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CHINA INSIDER

CHINA'S ECONOMY IN PERIL

See Page 5

China is losing a lot of wealth because of emigration. About 13,500 millionaires are expected to leave China this year, after 10,800 such individuals (and their families) emigrated from China in 2022, according to data from consultant Henley & Partners. Those are the biggest wealth losses among any country in the world.

HECTORREINAL/AP/WIA GETTY IMAGES

TRANSNATIONAL REPRESSION

The Shadow War: Chinese Dissidents in Crosshairs of CCP's Overseas Operations

FBI goes on offensive against Beijing's global operations

PETR SVAB

It was a cool, dark evening—as mild as winter could be in South Africa. Nine people exited the gates of the Johannesburg International Airport, jumped into two rental cars, and set off on their way to the neighboring capital of Pretoria.

They came with a mission: to file a lawsuit against two visiting Chinese officials for their role in orchestrating a massive persecution campaign against practitioners of the meditation practice Falun Gong in China. It quite naturally fell on David Liang, a cabbie then living in Australia, to drive one of the rental cars.

About 30 miles into the trip, Liang noticed a light-colored car approaching from behind. As it was passing, he heard a noise, and suddenly felt a searing pain in his feet. At the same moment, the car's tires blew out.

He realized he had been shot, and the car had been hit by gunfire. The bullets went straight through both of his feet, shattering the bones in his right foot and leaving a hole the size of a golf ball.

The overwhelming pain made it impossible for him to step on the brakes and nearly caused him to lose consciousness.

The car was uncontrollably hurtling down the road at about 75 miles per hour, veering increasingly closer to oncoming traffic. By sheer miracle, the car didn't flip over or crash, and gradually came to a stop on the shoulder. Liang couldn't open the door; he vaguely remembers somebody helping him to get to a nearby hospital.

While news of the June 2004 shooting went around the world, it was neither the first nor the last time that Chinese dissidents have found themselves under attack overseas.

Incidents have been reported across the globe, including in Asia, Europe, and, repeatedly, the United States.

In 2001, three Asian men exited a black SUV in front of the Chinese Consulate in Chicago. They made derogatory comments and gestures toward a group of Falun Gong practitioners across the street who were protesting the CCP's persecution. When

The 610 Office, named for its founding date of June 10, 1999, is the CCP agency where 'efforts to repress the Falun Gong are centralized,' the indictment stated. Chen referred to his CCP overseers as 'Tianjin'—the Chinese city where the 610 Office was known to be based, the FBI said.

The Chinese Consulate in Los Angeles on June 4, 2021.



one of the protesters, Lin Fang, took out a camcorder and started recording, the men rushed toward him.

Lin jumped up and began to run away, with the two men in hot pursuit. About a block away, they pushed him against a chain-link fence, snatched the camcorder, and smashed it on the pavement. Then they pummeled him with punches to his head, before the onslaught was finally broken up by three passersby. The attackers ran back to their car and took off.

In 2006, several Asian men forced their way into the Atlanta apartment of Peter Yuan Li, a Falun Gong practitioner and computer engineer who at the time was the chief technical officer at The Epoch Times. The men, armed with a knife and a handgun, brutally beat him, tied his arms and legs, and covered his mouth, ears, and eyes with tape. They then ransacked his home, stealing two computers but leaving other valuables behind.

Similar incidents, including break-ins and beatings, also have occurred in New York and San Francisco.

Sometimes, the attacks can be traced to the Chinese Communist Party (CCP) explicitly; other times, the connection is more opaque. Overall, however, the pattern is clear.

"It's part of the manipulation and control by the CCP of Chinese Americans," said

Casey Fleming, CEO of BlackOps Partners and a counterintelligence expert.

"It's to control them on U.S. soil for psychological control as well as action."

It's just one method of many in the CCP's arsenal of covert overseas operations, including espionage, theft of research and trade secrets, and extensive influence and propaganda operations, Fleming and other experts told The Epoch Times.

Attacks on dissidents, who are usually U.S. citizens, are the most flagrant, flaunting the CCP's ability to go after anyone, anywhere.

In some of the more shocking news this year, it was revealed the CCP was even operating an undercover police station in Manhattan with the specific purpose of going after dissidents and other CCP targets. But rather than a new development, it was merely a confirmation of a problem long-known in counterintelligence circles.

