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CHINA INSIDER

US-made F-16V fighters taxi on the runway at an air force base in Chiayi, southern Taiwan on Jan. 5, 2022.

ALLEYES ON TAIWAN

RUSSIA'S ATTACK OF UKRAINE HAS HEIGHTENED FEARS OF A TAIWAN INVASION. BUT DOES THE CCP HAVE THE ABILITY TO?

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US-CHINA

Amid Ukraine War, China Threat Rises

US forced to look to West as threat in East grows

FRANK FANG

As the world focuses on Russia's continued invasion of Ukraine—along with the climbing civilian death toll and growing refugee crisis—it's also witnessing a seismic shift in the global geopolitical landscape.

Russia's actions in Europe have drawn the eyes of the United States and its allies to the West, as they did in decades past, as meanwhile a larger, more formidable force gathers strength in the East, setting its sights on dominating the Indo-Pacific, and then the world.

For decades, the Chinese communist regime has been building its economic and military might so as to replace the United States as the sole superpower by mid-century. With the regime acknowledged by the U.S. administration as America's primary threat, posing its "greatest geopolitical test," Washington has been shifting its resources and energy to the Indo-Pacific region in a bid to check Beijing's rising influence there.

But the escalating war in Eastern Europe is frustrating Washington's plans, analysts say, even as the Biden administration insists that it can focus on two theaters—Europe and the Indo-Pacific—at the same time.

"The revival of Cold War 1.0 (Moscow-Washington) taking oxygen majorly away from Cold War 2.0 (Beijing-Washington) is a blunder of historical proportions where the democracies are concerned," Madhav Nalapat, a strategic analyst and vice chair of the India-based Manipal Advanced Research Group, recently told Insight.

Nalapat pinned the blame on Washington and NATO for engaging in a series of strategic missteps that he believed culminated in Russia's invasion of Ukraine.

Brandon Weichert, geopolitical analyst and author of "Winning Space: How America Remains a Superpower," held the same view, chiding the Biden administration for choosing to return to "pre-Trump normal" with respect to its relations with Russia—that is, by adopting a policy that sought to "contain Russia" and put pressure on Moscow to be "a good democracy with human rights."

"Vladimir Putin believes that no more deals can be made with the United States, certainly not with neoliberal and neo-conservative elites like Joe Biden, or even Lindsey Graham, running the show in Washington," he said.

"Under [former President Donald] Trump, this was our last exit ramp, before a real catastrophe happening"—the buildup of the Sino-Russian alliance, he said.

The recent approach has effectively pushed Russian President Vladimir Putin into a corner, according to Weichert. And with no else to turn to, Putin chose to side with the Chinese Communist Party.

But this outcome, he said, could have been averted. While Russia is by no means an ideal or natural partner, given the country's human rights and military record, Weichert said, it has to be acknowledged that Moscow could have helped the U.S. administration in providing a valuable counterweight to Beijing.

"If we could get the right leader in charge, we would be able to possibly break Russia away from China, because ultimately, Russia still doesn't trust China," he said. "And ultimately, Russia would prefer to continue to do business with the Europeans, and to still have positive relations, at least in space, and on nuclear matters with the Americans."

As this didn't occur, Russia and China are deepening their relationship, in ways previously unseen. Two weeks before the invasion, as Russia was drawing heavy international criticism for its plans to attack Ukraine, Putin and Xi proclaimed a "no limits" partnership, a bilateral relationship "superior to political and military alliances of the Cold War era."

This burgeoning partnership is worrisome, Weichert said, because the two countries decided not just to cooperate economically and militarily, but to work together in a "general ideological way."

"They're starting to look at the ideological component—the component of autocracy, the concept of multipolarity—having many different powers in the world, as opposed to only the United States running the world, with spheres of influence," he said.

"That is something that Russia and the Chinese leadership for 30 years have talked



A military personnel walks past Shenyang Aircraft Corporation's J-16 multirole strike fighter for the People's Liberation Army Air Force at the 13th China International Aviation and Aerospace Exhibition in Zhuhai, southern China's Guangdong Province on Sept. 28, 2021.



