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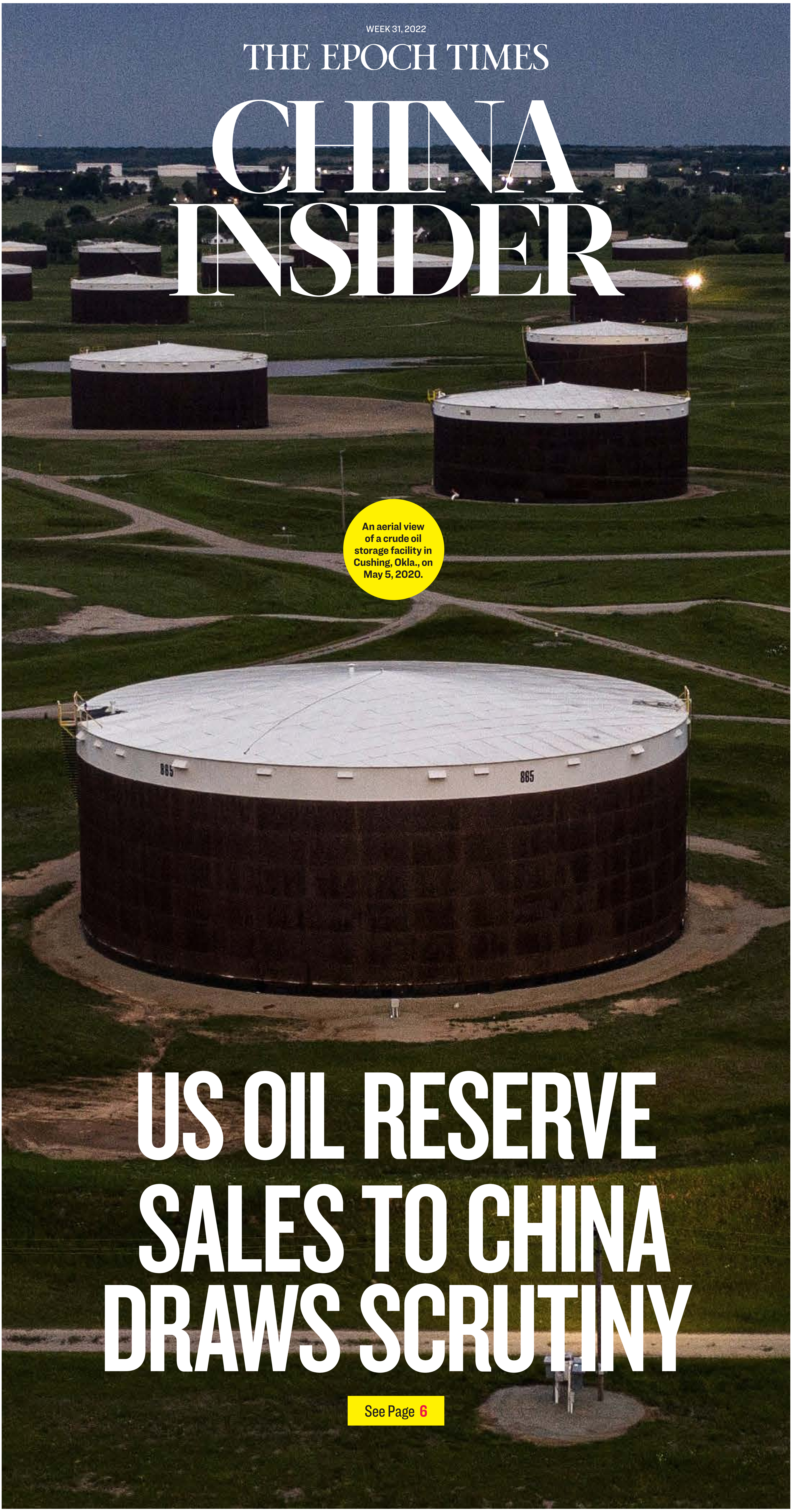
CHINA INSIDER



JOHANNES EISELE/AFP VIA GETTY IMAGES

An aerial view of a crude oil storage facility in Cushing, Okla., on May 5, 2020.

