide strikes have caused severe disruption in road and public transport infrastructure. Road and rail access to HKIA was blocked on 1 September, forcing travellers to travel to the airport by foot. There also remains a high risk of disruption to air travel, including widespread cancellations affecting travel in and out of Hong Kong.

### MEDIA PERSONNEL

- **Attacks:** There is a risk of journalists being targeted in attacks by civilian and criminal groups. Journalists have been attacked for being perceived to be biased towards one side or another. There is also a risk of being affected by indiscriminate attacks, such as the attacks carried out by suspected triad members at Yuen Long MTR station on 21 July.
- **Clashes:** There is a real risk of becoming caught up in violent clashes among civilians of opposing groups and between protesters and security forces, particularly at unauthorised protests.
- **Vehicle ramming:** There is a risk of death or injury due to the potential for frustrated drivers to ram into crowds of protesters who have set up roadblocks. There have been at least two incidents involving cars ramming into roadblocks or crowds of protesters, injuring at least one person.
- **Police brutality:** Journalists have sustained injuries after being caught up in security force operations to quell unrest and disperse crowds using crowd control tactics and equipment.
- **Travel disruption:** The protests and city-wide strikes have caused severe disruption in road and public transport infrastructure. Road and rail access to HKIA was blocked on 1 September, forcing travellers to travel to the airport by foot. There also remains a high risk of disruption to air travel, including widespread cancellations affecting travel in and out of Hong Kong.
- **Legal:** Journalists may be caught up in mass police operations aiming to arrest people for 'rioting' and the lesser offence of 'unlawful assembly'. Journalists may be arrested for trespassing.



