

WEEK 28, 2023

THE EPOCH TIMES

CHINA INSIDER



**US PUSHES BACK
ON FORCED ORGAN
HARVESTING**

See Page 3

PAU BARRENA/AFP VIA GETTY IMAGES



▲ The Cisco logo at the Mobile World Congress in Barcelona on Feb. 26, 2018.

HUMAN RIGHTS

US Appeals Court Revives Lawsuit Accusing Cisco of Aiding Beijing in Persecuting Falun Gong

By Eva Fu

A lawsuit that accuses California-based tech giant Cisco of facilitating the Chinese regime's violent persecution of Falun Gong can move forward to trial, the U.S. Court of Appeals for the 9th Circuit ruled on July 7.

Adherents of Falun Gong, a faith group that's been heavily persecuted in China since 1999, filed a lawsuit in 2011 against Cisco along with its two former executives, longtime CEO John Chambers and Fredy Cheung, Cisco's then-vice president for greater China. The firm, the lawsuit alleges, supplied technology to help China's communist officials build a vast surveillance network to identify and track Falun Gong practitioners, and facilitate their subsequent arrest and torture.

Reversing a 2014 lower district court decision to dismiss the case, the federal appellate court found the plaintiffs' allegations sufficient for the case to proceed.

"We conclude that Plaintiffs' allegations, accepted as true, are sufficient to state a plausible claim that Cisco provided essential technical assistance to the 'douzheng' of Falun Gong with awareness that the international law violations of torture, arbitrary detention, disappearance, and extrajudicial killing were substantially likely to take place," U.S. Circuit Judge Marsha Berzon wrote in the majority in the 2-1 opinion reinstating the suit. "Douzheng," a term used by the Chinese Communist Party, refers to the violent political campaigns the regime instigates against perceived enemies.

Ms. Berzon said that the company's actions, many of which took place on U.S. soil, constitute "aiding and abetting" the Chinese regime's abuses.

Terri Marsh, executive director of the Human Rights Law Foundation and a chief attorney for the plaintiffs, touted the development as a positive step toward curbing the persecution campaign.

"The message is clear: U.S. companies and their executive officers cannot further human rights abuses in China with impunity. They must be held accountable. They will be held accountable," she told The Epoch Times.

The plaintiffs, citing Cisco's marketing materials found on Chinese websites and elsewhere, allege that Cisco had acted as more than an unwitting commercial actor selling widgets to China. In its eagerness

Cisco Systems CEO John Chambers at the 2006 Oracle OpenWorld conference in San Francisco.



AU BARRENA/AFP VIA GETTY IMAGES

The message is clear: U.S. companies and their executive officers cannot further human rights abuses in China with impunity.

Terri Marsh, chief attorney for the plaintiffs

to win over the multibillion-dollar Chinese technology market, the complaint alleges, the company marketed itself to target dissidents and became a facilitator of the regime's violent suppression of faith, designing and developing a comprehensive apparatus with U.S. technologies and talent in exchange for market access.

The system the plaintiffs refer to is "Golden Shield," the Chinese security apparatus's data-driven surveillance platform accessible nationwide in China. Cisco, they said, had designed, crafted, and given critical assistance in implementing and subsequently fine-tuning the Golden Shield project at a time when the regime was incapable of developing one on its own.

In addition to customized software, Cisco also provided testing and ongoing "skill

training" and "technical training" to Chinese agents tasked with persecuting Falun Gong so that they could master the use of the technology, according to the plaintiffs.

From its San Jose headquarters, Cisco designed and manufactured key components such as integrated circuit chips for Golden Shield, and the company "intentionally incorporated the Falun Gong-specific signatures into security software upgrades at regular intervals to ensure Falun Gong activities and individuals were identified, blocked, tracked and suppressed," the court filing states.

The resulting product was a surveillance system that could monitor Falun Gong adherents' internet activities in real time, allowing the regime to identify, round up, and torture members of the religious group and coerce them into renouncing their faith. The system also builds detailed and constantly updated profiles of suspected and known Falun Gong adherents that Chinese security officers can retrieve anywhere in the country, with information including their location, family members, and contacts, the plaintiffs allege.

All 13 plaintiffs, including a U.S. citizen, said they were identified via Golden Shield technology as participants of Falun Gong-related activities online and suffered detention for months to years at a time, during which they were subjected to torture.

"The physical torture the plaintiffs endured in detention and while imprisoned in forced labor camps included beatings with steel rods and shocking with electric batons, sleep deprivation, being forced to sit or stand for prolonged periods of time in painful positions, and violent force-feeding," Ms. Berzon wrote.

The authorities have allegedly used information stored in the Golden Shield system as tools to exert mental pressure during their torture sessions, she noted.

Ms. Berzon also noted Cisco's allegedly repeated invocation of Party rhetoric regarding Falun Gong. The company had allegedly marketed its services as useful to the "douzheng" of Falun Gong in early 2000s trade shows in Beijing, and a Cisco training session available in 2012 allegedly used "viruses" and "pestilence" in describing Falun Gong, "mirroring Party propaganda," she wrote for the panel.