US OIL RESERVE SALES TO CHINA DRAWS SCRUTINY

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OPINION

China Compromised the Fed

Beijing is paying Fed officials for information and influence

ANDERS CORR

A new congressional report reveals that U.S. economic officials have pursued money and positions from China as part of programs that sought "malicious, undisclosed, and illegal transfers of information that seek to undermine the United States."

The 40-page Senate report, based in part on an internal investigation by the U.S. Federal Reserve System, shows that Beijing has sought for more than a decade to develop a spy network, steal confidential economic information, and "gain influence" within the Fed.

The Fed Did Nothing

The FBI provided the Fed with a list of necessary counterintelligence measures, but rather than take them seriously, Fed Chairman Jerome Powell second-guessed and cherry-picked the FBI recommendations, according to the report. The Fed itself has demonstrated incompetence by losing some of the materials upon which the investigation was based.

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

According to the Senate report, a Fed economist was detained four times during a 2019 visit to China. Chinese officials forced him into a hotel room in a "frightening" manner, accused him of crimes against China, threatened to imprison him and harm his family, and told him they had monitored his phone for information, including information about his divorce, he said. They wanted him to "say good things about China" in the United States, provide confidential economic information, and ensure his silence about the relationship.

Since 2013, Chinese "talent recruitment programs" have sought inside information on the Fed's view of the economy and its upcoming policy changes, including tariffs and interest rates, according to the report. In exchange, senior staff within the Fed were offered as much as 1 million yuan (approximately $150,000 by today's exchange rate), free travel, distinctions, and research expenses to be "experts," coauthors, and professors at Chinese research institutes and universities.

According to the Senate report, a Fed economist was detained four times during a 2019 visit to China.

The Spies Must Go

One 2010 communication from China's talent program to a U.S. professor and Fed economist discussed the need for "high-level Chinese economists" for "part-time service in China [that] pays a high salary." The Fed economist applied to China's Thousand Talents Program, obtained a position at a Chinese university, and collaborated in research with the People's Bank of China, including the sharing of Fed computer code used for economic prediction.

The report states that another Federal Reserve employee was removed from their position "in large part due to their assistance in attempting to access restricted information at a Federal Reserve bank for a Chinese media outlet (China Global Television Network) designated by the U.S. as a foreign agent."

The report reproduces a letter from another employee, who was incentivized with a possible $150,000 payment. He gave confidential information on the private views of a Fed chairman about rate hikes, which are the most consequential of Fed actions.

Shanghai's Fudan University offered another Fed economist a three-year contract, starting in 2018, for an annual salary and research funds of approximately $45,000 (in Chinese yuan), to spend just four weeks annually on a campus in China and host Chinese faculty and students at the Fed in the United States. Bonuses of up to $15,000 per article would be paid for coauthoring with the institution's regular faculty. This salary was presumably paid on top of the official's full-time salary at the Fed.

These examples are all part of Beijing's broader campaign to build a "P-Network," as the investigation called it, of informants within the Fed who would answer to Beijing. Despite numerous instances of inappropriate disclosures and collaborations with the regime in Beijing, all but one of the 13 individuals retain access to confidential Fed information, according to the report.

Congress Must Act

Sen. Rob Portman (R-Ohio) is leading the campaign to make the Fed clean up its act and has already been successful in getting the bank to ban payments to its officials from foreign countries such as China.

The Fed was founded in 1913, so this measure is more than a century late.

And much more must be done. Officials who have—at any time—taken money from China, Russia, or any other adversarial nations should be removed for their serious lack of judgment.

Similar steps should be taken by not only other federal and state agencies in the United States but in our most important businesses and academic institutions.

In 2020, Portman sponsored legislation, along with Senate Democrats, called the Safeguarding American Innovation Act (SAIA) to help protect U.S. research and intellectual property from Chinese Communist Party (CCP) spies. SAIA passed the Senate in June 2021.

The current Democrat-controlled House stripped the SAIA from upcoming legislation.

It should be reintroduced and passed immediately, or Beijing's future IP theft will be the fault of Democrats in addition to the CCP.

