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THE EPOCH TIMES

# CHINA INSIDER

## CONFUCIUS INSTITUTES STIFLING

**ACADEMIC FREEDOM  
ON COLLEGE CAMPUSES**

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A student walks near Royce Hall on the campus of the University of California–Los Angeles on April 23, 2012.

**Beijing Goes in for  
the Kill in Hong Kong **5****



Pedestrians on the University of Minnesota campus in Minneapolis on April 9, 2019. The university closed its Confucius Institute in 2019.

## CHINESE INFLUENCE

# Tide Turns Against Beijing—Backed Confucius Institutes on American Campuses

CATHY HE

**A**growing number of Confucius Institutes are closing across U.S. college campuses amid concern about their threats to academic freedom.

While billed as Chinese language and culture centers, Beijing-funded Confucius Institutes have drawn mounting criticism in the United States and elsewhere over its role in stifling free speech and promoting Chinese propaganda and influence in academic institutions.

Since 2004, more than 100 Confucius Institutes have opened at universities across the United States. Although this number has diminished in recent years as a rising number of colleges shutter the controversial centers, many have done so as a result of a measure in the National Defense Authorization Act of 2018, which bars universities that host Confucius Institutes from receiving funding from the Pentagon.

As of May 1, 38 universities had closed or are in the process of closing their institutes, according to the National Association of Scholars (NAS), an education advocacy group. By the end of the summer, there will be 80 institutes left in the country.

"Confucius Institutes import censorship into American higher education," Rachelle Peterson, policy director at NAS, told *The Epoch Times* in an email. "They are inherently at odds with the intellectual freedom that a college or university requires."

### Importing Censorship

Peterson describes Confucius Institutes as "class-in-a-box kits" from the Chinese regime, which supplies the host university with teachers and their salaries, teaching materials, as well as funding to run the centers.

A 2017 NAS report authored by Peterson, which recommended the closure of all Confucius Institutes in the United States, highlighted the centers' role in presenting a positive image of the communist regime.

"They avoid Chinese political history and human rights abuses, portray Taiwan and Tibet as undisputed territories of China, and educate a generation of American students to know nothing more of China than the regime's official history," it stated.

The institutes are funded and operated by Hanban, or the Office of Chinese Language Council International, an office within China's Ministry of Education.

Since 2006, Hanban has poured more than \$158 million to about 100 U.S. universities for Confucius Institutes, according to a 2019 U.S. Senate subcommittee on investigations report. Between 2008 to 2016, Hanban spent more than \$2 billion on setting up such institutes on college campuses around the world.

Outside of higher education, there are 512 Confucius Classrooms operating in K-12 schools in the United States, the report stated.

Chinese officials themselves have remarked that Confucius Institutes are a key plank in the Chinese Communist Party's (CCP) campaign to expand its global influence.

The CCP's then-propaganda chief Li Changchun in 2009 described Confucius Institutes as "an important part of China's overseas propaganda set-up."

Later in a 2011 speech, he extolled the centers as "an important contribution toward improving our soft power. The 'Confucius' brand has a natural attractiveness. Using the excuse of teaching Chinese language, everything looks reasonable and logical."

### 'Strings Attached'

The Senate subcommittee report found that some contracts between Hanban and U.S. universities contained provisions stating that both Chinese and U.S. law apply.

**Confucius Institutes import censorship into American higher education. ... They are inherently at odds with the intellectual freedom that a college or university requires.**

Rachelle Peterson, policy director, National Association of Scholars

Chinese teachers, meanwhile, must sign contracts with Hanban, which state that their contracts will be terminated if they "violate Chinese laws," "engage in activities detrimental to national interests," or "participate in illegal organizations," the report stated. The terms also require instructors to "conscientiously safeguard national interests" and report to the Chinese Embassy within one month of arrival in the United States.

Sonia Zhao, a former Chinese teacher at the Confucius Institute at Canada's McMaster University, defected to Canada in 2011. As reported by *The Epoch Times* at the time, prior to arriving in Canada, Zhao had to sign a contract stating that employees must not practice Falun Gong, a spiritual group persecuted by the Chinese regime. Zhao, herself an adherent of the practice, signed the agreement out of fear that a refusal could expose herself as a practitioner and lead to arrest.

In 2013, McMaster University became the first university in North America to close its Confucius Institute, after Zhao filed a complaint at the Human Rights Tribunal of Ontario over its discriminatory hiring practices. A spokesperson for the university said the decision was made because "hiring decisions in China were not being done the way we would want to do the hiring."

Zhao revealed at the time that during her training in Beijing, they were told to

avoid mentioning sensitive topics like the Tiananmen Square massacre, Tibet, Taiwan, and Falun Gong in the classroom. However, if a student insists on a question, the teachers have to cite the CCP line on the issue, such as: Taiwan is part of China, and Tibet has been "liberated" by the regime.