Cisco representatives didn't respond by press time to a request by The Epoch Times for comment.

▲ Falun Gong practitioners march in New York to celebrate World Falun Dafa Day on May 12, 2023.



MARK ZOU/THE EPOCH TIMES

ORGAN HARVESTING

US Lawmakers Step Up Efforts Against Forced Organ Harvesting in China

By Eva Fu

The Chinese regime's state-sponsored killing for organs is "abhorrent," and the United States needs to take the lead in ending it, Rep. Scott Perry (R-Pa.) said.

"It's an abhorrent practice, it is an outrage, and it cannot be countenanced," he told The Epoch Times. "There have to be consequences and accountability."

Mr. Perry wants his bill, referred to as the Falun Gong Protection Act (H.R. 4132), to be an impetus for change.

Falun Gong is a spiritual discipline teaching the values of truthfulness, compassion, and tolerance, as well as meditative exercises. Practitioners have been a principal target of the regime's industrial-scale organ transplant abuse. For the past 24 years, the Chinese Communist Party (CCP) has waged a brutal persecution campaign against the group.

With a focus on these abuses, Mr. Perry's bill aims to impose sanctions on complicit individuals and bar them from entering the United States. It would also make it a U.S. policy to avoid cooperation with communist China in the organ transplantation field, to take necessary measures to compel the regime to end the abuse, and to work with allies and multilateral institutions to highlight the persecution of Falun Gong and to coordinate efforts to sanction the regime.

Mr. Perry, who chairs the House Freedom Caucus and serves on the House Foreign Affairs Committee, sees the persecution of Falun Gong as a genocide, one based on beliefs rather than on ethnicity.

The regime, he said, has "used the tactics of other dictatorial and totalitarian regimes in the past to demonize and dehumanize their political opponents."

Falun Gong practitioners "are losing their lives, and they are being tortured based on their faith, which is unacceptable," he said.

Severing organ transplantation ties with China is crucial, Mr. Perry said.

"People need to be aware it's happening," he said. "It's the 21st century. They can't just turn their head away and continue to act like the relationship that they have with members of the Communist Party of China, or with China directly, is appropriate while they are doing these things."

Mr. Perry said that he wants to make sure that those involved in forced organ harvesting "in any way" are held accountable. "Everybody needs to be on notice. Not only communist officials in China, but also those who would be operating in the United States of America," as well as "American companies that would be seeking to participate and profit from these ill-gotten gains," he said.

To train CCP surgeons in organ transplantation or supply them with pharmaceuticals or medical expertise, he said, are "all part and parcel to the crime itself."

Growing Pushback

Attention to the issue of forced organ harvesting has been growing in the United States.

In June, Texas enacted a law to ban health insurers from funding organ transplant



ANNA MONEYMAKER/GETTY IMAGES

▲ Rep.-elect Scott Perry (R-Pa.) casts his vote for House speaker at the U.S. Capitol in Washington on Jan. 6, 2023.

surgeries linked to China. In March, the U.S. House of Representatives passed a bipartisan bill to punish perpetrators of forced organ harvesting by imposing property- and visa-blocking sanctions, revoking their passports, and imposing fines and criminal penalties; the bill now awaits the Senate's approval.

Mr. Perry said that he was gratified to see these developments.

"The states are almost always ahead of the federal government in recognizing circumstances that need to be addressed," he said.

And, be it on the diplomatic, governance, economic, or entertainment fronts, the relationship with China cannot be business as usual, Mr. Perry said.

"We can't continue to just act like they're not occurring, and we can't continue to comport ourselves in the same fashion, because it would be tacit approval of these occurrences, and that simply cannot be," he said.

Other lawmakers are also pushing for more action from America.

Reps. Neal Dunn (R-Fla.) and Michelle Steel (R-Calif.) on June 27 penned a letter to Secretary of State Antony Blinken urging his department to "take immediate action" to restrict participants in the CCP's forced organ harvesting industry from earning immigration status.

"The firsthand accounts I've heard from

victims and survivors of the CCP's inhumane actions are nothing short of horrific," Mr. Dunn said. "Any Chinese health care professionals participating in organ harvesting are committing crimes against humanity."

A State Department spokesperson told The Epoch Times: "We are deeply concerned by reports of forced organ harvesting targeting members of religious and ethnic minority groups detained in the People's Republic of China (PRC)."

"The United States continues to call on the PRC government to cease its depraved actions and to act consistent with its human rights commitments and all relevant medical and ethical standards and best practices, including acting in the best interests of the patient, informed consent, and respect for personhood."

The spokesperson said that the United States "seeks to ensure that individuals who are or have been involved in human rights violations and abuses do not secure safe haven in the United States."

The official cited "a number of visa ineligibility grounds" that potentially apply to individuals "who are or have been involved in coerced organ harvesting and transplanting."

Building Awareness

Mr. Perry also pointed to a statement from the Association of American Physicians and

Surgeons that condemns forced organ harvesting and calls for U.S. officials and physicians to take a stance against the abuse.

