

WEEK 33, 2020

THE EPOCH TIMES

CHINA INSIDER



FOOD SHORTAGE?

**NATURAL DISASTERS PLAGUE CHINA
RAISING FOOD SECURITY CONCERNS**

See Page 6



The entrance to a ByteDance office in Beijing on July 8, 2020.

NATIONAL SECURITY

TikTok's Parent Company Employs Chinese Communist Party Members in Its Highest Ranks

Beijing-based ByteDance staffs Chinese Communist Party senior managers, highlighting TikTok's security risks

NICOLE HAO

More than 130 employees at ByteDance, the Chinese owner of video-sharing application TikTok, are part of a Chinese Communist Party (CCP) committee embedded in the company. Many of the employees work in management positions, an internal document reveals.

The extent of CCP membership among ByteDance management further demonstrates the company's ties to the Chinese regime, fueling security concerns about TikTok.

By law, Chinese companies are required to set up Communist Party units within their offices to ensure that business policies and employees toe the Party line. ByteDance, founded in March 2012, set up its Party committee in October 2014.

According to Party regulations, companies' committee members are appointed at political conferences. Members serve five-year terms.

It's unclear exactly how many Party members or committee members are among ByteDance's 60,000 employees across 230 global offices; the list obtained by The Epoch Times is only a partial listing of committee members at its Beijing headquarters.

At the headquarters office, at least 138 employees—mostly in management positions or technical roles—are in the company's influential Beijing Party committee, according to the internal list. Sixty on the list are classified as having a managerial role.

The document details each com-

It's a Chinese-owned company. ... You have no confidence in their handling of data. And you have no confidence that they're independent of Chinese direction.

James Carafano, vice president, Heritage Foundation's Institute for National Security and Foreign Policy

mittee member's full name, gender, birthday, date they joined the CCP, ID numbers, and type of position in the company, such as managerial or technical.

The revelations come as the U.S. government intensifies scrutiny of TikTok and other Chinese-owned apps on national security grounds. U.S. officials have repeatedly sounded the alarm that American personal data collected by TikTok could be accessed by Beijing, as Chinese companies are beholden to the CCP.

ByteDance didn't respond to a request for comment.

President Donald Trump on Aug. 6 issued executive orders to ban U.S. transactions with ByteDance, and Chinese internet giant Tencent Holdings Ltd. The ban will take effect in 45 days. Trump has also given ByteDance until Sept. 15 to sell TikTok to Microsoft or another American firm. Microsoft confirmed that it's in talks to buy the app.

Secretary of State Mike Pompeo previously said the U.S. administration's actions targeting Chinese apps seek to address a "broad array of national security risks that are presented by software connected to the Chinese Communist Party."

The CCP members list reveals the extent of the Party's relationship with ByteDance, and dovetails with the tech giant's long-documented history of cooperating with authorities on censorship.

Founder and CEO Zhang Yiming and other senior executives have openly expressed their desire to have the company support Party goals in the past.

James Carafano, vice president of The Heritage Foundation's Institute for National Security and Foreign Policy, said this level of CCP membership is typical for Chinese companies.

"All instruments of power are tied back to the Communist Party, and that includes economic instruments of power," Carafano told The Epoch Times.

He said that in China, there is no transparency about links between private companies and the CCP, thus "these companies literally can't be treated and trusted the way you would interface with other companies in global commerce."

ByteDance's presence in the United States via TikTok raises concerns, Carafano said, given its access to vast swaths of Americans' personal data. TikTok's assurances that it operates independently to ByteDance are "irrelevant," he added.

"It's a Chinese-owned company," Carafano said. "You have no confidence in the software. You have no confidence in their handling of data. And you have no confidence that they're independent of Chinese direction."

CCP Members List

Zhang Fuping, the company's "chief editor" and vice president, has previously been identified in Chinese media reports as secretary of the firm's Party committee. He also appears in the name list The Epoch Times obtained.

Zhang is in charge of censorship-related tasks for the company's social media platforms.

In previous Chinese state-run media reports, Zhang expressed his willingness to promote the Party's censorship policies.

In an April 2019 interview with Xinhua, Zhang explained that network security to the company means "the public opinion can be led in the right direction ... full of positive energy, and promote the core values of socialism."

The internal name list that The Epoch Times obtained reveals that many senior managers are also members of the Party committee.

Committee member Zhang Nan (male) was listed as an employee who directly reported to one of ByteDance's top 14 executives, in an organization chart obtained by news site The Information in April 2019. Those 14 in turn report to the CEO, Zhang Yiming.

Zhang Nan was promoted in March to business director of the Feishu app, according to a report by Chinese tech

news site Lei News. The tool combines different collaboration apps into a single platform.

Meanwhile, Meng Haibo is director of the public affairs department at ByteDance, according to a 2018 report by Youth Hangzhou, a state-run newspaper. He is in charge of "affairs related to government cooperation" and heads big data analysis projects, according to the report.

Dang Liya, a senior manager of ByteDance's language training apps, joined the Party in 2013.

Other staff on the list are lower-level managers at the firm's different properties, according to The Epoch Times' research.