"Much of this type of covert influence activity has been conducted by Beijing for decades," said Nicholas Eftimiades, a veteran of the CIA, State Department, and Defense Intelligence Agency and an expert on CCP overseas operations tactics and strategy.

"They've always gone after dissidents, what they call the 'five poisons,'" he said, referring to CCP jargon for issues that the

regime considers the most sensitive to its totalitarian control: Taiwan, the democracy movement, Tibet, Uyghur Muslims, and Falun Gong.

The CCP's espionage operations on U.S. soil have been so unscrupulous that Chinese dissidents have come to treat them as ubiquitous, he said.

"They basically assume just about everything they say, or do or plan, is being learned by Beijing—being reported back," he said.

What has changed in recent years is that the U.S. government seems to finally be pushing back.

Shift in Priorities

Last month, the FBI and the Department of Justice (DOJ) announced charges in New York against two Chinese expats, John Chen and Lin Feng, for trying to bribe the IRS to investigate and strip the nonprofit status from an entity run and maintained by Falun Gong practitioners.

Notably, the indictment indicates that the bureau expended significant resources on the case, including the use of an undercover agent posing as an IRS employee.

"An undercover case is pretty much the highest resource-intensive type of case there is," former undercover FBI agent Marc Ruskin said.

The DOJ statement announcing the

charges included comments from the whole top level of federal law enforcement—Attorney General Merrick Garland, his deputy Lisa Monaco, and FBI Director Christopher Wray, as well as his deputy, Paul Abbate.

Wray has repeatedly stressed the FBI's focus on the CCP's malign activities in the United States, saying in July 2020 that the bureau opens a new counterintelligence case every 10 hours on average, with the majority involving China.

"The FBI has made a clear shift in what they're investigating," Eftimiades noted.

What caused the shift, however, is less clear, as the FBI appears to have long been aware of the CCP's activities.

"The U.S. government hasn't done anything about it until recently," Eftimiades stated.

Lin Fang of Chicago intimated that after he was attacked, he had multiple conversations with FBI agents, providing them with information about the incident and the people involved.

"They clearly understood what [the CCP] were doing, but it kind of felt like their hands were tied," he said. "They were freely collecting the information, they were freely writing their reports, they knew who he was behind all that had happened, but they chose not to do anything."

Chen, for example, was likely known to

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Chinese police patrol as tourists walk in a busy shopping area during the final day of the Golden Week holiday in Beijing on Oct. 8, 2020.

the FBI long before his arrest. His activities, in fact, have been well-known in dissident circles in Los Angeles, according to Chinese political commentator Heng He, who formerly lived in California and travels to Los Angeles for human rights advocacy events.

"Every time when we had some activity, a protest, this guy would show up and interfere with our activity or argue with us or harass us," he said.

The indictment appears to confirm Chen's longstanding role. In one recorded call, Chen urged the undercover agent to "trust these friends" Chen had in the Chinese regime leadership.

Modus Operandi

The indictment offers a look into the CCP's foreign interference cookbook. It details how Chen proposed the idea of bribing the IRS and then allegedly sought approval from a CCP official in China. The FBI further alleged Chen brought money for the bribe from China in cash—\$5,000 as a down payment, with another \$45,000 promised after the scheme's successful completion.

"Leadership ... is very generous," Chen told another individual in a recorded phone call.

"After this-this-this thing is done ... reward for work will surely be given at that time," he said in another recorded call.

Operations of this sort would usually be conducted through the CCP's 610 Office, or through the Ministry of Public Security, the Ministry of State Security, and the United Front Work Department, Eftimiades said.

The 610 Office, named for its founding date of June 10, 1999, is the CCP agency where "efforts to repress the Falun Gong are centralized," the indictment stated. Chen referred to his CCP overseers as "Tianjin"—the Chinese city where the 610 Office was known to be based, the FBI said.

More Comprehensive Approach

There's a difference between how the West's and the CCP's foreign intelligence operate.

"The Western services have traditionally employed spies, and they typically go after foreign intelligence services, believing they can learn the most from them," Eftimiades said.

The CCP does that, too, "but they do far more," he said. "They go after companies, they go after dissident organizations, they go after politicians. And in order to do that, they employ a whole-of-society approach."

"They use all the mechanisms that they can to conduct espionage and covert action against foreign governments and societies. What you're seeing now here is just a manifestation of that."

