

WEEK 29, 2021

THE EPOCH TIMES

CHINA INSIDER



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EXCLUSIVE

\$2.3 Trillion of US Investments in China Are Dragging Down America

ANDERS CORR



U.S. investors have pumped more than \$2.3 trillion into China since 1992, according to an unpublished U.S. government document that tracks more than 180,000 U.S. investments in equity positions in China and Hong Kong.

The 2021 document, recently obtained by The Epoch Times, tracks more than 6,000 U.S.-based corporate and institutional investors. It's based on publicly available information from November 2020 compiled from SEC filings.

"As a proxy for measuring the extent to which U.S. investors are subsidizing Chinese capital markets with dollar inflows and contributing to the advancement of the Chinese state through domestic corporate growth, we measure the sum of the market value for all investor holdings aggregated by year," according to the document. "From this statistic, we can also derive a dollar representation of the extent to which U.S. investor capital, including from state pension funds, is subject to China country risk, and the extent to which the U.S. institutional investor class overlaps with Chinese state assets."

According to the government's financial analysis, the sum of U.S. holdings in China from the top 6,000 investors is more than \$2.3 trillion. Approximately \$2 trillion of this is invested in publicly listed Chinese entities, with \$276 billion invested in privately owned entities (figures don't always match due to rounding). More than \$48 billion of these investments are on U.S. government entity blacklists.

More than \$152 billion of U.S. investment is in China's state-owned enterprises. More than \$47.8 billion of U.S. investments are in Communist Chinese Military Companies (CCMC), and more than \$6 billion has a military end-user. CCMC is a U.S. Department of Defense designation.

"The CCP's opening of their financial markets is designed to fuel the strength of the Party and the country's military-industrial complex, to underwrite the surveillance and repression of ethnic minorities in Xinjiang, and support other policies antithetical to U.S. national and economic security and moral interests," Michael Wessel, commissioner of the U.S.-China Economic & Security Review Commission, wrote in an email.

U.S. investments in China include \$646 billion into companies that have banned applications, such as Alibaba, Tencent, and Ant Group, according to the document. Other U.S. investments in China's technology sector include more than \$220.9 billion in artificial intelligence, \$88.9 billion in banking, \$50.4 billion in biotechnology, \$44.8 billion in data companies, \$42.7 billion in telecommunications, \$31 billion in pharmaceuticals, \$20.8 billion in semiconductors, \$6.1 billion in IT, \$3.8 billion in surveillance, \$1.3 billion in robotics, and \$1.2 billion in aerospace and defense.

"The Biden administration must stop the greed and FOMO [fear of missing out] that governs investment into China on Wall Street, at State Pensions, and University endowments and force divestment from a regime that has been formally labeled as genocidal by the United States State Department," wrote investor Kyle Bass, who has shorted Chinese and Hong Kong currencies.

"It is this schism that lies at the heart of the divide between the US Defense Department, the National Security Council, and ill-informed investors chasing the latest offering in Chinese markets."

The top 20 U.S. investors in China (including Hong Kong) entities are shown in Table 1. BlackRock is the biggest investor according to the government analysis, including more than \$155 billion invested in more than 1,500 securities. JPMorgan Chase & Co. has more than \$140 billion invested in Chinese entities, and Vanguard Group has more than \$130 billion invested. Other household names on the top-20 list include Citigroup, Morgan Stanley, and Goldman Sachs.

"It makes absolutely no sense to invest in China, where there are no distinctions between commercial enterprises and the military sector, under the government's military-civilian fusion strategy, especially when the government has made amply clear that China is our adversary and in-



ANGELA WEISS/AFP VIA GETTY IMAGES

tends to take military action against the U.S. and our allies," according to a Washington source.

"It is utterly absurd to invest in a country where the capital markets are not based on fundamentals but rather operate like casinos, and where investment gains are less than gains derived from the U.S. markets in the medium- to long-term. We need to re-examine who is driving our investment decisions and what those motivations might be. Economic viability and resiliency do not appear to be part of the calculus for these institutional investors."

