



Editorial

UNIDAD DE ANÁLISIS POLÍTICO Y SEGURIDAD CORPORATIVA

ANALYSIS OF THE CURRENT SITUATION

GLOBAL

Taiwan: scenario of confrontation between China and the United States

REGIONAL

The Container Crisis and its impact on Latin America

LOCAL

The case of Alex Saab: a Colombian who could put the Venezuelan regime in difficulties

Analysis of the global, regional, and local situation

This document briefly analyzes the current situation of three relevant cases at the global, regional, and local situations. The cases developed are the confrontation between Taiwan, the United States, and the People's Republic of China, the effects of the container crisis in Latin America, and the implications of the Saab case in Colombia.

Taiwan: scenario of confrontation between China and the United States

The Republic of China, known internationally as Taiwan, is an independent island country located on the island of Formosa in the Pacific Ocean. Since the middle of the 20th century, the country has been in a scene of a dispute between the United States and China. The different governments of the Asian giant have designated Taiwan as part of their territory and that the island is nothing more than a rebel province. In 1949, the Chinese civil war ended with the defeat of the nationalists that were under the command of Shiang Kai-Shek, the nationalists were defeated by the Communists under the command of Mao Zedong. This defeat forced the Shek's troops to withdraw from the mainland to take refuge in the island of Formosa, which would become present-day Taiwan. The country has had an independent government since 1949.

In 1971 the UN recognized the People's Republic of China as the only "China," so Taiwan's diplomatic capacity has been in decline, and only fifteen small states in Central America, the Caribbean, and Oceania recognize it. The United States itself in 1979 recognized Beijing as the only Chinese government, removing any diplomatic status from Taiwan. However, this China-American deal was consolidated to gain Chinese support for the United States against the USSR during the Cold War, just as China promised not to occupy Taiwan militarily. Nonetheless, the stability of the region has been threatened by recent incursions by Chinese aircraft into Taiwanese airspace, as well as naval exercises by China and Russia in the Pacific. The Chinese have increased hostility towards the island and the United States responds to these exercises with military groups on the island that train Taiwanese troops and warships on regular patrols¹. As a matter of fact, the island is one of the major reasons for conflict between China and the United States because Washington is the main supplier of arms to Taiwan and would be its greatest military ally in the event of a war with China². Furthermore, the situation has been tense in recent days due to public comments from the leaders of both powers. In a speech on the eve of Taiwan's National Day (October 10), Chinese President Xi Jinping affirmed that unification with Taiwan "it will end up happening". Meanwhile, the president of Taiwan, Tsai Ing-wen, pointed out that the island will take charge of its defense

¹ <https://www.france24.com/es/estados-unidos/20211022-tension-china-estados-unidos-taiwan-pruebas>

² <https://www.efe.com/efe/america/mundo/china-y-ee-uu-vuelven-a-enzarsarse-ante-un-eventual-conflicto-por-taiwan/20000012-4658041>

and will not bow to Beijing. Recently, US President Joe Biden commented to CNN that the United States is strongly committed to defending Taiwan. This statement by Biden calls into question the US foreign policy of “strategic ambiguity” in Taiwan, where the US while supporting Taiwan, would not seek to get directly involved in a conflict³. All this has created a climate of high confrontation in the region that has caused relations between Taipei and Beijing to go through their worst moment in the last four decades⁴.

A direct confrontation is currently not likely to be forecast, but as China-US relations worsen and China's hostility to Taiwan increases, potential strategic miscalculations may spark a conflagration. In other matters, 1996 was the time when both parties were on the verge of going to war, due to Chinese military exercises that generated strong provocations in Taiwan, and thanks to that the US saw it necessary to withdraw its naval power in the region through aircraft carriers. The American deterrence worked, and China backed down. However, with the strong transformation of the Chinese armed forces, deterrence scenarios by the Americans are no longer easily possible, transforming the situation into a fragile power play in the eastern Pacific⁵. In this way, Chinese aggression can be presented in various ways, it can be focused on a series of plans to take over the islands by positioning themselves near the island or even by the total invasion of the island, these actions are being made by the Chinese government to test how far American capacity and how far will they go in order to defend the island. Taiwanese Defense Minister Chiu Kuo-cheng assured that China would be able to organize a large-scale invasion of the island by 2025⁶, this comment has kept Washington on high alert.