CCP leader Xi Jinping recently called on all Chinese expats to vow fealty to the "motherland," Fleming noted.

"They want to treat them much like sleeper cells," he said. "They view Chinese Americans and Chinese Brits and Chinese Canadians as an extension of the Chinese Communist Party."

These efforts have been "amped up" recently with what Fleming sees as Xi's preparation for an invasion of Taiwan, although he made clear such efforts have long been among CCP's tactics.

While Eftimiades sees the FBI's efforts to counter the CCP positively, he hopes the United States will counter the regime's activities far more comprehensively.

The government needs to "bring forth all the mechanisms of national power or even societal power ... to try and stop this type of behavior," he said.

Many Chinese companies and research institutions that aid CCP military programs are still allowed to do business with the United States, and Americans are allowed to invest in them. The U.S. government bans such entities from buying sensitive American technologies, but they can still partner with U.S. researchers to develop such technologies, according to Eftimiades.

"Tell me how it makes sense that you can say you can't export technology to this company, because it's working with the military, but you can do a joint research project to develop advanced technologies," he said.

"There are a lot of big problems. They require a lot of ... thought in all these categories." This means that the U.S. response can't follow established patterns, such as when "something happens in law enforcement, the law enforcement community responds; something happens in finance, and the [Securities and Exchange Commission] or the financial community responds."

"China doesn't work that way," he said. "China works strategically, pulling levers in a unified approach, a whole-of-society approach. The United States has to be a bit more responsive in that way."

(Below Left) Bullet holes in the car that David Liang was driving on their way to Pretoria, South Africa.

(Bottom Left) Peter Yuan Li with 15 stitches for the wounds on his face after being beaten by gunmen at his home in Atlanta on Feb. 8, 2006.

(Bottom Right) Attorney General Merrick Garland (C), FBI Director Christopher Wray (R), and Deputy Attorney General Lisa Monaco hold a press conference at the U.S. Department of Justice in Washington on Oct. 24, 2022.



OPINION

Beijing's Saber-Rattling Masks China's Big Problems

Foreign distractions purposely hide Chinese economic problems

STU CVRK

 Chinese leader Xi Jinping and his fellow communists know how to leverage Chinese xenophobia to distract rising discontent among the Chinese people. With a nod to lucky No. 3 in Chinese numerology, Beijing frequently plays three cards in its geopolitical card game to focus on long-standing foreign adversaries (enemies) to distract the masses from economic difficulties.

Let us briefly examine those three cards and then identify the underlying economic problems that the CCP and its state-run media have been desperately trying to obfuscate recently.

The 3 Foreign Policy Cards

Attention given to three countries, in particular, is a surefire way to capture the attention of Chinese conditioned over the years to view these three as key adversaries in 2023.

The India Card

Mao Zedong developed the so-called "Five Fingers Policy" in the 1940s. This policy considers Tibet as China's right hand with "five fingers" on its periphery—Sikkim, Arunachal Pradesh, Bhutan, Nepal, and Ladakh—and that it was China's duty to "liberate" these areas. This policy was ultimately aimed at India.

Multiple military skirmishes during the Xi era, as well as a border war in 1962, have been fought over disputed territories along the militarized Line of Actual Control (LAC) that separates China from Indian-controlled territories, including the Seven Sister States of northeast India (Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, and Tripura), Sikkim, the Siliguri Corridor, Utter Pradesh, and the western states of Jammu and Kashmir, Himachal Pradesh, and Uttar Pradesh. Saber rattling by the People's Liberation Army (PLA) along the LAC is a frequent diversion for the CCP that routinely captures the attention of the Chinese public.

The Japan Card

Chinese enmity toward Japan seemingly knows no bounds, largely due to Japanese atrocities committed during the Second Sino-Japanese War, eight examples of which are summarized by the History Collection here. Chinese memories from that era have been kept alive by the survivors as well as the CCP, who exploits anti-Japanese sentiments whenever deemed appropriate.

Take, for example, this quote from People's Daily on May 21 after the completion of the G-7 conference hosted by Japan: "Japan, as a country whose militarists once launched wars of aggression, should have exercised caution in its words and deeds (before calling attention to the 'China threat')." It's good press in China to cover the ongoing psychological warfare/encirclement strategy practiced by the PLA Navy (PLAN).