For example, Xia Yong is the chief editor of Toutiao, a popular news aggregator app owned by ByteDance, while Xia Manxue is a commercial product manager there, according to her LinkedIn page.

The company's hiring practices also give Party members preference. For example, the company's recent job recruitment notice for "editors" in charge of monitoring current-affairs-related content specified that "CCP members have hiring priority."

Police Cooperation

On April 25, 2019, ByteDance signed a strategic cooperation agreement with China's Ministry of Public Security, which is in charge of the country's police.

Local police routinely arrest and detain those who post information deemed sensitive by authorities.

At the signing ceremony, Zhan Jun, Party boss of the propaganda department within the Ministry of Public Security, said, "We should use new online media to voice out the good voices of Chinese police, tell nice police stories, build a good image of our police, and foster close relations between police and the people."

State-run media China Police Net reported that ByteDance would help set up and operate Toutiao and Douyin accounts for each police department within all Chinese provincial governments—at the municipal and county levels—as well as the national ministry. ByteDance will help to promote the posts generated by the police accounts, the report added.

Chinese police own more than 50,000 social media accounts across different platforms and have more than 100 million followers in total, according to the report.

Epoch Times staff Annie Wu and Cathy He contributed to this report.

CHINESE COMPANIES

Chinese Firms Consider Delisting From NYSE, Nasdaq as US Pressure Grows

EMEL AKAN

WASHINGTON—A rising number of Chinese companies are considering delisting from the U.S. stock exchanges as Washington increases its crackdown on foreign companies that fail to comply with U.S. audit standards. Chinese online travel giant Ctrip is the latest company reportedly exploring going private. The company has held early-stage talks with a number of investors, including private equity firms and tech companies, about funding its delisting from Nasdaq, Reuters reported.

If the deal goes through, Ctrip would join other companies delisting from the U.S. exchanges, amid growing tensions between the United States and China.

China's largest online classifieds platform 58.com and Beijing-based web-search company Sogou Inc. are among the companies that recently announced potential delisting of their shares from the New York Stock Exchange (NYSE).

For more than a decade, Chinese companies have taken advantage of U.S. capital markets while operating under lax standards. Beijing has refused to allow audit inspections of its U.S.-listed companies, citing state-secret laws. Hence, these firms don't follow the same disclosure requirements as their U.S. counterparts, creating risk for investors.

In recent months, the White House and Congress have called for greater oversight of U.S.-listed Chinese companies. Whistleblower and activist short-seller Dan David believes the Chinese regime won't change its behavior unless Washington pushes for more accountability.

"My negotiations over the last 10 or 15 years in China have been that you really have to push things to the edge before there's any movement. I think [Chinese firms] are going to challenge this to the last minute. I know they're lobbying Congress" through their U.S. business partners, David told The Epoch Times.

My negotiations over the last 10 or 15 years in China have been that you really have to push things to the edge before there's any movement. I think [Chinese firms] are going to challenge this to the last minute.

Dan David, activist short-seller Dan David

In "The China Hustle," a documentary released in 2018, David explained how Chinese companies mislead U.S. investors through overstating their operations, revenues, and profits. He helped expose \$15 billion in fraud in U.S. capital markets and had 12 companies delisted from the exchanges.

After the financial crisis of 2008, hundreds of Chinese firms listed on U.S. exchanges through reverse mergers with public but mostly dormant U.S. companies. Many turned out to be frauds, the documentary showed.

Another prominent whistleblower of Chinese companies, Carson Block, of Muddy Waters Capital, recently helped uncover the Luckin Coffee accounting fraud. The shares of the Chinese coffeehouse chain crashed and were subsequently delisted from Nasdaq after the company's long history of financial crimes was exposed in an 89-page report by Muddy Waters.

The scandal was a wake-up call for U.S. lawmakers, regulators, and investors about the extreme risks Chinese companies pose to U.S. capital markets, Block told CNBC.

As of September last year, 172 Chinese firms were listed on major U.S. exchanges, with a collective market capitalization of more than \$1 trillion, according to the U.S.-China Economic and Security Review Commission annual report. The Public Company Accounting Oversight Board (PCAOB), a U.S. watchdog, has long complained about the inability to inspect the audit work papers of these firms.

White House to Tighten Rules

A working group appointed by President Donald Trump on Aug. 6 released a report with a list of recommendations to address risks posed by the Chinese companies in U.S. financial markets.

The working group has recommended that the Securities and Exchange Commission take measures to enhance the listing standards on U.S. exchanges for access to audit work papers.

Under the plan, U.S. regulators would provide a transition period until Jan. 1, 2022, for currently

listed companies to come into compliance with the new standards.

The other recommendations include requiring enhanced disclosures of the risks of investing in Chinese firms, reviewing the risk disclosures of registered funds that have exposures to these firms, requiring funds that track indexes to perform more due diligence on an index and its index provider, and issuing guidance to investment advisers with respect to fiduciary obligations.

"The recommendations outlined in the report will increase investor protection and level the playing field for all companies listed on U.S. exchanges," Treasury Secretary Steven Mnuchin, who leads the working group, said in a statement.

