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# CHINA INSIDER

KEVIN FRANZETT/IMAGES

# BEIJING'S CLIMATE GAMBIT

Chinese street vendors and customers gather at a local market outside a state owned coal fired power plant in Huainan, Anhui Province, China, on June 14, 2017.

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Chinese soldiers march past Tiananmen Square in Beijing, in this file photo. The Chinese Communist Party's influence operations are allowing it to fight a war against the free world without firing a single shot.

## ANALYSIS

# CCP's Political Warfare Left Unchecked in US, Experts Warn

While global awareness of Beijing's malign influence is on the rise, America lags behind in recognizing and countering the threat, analysts say

TERRI WU

The Chinese Communist Party (CCP) gave the United States two lists when U.S. Deputy Secretary of State Wendy Sherman visited the megacity of Tianjin in July. One was "a list of U.S. wrongdoings that must stop"; the other, "a list of key individual cases that China has concerns with." Together, they urged the U.S. government to reverse a slew of China-related policies.

Following the senior CCP officials' reprimand of U.S. Secretary of State Antony Blinken in Alaska in March, the lists sounded like an ultimatum.

Items on the "wrongdoings" list included investigations into the origins of COVID-19, visa restrictions on CCP members, and sanctions on CCP leaders. The indictment of Huawei CFO Meng Wanzhou, who was in Canada fighting extradition to the United States, was also cited in the "wrongdoings" list. Meng later reached a deal with U.S. prosecutors and was allowed to return to China in late September.

At a press conference a few days after Meng's release, the regime's foreign affairs spokesperson Hua Chunying mentioned the two lists again when asked about Beijing's response to the United States' China policies. "We hope the U.S. can attach high importance and take concrete actions to empty the two lists," Hua said.

The two lists didn't get much media attention in the United States—a Google search in October resulted in fewer than five media articles.

Yet when the CCP issued a similar ultimatum to Australia—a list of 14 grievances, including some against Australia's key policies—the nation roared back.

Following Australia's call for an independent inquiry into the pandemic origins in April 2020, Beijing has imposed a series of trade restrictions targeting major Australian imports, including coal, beef, barley, and wine. Collectively, these targeted exports to China were worth about \$25 billion in 2019, or 1.3 percent of Australia's gross domestic product, according to The Lowy Institute, a Sydney-based think tank.

The Aussies, however, didn't bow down. "Australia will always be ourselves," Prime Minister Scott Morrison said in an interview in November 2020. "We will always set our own laws and our own rules according to our national interests—not at the behest

of any other nation, whether that's the U.S. or China or anyone else."

This response drew broad-based support, according to John Lee, a senior fellow at Washington-based think tank Hudson Institute and former Australian national security adviser.

"The people and even the media are right behind the fairly tough stance that the Australian government has taken against China," Lee said during a Hudson Institute podcast in August.

A poll by the Lowy Institute showed that Australians' perceptions of China had plummeted to a record low this year; 63 percent of Australians saw China as "more

of a security threat to Australia," a 22 percent increase from 2020.

Nine of the 14 items on China's list of grievances were not about the COVID-19 origins investigation or other matters relating to Beijing's policies toward Xinjiang, Hong Kong, or Tibet, Lee said, but "policies that Australian leaders passed for the Australian population."

"So that showed that China wanted to effectively influence and even veto over Australian domestic and foreign policy. Because Australia has not allowed that to occur, we continue to suffer the sorts of coercive economic policies that China's throwing at us," he said.

The third item on the list was "foreign interference legislation, viewed as targeting China." The laws were introduced in 2018 following what then-Prime Minister Malcolm Turnbull called "disturbing reports of Chinese influence." The legislation imposed disclosure requirements for lobbyists of foreign governments, and criminalized covert and coercive activities intended to interfere with democratic processes.

### Political Warfare

The CCP's influence operations are a part of its three warfares doctrine—psychological, public opinion, and legal warfare—which guides the CCP in its quest to win a war against the free world without firing a single shot.

Psychological warfare seeks to demoralize the enemy; public opinion warfare seeks to shape the hearts and minds of the masses; legal warfare seeks to use systems of law to deter enemy attacks.

The three warfares doctrine has been summarized in the West as "political war-

fare," and has been described by renowned Cold War American diplomat George F. Kennan as "an extension of armed conflict by other means." The CCP's political warfare "requires efforts to unify military and civilian thinking, divide the enemy into factions, weaken the enemy's combat power, and organize legal offensives," according to a report by the Jamestown Foundation.