"It has been going on too long, and it has not captivated the attention of the free world as it should have, but we need to continue to just work every single day to bring this to the consciousness of free people and of all the people of the world that this is occurring in the 21st century," he said.

"I think that when most Americans are informed of that, they would find themselves in a position of having to say, 'I will not be a part of that,' and that is the point."

Mr. Perry considers the Falun Gong Protection Act bill—which is now advancing to the House floor after receiving bipartisan support in the House Foreign Affairs Committee—an opportunity to bring more awareness to the issue.

"You wouldn't allow this in your family. You wouldn't allow this among your friends or in your business dealings. It can't be allowed on the broader scale just because it's another country—that cannot be allowed. The first step is acknowledging that it's occurring, and so that's where we're headed," he said.

"It'd be great if it could get a hearing and a vote in the Senate. But if it doesn't, we're just going to keep coming back until it does, because, like I said, the practice is unacceptable. It is abhorrent, it is barbarian, it is medieval, and it must cease immediately. And the United States has to take the lead, because we certainly can't count on the Communist Party of China to do that."

THE
EPOCH
TIMES

TRUTH and TRADITION

A NEWSPAPER ABRAHAM
LINCOLN WOULD READ

SUBSCRIBE TODAY

ReadEpoch.com

ECONOMY

China's Economy Is in Big Trouble and Investors Should Get Out: Miles Yu

By Bill Pan & Jan Jekielek

American companies should reconsider their investment in China, as the country's economy is in serious trouble with a struggling non-state sector, said Miles Yu, a senior fellow and director of the China Center at Hudson Institute.

"China has been playing hard to get for the last several months and they would not talk. Now they relented and agreed to talk with high-level American cabinet members on matters that are vital to both nations' economies," Mr. Yu said in an interview with EpochTV's "American Thought Leaders: NOW."

The interview came as U.S. Treasury Secretary Janet Yellen traveled to Beijing to meet with China's Premier Li Qiang, who has recently been tasked to revive China's COVID lockdown-battered economy by Chinese Communist Party (CCP) head Xi Jinping.

"The reason why they relented is because China's economy is in big trouble," Mr. Yu told host Jan Jekielek. "They need the West much more than the West needs China. So they're being a little bit more realistic this time."

China's Economic Reality

A key difference between the U.S. and the Chinese economic model, according to Mr. Yu, is that the CCP is willing to crack down on the non-state sector to ensure state control, even if that means shutting down the main driver of China's economic growth.

"Chinese economy is pretty predatory. It benefits from the international free trade system, and almost its entire economic growth in the last 20 to 30 years has come from the non-state sectors," he explained. "Now, China's financial institution is collapsing. So the Chinese government—particular local government—is trying to squeeze the non-state sectors and push them out of business through policies, such as zero-COVID lockdowns and all kinds of egregious taxation schemes."

For nearly three years, in the name of curbing the spread of COVID-19, China's authorities were placing entire towns and cities under lockdown if they reported a few cases of infection. Millions of people were forced into overcrowded quarantine camps for just living in the same apartment building as an infected person. Individuals must show their "Green Code"—a digitized

proof that they most likely weren't infected—before using public transportation, entering a grocery store, or simply leaving or re-entering their neighborhood.

Those zero-COVID restrictions, which practically made it impossible for many private businesses to survive, only phased out at the end of 2022 and weren't officially lifted until this March, when Li Qiang, who is said to be more sympathetic to non-state sector than his boss, became the premier.

"Many of the Chinese non-state sectors—the most vibrant, the most innovative sector of Chinese economy is now in big trouble," Mr. Yu told Mr. Jekielek. "During the three years of COVID lockdowns, millions of small businesses and medium-sized businesses went out of business."

Even China's star companies, like e-commerce and tech giants Alibaba and Tencent, were not better off either. It was widely reported that the Chinese regime was going to take one percent "special management shares," which would give the state special rights over certain business decisions in those companies.

Deflated Housing Bubble

With the zero-COVID period in the rear mirror, investors still need to consider serious problems that are inherent to the way China develops its economy, Mr. Yu said. "China's development model is to basically issue a tremendous amount of loans to some of the non-performing projects, particularly [the] housing industry, but now the housing market is collapsing," he explained, noting that the rapid borrowing by local governments was fostering an illusion of prosperity.

In China, all urban and rural land is owned by the state or agricultural collectives, respectively. Companies and individuals don't actually buy land, but instead buy land-use rights from the government for a period of up to 70 years, after which time the lease can be extended. This system unsurprisingly makes land sales the top source of income for local governments, which turn into the biggest contractors for China's developers over the past 20 years.

"Much of the local government spending finances has come from the exploitation of the housing industry, because they controlled the land, they can sell and resell the land," Mr. Yu told Mr. Jekielek. "But now, with the collapse of the housing, they cannot do that anymore. So that's why virtually

every province of China has huge deficit."