## 7. RISK MITIGATION ADVICE

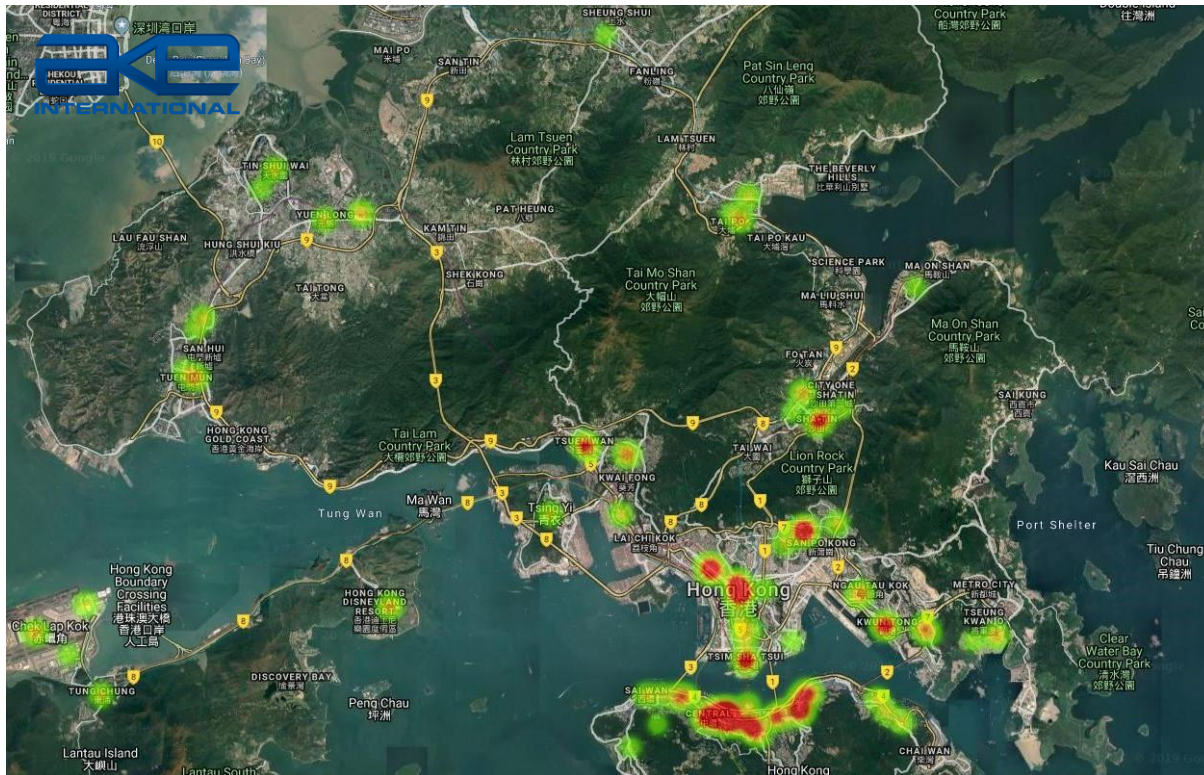
### GENERAL PUBLIC

- Stay up to date with current events by monitoring media outlets and social media to stay aware of planned protests and other local developments.
- Avoid all strikes, protests and demonstrations as they can involve poor crowd control and may turn violent at short notice. Prepare for associated business and transport disruptions.
- If travelling by air, check with your airline and allow ample time to get reach HKIA, particularly on the days when there are protests and strikes within or near the airport.
- Remain vigilant in and around areas where acts of civil disobedience are taking place. Move away quickly to a safe place if there are signs of disorder.
- Avoid wearing black upper clothing as this could be used to identify you as an anti-government protester, making you a target of white-clad pro-China civic and criminal groups. Conversely, white clothes may make you a target of protesters.
- Do not walk away, question or be reluctant to comply when asked by security forces to produce a Hong Kong ID or valid national ID. Authorities have the right to search if you do not comply.