Meanwhile, the U.S. Congress has taken action to protect American investors and their retirement savings.

Sens. John Kennedy (R-La.) and Chris Van Hollen (D-Md.) introduced bipartisan legislation, the Holding Foreign Companies Accountable Act, which passed the U.S. Senate by unanimous consent on May 20. The bill still awaits a vote in the House.

Under the bill, foreign companies whose auditors fail to be inspected by the PCAOB for three consecutive years will be subject to trading suspension.

The bill would also require companies to disclose whether they are owned or controlled by a foreign government, including China's communist regime.

A Bipartisan Issue

On May 22, Rep. Brad Sherman (D-Calif.) introduced identical legislation in the House, which was later included in the National Defense Authorization Act of 2020.

Some lawmakers, however, are trying to determine whether any changes are needed in the bill so it doesn't hurt companies that have small operations in China, according to legislative staff for a member of the House Financial Services Committee.

"The intent of the bill is not to capture companies which have operations mostly in jurisdictions

where the PCAOB can inspect the work of their auditors but may have a percentage of their operations in China or another jurisdiction where this is a problem," he told The Epoch Times.

If it becomes law, Chinese companies like PetroChina, Alibaba Group, and Tencent will be forced to comply with the U.S. rules or lose access to the world's largest capital markets.

"This is truly a no-brainer bipartisan issue," David said.

"It was gratifying to see a unanimous vote in the Senate. It should be the same in the House. And it should get done. And if it doesn't get done, China's not going to change."

The trend of Chinese companies delisting from U.S. exchanges is expected to continue. And the proposed crackdown in the United States is pushing Chinese companies to seek secondary listings in Hong Kong.

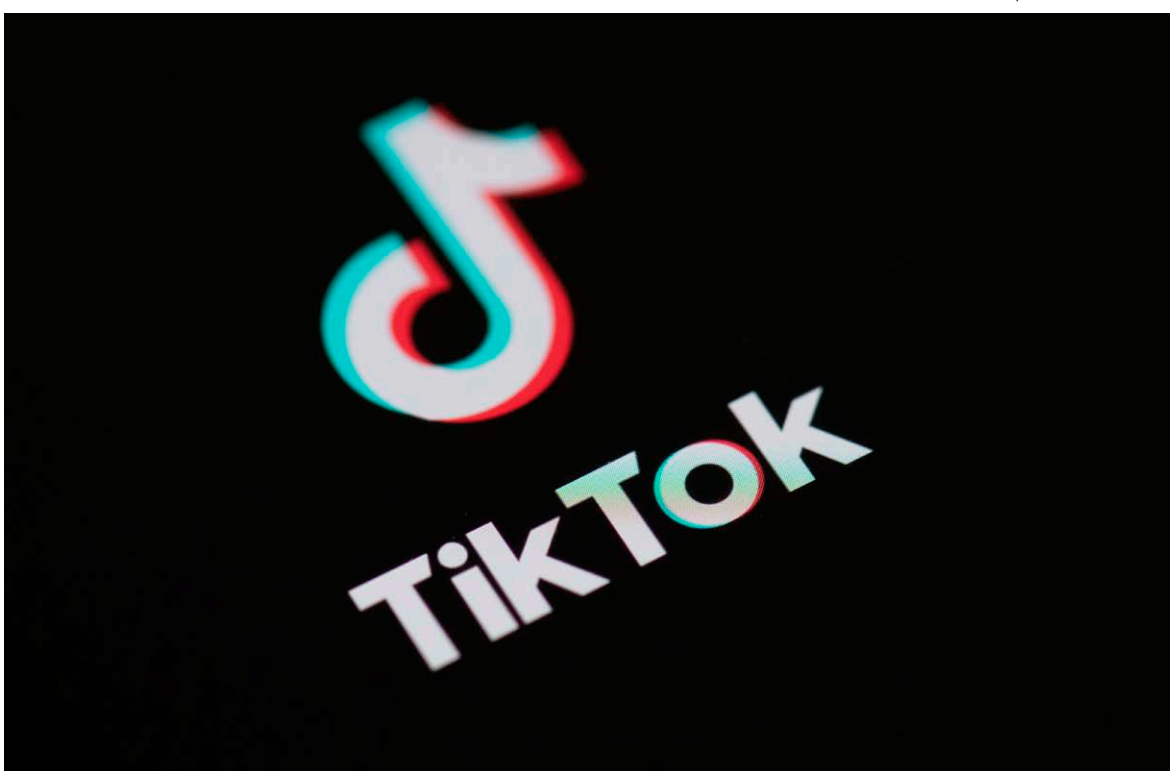
Nasdaq-listed gaming company NetEase and e-commerce giant JD.com, for example, debuted in the Hong Kong stock exchange in June.

Critics argue that if Chinese companies start leaving U.S. exchanges, it could hurt financial-sector profits and the global competitiveness of U.S. markets. Over the past 15 years, the U.S. stock exchanges, investment banks, and money-management firms have benefited from the U.S. listing of Chinese firms. U.S. lawyers and bankers have earned fat commissions by taking these firms public.

Experts believe, however, the greater oversight would pay off in the long term, as it would improve the investment environment.