Russian President Vladimir Putin and Chinese leader Xi Jinping walk as they attend a meeting of the Shanghai Cooperation Organisation Council of Heads of State in Bishkek, Kyrgyzstan, on June 14, 2019.

about, but they never actually shared or coordinated with one another. Now we see the beginnings of that."

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

Distrustful Partners
On the opening day of the Winter Olympics, Putin met with Xi in Beijing, displaying a united front against growing international condemnation of their respective regimes. According to a 5,000-word joint statement, the two leaders said there would be "no 'forbidden' areas of cooperation" between their countries.

The statement also revealed that Putin and Xi had decided to support each other geopolitically: China denounced the enlargement of NATO, a key justification for Russia's invasion, while Moscow backed Beijing's claim that self-governing Taiwan was a part of China.

The new partnership is, in fact, many years in the making, particularly after 2014 when Russia was hit with multiple sanctions over its annexation of Crimea. Since then, bilateral trade has gone up more than 50 percent and now China is the top destination of Russian exports.

Russia is China's second-biggest oil supplier behind Saudi Arabia, accounting for 15.5 percent of China's total imports in 2021. Russia is also a major supplier of gas and coal to China.

While the bond between Russia and China might appear strong on the surface, Weichert said that Putin must be fully aware of what the partnership would entail.

"What's going on now is, Russia under Putin is very aware that they are relatively

weaker than China. And the closer that Putin gets to China, the more likely he's going to become a second player—second fiddle to Xi Jinping's juggernaut in China," he said.

"The last thing he wants to do is go from being sort of pushed around by the West to then switching over to the Chinese, and suddenly being subordinated or assimilated by China into their new growing high-tech empire of Eurasia."

In Weichert's view, Putin has already tried to assert his dominance over Xi, when the Russian president decided to deploy Russian troops into Kazakhstan as peacekeepers in January.

"I think Putin was trying to say, 'Hey, Xi, we can work together to trade in Central Asia, but I'm the alpha male here, you work with me, not the other way around,'" he said.

China has dramatically dialed up its influence in Central Asia—a region of former Soviet states where Russia holds much sway—in recent years, as Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan have all signed up to China's Belt and Road Initiative (BRI, also known as One Belt, One Road).

Beijing rolled out the initiative in 2013 to increase its economic and political clout worldwide by building up trade routes linking China, Southeast Asia, Central Asia, Africa, Europe, and Latin America.

"The allies—China and Russia—are constantly going to be looking over each other's shoulder even when they're working together to push back American power projection, in Eurasia first and eventually throughout the world," he said.

Bigger Threat
The most important factor making the Chinese regime a bigger threat than Russia is the size of the Chinese economy, according to Weichert.

"The China threat is the longer-term strategic threat," he said. "They're the ones with the greater technology base. They're the ones whose economy is right behind the size of America's."

China is currently the world's second-largest economy, trailing the United States. According to 2020 data from the World Bank, China's economy is about 10 times bigger than Russia's.

The economic power behind the Chinese communist regime thus allows it to do things that Russia cannot, Anders Corr, principal at the New York-based political consultancy firm Corr Analytics, said.

"China uses that economic power not only to build its military," Corr, who is also

a columnist for Insight, said. "China is able to use that economic power for political influence around the world.

"So essentially, they're able to bribe politicians, whether that's directly by giving them bags of cash, or they're able to bribe them through promises of aids, loans, and cheap loans."

Western officials and experts have criticized China for exporting corruption through BRI or sustaining corruption in BRI-participating nations. The program also has been described as a form of "debt-trap diplomacy," which saddles developing countries with unsustainable debt burdens, potentially forcing those nations to transfer strategic assets to Beijing.

China Merchants Port Holdings is now running Sri Lanka's Hambantota port on a 99-year lease, after the South Asian country was unable to service a \$1.4 billion loan for its construction in 2017. Seizing the port has allowed Beijing to gain a key foothold in the Indian Ocean.

Critically, the Chinese regime has a unique advantage in the West arising from its sprawling businesses ties between Western firms, eager to gain a greater pie of the lucrative Chinese market. As a result, Beijing has been able to build clout in the United States and elsewhere, through its own elites—a strategy known as "elite capture."