In Peterson's evidence to a 2019 UK inquiry, she said that Yin Xiuli, director of the New Jersey City University Confucius Institute, told her in 2016, "We don't touch" issues such as Taiwan, Tibet, and Falun Gong.

### Government Action

Since July 2019, the U.S. Department of Education has launched a series of investigations into foreign funding at U.S. colleges as part of a wider initiative targeting foreign influence on campuses.

Universities are required under federal law to report gifts and contracts with any foreign sources that exceed \$250,000 in a calendar year. However, the Senate subcommittee report found that nearly 70 percent of universities failed to properly report funding they received from Confucius Institutes.

The department's enforcement action has resulted in the reporting of about \$6.5 billion in previously undisclosed foreign money, including from China, Qatar, and Russia, it stated.

In a November 2019 report to the Senate subcommittee, the department stated that foreign donors may be seeking to project soft power, steal sensitive research, and spread propaganda at U.S. schools.

The investigations, according to the report, also revealed that one university had multiple contracts with the CCP's central committee, another received gifts from a foundation suspected of acting as an influence front for the Chinese regime, and one received research funding from a Chinese multinational to develop technology for surveillance.

Meanwhile, a group of Republican lawmakers recently pressed Secretary of Education Betsy DeVos for information on Beijing's investments in American colleges to further its strategic and propaganda goals. Their letter noted that Confucius Institutes serve as a vehicle to promote Beijing propaganda to American students, as well as "a gathering ground for Chinese intelligence agencies."

Dovetailing with government efforts is a burgeoning student-led movement speaking out against the Chinese regime's infiltration of college campuses.

Last week, dozens of leaders of the College Republican National Committee and the College Democrats of America, representing universities in more than 45 states, along with rights groups representing Tibetan, Hong Kong, and Taiwanese communities, signed an open letter calling for the permanent closure of all Confucius Institutes on U.S. campuses.

## CHINESE INFLUENCE

# More Countries May Fall Into China's Debt Trap With COVID-19

EMEL AKAN

**W**

ASHINGTON—Through its Belt and Road Initiative (BRI), China has poured billions of dollars in loans into low-income countries to help build their massive infrastructure projects. And now with the COVID-19 pandemic, concern about a looming debt crisis has increased in developing nations, as most of them are already bent under massive Chinese debt.

Launched in 2013, China's BRI, also referred to as "One Belt, One Road" or the "New Silk Road," is one of the world's most ambitious and controversial development programs. In recent years, the initiative has been perceived as a "debt trap," due to Beijing's predatory lending practices.

The BRI has contributed to the substantial external debt buildup in many low-income countries, according to a recent report by the Institute of International Finance (IIF).

Over the past two decades, China has become a major global lender, with outstanding debt exceeding \$5.5 trillion in 2019—more than 6 percent of global gross domestic product, the IIF report stated.

The BRI has played an important role in driving China's lending activity in recent years, making Beijing the world's largest creditor to low-income countries. Since its launch, the initiative directed more than \$730 billion to overseas investment and construction projects in over 112 countries, according to the report.

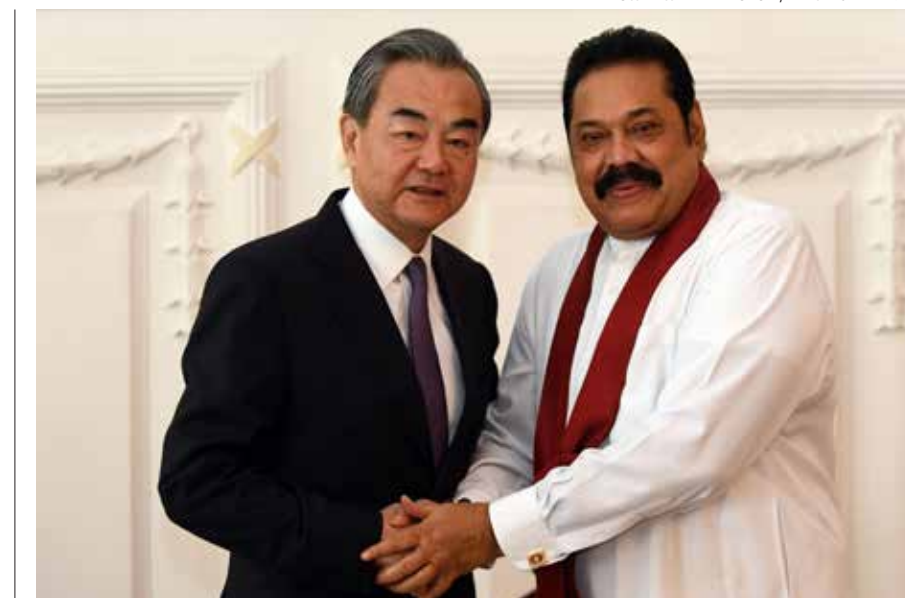
Among the BRI countries, Djibouti, Ethiopia, Laos, the Maldives, and Tajikistan are rated at "high risk of debt distress" by the International Monetary Fund (IMF), meaning they are likely to default or face problems servicing their massive debt.