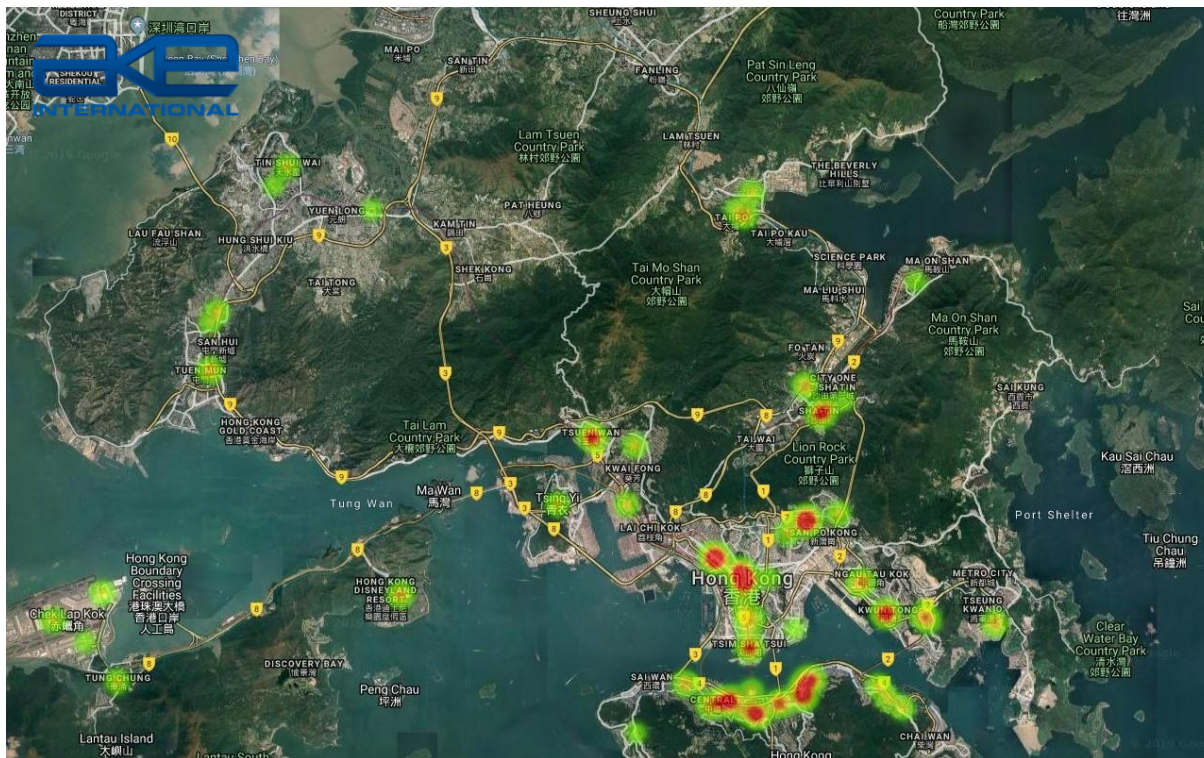
### MEDIA PERSONNEL

- Stay up to date with current events by monitoring media outlets and social media to stay aware of planned protests and other local developments.
  - Prepare for business and transport disruptions. If travelling by air, check with your airline and allow ample time to get reach HKIA, particularly on the days when there are protests and strikes within or near the airport.
  - Remain vigilant in and around areas where acts of civil disobedience are taking place. Move away quickly to a safe place if there are signs of disorder.
  - Remain vigilant in and around areas where demonstrations are taking place. Move away quickly to a safe place – such as into a building or to the side of the crowd - if signs of disorder emerge. It may be preferable to find a higher vantage point to cover the protests rather than moving into the crowds.
  - Be prepared to evacuate protest areas by road. Ensure your vehicle is ready to depart at short notice if the situation turns violent or becomes threatening.
  - Do not walk away, question or be reluctant to comply when asked by security forces to produce a Hong Kong ID or valid national ID. Authorities have the right to search if you do not comply.
  - There is no requirement under Hong Kong Law that journalists must wear press cards or press IDs. However, it is in the best interest of journalist personnel to wear one if one is available.
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## 8. MAPS AND CHARTS



**Map 1:** Protests since 1 June 2019 – Source: AKE's Global Intake



**Map 2:** Protests since 1 August 2019 – Source: AKE's Global Intake

## 9. PROJECTIONS

### SHORT-TERM

- Protests and violent clashes will continue across Hong Kong Island, Kowloon and the New Territories over the short-term.
- There will be an increase in the frequency and intensity of clashes between opposing civilian groups. Criminal and civic groups that do not support the protests or have close ties to Beijing will be the main instigators of violent attacks on protesters.
- North Point, Sham Shui Po, Mong Kok and Wong Tai Sin will remain flashpoint areas for clashes and mob violence. University campuses and schools may become flashpoint locations for unrest as the academic year resumes in September and amid plans for a two-week student boycott of lectures.
- Security forces are expected to step up stop and search activities, as well as mass arrests for 'rioting' and the lesser offence of 'unlawful assembly'.
- There is potential for further disruption at major transport hubs such as the airport and the MTR. Road and rail access to HKIA may be blocked off. Flight cancellations and delays should be expected and will affect travel in and out of Hong Kong.
- There will be further mass strikes across multiple sectors. Previous strikes resulted in severe road and transport disruption, with MTR, Citybus and Airport Express services facing suspensions and major delays. Flights were also subjected to delays and cancellations. Violent clashes have accompanied previous strikes on 5 August and 2 September.
- Scrutiny of foreign individuals entering mainland China from Hong Kong will increase. There have been multiple reports of Chinese border officials detaining journalists and searching their digital devices when travelling between Hong Kong and the mainland.

### LONG-TERM

- Although the security situation will eventually de-escalate, the protests will have a longstanding impact on Hong Kong. The likelihood of renewed phases of unrest over the city's identity and status is high.
- The long period of protests and associated violence will be hard to ignore for both Hong Kong residents and leaders in Beijing going forward. This may lead to the erosion of certain freedoms in Hong Kong at a quicker pace than would have otherwise been the case.
- The backlash triggered by poor decision-making within the Hong Kong government coupled with a failure to contain the unrest has demonstrated to Beijing that Hong Kong is incapable of governing itself. This will inevitably lead to a tightening of Beijing's grip on the territory.
- The protests will leave permanent scars in Hong Kong's economy and erode investor trust, but not to the extent that the territory would lose its status as Asia's financial and trade hub.



- China will seek to maintain the status quo in Hong Kong as much as possible to protect the territory's attractiveness for business and investment and as part of the highly-anticipated Guangdong-Hong Kong-Macau 'Greater Bay Area' project, which seeks to preserve Hong Kong's status as an international finance, transport and trade centre.

## 10. SCENARIOS

Prospects for an end to the turmoil remain uncertain. AKE considers that there currently are three main conceivable scenarios, ranging from best- to worst-case. Scenario A considers that the protests will fizzle out, scenario B takes into account the escalation of the protests movement and scenario C sees China imposing martial law and deploying forces.

### SCENARIO A: PROTESTS FIZZLE OUT



AKE assesses Scenario A to be the best-case and most likely scenario to transpire over the next few months.

