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THE EPOCH TIMES

CHINA INSIDER

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ANTHONY WALLACE/AP/GETTY IMAGES

HUMAN RIGHTS

POMPEO CONDEMNS ATROCITIES IN CHINA

VOWS TO SAFEGUARD INTERNATIONAL RELIGIOUS FREEDOM

EVA FU

U.S. Secretary of State Mike Pompeo, speaking at the release of the State Department's annual report on global religious freedom on June 21, sternly reprimanded China for committing "staggering religious abuses."

He warned that governments that persecute religious believers shouldn't be able to get away with such actions without consequences. Pompeo especially pointed to atrocities being committed in China against religious groups of all sorts.

"The Chinese Communist Party has exhibited extreme hostility to all religious faiths since its founding," Pompeo said during a June 21 press conference.

"In China, the intense persecution of many faiths—Falun Gong practitioners, Christians, and Tibetan Buddhism among them—is the norm," Pompeo said, adding that the department decided to add a special subsection in the China section to document human rights abuses of Islam-practicing minority groups in the northwestern region of Xinjiang. The United Nations estimates that more than 1 million Uyghurs and other minorities are currently being detained inside concentration camps where they are forced to renounce their faith.

Individuals there won't be able to tell their stories otherwise.

"History will not be silent about these abuses—but only if voices of liberty like ours record it," Pompeo said.

His comments were also a rare instance of a top U.S. official publicly calling out China for its ongoing persecution of Falun Gong, a spiritual discipline for mind and body improvement that's based on the moral teachings of truthfulness, compassion, and tolerance. Adherents have been severely persecuted since 1999, with hundreds of thousands being thrown into prison, brainwashing centers, labor camps, and other detention facilities, where they are often tortured.

Sam Brownback, the U.S. ambassador-at-large for international religious freedom, also specifically condemned the atrocity of forced organ harvesting, a state-sanctioned practice by which hospitals amass profits by killing prisoners of conscience and selling fresh organs for transplant surgery.

A recent ruling by an independent people's tribunal in London found substantial evidence that forced organ harvesting has taken place in China for years "on a significant scale," and that Falun Gong practitioners were likely the principal source of organs.

The new report pointed out that although freedom of belief is enshrined in China's constitution, the scope for the protection of such rights isn't defined, freeing the Chinese communist regime to outlaw religious activities and restrict believers' rights when they are perceived as a threat to the Party's control.

"The Party demands that it alone be called god," Pompeo said.

Religious Abuses

In China, only five religious organizations have state approval to officially hold worship services under strict Party control, forcing many who refuse to conform with the Party ideology to go underground.

U.S. officials, as well as international NGOs, have repeatedly expressed concerns over China's crackdown against 200 million religious believers in the country.

In Xinjiang, for example, residents are confined in concentration camps "designed to strip away the culture, identity, and faith," Brownback said at the press conference. The Chinese regime has sought to break Muslims' faith by forcing detainees to eat pork and forbid their fasting during Ramadan.

The Chinese regime has employed a massive network of advanced surveillance cameras that tracks residents' every movement in real time.

In Tibet, communist red flags, as well as

In China, the intense persecution of many faiths—Falun Gong practitioners, Christians, and Tibetan Buddhism among them—is the norm.

Mike Pompeo, secretary of state



Secretary of State Mike Pompeo at the State Department in Washington on June 10, 2019.



Ambassador-at-Large for International Religious Freedom Sam Brownback at the State Department in Washington on June 21, 2019.

portraits of communist leaders, are displayed prominently in Buddhist monasteries. Over the past decade, more than 150 Tibetans have set themselves on fire as a public protest against authorities' trampling on their religious practices and culture, according to the report.

Meanwhile, members of underground Christian churches face the threat of constant arrests and forced demolition. Authorities also require Christian churches to install surveillance cameras and have forced house church members to sign papers to surrender their faith.

"China has declared war on faith," Brownback said.

Falun Gong, first introduced in China in 1992, grew to a following of 70 million to 100 million in China by 1999, according

to official estimates at the time. Beijing saw its popularity as a threat and began a decades-long persecution that has seen at least thousands of adherents killed for their faith.

As for organ harvesting, a 2016 report by three investigators—Nobel Peace Prize nominee Ethan Gutmann, former Canadian Secretary of State David Kilgour, and human rights lawyer David Matas—offered a conservative estimate, based on hospital data, that 60,000 to 90,000 transplant operations take place in the country each year, far exceeding the Chinese regime's stated numbers, based on its voluntary donation system.

"This [organ harvesting] should shock everyone's conscience," Brownback said.

Brownback and Pompeo both said that

it's more pertinent than ever to promote and protect religious freedom.

"We will not stop until the iron curtain of religious freedom comes down, until governments no longer detain and torture people for simply being of a particular faith or associated with it," Brownback said.

Pompeo added that the Trump administration will make promoting religious freedom a "top foreign policy agenda" and continue to be the vanguard for international religious rights.

"For all those that run roughshod over religious freedoms, I'll say this: The United States is watching and you will be held to account," he said.

"It's a distinctly American responsibility to stand up for faith in every nation's public square," Pompeo added.

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OPINION

BEIJING PURSUES OUTDATED STRATEGY TO CHALLENGE US NAVAL DOMINANCE

Feasibility and consequences of China's 'military rise' narrative are of little concern for Communist Party propagandists

CHENG XIAONONG

Chinese state media have recently featured heavy promotion of China's aircraft carrier program, playing up its expansion as a means of challenging the United States for control of the seas. This strategy is in keeping with the growing assertiveness of the Chinese armed forces, as well as the Chinese Communist Party's (CCP) aim to expand its geopolitical influence beyond China's borders.