"The Chinese Communist Party has done a great job of basically enlisting the elites of the free world. And so a lot of their wealth is tied up in this relationship with China," Robert Spalding, a senior fellow at the Hudson Institute and retired Air Force brigadier general, told Insight.

The regime, "by entwining themselves into the fortunes of the elites," is then able to "push on them and lean on them," Spalding said. "This is a problem."

Taiwan
The Chinese regime's other threat, which has worldwide implications, is its desire to take over Taiwan, a de facto entity Beijing claims as part of its territory. The island, home to the world's largest contract chipmaker TSMC, produces about 63 percent of the world's semiconductor chips, compared to the 12 percent produced by U.S. chipmakers.

Seizing Taiwan would give China control over the island's chip manufacturing facilities, potentially allowing Beijing to block other nations from buying the critical technology, which is used to power nearly all electronics from cars to missile systems.

"I think China does definitely have its eye on Taiwan. China will be watching what we

The Chinese Communist Party has done a great job of basically enlisting the elites of the free world.

Robert Spalding, retired brigadier general, U.S. Air Force



Russian peacekeepers of the Collective Security Treaty Organization guard an area in Kazakhstan on Jan. 12, 2022.



The port facility at Hambantota, Sri Lanka, on Feb. 10, 2015.

What's going on now is, Russia under Putin is very aware that they are relatively weaker than China. And the closer that Putin gets to China, the more likely he's going to become a second player—second fiddle to Xi Jinping's juggernaut in China.

Brandon Weichert, author, "Winning Space: How America Remains a Superpower"

do, what Russia does in terms of Ukraine as a lesson that it can take home, in terms of its strategy for Taiwan," Corr said.

"So I think that if we don't truly punish Russia in a serious way, we will be giving the green light to China to do the same thing to Taiwan."

Complicit?

As the Ukraine war drags on, Beijing has repeatedly refused to condemn Russia for its aggression, nor label the attack as an "invasion." It has also rejected joining the West in imposing financial sanctions against Moscow, describing such a move as lacking legal basis.

Such signs of tacit support have caused some to suggest that Beijing had played a larger role than it appeared on the surface in facilitating Russia's assault.

"Moscow is so much under the thumb of Beijing," Corr said, adding "which makes me think that in the current case of the invasion of Ukraine, it is so not in the interests of Russia ... to make itself an international pariah and focus of the world's attention."

He added: "That makes me suspect that it's possible Beijing had asked Putin to do this or encouraged Putin to do this in some way. So I think we have to consider that as a possibility."

Indeed, there is piling evidence that Beijing knew of Moscow's military plans prior to the invasion and had discussed it with Russian officials.

Senior Biden administration officials shared intelligence with top Chinese officials about the Russian military buildup

near Ukraine, according to a Feb. 25 report by The New York Times. The intelligence-sharing lasted more than three months, the report said, citing unnamed U.S. officials. But China ignored the repeated U.S. warnings, and instead turned around to tell Moscow what it had learned from Americans and that it wouldn't interfere with Russia's plans.

A Western intelligence report, first covered by The New York Times on March 2, indicated that senior Chinese officials asked senior Russian officials to wait until after the end of the 2022 Winter Games before invading Ukraine. The request happened in early February, but it is unclear from the report whether Xi and Putin talked about it during their meeting in Beijing.

Regardless of the level of Chinese involvement, the invasion ultimately served to achieve Beijing's aims, noted lawmakers and experts.

Rep. Ken Buck (R-Colo.) recently told EpochTV's "China Insider" program that the invasion was a "distraction," shifting U.S. attention away from the Pacific.

"In China's view, it serves as a way of siphoning off resources that can be used in other areas," Buck said.

For Corr, the invasion would distract people from paying attention to China's problems, such as the genocide against Uyghurs and other Muslim minorities in China's far-western Xinjiang region and the expansion of artificial islands in the South China Sea.

Gary Bai contributed to this report.



A factory of Taiwanese semiconductors manufacturer TSMC at Central Taiwan Science Park in Taichung, Taiwan, on March 25, 2021.



Peoples Liberation Army soldiers rehearse a flag raising drill at the medal plaza in Zhangjiakou Olympic village in Zhangjiakou, China, on Jan. 25, 2022.

OPINION

Does China Have the Skilled Personnel to Invade Taiwan?