The CCP learned the fundamentals of its political warfare strategies from the Soviet Union. However, Ken McCallum, head of the UK's counterintelligence service MI5, in October 2020 likened China's influence operations to "climate change," whereas Russia's was just "bad weather."

In a 1983 lecture, former Soviet agent Yuri Bezmenov, who defected to the West, said: "The highest art of warfare is not to fight at all, but to subvert anything of value in the comfort of your enemy, until such time that the perception of reality of your enemy is screwed up to such an extent that he does not perceive you as an enemy. And your system, your civilization, and your ambitions look to your enemy as an alternative, if not desirable, then at least feasible—'better red [than dead].'"

Analysts have noted that Beijing's political warfare operations are breathtaking in size and scope, and most are kept away from the public's eyes. Virtually no segment of society is left untouched, though key target areas are those sectors that have an outsized role in shaping a society's mores and perceptions: education, media, politics, culture, and social media.

Tactics are also wide-ranging, from disinformation to blackmail to economic coercion to cyberattacks. "Chinese communist political warfare uses covert, corrupt, and coercive means to manipulate public perceptions and undermine democratic values," Mark Stokes, executive director of Virginia-based think tank Project 2049 Institute, told The Epoch Times in an email.

"Political warfare, including propaganda, is fundamental to Marxist-Leninist forms of authoritarian governance."

### Global Awareness on the Rise

Stokes acknowledged "a marked increase in global awareness of CCP political warfare over the last five years or so." He credited Australia as one country leading the rise.

In 2018, a series of investigative reports in the country exposed the alleged ef-

forts made by wealthy Chinese businessmen with ties to Beijing's "United Front" groups to influence local politicians. "United Front" groups refers to an array of overseas grassroots, community, and professional groups that ultimately serve to advance Beijing's interests abroad and are supervised by the CCP's United Front Work Department.

The reports jolted the political class into action. "The last two governments [Turnbull and Morrison] took the lead in beginning the public conversation about what Beijing is doing and why legislation has been passed to outlaw certain activities by foreign entities. These governments encouraged the media to pursue these issues and piece the information and facts together for the public," Lee wrote in an email to The Epoch Times.

"In short, the Australian public is now on the lookout for instances of CCP activity, and this has been the best defense."

Similar trends are starting to take shape in Europe, too. In September, French military think tank the Institute for Strategic Studies of Military Schools published a 650-page report titled "Chinese Influence Operations—a Machiavelli Moment." The document goes into extensive detail about the use of the CCP's three warfares and other strategies in various areas, including film, education, media, and international organizations.

In June, Germany's Die Welt (The World) newspaper published a 21-page report, "China's Secret Propagandists," detailing how the CCP uses average Germans to influence public opinion online about COVID-19 in China. Major bookstores in the country were also involved in promoting Chinese propaganda publications, the report said. The article also gave examples of how the CCP rewarded local elites who opened doors for it and lobbied on its behalf with big public relations contracts, and retaliated against those who criticized it.

### America Plays Catch-Up

Faced with such an expansive effort to subvert Western democracies, public awareness is sorely needed to counter Beijing's campaign, analysts say.

At least two U.S. senators are trying to raise awareness. In August, Sen. Marco Rubio (R-Fla.) and Catherine Cortez Masto (D-Nev.) introduced the Countering the Chinese Government and Communist Party's Political Influence Operations Act, requiring "an unclassified interagency report" on the CCP's political influence operations in the United States.

"Beijing is a threat, not only to our nation's national security interests but also to sovereign nations that fall for the CCP's coercive diplomatic schemes. Democracies worldwide must wake up to the reality that China is an international bully," Rubio told The Epoch Times in an emailed statement.

But some observers say this simply isn't enough. China expert and journalist Bill Gertz previously told The Epoch Times that the U.S. administration's efforts to counter Beijing's information warfare have been "woefully inadequate," saying the U.S. State Department's Global Engagement Center (GEC)—an interagency body tasked with countering foreign propaganda and disinformation campaigns—had done "very little" on this front.

In response to this critique, a State Department spokesperson told The Epoch Times in an email that the GEC launched a China division in 2018 "to help create a more balanced, transparent, and trustworthy information space."

"The GEC's collaborative approach works with local partners to empower journalists, expose false narratives, and build community resilience to propaganda and disinformation," the spokesperson said.

A recently reported U.S. Army survey conducted in May 2020 indicated that almost 90 percent of soldiers hadn't been warned about Chinese and Russian COVID-19 disinformation.