"A U.S. listing has always been attractive to firms seeking visibility and foreign currency. The new law won't diminish this," Shang-jin Wei, professor of Chinese business and economy at Columbia Business School wrote in an article in Project Syndicate.

"The more likely outcome of the new U.S. law is that it will strengthen the PCAOB's bargaining position vis-à-vis foreign authorities," he said.



MARTIN BUREAU/AFP VIA GETTY IMAGES



The New York Stock Exchange at Wall Street in New York City on Aug. 3, 2020.

ANGELA WEISS/AFP VIA GETTY IMAGES

NATIONAL SECURITY

Microsoft's Extensive Ties to Beijing Could Muddy TikTok Discussions, Experts Say

BOWEN XIAO

The future of TikTok is in the crosshairs as the app faces a September ban from the United States unless its parent company sells it to Microsoft or another U.S. company. But Microsoft's decades-long ties to Beijing could muddy the waters.

The video-sharing app, which is wildly popular among American teens, has come under bipartisan scrutiny over national security and privacy concerns in relation to its ownership. TikTok, which was acquired by Beijing-based ByteDance Technology Co. in 2017, is estimated to have tens of millions of active users in the United States.

The crux of the concern is that under a 2017 national intelligence law, Chinese companies are required to provide their data to the ruling Communist Party. While some experts are optimistic that a Microsoft purchase will bring an end to alleged backdoor data mining, others say the company's own extensive ties with Beijing are a cause for concern.

President Donald Trump has recently taken a firm stance on Chinese apps. On Aug. 6, he issued executive orders that ban transactions with TikTok and social media app WeChat after Sept. 20. The orders also ban transactions with ByteDance and WeChat's parent company, Tencent Holdings.

As the potential reality of a full-fledged ban approaches, small-scale restrictions are already taking place. The Senate recently unanimously approved a bill introduced by Sen. Josh Hawley (R-Mo.) that bans government employees from using TikTok on government devices.

The State Department, the Department of Homeland Security, the Department of Defense, and the Transportation Security Administration have already barred TikTok on government devices, and in December 2019, the U.S. Army blocked its soldiers from using the app. Lt. Col. Robin Ochoa, an Army spokeswoman, told Military.com that "it is considered a cyber threat."

The Epoch Times recently reported that more than 130 employees at ByteDance are part of a Chinese Community Party (CCP) committee embedded in the company. Many of the employees work in management positions, according to internal documents. ByteDance, founded in March 2012, set up its Party committee in October 2014.

Extensive Presence

Scott Watnik, litigation partner at U.S. law firm Wilk Auslander and co-chair of the firm's cybersecurity practice, said the anxieties surrounding a Microsoft purchase are well warranted.

"It is no secret that Microsoft has had a presence in China since 1992," Watnik told The Epoch Times. "Microsoft enjoys special status in China as the only Western company China permits to operate a search engine and a social media company within its borders: Bing and LinkedIn."

Under Beijing's "great firewall" policy, both these companies have been censored inside China. Zhang Yiming, the founder of ByteDance, also used to work for Microsoft and has an estimated net worth of more than \$16 billion.

As Microsoft's own website touts, the company's "most complete subsidiary and largest R&D center outside the United States is in China."

Microsoft's website also boasts that in early 2015, the company was recognized by Fast Company magazine as one of the "World's Top 10 Most Innovative of 2015 Companies in China." It was also included as one of the "Companies Remaking the Chinese Economy."

"By operating in China, Microsoft thus makes a Faustian bargain: It gets billions in profits and market share in the most populous country in the world, but in return it must cede to Beijing's demands for government censorship, and limits on free expression and user privacy in connection with its online platforms," Watnik said.

"On what level can an American company who enters into a Faustian bargain of this sort be trusted? Can a United States company that has already engaged, and continues to engage, in the Faustian bargain be trusted to cease such activity?"

Other major companies such as Google, meanwhile, have exited China in protest over government censorship and alleged hacking by the regime. Given Microsoft's extensive presence inside China, Watnik said he believes the CCP "has the ability to exert leverage over Microsoft by implementing policies and regulations that could reward or punish Microsoft's business operations in China."

Microsoft CEO Satya Nadella has attempted to quash concerns, saying in an Aug. 2 statement that the company "would ensure that all private data of TikTok's American users is transferred to and remains in the United States."

TikTok also has repeatedly claimed that it stores all U.S. user data in the United States with backup redundancy in Singapore.

There are also critics of a Microsoft purchase in the higher levels of the administration. White House adviser Peter Navarro told CNN: "Whose software does the People's Liberation Army in China run on? Microsoft. The Chinese Communist Party, whose software do they use to do all the things they do? It's Microsoft."

"So, this is not a whitehat company that's

an American company. It's clearly a multinational company that's made billions in China, that enables Chinese censorship through things like Bing and Skype."

If Microsoft wants the TikTok deal to go through, executives might want to consider divesting from China, Navarro said.

Beijing used to utilize Microsoft's Windows operating system in their military, however it is moving to replace it with a new operating system independently developed by China.