However, the CCP's naval strategy rests on outdated thinking that isn't backed by either historical experience or the reality of China's financial straits. Pronouncements of China's military rise are ultimately only likely to be useful for domestic propaganda and rallying nationalist sentiment following the breakdown of Sino-U.S. trade talks in May.

Narrative of 'Military Rise'

On June 6, the Beijing-backed Duowei News published an article via its affiliate Duowei Magazine

titled "China's Third Aircraft Carrier Unveiled; Beijing's Military Rise Comes to the Fore." The piece analyzed the Party narrative about the Chinese military rise, with three important points of discussion.

Firstly, Duowei noted that past talk about China's rise mainly focused on the economic arena, but Beijing has virtually stopped using the term "economic rise" during the bilateral talks aimed at resolving the U.S.-China trade war.

The fact that recent rhetoric in the Party media promotes Chinese military strength and not economic strength is indicative of China's worsening predicament. The failure of Sino-U.S. trade negotiations is widely anticipated to result in a substantial U.S. tariff hike, impacting China's economy and living standards considerably. As Premier Li Keqiang warned earlier this year, China may have to start "tightening its belt." In this context, the state media's rhetoric reflects a real shift in affairs.

Second, the article discusses the CCP's construction plan, which

aims to field six to 10 carrier battle groups by "the middle of the 21st century."

A single carrier battle group is a blue-water naval formation that includes, apart from the aircraft carrier itself, a number of supporting vessels such as large frigates, submarines, oil tankers, and other supply ships, as well as a variety of naval combat and support aircraft. At present, only the United States possesses the wherewithal to support multiple carrier groups, which indicates that the Communist Party intends to build up the Chinese military to match or surpass U.S. strength.

The article's third topic turns to the goal of realigning countries in the South China Sea region to stand with China, not the United States. "Having undergone modern-day colonial wars and the two world wars, the South China Sea countries have completely turned their backs on China for security, instead relying on the United States," the article stated, in an echo of Beijing's nationalistic propaganda.

It's hard to avoid parallels between the Chinese navy's current buildup and the route taken by imperial Japan leading up to the attack on Pearl Harbor.

Modern Realities of Aircraft Carrier Strategy

Historically, the era of large-scale naval combat between multiple carrier fleets began and ended with the Pacific theater of World War II. That war saw the complete destruction of the imperial Japanese fleet, leaving the United States uncontested in the aircraft-carrier department. Today, the role of U.S. carriers has shifted. It now is mainly a tool for force projection, not just because there is no other world power with a significant carrier fleet to go up against, but also because modern weapons and electronic warfare systems vastly reduce the effectiveness of large-scale naval warfare.

Carriers today are highly vulnerable to a variety of threats, such as long-range anti-ship missiles and submarines. The era of fighting fleet-to-fleet battles with carrier-based strike aircraft is long past. In modern naval combat, an aircraft carrier depends far more on the effectiveness of electronic countermeasures for its protection. The United States alone has maintained large numbers of carrier groups due to its having assumed responsibility for global security and order in the post-World War II era.

In sum, while the Chinese regime's plan to build six to 10 carrier battle groups in the coming decades seems like a bold show of force, the thinking behind it suffers fundamental flaws.

Who Benefits From Chinese Saber Rattling?

China's carrier fleet has a long way to go before it lives up to the CCP's military goals. The two ships currently deployed with the People's Liberation Army Navy are still in the phase of gaining basic operational experience, and they lack the equipment to perform long-distance oceangoing missions.

The Hong Kong-based Asia Times reported in a June 5 article that the 001A, China's first domestically built carrier, requires 13,000 tons of fuel to operate at full load. It consumes 1,100 tons daily when cruising at 20 knots, and 1,500 if in the so-called war state. This is due to the increased

sailing speed the carrier needs in order to provide sufficient lift for its planes to take off.

Further, the 001A also has the duty of refueling the six to eight destroyers and frigates in the accompanying formation. Under these circumstances, the entire carrier group can only spend four full days in operations at sea before returning to Hong Kong for resupply. Its realistic area of activity is confined to the South China Sea, making it unable to carry out missions in the eastern Pacific or Indian oceans.

Thus, Beijing still has many limitations to overcome before its planned six to 10 carrier groups can become a viable challenge to

U.S. command of the seas.

It's hard to avoid parallels between the Chinese navy's current buildup and the route taken by imperial Japan leading up to the attack on Pearl Harbor. The United States keenly remembers the early days of the Pacific War and its arduous struggle with the Imperial Japanese Navy. Such experiences have made the U.S. armed forces highly vigilant against developing threats.

Considering the unlikelihood of China being able to compete with the United States in either fielding carriers or in developing the experience and technology needed to win a carrier war, what practical benefit could the



China's aircraft carrier Liaoning takes part in a military drill of Chinese People's Liberation Army (PLA) Navy in the western Pacific Ocean on April 18, 2018.

China's carrier fleet has a long way to go before it lives up to the CCP's military goals.

CCP hope to derive from such a costly construction plan? Here we can take another page from the imperial Japanese experience: To compete for funding, prestige, and promotions, IJN admirals manufactured conflicts and set unrealistic strategic goals. They goaded Japan into war and led it to its ultimate defeat.

