

WEEK 9, 2021

THE EPOCH TIMES

# CHINA INSIDER

## RELIGIOUS BOOKS BURNT

BY CHINESE REGIME IN WAR AGAINST FAITH

See Page 2

**Leaked Emails Confirm**

UN Gave Names of Dissidents to CCP 4

Falun Gong books and posters are set on fire in Shouguang City, China's eastern Shandong Province, on Aug. 4, 1999. Chinese authorities in cities across China burned millions of Falun Gong books and materials after the communist regime launched a campaign to persecute the spiritual practice in July 1999.







Pedestrians walk past the HSBC logo in Hong Kong on Sept. 21, 2020.

## OPINION

# HSBC Doubles Down on China, Asian Markets Amidst Criticism by US, UK

FAN YU

After aligning with the Chinese Communist Party (CCP), there's no turning back.

Having faced criticism in the UK and the United States for endorsing the national security law forced upon Hong Kong by the CCP, global banking giant HSBC is now doubling down on China and the Asian market.

The London-based international bank announced during its fourth-quarter earnings call on Feb. 23 that it would accelerate its "pivot to Asia" by retrenching its retail presence in the United States and investing billions in growing its footprint across Asia, including mainland China, Hong Kong, Singapore, and India.

Peter Wong, the group's chief executive in Asia Pacific region, outlined a \$6 billion investment in Asia over the next five years, with a focus on growing its wealth management and international wholesale business. The bank emphasized Hong Kong, mainland China, India, and Singapore as key drivers of future growth, according to a February presentation to investors.

HSBC is sending several senior executives to the region to lead the effort. Those likely to be relocating to Hong Kong include co-head of global banking and markets Greg Guyett, chief executive of global commercial banking Barry O'Byrne, and chief executive of wealth and personal banking Nuno Matos, according to a Financial Times report citing people familiar with the bank's plans.

Alongside its plans to expand its Asian presence, HSBC is retrenching from the U.S. market. The bank is set to sell or close its roughly 150 commercial bank branches in the United States, according to a Reuters report.

Overall, the group reported relatively poor 2020 financial results, driven by negative impacts from the CCP virus pandemic. Revenues for 2020 were \$50.4 billion, a 10 percent decline

from 2019. Profits before tax dropped 34 percent to \$8.8 billion, according to HSBC's full-year 2020 strategic report.

**Going forward, HSBC will likely find itself caught in the middle of the political rift between the Chinese regime and the West.**

**Doubling Down on China** HSBC has drawn criticism from U.S. and UK lawmakers for supporting CCP policies and facilitating Beijing's oppression of political dissidents.

Last year, the bank endorsed the controversial "national security law" in Hong Kong, a law imposed on the city by Beijing and would be used to crush political dissent to Beijing's one-party rule.

Late in 2020, it froze the bank accounts of Ted Hui, a former Hong Kong pro-democracy lawmaker now in exile, and the accounts of the pastor of Good Neighbor North District Church, a church known to have worked with pro-democracy protesters in Hong Kong.

HSBC's CEO, Noel Quinn, was grilled in a UK parliamentary foreign affairs committee hearing in January regarding its freezing of dissident accounts.

Given HSBC's history—and the fierce banking competition in the United States and Europe—it makes sense for the bank to go "all in" on China, and more broadly, Asia in general. It doesn't hurt that Carrie Lam, Hong Kong's chief executive, has recently praised the bank and said she would "love" for HSBC to expand its presence in the city.

The bank has increasingly become Asia-focused even before the acceleration of the "pivot to Asia" strategy. Fifteen years ago, HSBC's revenue contributions were diversified, with Europe being the biggest driver, followed by North America and Asia, according to research by the Financial Times. It also had a small South American franchise. It was a true global bank. By 2019, Asia—mostly Greater China—made up more than 50 percent of its revenues, followed by Europe, and its presence in North and South America have dramatically dwindled.

The bank didn't respond to a request for comment by press time.