TikTok recently garnered more than 2 billion downloads on Google Play Store and Apple's App Store globally, according to Sensor Tower Store Intelligence.

According to the research firm, the app received the most downloads for any app ever in the first quarter of this year when it accumulated "more than 315 million installs."

Blair Brandt, a Republican strategist and political adviser, said the fact that Microsoft's software is being used by the CCP "certainly makes you second-guess things."

Again, all technology used or created by the CCP is to keep the Communist regime in power. Think total control.

Casey Fleming, chairman and CEO of intelligence and security strategy firm BlackOps Partners

"We cannot assume, at least on face value alone, that their ownership of TikTok will naturally prevent the privacy violations we were originally concerned about," he told The Epoch Times. "The devil will be in the details. Selling TikTok to an American firm is a great compromise, but we do have to look at what buyers provide the right track record and level of integrity."

All sales of Western technology and tech manufacturing to China should be banned to protect national security, according to Casey Fleming, chairman and CEO of intelligence and security strategy firm BlackOps Partners.

He believes there will be no change to Beijing's espionage practices even if it agrees to Microsoft's acquisition.

"Again, all technology used or created by the CCP is to keep the communist regime in power," he told The Epoch Times. "Think total control."

By law, Chinese companies are required to set up Communist Party units within their offices to ensure that business policies and employees toe the Party line.

A spokesperson for Microsoft told The Epoch Times via email that the company "doesn't have anything to share," in response to a written query.

A TikTok spokesperson didn't immedi-

ately respond to a request for comment.

Moving Forward?

Rob Behnke, CEO at Halborn, a cybersecurity firm working with emerging technologies, told The Epoch Times that at this point "it's not even speculation," that TikTok sends U.S. data to China.

"So a change in management will change this and hopefully the backdoors will be closed should this end up actually happening," he said. "This is more so about data privacy than security, though."

A successful acquisition would just mean that it would be a U.S. company spying on Americans, rather than the Chinese, Behnke said. He called the recent U.S. rhetoric around the app "purely a political play."

The concerns around TikTok come amid broader anxiety over forced technology transfers from U.S. companies to Chinese authorities and intellectual property theft.

China has built up its technology largely on what it has stolen from the West, with costs of intellectual property theft amounting to an estimated \$600 billion a year.

Trump has described TikTok's presence in the United States as a landlord-tenant relationship and that his administration "holds all the cards."

Mark Grabowski, an associate professor specializing in cyber law and digital ethics at Adelphi University, said it would be a relief to know that under a Microsoft purchase the Chinese regime would at least no longer be able to directly exploit TikTok to spy on Americans.

"But I'm not sure Microsoft is the answer," he told The Epoch Times. "They're part of the so-called Frightful Five or group of American tech giants that have accrued a tremendous amount of power."

"I also worry whether Microsoft will impose censorship on TikTok. They've included speech restrictions in their Terms of Service for other products, such as Office 365, that go well beyond what's required by law."

While Microsoft is believed to be one of the main players, Twitter also has expressed interest in an acquisition.

Robert J. Bunker, adjunct research professor at the Strategic Studies Institute of the U.S. Army War College, said the TikTok saga is part of a wider issue, a battle to decide the landscape of the internet.

"I think the United States should 'fight' for the future of a liberal-democratic influenced global internet by both engaging and containing China in this regard," he told The Epoch Times. "Hence Microsoft and other U.S. companies should purchase TikTok, Zoom, and other potentially CCP-linked business entities."

Epoch Times staff member Nicole Hao contributed to this report.

FENG LI/GETTY IMAGES



(L-R) Chinese Communist Party leader Xi Jinping and his predecessors Hu Jintao and Jiang Zemin in Beijing on Sept. 30, 2014.

Xi Jinping's Show of Muscle Before Chinese Regime's Army Day

ZHANG DUN

Commentary

The seven top leaders of the Chinese Communist Party (CCP) have not appeared in Chinese media since the beginning of August. This could suggest the annual secretive Beidaihe conclave—when the CCP leadership gathers with no announcements, no press releases, and no public contact—is taking place at the seaside resort not far from Beijing.

With various disasters and conflicts in 2020 posing major difficulties for the regime, such as the trade talks and the CCP virus (aka novel coronavirus) outbreak, the secret retreat in Beidaihe for the Party comrades surely merits attention.

The Absence of the Seven Politburo Standing Committee Members

Since Aug. 1, none of the seven Politburo standing committee members have made any public appearances on state-run broadcaster CCTV.

Although Party General Secretary Xi Jinping was reported to have sent a message of condolence to Lebanese President Michel Aoun on Aug. 5 over explosions in the country's capital, Beirut, he did not make a public appearance.

One of the signs suggesting an annual conclave of leaders is underway would be that experts in science, medicine, and technology would be invited to Beidaihe for summer vacation for a day or two by current and retired senior cadres before the meeting.

Take the 2003 Beidaihe retreat as an example. Then-vice chair Zeng Qinghong greeted Chinese experts and scientists in Beidaihe to discuss the SARS (severe acute respiratory syndrome) epidemic.

This year, with the raging pandemic, it is yet unknown whether the Party will invite experts to the seaside resort.

