

WEEK 48, 2020

THE EPOCH TIMES

# CHINA INSIDER

KENNY FRANZBLAU/GETTY IMAGES



**US INVESTED  
BILLIONS**

**INTO COMPANIES LINKED  
TO CHINESE MILITARY**

See Page 2

## ANALYSIS

# Americans Have Billions Invested in Companies With Ties to Chinese Military

FAN YU

President Donald Trump's latest executive order bars U.S. investors from holding ownership stakes in a list of 31 Chinese companies designated to have ties with various Chinese Communist Party (CCP) military apparatuses.

This order, while somewhat limited in scope, ensnares several well-known Chinese companies, including non-public companies such as Huawei and publicly traded companies such as China Mobile and Hangzhou Hikvision. The 31 companies were previously designated by the Pentagon as being "owned or controlled" by the People's Liberation Army (PLA), the official name of the Chinese military.

The action could be a sign of things to come for Chinese companies with close ties to the CCP; U.S. capital could prove increasingly hard to come by. In addition, examining the foreign ownership base of these companies reveals that a number of them are partially owned by prominent U.S. investment firms, insurance companies, and pension funds.

Trump's latest measure at restricting Chinese companies would prevent U.S. capital from funding China's military and intelligence agencies that could hurt U.S. interests. It bans U.S. citizens and companies from purchasing new shares of the listed companies beginning Jan. 11, 2021. Current investors who own shares of these companies have about a year, until November 2021, to exit their investments.

U.S. Sen. Marco Rubio (R-Fla.), a notable China hawk, applauded the decision, saying in a Nov. 12 statement that China's "exploitation of U.S. capital markets is a clear and ongoing risk to U.S. economic and national security."

## Diving Into US Investor Ownership

An analysis by The Epoch Times

**Trump's latest measure at restricting Chinese companies would prevent U.S. capital from funding China's military and intelligence agencies.**

ownership of these 31 Chinese companies reveals that billions of U.S. capital have already flowed into shares of these companies, all of which allegedly have ties to the CCP military or intelligence agencies.

Of the 16 publicly traded firms either on the list or are subsidiaries and related parties of companies on the list, U.S. entities currently hold shares worth approximately \$14.9 billion, based on closing prices as of Nov. 20 and latest available public filings data compiled by Bloomberg.

The vast majority of the roughly \$15 billion is invested in two of China's biggest telecommunications giants. The first is China Mobile Ltd., with \$8.1 billion invested via both New York-listed American depository receipts and Hong Kong-listed shares. The company with the second-largest amount of U.S. capital is New York-listed China Telecom Corp., with \$2.3 billion of investments. Both firms are believed to have links to the PLA, according to the U.S. Defense Department.

Third on the list is surveillance equipment manufacturer Hangzhou Hikvision Digital Technology Co. Ltd., with \$1.7 billion of investments from U.S.-domiciled sources. Hikvision has been criticized in the West for producing equipment used to monitor Uyghur Muslims in the northwestern region of Xinjiang.

Unsurprisingly, investment advisers and fund management firms are the biggest single group investing into these Chinese companies—with \$13.5 billion invested—by way of their actively managed mutual funds or passively managed exchange-traded funds. They are followed by government and pension funds with \$466 million invested, and hedge funds with \$406 million invested. Other investor classes with large stakes include insurance companies (for their own accounts) and banks and brokers (likely on behalf of client accounts).

Among investment advisers, passive managers BlackRock and Vanguard lead the pack, with more than \$2 billion each in assets held in these names.

The vast majority of the amounts held at U.S. pension or sovereign funds is from the California Public Employees Retirement Systems (CalPERS), which is estimated to have approximately \$400 million in investments across several state-controlled companies such as China Mobile, China Telecom, China Unicom, and a variety of smaller stakes in other companies on the list, including rail equipment manufacturer CRRC Corp., China Communications Construction Co. Ltd., and China Railway Construction Corp. Ltd.

The Alaska Permanent Fund Corp., a sovereign fund, is a distant second with approximately \$37 million invested across several companies.

These amounts are estimates as some filings could be stale and entities could have exited their stakes since the filings.

## Another Challenge for Chinese Firms

Going forward, compliance teams at banks and brokerage firms will need to update their barred lists on behalf of their clients. Investment firms will be banned from purchasing new positions in these companies but have some time to divest their current holdings.