The lack of awareness about Beijing's operations seems to span across all levels of society, said Kerry Gershaneck, author of the book "Political Warfare: Strategies for Combating China's Plan to 'Win Without Fighting'" and visiting scholar at Taiwan's National Chengchi University.

"The threat that the CCP's political warfare poses and the means China is using to divide, demoralize, deceive, and destroy us are almost completely ignored in the mainstream news media and academia," he told The Epoch Times in an email. "Worse, they are little understood even within much of the U.S. government."

Gershaneck is a former counterintelligence officer, U.S. Marine Corps officer, and strategic planner and spokesman for the Office of the Secretary of Defense.

He said that while senior leaders

### Political warfare, including propaganda, is fundamental to Marxist-Leninist forms of authoritarian governance.

Mark Stokes, executive director, Project 2049 Institute

in the Trump administration had delivered strong speeches and actions targeting the CCP's abuses, the Biden administration seemed to be "stumbling its way towards a China policy, as it appears to be torn by various camps with agendas ranging from climate change to the resumption of full economic engagement with the totalitarian party-state."

"In the absence of a clear policy," Gershaneck said, "there can be no national strategy to deal with this threat similar to the strategy the U.S. developed early in the Cold War to combat the Soviet Union's political warfare."

The White House and the Office of the Secretary of Defense didn't immediately respond to requests by The Epoch Times for comment.

In Gershaneck's view, the United States' ability to fight back against political warfare has atrophied during the past three decades following the end of the Cold War. Randall Schriver, chairman of the board of the Project 2049 Institute and former deputy assistant secretary of state for East Asian and Pacific affairs, wrote in an Oct. 26 tweet: "During the Cold War, there was granular expertise on Soviet platforms across the Department of Defense. That broad, granular expertise doesn't exist now with the competition with China."

Gershaneck advocated systematically educating U.S. leaders on this topic. To this end, he included an outline for a five-day "Counter-PRC [People's Republic of China] Political Warfare Course" in his book.

A search of the online curriculum link that West Point provided to The Epoch Times generated no results relating to Chinese warfare. The National Defense University in Washington didn't comment on its education programs regarding the CCP's political warfare.

In an email, the U.S. Naval Academy said that its Political Science Department "does offer courses on a routine basis that touch on China and strategic warfare" and that "these classes include electives specifically on China (Politics of China and Japan), on Asia overall (Asian International Politics), and on the grand strategy of various countries (Grand Strategy & Great Power Politics)."

### Chinese Military Prioritizes Political Warfare

At the forefront of the CCP's political warfare operations is its military, the People's Liberation Army (PLA).

The CCP Central Military Commission, the Party agency that oversees the armed forces, first identified the three warfares as a PLA priority and a part of its "strategy revolution" in a December 2003 policy document. Since then, the subject has become a significant field of research for PLA scholars, who have studied hundreds of historical cases, established guiding frameworks, and published warfighting manuals.

In late 2015, the PLA reorganized to align its operations with the political warfare approach. As a result, the Strategic Support Force (SSF) was created to "centralize most PLA space, cyber, electronic, and psychological warfare capabilities," according to a 2018 report by the U.S. National Defense University.

The SSF reportedly has around 300,000 troops, according to a 2021 report by the RAND Corporation. "If even one-third of those are for psychological operations and a portion of those are focused on social media, that would still be potentially thousands of people available to engage in disinformation on social media," the report states.

At a June panel discussion, Eric Chan, a senior Korea/China strategist in the U.S. Air Force's Checkmate Directorate and an adjunct fellow at the Washington-based nonprofit Global Taiwan Institute, said that the CCP's political warfare successfully defeated the Chinese Nationalist Party during the Chinese civil war from 1927 to 1949. The CCP, he said, took advantage of

the Chinese people's mentality of "Chinese first, political affiliation second" to get nationalists to defect over to the communist side.

Chan said many Chinese military officers wonder how the U.S. military maintains troops' morale and loyalty without political officers like those in the PLA. In Chan's view, this is because with the U.S. Constitution taking pride of place, there's no need for political officers.

"One of my biggest fears is, as politicization increases in America and the identity of party politics starts ascending across our other identities as Americans, then that will leave a big, big hole for this type of political warfare that the Chinese Communist Party is extremely adept at playing," he said.

Terri Wu is a Washington-based reporter for The Epoch Times.



Australian Prime Minister Scott Morrison speaks at a press conference in Canberra, Australia, on Oct. 7. When Beijing imposed a series of restrictions targeting major Australian imports worth at least \$25 billion, the Aussies didn't bow to the pressure.