The PLAN has periodically dispatched

surface action groups to circumnavigate Japan (for example, on Oct. 21, 2021, July 1, 2022, and May 15, 2023). More recently, PLA General Li Shangfu—China's state counselor, defense minister, and one of the seven members of China's Central Military Commission—made this shocking public statement while meeting Japanese Defense Minister Yasukazu Hamada in Singapore. As reported by Nikkei Asia here, in referring to the "Diaoyu issue"—the Chinese name for Japan's Senkaku Islands—the essentially stated that the territorial dispute over those islands has not, in fact, been resolved (doubtless to the surprise of most Japanese): "The Diaoyu issue is not the entirety of China-Japan relations."

Any condemnation of Japan resonates with many Chinese, and the CCP often

Customers dine near a giant screen broadcasting news footage of aircraft under the Eastern Theater Command of the Chinese military taking part in a combat readiness patrol and "Joint Sword" exercises around Taiwan, at a restaurant in Beijing on April 10, 2023.

According to Reuters in March, China has 'massive local-government debt, which is more than \$9 trillion and growing.' Local government financing vehicles (LGFVs) have \$790 billion worth of onshore bonds coming due this year alone.

Chinese leader Xi Jinping applauds after unveiling a sculpture during the opening ceremony of the Asian Infrastructure Investment Bank in Beijing on Jan. 16, 2016.



TINSU WANG/REUTERS

plays this card to distract from domestic issues.

The Taiwan Card

Perhaps the most important of the foreign cards to be played is Taiwan in the context of U.S.-China relations. As the de facto guarantor of the status quo in the Taiwan Strait, the entire panoply of the Chinese communist state—diplomats, PLA generals, state-run Chinese media, and Xi himself—frequently expresses ire, anger, and threats at the United States for "interfering with internal Chinese affairs," as the CCP refers to what it deems to be virtually U.S. support for the wayward Chinese province of Taiwan. A good example was this blaring headline from China's Diplomacy in the New Era on June 4: "Washington should never cross Beijing's redline" on Taiwan.

PLA confrontations with U.S. and other military units operating in international waters around Taiwan make for good distractions, too. An example was the June 3 "drive-by" at-sea incident in which a Chinese guided-missile destroyer violated international rules and crossed the port bow of a U.S. guided-missile destroyer at very close range. Taiwan is the ultimate trump card to be played by Beijing whenever a distraction is needed.

Lastly, there was this combo-card played by Beijing in July 2021. The Center for Security Policy reported: "China has threatened to 'nuke Japan continuously' if Japan supports the US in protecting Taiwan from a Chinese invasion." Call it the CCP's twofold card. This is apparently what passes for civil discourse by the Chinese communists.

What Are They Hiding?

There are some big, big cracks in the façade that represents Zhongguó, the land the CCP built at the point of the bayonets of the PLA. These cracks are appearing despite continuing efforts to withhold and misreport financial and other data and information that would help outsiders determine the true state

of the Chinese economy.

The trumpeted economic bounce-back after Xi abruptly terminated his signature (and economy-killing) "zero-COVID" policy petered out quickly in the first quarter of 2023. As a result, the authorities have resorted to priming the pump by lowering interest rates on bank deposits. There have already been two cuts this year.

As reported by Reuters on April 24, interest rates on bank deposits were cut a roughly 10-basis-points. The reason given was typically opaque: "With margins at record lows, banks have no choice but to appropriately lower deposit rates as the government continues to push financing costs steadily lower to aid the real economy."

The second round of cuts was initiated on June 8, as reported by Reuters: "The state-backed banks cut rates on demand deposits by 5 basis points and three-year and five-year time deposits by 15 basis points." The expectation (hope?) was expressed that these cuts "could ease pressure on profit margins and reduce lending costs."

In April, the expressed reasons for the cuts were "businesses grappling with debt risks, structural woes, and a slowing global economy," while the June reasons shifted to "grappling with tumbling exports, a sluggish housing market, and a high unemployment ratio." However, the June report may have given the game away, as an expert was quoted as predicting "a 50 basis points cut in the reserve requirement ratio (RRR) soon to support local government bond issuance."

The canary in the coal mine is local government debt—bonds—as much of China's economic growth is hidden behind a Great Wall of Debt.

According to Reuters in March, China has "massive local-government debt, which is more than \$9 trillion and growing." Local government financing vehicles (LGFVs) have \$790 billion worth of onshore bonds coming due this year alone. LGFV's inability to service these debts drives the rate cuts, as the ripple effect of looming defaults poses a great

danger to the entire Chinese banking sector. And most people worldwide have no idea just how dependent Chinese economic growth is on real estate development funded by LGFVs.