The US bets are focused on Chinese containment, with Taiwan being the forefront of this strategy, so countries such as Japan, Vietnam, and the AUKUS alliance are presented as measures to curb the strong influence of China, whose economic capacity and the military has allowed him to advance considerably in geostrategic power strategies⁷. Even though Beijing and Washington dispute head-on on economic, diplomatic, and political issues, the Taiwan question could turn these disputes into an armed confrontation. With the rise of China to the rank of near superpower, the Pacific not only becomes the global economic focus but also the main focus of geopolitical tension, with Taiwan being the central point of the dispute for global hegemony.

³ <https://www.eltiempo.com/mundo/eeuu-y-canada/ee-uu-y-china-tension-por-taiwan-627080>

⁴ <https://www.elmundo.es/internacional/2021/10/22/6172193cfc6c83132f8b4692.html>

⁵ <https://www.latimes.com/espanol/internacional/articulo/2021-10-13/aumentan-temores-de-conflicto-entre-china-y-eeuu-por-taiwan>

⁶ <https://www.dw.com/es/eeuu-advierte-que-protoger%C3%A1-a-taiw%C3%A1n-ante-una-invasi%C3%B3n-de-china/a-59584049>

⁷ <https://cnnespanol.cnn.com/2021/10/27/ee-uu-china-islas-taiwan-juego-guerra-trax/>

The Container Crisis and its impact on Latin America

The Covid-19 pandemic has generated a global recession and reduced the demand for products from the quarantined population, presenting contractions in trade and the global production chain. However, with the progress made by governments to prevent the pandemic and the development and application of antivirals on a massive scale to the population, it has allowed governments to make anti-pandemic measures more flexible and gradually mend the economy. The opening of the economy and the growing demand of the population has caused logistics and mobility problems in maritime transport, which has seen a rapid increase in the costs of maritime freight. Behind this sharp increase in shipping costs is a phenomenon called the Container Crisis, a shortage of available space to transport products from Asia to the West.

Since March of 2020, the ports had restrictions on their operation, generating cuts in port workers, reducing ships, and closing logistics agencies, so the economic reactivation took the sector by surprise, whose reduced operating capacities have caused the stagnation of the international trade, mainly the routes from China to Europe and the United States. The containers have remained with the merchandise, occupying, and collapsing the ports, so the merchandise remains stagnant. The lack of containers and traffic jams in the major international ports is also affected by temporary closures of many international ports, measures to control outbreaks of COVID-19⁸. Due to low demand, Western companies did not see it feasible to send the containers back to China, slowing down the speed of the port process and maritime transport, that at the time that the vertiginous increase in demand for economic openness began, it generated a negative impact on the entire logistics chain⁹, congesting the main ports of the world, generates excessive times of exportation and importation and by their long periods in port the equipment ends up damaged. This has been seen mainly in China, the 'factory of the world', where the import of its products has become more expensive.

In September of 2020, the cost of sea freight from China to the United States cost USD\$4,469 thousand. A year later, it costs USD\$20,615 thousand, quadrupling the price. The increase in the demand for products is expected to increase, instead of reducing, due to purchases by the population at the end of the year, which can be expected to increase considerably the costs of products, mainly of manufactured goods that come from China, this considering that the factories of the Asian giant are producing less due to the country's strong measures to prevent new outbreaks of COVID-19. Several experts have pointed out that these circumstances have caused the worst logistics crisis since World War II when containers began to be used for international trade.