### TRIGGERS

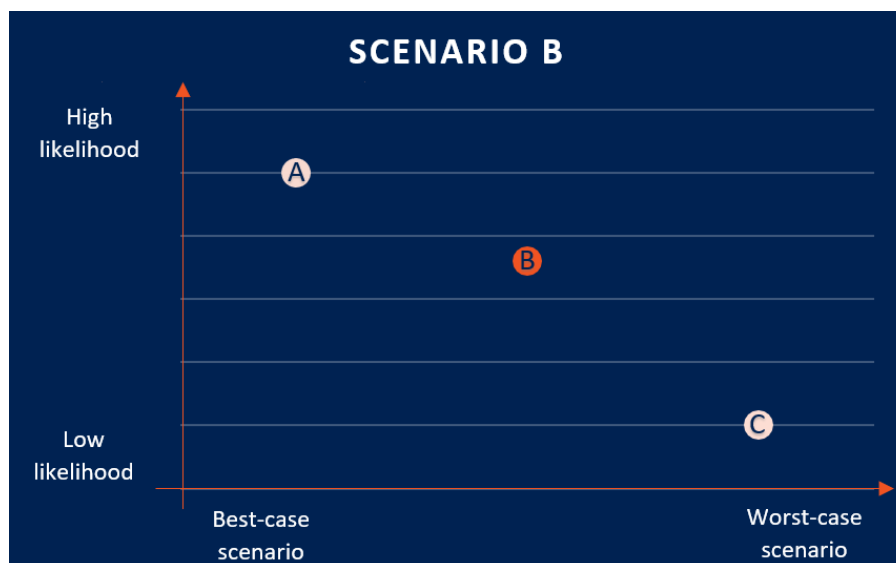
- **Exhaustion:** Protesters become exhausted by months of high-intensity, non-stop activism and no tangible outcomes. Fear of arrest may compound incentives to de-escalate tensions.
- **Waning of support:** An increase in hardline tactics by some protesters – including violence and travel disruption – cause the protests to lose international support. Moderates seek to distance themselves from the movement.
- **Economic pressure:** Beijing puts economic pressure on Hong Kong as one of its tactics to deal with the protests. Business owners and consumers are affected, contributing to a loss of support for the movement.
- **Back to school:** Despite a planned two-week student boycott of lectures in September to keep protesters on the streets and pressure on the government, the beginning of the new academic year brings lower protest turnouts.
- **Intimidation of major employers:** Beijing puts pressure on firms to publicly pledge their support for China and to ensure their staff toe the line or risk of losing their Chinese business. Large employers become unable to tolerate staff participation in the protests, contributing to lower turnouts and a weakening of the movement.



## RATIONALE

- There is **precedent** for this scenario. Past protests in Hong Kong – such as the 2014 ‘Occupy Central’ movement – have tended to fizzle out after months of unrest despite the government refusing to back down.
- While a waning of support for the movement has not yet begun – as demonstrated by the 1.7 million strong turnout at an unauthorised rally on 18 August – a **polarisation** of the protest movement is underway. Moderate protesters and Hong Kong residents are increasingly criticising hardline protesters for instigating violence and disruption.
- The ongoing protests have already **damaged the economy** – from the property market and stock exchange to shop owners and banks. A sustained period of additional pressure from Beijing may contribute to a loss in public support for the protests.
- An increasing number of major private companies have been **caught up in the crisis** and are already showing signs of ceding to pressure from Beijing.
  - **Cathay Pacific** has undergone a senior management overhaul due to the Hong Kong protests and is now operating a strict new policy imposed by the Chinese aviation authority. The company has warned staff that their social media content will be heavily scrutinised and that public expressions of support for the protests will put their positions at risk.
  - **Big Four accounting firms KPMG and PwC** have sent messages to their Hong Kong staff warning them against speaking in public or on social media about the protests.
  - **Others:** Companies such as Zara and Hong Kong bakery chain Taipan Bread and Cake have fallen foul with Chinese authorities after they were perceived as supporting the protest movement. Taipan, which is best known for its mooncakes, appears to have been removed from two of the mainland’s biggest e-commerce sites.

## SCENARIO B: ESCALATION OF THE PROTEST MOVEMENT



While the likelihood of Scenario B is high in the immediate term, AKE believes that the protests will eventually fizzle out, as described in Scenario A.