**Drawing CCP's Ire**

In mainland China, HSBC's subservient attitude to the CCP hasn't immediately paid off.

The bank has been criticized by Chinese state media for assisting in the arrest of high-profile Huawei CFO Meng Wanzhou. The bank's internal investigation on the Huawei CFO uncovered the tech giant's alleged dealings with Iran, which eventually led to Meng's arrest in Canada.

U.S. prosecutors allege that Meng defrauded HSBC and other banks by misrepresenting Huawei's relationship with several front companies that were set up to do business with Iran, in violation of U.S. sanctions.

But the CCP claims that HSBC may have "set up traps" to ensnare Meng, according to a 2020 op-ed in hawkish state-run outlet Global Times.

Wong, HSBC's Asia chief executive, is a member of a political advisory body to the CCP, according to the Financial Times. He was apparently instrumental in resolving the rift between the bank and Beijing following Meng's arrest.

Going forward, HSBC will likely find itself caught in the middle of the political rift between the Chinese regime and the West. In the January parliamentary hearing, some MPs brought up the possibility of HSBC breaking into two, an idea that CEO Quinn dismissed.

There is potentially even more pressure from the Chinese side. In January, Beijing issued new rules to allow Chinese courts to punish global companies operating in China for complying with "unjustified" foreign laws and sanctions. Even if it does not want to, HSBC may be forced to pick sides in the near future.

And given its recent political and business decisions, it's becoming increasingly clear which side HSBC will pick in this confrontation.

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

## OPINION

# Italy the Beachhead for CCP's Invasion of Europe

JOHN MILLS



Churchill called Italy, the "soft underbelly" of Europe, meaning the invasion of the continent in World War II should be done there first by the Allied forces.

Italy has also received other titles, such as the "Sick Man of Europe." This title has been passed among several countries, but Italy has been a common recipient of this inglorious title due to its anemic economic growth. High taxes, low economic growth, high unemployment, have led to an economy perpetually in the doldrums since World War II. Italy has never quite re-established itself from the peak of its Roman magnificence.

The Second World War axis with its northern ally ended miserably for the country and squelched its totalitarian leader's attempt to re-establish its once world-renowned aura. A grand self-image combined with empty pockets created a willing candidate to be the first European nation to sign up for the CCP Maritime Silk Road Project.

Although a country showed up with investment funding in return for signature of a contract that may or may not have been translated properly, Italy jumped. And perhaps once again, Italy is acting as the first beachhead for the "invasion" of Europe, this time unfortunately by the Chinese Communist Party (CCP).

**Ports and Information Technology Networks**

The port arrangement model previously used in Kenya, Sri Lanka, and other places was a natural starting point for the CCP's influence operations in Italy. A major port such as Trieste in the top northeast portion of the country was an early entrant as a port partner program. It is ironic that Trieste was the same immediate region in which British and American military forces skirmished with Soviet and Yugoslavian Communists attempting to cede the territory away from Italy at the end of World War II.

Smaller ports also are getting the attention of the Chinese. Vado Ligure, a more diminutive port on the top northeastern portion of the Italian peninsula has also received significant CCP attention with the port deal there. "Vado Ligure is the largest fruit logistics hub in the Mediterranean" is the best reason it appears on the surface for the CCP interest (China is a net food importer), but perhaps there are additional reasons.

As usual, Huawei is part of the vanguard of CCP influence operations. Although making initial progress in entering the Italian market, things became rocky by fall of 2020. Huawei was blocked by Italy in

**The port arrangement model previously used in Kenya, Sri Lanka, and other places was a natural starting point for the CCP's influence operations in Italy.**

October 2020 along with Bulgaria—major wins for then Secretary of State Pompeo and the "Clean Network" initiative, well-constructed programmatically as well as by moniker. With the change of Administrations in the United States, it remains to be seen if this State Department initiative becomes enduring or the seemingly hardening European stance begins to go wobbly.