Christopher Moritz, who worked in Shanghai for a major investment bank and currently runs an investment consulting firm, raised issues that imply a potential conflict of interest among some officials in Washington. He wrote that "Blackrock's position in Chinese equities is simply staggering, and all the more troubling in lieu of Blackrock's deep ties to the Biden administration and the Democratic Party."

"Blackrock's former Global Head of Sustainable Investing leads Biden's National Economic Council. [The] former Chief of Staff to Larry Fink, is Deputy Secretary of the Treasury Department. Blackrock's former Global Investment Strategist is the chief economic advisor to Kamala Harris. And yet, while Blackrock's Larry Fink has prioritized ESG investing and social causes, Blackrock has nonetheless made massive investments in nefarious Chinese entities including China Merchant Bank and Hikvision."

Moritz said that both of these investments are on government blacklists.

Other big investors in Chinese securi-

A Wall Street sign hangs near the New York Stock Exchange in New York on March 23, 2021.

Americans are not selling the rope to China, with which it plans to hang us. We are paying them to make it.

ties include states and pension funds, as shown in Table 2. The biggest such investors are the state of California, with more than \$8.4 billion invested, along with Alaska Permanent Fund Corp. with more than \$2 billion, and the Teacher Retirement System Texas with more than \$1.1 billion. Other U.S. states with major investments in China, in order of magnitude, include New York, New Jersey, Colorado, Wisconsin, Kentucky, Ohio, Pennsylvania, Florida, North Carolina, Utah, Oregon, and Illinois.

"CalPERS offers another disturbing example of U.S. financial institutions and indeed governmental institutions underwriting Chinese hegemonic ambitions from pension dollars," Moritz wrote. "Out of the \$8.4 billion in holdings of Chinese entities by the State of California, more than \$850 million is in State-Owned Enterprises, especially banks involved in underwriting China's BRI [Belt & Road Initiative] and also in telecommunications companies, which are at the forefront of China's surveillance state."

"Until 2019, CalPERS's chief investment officer was Yu Ben Meng, who had previously held the post of deputy chief investment officer of China's State Administration of Foreign Exchange."

Wessel wrote: "The pace of U.S. investor funds going into China is expected to increase[,] undermining our ability to counter the threats the CCP's policies pose to our country and values. It's time to impose comprehensive restraints on the flow of funds and rein in the mercenary activities of Wall Street, private equity, and other investment interests."

Americans aren't selling the rope to China, with which it plans to hang us. We are paying them to make it. The U.S. government, including U.S. congressional leaders, should long ago have prioritized an end to any further U.S. and international investment in China, while recouping whatever possible despite China's draconian capital controls.

Why haven't our political leaders done so already? Are they too beholden to America's most powerful investors, their campaign donations, and lobbying largesse? In that case, China would be paying Wall Street in the form of profit, and those investors would in turn be using that profit to influence the government to turn a blind eye to the continued bleeding of America.

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



ISAAC LAWRENCE/AFP VIA GETTY IMAGES

Electronic boards display various stock prices at Exchange Square in Hong Kong on March 9, 2020.

ANALYSIS

China Promotes HK-Based IPOs While US SEC Dithers

Chinese regulators plan to keep foreign capital flowing despite escalating US tensions

FAN YU

A plan seems to be emerging in China to allow foreign capital to keep flowing into the country while granting Beijing increased control over its companies' stock issuances.

Earlier this month, Chinese regulators, including the Cyberspace Administration of China (CAC), the State Council, China's cabinet, and the Chinese Communist Party's (CCP) Central Committee, announced that a new regulatory framework is necessary to oversee foreign stock listings of Chinese companies. The decision comes weeks after ride-hailing app Didi Chuxing's New York initial public offering, and it could slow the parade of Chinese tech IPOs into the United States.

But it might not slow the flow of foreign capital into China.

The CCP is considering exempting companies going public in Hong Kong from needing approval from China's CAC. The discussions are still ongoing, according to a July 15 Bloomberg report, although Beijing regulators have discussed this proposal with bankers recently.

If successful, it could be a clever way for Beijing to have its cake and eat it too.