Concluding Thoughts

Beijing's saber-rattling of late is at least partially intended to distract Chinese citizens from increasingly significant economic woes. There are other cracks in the Chinese economy besides the near bankruptcy of local governments that are becoming apparent, including the following:

- China's exports fell 7.5 percent from last year in May (from CNN on June 7).
- China's imports dropped for a third straight month, declining 4.5 percent (from Pro Farmer on June 7).
- A 17 percent decline in China's year-on-year trade surplus in May (from Trading Economics on June 8).

Lastly, from Zero Hedge on June 3: "[Chinese] real-estate activity continues to decline, house-price growth is low, yields have started to fall again, and imports have dropped, reflecting stagnating demand."

So when People's Daily reported on June 8 that the United States is "endangering peace in Asia-Pacific," reasonable China watchers might infer that China's problems are actually much closer to home.

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

Stu Cvrk retired as a captain after serving 30 years in the U.S. Navy in a variety of active and reserve capacities, with considerable operational experience in the Middle East and the Western Pacific. Through education and experience as an oceanographer and systems analyst, Cvrk is a graduate of the U.S. Naval Academy, where he received a classical liberal education that serves as the key foundation for his political commentary.



A man on a bicycle stands in front of an electronic board showing Shanghai stock index, Nikkei share price index, and Dow Jones Industrial Average outside a brokerage in Tokyo on Sept. 22, 2022.

OPINION

Chinese Economy Now in Deep Peril

FAN YU

At the beginning of the year, many economists had predicted that the COVID-19 "great reopening" of China would spur domestic spending and the consumer sector.

Following years of periodic lockdowns, the hope was that consumers would roar out of the gates to offset slowdowns in traditional growth areas, such as manufacturing and real estate.

But after a brief first quarter of economic growth, the wheels have come off the Chinese economy.

The most recent economic data from May show that metrics have all deteriorated across the board, from youth unemployment to retail sales, real estate prices, and capital investments, according to official data from the National Bureau of Statistics.

After years of encouraging infrastructure spending, local and regional governments are out of cash and already facing defaults.

And if the official statistics are so bad, there's reason to believe that the real economic picture may be even worse.

Weak consumer spending is especially worrisome, as the traditional levers to spur growth have all stalled, and there are few levers that the Chinese Communist Party (CCP) can pull. Retail sales, which ING Bank called "the only functioning engine of Chinese growth," are floundering.

"And although the year-on-year growth rate of 12.7% looks impressive, this equates to a seasonally adjusted decrease in month-on-month sales and shows that the re-opening momentum is falling," Robert Carnell, ING's head of research in Asia-Pacific, wrote in a note to clients.

There are numerous causes of this, including consumer pessimism, unemployment, and an exodus of wealth.

Youth unemployment among the ages of 16 to 24 is at its highest level on record, sitting above 20 percent as of April. This has caused social stability issues for the CCP. Older consumers have more cash but have become more pessimistic about the future of the country and are pulling back their purse strings.

China is also losing a lot of wealth because of emigration. About 13,500 millionaires are expected to leave China this year, after 10,800 such individuals (and their families) emigrated from China in 2022,

according to data from consultant Henley & Partners. Those are the biggest wealth losses among any country in the world.

Top CCP officials have been so concerned about the nation's economic situation that they're soliciting advice from business leaders on how to boost growth. At least six consultation sessions have been held in recent weeks with business leaders, according to Bloomberg News, which cited people familiar with the matter.

Among the topics discussed were how to stimulate the economy, how to boost private sector spending, and how to revitalize the real estate market. And among the suggestions proposed was to introduce more elements of a market-based economy rather than a planned economy—a hallmark of communism.

The usual economic stimulus measures from the CCP's playbook are all on the table. These include interest rate reductions, bank reserve requirement cuts, and loosening restrictions on real estate development.

The People's Bank of China on June 13 lowered the short-term rates (standing lending facility) by 10 basis points, or 0.1 percent, to spur lending activities. And on June 15, it also cut the one-year medium-term lending facility by 10 basis points from 2.75 to 2.65 percent.

But those traditional methods of stimulus have a lesser effect today due to their widespread use over the prevailing two decades.