Today, those in charge of the Chinese armed forces dream about their rise as a military power regardless of its actual feasibility, and the Party, bent on international hegemony, is ready to oblige. But in the face of prolonged economic downturn, China doesn't have the financial ability to fuel these military dreams. Ultimately, such narratives serve mainly as fodder for domestic nationalism, and to those who wish to stoke Chinese nationalist sentiments, the feasibility and consequences of the country's "military rise" are of little concern.

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Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.

OPINION

DO THE HONG KONG DEMONSTRATIONS POSSIBLY MEAN THE END OF THE CHINESE COMMUNIST PARTY?

STEVEN W. MOSHER

The largest demonstration in Chinese history took place in Hong Kong on June 16. An estimated 2 million people, or more than a quarter of the city's population of 7.3 million, took to the streets. The sheer scale of Hong Kong's defiance was breathtaking. By way of comparison, a comparable demonstration in the United States would have around 100 million demonstrators. The immediate trigger for the protests was an extradition law that, if passed, would put everyone in Hong Kong—even transit passengers in the international airport terminal—at risk of deportation to China to stand trial in the communist-controlled court system there.

But make no mistake, the real target of Hong Kong's rage is the Chinese Communist Party (CCP), which for years has been tighten-

ing controls on one of the most cosmopolitan—and free—cities in the world. And everyone in China knows it.

When the Chinese regime unilaterally changed the city's electoral system in 2014 to pre-screen candidates for leader of Hong Kong, the people took to the streets in a massive protest called the Umbrella Revolution. The changes stayed in place, however, and Beijing's favored candidate, Carrie Lam, predictably won.

The CCP upped the ante further in 2017 by disavowing the Sino-British Agreement. The original agreement had "guaranteed" that the city would enjoy local self-rule under the "one country, two systems" principle until 2047. But when Hongkongers complained about the CCP's continuing interference in local politics, citing the Sino-British Agreement, a senior communist official dismissed

their complaints by saying that the agreement had only "historical value."

An even more lawless act occurred not long afterward. Five Hong Kong booksellers were snatched off the streets of Hong Kong and Canton by Chinese agents. Their crime? They were selling—in Hong Kong—books that had been banned in China for casting Xi Jinping and the CCP in a bad light.

"But the old Chinese strategy of 'killing one to warn the hundred' didn't work that well on the free people of Hong Kong. The kidnapping of Hongkongers off the streets of their own city instead strengthened their resolve to resist any further encroachments on their promised freedoms. The proposed extradition treaty would have done just that.

The 2 million demonstrators who took to the streets came from all walks of life, but have one

Nearly all of the corrupt Communist elite have parked some of their ill-gotten gains in Hong Kong, investing in the real estate or stock markets there. For them, and for China as a whole, Hong Kong is the goose that lays their golden eggs.

thing in common. They are nearly all the descendants of the millions of Chinese who fled communist rule from the 1940s on, for the relative safety of British colonial rule. They thrived in Hong Kong's free market, lightly governed by civil servants who adhered to the rule of law, in stark contrast to the other side of the border, which was and is ruled by a corrupt communist oligarchy, and an equally corrupt judiciary.

If the course taken by Hongkongers is clear—they realize they must resist further encroachments by China on their fundamental rights—it's far from clear how Xi will respond—but respond he must.

Following the departure of the British in 1997, Beijing moved an army into Hong Kong. But for the past 20 years, these troops have been kept to their barracks, never once called out to deal with the periodic episodes of public unrest against China's overbearing actions.

Hong Kong in 2019 is not Beijing in 1989. Instead of a small contingent of foreign journalists who could be cowed and corralled in a single hotel, there are hundreds of reporters living in one of the most cosmopolitan cities on the planet. There are tens, if not hundreds, of thousands of Hong Kong citizens who wouldn't hesitate to post on the internet any atrocities committed by the CCP.

A massacre in plain view of the entire world would be a debacle from which neither the CCP, nor Hong Kong, would recover.

The direct application of force is largely ruled out by another factor as well. Nearly all of the corrupt communist elite have parked some of their ill-gotten gains in Hong Kong, investing in the real estate or stock markets there. For them, and for China as a whole, Hong Kong is the goose that lays their golden eggs.

Ending Hong Kong's separate status—either by direct military action or by slow, ongoing strangulation—would, in effect, kill the "goose." The city's role as a regional financial center would come to an abrupt end, the local stock and real estate markets would crash, and Xi would have made many members of the communist aristocracy even more discontented with his heavy-handed rule than they already are.

Xi's hands are tied in the face of this defiance, which causes him to lose face every day it continues. If he orders the Hong Kong legislature to



pass the extradition law, Hong Kong will erupt again. If he tells Lam and his other minions to withdraw the law, he will look weak.

Left with no good options, Xi can only look on in impotent rage as millions of his subjects vote in the streets not only against his policies, but against his continued rule itself.

His current problems in Hong Kong are greatly compounded by the current tariff standoff with the United States. Here, too, Xi faces a Hobson's choice.

If he goes along with U.S. demands for fair trade—which means respecting property rights, the rule of law, and setting up an impartial judiciary—he weakens the Party's control over society.

If, on the other hand, he resists such sweeping reforms, U.S. President Donald Trump will undoubtedly make good on his threat to raise tariffs on all Chinese-made goods. If this happens, then the entire export sector of the Chinese economy—the only sector that operates according to market principles and actually turns a profit—winds down, as companies move their factories to other countries to avoid the tariffs.

The cost of refusing to relax the Party's stranglehold on power, will be a much weakened Chinese economy, which is already showing serious signs of strain.