John Lee, senior fellow at Washington-based think tank Hudson Institute and former Australian national security adviser.





A news program report on CCP leader Xi Jinping's appearance at a US-led climate summit is seen on a giant screen in Beijing on April 23, 2021.

## ANALYSIS

# CCP Aims to Take Advantage of Climate Agenda, Experts Say

PETR SVAB

The Chinese Communist Party (CCP) tries to play to its advantage the efforts of Western countries to counter climate change, several experts told The Epoch Times; this time, however, its strategy seems to be failing.

Over the past year or so, the CCP has made a series of moves that gave some hope the regime has come around on climate.

The country of 1.4 billion, responsible for about one-third of the world's carbon emissions and growing, will be carbon neutral by 2060, just 10 years after the deadline other developed nations aim for, CCP head Xi Jinping told United Nations Assembly last year. China boosted its renewable power production by 120 million kilowatts in 2020 and plans to increase it 10-fold by 2030, the regime said. Recently, the CCP added more details, such as a pledge for 80 percent of electricity from non-carbon sources by 2060 as well as a pledge to stop building coal power plants in other countries. Its carbon monoxide emissions are to peak before 2030, officials said.

It appeared Western leaders held some hope the CCP would ramp up its commitments further. After all, without China, the whole effort loses much of its effectiveness. They were then disappointed when CCP's new climate blueprint reflected no such ramp up.

This was to be expected, however, as the CCP hasn't been sincere about the issue to begin with, some China experts pointed out.

**They're definitely not serious about it and they're definitely not going to adhere to their pledges.**

Gordon Chang, senior fellow at the Gatestone Institute and the author of "The Coming Collapse of China"

Behind the environmental rhetoric, the regime is pursuing its own agenda and it's not one beneficial to the world, they concurred. Obsessed with the stability of its own rule, the CCP recognizes it could benefit from the climate push in multiple ways. There are signs, however, that it can't hide its true motives well enough anymore.

### 'Position of Strength'

Since the beginning, it was apparent to China observers that Beijing will try to use its participation in climate initiatives for political leverage—get the West off its back about human rights abuses, geopolitical expansion, trade misconduct.

"If the U.S. and the EU are all the way bought into achieving the Paris Agreements [on carbon emission reductions], China is in a position of strength to leverage that issue to get gains elsewhere," said Katie Tubb, economic policy analyst at the conservative Heritage Foundation.

The issue came to the forefront earlier this year when President Joe Biden's climate envoy, former State Secretary John Kerry, pushed aside the question of slave labor in China, indicating climate should take precedence in engagements with the CCP.

"That was a posture of weakness," Tubb told The Epoch Times.

There are also indications that the Biden administration won't push the CCP on its role in the onset of the COVID-19 pandemic last year in China—a particularly weak spot for the regime.

Gordon Chang, senior fellow at the Gatestone Institute and the author of "The Coming Collapse of China," criticized the administration for enabling the CCP's leverage game.

"That's their [CCP's] goal and John Kerry is playing into it and that shows you Kerry's naïveté," he told The Epoch Times.

Kerry is not alone though. Some mainstream media ran stories that raised the question of whether the United States should make concessions to the CCP in exchange for climate cooperation. Some Democrat lawmakers and environmental activists called for a de facto détente with the regime.

Yet if the CCP managed to build a more earnest perception of its climate efforts, it has undercut it again with Xi's absence from the United Nations' recent COP26 climate conference.

Biden accused Xi of a lack of leadership not only for skipping the event but also for passing on any new commitments in the lead up to it.

"There's a great disappointment with China because people expected that

China would do more and China should do more," Chang said.

"Despite all of the optimism in the past there's now a realization that Beijing is not going to be a helpful factor."

Even if the leverage gambit fails, however, China still stands to benefit as long as Western countries go through with the plan.

### Throttling Markets

While a part of the climate push focuses on things like more resilient infrastructure, updating the power grid, and building wind and solar farms, a great deal of the agenda also focuses on reducing consumption.

In order to help fight climate change, organizations like the United Nations and World Economic Forum are urging Americans and Europeans to tighten their belts—use less heating and air conditioning, travel less, own less, eat less meat. While that may cut back on carbon, it would also diminish consumption and in turn the overall importance of the American and EU markets.

The CCP, on the other hand, is willing to impose such restrictions due to shortages but is unlikely to force them out of concern for the climate. As such, the Chinese market would increase in relative importance, giving the regime stronger leverage over businesses seeking access to it, Tubb acknowledged.

And it's not just the consumption side.