In addition, a recent academic study published by the Kiel Institute for the World Economy suggests that the Chinese overseas loans may be higher than reported. The study says that up to 50 percent of Chinese loans are "hidden," as they're not reported to the IMF or World Bank. China's non-transparent lending practices amplify debt vulnerabilities in poor countries.

Amid a looming financial crisis, Sri Lanka is currently piling on more Chinese debt. Although the debt-ridden country must make \$4.8 billion in loan repayments this year, it has reached an agreement with China for at least \$1

And the way China has mapped out the globe, it has been very strategically looking at the most valuable ports first and approaching those countries accordingly.

Bonnie Glick, deputy administrator, U.S. Agency for International Development



Sri Lankan Prime Minister Mahinda Rajapaksa (R) shakes hands with Chinese Foreign Minister Wang Yi during a meeting in Colombo, Sri Lanka, on Jan. 14, 2020.

billion in additional lending, according to Nikkei Asian Review.

Sri Lanka is often cited as a clear example of becoming trapped in Chinese debt and being forced to hand over strategic assets to China. A Chinese state-owned firm took control of Sri Lanka's southern port of Hambantota in 2017 on a 99-year lease after the country defaulted on its loans.

"Ports have dual use in almost every country—for civilian use as well as for military use," Bonnie Glick, deputy administrator of the U.S. Agency for International Development, told *The Epoch Times'* American Thought Leaders program.

"And the way China has mapped out the globe, it has been very strategically looking at the most valuable ports first and approaching those countries accordingly."

The same thing happened in the East African country of Djibouti, she noted, where China built a concessionary port. The country is located at the entrance to the Red Sea, where the United States has strong defense interests. Nearly 10 percent of the world's oil exports and 20 percent of all commercial goods navigate through the Suez Canal, passing close to Djibouti.

"Djibouti defaulted on its loan, and China ultimately controls operations in the port in Djibouti," Glick said, calling the BRI "One belt, one road, one-way trip to insoluble debt."

### Debt Relief

Both the World Bank Group and the IMF have urged the G-20 economies including China to provide debt relief to the world's 76 poorest countries and

allow them to redirect funds toward fighting the pandemic.

China is a signatory to the debt service suspension initiative agreed to by the G-20 nations, which provides a freeze of debt repayments for the poorest nations upon request. The suspension will run from May 1 through the end of 2020.

According to Glick, the initial Chinese response to debt forgiveness was positive.

But later, "they started putting all kinds of conditions on what type of debt would be considered for debt forgiveness, carefully trying to thread the needle to keep bilateral debt owed" to China off the table, she said.

BRI's massive construction projects are financed mainly through a wide range of Chinese local government and state-controlled institutions.

The Trump administration has voiced a hard line against China's ambitions to grow its footprint in emerging markets, and the pandemic has amplified these concerns.

Secretary of State Mike Pompeo said the whole world is waking up to the challenges posed by the Chinese Communist Party.

"China's been ruled by a brutal, authoritarian regime, a communist regime, since 1949. For several decades, we thought the regime would become more like us through trade, scientific exchanges, diplomatic outreach, letting them in the WTO as a developing nation," he told reporters on May 20.

"That didn't happen. We greatly underestimated the degree to which Beijing is ideologically and politically hostile to free nations."



A Chinese engineer at the construction site of an extension of the Southern Expressway from Matara to Hambantota, near Hambantota, Sri Lanka, on Nov. 16, 2018.

STR/AFP VIA GETTY IMAGES



## Fears Mount Over 2nd Outbreak Amid Inconsistencies in Chinese Data

EVA FU

Millions of Chinese citizens could be forced back under lockdown, as discrepancies in data reporting and surging COVID-19 cases in northeastern China show a second-wave outbreak of the CCP virus is now occurring.

Already, the Chinese regime has declared “wartime” status in at least two cities—including the capital city of Beijing, where authorities recently reported dozens of fever patients, whom they insisted were diagnosed with a bacterial infection and not the CCP (Chinese Communist Party) virus, commonly known as the novel coronavirus.

Authorities in northeastern China have quarantined around 8,000 people after they were exposed to confirmed patients. Six local officials were fired for failing to contain the outbreak.

Meanwhile, in Wuhan, where the virus first broke out, authorities mandated diagnostic testing on all 11 million residents, after several cases were reported. The city had lifted lockdown measures weeks earlier after proclaiming that the virus had been contained.