⁸ <https://www.bbc.com/mundo/noticias-58558860>

⁹ <https://www.trafimar.com.mx/blog/la-crisis-de-escasez-de-contenedores-su-origen-y-recomendaciones>

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In Latin America, the situation has affected countries and companies in a variable way, for each one has been different. For example, the cost of shipping a container between Shanghai and South America before the pandemic was about US\$2,000 on average. Now it costs US\$7,000, according to estimates made by specialists from the Inter-American Development Bank. These high transport costs cause a general rise in the costs of goods and services, presenting high rates of inflation in Latin American countries¹⁰. Countries such as Bolivia, Venezuela, Uruguay, Chile, and Brazil will be considerably affected by the crisis, as they are strong commercial partners of China. Countries such as Colombia and Ecuador will have an impact, although it will be strong, it will be less due to their closer commercial relationship with the United States. Nonetheless, the crisis will affect international maritime trade in general, where approximately 90% of world trade moves¹¹. If high prices for ocean freight persist, it would increase the discussion about the economic prudence of economic dependence on Chinese products¹². As the global industry is put in check by this crisis, companies have sought new markets from which to purchase raw materials and locate their industries. In this way, Latin American countries face a great opportunity to reach new markets, due to their economy mainly focused on the production of raw materials and where several companies have considered bringing their operations centers located in Asia to Latin America or Africa¹³.

According to several experts, this crisis may not normalize until 2023, since it will be the time for the construction of new containers, ships, and supplies. Notwithstanding, with the persistence of the COVID-19 pandemic, there would not be a total normalization¹⁴. The impact of the crisis caused by the pandemic forecast worldwide 3.6% of the growth of container trades in the last quarter of 2019, with a drop of -7.2% in maritime trade due to the break in the synchronization of the flow of raw materials-production¹⁵. Finally, the domino effect of the crisis, in this case in Latin America, with the increase in products, will generate final consumers, mainly at the end of the year, where purchases are increased due to festive dates¹⁶. The slow recovery of the world economy may initiate the consideration of focusing on Latin America as an alternative to the Chinese giant in raw materials and industry, so the crisis may be an opportunity for the region after the recent economic difficulties.

¹⁰ <https://www.portafolio.co/internacional/comercio-global-afectado-por-escasez-y-altos-precios-de-contenedores-555890>

¹¹ <https://www.eltiempo.com/colombia/otras-ciudades/crisis-mundial-por-falta-de-contenedores-afecta-al-puerto-de-cartagena-621156>

¹² <https://www.bbc.com/mundo/noticias-58324770>

¹³ <https://zonalogistica.com/crisis-de-contenedores-obliga-a-buscar-nuevos-proveedores-fuera-de-asia/>

¹⁴ <https://www.pactoglobal-colombia.org/news/crisis-de-contenedores-pone-presion-al-retail-en-centroamerica.html>

¹⁵ <https://www.cepal.org/es/comunicados/movimiento-contenedores-puertos-la-region-se-mantuvo-estatico-2019-se-evidencia>

¹⁶ <https://dataexport.com.gt/cuales-son-los-efectos-en-latinoamerica-por-la-crisis-de-los-contenedores/>

The case of Alex Saab: a Colombian who could put the Venezuelan regime in difficulties

The situation of the Venezuelan nationalized Colombian businessman, politician, and diplomat, Alex Saab, has generated a strong political dispute involving Venezuela, the United States, and Colombia. The businessman benefited himself from the death of Hugo Chávez and the immediate rise of Maduro¹⁷, could face a sentence of up to 30 years with the US justice, this will cause a severe blow to the Venezuelan regime¹⁸. Alex Saab, a close advisor to Nicolás Maduro, accused by Colombia and the United States of money laundering, of having ties to the pro-Iranian paramilitary organization “Hezbollah”, has been extradited to Miami, in North America, from the African island country Cape Verde, where he had been captured in 2020. The US accuses Saab of being one of the main front men of various corruption networks within the Venezuelan government. The Maduro government tried by all means, to prevent Saab's extradition, even appointing him as a plenipotentiary ambassador and alternate permanent representative of the Venezuelan Mission to the African Union. As a matter of fact, Saab was appointed a member of the negotiating team in the talks in Mexico¹⁹, negotiations between the Maduro regime and the opposition in Venezuela. For these reasons, the Venezuelan regime suspended negotiations with the opposition, which has caused an uncertain situation in the country's regional elections on November 21, in turn jailing six former officials of the CITGO refinery, five of them from the United States.

