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THE EPOCH TIMES

# CHINA INSIDER

## 'HE WAS ALIVE'

CHINESE DOCTOR  
RECOUNTS  
HARVESTING ORGANS  
IN BACK OF VAN

See Page 2

## FORCED ORGAN HARVESTING

## ‘He Was Alive’: Tormented Chinese Doctor Recounts Harvesting Organs in Back of Van

By Eva Fu

Stepping into the van guarded by armed soldiers with five surgeons and nurses, Zheng Zhi didn't know he was entering into a world that would haunt him for the next quarter of a century.

Dr. Zheng, then a resident doctor at one of China's largest military hospitals, knew little more than they were on a "secret military mission" near a military prison located around the northeastern Chinese city of Dalian.

A light blue fabric covered the four sides of the vehicle, shielding it from any curious glances.

When the door opened, four burly soldiers carried in a man whose limbs were bound with thin ropes that had cut deeply into his flesh. The man was no more than 18 years old; his organs, the surgical crew had been told the day before, were "healthy, fresh."

A doctor instructed Dr. Zheng to "step on" the man's legs and "don't let him move." He pressed the man's legs down with his hands and to his shock, they were warm to the touch. Blood was now flowing from the man's throat.

He watched a doctor slice open the man's stomach and two others reach in to remove a kidney each. The man's legs twitched and his throat moved—although no sound came out.

"Cut his artery and veins, quick!" a doctor told Dr. Zheng. As he did so, so much blood gushed out that it splashed all over Dr. Zheng's gown and gloves. That was when he got the order to extract the man's eyes.

Dr. Zheng looked at the man's face. Staring back at him was a pair of wide-open eyes.

"It was horrifying beyond words. He was looking right at me. His eyelids were moving. He was alive," Dr. Zheng recounted to The Epoch Times in July, the first time he agreed to use his real name to recount his story.

But, in the van in 1994, little did he know he was party to what would soon become an industrialized killing apparatus set up to extract organs from prisoners of conscience and sell them on demand.

In the van, he told the other doctors, "I can't do this." He felt his brain empty out as he sat there, shaky, sweating, and paralyzed.

The doctor across from him immediately pressed the man's head to the floor of the van. With two fingers pressed on the eyelids and a hemostat in another hand, the doctor clamped out each of the man's eyes.

The body, now motionless, was placed in a black plastic bag and taken away by soldiers waiting outside. The van sped back to the General Hospital of Shenyang Military Region, where Dr. Zheng did his residency. The nurses quickly gathered up the bloodied medical equipment.

Lights were on in two operation rooms when they reached the hospital. Another team of doctors was waiting to begin the organ transplantations.

Dr. Zheng was too sickened to be useful, even though the department director wanted him to get his hand in at the operating table. He sat watching from a few yards away as the surgery progressed. When the transplant operations were complete, the medical staff went into an upscale restaurant and feasted in silence, although Dr. Zheng said he couldn't take a bite. After the meal, he took leave, developing a high fever at the same time.

That pair of eyes—desperate, fearful, and pained—has since tormented Dr. Zheng day and night.



▲ Zheng Zhi during an interview in Toronto on July 31, 2023.

"Under the light lay a young life, a fellow human being, whose organs were being harvested while he was alive," he said.

**Billion Dollar Industry**

The horror Dr. Zheng witnessed in the van, and afterward at the hospital, took place in 1994, when the Chinese regime's mass-scale, state-sanctioned forced organ harvesting was still in its infancy.

It soon ballooned into a billion-dollar industry, using prisoners of conscience, particularly adherents of the persecuted faith group Falun Gong, to fuel its rise. In the same city as the hospital was the Sujiatun concentration camp, which multiple whistleblowers revealed as a mass killing ground of imprisoned Falun Gong adherents for their organs since the persecution began in 1999. While the Sujiatun under-

ground facility was abandoned after being exposed internationally, an untold number of other such camps exist in China.

Dr. Zheng is one of several witnesses who have come forward to The Epoch Times since 2006 to expose the regime's grisly practice.

Since then, a multitude of independent reports have provided information on the severity and scale of the practice.

In 2019, a London-based independent tribunal concluded that China's ruling regime killed prisoners of conscience for their organs "on a significant scale," and that Falun Gong practitioners are the primary victims.