As the Chinese regime continues to fend off international criticism of its handling of the crisis, while lauding its socialist system as a paragon for curbing the outbreak, chaotic scenes at testing sites and consistent cover-up have cast doubt over China’s virus data.

“They don’t report anything, don’t you know? Reporting [true figures] will create public panic,” Ms. Yang, a small-business owner from the northeastern city of Jilin, told The Epoch Times. “Now we all know how serious this thing is, because it’s happening next to us.”

### Discrepancies

Since the virus first spread, conflicting numbers reported by Chinese authorities have confounded international researchers and Chinese citizens. Internal government data obtained by The Epoch Times have also revealed that local authorities routinely underreport infections.

Confusion again arose on May 18 when health officials from China’s northeastern province of Jilin reported five new cases while the country’s

**They don’t report anything, don’t you know? Reporting [true figures] will create public panic.**

Ms. Yang, Jilin resident

National Health Commission only reported two cases from the region. Jilin authorities later scaled down their numbers in an update, saying that the other three emerged after May 18 midnight and therefore counted toward the next day’s data.

On the same day, Shanghai recorded no new cases, contradicting the National Health Commission’s report of one new infection from the municipality. The government hasn’t offered an explanation for the conflicting numbers.

In Wuhan, the government swiftly fired a local Party official after a cluster of six infections emerged, breaking a period of more than a month in which authorities consistently reported zero new infections.

Authorities’ lack of transparency about the outbreak has made it difficult to understand the true scale of the epidemic in China.

“It sounds like the virus follows their orders,” Ge Bidong, a California-based political commentator, told NTD, an Epoch Times affiliate. “There’s such a large gap between their data and infection as well as death numbers around the world over the past three months.” He noted that even death tolls in smaller countries have overtaken China’s. “So how can you believe them?”

Zhong Nanshan, a Chinese respiratory expert who has risen to prominence during this outbreak, warned of grim challenges ahead.

“The majority of ... Chinese at the moment are still susceptible of the COVID-19 infection because [of] a lack of immunity,” Zhong said in a CNN interview on May 16. “We are facing [a] big challenge; it’s not better



Chinese commuters wearing protective masks line up to catch a bus during rush hour in Beijing on May 18, 2020.

than the foreign countries I think at the moment.”

### Northern China

The northeastern region first reported a chain of infections that began with a 45-year-old cleaner in Shulan, a small municipality under the administration of Jilin city, Jilin Province. Through her movements around the city and interactions with close contacts, the cleaner, who works at the local police bureau, quickly spread the virus to people living in other cities.

Shulan has since declared a “wartime status” and sealed off local neighborhoods, allowing only one person from each household to go out once every two days for essential purchases. Each trip is limited to two hours. More than 1,100 residential buildings, 1,200 villages, and nine neighborhood communities are now under full lockdown due to possible infections.

A resident from a now-locked down compound in Changyi district, Jilin city, said nearly 100 police came to affix seals on each apartment door to bar people from leaving their household.

The lockdown measures are weighing on locals as they struggle for survival. “You can’t go anywhere,” a social worker who asked to remain anonymous said in an interview. “There’s no one on the street. Not a soul around my apartment building.”

Mr. Li, a supermarket owner in Jilin city’s Fengman district, one of the two areas designated as “high-risk” by authorities, along with Shulan city, has placed barriers around the entrance to minimize contact with customers. “Just tell me what you want, I will bring it [outside],” he said.

Another supermarket staff in Shulan said he would write down people’s orders and leave them outside for people to pick up.

“They [the government] tell you there’s one or two cases ... that it’s not serious, but the way they are handling it is pretty intense,” Mr. Lü, who works at The First Hospital of China Medical University Shenyang in nearby Liaoning Province, told The Epoch Times.

Fears have also fueled stigma around people from Shulan. “No cabs would take you once they know you are from Shulan,” Ms. Zhang, from neighborhoods, said in an interview. “They don’t want to contact Shulan people.”

Qiu Haibo, a National Health Commission expert, said patients in China’s northeastern clusters seem to carry the virus for a longer period of time than the earlier Wuhan cases, while their recovery also took longer, according to an interview with state broadcaster CCTV on May 19.

### Mass Testing Questioned

Residents undergoing mass testing in Wuhan also complained about sloppy procedures that could render the testing useless and invite safety risks.

In the Shengshi Dongfang residential compound, people said their throat swabs were casually tossed into the same box or bottle without labeling—sometimes dozens at a time, according to a recent video filmed by locals. The medical officers also appeared ill-equipped; although about 6,000 residents live in the compound, the officers brought only about 600 testing kits, according to the residents.

“What do you think they are doing here?” one woman shouted in the video. “You can’t even tell which belongs to whom, so what’s the use in doing this?”

More also accused authorities of profiting off the process. The tests cost about 260 yuan (about \$37) for each person, according to Mr. Li, who lives in another compound in Wuhan. His compound has been arranging testing for residents building by building.