MORGAN DEANE



The poor performance of Russian soldiers in Ukraine suggests Taiwan will have a key edge against any Chinese invasion.

Russian soldiers have been suffering morale problems since the war with Ukraine started. Before the war, analysts described Russian soldiers as under-trained, undersupplied, short-term conscripts that are brutally hazed. According to U.S. observers, in combat that inexperience has shown itself in a desultory performance. This is amazing on its own, as the Russian military seems more like a paper tiger.

But this stunning development also closely relates to Classical Chinese teachings about the loyalty and effectiveness of soldiers to their government employing them. And most importantly, this applies to any potential invasion of Taiwan by an aggressive communist China.

Before launching an attack, the classical Confucian philosopher, Xunzi, wrote about the importance of winning the people:

"The basis of all ... military undertaking lies in the unification of the people. If the bow and arrow are not properly adjusted, even the famous archer Yi could not hit the mark. If the six horses of the team are not properly trained, even the famous carriage driver ZaoFu could not go far. If the officers and people are not devoted to their leaders, even the sages Tang or Wu could not win victory. The one who is good at winning the support of his people is the one who will be good at using arms. Therefore, what is really essential in military undertakings is to be good at winning the support of the people."

The nature of the government was vital in securing that support. And Xunzi went on to explain that soldiers of a harsh dictatorship will be ineffectual against the army of a benevolent ruler because of the resentments soldiers build up against their own government:

"But if [a government's] own people favor the benevolent ruler ... and rejoice in him as in the fragrance of iris or orchid, and on the contrary regard their own superiors as so many wielders of branding irons and tattoo knives, as their foes and enemies, then human nature being what it is, even if the [soldiers were] ...cruel and violent...how

could they be willing to fight for the sake of men they hate and do hard to one they love?"

The reader should find this imminently applicable in the Russian fight. You take soldiers that are more like beaten dogs than willing and eager participants, and then those soldiers are thrown into warfare against a determined enemy. The effects are much like Xunzi said. The dictatorial government of Russia can force some service and skill from their soldiers by threatening punishment. But when given the chance, the beaten and conscripted soldier will barely fight or surrender the first chance they get to a government that will treat them decently. And that has been seen thus far. When the Russian soldiers aren't surrendering en masse, abandoning equipment, and generally dragging their feet on every front, even the most heavily armored in tanks are easily destroyed.

This might have even more application when applied to a potential Chinese invasion of Taiwan. There is a history of the average soldiers rejecting the Chinese Communist Party (CCP) that sent them into war. During the Korean War, many North Korean and Chinese prisoners of war did not want to be repatriated

to their home countries despite the rules that allowed them to do so!

Mao Zedong once said that a single spark can start a prairie fire. So the CCP leaders are likely even more concerned about obedience, moral, and potential revolution, and will rely on even harsher counter tactics than their Russian counterparts. China's modern People's Liberation Army (PLA) has retention problems. And in the event of conflict, junior officers are more likely to be more afraid of making mistakes than confronting the enemy.

The poor performance of Russian soldiers suggests that the Taiwanese have a key edge that will help them withstand any potential invasion.

The rate of mental health issues has increased among Chinese submariners. A report by The Diplomat suggests that at least a quarter of all Chinese soldiers suffer from mental health issues—this is roughly comparable to the size of the U.S. military. But U.S. soldiers have significant combat experience, more robust mental health

services, and they are volunteers fighting for a democracy against terrorists; whereas the Chinese soldiers in a potential war would be fighting to expand the CCP's tyranny against their ethnic brothers across the strait.

In contrast, Taiwanese forces have the advantage of defending their democracy against a dictatorship. As the freedom loving Greeks said when faced with the overwhelming might of the Persian king, if you knew freedom you would fight for it not only with the spear, but with the axe. This means that even though analysts provide mixed reports about the morale of Taiwanese forces, they will likely perform much better than the Chinese troops.

Moreover, the lack of skill among Chinese soldiers and sailors suggest they will face similar problems to the Russians. For example, Chinese submariners may not effectively blockade the island, the Air Force won't be able to achieve air superiority, the troops won't advance in an organized fashion, and columns of tanks will face supply issues, and so on. In short, the likely low morale of Chinese forces will make the defending Taiwanese forces look like Spartans, much as the world is impressed with Ukrainian resistance.