It is too early to tell on how long this rejection as a network provider will last, but likely Huawei will continue to seek soft spots and access points in Italy through lesser measures such as phone sales, routers, and other mobile devices. Although not as good as controlling the network, these network endpoints and components are important steps also for the ability to see the data traversing the networks.

**An Aviation Manufacturing Hub Venture**

A joint venture has been in operation for several years at Pomigliano d'Arco, just outside of Naples, Italy. This facility is Alenia Aermacchi's biggest plant in southern Italy, part of the long standing, successful Boeing international supply chain.

It participates in the production of the Boeing 787, producing about a "14% share of (the) 787's airframe," according to the firm's website. Alenia is part of the larger Leonardo multi-national company which focuses on aerospace, defense, and related market sectors. Leonardo also owns Leonardo DRS in the United States led by former Deputy Secretary of Defense, William J. Lynne III.

What is also curious about the Alenia facility outside of Naples is the relation of both Russian and Chinese interests, apparently in the same facility with Boeing. On Oct. 26, 2018, China, through the Commercial Aircraft Corporation of China, Ltd. (COMAC) signed with Leonardo (parent of Alenia) to develop the CR929, essentially the Chinese equivalent to the Boeing 737.

Although the Leonardo listing mentions COMAC, COMAC has also created a joint venture with United Aircraft Corporation (UAC) of the Russian Federation and the CR929 is really the China-Russia Commercial Aircraft International Corporation Co., Ltd. (CRAIC) CR929. This can get quite confusing.

A check of the Consolidated Screening List (CSL) of the Department of Commerce does display UAC as a listed company. This means that there are concerns of the U.S. Government toward UAC. COMAC did not come up directly in the CSL, but close variants did.

The civil-military fusion efforts of the CCP are adept at constantly creating new or slightly differently named companies, so the coincidental nexus of COMAC/UAC

with Leonardo/Alenia, which is simultaneously performing Boeing 787 should be considered one hop away or closer to Boeing intellectual property (IP).

This means a listed Russian company and a questionable Chinese Company are working with a trusted Boeing partner, potentially in the same facility, potentially on the same network. The CSL list is good, but there is a lag time between variants of incorporation, done willfully to evade being memorialized on the CSL, and the CSL being updated to catch these willful evasions.

There has been an ongoing attempt by COMAC (really CRAIC) to obtain Boeing IP to support the development of the CR929s immediate predecessor, the CR919, as identified by a cybersecurity firm named CrowdStrike, which identified this activity in approximately the 2010-2015 period.

The 737 is essentially the crown jewel of American commercial airline exports. If CRAIC could destabilize the 737-market position, they would be able to enter the top tier of providers to the airline industry.