Local resident Mr. Wang said his whole family has refused to take the test. “They are treating us as guinea pigs,” he said in an interview. Each time the local officers pressed him to complete the test, he questioned them about the test’s accuracy. “It’s not accurate, I’m not going to do it,” he said.

## Hong Kong on the Brink, as Beijing Goes in for the Kill

Newly proposed national security laws threaten all that Hong Kong holds dear; the free world must act before it’s too late.

JACK HAZLEWOOD

Commentary



Three faceless bureaucrats from the National People’s Congress filed into a nondescript conference room in Beijing on May 21.

There, in front of an assembled throng of journalists from state-owned media, they delivered what many pro-democracy activists in Hong Kong consider to be the death knell for the city, as if there were any other stultifyingly dull pronouncement on the economy: the unveiling of long-anticipated national security legislation that threatens Hong Kong’s liberty, autonomy, and democracy like never before.

While the press conference only announced that the proposed national security laws were on the official agenda for discussion by the NPC, describing them as “draft legislation on Hong Kong national security laws,” their very mention means the legislation’s passage is a foregone conclusion. While under the Chinese Constitution, the NPC is the “highest organ of state power,” in practice, it’s a rubber-stamp parliament that only convenes once per year—a toothless legislature totally subservient to the Chinese Communist Party’s top brass.

The details of the legislation are yet to be published, meaning their exact scope isn’t yet known. However, it’s clear they will contain provisions similar to those set out in Article 23 of Hong Kong’s mini-constitution, the Basic Law. Article 23 calls for the Hong Kong government to enact legislation to prohibit “any act of treason, secession, sedition, or subversion against the Central People’s Government”—laws that to date haven’t been enacted in Hong Kong, unlike in mainland China.

What also is certain is that the language contained within the legislation—as with the concepts of “sedition” and “treason” in Article 23—will be intentionally ambiguous. That’s to ensure that the interpretation of any new national security legislation in Hong Kong can be changed at any time to charge and jail more pro-democracy supporters, as Beijing pleases.

Just last week, 15 high-profile pro-democracy activists were arrested and charged in a clearly politicized move by the government. Under the proposed legislation, they would highly likely face additional charges under new national

security laws.

While Hong Kong’s judicial independence remains relatively unscathed from years of wide-ranging overreach from Beijing in other internal affairs, the power of final interpretation on constitutional questions lies not in any of Hong Kong’s institutions, but in the NPC Standing Committee in Beijing. That constitutes a serious flaw in Hong Kong’s legal system, and an easy avenue for Beijing to interfere in what pro-democracy supporters believe should be matters dealt with exclusively in Hong Kong.

The fact that Beijing has unveiled the plans in the middle of an international pandemic is no accident. Despite having extremely low numbers of coronavirus cases for some weeks, Hong Kong is still subject to a ban on groups of more than eight people. That, coupled with the public’s reluctance to join mass protests due to fears of coronavirus transmission, means Beijing may have just played a master stroke. While the legislation constitutes a massive gamble by Beijing, they couldn’t have picked a better time to do it than now.

The fury sparked by the proposals means an escalation in violent tactics used by front-line protestors is all but certain. Although mass protests won’t immediately resume until the pandemic has subsided, the stage is set for an as-yet unprecedented series of confrontations in the run-up to critical Legislative Council elections in September, a poll many view as being a referendum on the future of the city.

### LegCo Elections

The challenge the pro-democracy camp faces in September is daunting. Even amid widespread public support for the protests, only 40 of Hong Kong’s 70 Legislative Council (LegCo) seats are directly elected by the public, with the remainder selected mainly by business interests. Thus, gaining a majority of seats is made extremely difficult for pro-democracy parties, but not impossible.

A LegCo majority would allow the pro-democracy camp to wreak havoc with the government’s legislative agenda and even dismiss Chief Executive Carrie Lam—if two consecutive budgets are rejected by a majority of members. This would be certain to happen under a Democrat-controlled LegCo. We can only wait for the results.

However, the proposed laws also threaten to throw the elections into cha-

os. Previous elections have seen mass disqualifications of pro-democracy candidates, and Beijing’s move is a strong indication it will seek to do that again.

This is in spite of recent court rulings, the most recent being from May 21, which have overturned previous disqualifications of candidates hostile to Beijing as unlawful. Whether Beijing will look to disqualify candidates on the basis of new national security laws or existing legislation remains to be seen.

**The response to the noose tightening around Hong Kong’s neck is likely to be ferocious—the city won’t go down with a whimper.**

### International Response

The response to the proposals by the international community is of critical importance. U.S. Secretary of State Mike Pompeo has described them as “disastrous,” adding that they would be “a death knell for the high degree of autonomy Beijing promised for Hong Kong under the Sino-British Joint Declaration.”