Russia and China are different countries, of course, but human nature remains incredibly similar. The Russians may still have the advantage in men and material to grind away Ukrainian resistance and win. But they've already revealed a pivotal weakness in the quality of their soldiers. Buttressed by the ideas of Classical Chinese writers, the poor performance of Russian soldiers suggests that the Taiwanese have a key edge that will help them withstand any potential invasion.

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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Ukrainian soldiers walk past the debris of a burning military truck on a street in Kyiv, Ukraine, on Feb. 26, 2022.

OPINION

New Cold War Alliances Forming

'The New Cold War'

ANTONIO GRACEFFO



Western economic sanctions may drive Russia closer to communist China, with their axis of authoritarianism expanding to include

countries in both the Chinese and Russian orbits.

Although Russia and China are intensifying their alliance, they have no formal defense agreement. China's only official ally is North Korea. Nevertheless, the Chinese Communist Party (CCP) is building relationships with other authoritarian regimes through the sale of surveillance technology, and by providing training on how to control the populace and censor the internet. Through these and other economic interests, the countries expected to join China's side are Iran, Venezuela, Pakistan, Afghanistan, Cambodia, and possibly other nations that are part of the Belt and Road Initiative (BRI, also known as "One Belt, One Road").

Afghanistan is likely to support China, but it is not in a position to wage a foreign war. Many of the BRI countries are horribly indebted to China and may feel the need to vote with Beijing at the United Nations—but most are unable to aid China in a war and many would not want to do so. Cambodia has become nearly a vassal state of China, but again, the military capabilities of Cambodia are quite limited.

Beijing seems to be trying to project some soft power through participation in global organizations and events, such as the Olympics, but it is doubtful that it will win over any new allies. The CCP is facing difficulties as advanced, wealthy countries are unlikely to abandon the U.S. side to join the China camp.

Previously, the CCP counted on China's position as the world's factory and global financier to garner support. Now, however, it appears that industrial power alone will not be enough to help Beijing recover from its destructive diplomacy or its history of broken deals and aggressive actions.

Unlike China, Russia has official allies. The Collective Security Treaty Organization (CSTO) is comprised of six countries: Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. The remaining Central Asian Republics, Turkmenistan, and Uzbekistan, while not part of the CSTO, are clearly within the Russian sphere of influence. Additionally, the Central Asian Republics are dependent on trade with China, making it improbable that they would turn their back on the China-Russia axis.

Cuba is a Russian ally in the Americas. Russian President Vladimir Putin and Cuban President Miguel Díaz-Canel have discussed forming a "strategic partnership." In January, Deputy Foreign Minister Sergei Ryabkov told Russian Television network RTVI that Russia may position military assets in Cuba if the United States and its allies do not yield on the Ukraine issue.

India opposes the CCP and has been moving deeper into the U.S. orbit, despite continued weapons purchases from Russia. According to a 2020 report by the Stimson Center, around 70 percent to 85 percent of Indian military equipment come from Russia. New Delhi has also been increasing its purchases of U.S. weapons, but India is unable to operate militarily without support from Russia, according to a 2021 Congressional Research Service (CRS) report.

This political ambiguity has worked for India, until now, as Russia's invasion of Ukraine may force India to take sides. So far, New Delhi has failed to condemn the invasion, and Washington is increasing pressure for India to join the rest of its allies in sending a strong and unified message to Russia.

Similar to India, Vietnam and China have an uneasy diplomatic history. Vietnam's hatred of China has been moving it deeper into the American sphere, although Russia is its largest supplier of weapons. While Hanoi has not specifically condemned the invasion, Vietnamese media are covering the unfolding events without their usual pro-Russia bias.

This leaves Vietnam as a bit of a wild card in terms of which side it will favor. It is possible that Hanoi's distrust of the CCP is stronger than its fondness for Russia. Or, the fact that the United States is Vietnam's largest trading partner may tip the scales in favor of Vietnam joining the U.S.-led alliance.