Relatively speaking, these investments make up a tiny portion of U.S. funds, pensions, and insurance companies. Even BlackRock, whose funds own \$2.4 billion worth of shares in the 16 companies The Epoch Times investigated, has \$7.5 trillion of assets under management in total. That amount represents 0.03 percent of BlackRock's fund investments.

CalPERS, the U.S. state pension system which has been the most overweight in Chinese investments, also has around \$350 billion in total financial assets. But in an absolute sense, \$15

billion of U.S. funding is an enormous amount. It's very likely that the Trump administration has already pared the list to 31 entities so as to not disrupt U.S. business and investment interests. Expanding the list's scope even slightly is likely to net far greater investment amounts from U.S. entities.

Shares of China Telecom and China Mobile fell as much as 9 percent and 6 percent, respectively, on Nov. 13 immediately after the Trump administration's announcement, before eventually rebounding.

This action represents the latest challenge for Chinese companies, some of which already face capital market constraints as Beijing authorities attempt to rein in market speculation, promote fiscal responsibility, and reduce financial leverage.

A string of recent debt defaults at state-owned enterprises have called into question the creditworthiness of local and provincial governments and their ability to backstop defaults. High-profile defaults include those of Chinese chip-maker Tsinghua Unigroup and Huachen Automotive Group, which caused a broader selloff in Chinese bonds during the week of Nov. 16.

So far, contagion has been confined within certain sectors and provinces. But it could be a matter of time that corporate spreads at national champions are impacted. Banning U.S. investors from participating in certain Chinese companies' capital markets transactions removes a major funding source for such cash-strapped firms. It remains to be seen at what point Beijing will directly intervene.

"Although authorities want market discipline for riskier firms, they [China] cannot know how much credit risk might create broader contagion," The Rhodium Group wrote in a recent note to clients.

"No one can know this line clearly, given that there is no precedent for this risk in China's financial system."



A police officer tries to stop a photojournalist from taking photos on a street near a shopping mall complex in Beijing on Oct. 13, 2020.

## CHINESE REGIME

# Recent Arrest of Chinese Tycoon May Signal CCP Political Infighting

ALEX WU

**It is noteworthy that the timing of Yang's downfall coincides with the recent arrest of entrepreneur Sun Dawu, and Xi's tour of Nanjing and other places in Jiangsu Province from Nov. 12 to 14.**

Chinese businessman Yang Zongyi was detained by police on Nov. 17, just a few days after the arrest of a tycoon from Hebei Province, actions that may signal political infighting within the CCP, experts say.

China watchers believe that Yang's fall from grace is part of regime leader Xi Jinping's anti-corruption campaign and purging of the political scene in Jiangsu Province, which is where Yang's hometown of Nanjing is located.

Yang, who is accused of illegally absorbing public funds, is the founder of the conglomerate Fuzhong Group and also controls the majority of shares in Fuxin Co., according to Chinese media reports.

Local police in Jiangsu accuse Fuxin Co. of using high-interest rates as bait to absorb funds from the public and of illegally absorbing public deposits, the reports stated. On Nov. 17, the police detained Yang and Xia Weiguo, an executive at Fuxin Co.

Relevant government departments have also taken over Fuzhong's headquarters, according to a report published by Rongzhong Finance on Nov. 18. At present, all executives can't leave the company.

The timing of Yang's downfall coincides with the recent arrest of entrepreneur Sun Dawu, and Xi's Nov. 12-14 tour of Nanjing and other places in Jiangsu Province.

Sun is the founder of the Hebei Dawu Agricultural and Animal Husbandry Group, a major agricultural producer. He was detained on Nov. 11 by local authorities for allegedly "picking quarrels and provoking trouble" over a land dispute with a state-run farm, South China Morning Post reported.

On the afternoon of Nov. 12, Xi visited the Nantong Museum in Jiangsu and praised Chang Chien (1853-1926), an industrial and social reformer, who

advocated "saving the nation by business" during the late Qing Dynasty and the early Republic of China. Xi encouraged private entrepreneurs to see Chang as an example to "shoulder social responsibilities and help others to get rich," according to a report by state-run media Xinhua.