The CCP has already encouraged bank lending so much that further loosening of regulatory reins would put its banking sector in peril. The property market, which already accounts for more than 70 percent of China's household wealth and 25 percent of its gross domestic product (GDP), is already overallocated as a contributor to the economy. Those with the means to buy homes already have multiple homes, most of which are sitting empty.

After years of encouraging infrastructure spending, local and regional governments are out of cash and already facing defaults. There's simply very little need for more highways, bridges, and tunnels in a country that has been overbuilding them to spur growth.

All of this makes the CCP's full-year target of 5 percent GDP growth an impossible goal to meet.

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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MARK SCHEFFELBEIN/POOL VIA AP PHOTO

CCP ESPIONAGE

Biden Administration Confirms Chinese Spy Base in Cuba, Shifts Blame to Trump

EMEL AKAN

The White House stated on June 12 that the existence of a Chinese spy base in Cuba isn't a recent development and dates to the time when President Donald Trump was in office.

During a press briefing at the White House, John Kirby, spokesman for the National Security Council, confirmed that the Biden administration is aware of China's intelligence-collecting capabilities in Cuba and is taking them seriously.

"We're not going to be able to get into too much detail about our own counter-intelligence efforts," Kirby said. "As we've communicated over the weekend, this is not a new development that China's been trying to achieve some intelligence gathering capabilities in Cuba and, frankly, elsewhere in the hemisphere, and that from day one, when we came in, we took this issue seriously."

The remarks came after several media outlets reported that Beijing has been operating a spy base in Cuba since 2019.

Previously, both the White House and the Pentagon denied claims that China struck a "secret agreement" with Cuba recently to build a spy base, which was first reported by The Wall Street Journal.

The report cited anonymous sources who said Beijing had agreed to pay Cuba billions of dollars for the opportunity to build the spy facility in the United States' backyard.

Kirby claimed that the report wasn't accurate but didn't elaborate on what was incorrect.

Secretary of State Antony Blinken said the Trump administration hadn't done enough to prevent Chinese ambitions to increase overseas intelligence-gathering.

China upgraded its Cuban intelligence collection facilities in 2019, Blinken told reporters on June 12 at a briefing alongside Italian Foreign Minister Antonio Tajani.

"It was our assessment that despite

Former U.S. President Donald Trump arrives to deliver remarks in Columbus, Ga., on June 10, 2023.



A Chinese navy ship moors in the port of Havana on Nov. 10, 2015.



This is not a new development that China's been trying to achieve some intelligence gathering capabilities in Cuba.

John Kirby, spokesman, National Security Council

awareness of the basing efforts and some attempts to address the challenge in the past administration, we weren't making enough progress on this issue and we needed a more direct approach," Blinken said.

"And that's exactly what President Biden instructed his team to do to address the challenge."

Trump Blames Biden

On his Truth Social account, Trump blamed the Biden administration for the spying facility in Cuba.

"China just, effectively, took over Cuba," he wrote on June 12. "Would never have happened under the Trump administration!"

John Ratcliffe, director of national intelligence under Trump, denied that there was a Chinese spy facility in Cuba during the Trump administration.

"It's just absurd, and, just like with the spy balloon situation, you'll see Trump administration officials coming out and saying, 'It's simply not true,'" he told Fox News on June 12. "The strategy for the Biden administration is to deny it until we can't deny it anymore, then find a way to blame the Trump administration for it."

When pressed about the assertion that the spy facility existed under the Trump administration, Kirby said: "Not an allegation. True. And our assessment is that the previous administration would have had the same access to that intelligence as we did."

Confusion Over Spy Base

The Biden administration offered conflicting responses to The Wall Street Journal report, causing confusion over the weekend. Kirby said the White House couldn't go into more detail because of the sensitive

nature of the information.

"The original reporting, as we said, was inaccurate. And we did the best we could in the moment to be as forthcoming as we could," he said.

"It's shameful that somebody, or somebodies, somehow think it's okay to put this kind of information in the public bloodstream."

"The fact that we came out a couple of days later and provided some clarifying information does not mean and should not be taken, as I've seen in some of the press reporting, as some kind of walk-back."

Kirby also said the Biden administration has taken steps to try to mitigate the risks posed by Beijing's activities.

"We're confident that we can continue to protect our nation's secrets in this hemisphere and beyond and that we can continue to defend the country appropriately," he said.