If the current trajectory of environmental regulations continues, it will become all but impossible to drill for oil and natural gas, mine critical minerals, or sell a gasoline-powered car, she said.

"The economic case becomes more and more compelling to offshore all of that to a place like China. ... The more we make things difficult in the United States, the more compelling China becomes as a market not just to sell things but to continue to expand manufacturing."

Chang concurred: "If Biden gets his way, the United States would severely undermine its economic and financial capabilities."

On the other hand, many businesses have learned painful lessons about the CCP's underhanded tactics toward foreign companies, including forced transfers or outright theft of intellectual property.

"With Xi Jinping attacking foreign business, I don't think you're going to see significant movement of business into China," Chang said.

Even if companies don't move to China specifically, however, it would benefit the CCP if America weakens its economy.

GREG BAKER/APP VIA GETTY IMAGES

Much would hinge on whether the climate agenda succeeds in the West and, as Chang suggested, that's not guaranteed.

### Lack of Public Support

Biden has made climate change the "organizing principle" of his administration, Tubb said. But that doesn't mean he will succeed in implementing his policies or even take them as far as he could, according to Chang.

"Remember, Biden ... has suffered a disastrous drop in his approval rating," he said. "I don't know how far American climate efforts are going to go."

The recent Democrat losses in Virginia may give them pause on how far they're willing to push their agenda. Some in the party are hard-core adherents of the climate agenda, but "they don't have very much political traction," in Chang's view. "Who knows what's going to happen to Biden's agenda in Congress?" he said.

Even before the GOP swept Virginia, it was clear Biden couldn't quite get Democrats in lockstep, his most grandiose bills repeatedly killed by purple-state Democrats tethered by more moderate leanings of their constituencies.

"I don't think the mood of the American people is in favor of Biden's climate measures," Chang said. "Everyone wants clean air but very few people want to do what Biden wants to do."

### Different Paradigm

In some ways, it may appear China is at least partially sincere about climate goals. It indeed expanded wind and solar capacity and it looks like it plans to do more. It's already manufacturing much of the world's solar panels and also appears serious about electric car production.

But it would be a mistake to read strategy as sincerity, according to Tubb.

The indication isn't that China plans to switch to renewables, but rather that it's trying to stave off energy shortage, she argued.

"It's driven by their need to grow economically. ... They are willing to get energy wherever they can get it."

Even for those less worried about the effects of climate change, wind and solar "do make some amount of sense in a grid, but they make sense in a diversified grid," she said.

"Renewables bring some things to the table—their fuel is free—but they bring liabilities to the table as well."

Indeed, the main worry in the West regarding wind and solar is that they are less practical, reliable, and efficient compared to, say, natural gas, she acknowledged.

But the calculation is different in China. The CCP has been willing to build ghost cities to prop up the GDP and employment. Churning out inefficient solar farms would be small potatoes by comparison. The CCP's renewables buildup could be used as a PR prop, but, Chang agreed, it doesn't mean China indeed plans to ditch oil, gas, and coal.

"They're definitely not serious about it and they're definitely are not going to adhere to their pledges," he said.

### 'Hedging Their Bets'

As Tubb read it, the CCP's setting China's carbon-neutral deadline for 2060 was a "strategic" decision to wait to see how the pursuit of more advanced green technologies turns out.

"They're hedging their bets," she said.

The CCP can simply sit back and watch the West twisting itself into pretzels trying to counter climate change. If, at the end of it, an electric car becomes both cheaper and more practical than a gas-powered one, China will be there to make it.

In Chang's view, the CCP's play is now too transparent.

"People are unimpressed with the pledges that they have made. Especially because we've seen them drop the price of coal and ramp up its use because of the rolling power outages. I think that's woken up a number of people," he said.

"This is not a good time if you're a propagandist for China on Climate."

### Point of Division

Still, there's one area where the climate issue significantly benefits China already—it serves as a point of political division in the West.

The more Americans fight among themselves over climate, the less time can be dedicated to countering the CCP.

"That's a major tactical error of this administration that they have made global warming the first or second pressing threat that they are trying to claim they are addressing," Tubb said, noting it "distracts resources, energy, attention away from what I think are much more pressing threats."

*Petr Svab is a reporter covering New York. Previously, he covered national topics including politics, economy, education, and law enforcement.*



A worker walks in front of the Evergrande headquarters in Shenzhen, southeastern China, on Sept. 26, 2021.

## OPINION

# Is Beijing Loosening Its Property Market Policies?

FAN YU

Over the past several years, the Chinese property market has seen ebbs and flows, but has mostly been on an upward trajectory carefully managed by Beijing.