The Burmese junta has spoken out in support of the invasion. Facing its own set of Western sanctions, Burma (commonly known as Myanmar) is dependent on the CCP for trade and investment. The Burmese junta also purchases weapons from both China and Russia, as well as Ukraine, Serbia, and India.

In addition to selling weapons to Burma, Serbia has refused to join Western sanctions against Russia. Serbia buys weapons from both China and Russia, while the Russian Federation is Serbia's fifth-largest trading partner.

Since the Russian invasion of Ukraine, the European Union and NATO, including the United Kingdom, Germany, and Canada, have all signaled their closer alignment with the United States. In the Asia-Pacific, New Zealand, Australia,



A sign saying Latvians back Ukraine at a protest in Times Square in New York on Feb. 26, 2022.



Christian devotees hold placards protesting against Russia's invasion over Ukraine, at San Thome Cathedral Basilica in Chennai, India, on March 2, 2022.

Japan, Taiwan, Singapore, and Indonesia condemned Russia.

This leaves Russia and China with a bit of a rogues' gallery of supporters, mostly smaller countries with limited economic and military capabilities. Furthermore, even the partnership between Beijing and Moscow may become so plagued by sanctions that the CCP will distance itself from Russia.

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

China Is Hoarding Commodities

The Russia-Ukraine war is strengthening China's economic power

ANDERS CORR



America and Europe surprised Chinese and Russian bankers. In retaliation against Russia's invasion of Ukraine, they froze about \$630 billion worth of Russian foreign reserves on Feb. 26.

Moscow suddenly couldn't utilize the hard currency reserves that it thought it possessed. It likely planned to use the billions to defend the ruble on international markets. Instead, the ruble fell about 30 percent against the dollar on Feb. 28.

Beijing is taking notice. Confronted with the potential lack of value of its \$3.2 trillion worth of foreign exchange reserves, the regime is quietly offloading dollars by purchasing assets globally, including most recently through an energy and commodities push.

Driven by compounding geopolitical instability from the Russian invasion, sanctions over the Uyghur genocide, pandemic supply chain dislocations, trade disruptions in the Black Sea, the Australia trade spat, and skyrocketing maritime freight costs, Beijing is acquiring critical commodities like oil, gas, iron ore, wheat, barley, corn, and gold.

Price appears to be of little relative concern to state-owned buyers purchasing materials to prepare for increasing expected commodity scarcities. Many commodities are already jumping in price over the last few days by 3 percent to 8 percent due to the war. Sanctions on potash from Belarus pushed China to pay 139 percent more for the fertilizer ingredient, now sourced from Israel and Canada.

On the other hand, the war sometimes helps China's competitive position. With Russia's new pariah status, Beijing has the bargaining power to denominate commodities contracts with Russia in its own currency, the yuan. Dollar and euro-trades with Russia are now increasingly illegal due to international sanctions over the



A man displays imported soybeans at a port in Nantong, Jiangsu Province, China, on April 9, 2018.

China is not just buying foodstuffs, it is buying entire companies, including a European meat processor in 2021 and a leading dairy in New Zealand in 2019.

war, so China's banks happily comply by shifting to the yuan. Russia has few other places to sell energy, so Beijing enjoys a buyer's market.

China previously purchased about 1 percent of its coal from Russia (approximately 30 million tons), for example, but if the Ukraine invasion continues, Russia will be forced by sanctions to attempt to shift 38 percent of its coal exports (approximately 76 million tons) from Europe and Ukraine, to Asian markets.

But two of China's largest state-owned banks now limit foreign currency loans for the purchase of Russian commodities. The offshore unit of the Industrial & Commercial Bank of China Ltd., for example, stopped the issuance of U.S. dollar-denominated letters of credit for purchase of Russian raw materials. However, yuan-denominated credit is still provided to some clients.

China purchases approximately \$60 billion of energy annually from Russia. Chinese steelmakers and power plants, which normally

import extensive quantities of coal from Russia, are looking for alternative suppliers as their bankers advise halting purchases due to the risk of secondary sanctions against China.

China's increased purchases of grains and soybeans puts upward pressure on world prices, which are now becoming unaffordable to the globe's poor. As reported by Bloomberg on March 3, China imported \$34 billion of agricultural products from the United States in 2021.