This Year's Agenda

This closed-door meeting in Beidaihe will likely discuss the numerous challenges, domestic disasters, and international tensions that are yet to be resolved. The Sino-U.S. relation-

ship has deteriorated to its lowest point, as evidenced by the closures of consulates, along with the series of punitive measures against Chinese officials and companies by the Trump administration.

Of course, the Party is not innocent in this diplomatic chain reaction. The CCP has initiated numerous attacks to intensify international tensions. The provocative military activities in the Taiwan Strait, South China Sea, and the East China Sea; the border conflict with India and the subsequent decline in relations with neighboring countries; and abandoning the Sino-British Joint Declaration to push forward a national security law in Hong Kong—all have triggered sanctions from countries in the free world.

Domestically, the Party is saddled with problems: floods in the south; drought in the north; epidemics of various infectious diseases throughout China; voices against the regime from social elites—such as Ren Zhiqiang, real estate tycoon and an outspoken descendant of former Party officials (known as a "princeling"), and Xu Zhangrun, a professor at Tsinghua University; the deteriorating economy; and even the surfacing of infighting among Party factions.

A typical telltale case would be that of the conglomerate Tomorrow Group, which responded on July 18 to Beijing's announcement of takeovers of nine of its subsidiaries with an online version of a "solemn statement." Founded by Xiao Jianhua in 1999, within 20 years the firm spanned multiple fields such as finance, industry, real estate, communication services, energy, and the internet. Xiao is alleged to be a "big white glove" (money launderer) for high-ranking officials, and was reportedly being investigated for his close ties to an official known for his loyalty to former Party leader Jiang Zemin.

Another example is widely circulated footage showing the opening of the Beidou 3 satellite navigation system on July 31, when vice premier Liu He, a close ally of Xi who was the ceremony's emcee, publicly humiliated premier Li Keqiang. Aired on state-run CCTV, the footage showed that when Li was introduced at the ceremony, Liu left him no time to ac-

cept applause from the audience. Li was obviously embarrassed.

Rumors That Xi Has Been Asked to Step Down
Nikkei senior staff writer Katsuji Nakazawa speculated in a recent article that since the CCP faces many problems, Party elders would definitely want to talk to Xi during the Beidaihe conclave.

There are also Chinese reports floating around that say Xi's opponents are trying to get him off the throne.

For instance, an open letter circulating online in March called for an expanded meeting of the Politburo to discuss "the issue," that is, whether Xi should step down. The letter was shared to popular social media platform WeChat by Chen Ping, a prominent princeling.

Also, a tweet by hedge fund manager and frequent Beijing critic Kyle Bass went viral in April. According to his "sources within ... the Guangdong elite (Uncle Deng's family) are beginning to rattle the cages of change against the supposed 'emperor for life,'" referring to former Party leader Deng Xiaoping and Xi.

So far, The Epoch Times has not been able to verify these claims.

In a recent speech, U.S. Secretary of State Mike Pompeo called on the free world to act together with the Chinese people, to propel real change in China. "Changing the CCP's behavior cannot be the mission of the Chinese people alone. Free nations have to work to defend freedom," he said. "If the free world doesn't change ... communist China will surely change us."

It seems unlikely that Xi will be overthrown simply through one Beidaihe meeting. After all, Xi has developed his military power in the past eight years since he took the top Party position. To remove Xi won't be as easy as how both former Party general secretaries Hu Yaobang and Zhao Ziyang were purged, since neither Hu nor Zhao held any real power in the military.

Nonetheless, it is reasonable to believe that a political power struggle is being staged at Beidaihe now.

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



A mobile phone featuring the TikTok app is displayed next to the Microsoft logo in New York on Aug. 3, 2020.

CHINDY ORD/GETTY IMAGES

FOOD SECURITY

China Faces Food Shortage as Droughts, Flooding, and Pests Ruin Harvest

NICOLE HAO

Chinese Vice Premier Hu Chunhua recently asked the governors of each province in China to make sure the sown areas of agricultural crops wouldn't shrink and crop yield won't be reduced this year.

At a food security meeting held in Beijing on July 27, he warned that governors would be punished if they failed to uphold the promise, including with dismissals.

And when Chinese leader Xi Jinping visited northeastern Jilin Province on July 22, he told the local government to treat grain production as a priority task.

The top officials' emphasis on food supplies raised questions about whether China is facing a severe food shortage this year.

There are other signs.

In early July, the government organ China National Grain and Oils Information Center released its estimates that the corn supply gap in the 2020-2021 fiscal year would be 25 million metric tons—more than double the previous estimated 12 million metric tons.

Extreme weather across large swaths of China has led to the destruction of crops. Since early June, heavy rains have swamped the country's south, center, and east. Meanwhile, parts of the northwest and northeast are coping with droughts.

Pests such as locusts and fall armyworms have also invaded crops.

Farmers told The Epoch Times they suspect that they would lose their harvests this year.

Flooding

Chinese farmers plant rice in 13 provinces, including Hunan, Hubei, Jiangxi, Anhui, Jiangsu, Zhejiang, Sichuan, Chongqing, Guizhou, Guangdong, Guangxi, Yunnan, and Fujian. All these provinces were impacted by flooding in June and July.