While that fueled the growth of China's gross domestic product, it also created property asset bubbles, caused massive debt loads, and contributed to unhealthy wealth gaps. Beijing recently has endeavored to control property market risk by setting limits on how much developers can borrow, but the stringent measures have sent its over-levered developers to the brink of insolvency.

Recently, there have been signs that the Chinese Communist Party (CCP) is trying to walk back some of the policies. This illustrates the high-wire balancing act CCP regime boss Xi Jinping is currently juggling with China's economy.

A November report by state-run Xinhua's Shanghai Securities News found that bank financing of real estate purchases has basically returned to "normal" after slowing down for the first three quarters of 2021.

It stated that while "certain corrections" were being made—no doubt referring to Beijing's "three red lines" policy from earlier in the year—the "general direction has not changed," and that reasonable real estate project funding needs are being met.

The southern city of Shenzhen recently relaxed land sale bidding conditions, the first city in China to "back-track from the draconian measures that have sent the entire country's real estate industry into a tailspin," South China Morning Post wrote.

Eleven plots of land were put up for bid by the city, and more than one developer would be allowed to bid at the same price points. Winners would be selected partially based upon the number of "affordable" housing units they plan to build.

On Nov. 10, the Securities Times, a financial newspaper in China, reported that some real estate firms planned to issue debt in the inter-bank market after a recent meeting with China's inter-bank bond regulators. The offshore bond market is currently frozen to Chinese property firms, so the implicit support from Chinese banks means there's a market to obtain debt financing domestically.

Chinese regulators in recent weeks have come out and reassured investors and homebuyers that risks were containable, and excessive credit restrictions by banks were being alleviated. There have also been more dialogue and collaboration recently between property developers and regulators.

These are rather subtle but key policy changes; property developers have faced one obstacle after another

**Much of Chinese citizens' wealth is still tied to real estate. So Beijing can't afford to let the property market fail either.**

since early 2021. Evergrande, Kaisa Group, Fantasia, and Modern Land have all missed interest payments in one form or another this year.

The "three red lines" policy restricting debt loads has caused pain for the industry. In short, the policy aims to force deleveraging and improve the financial health of real estate firms. Future access to debt capital depends on their adherence to a set of three strict criteria outlined by the CCP.

What is China going for? In hindsight, the "red lines" were necessary forced de-risking. This year has seen the most forceful crackdown yet on unbridled property speculation, but whether Beijing can ultimately control the consequences remains to be seen.

Twenty years ago, China's urban development and housing construction policies made sense. China was 30 percent urbanized, and increasing foreign demand for goods and the country's fast economic growth drove a demographic shift from rural to urban areas. This necessitated real estate development.

That development and shift also created China's middle-class, whose wealth is largely made up of real estate. So on some levels, that's been a success. But as China approaches 70 to 80 percent urbanization, it must avoid the "middle-income trap" experienced by countries that couldn't advance from an export-based to a service-based economy.

This requires resource allocation away from real estate into technology and service sectors that Xi has been advocating over the past two years. Policies such as "dual circulation" to stimulate internal domestic demand, and pushing for "common prosperity" are part of Xi's agenda to transform its economic fundamentals.

This does put a strain on local economies, where fees and profits from the sale of land to property developers provided critical revenue for local and provincial governments. A proposed solution in real estate taxation should more than offset that, if existing pilot programs bear fruit and become widely implemented.

In the meantime, much of Chinese citizens' wealth is still tied to real estate. So Beijing can't afford to let the property market fail either.

Expect more ebbs and flows ahead. But with China's economy still struggling with COVID-19, Xi's margin of error is nonexistent.

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

*Fan Yu is an expert in finance and economics and has contributed analyses on China's economy since 2015.*



An aerial view of the ships carrying coal lined up to unload outside the coal fired power plant in Hanchuan, Hubei Province, China, on Nov. 11, 2021.

GETTY IMAGES

NOEL CELIS/APP VIA GETTY IMAGES



## OPINION

## US Dollars Continue to Flow to China's Genocide

EMEL AKAN

Socially responsible funds have gained a lot of attention in recent years, but millions of Americans still own stock in companies that are tied to genocidal regimes and have no idea how to spot them in their investment portfolios.

Fund management firms don't provide enough transparency to their customers about their holdings, according to human rights advocates. Because of this, most investors don't know whether their portfolios are free of companies that substantially contribute to genocide or crimes against humanity, advocates say.