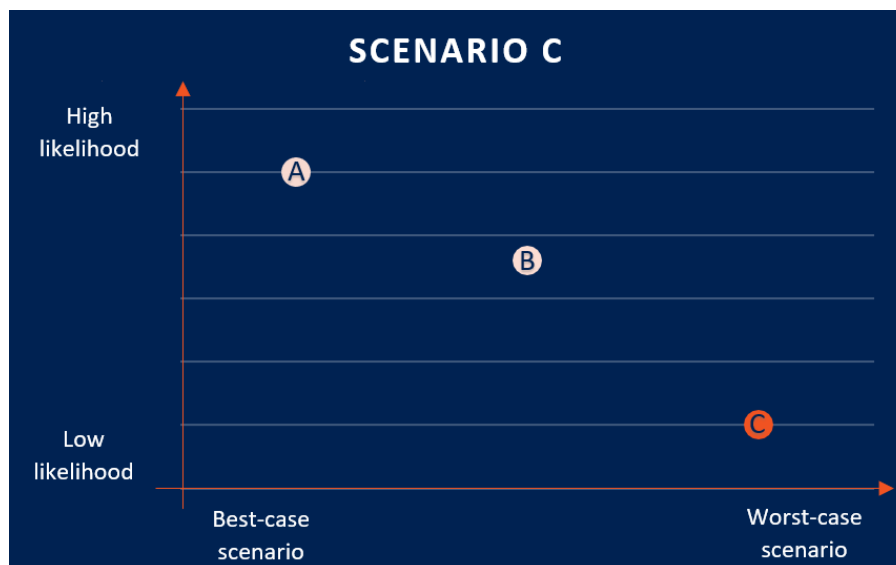
### TRIGGERS

- **Intensified security force response:** Security forces, supported by Beijing, carry out mass arrests and step up the use of excessive force to quell unrest. This fuels anger and triggers the radicalisation of protesters.
- **Casualties and/or fatalities:** Heightened use of force to quell protests results in serious injury and/or bloodshed, intensifying anger at police forces and triggering more protests.
- **Geopolitical escalation:** An escalation in geopolitical tensions over Hong Kong reinforced by the international outcry over heightened violence and a tough crackdown on protests. Hong Kong is dragged into Sino-US wrangling, with further accusations from Beijing that the United States (US) 'black hands' are fomenting the unrest in Hong Kong.
- **Central government intervention:** Heightened involvement from mainland China in quelling the protests – for example the infiltration of Chinese agents into the Hong Kong Police Force – leads to further anti-China protests and calls for independence.
- **High profile arrests:** The arrest and charging of high-profile activists and political personalities triggers more protests with higher turnouts.
- **Contentious anniversaries:** Key dates such as the fifth anniversary of the 'Occupy Central' movement on 28 September and the 60th Anniversary of the founding of the People's Republic of China (PRC) on 1 October trigger widespread protests and mass rallies.
- **'Martyring':** Hong Kong residents depressed by the city's predicament commit high-profile suicides, creating rallying points for aggrieved protesters.

## RATIONALE

- Protests have **already escalated** since June. The focus of protester anger has shifted from the contentious extradition bill to the government itself. Security forces fired water cannon against protesters for the first time on 25 August. The equipment was also used in subsequent occasions, with blue dye added to the liquid to mark protesters.
- There is an **increasingly high risk of serious injuries and/or fatalities** as security forces step up the use of force against protesters. A female protester was allegedly shot in the eye with a bean bag round on 11 August, further escalating anger against Hong Kong police. The drawing of lethal weapons by police officers, a practice seen for the first time on 25 August, indicates the potential for an accident or miscalculation leading to fatalities.
- US President Donald Trump has indicated that the **Hong Kong protests have been raised in Sino-US trade talks**. While this has not been confirmed by Beijing, it is conceivable that Hong Kong could become a bargaining chip in the ongoing negotiations. This would escalate the international media coverage of Hong Kong protesters' narrative and embolden protesters' demands.
- Allegations that **undercover members of mainland security forces** were present at the HKIA protests on 13 August fuelled the anger of anti-government protesters. In addition, the central government has labelled protesters as 'terrorists', which will trigger more unrest similar to the that seen after protesters were called 'rioters' and later charged as such.
- High-profile pro-democracy activists including **Joshua Wong and Agnes Chow** were arrested on 30 August. Charges against them will likely trigger a backlash.
- There have already been four cases of **high-profile suicides** over Hong Kong's predicament, which have triggered protests.

## SCENARIO C: CHINA IMPOSES MARTIAL LAW, DEPLOYS FORCES



AKE assesses that scenario C, while being the worst-case scenario, is also the least likely. While nothing fully mitigates the risk of this scenario unfolding, it remains a solution of absolute last resort.