Citing people with knowledge of the ongoing discussions, "The Cyberspace Administration of China will vet companies to ensure they comply with local laws, but only those headed to other countries such as the U.S. will undergo a formal review," Bloomberg noted. Listing in Hong Kong instead of the United States is one way to potentially avoid a big hurdle. Hong Kong has few economic barriers for cross-border transactions, and offers—at least nominally—a staging area for international investors to access the Chinese market.

Some Chinese companies are reconsidering their U.S. IPO plans. Xiaohongshu, a social media company, recently tabled its plans to sell shares in New York this month.

LinkDoc, a Chinese medical data provider, shelved its IPO earlier in July. Neither company has elaborated on its plans. Meanwhile, Lalamove, a Chinese logistics company, recently switched its upcoming IPO to Hong Kong from New York, according to a South China Morning Post report.

Morgan Stanley wrote in a note to clients on July 16: "Hong Kong's contribution to Chinese IPO fundraising will expand in the future. (Domestic) A-shares' contributions should also rise, but by a lesser degree, given Hong Kong offers better access to international capital and should, in theory, be easier for global investors to trade."

"Meanwhile, the U.S.'s share will likely steadily decline."

That's even as the U.S. Treasury Department issued a "Hong Kong Business Advisory" notice warning businesses operating in Hong Kong that they face rising risks to their business as the CCP escalates its clampdown in the city.

Is a Hong Kong IPO equivalent to a U.S. IPO? Of course not. But it could come close. All international investment banks and broker-dealers have some presence in Hong Kong despite its recent political turmoil.

U.S. and foreign investors have continued to pour money into Chinese stocks. In fact, 2021 is seeing a record amount of foreign inflow to Chinese stocks despite everything from political tensions between Beijing and Washington, China's continued repression of Uyghur minorities, its combative stance over Taiwan, its heavy-handed tactics in Hong Kong, and its economic slowdown.

Offshore purchases of Chinese stocks and government bonds continue unabated. Purchases from January through June 30 were their highest ever, according to a Financial Times analyst.

That's partly due to financial index providers continuing to include Chinese stocks and bonds in their

global and emerging markets indices. And part is due to diversification needs and China's perceived economic growth after the worst of last year's COVID-19 pandemic.

Unless the environment drastically shifts, the financial flow toward China and Hong Kong is unlikely to stop.

"Hong Kong remains a critical and vibrant facilitator of trade and financial flow between the East and West," the American Chamber of Commerce in Hong Kong stated on July 16. The organization counts numerous international banks as members, including Goldman Sachs, JPMorgan, Bank of America, and Wells Fargo.

While the regime in Beijing is making plans to encourage its technology giants to stay closer to home, U.S. regulators appear to be dithering on the delisting of Chinese stocks.

The bipartisan Holding Foreign Companies Accountable Act, passed and signed into law earlier this year, mandates that Chinese companies give U.S. regulators access to audit workpapers. Currently, audit workpapers of Chinese companies are considered national secrets that are prohibited from being shared.

The act gives U.S.-listed Chinese companies three years to comply or face delisting from American stock exchanges.

But the U.S. Securities and Exchange Commission (SEC) hasn't yet published detailed guidelines regarding compliance and delisting procedures, nor have there been any meaningful conversations with China's financial regulators. This means the three-year clock hasn't even begun ticking.

Even if the SEC gathers feedback and it issues detailed procedures by early next year, which would be a feat, audit examinations or delistings wouldn't occur until 2025 at the earliest.

So far, Beijing regulators appear to be outmaneuvering U.S. regulators on the future of Chinese stocks.

RELIGIOUS FREEDOM

Rally Calls to Recognize CCP’s Persecution of Falun Gong as Genocide

EVA FU

WASHINGTON—It’s time for the United States to recognize the “genocide occurring against practitioners of Falun Gong in China,” a religious freedom expert told rally attendees in Washington on July 16.

Noting the U.S. government’s designation that the Chinese regime’s repression of Uyghurs in the Xinjiang region amounted to a genocide, Nina Shea, a senior fellow and director of the Center for Religious Freedom at the Hudson Institute, called on the United States to do the same in relation to Beijing’s ongoing persecution of Falun Gong.

“Genocide is the destruction in part of a religious community, for example, with the intent to eradicate it, and I don’t think there’s any doubt that what has happened these past decades to Falun Gong meets that criteria,” she said at the rally.