The United States is bleeding out. Congress must take action now.

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

Anders Corr has a bachelor's/master's in political science from Yale University (2001) and a doctorate in government from Harvard University (2008). He is a principal at Corr Analytics Inc., publisher of the Journal of Political Risk, and has conducted extensive research in North America, Europe, and Asia. His latest books are "The Concentration of Power: Institutionalization, Hierarchy, and Hegemony" (2021) and "Great Powers, Grand Strategies: the New Game in the South China Sea" (2018).

REUTERS/SARAH SILBIGER

The Federal Reserve Board building in Washington on June 14, 2022.

OPINION

China to Miss GDP Growth Target, Recession Possible: Experts

ANTONIO GRACEFFO

The Chinese economy is still struggling with ongoing lockdowns, uneven export growth, and U.S. rate increases. Experts believe recession or stagflation may be imminent.

Forecasts of 1 percent gross domestic product (GDP) growth fell short in the second quarter as GDP indicated 0.4 percent growth. Retail sales were down by 11 percent in April, leaving them 0.7 percent lower than last year for the first six months of the year. Car sales were down by 10 percent during the second quarter, while the service sector was down by 0.4 percent, and youth unemployment reached 19.3 percent.

Although the economy improved in June, the second-quarter GDP number is the slowest pace since the COVID-19 pandemic started. For the first half of the year, growth was 2.5 percent compared to last year, a figure significantly lower than Beijing's growth target of 5.5 percent for the year.

In May and June, Shanghai was under lockdown. That caused the city's economy to contract by 13.7 percent in the second quarter. Although COVID-19 control measures in Shanghai and Beijing are easing, lockdowns are ongoing, with some areas being shut down over a single case. Chinese leader Xi Jinping officially remains committed to his zero-COVID policy, which continues to wreak havoc on the economy. As of July 11, 31 cities that make up a total of 17.5 percent of the country's population and 25.5 percent of GDP were under full or partial lockdown.

Outbound shipments rose by 17.9 percent in June. Although China achieved a high trade surplus for the month, the rise in exports is expected to be temporary. The increase in exports may have been caused by a reduction in port congestion because of the reduction in domestic demand for imports.

Import growth dropped to 1 percent in June and shows signs of further decline. Commodity imports were down with daily crude oil imports falling by 11 percent and coal imports falling by 33 percent in June. A decline in commodity imports in one quarter is generally a leading indicator suggesting an overall decrease in industrial activity in the coming quarter.

CFOTO/FUTURE PUBLISHING VIA GETTY IMAGES

Container hoisting operations are seen at Huai'an New Port in Huai'an, Jiangsu Province, China, on July 21, 2022.

The rising cost of imported commodities and other inputs is escalating the cost of manufacturing. At the same time, inflation in the United States and Europe is decreasing overseas demand for Chinese goods. As a result, Pinpoint Asset Management Chief Economist Zhiwei Zhang expects demand in the rest of the world to cool, in turn, suppressing Chinese exports in the second half of the year. A reduction in exports will result in slower economic growth and rising unemployment.

On the domestic front, the poor have become poorer in China as a result of lost income during lockdowns and the rising cost of goods. According to a survey by the Beijing Social Work Development Center for Facilitators, 73 percent of respondents reported that their income had decreased during lockdowns. Both the middle and upper classes, by contrast, increased their savings, with household savings increasing by $1.5 trillion in the first half of 2022.

People are hesitant to part with their money when they're uncertain about future lockdowns. The rich, who can afford to spend, are another story. The sale of luxury goods is up, while the sales of staples and common consumer goods are in decline. Overall retail sales were down by 1.5 percent in June.

Housing demand is down and is expected to decline further as the population ages and the availability of mortgage funds declines.

Housing demand is down and is expected to decline further as the population ages and the availability of mortgage funds declines. Investment in property development was down by 9.4 percent at the end of June. Additionally, new housing contracts are an indicator of the expectations of the middle class. Their unwillingness to commit to the purchase of a new home suggests that they're pessimistic about the economic outlook.