"With a collapse of the housing industry and those loans cannot be retrieved, the banking industry is losing a lot of money, and the government at all levels runs out of money, because China's banks are owned by the state," Mr. Yu continued. "When banking industry is in trouble, you get a credit crunch, and then you have more business closings, so it's a chain reaction."

"That's why China is wishing to get more international banking institutions in to salvage the collapsing economy," he continued. "I hope that the global financial institutions and banks are smart enough to see through this, that there's a big hot potato in China."

Decoupling is Happening

When asked about the "decoupling" of the U.S. and Chinese economies, Mr. Yu replied that it has already begun, even though no country has officially adopted that as part of their strategy.

"Nobody's talking about decoupling, but it is happening. In reality, the decoupling is happening," said Mr. Yu, whose term of serving as an adviser to Secretary of State Mike Pompeo has seen America and its allies shifting away from reliance on Chinese imports.

"At the corporation level, every major corporation must assess its investments in China on whether the safe, whether it is a sound, or whether it run the risk of being repressed by a state-sponsored or -subsidized Chinese company," he added.

Mr. Yu also pointed to a July 5 report from Goldman Sachs, in which the investment bank said it had downgraded the Agricultural Bank of China from "Neutral" to "Sell," while cutting the Industrial and Commercial Bank of China from "Buy" to "Sell."

"Almost every major company that has heavy investment in China is reconsidering investment in China and thinking about getting out of China," he said. "The American companies—many big ones—are reconsidering this precisely because of the kind of economic reality as depicted by Goldman Sachs, as depicted by a lot of policy reports about China's investment environment."

"China is not a very good country for long-term investment. It's a hostile investment environment. That's why for the U.S. to win, the Chinese Communist Party must change the way it behaves."

Nobody's talking about decoupling, but it is happening. In reality, the decoupling is happening.

Miles Yu, former adviser to Secretary of State Mike Pompeo

Residential buildings and apartments in Guangzhou in Guangdong Province, China, in April 2023.



LUDDVIC MARIN/AFP VIA GETTY IMAGES

OPINION

China's New Anti-Espionage Law Poses Risks for Foreign Businesses

Foreigners risk detention for asking sensitive questions

By Antonio Graceffo



Under the Chinese Communist Party's (CCP) new anti-spying law, normal business activities may be considered spying, resulting in foreigners being banned from entering or exiting China. China's revised Counter-Espionage Law, which went into effect on July 1, prohibits the transfer of information related to national security while also expanding the definition of national security. Additionally, the law broadens the scope of what constitutes spying.

Spying can now include "organizations or individuals [that] collude, to steal, pry into, state secrets, intelligence, and other documents, data, materials." While the definition of spying in most countries would apply to attempts to steal state secrets, prying into state secrets would generally not be a crime. This type of broad and ambiguous language is concerning for Westerners who might assume it is acceptable to ask sensitive questions. Now, merely asking appears to be illegal. This imperils everyone from foreign journalists to auditors.

The law purports to protect national security interests, but the definition could extend to any information related to documents, data, and materials related to state organs and infrastructure. The law also empowers investigators to access data, electronic equipment, and information on personal computers and phones. Investigators would also have the authority to prevent people under investigation from leaving the country.

Jeremy Daum, senior research fellow at Yale's Paul Tsai China Center, told AFP that the revised law uses a "whole-of-society approach to dealing with anything that is a risk to this broad definition of national security," enlisting private companies and persons as agents for the CCP. Article 7 of the law states, "Citizens of the People's Republic of China have an obligation to preserve the nation's security, honor, and interests," while Article 8 reads, "All citizens and organizations shall support and assist counter-espionage efforts."

This whole-of-society approach is consistent with Article 7 of the National Intelligence Law (as amended in 2018). It stipulates, "All organizations and citizens shall support, assist, and cooperate with national intelligence efforts." Article 24 of the law states that, in addition to public security and civil affairs, sectors expected to aid in intelligence-gathering include "civil affairs, finance, health, education, human resources and social security, veterans affairs, and healthcare security, as well as state-owned enterprises and public institutions." It is important to note that the law does not say that these intelligence-gathering responsibilities are limited to China's borders. Effectively, the two laws make all Chinese companies and individuals agents of the CCP.

The Counter-Espionage Law places Chinese citizens working for foreign compa-



CHINA PHOTOS/GETTY IMAGES

Over the past three years, foreign companies have found China a less attractive place to do business.

nies in a particular predicament, as they could be convicted of "Activities carried out, instigated or funded by foreign institutions, organizations, and individuals other than espionage organizations and their representatives, or in which domestic institutions, organizations or individuals collude." The CCP's repression of Christianity has often been justified as preventing citizens from colluding with foreign entities. But the wording of the revised law could be applied to any Chinese national working in a foreign company or working as a local representative of a foreign company.