CCP INFLUENCE

CCP Manipulates AIIB and Spreads Toxic Culture: Former Executive

ALEX WU

A Canadian executive of the Asian Infrastructure Investment Bank (AIIB) resigned on June 14 while accusing the Chinese communist regime of manipulating AIIB and creating a toxic culture.

Experts pointed out that the incident has again revealed the Chinese Communist Party's (CCP) infiltration of international financial organizations, which should serve as another warning to the free world.

The Beijing-based AIIB, established by the CCP, began operations in 2016 to finance railways and other infrastructure in Asian countries. The bank's leadership claims that it has no political leanings and isn't influenced by political disputes.

However, Canadian Bob Pickard, director of global communications at the AIIB, posted to Twitter on June 14 that he had resigned, revealing that the AIIB has been dominated by CCP members.

"The [CCP] runs the joint, but that's not transparent. It's only after working there for many months that I became aware of how that's where the true power is concentrated inside the bank—the CCP crowd who operate like a secret police," Pickard wrote.

"The Communist Party hacks hold the cards at the Bank. They deal with some board members as useful idiots. I believe

that my Government should not be a member of this PRC instrument. The reality of power in the bank is that it's CCP from start to finish."

Hours later, the Canadian government said it would investigate the allegations and freeze ties with the AIIB.

Export CCP Party Culture, Ideology

Song Guocheng, a researcher at the International Relations Center of National Chengchi University in Taiwan, told The Epoch Times on June 15 that the AIIB is an international financing bank used by the CCP to support its Belt and Road Initiative (BRI), which seeks to extend the CCP's influence in other countries through

infrastructure investments.

Pickard's resignation and revelation show that leaders in democratic systems of governance have no way to work compatibly with the CCP's bureaucracy, corruption, and selfish goals.

"There is no way for him to continue to collude with them [CCP], and resignation is a moral choice," Song said in response to Pickard's resignation.

Song believes that this isn't an isolated incident, as the CCP has been receiving pushback to its efforts to spread its Marxist-inspired culture and ideology all over the world.

Masao Sun, an associate professor at the Department of International Affairs and

Entrepreneurship at Nanhua University in Taiwan, told The Epoch Times on June 15 that the situation disclosed by the Canadian executive confirmed CCP critics' doubts regarding some international organizations led by China's ruling party. But it also revealed the extent of the CCP's push for power and influence on the world stage.

"Our original assumption was that the AIIB would serve China's own national interests, or mainly serve BRI. We didn't think that the CCP would impose the Party's will within an international organization, which is unheard of," Song said.

Huang Shicong, a Taiwanese financial expert, told The Epoch Times on June 15 that the outside world knows the purpose of the establishment of the AIIB, but there's no way to know its internal operations.

This time, the Canadian executive publicly revealed the internal situation, confirming the outside world's original doubts.

"It's that the CCP has ulterior motives in these organizations, and the CCP is actually leading it," Huang said.

Influencing Other Countries, Organizations

Sun said the AIIB claims that its purpose is to assist developing countries in financing their infrastructure development.

"This will cause another problem, that



VOGIA GETTY IMAGES

The Asian Infrastructure Investment Bank (AIIB) building in Beijing on Jan. 13, 2016.

OPINION

Stack the Deck Against the CCP

Don't be fooled—China's global loans are for its own development

ANDERS CORR



China's Belt and Road Initiative (BRI, also known as One Belt, One Road) is an ill-defined international development program that includes

export activities and political influence operations by the regime in Beijing. With a reported \$1 trillion of spending, which could eventually become \$8 trillion, the BRI has hit major speed bumps of late.

Italy, which is the only G-7 country involved in the BRI, is finally considering a departure. Prime Minister Giorgia Meloni said joining the BRI was a mistake that yielded insufficient trade or investment benefits. In May, a senior Italian official told Reuters that a renewal of the BRI agreement was "highly unlikely."

China is getting bad press in Italy as it seeks 9 of 15 seats on the board of tire manufacturer Pirelli. Beijing-controlled Sinochem now owns 37 percent of the Italian company, founded 150 years ago in Milan, and is allegedly attempting to violate a 2015 agreement that limited its control of strategic decisions. The long-time Pirelli CEO has asked Meloni to block Sinochem's power grab.