We need to stand on the right side of history and to punish CCP crimes against humanity and totally dissolve the CCP.

Frank Gaffney, vice chairman, Committee on the Present Danger: China

“This is the most heinous human rights [abuse], and it’s engraved in the American heart.”

The rally on the National Mall was held to mark the 22nd anniversary of the start of the Chinese communist regime’s persecution of Falun Gong on July 20.

After the rally, around 1,500 to 2,000 participants—an estimate from the organizers—proceeded to march from the U.S. Capitol down Constitution Avenue, ending at the Washington Monument, where a candlelight vigil was held that evening.

Falun Gong, also known as Falun Dafa, is a spiritual discipline that includes a set of meditative exercises and moral teachings centered on the principles of truthfulness, compassion, and tolerance. It saw surging popularity in China in the 1990s, with 70 million to 100 million practicing by the end of the decade, according to official estimates at the time. Deeming this a threat, the regime launched a sweeping campaign of suppression on July 20, 1999.



LARRY DAU/THE EPOCH TIMES



SAMIRA BOUADU/THE EPOCH TIMES

Falun Gong practitioners take part in a parade in Washington on July 16, 2021.

Since then, millions of practitioners have been detained inside prisons, labor camps, and other facilities, where torture, such as electric shocks, beating, sleep deprivation, and other forms of abuses are widespread. An untold number have died from the ill treatment or due to forced organ harvesting.

‘The CCP Is Dissolving’

Rights advocates at the rally said the Chinese Communist Party (CCP) will not es-

Falun Gong practitioners gather in Washington to mark the 22nd year of the persecution in China on July 16, 2021.

cape judgment for its decades-long suppression of Falun Gong adherents.

“We need to stand on the right side of history and to punish CCP crimes against humanity and totally dissolve the CCP,” Frank Gaffney, vice chairman of Washington-based advocacy group Committee on the Present Danger: China, said.

“The CCP is dissolving now,” he said, warning that from the decision-makers to those executing the persecution, “all the people participating in this crime” will be

held to justice.

Faith McDonnell, director of advocacy at Katartismos Global, highlighted the grassroots Tuidang (quitting the Party) movement, which has seen more than 380 million Chinese in the mainland and overseas renouncing their ties with the CCP and its affiliated groups. Communists, she said, “want to take the place of God, and they are not going to do it.”

She also took special notice of a banner at the rally reading “The World Needs Truth-

fulness, Compassion, and Tolerance.”

“Truth is in low supply today,” she told attendees. “After 22 years of what Falun Gong has been through in China, and by China’s tentacles reaching out into the world as well, you have continued to stand for truth.”

Gaffney on July 16 called the CCP a “criminal organization.”

The “criminal act” of forced organ harvesting targeting Falun Gong practitioners is “absolutely undeniable,” and “they

RELIGIOUS FREEDOM

Stay Away From the CCP, It’s ‘Like Poison’: Chinese Torture Survivor Tells the World

EVA FU

WASHINGTON—The world should never trust the Chinese Communist Party (CCP), but instead see it for what it is—“the biggest terrorist group and mafia” on the planet—warned a former prisoner of conscience who was locked up and tortured for nearly a decade due to his beliefs.

“Like poison or sulfuric acid, it will harm you as soon as you touch it,” Wang Weiyu told The Epoch Times.

While imprisoned in a series of Chinese detention sites over the 2000s, Wang experienced just how much harm the communist regime could inflict.

At these facilities, he suffered from an array of physical and psychological torture, all designed to force him to give up his faith in the spiritual practice Falun Gong.

“Every time you want to define their moral baseline, you will regret it and think yourself naive,” Wang said of his torturers. “They simply don’t have a baseline. There’s nothing they can’t do.”

It’s in these dark dens that the communist regime “reveals its true face,”

the survivor said.

Wang, now in his late 40s and living in the United States, spent most of his 30s detained in China. He shared his story at the International Religious Freedom Summit in Washington on July 13.