Whatever decision Xi makes on Hong Kong or in the trade talks with Trump, he will be making enemies at a time when he can scarcely afford to do so. Will the citizens of other Chinese cities



Protesters hold up Chinese signs that read "Children Are Not Rioters" during a march in Hong Kong on June 16, 2019.

take up the cause of freedom? Perhaps. But more likely is a concerted effort by other factions within the Party to take advantage of Xi's present weakness to reduce his influence, if not remove him from office.

As tempting as it might be to sit back and watch this play out in real time, the United States must remain alert to another possibility: That the CCP, to distract from its domestic problems, may decide to give the United States a bloody nose. This might take the form of encouraging Little Rocket Man to do what he does best, namely, firing off a ballistic missile or two. Or it might involve sinking a few more Philippine fishing vessels in the South China Sea, in effect daring the United States to come to the aid of its treaty partner. Or it might even, in order to silence its critics, launch an invasion, or at least a feint, of Taiwan.

Whatever action the CCP decides to take, there can be no question about one thing: No communist regime can afford to let a show of public defiance as large and impressive as that which Hongkongers just put on



Chinese leader Xi Jinping shakes hands with Hong Kong's new Chief Executive Carrie Lam during their meeting in Hong Kong on July 1, 2017.

to go unanswered. Especially not when it occurs at a time when the CCP's leadership in other areas is being questioned.

Whether or not the CCP means to destroy Hong Kong as a vibrant, and largely free, commercial center, the perfect storm that is now upon it may well mean its own political destruction.

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OPINION

WHY HONGKONGERS ARE SO GREAT

HENG HE

Hongkongers took to the streets again on June 16, after about 1 million people protested on June 9. But this time, even more marchers joined in, roughly 2 million, according to organizers' estimates.

Under normal circumstances, it's very difficult to mobilize people to express opinions on a certain topic. On one hand, the opinions of the public are inconsistent; on the other hand, most people are indifferent. Even in mature Western democracies with high political participation rates, voter turnout hasn't been high, and protesting on the streets seems even less likely to occur.

However, Hong Kong seems to be an exception.

In 1989, after the Tiananmen Square massacre, 1.5 million people in Hong Kong gathered to protest. In 2003, a half-million people amassed in protest against the 23rd Article of the Basic Law. In fact, Hong Kong is the only place in the world where mass rallies and vigils are held each year to commemorate the victims of the violent crackdown against the 1989 student movement, now 30 years later.

In the eyes of many people, Hong

Kong is a place where people only care about money but not politics. Before the handover of the city to China in 1997, I thought that Hong Kong would soon become "one system," just like Tibet. Looking back, the wrong prediction at that time didn't take into account several factors unique to Hong Kong.

First, the CCP still needs Hong Kong's "one country, two systems" as an example to rein in Taiwan. Second, the Chinese Communist Party's (CCP) elites need Hong Kong as an independent international financial center to guarantee their interests. Third, Hongkongers have a unique courage and sense of determination to pursue democracy and defend freedom.

This time, Hong Kong's two large-scale demonstrations showed the world the quality of its people—such examples include the young people cleaning up the streets after the protests, as well as a huge crowd giving way to allow an ambulance to pass. Some praised these actions and give credit to British colonial rule. It's a fact that Hongkongers accept modern civilization, but it's certainly not the only reason.

The performance of this protest parade is very rare even in mature democratic countries. Hong Kong



is an immigrant city, and most of its population comes from the tide of refugees from mainland China after the end of World War II to the early 1980s. From 1945 to 1950, the population surged nearly fourfold in just five years.

In any country, any region, and any community, a sudden influx of new immigrants that exceeds the number of native residents will change the local culture and customs. In other words, the probability of Hong Kong becoming more like mainland China is higher than new immigrants becoming more like Hongkongers. So, what are the other reasons that make Hong Kong people today so different from mainland Chinese? Because of a speech by Chinese Army General Xu Yan, which was circulated on the internet, I fig-

Protesters at Pennington Street in Causeway Bay, Hong Kong, on June 16, 2019.

ured out at least some of the answers. In his speech, Xu divided the people of Hong Kong into three groups—the natives who were educated by Hong Kong and Britain; those who fled mainland China around 1949 and 1950; and those who escaped the Great Famine and the Cultural Revolution. Xu believes that the latter two groups of people and their descendants hate the CCP the most, thus these Hongkongers are the worst, more so than the Taiwanese.

Xu was speaking from his own observations, as he and other leaders of the People's Liberation Army (PLA) Hong Kong garrison participated in a demographic study after the handover in 1997. This should be the internal figures and conclusions of the CCP.

From the viewpoint of numbers alone, it can also be confirmed from the demographic changes in Hong Kong. Hong Kong's population in 1945 was 600,000. By 1950, it had soared to 2.2 million, which was exactly the timing of the first wave of mainland Chinese leaving China. The number of people escaping from the mainland from 1950 to 1980 should be 2.5 million—the new mainland immigrants discussed in this article mainly refer to those people.

Who are the first wave of escapees that Xu spoke of? Some people say they were businessmen who fled the mainland to Hong Kong, but that's not necessarily true. The entrepreneurs mainly fled on the eve of the establishment

of the People's Republic of China (PRC) in October 1949, and the "sweeping out" that remained in the mainland was three years later, during the "Three Great Remoldings," which referred to the nationalization of private property and businesses.

From 1949 to 1950, the tide of escaping to Hong Kong can only be because of two major political campaigns: Land reform and Suppressing Counterrevolutionaries. In other words, the political campaigns targeted landowners and counterrevolutionaries.