However, within a week, two of the most influential and wealthiest businessmen in mainland China were taken down, causing alarm among other entrepreneurs.

## Yang's Ties With the CCP

Yang, the wealthiest businessman in Nanjing city, is closely linked to the Chinese Communist Party (CCP), and is referred to as a "red-top businessman" in mainland China. He's not only the founder, chairman, and president of Fuzhong Group, but also a member of the Jiangsu Provincial Committee of the CCP, vice chairman of Jiangsu Federation of Industry and Commerce, and vice chairman of the Nanjing Chamber of Commerce, according to public records.

Yang graduated from the Department of Chemistry at Nanjing University. After graduation, he held government posts as the head of the CCP's Youth League at two Nanjing municipal bureaus—the publicity and education division and the environmental protection division. He later resigned to start his own business.

Yang founded Fuzhong in 1995, which first produced computers and gradually expanded its business into different fields such as medical technology, IT, and real estate. Since 2003, the firm has been named one of the "Top 500 Chinese Private Enterprises" for 15 consecutive years. In December 2019, Fuzhong ranked fifth on the top 100 Nanjing enterprises list.

From 2015 to 2018, Yang was listed on Hurun Report (the Chinese version of the U.S. business magazine Forbes) as one of the richest people in China. In 2018, he ranked 1,007th, with a fortune of 4 billion

yuan (about \$607 million).

## CCP's Political Infighting and 'Robbing the Rich'

The development and growth of Fuzhong in the past 25 years is inseparable from Yang's connections with the Jiangsu government, political factions, and business circles.

Jiangsu is the hometown of both former CCP leader Jiang Zemin and former director of the CCP's Political and Legislative Affairs Commission, Zhou Yongkang. After Xi came to power, Zhou was sentenced to life in prison on corruption charges in 2015. Jiang's "big steward" in Yangzhou city, Ji Jiayue, who was also the former mayor of Nanjing, was sacked in the same year.

Some observers believe that the CCP is short on money, and consequently, it must fill its coffers by "robbing the rich," which explains the arrests of entrepreneurs in recent years.

"There is now a new way to 'take the land from local tyrants and have a share': they directly rob [the private entrepreneurs] to fill the CCP's treasury in the name of 'helping others to get rich,'" Cai Xia, a former professor at the Party School of the CCP's Central Committee, wrote on Twitter this month.

Business owners in Yangzhou city and Shanxi Province told Radio Free Asia (RFA) that local police have been targeting private entrepreneurs in order to confiscate their wealth. Many businessmen are afraid.

Yangzhou businessman Zhu Jinzhong told RFA that after Yang's arrest, he believes that more businessmen and private enterprises will be targeted.

"The economy is so weak now, it seems like going back to the past [the time of a socialist planned economy]. I think more arrests will occur. Because private entrepreneurs now believe in democracy and don't listen to them [the government], this group of people has already posed threats to the CCP regime."



People's Liberation Army soldiers march to their barracks opposite the Great Hall of the People in Beijing on Feb. 24, 2020.



Jiang Li holds a photo of her father, who was killed by the Chinese Communist Party in China for practicing Falun Gong, in the Flushing neighborhood of Queens, N.Y., on Nov. 1, 2015.

## ORGAN HARVESTING

# US Lawmakers Prepare Bill Aiming to Stop Forced Organ Harvesting in China

EMEL AKAN

WASHINGTON—U.S. lawmakers are working toward new legislation that would hold the Chinese Communist Party (CCP) accountable for forced organ harvesting from Falun Gong adherents.

The Chinese regime has been killing Falun Gong practitioners for their organs for more than 20 years and the medical community has turned a blind eye to the atrocity, according to a panel of experts who attended a virtual conference hosted by the advocacy group Doctors Against Forced Organ Harvesting (DAFOH) on Nov. 19.

Speaking at the conference, Rep. Steve Chabot (R-Ohio) said he is spearheading efforts on a bipartisan bill in the House, which will be ready soon.

Legislation aims “to hold the CCP officials accountable for the persecution of the Falun Gong and hopefully get at the barbaric practice of forced organ harvesting,” he said.

“It’s not done, legislation isn’t complete yet. We’re still in negotiations, but I hope that we will soon have a bill that will be introduced.”

Falun Gong, also known as Falun Dafa, is a spiritual practice that incorporates gentle meditative exercises, and moral teachings based on the principles of truthfulness, compassion, and tolerance.