Christians praying during a mass at a church in Xining, Qinghai Province, northwest China, on July 3, 2005. China officially sanctions five religious groups: Protestantism, Catholic Christianity, Islam, Buddhism, and Taoism. Chinese are allowed to worship only in state-sanctioned churches and temples. (China Photos/Getty Images)

The revised Counter-Espionage Law states that it applies to foreigners and that violators can be deported. The law goes on to say that foreigners considered to have violated the law may also be banned from entering the country. Barring entry suggests an extraterritorial dimension to the law, as the violation may have occurred while the person was in another country. However, a potential "exit ban" on foreign nationals is even more concerning. Article 33 states that state security organs "at the provincial level or above may notify the immigration management bodies not to allow persons suspected of acts of espionage to exit the country."

In April, Chinese police launched an investigation into the activities of U.S. management consulting firm Bain & Company. Weeks earlier, the Beijing office of U.S. due diligence firm Mintz Group was raided and shut down, raising fears that the normal operations of management consulting companies could run contrary to the revised Counter-Espionage Law, as they involve asking sensitive questions and obtaining data and information. The revised law could also be exploited as a pretext for the CCP to gain access to a company's trade secrets or proprietary data or information about clients.

Commenting on the revised law, the U.S. National Counterintelligence and Security Center (NCSC) issued a warning to Americans and American companies in China: "These laws provide the PRC [People's Republic of China] government with expanded legal grounds for accessing and controlling data held by U.S. firms in China. U.S. companies and individuals in China could also face penalties for traditional business activities that Beijing deems acts of espionage or for actions that Beijing believes assist foreign sanctions against China. The laws may also compel locally-employed PRC nationals of U.S. firms to assist in PRC intelligence efforts."

Among the activities the NCSC warned about were handling personal data, both inside or outside of China, as well as gathering and retaining personal data. On June 30, the State Department cautioned Americans to reconsider travel to China, Hong Kong, or Macau "due to the arbitrary enforcement of local laws, including in relation to exit bans, and the risk of wrongful detentions."

Over the past three years, foreign companies have found China a less attractive place to do business. The new law is just the latest reason for companies to leave China. According to the European Union Chamber of Commerce, business confidence in China is at an all-time low, driving companies to shift investment away from China in record numbers. One in 10 of the European Chamber's member companies have already shifted investment out of China, while one in five are considering relocating their investment elsewhere.

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

Antonio Graceffo, Ph.D., is a China economic analyst who has spent more than 20 years in Asia. Mr. Graceffo is a graduate of the Shanghai University of Sport, holds a China-MBA from Shanghai Jiaotong University, and currently studies national defense at American Military University. He is the author of "Beyond the Belt and Road: China's Global Economic Expansion" (2019).



MARK RALSTON/AFP VIA GETTY IMAGES

Chinese police detain a journalist at a checkpoint on the road to the riot-affected Uighur town of Lukun, Xinjiang Province, on June 28, 2013.

ANALYSIS

CCP Seeks to Expand Security Footprint in Latin America

By Autumn Spredemann

The Chinese regime's rapidly expanding military and surveillance initiatives across Latin America have become more than just a thorn in the side of Washington.

Last month, in Tierra del Fuego, the archipelago at Argentina's southern tip, Gov. Gustavo Melella greenlighted a "multi-purpose" Chinese-operated port facility through decree 3312/22, which entered the provincial legislature the same day. The country currently houses a Chinese military-run facility operating in the remote Neuquén Province.

Final approval is still needed from the national government and the undersecretary of ports, waterways, and merchant marine to move forward.

Shaanxi Chemical Industry Group, a company affiliated with the Chinese Communist Party (CCP), is involved in building the port facility. While the project is civilian on the surface, all Chinese-owned assets of strategic value may be used to further the CCP's agenda.

The U.S. State Department has expressed concern over Beijing's prioritization of "military-civilian fusion," a state strategy that forces Chinese companies to share technology and assets with the CCP military.

"The smooth construction of the project will be exemplary for the investment of Chinese companies in southern Argentina," the agreement signed by Mr. Melella states.

In March, top U.S. military officers, including U.S. Southern Command Gen. Laura Richardson, warned that China's "aggressive" expansion in Latin America isn't some long-term threat to U.S. interests and security.

It's happening right now.

The PRC [People's Republic of China] has expanded its ability to extract resources, establish port, manipulate governments through predatory investment practices, and build potential dual-use space facilities," Gen. Richardson said during a March 8 House Armed Services Committee hearing.

Like-minded security analysts and a former Argentine government official have expressed similar concerns over the potential military and surveillance applications of China's new port being built in the town of Rio Grande in Tierra del Fuego.

Ideally situated near the Strait of Magellan, a CCP port facility in Rio Grande offers direct access—and potential control—over the world's second most important shipping lane between the Western and Eastern hemispheres.

Secondary Benefits

The recent situation in Cuba provides a good framework for understanding how CCP projects with Latin American governments typically unfold.

Last month, The Wall Street Journal published a story discussing China's Project 141 initiative, the regime's blueprint for how it intends to grow a global military and logistical support network.

One of the projects identified was a joint China-Cuba spy facility near Havana. The Biden administration later confirmed the existence of a Chinese spy base operating in Havana since 2019.