Farmers plant rice at three different times of the year. The early season is planted in late March and harvested in late June. The middle season is planted in early May and harvested in late September. The late season is planted in late June and harvested in mid-October. The flooding in June and July impacted all three seasons of rice planting.

Mr. Li, who is from Poyang county, Jiangxi Province, told the Chinese-language Epoch Times on July 18: "The early rice in our province was ruined before harvest. The mid-season rice was destroyed by the floods. Now it's too late to plant the late rice."

While sobbing on the phone, Mr. Chen from Hunan Province said farmers in his area had no harvest



Farmers work in the fields in Yangzhou, Jiangsu Province, China on June 6, 2018.

this year. He and his fellow villagers were worried that they might not have enough food to eat, as flooding has hit the region continually.

Droughts

Wheat is mainly planted in central and northern China. Farmers only harvest once a year in late May to early June.

Wheat production in Henan Province contributes to roughly a quarter of China's total agricultural production. However, droughts killed the crops in Henan, Inner Mongolia, Gansu, Xinjiang, Jilin, and other northern provinces.

Privately-run Chinese grains and oil wholesale platform CCTIN visited wheat production areas of Henan, Anhui, and Jiangsu provinces and reported that the quality of wheat in 2020 was worse than that in 2019, and production was 15-30 percent less than previous years.

State-run media Xinhua reported on June 16 that 50.7 percent of Inner Mongolia's land suffered heavy droughts this year. The region mainly grows wheat, as well as soybeans and corn. Crops and wild grass were unable to grow, impacting local animal husbandry.

One woman in Xinjiang shared a video on social media on July 17, showing large wheat fields that have dried up.

Pests

The northern Jilin and Heilongjiang provinces reported native locust plagues in June. In late June, a foreign locust invasion entered China's Yunnan Province in the southwest, from Laos, and continued moving to other regions.

Authorities warned that more locusts would enter from Laos before late August.

And the fall armyworm, which feeds on corn, reportedly has destroyed crops in Shandong, Anhui, Jiangsu, Henan, and other provinces in July.

Other Signs

Recent trends in the Chinese market also indicated that there is a food shortage.

China's leading producer and supplier of processed agricultural products, state-run China Agri-Industries Holdings, announced on Aug. 3 that the central government released 3.6 million metric tons of state-reserved rice to the market recently, which were harvested from 2014 to 2019.

China has a national grain reserves system in order to maintain food security, but how much the country actually possesses in reserve has been called into question.

Meanwhile, all domestic grain prices have gone up in the first week of August, compared to the same period last year, according to data issued by Orient Securities and Huatai Securities.

Soybean prices, in particular, increased 37.83 percent to 4,761 yuan (\$682.10) per metric ton in August 2020 from 3,454 yuan (\$484.85) per metric ton in August 2019.

The Chinese regime also recently made record purchases of U.S. agricultural goods. On July 29, China purchased its biggest-ever order of U.S. corn, 1.937 million metric tons, which will be delivered during the 2020-21 marketing year that begins on Sept. 1, according to the U.S. Department of Agriculture.

Qin, an agriculture researcher in China who only gave his last name because he wasn't authorized to speak to foreign media, explained that grains have three primary uses in China: food for human consumption, feed for livestock, and raw materials to make wine and other industrial products.

He said the current shortage "won't be as serious as people not having food to eat. ... The key is no feed for livestock and poultry. Then, people don't have enough meat to eat."

The early rice in our province was ruined before harvest. The mid-season rice was destroyed by the floods. Now it's too late to plant the late rice.

Mr. Li, Poyang county, Jiangxi Province



Wang Jianjun stands outside his dairy farm while worrying about the market in Hulunbuir, Inner Mongolia, China on May 1, 2019.

KEVIN FRAYER/GETTY IMAGES



Chinese leader Xi Jinping arrives at the closing session of the Chinese regime's rubber-stamp legislature conference while other Communist Party officials applaud, in Beijing on May 28, 2020.

Power Struggle in China May Be Playing Out in Beidaihe Now

SHAN FENGCHEN

Commentary

In July 29, Chinese leader Xi Jinping, who is also the chairman of the Chinese Communist Party's Central Military Commission, presided over a ceremony in Beijing to promote Xu Zhongbo to the rank of general. The Military Commission is the Party's top agency for commanding the military.

The event was supposed to be a celebration, but the response from both the audience and Xu was lifeless and deadly silent, based on state media footage.

Prior to his promotion, Xu was political commissar of the Rocket Force within China's People's Liberation Army, according to state media China Daily. In Chinese officialdom, it is rare for the Military Commission to hold an awards ceremony for one officer alone. So, what is the significance of Xi's move on the eve of Aug. 1, the anniversary of the Chinese regime's army founding?

The 'Red Envelope' to Win Military Support

The PLA is "the gun that is always under the command of the Party." For the military, the importance of "Army Founding Day" is second only to the Chinese New Year—called the Spring Festival in mainland China—and could be called the "Second Spring Festival." Therefore, when the "Second Spring Festival" is approaching, being the leader of the Party and the army, it's only natural for Xi to offer a red gift envelope at the celebration.