### TRIGGERS

- **Red lines:** A major escalation leaves Beijing with little choice but to deploy forces and crush radicals on the streets. The red lines that will need to be crossed for this scenario to come about include:
  - A declaration of independence or other act viewed as an outright rejection of Chinese sovereignty in Hong Kong;
  - The use of Hong Kong as a base for subversion on the mainland;
  - The intervention of foreign forces.
- **At Hong Kong's request:** Hong Kong requests that Beijing deploys its forces under Article 14 of the 1997 Garrison Law. While the law stipulates that the garrison 'shall not interfere in the local affairs of the Hong Kong Special Administrative Region', Article 14 allows for the Hong Kong government to ask for assistance from Beijing 'in the maintenance of public order' or for disaster relief.

### RATIONALE

- The Chinese Army, or the **PLA**, already has a presence in Hong Kong, with its headquarters in Admiralty district. Conspicuous movements and exercises are kept to a minimum to avoid intimidating or angering locals. However, in 2017 Beijing signalled that the PLA's presence in Hong Kong was no longer merely symbolic; the force is now combat-ready.
- Rather than the PLA, it is more likely – but just as worrying – that Beijing would deploy the **People's Armed Police (PAP)**. PAP vehicles have been sighted in neighbouring Shenzhen. If China does impose martial law on Hong Kong and enforcing it, the PAP would be the logical choice given its extensive experience in quelling protests in China.

- Beijing has sent strong **warnings** that it could deal directly with the protests in Hong Kong, calling them ‘colour revolutions’ and amplifying statements from senior advisers that the city is engulfed in a battle that would defend or destroy ‘one country, two systems’. Terms such as ‘colour revolution’ and ‘terrorism’ to describe the protests would likely be used to license an upcoming crackdown.
- On 29 August Chinese state media reported that troops in the PLA garrison had undertaken their **annual rotation**, sending fresh troops into Hong Kong. State media also broadcast a PR video of armoured vehicles and trucks driving across the border. Despite the rotation being routine, the timing amplifies fears that Beijing could be preparing to intervene directly.

*“They want to throw something at a scrambling rat, but fear missing and hitting the pottery instead” – Chinese Proverb*

**AKE maintains that the likelihood of China deploying its troops to Hong Kong should not be overstated. Such a move would have a range of damaging consequences for China’s core interests and for President Xi Jinping himself.**

- The last time Beijing sent troops to quell pro-democracy protests was at Tiananmen Square on 4 June 1989. The event has tarnished the **reputation** of the PLA and the Chinese Communist Party (CCP) to this day, despite decades of efforts to wipe it from public memory.
- A military or paramilitary deployment on the territory would severely **damage Hong Kong’s economy**. This would come at a large loss for China, not to mention the powerful political figures that store their wealth in the city.
- The move may also lead to international sanctions that would exacerbate China’s slowing economic growth and other financial risks. A major **deterioration in the Chinese economy** puts the CCP at risk of losing popular support, a scenario that the political elite fears intensively.
- There is a belief, supported by AKE contacts within the Hong Kong establishment, that such a move would have **political costs** for President Xi Jinping, who is already facing internal opposition for his authoritarianism, crackdown on corruption and handling of the damaging trade war with the US.
- President Xi’s **‘One Belt One Road’** initiative is the linchpin of the administration’s foreign policy. Intervention in Hong Kong would result in the loss of Beijing’s soft power. A succession of Chinese administrations, but especially the Xi administration, have spent years carefully amassing soft power to establish China as a leading power in the international system.
- The deployment of Chinese forces to quell the protests in Hong Kong would rule out hopes for unification with **Taiwan**, which is considered a renegade Chinese province. Any crackdown in Hong Kong would likely bolster Taiwanese pro-independence forces and President Tsai Ing-wen in an election in January 2020 and undermine the ‘one country, two systems’ and ‘peaceful reunification’ arguments.
- The **covert deployment** of Chinese agents to support a crackdown on protesters by Hong Kong forces would be a more likely compromise to Scenario C. Signs of Chinese infiltration are already apparent, as are allegations that the central government leverages criminal organisations and civic groups closely tied to the CCP to press its agenda in Hong Kong. These groups have also been used to maintain stability and social order in the territory through extra-legal governance.



**CONCLUSION**

- The protest movement will escalate in the immediate term, with more violence, a step up in the security force response and high-profile arrests. However, AKE expects the protests to eventually fizzle out.
- Given the costs at hand, the likelihood of Beijing waiting the protests out currently outweighs that of the worst-case scenario – China deploying military and paramilitary forces to quell the unrest by force.
- Unless a red line is crossed in Hong Kong, Beijing will continue to use a three-pronged strategy to deal with the protests: propaganda, economic leverage and intimidation.

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