This has increasingly become an issue for investors, especially those holding Chinese securities via passively managed exchange-traded funds.

### Policy response hasn't been as robust as one would expect.

Bill Browder, a hedge fund manager and human rights activist

In January, the Trump administration declared the Chinese regime's treatment of Uyghurs and other ethnic Muslim minorities in the country's Xinjiang region to be a genocide, a position endorsed by the Biden administration.

The U.S. government has also placed sanctions on Chinese officials and entities over its repression of Uyghurs and other groups, including Hongkongers and Falun Gong adherents.

Investment management funds in the United States and around the world hold shares of Chinese companies that support the regime's military and security apparatuses and aid its human rights abuses.

To address this loophole, President Joe Biden signed an executive order in June continuing a Trump-era rule that prohibits U.S. investors from investing in Chinese companies with ties to Beijing's military. Both Biden and Trump declared a national emergency to tackle security threats posed by these companies.

"I have determined that it is necessary to continue the national emergency," Biden said on Nov. 9. "The PRC [People's Republic of China] is increasingly exploiting United States capital to resource and to enable the development and modernization of its military, intelligence, and other security apparatuses."

While these measures are monumental, the U.S. government has been slow to respond to the growing threat posed by the regime, according to China hawks in Washington.

"Policy response hasn't been as robust as one would expect," Bill Browder, a hedge fund manager and human rights activist, said at the 2021 China Forum. The U.S. government "wants to rock the boat as little as possible for fear of economic backlash."

The Treasury's investment ban list currently includes 59 companies that are operating in the defense and surveillance technology sectors. Americans are barred from investing in the stocks or bonds of these firms. The ban list includes notable companies such as telecoms equipment maker Huawei and video surveillance manufacturer Hikvision.

While denying Chinese firms access to U.S. capital markets is an important step, the ban list isn't extensive.

In June, the administration tasked the Treasury Department with updating the list. However, the Treasury has failed to add new companies, even though critics say there are more entities that threaten U.S. national security.

There are more than 400 Chinese entities in the Commerce Department's "entity list," which bars the export of



Workers walk by the perimeter fence of what is officially known as a vocational skills education center in Dabancheng in the Xinjiang region, China, on Sept. 4, 2018.

U.S. technology to these firms without a license. Those entities were added due to national security concerns or over their role in facilitating Beijing's rights abuses.

Less than 1 percent of these companies have been added to Treasury's investment ban list, Roger Robinson, former chairman of the congressional U.S.-China Economic and Security Review Commission, said at the forum.

In June, the administration added five China-based solar companies to the entity list for participating in Beijing's forced labor campaign in Xinjiang. Two of them, Hoshine Silicon Industry and Xinjiang Daqo New Energy, are publicly traded.

Critics also question the scope of the entity list, as there are many small Chinese companies that go unnoticed.

"We're talking about 5,000 Chinese companies in the portfolios of roughly 150 million Americans," Robinson said, referring to all Chinese stocks trading in the United States or other exchanges

around the world, as well as over-the-counter markets.

And U.S. investors don't know how many of these companies are human rights violators, he said.

Congress is developing a measure to remove non-compliant Chinese companies from U.S. exchanges starting in 2022. The Accelerating Holding Foreign Companies Accountable Act was approved by the Senate unanimously in June and is expected to move through the House soon.

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

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## OPINION

## Chinese Military Deliveries of the COVID-19 Vaccine: Exercising Soft Power

RICHARD A. BITZINGER



The People's Liberation Army (PLA) has been particularly active in projecting China's soft power during the COVID-19 pandemic.

"The fleet follows the flag," goes the old saying. It has its roots in the arguments of the eminent 19th-century naval strategist, Alfred Thayer Mahan, who contended that seapower depended on trade. "Commerce was king," he wrote, and the navy acted in support of merchant shipping.

The view that "commerce is king" very much defines China's current approach to power projection. It is evident in Beijing's push for such China-centric initiatives as the Belt and Road Initiative (BRI). In particular, the sea-based aspect of this plan—the so-called Maritime Silk Road—depends heavily on a network of ports and other coastal infrastructure projects, stretching from China to the Mediterranean Sea.

It is also apparent in the establishment of the PLA's first overseas military base in Djibouti, a small country in the Horn of Africa strategically located near some of the world's busiest shipping lanes.

Sometimes, however, the fleet precedes the flag. In other words, the military paves the way for—or else otherwise complements—civilian and commercial efforts to reach out to other nations. This is often called "military diplomacy," also known as "soft power."