The practice surged in popularity after it was introduced in 1992, with 70 million to 100 million adherents by the late 1990s, according to official estimates at the time. This enormous following was deemed a threat by former Chinese communist leader Jiang Zemin, who launched an elimination campaign against the practice in July 1999.

Falun Gong has been severely persecuted by the Chinese re-

gime since then. Millions of adherents have been thrown into prisons, labor camps, and brainwashing centers, where many have been tortured in an effort to force them to renounce their faith, according to the Falun Dafa Information Center. Independent investigations have found that they have been subjected to forced organ harvesting.

Chabot together with DAFOH held the virtual conference to brief U.S. legislators about state-sponsored organ harvesting from non-consenting prisoners of conscience in China.

“The last time the House of Representatives passed a resolution condemning the persecution of Falun Gong was about four years ago,” Chabot said, referring to H.Res. 343. “We have had a lot of turnover in terms of members of Congress and staff since then. So for many people, this could be an entirely new issue to them.”

The conference featured testimonies from two Falun Gong

practitioners who witnessed organ harvesting in China’s prisons.

**Blood Tests and Medical Exams**  
Winston Liu, who is an engineer working at an international company in the United States, escaped China in 2005 after being brutally persecuted for practicing Falun Gong.

“Back in 1999, I was a Ph.D. candidate in China’s prestigious Tsinghua University,” he said in his testimony. “I used to be a member of China’s academic elite. Like many Ph.D. candidates, I had a dream to be a professor, enjoy reading and thinking in the library. But never in my wildest dreams did I expect to be thrown into prison, brutally tortured, and abused, physically and mentally. And I was on the verge of mental disorder.”

Liu was suspended from school, assaulted in public, detained several times, and later, was sen-

tenced to three years in jail. His wife, who was an engineer, also was imprisoned. The internment cost him his marriage.

While he was subjected to various kinds of physical torture, the mental abuse was even worse, he said. He spent the first six months in solitary confinement in a 70-square-foot room.

While in prison, he was subjected to blood tests and extensive medical exams.

“One day in July 2002, I was called up and asked to line up with all the other Falun Gong practitioners. There were about 40 practitioners guided by the guard to the hospital associated with the prison. I got a blood test, X-ray exam, eye exam, urine test, and more,” he said.

“We were told that these were regular examinations and a health assessment for every prisoner,” he said.

But that was a lie. He came to find out that he had been tested for potential organ transplants, when he learned in 2006 that



Winston Liu in Banff National Park, Canada, in 2011.

two Canadian researchers were investigating disturbing claims about forced organ harvesting in China.

“I believe that I had been [chosen to be] one of the unwilling organ donors in prison,” Liu said, noting that he would have been killed if he had matched with a patient who was looking for an organ.

Allegations of forced organ harvesting from Falun Gong practitioners for transplant first surfaced in 2006. Former Member of Canadian Parliament David Kilgour and human rights lawyer David Matas conducted independent reviews and published reports that substantiated the allegations. Investigative journalist Ethan Gutmann also conducted independent investigations and published a book on the subject, titled “The Slaughter.”

Forced organ harvesting is just one of the crimes that the CCP has committed against its citizens, Liu said.

### A Father Killed for His Organs

Another witness, Jiang Li, shared what her family endured while seeking justice for her father who died at the forced labor camp in Chongqing City in China.

“My father, who practiced Falun Gong, was a very healthy individual. During the 2009 Chinese New Year, he was being held in a detention center due to his faith in Falun Gong. When we visited him he appeared in good health,” she said in her testimony at the virtual event. The next day, however, her family received a phone call from the labor camp, telling them that her father had died after an acute heart attack. When she and her family arrived at the funeral home they found out that his body, which had been in a freezer, was still warm.

The guards from the labor camp stopped the family from checking the real cause of death and forcibly dragged them out of the facility. They were forced to sign a consent form to cremate her father.

The director of Chongqing municipal prosecutor’s office later admitted that her father’s organs were removed and his remains were cremated, although the family never signed consent for the cremation.

While Li has been seeking justice for her father since then, she and her family have been harassed, threatened, and placed under surveillance, and had their home ransacked, in attempts to stop them. Her mother was sentenced to eight

years in prison.