Regional analyst and author Orlando Gutiérrez-Boronat told The Epoch Times that he believes "there is an integral alliance at all levels between the CCP regime and the Castro-Canel regime."

"We know training is taking place. It's documented," he said.

Military and surveillance cooperation between China and Cuba isn't anything new, but Mr. Gutiérrez-Boronat believes that a deeper level of security engagement between the two nations offers a means of helping Cuba's communist government to hold fast to its faltering grip on power.

"We know that Chinese companies quickly acted to cut internet access in Cuba during the popular uprising of July 11, 2021," he said. "I think the regime seeks the Chinese presence in order to guard itself from its own people."

However, Cuba's regime isn't the only Latin American government on the ropes with its own people. As Argentina's October presidential election closes in, insiders say that its Peronist government is scrambling to create economic stability in a bid to stay in power.

And cooperation with CCP security initiatives is part of the deal when it comes to



▲ A building with the Industrial and Commercial Bank of China Ltd (ICBC) logo is seen in Buenos Aires, Argentina, on Nov. 26, 2018.

cashing the checks that the government writes.

"Even as a private port facility, the opportunities it creates are important for those running that facility," Evan Ellis, a Latin America research professor for the U.S. Army War College Strategic Studies Institute, told The Epoch Times.

Mr. Ellis noted that while China's engagement in the region is mostly economic, the CCP is "increasingly operating in strategic spaces" with secondary benefits and military purposes.

And the Rio Grande facility in Tierra del Fuego offers an enticing opportunity for strategic and military applications.

"China has never hidden their desire to create military options," Mr. Ellis said.

While dual-use port facilities in Rio Grande and the China-Cuba surveillance project may not seem like huge steps forward, he said, the CCP is definitely "stepping up their game."

For China, he said, it's all about creating "strategic options."

Project in Limbo

In response to Mr. Melella's agreement with Beijing, three national deputies and members of the Civic Coalition, including Manuel López, Maximiliano Ferraro, and Mariana Zuvic, filed an official complaint against Mr. Melella's provincial decree to build a port with China.

The coalition accused Mr. Melella and other prominent members of President Alberto Fernández's cabinet of violating national security.

Among those accused was the Cabinet of Ministers chief, Agustín Rossi. In addition to Mr. Melella and Mr. Rossi, other high-ranking officials named in the coalition's complaint include the Minister of Foreign Affairs, International Trade and Worship, Santiago Cafiero, and Defense Minister Jorge Taiana.

Mr. Rossi was quick to fire back against the coalition and promptly decreed, "There will be no Chinese port in Tierra del Fuego." However, no official ruling had been made at the time of publication.

Unruffled by the political uproar, Mr. Melella expressed no intentions to withdraw from the negotiations with China. Further, the governor noted the existing agreement—a memorandum of understanding—with Shaanxi Chemical Industry Group doesn't require specific legislative approval to exist on the record. However, the project will require legislative approval and reporting to the national congress to move forward.

For now, the project is stuck in a political quagmire. Yet it exemplifies China's ambitions to get a strategic foot in the door at the bottom of the world.

Selective Patriotism

At the moment, there's no more eager friend of China than Argentina's Peronist regime. And within the leftist government, Vice President Cristina Kirchner is Peronism's greatest champion.

A self-described "militant" Peronist, Ms. Kirchner's disastrous economic practices during her presidency from 2007 to 2015 laid the policy foundation for the nation's current astronomical inflation. In June,

Argentinian economist Carlos Pérez predicted that the country's inflation would average 147 percent in 2023, while the GDP is expected to fall by as much as 3.5 percent.

Argentina's peso has plummeted dramatically. Based on the official exchange rate, the currency has lost more than half of its value against the U.S. dollar in the past year amid international loan defaults, dwindling foreign currency reserves, and soaring poverty rates.

But Ms. Kirchner's supporters remain loyal at both the legislative and civilian levels. Among the cornerstone philosophies of "Kirchnerism"—as it's locally known—is a favorable disposition toward China's interests.

And Tierra del Fuego's Mr. Melella is an ardent disciple of Kirchnerism.

"His position is very pro-China," former Argentinian government official and political analyst Fabian Calle told The Epoch Times.

The debate surrounding the port aside, Mr. Calle thinks that the national government may still approve the Rio Grande project. He said that the current stall is due to ongoing negotiations for a new round of loans and repayment extensions from the World Bank and International Monetary Fund (IMF).

In March, the IMF released a statement that said that an additional \$5.3 billion in funding for Argentina was pending final approval.

Compounding this is the country's dire shortage of foreign currency reserves at the federal level. "They want dollars," Mr. Calle said.

But the country's embattled Peronist regime under President Alberto Fernández is also hungry for investment and an economic lifeline.

And Beijing's pen is always poised and ready to write a check.

The Chinese state-owned defense corporation Norinco Group met with Argentina's Defense Minister Jorge Taiana in April to discuss an arms deal involving ammunition, personal security equipment, and the modernization of armored vehicles, according to a government document.