Military diplomacy comes in many forms. The most obvious is arms sales, which are a good way to strengthen political (as well as military) bonds between countries. Most weapons-producing countries—China included—use arms exports as a political tool.

Another type of military diplomacy is MOOTW, short for "military assistance other than war" (pronounced moot-wah). This endeavor includes peacekeeping, patrolling the "global commons"—that is, conducting counter-piracy or counter-terrorism operations in the high seas—and especially humanitarian assistance and disaster relief (HADR).

The PLA has become particularly active and proficient in MOOTW over the past decade. During the 2011 Libyan civil war, for example, China conducted its first ever military operational deployment to the Mediterranean, as well as its largest noncombatant evacuation. This operation entailed the deployment of the PLA Navy (PLAN) frigate Xuzhou, along with four PLA

All of these capabilities are essential to upgrading China's expanding requirements for power projection, which in turn could be employed against Taiwan, in the South China Sea, or against U.S. forces.

Air Force (PLAAF) IL-76 long-range transport aircraft. Utilizing these military assets, along with chartered merchant vessels and aircraft, China removed 35,000 nationals from Libya.

In 2015, the PLAN undertook a similar evacuation of 600 Chinese citizens and over 200 foreigners from Yemen.

Non-war military operations have also provided Beijing—and therefore the Chinese military—with rationales for increasing its global presence. The PLA has greatly upped its contributions to U.N. peacekeeping operations, with over 2,600 personnel involved in missions in Mali, the Democratic Republic of Congo, Darfur, Lebanon, Liberia, and South Sudan. In addition, the PLA has engaged in joint security operations in Afghanistan and anti-crime riverine patrols on the Mekong River.

The PLAN has participated in international counter-piracy efforts off the coast of Somalia.

After Typhoon Haiyan hit the Philippines in 2013, the PLAN dispatched its hospital ship Peace Arc to the islands.

Increasingly, MOOTW is becoming one of China's favorite forms of soft power, in addition to the usual tools (that is, trade, foreign investments, and cultural exchanges). Amid the pandemic, China's military provided a variety of personal protective equipment (PPE) such as masks and clothing, ventilators, testing kits, and other medical supplies to several countries around the world.

The PLA also conducted a one-year-plus mission to Ethiopia, with Chinese medical personnel helping the Ethiopian army establish a COVID-19 testing and treatment center.

The PLA is now engaged in a highly publicized effort to transport Chinese-made vaccines to countries throughout the developing world. According to the Wall Street Journal, the PLA has delivered vaccines to about two dozen countries on four continents.

Interestingly, much of these shipments are going first to these nations' military personnel. In Zimbabwe, for example, where less than 20 percent of the civilian population has received the COVID-19 vaccine, there is actually a surplus of Chinese vaccines among the Zimbabwean military. In the Philippines, Ethiopia, and Sudan, the PLA has helped large swaths of their defense forces get vaccinated.

In particular, priority has been given to Africa, and for good reason. In the first place, Sub-Saharan Africa is one of China's biggest buyers of armaments, and Beijing holds around a third of this market. This is a

good reason, therefore, why key purchasers of Chinese weapons, such as Zimbabwe, have also been some of the major recipients of PLA-supplied vaccines.

Beijing also has important economic reasons for supplying vaccines to African militaries. China is a major buyer of crude oil from Africa, particularly Sudan. Earlier this year, the PLA delivered 250,000 doses of the COVID-19 vaccine to Sudanese forces operating on the border with South Sudan, where China also participates in a U.N. peacekeeping force.

In recent years, too, China has become Sub-Saharan Africa's most important trading partner. It has made billions of dollars' worth of investments in the region. Countries like Zimbabwe and Ethiopia are major players in the BRI.

Naturally, Beijing wants to maintain and strengthen its relations with countries in this region, and especially with their militaries that frequently exercise outsized power and influence in domestic politics (Burma, Sudan, and Zimbabwe have all experienced army coups in recent years). Selling arms and directly aiding local militaries helps China bypass civilian governments in building up its relationships with critical power brokers.

MOOTW also helps the PLA gain practical experience in long-range logistics, mobilizing military and civilian assets to serve national interests. They are also good training exercises, helping the PLA gain experience in long-range air transport, sustainable blue-water naval activities, and the like.

All of these capabilities are essential to upgrading China's expanding requirements for power projection, which in turn could be employed against Taiwan, in the South China Sea, or against U.S. forces.

For the PLA, then, hard power and soft power go hand in hand.

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Chinese military soldiers march at Tiananmen Square in Beijing on April 28, 2020.

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