Brokerage giant Beike, owner and operator of Lianjia, one of China's largest housing brokerages, is predicting a decline in new housing demand by 2.5 percent per year through 2035. As real-estate-related industries account for more than 25 percent of the economy, slowdown in new housing development will send ripples throughout the entire economy.

Despite declines in economic activity, Beijing is still aiming for a growth target of 5.5 percent, but Goldman Sachs its China growth forecast to 3.3 percent for the year. The median forecast for China's GDP growth across financial institutions is 4 percent.

In June, China experienced only modest, but growing inflation of 2.5 percent. This is up from 2.1 percent in May. The overall unemployment rate of 4.8 percent also isn't terribly alarming. However, with youth unemployment at a staggering level, rising import prices, and an expectation of declining exports, China may find itself facing a recession or stagflation in the near future.

If stagflation occurs, experts expect China to be hit harder than many other countries because Chinese companies are so heavily leveraged. They represent 31 percent of global corporate debt. The risk of Chinese corporate defaults has increased to 22 percent because of high amounts of debt and decreasing revenue prospects.

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Antonio Graceffo, Ph.D., has spent more than 20 years in Asia. He is a graduate of the Shanghai University of Sport and holds a China-MBA from Shanghai Jiaotong University. Graceffo works as an economics professor and China economic analyst, writing for various international media. Some of his books on China include "Beyond the Belt and Road: China's Global Economic Expansion" and "A Short Course on the Chinese Economy."

OPINION

Should US Fear New Reserve Currency?

Legitimacy of China and Russia's currency depends on backing

FAN YU

It's long been reported by The Epoch Times that China—and more recently due to the ongoing war, Russia—has been keen to see the U.S. dollar knocked from its perch as the biggest global reserve currency.

Russia and China have now begun working on that, which isn't a surprise. But what is a surprise is the announcement that several emerging market nations are working on it together with Russia and China. Russia Today (RT)—a Russian state-owned English-language media—reported in June Russian President Vladimir Putin announced that BRIC nations including Russia, China, India, Brazil, and South Africa are working on setting up a new global reserve currency.

"According to the Russian president, the member states are also developing reliable alternative mechanisms for international payments," RT said.

Of course, Western nations' sanctions against Russia and freezing of its foreign exchange reserves have been destructive to Russia's economy. And the removal of Russian banks from the international SWIFT system means that the country is largely cut off from U.S. dollar transfers. As of Q1 2022, around 59 percent of all allocated global FX reserves were denominated in the dollar, with the euro at second place with 20 percent, according to IMF data.

The fact that other BRIC nations such as India and South Africa have joined Russia and China in building a new global currency to combat the dollar's hegemony is surprising. A coordinated global effort to displace the U.S. dollar should not be dismissed.

The signs have been there all along. Once one of the biggest holders of U.S. treasury bonds, Russia has been selling U.S. treasuries for the last five years. During this time, Russia has also been building up its gold reserves.

Immediately after sanctions against Russia kicked in earlier this year, one of Moscow's first responses was to force European countries dependent on Russian gas exports to pay in rubles or gold. Countries complied and bought up rubles and sold off euros.

Is a new commodity-backed global reserve currency backed by China and Russia becoming a reality? I wrote in this column in March that it was a possibility, supported by analysis from Credit Suisse. Russia, after all, is a major supplier of commodities including oil, gas, gold, and diamond.

ALEXEI DRUZHININ/SPUTNIK/AFP VIA GETTY IMAGES

Russian President Vladimir Putin and Chinese leader Xi Jinping pose for a photograph during their meeting in Beijing on Feb. 4, 2022.

I suggested back then that third-party countries could buy Russian oil at a discount from Russia or by way of China as opposed to paying a premium for non-Russian-sourced oil. That could be the beginning of a new global order and everything China and Russia had wished for.

RT claimed in July that is exactly what had happened. Trade between Russia and other BRIC nations during the first three months of 2022 increased 38 percent to $45 billion. Meanwhile, trade between Russia and China continues to swell. Other nations have also begun accepting currencies other than "petrodollars" for exports, with Saudi Arabia and Iran accepting yuan for their oil.

The real question is what form this currency will take. For this currency to have real value it needs to be backed by more than the credit of the governments of BRIC nations. It must be backed by commodity reserves.