China had long been an agricultural society. For a thousand years, the government ruled the county level, and the rural areas below the county level were governed by an upper class that looked after the affairs of the countryside. The wealthy landowners were the carriers of the traditional culture. They mediated the neighbor disputes, handled charity, and organized post-disaster reconstruction. Because of that, they are also the primary targets of the CCP's agrarian revolution (land reform).

As for another campaign, the goal of the Suppressing Counterrevolutionaries campaign, which began in 1950, was to eliminate the Kuomintang followers who stayed behind on the mainland, that is, the military and government personnel of the Republic of China. Most of these two groups of people were eliminated by the CCP, and those who survived, in-



A girl holds a black Hong Kong flag as part of a protest to demand the withdrawal of a controversial extradition bill, in Hong Kong on June 16, 2019.

Hongkongers have a unique courage and sense of determination to pursue democracy and defend freedom.

cluding their children, continued to be threatened, criticized, or killed during later political campaigns.

The fathers of Jin Yong (Louis Cha Leung-yung, Hong Kong's most famous writer) and Liang Yusheng (Chen Wentong, another famous writer) were killed by the CCP at that time.

In other words, the people eliminated during the Land reform and Suppressing Counterrevolutionaries campaigns were the elites of the traditional and modern society of China. Once millions of elites were wiped out, Chinese society was basically ruled by the ruffians, who were the main force of the CCP

revolution.

Because of Hong Kong, a small number of these elites were able to escape and found refuge in the city. Actually, people who followed the Kuomintang to Taiwan and those who escaped to Hong Kong were basically the same type of people, the difference being that the latter had witnessed or experienced the CCP's brutal persecution and had a deeper understanding of the nature of the CCP as a whole.

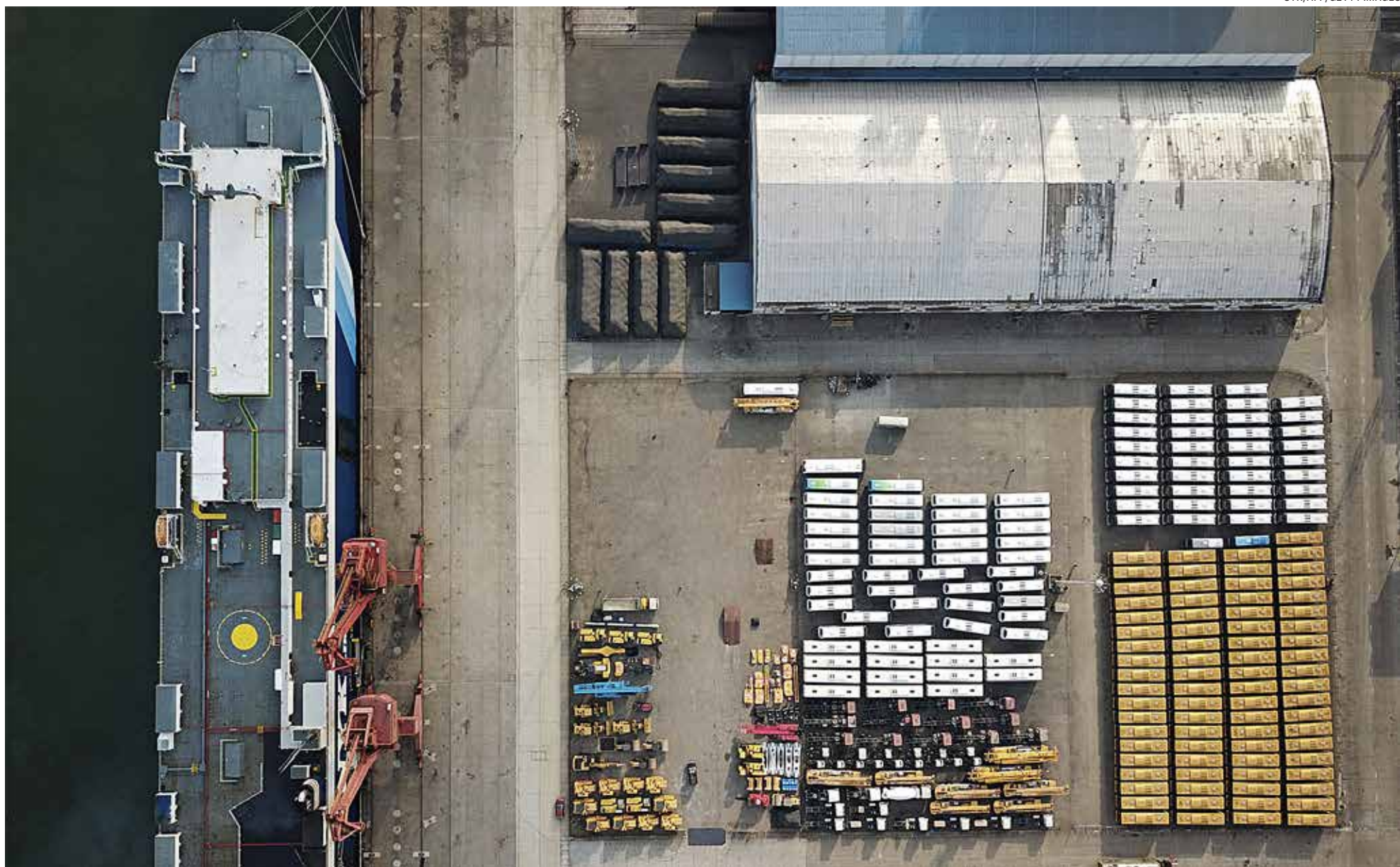
The third group is actually divided into two parts—three years of famine and the Cultural Revolution. The exodus from the three-year famine was dominated by hungry refugees,

while those who fled the Cultural Revolution included economic and political refugees. From the perspective of social class, this group is different from the first group of refugees. Many people from this group were originally from the lower levels of society, but have their own characteristics. Unlike most farmers during the Great Famine, who were forced to stay at home and starved to death by local CCP officials with guns, those people would rather be shot or drowned upon escaping, rather than staying home and starving to death.