Falun Gong, a discipline that includes meditative exercises and a set of teachings centered on the principles of truthfulness, compassion, and tolerance, was openly practiced in parks and schools all over China in the 1990s. By the end of the decade, the practice had 70 million to 100 million adherents, according to official estimates at the time. The CCP, deeming this popularity a threat to its authoritarian control, launched a sweeping persecution campaign in July 1999.

Shortly after this, Wang, a doctoral student at the time, found himself the target of a Cultural Revolution-style denunciation campaign. Dozens of his classmates were made to condemn him in turn for more than two hours. One close college friend of Wang’s, he said, stood up and threatened to “stab him to death” if he didn’t give up his beliefs.



SHERRY GONG/THE EPOCH TIMES

Falun Gong practitioner Wang Weiyu speaks at a panel event during the International Religious Freedom Summit in Washington, on July 13, 2021.

“I had no idea that propaganda could change a person in such a dramatic way,” he said in his speech at the summit.

A native of Shandong Province in eastern China, Wang took up the spiritual discipline at Beijing’s Tsinghua, a prestigious university where he pursued an optical engineering doctoral degree. Wang remembered being so captivated by the moral teachings in the introductory text “Falun Gong” that he finished the 330-page book within hours. He and roughly 500 students and teachers at Tsinghua meditated daily in groups on the campus grounds.

That was just three years before his life turned upside down as a result of the persecution. Wang was suspended from school twice and eventually expelled due to his beliefs.

In 2002, a group of plainclothes police officers attacked Wang as he was walking down the street, knocking his glasses off his face and stomping on his head. He was sent to a facility officially called a “legal training center,” known among dissidents as a brainwashing center. On the first day there, four or five “trainers”



COURTESY OF WANG WEIYU

Wang Weiyu practices Falun Gong exercises in a public park in Michigan in May 2021.

ing, a procedure often used on inmates on hunger strike in which a tube was inserted through a person’s nose to the stomach. A nurse, who appeared to be in her 20s, asked a doctor how to insert a tube to inflict more pain on practitioners.

Wang also noticed that some wardens at the center were studying books about mental illness patients, except that their goal wasn’t to cure the detainees, but to contrive ways to “drive you to insanity,” he said.

During one stint in a Beijing jail, Wang and fellow inmates were turned into “modern-day slaves.” They planted radishes, wrapped candies, and made paper muffin cups. Wang’s friend, when sewing the panels of a sports ball, accidentally pierced his eye and permanently lost his vision.

Wang recalled a warden boasting, “If any international groups come, what they can see is a beautiful prison and what they can hear is only praise.” During a rare inspection tour, a female inspector tried to approach Wang, but one jailer brusquely ran toward them and cut her off.

Having escaped to the United States in 2013, Wang sees a chance to make a difference from the outside.

Once, a warden who was inundated by letters from overseas asking him to stop persecuting Falun Gong practitioners told Wang to make them stop.

It was a revelatory moment for Wang. It dawned on him that “they are afraid of something after all,” he said in the speech. “Darkness is always afraid of being exposed to the light.”

Like poison or sulfuric acid, it will harm you as soon as you touch it.

Wang Weiyu, Falun Gong practitioner

OPINION

China's One-Two Puncha

GRANT NEWSHAM



In boxing there's something called a one-two punch. You might deflect or evade the "one" but if you forget about the "two" you could end up face down on the mat.

So it is with the Chinese regime. Most of the attention is on how to take on the People's Liberation Army (PLA) and its rapid build-up of ships, aircraft, and capabilities that pose a serious threat—even to the Americans.

Solve that and you've ducked the blow and can breathe easy. Or it's thought.

But in fact, China's economic power is the "two" in the one-two punch—and that's how Beijing intends it.

The Chinese even have a doctrine for this—"civil-military fusion." It means civil activities such as commercial and economic activities (the second punch) tie into military activities (the first punch) as mutually reinforcing elements of national power.

The Second Punch

Chinese economic power equals political power—but it also feeds China's military power.

How so? China earns money to fund the Chinese defense build-up—and the Chinese Communist Party (CCP) is not forced to choose between "guns and butter." Indeed, it can have both.