Will other countries want to transact in this new currency? At first, not likely. But the landscape could change over time; almost all of the major currencies today are fiat money based on nothing beyond the faith and credit of the issuing country. As political and social foundations are uprooted and challenged around the world and if inflation continues to exacerbate, a new reserve currency backed by gold and oil—in other words, real assets—could be formidable.

Before we declare the dollar's dominance over, it has several indomitable traits. First is that as a currency, it is strengthening as the Federal Reserve have begun to raise interest rates. The U.S. financial markets remain the world's largest, safest, most liquid, and most trustworthy market to invest in. In addition, the stability and reputation of the U.S. government and legal system makes holding U.S. government bonds preferable to other reserve assets.

But in the near term, the dollar should remain a strong reserve currency contender. Perhaps it is the euro and other currencies that need be worried.

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.

CCP INFLUENCE

‘Incorruptible’

The Man Standing Between Beijing and One of the World’s Largest Copper Mines

DANIEL Y. TENG

In the heart of the South Pacific region of Bougainville lies Panguna, home to one of the world’s largest copper mines.

President Ishmael Toroama knows he has a limited window to revive the mine and, along with it, the hopes of the soon-to-be world’s youngest nation.

Yet precarious waters lie ahead.

Millions of dollars of investment are needed, corruption remains a constant in the fledgling democracy, and the Chinese Communist Party’s (CCP’s) interest in the strategically important region is no secret.

> The Chinese have tried for years to figure out how to get control of Bougainville, specifically the Panguna mine, and they’re not going to go away. They’ll keep trying as long as they can.
>
> John D. Kuhns, American investor

COURTESY OF JOHN D. KUHNS.

Ishmael Toroama, regional president of Bougainville.

COURTESY OF JOHN D. KUHNS.

Ishmael Toroama, president of Bougainville (L) photographed with Panguna mine investor John D. Kuhns, director of Numa Numa Resources.

What Makes Bougainville So Special?

Panguna mine has sat dormant for over three decades after a bloody civil war erupted in 1988 forcing Rio Tinto to shut down the once-massive operation which powered the economy of Papua New Guinea—just north of Australia.

So valuable was Panguna that at its peak it accounted for 12 percent of Papua New Guinea’s national gross domestic product and nearly half of its exports.

The mine is estimated to contain around 1 billion tons of copper and 12 million tons of gold, with a worth of around $100 billion—rivalling some of the biggest copper mines in operation today.

Yet it’s not only Bougainville’s resources that are so valuable.

The town of Arawa just north of the mine is home to a major deep-water port built by Mitubishi and Bechtel during the mining heyday. It was used for shipping ore overseas and could conceivably serve as a home for naval vessels.

Further, Bougainville’s location is critical. Wedged between Papua New Guinea to the west and the Solomon Islands to the east, the island region forms a chain with fellow Pacific Islands across the north of Australia and New Zealand.

> So valuable was Panguna that at its peak it accounted for 12 percent of Papua New Guinea’s national gross domestic product and nearly half of its exports.

Reviving Panguna From Its Blood-Stained Past

Tribal leaders know bringing Panguna back online will be the key to Bougainville’s future, which aims to be independent by 2027.

Behind the push is its president, Toroama, formally the defense chief of the Bougainville Revolutionary Army.

“Bougainville has been blessed by a miracle,” said John D. Kuhns, an American investor in Panguna who spends much of his time in the region meeting with tribal leaders and the president.

“Toroama is not only highly intelligent, but he’s absolutely incorruptible,” Kuhns told The Epoch Times. “He is the son of Christian missionary parents and very well-read, despite having to sacrifice his university education to go to war to protect Bougainville.”

The Bougainville Revolutionary Army fought the Papua New Guinean government after dissatisfaction with how Panguna was being operated and how profits were shared.

Tens of thousands of lives were lost during the bloody war, which waged from 1988 to 2001. It ended with the signing of the Bougainville Peace Agreement, which gave the region autonomy and the right for its citizens to vote for its leaders.

Bringing Stability to a Troubled Region

Kuhns said Toroama soon became the “Texas ranger” of the region.