Immediately after the news broke, President Donald Trump stated that the U.S. would respond “very strongly” if Beijing presses on with the legislation’s implementation.

The obvious step for the United States to take if the administration, as seems likely, looks to move beyond words of condemnation would be to rescind the special trade status Hong Kong enjoys under successive Acts of Congress, including the 1992 Hong Kong Policy Act and the 2019 Hong Kong Human Rights and Democracy Act.

Under that legislation, Hong Kong is treated separately from mainland China for the purposes of trade and commerce, on the basis that it enjoys a high degree of autonomy. Now that this autonomy will be dramatically and possibly irrevocably eroded, Pompeo indicated the United States will be reviewing imminently whether to withdraw said status from Hong Kong.

Further acts of Congress that could follow in response to Beijing’s announcement may include a bill to make subject to Magnitsky sanctions Hong Kong and Chinese government officials judged

to be responsible for the crackdown. It’s likely that senators including Josh Hawley (R-Mo.), who announced on May 21 that he was filing a resolution to condemn “China’s attempt to violate its treaty commitments and strip Hong Kong of its liberties,” will seek to pilot further legislation through Congress to punish Beijing.

The UK, which administered Hong Kong as a colony until 1997, issued only a muted statement noting the Foreign Office was “monitoring the situation closely,” a deeply disappointing response given the gravity of Beijing’s proposals.

The UK finds itself in a unique position, as hundreds of thousands of Hongkongers born prior to the handover in 1997 possess British National Overseas (BNO) citizenship—a form of British citizenship, but that doesn’t give the holder the right to live or work in the UK.

Leading Conservative politicians have led calls for some time for BNO passport holders to be given full residency rights in the UK, a move that would likely be supported by the opposition Labour Party should the government seek to legislate for it in Parliament. This would likely spark an exodus of BNO passport holders to Britain, further deepening the chaos in Hong Kong.

Nonetheless, any such moves can’t seriously alter the gravity of the situation Hong Kong finds itself in. The response to the noose tightening around Hong Kong’s neck is likely to be ferocious—the city won’t go down with a whimper. An escalation of violence, potentially causing the city to descend into becoming ungovernable, is possible. All bets would be off in such a situation.

As to giving a true sense of the rage that Beijing’s move has sparked, one cannot but be reminded of the famous Trump quote, later the title of Michael Wolff’s book on the administration: fire and fury like the world has never seen.

*Jack Hazlewood is a student and activist based in London. He previously worked for a localist political party in Hong Kong and served as a field producer for the conflict journalism outlet Popular Front’s documentary “Add Oil,” which followed frontline protesters in Hong Kong in the run-up to China’s national day in 2019.*

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



Zhang Yesui, the spokesperson for the third session of the 13th National People’s Congress, speaks during a video online press conference in Beijing a day before the opening ceremony of the NPC, on May 21, 2020. Zhang said the NPC will discuss a proposal for a national security law in Hong Kong at its annual session.



The headquarters of the African Union in Addis Ababa, Ethiopia, on March 13, 2019.

## SURVEILLANCE

## China Building, Bugging Government Offices in African Nations, Report Says

BONNIE EVANS

China has been building key government offices and facilities in African countries for decades and fitting them with gear that likely allows the Chinese government to spy on everyone, from presidents and prime ministers to judges and generals and beyond, according to a recent Heritage Foundation report.

More than 186 buildings constructed by China in 40 of the 54 nations in Africa house the sort of sensitive data and activity that invites surveillance, Heritage researcher Joshua Meservey found.

The Palace of Justice in the Angolan capital of Luanda was built in 2012, while in the notorious kleptocracy of Equatorial Guinea, the Chinese erected the Ministry of Foreign Affairs building in 2015. And in Zimbabwe, where its former leader, the late Robert Mugabe, once called Chinese leader Xi Jinping “a God-sent person,” China has built the country’s National Defense College and is constructing its parliament, according to the report.

In all, “Chinese companies have

**Chinese companies have built, expanded, or renovated at least 24 presidential or prime minister residences or offices; at least 26 parliaments or parliamentary offices; at least 32 military or police installations; and at least 19 ministries of foreign affairs buildings.**

Heritage Foundation report

built, expanded, or renovated at least 24 presidential or prime minister residences or offices; at least 26 parliaments or parliamentary offices; at least 32 military or police installations; and at least 19 ministries of foreign affairs buildings,” the report states.

That gives Beijing extraordinary access to gain insights into the most intimate workings of governments across Africa, and to the information that gives China clairvoyant-like powers to adjust its tactics to maximum advantage.

In conjunction with physical assets, China has also built 14 “intra-governmental telecommunication networks,” with Chinese-made systems such as those from Huawei. Meservey expects that those networks are all compromised in favor of China’s intelligence-gathering activities, giving the regime a significant advantage over not only its political and commercial competitors in Africa, but also over host-country officials who may themselves be liable for misdeeds.