Li was also dismissed by her employer, Shanghai Airlines.

“My whole family practice Falun Gong and were all incarcerated and tortured multiple times over many years,” Li said during her testimony.

“We hired two lawyers in Beijing, but both were beaten up severely by the police and their law licenses were revoked as a result of taking on my father’s case.”

The prosecutor’s office several times offered Li money in exchange for her silence but she refused to comply.

Li, who now lives in New York City, still feels helpless and continues to grieve over the mysterious death of her father.

“This atrocity is ongoing today in China,” she said, hoping that Congress will “take concrete actions” to help bring this abuse to an end.

### Falun Gong Targeted for Supply of Organs

Last summer, an independent people’s tribunal based in London, called the China Tribunal, concluded following its investigation that forced organ harvesting has taken place in China for years “on a significant scale,” with Falun Gong practitioners as the “principal source” of human organs.

The tribunal said the grisly practice has caused “many people to die horribly and unnecessarily.”

Speaking at the virtual conference, Hamid Sabi, a lawyer who served as counsel to the China Tribunal, said Falun Gong practitioners are the main source because they are “comparatively very healthy.” They don’t drink alcohol, smoke, and indulge in bad eating habits, he said.

Sabi also noted that Chinese hospitals have access to “unlimited organs available on demand,” and this stark reality was brought home to Israeli heart transplant surgeon Dr. Jacob Lavee in 2005.

A patient told Lavee that he was going to China to undergo a heart transplant that was scheduled in two weeks’ time, but Lavee knew it was impossible medically to schedule that sort of surgery in advance.

Realizing that this could only be the result of forced organ harvesting, he spearheaded the crafting of Israel’s Organ Transplant Law, which came into effect in 2008, essentially banning the purchase and sale of human organs.

The move has significantly reduced transplant tourism from Israel, according to a study published in the American Journal

We hired two lawyers in Beijing, but both were beaten up severely by the police and their law licenses were revoked as a result of taking on my father’s case.

Jiang Li, Falun Gong practitioner

I’m not sure that just by putting out bills that condemn practices is enough. I think we have to have legislation that actually has teeth behind it.

Matt Salmon, vice president of government affairs at Arizona State University and a former U.S. representative

of Transplantation in December 2012.

Other prisoners of conscience such as Uyghurs, Tibetans, and House Christians are also vulnerable to organ harvesting, according to DAFOH.

Sabi said a separate independent tribunal was created to probe the persecution of Uyghurs and other Muslim minority groups in Xinjiang.

“Evidence is coming through that they’re building two new massive camps [in Xinjiang]—approximately 50,000 inmates. And between the two camps, they have built a massive crematorium. And it’s near the airport,” which makes it suitable for organ harvesting, Sabi said.

### Legislation With Teeth

Matt Salmon, vice president of government affairs at Arizona State University and a former U.S. representative, urged Congress to take more concrete action to stop organ trafficking.

“I’m not sure that just by putting out bills that condemn practices is enough. I think we have to have legislation that actually has teeth behind it,” he said at the event.

Salmon suggested that one way to crack down on the practice is to impose sanctions on Americans purchasing or using harvested organs from China, as well as businesses that are engaged in using harvested organs.

“We have a lot larger universe of people that can use these organs than other countries and so if we really crack down on it here in the United States, it will make a big difference,” he said.

China is the only country that’s known to conduct state-run organ harvesting, according to Weldon Gilcrease, DAFOH’s deputy director.

Speaking at the conference, he noted China’s forced organ harvesting is very different from organ trafficking on the black market.

The entire process is a huge orchestrated crime directed by a central government and involving the health institutions, judiciary, prison system, labor camps, military, and military hospitals, he said.

The medical profession at large has turned a blind eye to this crime, according to Gilcrease, who is also an assistant professor of medicine at the University of Utah.

China’s forced organ harvesting isn’t a political issue, he said.

“Although the perpetrator of these crimes is a political entity, the use of physicians and the use of the medical system to be an arm and a stick for the CCP’s crimes is inexcusable,” he said.



Doctors carry fresh organs for transplant at a hospital in Henan Province, China, on Aug. 16, 2012.