Many Argentinians don't like the idea of Beijing running a port in the pristine wilderness of southern Patagonia. Still, it isn't the first time the CCP military has built a facility where even Argentinian officials can't enter without special permission.

"The CCP currently runs the notorious satellite tracking station Espacio Lejano in the remote Neuquén Province in northwest Patagonia.

"Argentina already has a Chinese military base ... It's linked to the Chinese military space [program]," Mr. Calle said, referring to the infamous Espacio Lejano facility.

"You have to look at China in terms of financial control over Argentina ... because it's in so much financial trouble," she said. Mr. Ellis agreed with this sentiment. He said that China has always "cast their net very, very broad" and that it engages a country at every level, from academia to politics, media, and energy.

"To me, that kind of web of Chinese influence is strategic at the core," he said, adding that the military applications of China's multi-purpose facilities are just the "ornaments on the tree."

Eyes in The Sky

At nearly 54 degrees south latitude, a Chi-

nese port in Rio Grande also offers advantages for the CCP's rapidly expanding surveillance network.

Having a station—or port—that can communicate with satellites in polar orbit offers ideal coverage for observing the entire planet. This includes remote regions that are difficult to survey from latitudes closer to the equator. Beyond a wider coverage base, the extreme southern position of China's new port in Rio Grande could also offer enhanced signal clarity and transmission abilities.

It's also in the middle of nowhere, which analysts say is another benefit.

Aside from being the southernmost land mass outside of Antarctica, Tierra del Fuego boasts a year-round population of barely 150,000 people. Of that, Rio Grande has about 79,000 people.

"It's out of the way. It's not somewhere people end up for no reason," Irina Tsukerman, security analyst and founder of Scab Rising, told The Epoch Times.

Ms. Tsukerman said that there's no better way to move something covertly than through a remote shipping port. She pointed out that there'd be minimal interference with governing bodies. This appears likely, given Argentina's established history of letting the CCP run covert space operations. She said that the Rio Grande port is ideal for moving literally anything. This includes everything from vital chemicals and minerals to weapons or narcotics.

"If you want to get someone or something in or out of a country, there's no better place than a port," Ms. Tsukerman said.

But perhaps the most critical element of China's arrival to the shores of Tierra del Fuego is the timing. Argentina is in the throes of its worst economic crisis in decades. With that desperation comes hasty decisions that could easily end with the arrival of the Chinese navy.

This exact scenario happened in Sri Lanka. After the country's government defaulted on a \$1 billion Chinese loan, Beijing seized control of the port that it funded with the loan through a 99-year lease that began in 2017.

Fast forward to August 2022, when a Chinese naval ship suddenly arrived at Hambantota port. Security analysts quickly identified the ship as a military vessel with an established history of tracking satellites and missiles.

Not surprisingly, the port is near an important Indian Ocean shipping lane.

Ms. Tsukerman said that the same "debt trap" model could easily be used to take control and install CCP military installations in Argentina or other locations in Latin America.

"You have to look at China in terms of financial control over Argentina ... because it's in so much financial trouble," she said.

Mr. Ellis agreed with this sentiment. He said that China has always "cast their net very, very broad" and that it engages a country at every level, from academia to politics, media, and energy.

"To me, that kind of web of Chinese influence is strategic at the core," he said, adding that the military applications of China's multi-purpose facilities are just the "ornaments on the tree."



Workers producing LED chips at a factory in Hua'an, in Jiangsu Province, China, on June 16, 2020.

OPINION

China's Metal Controls Fail

By Anders Corr



In the latest break between China and the United States, Beijing imposed export controls on gallium and germanium. The two minerals,

which Beijing plans to restrict starting Aug. 1, are critical to high-tech products such as ultra-fast computer chips, electric vehicles, radar, night vision devices, missile defense, fiber optics, LEDs, and satellite imagery. China produces about 60 percent of the world's germanium and more than 90 percent of its gallium, giving the country leverage over end users.

The controls are widely seen as retaliation for U.S., Japanese, South Korean, and Dutch restrictions on chips and the complex equipment necessary to manufacture them. They could also protect dwindling resources in China, according to experts cited by Hong Kong media.

Some other metals, such as indium, will also be subject to the new controls, according to Reuters. Indium is reportedly less restricted.

The timing of the announcement, just days before U.S. Treasury Secretary Janet Yellen's trip to China, will give Beijing a bargaining chip in its attempt to stop U.S. restrictions, including potentially on cloud computing.

In May, Beijing banned Micron Technology chips from its critical infrastructure, including information infrastructure used by large banks and telecom companies.

But if Beijing did think its new controls would be effective bargaining chips, it should have known that Washington has other options. On July 6, the Pentagon announced that it has strategic reserves of germanium (though not of gallium).

On July 5, a Commerce Department spokesperson said Beijing's new controls "underscore the need to diversify supply chains."

"The United States will engage with our allies and partners to address this and to build resilience in critical supply chains," the spokesperson said.