Of course, it is impossible for everyone to get a gift like a promotion. It was decided that the "red envelope" be given to Xu. Xi clearly delivered his message: Listen to the Party, and be loyal to the Party; don't learn from Xu Caihou, Guo Boxiong, Gu Junshan, Fang Fenghui, and Zhang Yang, generals who were sacked over allegations of corruption.

The promotion did not just send a message to the Rocket Force, but also to the Air Force, the Army, and the Navy: Being loyal to the Party is equivalent to being loyal to me!

Everyone understood it, though Xi did not make it explicitly clear.

The Muscle to Deter Political Opposition

The CCP started as a bunch of factions constantly fighting each other. To the winner, it's always of foremost importance whether or not the military is on their side. Many people believe that the "Gang of Four," including Mao's third wife, who seemed so powerful and unstoppable during the Cultural Revolution, were brought down because they lacked military support. The purge of two former general secretaries of the CCP, Hu Yaobang and Zhao Ziyang, was also evidently due to the lack of military support to some extent.

In recent years, there has been a wave of backlash against Xi within the CCP. Xi's biggest political opponents are from a faction that include former Party leader Jiang Zemin, his right-hand man Zeng Qinghong, and their followers. There are endless rumors of coups and assassination attempts.

During the CCP's annual "Two Sessions" political meetings this year, the split between Xi and premier Li Keqiang was made public. This was the first admission that the Party and state government apparatus had come apart, and the Party's image of unity was broken.

Simply put, Xi is struggling. Proceeding on his current path of love for power and protecting the Party, he will continue the game to the end. Xi's final fate could be to follow in the footsteps of Nicolae Ceausescu, the last communist leader in Romania who was overthrown and executed in 1989.

At present, Xi holds the Party—its power and its life—in his hands. To firmly grasp the military would greatly ensure his safety. Standing there at the ceremony and accepting the salute from the newly promoted general, Xi may have been sending a message to his political opponents: princelings from all walks of life, stay cool with me. See? I have this guy in my hand!

The Rocket Force to the South China Sea

The Rocket Force, formerly the Second Artillery Corps, was established on Dec. 31, 2015. Since then, the CCP's army has changed from the three armies of land, sea, and air to the four armies of land, sea, air, and missiles during the Xi era.

At the inauguration ceremony in 2015, Xi emphasized that the PLA Strategic Support Force is a new-type combat force to maintain "national security" and is critical to developing the PLA's combat capabilities.

The establishment of the Rocket Force was important to Xi, as it realized his "China Dream" and the "Dream of a Strong Military," as well as being a strategic initiative to build a modern military power system with Chinese characteristics.

Recently, military confrontations between the United States and China in the South China Sea have escalated. Two U.S. aircraft carrier battle groups appeared in the region, reconnaissance aircraft have flown over the Taiwan Strait many times, and a P-8A anti-submarine aircraft has approached Shanghai as close as 76.5 kilometers.

Should the United States and China enter a conflict in the South China Sea, the four armies of land, sea, air, and missiles in Xi's hands will be put to the test. China's army, navy, and air force are no match for the United States. The only unit with some function is the Rocket Force. But, it's Xi's last card, and this may have been another important reason why he had to throw a "red envelope" at the Rocket Force.

In conclusion, in its dying state, the CCP is like a critically ill patient at the ICU, but there is no hope of recovery. Xi, although committed to protecting the Party, is deeply trapped by challenges to the Party and factional coups. Thus, Xi is like sitting on a volcano.

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

Simply put, Xi is struggling. Proceeding on his current path of love for power and protecting the Party, he will continue the game to the end.



TRUTH *and* TRADITION

COVERING IMPORTANT NEWS OTHER MEDIA IGNORE

LEADING REPORTING ON
THE CHINESE COMMUNIST THREAT
FOR THE PAST 18 YEARS

The Epoch Times not only reports reliably on U.S. politics and the Trump administration, but also publishes authoritative China news, covering topics including:

- Impact on the United States
- Business and economy
- Communist infiltration of our government, businesses, schools, universities, popular culture, and more
- Disinformation surrounding U.S.–China trade relations
- Security and espionage
- Influence on media and Hollywood
- Overseas interference and United Front activity

The Epoch Times has also championed a new method of investigative journalism, steeped in the discipline's traditions of truth and responsibility. Combining this method with quality design, our journalists expose corruption and subversion in U.S. politics, and other important issues. Our investigative infographics have included:

- Illegal Spying on President Trump
- Hillary Clinton and the Uranium One Deal
- China's Military Expansion Into Space
- The Secret Propaganda War on Our Minds
- Spygate: The True Story of Collusion
- Clinton Foundation 'Pay to Play' Model Under Investigation

Download infographics

[ReadEpoch.com/infographics](https://readepoch.com/infographics)

FREE newsletter signup

[EpochNewsletter.com](https://epochnewsletter.com)

Subscribe to the paper (print/epaper)

[ReadEpoch.com](https://readepoch.com)

More information

[TheEpochTimes.com/about-us](https://theepochtimes.com/about-us)