The breadth and depth of intelligence coverage China has been able

to achieve through its construction projects across Africa is a sign of the continent’s importance to Beijing’s geopolitical strategies, the report points out.

### The Evidence

The suspicion that many of these facilities act as listening stations for Beijing is bolstered by two factors.

China has already been caught red-handed vacuuming up years of data from one of Africa’s most important public buildings. In 2018, first *Le Monde* and then the *Financial Times* ran stories exposing two systemic security breaches that China had hard-wired into the building it constructed and donated for the African Union’s headquarters in Addis Ababa, Ethiopia.

The first was the discovery that the AU’s servers, also a Chinese gift, were uploading data to servers in Shanghai, nightly from midnight to 2 a.m.

The other breach at the AU was more tactile. A physical inspection of the AU building uncovered listening devices throughout the building.

Aside from the AU case, which offers direct evidence of China’s ability, and, more importantly, its willingness to spy on and compromise a friend, a second factor adds compelling circumstantial evidence to the likelihood that China is spying on Africa through the medium of its building infrastructure there.

That evidence is found in China, where for decades, apartment compounds and hotels were built that exclusively housed foreigners. In most if not all of those facilities, listening equipment was deployed to monitor conversations and movements of residents and guests, according to multiple Chinese Communist Party and foreign business and diplomatic sources. Those compounds include groups of diplomatic apartment buildings in Beijing, as well as hotels operating under major Western European and American brand names.

Indeed, even foreign students in China are known to have found microphones in their dormitories.

### The Ramifications

The high probability that China is using infrastructure that it builds in Africa to spy on political and business leaders and events should give the United States pause, the report suggests. If the capability to spy in

Africa is being used, then it means that China “has better surveillance access to Africa” than any other nation operating on the continent, Meservey writes.

Using that access and the inside knowledge it provides gives China an advantage in competitive commercial negotiations.

It also tips Beijing about who in Africa can be influenced to make decisions favorable to China’s goals, and how to exert and recruit that influence.

But the scope of surveillance isn’t limited to Africans, the report points out. Anyone in a room built or equipped by China can be the subject of Beijing’s listening capabilities, including U.S. and other foreign officials.

In addition, activities that take place in those physical locations between a host country and any other foreign nation also become vulnerable to Chinese spying, compromising “diplomatic strategies, military counterterrorism operations, [and] joint military exercises.”

Which is why, Meservey advises, “the U.S. should try to complicate Beijing’s surveillance ... as part of a strategic response to the CCP’s [Chinese Communist Party] effort to reshape the global order.”

### Beijing’s Reaction

In his May 22 press conference, Zhao Lijian, spokesperson for China’s Foreign Ministry, called the Heritage report’s claims “ridiculous” and “based on nothing but lies, illusions, and ideological bias,” in response to China Daily’s request to comment on the report.

In addition, “African leaders publicly refuted such rumors on multiple occasions,” Zhao said.

The Heritage report anticipated that response.

“Expect little help—and perhaps even resistance—from some African states. Given how adroitly the CCP has built influence in Africa and the many examples of African countries fearing to defy Beijing, the U.S. should not expect these governments to offer much assistance in ameliorating America’s counterintelligence problem in Africa,” the author writes.

In fact, “some, if asked, or in an attempt to curry CCP favor, may even actively collaborate with Beijing to hinder American efforts to protect its interests on the continent.”

## Trump Taking Aim at China’s Assets on Wall Street to Protect US Investors, Economy

What was once a talking point is now a real threat to Beijing’s access to US capital

JAMES GORRIE

### Commentary

Over the past two decades or so, Chinese companies didn’t have to worry about being regulated by Wall Street watchdogs. They were exempt from having to follow U.S. accounting standards and benefited from massive inflows of American capital. It was good business for both sides, but especially for China.

As it was, U.S. investment firms were falling all over each other to invest in Chinese companies. Chinese firms could literally just show up on Wall Street and get the VIP treatment. U.S. capital markets would end up funding Chinese companies that would soon be competing, if not destroying, their American competitors, while enriching the ruling members of the Chinese Communist Party (CCP) at the same time.

### Free Ride to End for China

But with the CCP’s initial handling of the epidemic, which allowed the virus to infect the world and is destroying the world economy, combined with rising geopolitical tensions between Beijing and Washington, the Trump administration is in no mood to give China a free ride any longer.

For instance, according to the U.S.–China Economic Review Commission, as of February 2019, there were 156 Chinese companies with a total valuation of \$1.2 trillion listed on U.S. exchanges. But more than 100 of them don’t allow regulatory audits as required by the 2002 Sarbanes-Oxley Act (SOX).

Going forward, they will be required to do so.