## OPINION

# Chinese Economy Teetering on the Brink of Collapse

HUIDONG ZHANG

During the 30th anniversary of Shanghai's Pudong economic development district, Chinese leader Xi Jinping said the Pudong District "should strive to become a pioneer of reform and opening up at a higher level and a vanguard in fully building a modern socialist country." In his address, Xi mentioned "opening up" 30 times and stressed the need to "better showcase the Chinese concept, Chinese spirit, and Chinese path to the world."

The conference on Nov. 12 was hosted by Li Qiang, Party secretary of the Shanghai municipal committee, Liu He, vice premier of the state council, and Chen Xi, minister of the organization department of the central committee, with He Lifeng, director of the development and reform commission, attending.

Premier Li Keqiang, who is in charge of China's economy, didn't show up. Whereas Xi Jinping, rather than giving a video address, actually attended in person.

## Financial System About to Collapse

Xi's appearance at the Pudong conference coincides with the Chinese bond market experiencing trouble and many defaults. The Chinese financial system is on the brink of collapse, with a loaded debt crisis engulfing local governments and state-owned enterprises.

According to Chinese media reports, about 69 percent of outstanding loans to China's private enterprises defaulted in the first three quarters of 2020. At the same time, there were also successive delinquencies by state-owned enterprises.

For example, Brilliance Auto Group, officially known as HuaChen Group Auto Holding and owned by the Liaoning provincial government, failed to repay 1 billion yuan (about \$152 million) to its bondholders after the bond matured in October. The Liaoning state-owned enterprise Shenyang Shengjing Energy was also in debt default, and on Nov. 13, Henan state-owned Yongcheng Coal Power Company defaulted on a 1 billion yuan bond. Furthermore, Ziguang Group,

The frequent defaults by state-owned enterprises is an indication of the current deterioration of China's economy and of the financial difficulties experienced by the regime.

According to Chinese media reports, about 69 percent of outstanding loans to China's private enterprises defaulted in the first three quarters of 2020.

China's largest semiconductor group and the third-largest shareholder of Semiconductor Manufacturing International Corporation, China's leading chipmaker, is also on the verge of default after Peking University Founder Group filed bankruptcy due to a debt crisis. Ziguang Group's debt has now reached more than 200 billion yuan (about \$30 billion). According to Chinese media reports, Ziguang applied for an extension of a 1 billion yuan trust loan that was due on Nov. 9, but failed to get approval by the bank in Anhui.

China's debt market is facing a difficult situation that hasn't been seen in many years. Market confidence has been overshadowed by various types of debt defaults, from the default of local government investments to the default of state-owned enterprise credit bonds. And panic also has been spreading. A clifflike decline in financing has led to a break in the chain of subsequent refinancing funds that might trigger a systemic financial failure.

Beginning in 2019, China's economy entered a phase that Beijing labeled as "state-owned enterprises advance and private sectors retreat." It means the regime's elite began going after big money and exercising control over private capital.

For example, the Chinese Communist Party (CCP) has tightened its control over large private companies such as Alibaba, Tencent, and JD.com that have a broad and powerful influence in the country. The recent listing of Ant Financial was directly suspended by the CCP.

In order to allow state-owned enterprises to play the leading role in the economy of mainland China, the CCP intends to significantly reduce the financing channels for private enterprises to issue bonds, to ensure that the public can only choose bonds issued by the CCP's state-owned enterprises. But the frequent defaults by state-owned enterprises is an indication of the current deterioration of China's economy and of the financial difficulties experienced by the regime.

At the executive meeting of the State Council of the Communist Party of China held on Nov. 6, Premier Li Keqiang frankly admit-

ted that "under the special and difficult circumstances [brought about] by the pandemic, we insist on the government leading by example in living on a tight budget."

In the past, the CCP has relied on high-speed economic growth to cover up various social contradictions and economic problems. At present, due to the rapid economic downturn in China, those contradictions and problems have all been revealed.

In particular, the reduction of central and local fiscal revenues and the social instability caused by a large unemployment rate, as well as the social injustice caused by various other expenditures, are enough to pose a challenge and impact for the regime.

Take the pension for corporate retirees as an example. On Nov. 6, the CCP published the guidelines "Hundred Questions on Learning and Guidance" for China's future social and economic direction that came out of the recent Fifth Plenary Session. It stated that "the national basic pension insurance fund for corporate employees is expected to have a deficit by 2029, and by 2036, it will be exhausted. The basic medical insurance pool for corporate employees is also expected to have a deficit in 2024."