The so-called Belt and Road Initiative (BRI) plays a prominent role in the CCP's effort to gain economic, political (and military) dominance. The BRI's principal feature is Chinese funding of infrastructure and commercial projects throughout much of the Indo-Pacific—and in Latin America, Africa, Central Asia, and Europe as well.

BRI has both financial and strategic angles. If projects can make some money and put otherwise idle Chinese labor to work, that's good. But if China can gain access, political influence, and create dependency in BRI nations—that's priceless, and financial results don't matter much.

To that end, many of the BRI projects—ports and airfields, for example—have a "dual-use" aspect. They work just as well for commercial purposes as for military purposes. Look at where the CCP has developed port and airfield access around the globe and the military "power projection" usefulness is obvious. Chinese officials and military officers regularly talk about it—it's not hidden.

A good example of the Chinese regime successfully using the promise of BRI investment to gain strategic advantage was seen in the Solomon Islands and Kiribati. In 2019, as a result of opaque promises from Beijing, both nations de-recognized Taiwan. Now there is talk of China refurbishing an old American airfield in Kiribati and rumors of military facilities in the Solomons. That's worth any price to Beijing—and has gotten attention in Washington and Canberra.

China's BRI is often criticized as preda-



TANG CHIN SOH/TAFF/GETTY IMAGES



OREG BAKER/AFP VIA GETTY IMAGES

(Right) A worker pushes a cart at the venue of the Belt and Road Forum in Beijing on April 26, 2019.

(Below) An elderly man walks past a poster advertising the renminbi currency (Chinese yuan) in Hong Kong on Aug. 18, 2011.



LAURENT FIEVET/TAFF/GETTY IMAGES

tory—or so-called "debt-trap diplomacy." And indeed the deals usually are opaque, stacked in China's favor, way overpriced beyond what is fair or affordable, and rife with bribery of local officials and politicians.

But get closer and the locals will often tell you: "What else are we supposed to do?" The president of a Central Pacific nation was overheard several years back commenting: "We don't do this by choice, but by necessity."

And China takes time to lay the groundwork. Since long before BRI, Chinese commercial activity was literally everywhere out to the far ends of the Indo-Pacific region—even down to the corner shop level. For example, 80 percent of retail businesses in Tonga are run by recent Chinese arrivals.

The economic to political to strategic progression creates dependency and influence, and also no little resentment. But by then it's too late, the second punch has landed.

There is an aggregate effect as well, as neighbors see what is going on and perceptions are shaped. China's economic clout not only reinforces its defense buildup, but it also helps feed the perception that China is a powerful country on the rise—the country that's destined to dominate (while America declines). This spurs some other nations to want to get closer—either to attach themselves to the future winner—or for self-preservation. Meanwhile, adversaries are worried and even intimidated.

Perception or Delusion?

In the Indo-Pacific and elsewhere, many nations are hooked on the perception of the necessity of China's market and money. Even countries that are wary of China have convinced themselves—or at least their businesses and political classes have—that their prosperity depends on plugging into Chinese demand and/or attracting Chinese money via investment, aid, tourism, etc.

This is a bit of a delusion. One needs only to look back 30 years when the China market didn't matter and the world was still prosperous.

China is indeed successfully using its

economic power to expand its presence and influence, and bulking up military might and expanding potential military positioning. But will it continue going from strength to strength? It also faces some serious challenges.

One of the biggest is that the Chinese currency, the yuan or RMB, is not freely convertible. Meanwhile, China must have convertible currency for anything it wants to do overseas or buy from overseas, for example, to pay for overseas construction projects, or to buy companies (some with defense or dual-use technologies), or to buy up or into properties such as ports and airfields, and to purchase political influence to gain control over territory.

It needs convertible currency to fuel its expansion. And nobody accepts Chinese yuan. But not to worry, much of Beijing's overseas activity is funded by American, Western, and Japanese financial institutions and companies pouring huge amounts (say a few hundred billion U.S. dollars) of convertible currency into China each year.

This allows the CCP not only to expand its reach but to paper over many internal problems and to look more successful than it really is. As a bonus, the foreign investors also apply pressure on their home governments to not "upset" China.

But you see the vulnerability for Beijing: Given that the U.S. military advantage over China is diminishing, the U.S. dollar (and the threat of cutting off Beijing from it) is Washington's last major "counterpunch" to use against the regime.