U.S. lawmakers have taken steps to prevent Americans from embarking on "transplant tourism" to China, and thus becoming complicit.

Rep. Scott Perry (R-Pa.) is pushing for the

passage of his Falun Gong Protection Act, which would sanction persecutors of Falun Gong. The bill would also ban cooperation with communist China in the organ transplantation field.

The bipartisan Stop Forced Organ Harvesting Act of 2023, which seeks to punish enablers of the abuse, passed overwhelmingly in the House in March.

In June, Texas adopted the country's first law to counter the issue, banning health insurers from financing organ transplant surgeries linked to China.

**'A Fresh One'**

Fear still had a grip on Dr. Zheng as he slowly recounted his story for the first time in 2015, using an alias. During the hours-long interview, he struggled to utter a complete sentence; sometimes with his two hands held tightly to the edge of the table in front of him, other times fidgeting, standing up, and sitting down. His facial expression was contorted as he kept repeating that it was "too horrifying." Tears filled Dr. Zheng's eyes as he described in a trembling voice the removal of the young man's eyes.

During his residency at the hospital, Dr. Zheng was favored by his superiors, thanks to his father's influence in the local communist power circle. A skilled doctor in traditional Chinese medicine, his father was sought by local officials. Some of the top military leaders were frequent guests at his family's dining table. Knowing this, doctors treated Dr. Zheng deferentially, frequently allowing him to participate in surgeries when other interns couldn't.

Soon after the organ extraction in the back of the van, Dr. Zheng left the hospital. He became a pediatrician and internist in the city of Liaoyang, some four hours drive north of Dalian. But that sense of horror only deepened over time as he glimpsed more from behind the scenes.

In 2002, Dr. Zheng accompanied a military official for his medical checkup, at the hospital where he once interned. The doctor told the official that he needed a new kidney to live.

"[We'll] pick a top-quality one for you," another military officer told his superior in the hallway. "A fresh one, from Falun Gong practitioners."

That was the first time Dr. Zheng heard that Falun Gong adherents were a specific organ source.

On the way home, the official asked Dr. Zheng whether he should get a kidney transplant.

"Don't do it," Dr. Zheng replied. "Isn't that committing a murder?"

It was through that official that Dr. Zheng learned how widespread forced organ harvesting was in China.

"Armed police and officials above division ranks all know about it, and it's pretty much known throughout the military. It's nothing novel," Dr. Zheng told The Epoch Times.

To make more money, he said, the military had opened many "green passages," or fast lanes at airports, to quickly transport fresh human organs across the country. The infectious disease units at military hospitals had all become "dens" for forced organ harvesting, he said.

"In about one to two weeks—a month at the longest—a match would be found."

The official whose kidney was failing opted not to get a transplant. He lived three more years relying on dialysis and died in 2005.

Another acquaintance, an aide to officials at the seven-member Politburo Standing Committee, the core of elite Chinese leadership, told Dr. Zheng something even more shocking.

In the conversation, Dr. Zheng remarked that the persecution of Falun Gong in northeastern China was quite severe.

The acquaintance made no immediate response, but before they parted, he turned and looked straight at Dr. Zheng.

"In Hubei Province's Wuhan City, under the back garden of the Hubei Province

Public Security Bureau, it's full of detained Falun Gong practitioners. Some are under-aged kids," he said, stopping at every word.

"I've been there," he added after a pause. They didn't discuss it further, but the implication that this was a mass source of organs weighed heavily on Dr. Zheng.

It marked a new piece of evidence into the forced organ harvesting of Falun Gong practitioners.

Dr. Torsten Trey, executive director of the medical ethics group Doctors Against Forced Organ Harvesting, said it was an indicator that "the practice was already widespread in China in 2002," four years before the first investigative report on the subject was published.

"More than 20 years have passed. China's transplant system has committed medical crimes against humanity that far exceeds anything known in the 21st century. Where is the international response?" Dr. Trey told The Epoch Times in a statement.

**Making a Choice**

What the acquaintance said gave Dr. Zheng a "sense of mission" to expose the matter on the international stage, prompting his eventual escape to Thailand in 2005.

He obtained refugee status while in Thailand and moved to Canada in 2007.