“In the Bougainville Peace Agreement, Papua New Guinea retained control of the police force,” he said. “The police force is worthless, they’re in it to get bribed. Ishmael is the real Texas ranger, the real cop who dealt with serious problems.”

While some have derided Toroama as a “street gang” leader, others have panned these claims as nothing more than mischaracterisations.

Kuhns himself has struck a close friendship with Toroama and is working with the president to build the Bougainville economy via Numa Numa Resources.

Numa Numa has already carried out major infrastructure works including construction of a major road and hydroelectric dam, assembling a limestone plant to create exports, and reviving the gold panning industry.

Kuhns has developed a tight trust with Toroama and tribal leaders, and set up residence in the region after locals grew frustrated with fly-by-night parties who tried to muscle their way in.

COURTESY OF JOHN D. KUHNS.

Locals overlooking the site of the Panguna mine in Bougainville.

Specter of Beijing Hangs Over Bougainville

In 2013, then-President John Momis launched a stinging rebuke of the Panguna Mine Affected Landowners Association after it attempted to circumvent several stakeholders and lock in a deal with Beijing Aerospace Great Wall Mineral Investment Ltd.

The signed memorandum of understanding was for the Chinese firm to be involved in redevelopment of the mine.

“It has no legal effect. It is null and void as far as we are concerned. We will certainly throw it out,” Momis told the Australian Broadcasting Corporation on Aug. 14, 2013. He was Papua New Guinea’s ambassador to China from 2007 to 2010.

“The Chinese have tried for years to figure out how to get control of Bougainville, specifically the Panguna mine, and they’re not going to go away. They’ll keep trying as long as they can,” Kuhns said.

He said at one point Chinese actors “bought and paid for” 10 mining licenses—sans a formal application—to build a 50-man camp in Panguna. However, this sparked a fierce response from the locals.

“That was later burned down by the customary land owners,” Kuhns said, “because the Chinese did not pursue any relationship with the people.”

Yet under the tenure of Momis, Beijing remained a preferred partner, with the leader signing several memoranda of understanding and backing the establishment of a Special Economic Zone with China in 2011.

NESS KERTON/AFP VIA GETTY IMAGES

Former Bougainville President John Momis (C) arrives at a polling station to cast his ballot in a historical independence vote in Buka, Papua New Guinea, on Nov. 23, 2019.

Momis, along with Fidelis Semoso, the former minister for economic development, also signed a deal wherein the government purchased 500,000 shares in Bougainville Import and Export General Corporation Limited—a joint venture with a Chinese corporation.

Both ran in the 2020 presidential election, along with Sam Kauona, former general of the Bougainville Revolutionary Army, who openly stated he would align the country with Beijing over Taiwan.

“I see China is now an emerging country; it’s going to become powerful in the near future, not Taiwan—Taiwan is going to go down,” he told “60 Minutes” in 2019. “I see China has culture; they are cultured people. Bougainville are cultured people; our culture is something we can connect with.”

An Unclear Future

Bougainville leaders are allowed to serve two five-year presidential terms, which means Toroama will need to get Panguna up and running by 2030, and also solidify the democratic institutions before and after the independence referendum in 2027.

“If you were to ask me, ‘Who’s Ishmael’s number two? Is there a very reliable number two if something should happen to him?’ And the answer is, unfortunately, no,” Kuhns said.

“Everybody knows this, the people that I’ve talked to in Australia, but also in the United States and the higher reaches of government. What happens when Ishmael isn’t president anymore? What’s going to happen then? And honestly, it’s anybody’s guess. The same kind of thing that happened in the Solomons could happen here.”

Solomon Islands Prime Minister Manasseh Sogavare forged ahead with a secret security deal with the CCP in April—a moved that stunned democratic leaders.

The deal enshrined deeper ties between Beijing and the Solomon Islands, paving the way for Chinese authorities to station troops, weapons, and even naval ships in the region—which could usher in militarization akin to the South China Sea.