Those two groups of Hongkongers have something in common. They all resisted the persecution of the CCP and weren't influenced by CCP culture, although those who were influenced by the CCP culture instinctively sought to resist it. They brought Chinese traditional culture to Hong Kong and immediately accepted the freedom and the rule of law of Western civilization in Hong Kong. That proves that Chinese traditional culture is compatible with Western modern universal values, and there is no fundamental conflict.

What is incompatible with the world is the Party culture and communist ideologies of the CCP.

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STR/AFP/GETTY IMAGES

An aerial view of new buses lined up for export at a port in Lianyungang, China, on Nov. 4, 2018.

OPINION

GLOBAL SUPPLY CHAIN CHANGES UNDERWAY AS TRADE WAR DRAGS ON

CHINA POISED TO LOSE MANUFACTURING EDGE AS COMPANIES PLAN EXODUS

FAN YU

Almost a year ago, I wrote that a protracted trade war between the United States and China “could permanently alter the landscape of the global supply chain.”

Today, the trade conflict remains, and that supply chain shift is now underway. Many multinational companies are planning to move existing China-based manufacturing capabilities to other countries, and some are evaluating their overall China footprint and strategy.

By some measures, the United States has already won the trade war. President Donald Trump has successfully convinced companies to reassess their China strategy—either forcibly through increased tariffs, or by goading Beijing into baring its intentions

Apple directly supports
5 MILLION
JOBS IN CHINA

and harassing foreign companies.

Either way, the existing paradigm and overall discourse on doing business in China have been challenged.

From this vantage point, it's tough to see the trade war resolving itself in the near future, even as both countries prepare for another round of talks this month at the G-20 summit in Japan. Beijing's rhetoric has hardened recently, describing its conditions in resolute terms that U.S. negotiators such as Commerce Secretary Wilbur Ross will be unlikely to accept. When taken in context, China's recent hard-line rhetoric seems to be little more than empty threats.

On the U.S. side, the trade war has been quietly gaining bipartisan support. Beijing's reliance on a Trump defeat in the 2020 election and a potential future com-

promise is becoming more tenuous; even if Trump loses, it's no slam dunk that a Democrat president would let Beijing off the hook.

And support among China's biggest allies thus far—the U.S. business community—also appears to be wavering.

A June 13 letter from more than 600 companies and organizations urging Trump to resolve the trade war might look formidable on the surface. However, with the exception of a few major retailers, most of the companies and organizations that signed are smaller businesses and trade groups with very little influence.

Most of the largest U.S. companies didn't sign. Neither did the U.S. Chamber of Commerce, nor the National Association of Manufacturers. The effects of Beijing's lobbying in Washington seem to be waning.

good image of it and its projects to the public, which would, in turn, give it easier access to continental resources.

Alviani said the Chinese regime doesn't want journalists to probe anything negative associated with its pursuits in Africa, such as pollution of local environments caused by its industrial activity.

Taking Over Media

In line with its massive investments in infrastructure projects in Africa, China is building radio and TV stations across the continent, and funding African media.

“It is not impossible that in one or two decades, China would actually be the major owner of African media and African broadcasting networks,” Alviani said.

Many African journalists have gone to China for state media training, where they're encouraged to tell positive stories about the Chinese in Africa.

Alviani said the growth of CGTN on the continent, with headquarters in Nairobi and bureaus in Cairo, Johannesburg, and Lagos employing hundreds of African journalists and many more freelancers, is “particularly worrying.”

“CGTN has the flavor of Africa; it looks like it is made for the good of Africa. But actually, it is a propaganda channel that obeys the Chinese [regime's] interests. You will never hear any voices opposing anything the Chinese are doing in

It is ... to create a new world media order, in which journalism would be replaced by state propaganda.

Cedric Alviani, researcher, Reporters Sans Frontieres

Africa on CGTN. Everything that viewers see on the network puts China in a good light,” he said.

Resistance and Control

Professor Herman Wasserman, of the University of Cape Town's media studies department, said Beijing's media model is “clearly not well-suited to Africa, where democracies are in many parts of the continent very fragile.”

Wasserman, a former visiting professor at Tsinghua University in Beijing, has published extensively on how China and its activities are reported in Africa.

He said the Chinese media presence in Africa is big, “and getting bigger,” but its products aren't popular, at least for the moment.

“In some countries like South Africa and Kenya and other places where there is a more vibrant media industry, there's also quite a strong, ingrained bias against Chinese media,” Wasserman said. Wasserman is watching Beijing's expansion of its media interests in Africa closely.

“It's maybe not in the first instance directed at stamping out press freedom in Africa, but it is aimed at trying to create a more positive picture of itself, and, yes, trying to limit criticism of itself in Africa,” he said. “As it embarks on greater economic and political influence on the continent, it seeks to promote a positive image of that influence through a greater presence in the media sphere.”

Businesses Looking to Leave

The “decoupling,” as some experts are calling the trend of moving sections of the value chain out of China, is proceeding in earnest.