Beijing is keen to eliminate this American advantage and is trying a number of ways to do so, including digital currencies, swap arrangements, and "talking up" the yuan and "talking down" the U.S. dollar. This is all intended to present the yuan as a desirable currency and to weaken confidence in the U.S. dollar.

Washington's response to COVID—spending astronomical amounts that debase the American currency—is nicely helping Beijing's attempts to dethrone the U.S. dollar.

Looking Ahead

Will Beijing's one-two punch work? Will it increasingly dominate industries and markets worldwide, while extending its political and military reach in the process?

Possibly. But the CCP has domestic weaknesses that belie its message of inexorable upward economic growth and expansion. Beijing faces problems with bad debt, inflation, loss of confidence (at home and abroad) in the economy and financial system, lack of foreign exchange, and all exacerbated by potential sanctions. And there is also the fact that China's "markets" are subject to the capricious orders of the Chinese Communist Party. The CCP hasn't figured out new laws of economics that nobody else has in the last 5,000 years.

Also, consider that the most successful people in the Chinese system—including at the very top of the CCP—have been trying for decades to get their wealth out of China and to put it somewhere safe—like America, Canada, Australia, and the UK. That suggests that those benefiting most from the system have great doubts about its reliability, if not survival.

Just remove export controls on the yuan for a few weeks and you'll see it flooding out of China to "safe havens."

There is also talk of foreigners "decoupling" from the China market—and some very nascent attempts to do so, not least to mitigate supply chain dependencies.

But for now, it seems that Western and Japanese commercial and financial interests—and the politicians they fund—are not interested in pulling back from the China market.

And statements by groups such as the U.S.-China Business Council, Japan's Keidanren, and major companies such as Boeing and Nike bear this out. Instead, they are "all in" on China, while turning a blind eye to the CCP's opaque financial management, mafia-like regulatory enforcement, and human rights atrocities.

As noted earlier, to their credit, the Chinese are willing to go "out there" and do the hard work of commerce the way the "Yankee trader" of old used to—these days U.S. businesses (and most others) seem uninterested in places where the living isn't so easy and returns aren't guaranteed or big enough.

To change the current trajectory, the United States and its friends need to provide real alternatives to Chinese economic offerings, and increase proscriptions on investing in or taking investment from China. And shareholders (and their lawyers) should start asking company CEOs why they are investing in a rigged market that aims to destroy the foreign competition? But this had better be done fast.

There's a common expression in the Indo-Pacific and beyond that—"The U.S. provides security, China provides our business. We don't want to choose."

At some point, if the CCP keeps landing enough one-two punches, the United States will be on the mat. Then China will be making the security and business decisions for everybody—and nobody will be able to raise a glove.

Grant Newsham is a retired U.S. Marine officer and a former U.S. diplomat and business executive who lived and worked for many years in the Asia/Pacific region. He served as a reserve head of intelligence for Marine Forces Pacific, and was the U.S. Marine attaché, U.S. Embassy Tokyo on two occasions. He is a senior fellow with the Center for Security Policy.

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



BYAMBASUREN BYAMBA-OCHIR/AFP VIA GETTY IMAGES

Mongolians protest at the Ministry of Foreign Affairs in Ulaanbaatar, the capital of Mongolia, against China's plan to introduce Mandarin-only classes at schools in the neighboring Chinese region of Inner Mongolia on Aug. 31, 2020.

OPINION

Is Inner Mongolia the Next Setback in China's Attempt at Extra-territorial Policing?

PETER DAHLIN



Mere weeks ago, the Swedish migration board decided to put the deportation to China of an Inner Mongolian human rights defender on

hold. They also ordered a new hearing to take an in-depth look into recent developments in Inner Mongolia and the wave of mass detentions and increased repression in the "autonomous" region since last year.

It was just a few years ago that the same body decided to offer extended protection to Uyghurs after an investigation concluded that being a Uyghur was enough to place a person at high risk of human rights violations if returned to China. Several other countries followed suit, expanding available safe havens for Uyghurs who, against all odds, manage to flee China. The situation for Tibetans has long been similar.