However, it’s not just deeper ties that have concerned South Pacific experts. Some have warned that Beijing’s involvement has allowed corrupt leaders to ignore rule of law and allow democratic institutions to erode. In fact, Sogavare faces immense pressure domestically from the opposition, provincial leaders, and even the population—exemplified by riots in November 2021 that saw the Chinatown district razed in the capital Honiara.

Yet the prime minister has managed to hold onto power and convince U.S., Australian, and New Zealand leaders that Beijing will not militarize the region—even grabbing an opportunity at a recent Pacific Islands Forum meeting to embrace Australian Prime Minister Anthony Albanese, which South Pacific expert Cleo Paskal says will be used to show the Solomons who was really in charge.

> Expert Cleo Paskal said the South Pacific was a ‘petri dish’ for Beijing’s ongoing use of entropic warfare—to erode a nation’s institutions to the point where it cannot react or deal with foreign interference.

“You start to get this distortion in the society that creates an enormous amount of social anger,” Paskal told The Epoch Times.

“If you are from a democratic background, you think that’s a bad thing. But if you accept this premise of ‘entropic warfare’ being the desired outcome from Beijing, you actually do want to create disruption within the society,” the senior fellow at the Foundation for Defense of Democracies said.

Paskal said the South Pacific was a “petri dish” for Beijing’s ongoing use of entropic warfare—to erode a nation’s institutions to the point where it cannot react or deal with foreign interference.

“This is a template that is particularly easy to see in the smaller countries in the Pacific because the mechanisms of governance are thinner, the bureaucracies are smaller, and the parliaments are smaller,” she said, adding that Bougainville was no exception.

US Sold Nearly 6 Million Barrels of Oil From Reserves to China, Records Show

EVA FU

The Biden administration has sold nearly 6 million barrels of oil from the U.S. Strategic Petroleum Reserve to an entity tied to the Chinese Communist Party, records show.

From September 2021 to July, the Department of Energy (DOE) has awarded three crude oil contracts with a combined value of roughly $464 million to Unipec America, the U.S. trading arm of Chinese state-owned oil company Sinopec, according to a review by The Epoch Times of the DOE documents. A Chinese firm with ties to Hunter Biden had invested in the national oil giant.

The sale would tap 5.9 million barrels in total from the strategic reserve (SPR) to export to the Chinese firm. The latest contract, revealed on July 10, was for 950,000 barrels sold for around $113.5 million.

The two most recent sales to Unipec came out of an emergency drawdown of the U.S. oil stockpile, initiated under President Joe Biden on March 31 in what he said would offset the loss of Russian oil in global markets and tame rising fuel costs at home.

The Unipec contracts have been subject to heavy criticism in recent weeks, especially because of the firm's connections to the president's son. With Americans nationwide still reeling from elevated gas prices, the selling of oil reserves to foreign adversaries such as China is at odds with U.S. energy and security needs, Republican lawmakers and analysts have said.

"Biden is draining our strategic reserves at an unprecedented rate. This is an abuse of the SPR, far beyond its intended purpose. Sending U.S. petroleum reserves to foreign adversaries is wrong, and it undermines our national security," Rep. Clay Higgins (R-La.) told The Epoch Times.

What the United States should do, he says, is to "unleash American energy production and ensure that our strategic reserves are stocked and able to meet the demands of a national emergency."

Unipec's Bids

The oil auction is price-competitive, meaning contracts are awarded to the highest bidder. Unipec, a consistent participant in previous U.S. crude oil sales, secured 1.9 million barrels over the past three months through two contracts it won on April 21 and July 10.

The DOE also sold 4 million barrels to Unipec last fall during a congressionally mandated sale.

Sales to Unipec appear to fall in the lower price range among the successful buyers, a review of DOE contracts by The Epoch Times shows. For the 2021 contract, Unipec paid about $63 for each barrel, about $7 lower than the trading price at the time, and more than $2 short of the highest price from other buyers in the sale.

The April and July purchases cost Unipec $103.30 and $119.50 per barrel, respectively. The highest prices offered, by comparison, were $111.25 and $125.10.

ROBYN BECK/AFP VIA GETTY IMAGES

Oil storage tanks in Carson, Calif., on April 25, 2020.