And it's not all due to tariffs. The trade war has ignited conversations within corporate boardrooms about overall business risk and diversification of a company's value chain. Then there are the challenges of Chinese wage growth and the tough business and legal environment in China, especially toward foreign companies.

While it's easy for pundits and academics to trivialize macro trends, the decoupling will present some key challenges. For some products, China has the most skilled and efficient manufacturing base. While diversifying manufacturing is the right long-term strategic decision, shifting production to other countries will require investment, training, and tough logistical changes. And it will take time and money.

Apple asked its chief suppliers to evaluate moving 15 to 30 percent of their production capacity to Southeast Asia from China, the Nikkei Asian Review reported on June 19. “Multiple sources say that even if the [trade] spat is resolved, there will be no turning back,” Nikkei said.

Nikkei's sources also suggested that the potential shift was under consideration by Apple even before the trade war became protracted because of increasing labor costs, China's low birthrate, and concentration risk of relying too much on one country for production.

Google is also moving some production of its Nest thermostats and other hardware to Taiwan and Malaysia from China, Bloomberg News reported earlier this month, citing people familiar with the matter. The move follows an earlier shift of motherboard-hardware production to Taiwan from China to avoid a 25 percent U.S. tariff.

Luxury furniture and furnishings company Restoration Hardware announced that it is “moving certain production and new product development out of China, plus exploring new partnerships and expanding our own manufacturing facilities in the United States,” in its first quarter 2019 earnings release. In addition, the company has selectively raised prices to mitigate the impact of ongoing tariffs on profits.

The Wall Street Journal reported June 12 that Nintendo is also modifying its global supply chain by moving some production of the new versions of its popular Switch gaming console from China to Southeast Asia.

Tariffs notwithstanding, Beijing also has shown signs of bias against foreign companies. Earlier this month, Beijing fined Ford's joint venture with China—Chang'an Ford Automobile Co.—162.8 million yuan (\$23 million) for allegedly restricting retail sale prices since 2013.

Lotte, the South Korean conglomerate, is withdrawing its Lotte Mart retail chain from China after years of challenges. The company is now shifting its investment to Southeast Asian countries such as Vietnam and Indonesia, a June 20 Financial Times report noted.

“Of the companies that were massively optimistic about China three or four years ago, now more than half of them are talking about reducing their exposure, both as a market and a manufacturing base,” Peter Kim, investment strategist at Mirae Asset Daewoo, told the FT.

Lotte is one of several South Korean multinationals reducing its footprint in the world's No. 2 economy. For these companies, the business environment, not tariffs, drives the decision. Samsung Electronics, for example, decided this month to cut production and reduce its headcount at its only smartphone assembly plant in China because of high costs and slowing China sales in the face of stifling competition from lower-priced domestic rivals.

Unemployment a Danger to Stability

What are the consequences of companies moving production out of China? For one, it allows companies to keep most of their existing profit margins by circumventing U.S. tariffs. The flip side of that trend is increased stress on China's employment situation.

Last summer, the Chinese Communist Party's Politburo, a 25-member body representing the Party elite, set a goal of “six stabilities” for the country. Not coincidentally, the top “stability” mentioned by Beijing was that of employment.

That goal will fail if the trade war drags on. American economist Xia Yeliang told The Epoch Times earlier this month that as many as 14 million Chinese jobs could already be in jeopardy.

The existing paradigm and overall discourse on doing business in China has been challenged.

“If it [the latest U.S. tariff hike] affects 2 percent of GDP growth, it means that China has a large number of people who are unemployed,” Xia said.

“In the past, there was a calculation that every GDP percentage increase would carry 7 million jobs. If it's 2 percentage points, then it is 14 million; in turn, if you lose 2 percentage points, it means that the number of unemployed people in China will increase by 14 million.”

Similar conclusions can be reached using a bottom-up approach. Apple directly supports 5 million jobs in China. Taken together, global supply chain shifts could cost China millions of jobs over time.

Views expressed in this article are the opinions of the author and do not necessarily reflect the views of The Epoch Times.

TECHNOLOGY

INDUSTRY EXPERTS: CHINA HAS CRITICAL WEAKNESSES IN CHIP MANUFACTURING



AFP/GETTY IMAGES

A worker checks a circuit board at a factory in Hangzhou, Zhejiang Province, China, on May 22, 2018.

EVA FU

Amid the U.S.-China trade dispute, Chinese tech giants Huawei and ZTE have both been sanctioned by U.S. authorities, prevented from doing business with U.S. suppliers.

Following their business operations suffering as a result of the export ban, it became apparent that China's semiconductor industry was not advanced enough to meet domestic demands.

According to Chinese customs data, the country imports as much as \$300 billion worth of semiconductors annually, making it the largest import category by value.

Recently, two senior Chinese officials have pointed out the gaps between China's chip-manufacturing capabilities versus those of global leading producers such as the United States, South Korea, and Taiwan, explaining from their perspectives why China continues to fall behind in developing the technology for making chips that power virtually all electronic devices.

Zhang Guobao, former head of the National Energy Administration and former vice director of the National Development and Reform Commission, wrote in a June 10 commentary published in China Economic Weekly that he believed there were four major factors that curbed China's progress in developing semiconductor technology: lack of money, the country's economic system, insufficient talents, and the inability of the supply chain to provide enough support, with the last two being the most critical.

Many Chinese chip makers that are performing well are private companies that were established after 2000, a turning point when a number of businessmen returned from abroad and brought with them knowledge from the West, Zhang said.