Taiwan's deputy foreign minister said, "Export controls ... are an accelerator, for countries including Taiwan, South Korea and Japan, to reduce our dependence on China's supply of those critical materials." South Korea, a leading chipmaker, said that even the short-term effect of China's new controls would be limited.

China's former vice commerce minister said the controls were "just a start," however, and could broaden if the West continues pressuring China.

Germany's economy minister said any broadening, for example to lithium used in

But if Beijing did think its new controls would be effective bargaining chips, it should have known that Washington has other options.

batteries, would be "problematic." Restrictions on Chinese graphite exports would hit global automakers particularly hard.

Alternative sources of gallium and germanium can be found in Alaska, Tennessee, and Washington state and from recycling scrap.

The metals can also be acquired from Canada, Japan, South Korea, Australia, Germany, and Belgium.

One industry source said accelerated refining processes in these countries could take a couple of years to fully replace current imports from China.

This would increase the price of computer chips in the short term but diversify supply chains in the long term.

Netherlands-based Nyrstar announced on July 4 that it would seek to produce gallium and germanium in the United States, Europe, and Australia.

Some argue that the gallium and germanium restrictions are inconsequential relative to restrictions on graphite or lithium and are therefore meant as a shot across the bow. Nevertheless, they seem unwise from even Beijing's perspective as they alert the United States and allies and incentivize preemptive de-linking of strategic supply chains from China. Xi Jinping's advisers are likely telling him what he wants to hear, leading to a major strategic error.

The CCP's restrictions on rare-earth elements (REE) against Japan in 2010 likewise backfired. Tokyo relatively easily found alternate sources, including through investment in an Australian REE producer and identification of undersea mining sites within Japanese territorial waters. The bans harmed China's reputation as a reliable supplier.

Today, China accounts for about 70 percent of global REE mine production and 85 percent of its refinement processing. China's dominance of the sector, which produces extensive toxic waste, is in part due to lax environmental laws.

The United States, Australia, Thailand, and Myanmar also mine or refine REE, though to a much lesser extent. Vietnam, Russia, Brazil, and India have extensive REE reserves. Russia and the Democratic Republic of Congo both said they could increase supply of the metal.

U.S. dependence on China for REE imports has decreased from about 80 percent between 2014 and 2017 to about 74 percent today. The restrictions on gallium and germanium will accelerate this trend across all critical supply chains.

Beijing's ham-fisted attempt at leveraging its metals industry against the United States and allies is only further isolating the country economically and technologically.

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).

MARK SCHIEFELBEIN/POOL/AFP VIA GETTY IMAGES

U.S. Treasury Secretary Janet Yellen arrives at Beijing Capital International Airport on July 6, 2023.





[The Epoch Times is] a great paper beyond current events—the arts [section] is awesome (and my favorite). I read mine and leave it at the coffee house or other places for others to enjoy. **When I share it, people love it.**

— DONNA LEE NYZIO

7 Ways to Share The Epoch Times With Your Friends and Family



Like us, you're probably a fan of fact-based journalism that lets you make up your own mind. If you think we do a good job, please help spread the word to the Americans who still remember a time when newspapers were just about the facts. Your words and actions may be just what they've been waiting for.

1

PASS ON THE EPOCH TIMES

Done with your weekly paper? Pass it along to a friend, family member, neighbor, or coworker who could use honest news.

2

LEAVE BEHIND THE EPOCH TIMES

Leave your copy of The Epoch Times in a coffee shop, waiting room, barbershop, or any other place with reading material after you're done with it.

3

TALK ABOUT THE EPOCH TIMES

Tell your friends and family about The Epoch Times—in a time when many people don't know what to trust anymore, a recommendation from someone they trust can go a long way.

4

REPRESENT* THE EPOCH TIMES

Our posters and bumper stickers are available for purchase at EpochShop.com, so you can be loud and proud about your support for Truth and Tradition.

5

FORWARD THE EPOCH TIMES

Did you know that all articles in our Morning Brief email can be read by non-subscribers too? It's our way of making sure crucial information gets to the public, whether they're a subscriber or not. Forwarding our Morning Brief** email can help reach people who have to "see it to believe it." You can also share our posts on Facebook and YouTube with your social network to spread the word, when possible.

6

GIVE THE EPOCH TIMES

Epoch Times gift subscriptions are a thoughtful present for the man or woman who has everything but a reliable source of information.

ReadEpoch.com/gift

7

REQUEST THE EPOCH TIMES

For those folks who need to try before they buy (or those who just like newspaper smell), we've got you covered. Give us the name and shipping address of your friends or family members, and we'll mail a sample copy to their doorstep at no cost to you or them.

* (1) Please log into your account at TheEpochTimes.com (2) Click your name to manage your account (3) Click "Request Free Papers" on the left menu bar and follow steps
 ** Your friends and family can read the articles in MORNING BRIEF for FREE. They may meet different paywalls if they read other articles, which are not listed in MORNING BRIEF.

Not a subscriber yet? Visit ReadEpoch.com to learn more.



THE EPOCH TIMES

TRUTH AND TRADITION