Since November, in part as a result of what a December Nikkei report calls the regime's "hoarding," the price of soybeans increased almost 50 percent. Grain exports from Russia and Ukraine have ground to a halt because of the war and sanctions, increasing prices even more.

China, which has about 18 percent of the globe's population, has stockpiled over half of the world's grains, increasing prices so much that it is "dropping more countries into famine," according to Nikkei. While the rest of the world descends into war and chaos, China

has wheat stockpiles for a year and a half, an official at China's National Food and Strategic Reserves Administration told reporters.

China is not just buying foodstuffs, it is buying entire companies, including a European meat processor in 2021 and a leading dairy in New Zealand in 2019. Between 2020 and 2021, the United Nation's food price index increased 30 percent.

The Beijing regime is also a gold bug. It mines much of its own, and purchases more on international markets. While officially Beijing holds 1,948 tons of the precious yellow metal, most analysts estimate reserves of between 10,000 and 30,000 tons, well above U.S. reserves of 8,133 tons. With so much gold, China could in the future back the yuan with gold, displacing the non-backed U.S. dollar.

China needs food and commodities for its economy, as do all countries. Its demand is a pull factor for more supply to emerge, which means more jobs globally. But China's approach is unscrupulously competitive, deceitful, and authoritarian, including through attempts at theft of natural resources and the monopolization of the scarcest commodities, for example. If the world allows the regime to continue down its unethical path of self-aggrandizement, we do so at our own future peril.

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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AP PHOTO/KEYSTONE/STEFFEN SCHMIDT



Gold coins during an exhibition in Lenzburg, Switzerland, on Nov. 16, 2014. China is getting as much gold as it can get its hands on as well.

OPINION

China's Imperiled Local Government Sector

FAN YU

Many of China's local authorities are staring down a severe fiscal challenge this year.

The typically robust real estate sector has instead been a big disappointment. The country's ongoing property market slump has hit local government revenues. We've previously pointed out land sale revenues as being a major component of local budgets, and China's contemplated rollout of personal real estate taxes are unlikely to give municipalities a major windfall.

China's macroeconomic environment has become a huge drag. The central government in Beijing is looking to implement more tax cuts to offset slowing economic growth and promote small business growth. This is another drain on local government resources, but is necessary given China's COVID restrictions continue to hold back economic activity across the nation. On top of that, many municipalities' already high debt burden will prevent them from accessing debt financing.

"The country will intensify tax-deduction efforts and launch targeted support measures," according to a report by state mouthpiece Xinhua in February, claiming the measure will increase innovation and spur growth in private enterprises. On the flip side of that, more than one-third of Chinese provinces are forecasting the increase in expenditures will exceed rise in revenues this year.

All of this means that the fiscal health of China's local governments will pose a significant risk to the Chinese Communist Party (CCP)'s desire for stability heading into this fall's key Communist Party National Congress.

Beijing will need to step up its support to regional governments this year. Liu Kun, China's Finance Minister, admitted earlier in February that "transfer payments to regional governments will increase by a large margin" in 2022.

For context, in 2021 Beijing gave out more than 8 trillion yuan (\$1.2 trillion) in transfers to regional governments.

Beijing has also been stepping up support for municipalities having trouble paying their retirees. It's a big obligation that will deepen given China's rapidly aging population and relatively low birth rates.

Municipalities' ability to fund their pensions isn't a new problem, but it's getting worse. Beijing has been working to funnel several provincial pension plans



A woman walking in the street in Wuhan, Hubei Province, China, on April 11, 2020.

into a national one, so that funds from wealthier regions be routed to subsidize pension plans in poorer regions.

Back in 2018, an adjustment fund for pension funds was created by Beijing to redistribute funding to cover such shortfalls, and the CCP is looking to expand this program further.

Which areas are scheduled to take in transfer payments? The northeastern industrial provinces such as Heilongjiang and poorer, more rural northwestern provinces such as Gansu are prime candidates.

Local governments' indebtedness has also been a major risk.

In January, Beijing allowed Guizhou, a relatively poor and mountainous province in China's southwest, to delay interest repayments and enter into restructuring for existing debts.

The CCP is stepping up regulatory oversight into so-called local government funding vehicles (LGFV), which are off-balance sheet entities used to raise financing for local government, often for infrastructure projects.