Yet despite the progress, Zhang believes there would be a long way ahead for China to catch up with its international peers.

Ni Guangnan, an academicien at the state-run Chinese Academy of Engineering, said that 80 percent of the equipment for making China's chips relied on imports from global semiconductor leaders such as the United States and Japan, putting China at a disadvantage. Some materials such as photoresist, a light-sensitive material for coating, are entirely sourced from overseas, state-run media Xinhua reported.

“From the perspective of supply chain stability, as soon as supply from one of the links in the chain is halted, the entire manufacturing industry will be impacted,” Ni told state media China Daily in a June 12 interview.

In May, U.S. authorities blacklisted Huawei due to security concerns, effectively barring it from doing business with U.S. companies. Although Huawei claims to

have independently developed chips as a backup, in case its access to foreign suppliers is cut, some experts have questioned whether the company can survive on its own chips.

Huawei develops and manufactures chips under its subsidiary company HiSilicon.

In an article titled “Can HiSilicon's Chips Save Huawei?” Li Bin, who claimed to be a former Huawei employee and 20-year veteran in the chipmaking industry, said that the company's backup chips are only for deceiving the layman.

“The backup is there, sure, but whether it's usable or useful would be a different story,” Li wrote. His article was reposted by many Chinese media outlets, including Tencent News.

Li said that it would be a “miracle in the technological history of humankind” if Huawei could realize the goal of fully supplying the chips, software, and operating system for its own electronic devices, as even if the company is able to replace its current U.S.-supplied components with its own, adapting and testing the parts would take months.

Every electronic device is made up of tens or even hundreds of thousands of components, making it impossible and economically unfeasible for companies to develop everything on its own, Li said.

As a recent example, Apple was forced to drop its lawsuit against U.S. chipmaker Qualcomm in April, due to its lack of an alternative to make 5G baseband chips for its smartphones.

“As long as the United States discontinues its supply of chips ... 99 percent it's likely Huawei will die, without a question,” Li wrote, adding that the United States also dominates in creating chip-designing software.

Ni also noted China's weakness in terms of technical skill and equipment.

Ni, who is also a researcher at the state-run Chinese Academy of Sciences—the most prestigious research institute in China—said that the tools for designing chips are weak in China. Chip design calls for the use of electronic design automation (EDA), which allows the designer to analyze, simplify, and improve the design through computers. The three major suppliers of such software are all U.S. firms.

In 2015, Beijing initiated an ambitious plan called “Made in China 2025,” aimed to advance the Chinese semiconductor industry until it can supply all of China's chip demand. Yet industry insiders remain skeptical of the effort, pointing to many areas where China still depends upon imported technologies.

“Compared to the constraints of equipment, materials, or talent, I think what China lacks more is understanding of the industry,” Gu Wenjun, a senior analyst at the Shanghai-based consulting firm IC-Wise, told Reuters in a recent report.

CHINESE INFLUENCE

CONCERN ABOUT CHINESE MEDIA GROWS IN AFRICA

DARREN TAYLOR

JOHANNESBURG—During the past decade, China has cemented its position as the biggest economic and political partner of many African countries, and is now following that up with rapid expansion of its media presence to promote its influence on the continent.

Radio China International and the StarTimes multichannel TV service now carry “good news” stories about China and Africa to potentially millions of people. The Chinese state-owned TV broadcaster China Global Television Network, or CGTN, has a production center in Nairobi, Kenya, to bolster this objective.

But Beijing's expanding media footprint in Africa isn't as benign as it appears, international press freedom watchdog Reporters Sans Frontieres (RSF) warns.

A Friendly Face

The Chinese regime often jails its critics, including journalists, and Chinese media are severely restricted in terms of what they

can report on.

RSF stated that Beijing is now trying to export its repressive media model globally, with the aim of stopping journalism that would investigate its activities abroad.

“It is also to create a new world media order, in which journalism would be replaced by state propaganda,” said RSF researcher Cedric Alviani, who authored a recent report on China's attempts to legally and illegally influence how it is portrayed by international media.

His report, the product of information gathered from RSF sources worldwide, including 150 correspondents, states that the Chinese regime is investing in foreign news organizations and buying vast amounts of advertising in international media to prevent negative coverage of it.

Alviani said Africa is on the “frontline” of this strategy, as Beijing sees huge potential for development, and thus profits, on the continent.

According to RSF, the Chinese Communist Party needs “friendly” media in Africa to present a



SIMON MAINA/AFP/GETTY IMAGES

But RSF stated this greater presence includes financial support for African media, who obviously won't bite the hand that feeds them.

The watchdog uses the example of South African writer Azad Essa, whose column for the Independent Online was ended in 2018 shortly after he criticized Beijing's treatment of the Uyghur Muslim community in China.

A Chinese group has a 20 percent stake in the Independent. Wasserman said China's influence could be subtle. He explained that African media owners funded by China would practice self-censorship, cutting anything they

Pang Xinhua (L), managing editor of China Central Television Africa, talks to local journalists in Nairobi, Kenya, as he shows them how the organization has expanded in different parts of Africa, on June 12, 2012.

think might offend Beijing.

RSF stated that more overt attempts by Chinese authorities to repress African journalists include training local officials to spy on them and providing equipment for surveillance of the internet and cellphones.

Wasserman said, however, that the role of African media and civil society shouldn't be ignored in the resistance of attempts to influence media on the continent.

“I think there's a great deal of resistance in Africa against any attempts to stamp out press freedom, whether those attempts come from Beijing or wherever,” he said.

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