Chinese interests are also reportedly financing, through illegal cryptocurrency, the operations of Italy's most notorious organized criminals, known as the 'Ndrangheta mafia. Chinese and Italian criminals cooperate with Albanian criminals who control European ports to distribute record amounts of cocaine globally. One Italian research group estimated that the annual revenue of 'Ndrangheta is approximately \$47 billion.

China's \$7.3 billion high-speed rail project in Indonesia is an example of a failed BRI investment in Asia. According to a June 8 report, the project is four years behind schedule and \$1.2 billion over budget. One of the stations is still incomplete, but the partnered Chinese company reportedly wants a certification that the line is fully operational. The railway will likely lose money as the terminals are outside city centers and a one-way ticket will cost more than \$23, almost a quarter of the average Indonesian weekly salary.

COVID-19 and skyrocketing inflation have hit BRI loans with a fury. From 2017 to 2019, the BRI's distressed debt already amounted to \$17 billion. That figure more than quadrupled to \$76.8 billion between 2020 and 2022.

BRI contracts are typically opaque, with secret terms written into agreements. The conditions linked to debt renegotiation are likely even more opaque. In the case of Sri Lanka, for example, the country had to relinquish rights to its Hambantota port for 99 years to renegotiate its debt.

Critics are concerned that China could use the port for naval purposes. Pakistan, which also has a potential Chinese naval port at Gwadar, is likewise unsustainably indebted to China. Both countries vote closely with China at the United Nations, indicating diplomatic conditionality to BRI loans.

Tricking countries into taking on more debt than is sustainable and thereby forcing them into diplomatic, military, or infrastructural concessions, has been called "debt-trap diplomacy" by critics. Other criticism of the BRI focuses on

is: When it lends money to the developing countries, will these countries also be influenced by the toxic CCP culture inside the AIIB?" he asked.

"From this incident, it can be inferred that the BRI promoted by the CCP around the world may export not only the debt crisis we have seen but also the party culture of the CCP—the culture of not adhering to the international order but dominated by the rules defined by the CCP."

Sun warned that the United States and the free world must think more carefully about what the CCP is doing and find a comprehensive way to deal with it.

Pickard's allegations were denied by the AIIB. The Chinese Embassy in Canada called the remarks lies.

Fearing retaliation by the CCP after his post, Pickard immediately fled from mainland China to Japan. He posted a photo of Tokyo to Twitter, saying, "So happy to be back in the free world."

Huang said this incident may lead to the departure of more international employees in other semi-official organizations that cooperate with China.

"Foreigners who work in China or in Chinese organizations should be very careful in the future," he said.

Sun believes that in the future, Western executives who join the AIIB may be vetted by the CCP.

"The BRICS development banks that the CCP participates in or leads may have similar situations," he said.

Ning Haizhong and Luo Ya contributed to this report.



JOHANNES EISELE/AFP/GETTY IMAGES

A staff member at the Formula One Chinese Grand Prix working with Pirelli tires, in Shanghai on April 6, 2017.

how the Chinese Communist Party (CCP) has used the program to promote the image of China as supportive of international development, while in reality, using the BRI to internationalize China's trade at subsidized prices that increase the CCP's global political influence.

At a conference in Washington last month, Dr. Matt Ferchen said that smaller non-state Chinese firms investing in South, Southeast, and Central Asia "can generate a lot of economic activity but can also be extremely disruptive and is associated with China's influence."

Ferchen has seen investments, for example, in Burma (also known as Myanmar), "where Chinese actors have taken it upon themselves to declare that their projects, like gambling, casino projects, and entire special economic zones ... are part of the BRI."

At the same conference, Dick Foster of USAID said, "When I look at the origin story of BRI, I see massive capital lying around and basically the Chinese government telling its banks and its governmental agencies to go out and make some money." He said that China's own development was "more a priority here than helping other countries develop."

Critics are concerned that China could use the port for naval purposes.

On June 14, the House Foreign Affairs Committee will hold a hearing titled "Assessing U.S. Efforts to Counter China's Coercive Belt and Road Diplomacy."

A likely concern at the hearing is China's use of cross-border subsidies through the BRI to advantage its companies' global penetration. This concern is addressed through bipartisan legislation introduced into the U.S. House and Senate on June 7. The legislation is appropriately called the Leveling the Playing Field 2.0 Act.

But let's hope it more than levels the playing field. Democracies need every advantage we can get against authoritarian states and the global commerce they control.

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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