JOHANNES EISELE/AFP VIA GETTY IMAGES

A man works at a Sinopec filling station in Shanghai on March 22, 2018.

With Americans nationwide still reeling from elevated gas prices, the selling of oil reserves to foreign adversaries such as China is at odds with U.S. energy and security needs, Republican lawmakers and analysts have said.

Unprecedented Drawdown

The Strategic Petroleum Reserve is the world's largest supply of emergency crude oil, with four storage sites in Texas and Louisiana designed to alleviate significant oil supply shortages in times of major geopolitical events or natural disasters.

The amount of oil in the SPR has seen a steep decline over the past year, more notably since Biden, blaming Russia's Ukraine war for the "price hike at the pump," in March ordered a withdrawal at a rate of 1 million barrels per day for six months to curb gas prices. The planned sale of about 180 million barrels marked the biggest drawdown in the reserve's more-than-four-decade history and is set to cut the U.S. backup oil supply by about a third.

The inventory stood at 474.5 million barrels as of July 22, marking a 34 percent drop from its peak of 726.6 million, and some 90 million lower than the level in late March.

Scrutiny

On Capitol Hill, Republican lawmakers have been watching the oil sales with growing alarm. A total of 206 House Republicans voted on July 20 in support of a legislative amendment aimed at preventing the Biden administration from exporting petroleum to entities with Chinese Communist Party ties.

"It does not make sense that we are using our already depleted energy supplies to help China build up their own strategic reserves," Rep. David Valadao (R-Calif.) said in a speech rallying support for the proposal.

The GOP-led measure was overruled after 219 Democrats in the House unanimously voted against it.

The same day, 20 Republican members on the House Committee on Oversight and Reform wrote to Secretary of Energy Jennifer Granholm requesting an immediate briefing and all documents related to the administration's decision to sell U.S. oil reserves. They noted that Sinopec, the parent organization of Unipec, has been linked to the president's son Hunter Biden, through the state-backed Chinese private equity firm BHR Partners, which became a stakeholder of Sinopec in 2014.

Hunter served as a founding board member of BHR from 2013 through April 2020. His firm Skaneateles also held a 10 percent stake in BHR, which his lawyer said has been divested as of November 2021. On BHR's 2021 annual report released in June, however, Skaneateles was still listed as a shareholder.

Hunter's lawyer hasn't responded to The Epoch Times' questions regarding Skaneateles.

"As if Biden couldn't have bungled this energy crisis any more, this latest development of sending our strategic petroleum reserves to a Chinese oil firm connected to Hunter Biden reaches a new low," Rep. Byron Donalds (R-Fla.), who signed on the letter, told The Epoch Times.

"For one, this administration should have never tapped into these reserves. Second, these reserves should have never left U.S. shores, and third, the U.S. shouldn't be doing deals with firms connected to the president's son," he said, adding that the Biden family's "continued compromising actions require strict oversight from Congress."

SAUL LOEB/AFP VIA GETTY IMAGES

Hunter Biden attends a ceremony honoring 17 recipients of the Presidential Medal of Freedom, at the White House on July 7, 2022.

White House Pushes Back

Ian Sams, a special assistant to Biden and spokesman for the White House Counsel's Office, responded to the Republican claims on July 22, calling them "ridiculous and false."

The DOE is "required by law to sell it 'in a competitive auction to the highest bidder,' regardless of whether that bidder is a foreign company," he told Fox News, noting that the Trump administration, in 2017, also sold a half-million barrels of crude oil from the reserve to China's state-run PetroChina International through the same "competitive bidding process."

Sams also stressed that Biden "had no personal involvement in this process whatsoever."

But Sams's statement may not have presented the full picture, according to Daniel Turner, founder and executive director of Power the Future, a nonprofit group advocating for energy workers.

"The White House has pushed back as saying we have sold in the past to the communist Chinese. And that is true. We sold when our SPR was nearly full and oil was not at record highest and the world was at relative peace," he told The Epoch Times. "Times change, and thanks to this president, they have not just changed but become worse, and our policies must change with them."

DOE officials didn't respond by press time to a request by The Epoch Times about its buyback plan and Republican lawmakers' concerns.