In Colombia, Saab and its accountant have an open process for money laundering, illicit enrichment, conspiracies of committing crimes, aggravated fraud, and fictitious export or import. This is enhanced by Saab's relationship with political and business processes on the Colombian Caribbean coast, therefore, the businessman has been linked of being the connection between Venezuelan regime, and Colombian businessmen and politicians. The corruption scheme of Saab and its partners present business in countries such as the United Arab Emirates, Hong Kong, Panama, Colombia itself and even in the United States, according to the US Treasury Department²⁰. Several of these companies have been accused of generating fraudulent food distribution schemes in the Venezuelan crisis and money laundering with policies of the Maduro regime²¹. The US justice indicates that Saab and his partner, the Colombian Álvaro Pulido, transferred 350 million dollars obtained illegally in Venezuela to launder them through the United States. Saab's contracts with Venezuela also included bribery schemes, taking advantage of the currency exchange rate, controlled by the country's authorities for its planned economy model.

¹⁷ <https://elpais.com/opinion/2021-10-25/los-secretos-de-alex-saab-un-nuevo-caso-odrebrecht.html>

¹⁸ <https://www.eltiempo.com/justicia/delitos/alex-saab-los-procesos-que-le-esperan-en-colombia-625979>

¹⁹ <https://www.bbc.com/mundo/noticias-58958121>

²⁰ https://www.vozdeamerica.com/a/venezuela_quien-es-alex-saab-y-por-que-es-capturado/6064185.html

²¹ <https://www.portafolio.co/internacional/extraditan-a-estados-unidos-al-empresario-colombiano-alex-saab-557463>

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The effect of the Saab capture generates an abrupt closure of the Maduro government's negotiations with the opposition, the relationship of Colombian businessmen and politicians with the Venezuelan regime, and the halt of US and Colombian diplomacy with Venezuela. The negotiation situation, which sought to calm political tensions, has led to an increase in the already deteriorated diplomatic relations of the scene. The Secretary of State of the United States, Antony J. Blinken, affirmed that the case against Saab had continued for more than a decade and was not linked to the attempt of rapprochement between the political factions of Venezuela²². This capture, where the authorities and the diplomatic situation of the three countries are involved, is now in the custody of the American justice system and the geopolitical and judicial advantage that can be taken against important personalities who had a relationship with Saab. Finally, Saab's ability to negotiate his personal fate with the US authorities in exchange for valuable information that can be used by US officials is presented as a new chapter in the dispute between the three countries and their interests in the region.

Conclusions

1. With its rapid economic and military growth, China is aware of its new role in the global order and begins to move its chips in areas of its national interests, whether through direct or indirect confrontation with its competitors, including the United States. The confrontation of the US and China in Taiwan allows us to understand how the dynamics on the world board are changing, where not only is the global economic focus now turning to the eastern Pacific, but it will be the scene of the most intense confrontation of the two superpowers in their struggle for world hegemony.
2. The Container Crisis presents the weakness of the economy in recovery from the pandemic with the damming of the global supply chain and where it only depends on several key points that can collapse the international market. Although Latin America will present blows to its economic growth rates, the situation may also arise in the search to relocate the industries of large corporations and the search for new suppliers of raw materials, where the region can be seen as a tempting partner to try to appease the fragile confidence and logistics of the global economy in the process of overcoming the COVID-19 pandemic.
3. The case of Alex Saab involves a dispute of interest to Colombia, not only because what happens in Venezuela affects him, but because of Saab's relationship with Colombian personalities that may be involved. However, the geopolitical or judicial benefits of the US that it can extract in this case are still uncertain. Thus, the Maduro regime lost a key token for the governance of his country and one more attempt at rapprochement with democracy, due to the interruption of dialogues with the opposition.

²² <https://www.nytimes.com/es/2021/10/20/espanol/blinken-colombia-saab.html>

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