With each of these developments, China's ability to exert influence over these key groups abroad diminishes, in direct contravention of the central government's concerted effort to significantly expand its power over Chinese nationals, dissidents, and ethnic minority groups abroad.

Over the last few years, in the shadow of the Beijing-imposed Hong Kong National Security Law, which includes extraterritorial rights, i.e., the right to police and punish anyone, anywhere, China has made changes to their own laws to provide itself with similar legal tools. The changes, with more to come, simply mirror the reality on the ground: the Chinese police thinks it has the right to investigate and mete out punishment for any actions or uttered words, even when such things occur outside of China. Just look at the case



COURTESY OF WANG JINGYU

Wang Jingyu in an undisclosed location in an undated photo.

of teenage dissident Wang Jinyu, who, while traveling from his home in Turkey to the United States, was detained at Dubai airport and nearly deported back to China for merely writing some criticism regarding the PLA (People's Liberation Army or Chinese military) while living in Europe. He escaped deportation and certain imprisonment only because of international media attention and U.S. diplomatic intervention.

The Chinese police thinks it has the right to investigate and mete out punishment for any actions or uttered words, even when such things occur outside of China.

At the same time, China has greatly expanded its operations to have "criminals" returned to the mainland through a myriad of ways. Extraterritorial laws are what comes to mind, but they are very rare and difficult to achieve for China due to its politically controlled legal system and institutionalized use of torture. Instead, most of those returned are via so-called voluntary returns: targets are approached by Chinese agents in their new homeland and intimidated to return, or local police in China harass, detain, or intimidate family members or loved ones back in China for the same purpose.

The moratorium on deporting Uyghurs, and before that Tibetans, by Sweden and other countries, represented significant setbacks to China's policy of increasing control over such groups and ultimately, their ability to force their return. Now the hearing on Inner Mongolia and the successful case of a lone man in his mid-30s can lead to another such setback.

Baolige Wurina came to Sweden over 10 years ago. He met a Mongolian, settled down, got married, and had two children. With the deterioration of the situation in Inner Mongolia, his longstanding activism became more vocal and public, including leading demonstrations outside the Chinese embassy in Stockholm, holding speeches at protest rallies, and often appearing in solidarity at protests for Tibetans or Uyghurs. Despite Sweden's famously open immigration policy, he was denied asylum and his subsequent appeal was rejected. When Safeguard Defenders (SafeguardDefenders.com), the NGO I run and that works

extensively on these issues, last reported on the case, his deportation was imminent.

Since his initial rejection, more and more evidence has been forthcoming about the clampdown in Inner Mongolia and the thousands of people detained. Many of them are not activists, but regular people who simply want their kids to learn their own language in school. The protests that followed led to further deterioration. In some cases, not only are those who refuse to send their kids to school as a form of protest detained, the lawyers hired to represent them are also detained.

The situation does not yet appear to be as bad as the treatment the Uyghurs or Tibetans suffer, but the developments bear many similarities, and continued resistance against this attempt to wipe out Mongolian culture and language in the supposedly autonomous region of Inner Mongolia could lead to further repression.

It is against this backdrop and Baolige's ever more public role as a leader in the small Swedish Inner Mongolian diaspora, that the Swedish migration board will start a new review of his case. As the decision says, the extensive reporting, internationally, as well as in key Swedish media, and his resistance to returning to China via "voluntary return" because Chinese police have already tried to have him returned by threatening his family back home, puts him in potentially significant danger. His case has even been raised in the Swedish parliament.

With a new hearing and in-depth review of the developments in Inner Mongolia, another group may be one step closer to gaining safe haven, thus throwing yet another wrench into the Chinese Communist Party's (CCP's) attempt to police, monitor, and forcibly return another group the CCP considers dangerous.

Peter Dahlin is the founder of the NGO Safeguard Defenders and the co-founder of the Beijing-based Chinese NGO China Action (2007–2016). He is the author of "Trial By Media," and contributor to "The People's Republic of the Disappeared." He lived in Beijing from 2007, until detained and placed in a secret jail in 2016, subsequently deported and banned. Prior to living in China, he worked for the Swedish government with gender equality issues, and now lives in Madrid, Spain.

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