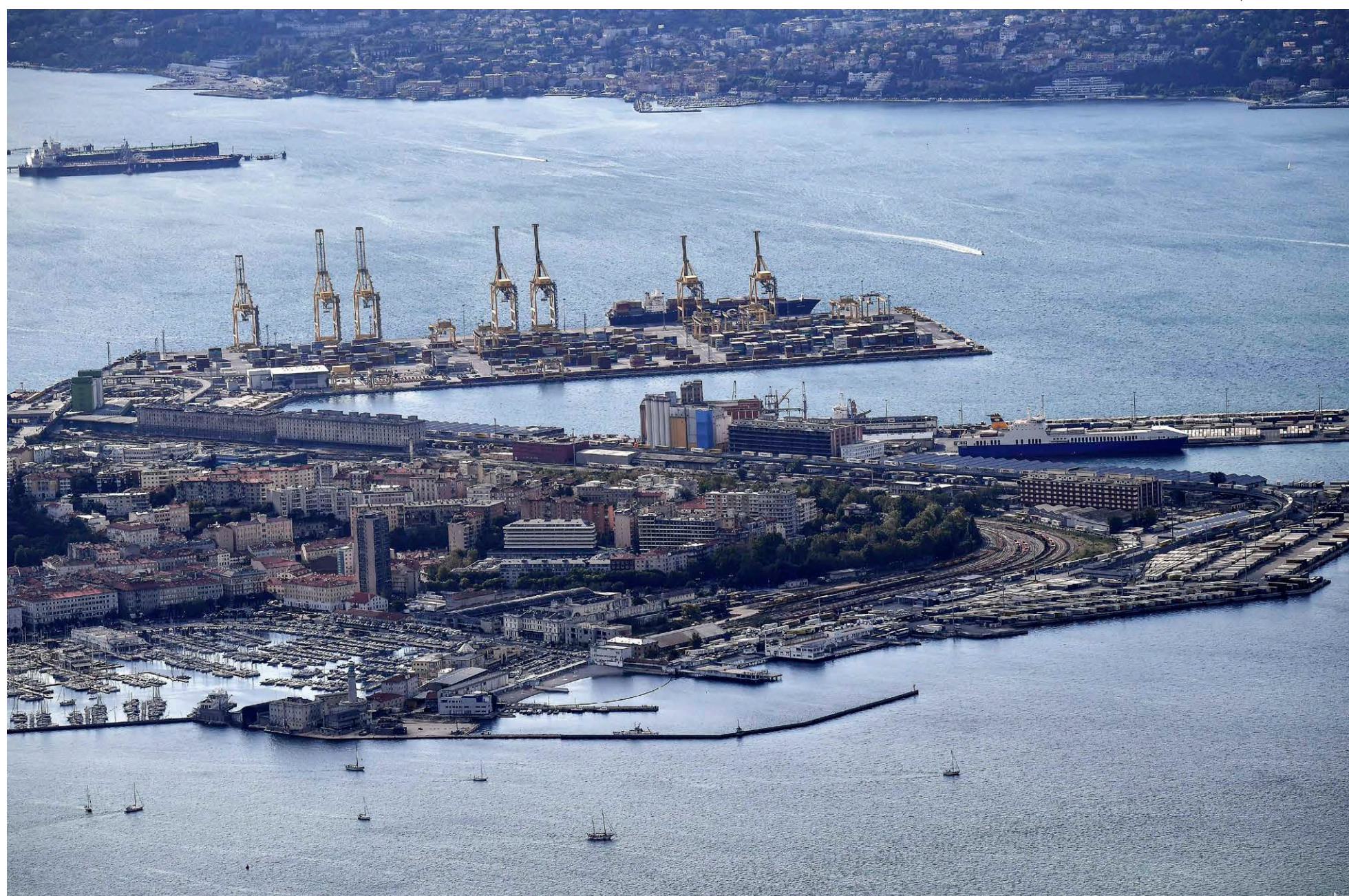
The possible co-location of Boeing network endpoints so physically close to CRAIC personnel should be of great concern to any cybersecurity or export control risk analysis. There's also another concerning angle: a possible insider threat situation, an expression in cybersecurity describing a trusted personality who has network access who may have played a role in all of this. The personality's name: Arturo D'Elia.

Arturo D'Elia, a former cybersecurity director within Leonardo, was imprisoned in December 2020 in regards to possible unlawful access and removal of data from the Leonardo networks. An analysis by Reagta further established the exfiltrations to be significant, contrary to initial reporting by Leonardo. There are additional Italian investigations going on related to significant bribes involving multiple Leonardo personalities.

In summary of all these events, once again Italy seems to be the entry point for a (soft) landing on the European continent, the CCP is relentlessly using its Italian beachhead as an influence operation, and President Biden's resolve to deter CCP adventurism is unclear, which is a green light to the CCP to push harder.

*Retired Col. John Mills is a national security professional with service in five eras: Cold War, Peace Dividend, War on Terror, World in Chaos, and now, Great Power Competition. He is the former director of cybersecurity policy, strategy, and international affairs at the Department of Defense.*

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



An aerial view of the commercial harbor of the northeastern Italian city of Trieste along the Adriatic Sea on Oct. 8, 2017.



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)