These vehicles were often used to fund projects for political achievements rather than on their economic merits. In 2017,

Beijing will need to step up its support to regional governments this year.

Beijing's national auditors found that some municipalities and officials went ahead with LGFV-funded projects without the means or intention to repay the debt.

Who are the lenders to such vehicles? China's commercial banks are the biggest cohort, which means municipalities' financial difficulties are also threatening the health of the Chinese banking sector.

Being off-balance sheet, the true magnitude of LGFV financing is often unknown. South China Morning Post estimates that as of Dec. 31, 2021, more than 3,000 LGFV entities are outstanding. In terms of outstanding balances owed, estimates range from 20 percent to up to 44 percent of China's GDP—the equivalent of 45 trillion yuan or more than \$7 trillion.

Those are truly shocking figures, suggesting that China's local government debt woes are just the beginning.

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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CCP INFILTRATION

CCP 'Openly Recruiting Spies in the United States': Michigan State Senator

MICHAEL WASHBURN & DAVID ZHANG

The fear of someone informing on them to the Chinese Communist Party, and of the possible harm inflicted on family members in China, is so powerful and pervasive that some members of the Chinese-American community are ill-inclined even to speak to their elected representatives at public events, according to Michigan State Sen. Jim Runestad.

"The number one problem we have in this nation, I believe, in the future is going to be the Chinese communist government," Runestad told EpochTV's "China Insider" program at the Conservative Political Action Conference in Orlando, Florida, on Feb. 25.

"They're openly recruiting spies in the United States, and our own government seems not to care."

Runestad, a Republican representing Michigan's 15th district in the state senate, said that after taking office in January 2019, he began to make a strong effort to build ties with the Chinese-American community in his constituency by attending public meetings and gatherings. It quickly became apparent that some of the Chinese-Americans who attended the events were terrified that someone might see them interacting with a politician and might report on them to Chinese Communist Party (CCP) officials. As a result, their family members in China might then be subject to intimidation,

harassment, and detention.

Runestad described how at meetings he attended before the pandemic shut down most public gatherings, a Chinese-American constituent would walk up to him and ask Runestad to avoid looking at him or her, and to pretend that they were not really talking. The person who had approached the senator said another member of the Chinese community—who was sometimes also in the same room—had approached them, claiming to know the names and addresses of their relatives in China, and attempted to recruit the person to start helping the Chinese regime.

"In one case, this lady [who approached me at an event] was a recent Chinese immigrant engineer, and she was literally almost in tears, and her hands were shaking. She was so scared that somebody was going to take a picture of her, and that her family was going to get in trouble at home," Runestad recalled.

While Runestad's constituency includes large numbers of people from the Indian, Nepalese, and Korean communities in Michigan, such concerns about possible espionage and informing were not evident in those groups. Yet such incidents involving constituents expressing fear about CCP harassment have happened "about a dozen times" with members of the Chinese community, the state senator noted.

"So it's an organized effort that is happening in Michigan, and is probably hap-



Michigan State Sen. Jim Runestad.

TAL LATZMON/THE EPOCH TIMES

They're openly recruiting spies in the United States, and our own government seems not to care.

Jim Runestad, state senator, Michigan

pening everywhere in the nation," he said. Runestad said he contacted the FBI about the harassment and spying reported to him, only to be asked whether he had reported these matters to the police.

"I said, no, the local police can't break up an international spy ring. They write tickets and handle breaking and entering, that type of thing. So I was very disappointed in the response," Runestad recounted.

Runestad said he was at a loss to understand the long-running assumption of both Republicans and Democrats that Beijing would "play fair with the West." Over the past few decades, there was a widespread belief in the West that opening trade with China and inviting it into the international community would foster greater political freedoms in the communist state.

"That has not happened," he said. "In fact, I think it's even gotten worse. You look at what's happening, as different minorities who voice opposing opinions vanish."

In Runestad's view, the United States' ongoing failure to recognize the nature of the Chinese regime is a "major problem."

On the issue of the CCP's harassment and espionage efforts in the country, state government officials who learn of such incidents should contact the FBI, whose job is to investigate such matters, he said.

The Epoch Times has reached out to the FBI for comment.

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