## More Slogans to Deal With Difficulties

After the CCP implemented the national security law in Hong Kong and openly violated the city's "one country, two systems," it then passed a resolution that led to the disqualification of four Hong Kong pro-democracy lawmakers, causing a public uproar. The CCP's actions of undermining Hong Kong's democracy will only cause foreign investors to further lose confidence in investing in the city.

In addition, on Nov. 12, U.S. President Donald Trump issued an executive order prohibiting U.S. companies and individuals from investing in 31 Chinese enterprises owned or controlled by the Chinese military (the People's Liberation Army) on the grounds of national security. In this context, foreign investors will not only reduce their investment activities in China, but also reduce their investment in Chinese companies

listed overseas. This also shows that the United States has begun to decouple from the CCP via the financial market.

Even though Xi himself made an appearance in Shanghai at this time, the reason he used the term "opening up" 30 times was to instill confidence in the outside world and to resolve the economic problems. Obviously, Xi doesn't realize that the CCP's grinding down of Hong Kong has made the outside world lose trust in its propaganda about opening up.

Xi's "Chinese concept, Chinese spirit, and Chinese path" is just another communist slogan. With the so-called Chinese path, Xi is directly speaking of the fact that the CCP will never follow international rules and conventions set forth by democracy, but continue its plan to expand hegemony. The "Chinese concept, Chinese spirit" is meant to continue brainwashing the Chinese people with the conjured image of a "great power and a powerful country." It's to stimulate the people's national self-esteem, and to cover up the pain and suffering they have endured under the CCP's tyranny.

However, in the present international and domestic environment, China's economic downturn will inevitably continue on for some time. The "Chinese concept, Chinese spirit, and Chinese path" is nothing more than a slogan for the CCP to continue its tyranny, and it won't resolve the regime's domestic problems, such as widespread and pervasive social injustice. The expansion of its hegemony also will not proceed. Especially under this unprecedented isolation of China by the international community, the CCP's "internal cycle" of "great changes unseen in a century" is taking the regime's economy along the road of no return.

*Huidong Zhang previously worked in China's real estate and heavy industry sectors. He has contributed economy-related commentary to The Epoch Times since 2020.*

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

ALY SONG/REUTERS



People stand on the sidewalk at Lujiazui financial district in Pudong, Shanghai, China, on March 14, 2019.



Secretary of State Mike Pompeo warned about China's influence seeping into local politics in a speech at the National Governors Association meeting held in Washington on Feb. 8, 2020.

## CHINESE INFLUENCE

# Leaked Documents Reveal Intermediaries Behind China's Sister City Global Partnerships

ALEX WU

The Epoch Times recently obtained leaked government documents from a trusted source that reveal the go-betweens who have helped the Chinese regime establish its sister city programs with other countries. The Chinese Communist Party (CCP) has promoted its agenda through sister city partnerships with the West, and U.S. lawmakers have sounded the alarm of the threats posed by such programs.

The documents show that over the years, the CCP's "fifth column" such as Chinese cultural, trade, and student associations, and their representatives who toe the Party line have played an important role in assisting the regime's United Front Department to promote the sister city partnerships with foreign local governments. Sister cities emerged in Europe and America after World War II, originally for the purpose of fostering diplomacy and peaceful post-war coexistence among citizens. Since the late 1970s, China has also begun to develop sister cities with other countries.

## Chinese-Australian Trade Association

One of the leaked documents revealed that a Chinese-Australian trade association helped to form some of the sister city partnerships between Australia and China.

At the end of 2017, the Overseas Chinese Affairs Office (OCAO) of Jilin Province received an invitation letter from an organization called the Australian International Trade Association (AITA). The letter stated that the "Belt and Road China-Australia Cities Summit and Business Forum" would be held in Darwin, the capital of Australia's Northern Territory, in June 2018. The director of Jilin's OCAO, Wang Zhiwei, was invited to attend the event. After the CCP launched its

The Chinese Communist Party (CCP) has promoted its agenda through sister city partnerships with the West, and U.S. lawmakers have sounded the alarm of the threats posed by such programs.