The SOX Act was originally put in place to protect investors from the huge corporate fraud perpetrated by Enron, WorldCom, and many others, where stockholders lost most—if

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not all—of their investments. Over the years, however, the same thing has happened to American investors investing in fraudulent “Chinese Hustle” companies listed on U.S. exchanges. Luckin Coffee is just one recent example. Some observers even contend that a significant majority of Chinese companies listed on American exchanges are fraudulent.

Clearly, Trump’s insistence on asserting the right of U.S. regulators to audit Chinese companies is necessary in order to protect American investors’ capital. Without audits, U.S. regulators will have no idea if Chinese companies, their assets, profits, and management, or even their products, are real.

It’s likely, however, to be a deal-breaker for most U.S.-listed Chinese companies. There’s no comparative regulatory system in China, so there’s no absolute standard for accounting and other oversight mechanisms. But if Chinese firms don’t comply with the new laws, they will be kicked off American exchanges.

In short, for years, Chinese companies have had a free ride and virtually unfettered access to U.S. capital markets and have abused that privilege. That’s all about to change.

### Alibaba to Exit NYSE?

In fact, President Donald Trump recently told Fox News’ Maria Bartiromo that he expected no less of a company than China-based internet retail giant Alibaba (the Chinese internet giant and parent company of the South China Morning Post) to leave Wall Street rather than follow SOX audit rules. Trump anticipates that Alibaba would likely seek to relocate to either London or Hong Kong. It appears that Trump has set the policy tone going forward.

### Just the Beginning

The \$50 billion Federal Employees pension fund is a prime example. Trump recently convinced the I Fund’s managers at the Thrift Sav-

ings Plan to avoid or withdraw funding Chinese companies based on mainland China. That result is that \$4 trillion worth of U.S. capital was pulled from Chinese companies in the fund alone.

But that’s not the only example of Trump’s crackdown on Chinese companies.

On May 12, the National Legal and Policy Center (NLPC) formally requested that BlackRock, the world’s largest investment adviser, divest from 137 Chinese companies currently listed on U.S. stock exchanges. In their letter addressed to Chairman and CEO Larry Fink, the NLPC pointed out that all of the companies are “under the influence and ultimate control of the Communist Party of China.”

Still, the Trump administration may push things even further. It’s considering giving Americans the right to sue China for damages related to the CCP virus, commonly known as the novel coronavirus. That may include claims against China for loss of life, loss of property and business, and for human suffering. Travel sanctions and bans are on the table as well, as is restricting loans from U.S. lenders to China-based and China-owned businesses.

Following Trump’s lead, the U.S. Senate is also cracking down. On May 20, the Senate passed the Holding Foreign Companies Accountable Act, which is intended to force Chinese companies to comply with all U.S. securities laws. Corporate transparency seems to be the guiding principle, which as noted, is simply not a factor in Chinese business organization.

Clearly, the overall intention of these measures is to push China out of American capital markets in order to protect American investors and jobs, and punishing the CCP for its abusive capital and trade policies, as well as for its role in the pandemic, under which the world continues to suffer.

### London (Not) Calling

But even London may not be such a great option for Chinese firms, because well before the CCP virus pandemic, tensions were high between London and Beijing over the Hong Kong crisis. Cracks in the London–Shanghai financial relationship have been widening for some time.

What’s more, at \$2.4 trillion, the London exchange is only a fraction of Wall Street’s more than \$30 trillion valuation. Liquidity in London is, therefore, magnitudes lower than what Beijing is used to or requires. Furthermore, interest in Chinese currently remains comparatively low. Chinese firms will likely find listing opportunities closer to home. Both the Hong Kong and Shanghai exchange investment climates are more attractive to Chinese companies, with greater liquidity and easier listing requirements than the London exchange.

But that option comes with risks as well. The more Beijing tightens the screws against Hong Kong, the less likely Western capital will be willing or available for Chinese firms in Shanghai markets.

Will Trump be successful in kicking China’s assets off Wall Street?

Sen. Marco Rubio (R-Fla.) offers a clue: “If Chinese companies want access to the U.S., they must comply with American laws and regulations for financial transparency and accountability.”

If the current trend is any indication—and the president wins reelection in November—it looks like a real possibility.

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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*.



Chinese Communist Party leader Xi Jinping (front C), South African President Cyril Ramaphosa (front L), Egyptian President Abdel Fattah al-Sisi (front R), Kenya’s President Uhuru Kenyatta (2nd row L), Togo’s President Faure Gnassingbé (2nd row 2nd L), Malawi’s President Arthur Peter Mutharika (2nd row R), Sierra Leone President Julius Maada Bio (last row L), Liberian President George Weah (last row C), and other African leaders clap during a group photo session during the Forum on China–Africa Cooperation summit in Beijing on Sept. 3, 2018.



The American flag and Wall St. street sign outside the New York Stock Exchange, in New York, on June 27, 2014.

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