Belt and Road Initiative (BRI), AITA's activities revolved around building sister city relationships between Australia and China. The head of AITA, Michael Guo, held more than one job title that was tailored specifically for the different programs under BRI, including the secretary of the Belt and Road Education Alliance and the secretary of the Belt and Road China-Australia Logistics Supply Chain e-commerce Alliance. Guo immigrated to Australia from Beijing in the 1980s.

Under AITA, at least 20 pairs of sister cities were established between both countries. It is noteworthy that there are more than 100 pairs of sister cities/states between China and Australia, starting with Melbourne and Tianjin in 1980.

## Former Chinese Student

Another leaked document revealed that Chinese national Luo Renkai helped the CCP to establish a sister city relationship with Spain a few years after he completed his studies in the western country.

Luo resides in Hengyang city, Hunan Province. He is currently the vice chairman of the Municipal Young Entrepreneur Association and the head of Hunan Kaile International, a trade organization.

According to a work report submitted by Luo to the Hengyang municipal government, Luo studied at the Chinese Communist Liberation Army Foreign Languages Institute before he attended a university in Spain in 2004. He returned to China in 2014 and became the general manager of Hengyang Mingcheng Real Estate Property Co., Ltd., and concurrently a member of the Hunan Overseas Chinese Federation.

Luo returned to Spain in April 2017 to establish a sister city relationship between Toledo and Hengyang under the direction of Hengyang authorities, according to a document, titled, "Request for Instructions on Organizing Chinese and Western Cultural Exchange Activities,"

issued by the Hengyang Municipal Committee of the CCP's Youth League on Nov. 9, 2018. Luo successfully got Toledo to sign a sister city agreement with Hengyang, and obtained authorizations from some enterprises and universities in Toledo to sign various exchange projects with Hengyang.

## Chinese-American Community Leader

A diplomatic cable sent by the Chinese Consulate in the U.S. city of Chicago to authorities in Henan Province revealed the identity of the intermediary who helped promote the sister city program between the state of Kansas and Henan.

On July 6, 2017, the Chinese Consulate General in Chicago sent an urgent telegram to Henan's Overseas Chinese Affairs Office and local authorities of Zhengzhou city, notifying them of a visit by a Chinese-American community leader, named "Forest" Rong Lei, and asked the local government to receive him well. The purpose of Rong's visit was to inform the Henan authorities about his various activities in supporting the sister city program such as his role with the Confucius Institute in Kansas. The Consul General also attached Rong's personal information to the document.

Rong is the chairman of the Chinese American Association of Kansas. The information from the Consul General revealed that Rong and the association have hosted and participated in many activities arranged by the CCP's United Front Department.

The diplomatic cable stated that Rong's Chinese American association is "the most influential overseas Chinese group in Kansas."

The document also revealed that Rong has close ties with the CCP. He used government funds to pay for various expenses such as travel, participated in activities organized and sponsored by Beijing's Overseas Chinese Affairs Office (OCAO), and directly reported

to the OCAO and the United Front Department.

## US Government Sounds the Alarm

The United States government has recently highlighted the threats posed by sister city programs with the CCP.

On Nov. 17, four senators introduced a bill demanding greater scrutiny over the sister city programs between the United States and China.

On Sept. 23, Secretary of State Mike Pompeo warned U.S. governments at all levels to be vigilant against the CCP's influence and espionage activities on local governments.

"They fall under the authority of something called the Chinese People's Association of Friendship with Foreign Countries. Sounds benign. But that group is part of China's United Front Work Department—the CCP's official overseas propaganda tool. It's one of the CCP's three 'Magic Weapons,' in the words of Chairman Mao, along with 'armed struggle' and 'party-building.'" Pompeo said in a speech, titled, "State Legislatures and the China Challenge."

The Chinese People's Association of Friendship with Foreign Countries manages China's sister city relationships.

This is not the first time Pompeo sounded the alarm about the sister city program. On Feb. 8, during his speech at the National Governors Association meeting, he warned, "Chinese Communist Party officials, too, are cultivating relationships with county school board members and local politicians—often through what are known as sister cities programs."

The United States has 157 such partnerships with Chinese communities, according to Sister Cities International, a U.S. nonprofit that serves cities, counties, and states with sister relationships.

*The Epoch Times staff He Jian contributed to this report.*



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)