In 2015, when he told his story for the first time to The Epoch Times, he said he felt so helpless that he wasn't sure whether to lean on the reporter or the table.

"I felt that I was giving out my life and everything that I have," he told The Epoch Times in late July, recalling the previous interview.

"There's no way to describe how I felt at the time," he said.

"Every word, every sentence I spoke was no different from a choice of life and death. I didn't know what I'd be bringing to myself."

During the eight years once he got to Canada, Dr. Zheng said he had been looking for the right media outlet to tell his story to. Should he make the wrong choice, not only would he get himself into trouble, the issue wouldn't get the spotlight it deserved.

Dr. Trey commended Dr. Zheng's courage in speaking up.

"It is the foundation for us to understand the cruelty and the extent of China's barbaric transplant practices," Dr. Trey said.

"What Dr. Zheng shared with the public is gruesome beyond words, and there is no explanation for why the international medical community is not acting on China's horrific organ harvesting. Where is the WMA [World Medical Association]? Where is the WHO [World Health Organization]?"

Dr. Trey encouraged other Chinese doctors to follow Dr. Zheng's example.

"Silence is akin to complicity," he said.

Dr. Zheng said it was unrealistic for him to not worry about possible retaliation from Beijing. "Ordinary people can't imagine how evil the CCP is," he said—but the issue is bigger than himself.

"Slaughtering Chinese people and stealing their organs for profit, this is a crime with no bounds," Dr. Zheng said. As someone living in a free country with a "basic conscience, I have no reason to stay silent."

He said that he has carefully preserved his records. When the Chinese Communist Party falls and faces judgment, he will come on the witness stand, he said, adding that he has no doubt "justice will prevail over evil."

Yi Ling contributed to this report.

It was horrifying beyond words. He was looking right at me. His eyelids were moving. He was alive.

Zheng Zhi, former Chinese military doctor



▲ Zheng Zhi (2nd L) with his family in an undated photo in front of the family-owned Dongsheng Clinics in Liaoning Province, China.



▲ Zheng Zhi (7th from top left) poses with his classmates for a graduation photo from PLA Dalian Junior College of Medicine in Dalian, Liaoning, in 1992.



▲ Zheng Zhi in China in an undated photo.



▲ Falun Gong practitioners during a re-enactment of the Chinese Communist Party's practice of forced organ harvesting from Falun Gong practitioners, during a rally in Taipei, Taiwan, on April 23, 2006.

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## ECONOMY

# China's Economy in Grave Danger as Growth Engines Stall, Options Dwindle

*After decades of growth, China's economy and ruling regime face a reckoning*

By Fan Yu

The world's second-largest economy is in a world of trouble.

Significant perils are facing China's economy—the engine of China's past economic growth has stalled, while today's unique economic circumstances are limiting Beijing policymakers' options.

According to official numbers, China has seen mid-to-high single-digit gross domestic product (GDP) growth consistently over the past 20 years. While most experts today believe that those figures have been inflated, its historical growth was still sizable and was predicated on two main drivers.

Its economic rise has been dependent on 1) real estate and infrastructure, and 2) manufacturing. The latter also relies on exports and foreign demand for Chinese goods. And both have been buoyed by more than a decade of inflows in foreign capital investments.

A third factor, domestic consumption and services, is one that the Chinese Communist Party (CCP) has been pushing for. It's a smaller part of the nation's economic growth, relative to other countries. The regime understood that building, constructing, and even manufacturing would eventually all dry up and that its domestic engine would need to be strong enough to carry the economy.

That day has now come, but the domestic consumption economy has also seized up, putting the Chinese economy—and its ruling regime—in jeopardy.

## Real Estate Woes

Real estate, by some measures, makes up more than a quarter of China's economy. Aside from its importance as an economic engine, it also makes up a significant portion of Chinese people's wealth (the other being the stock market, which has also been tanking). This is especially true for the middle class, which makes up a significant portion of its urban population.

A lot of ink has been used in documenting China's real estate market slowdown. There's too much supply, causing many apartments to sit empty. Developers such as Evergrande have collapsed, and previously financially sound developers such as Country Garden are now missing bond payments as well. These developers are all generally funded by U.S. dollar-denominated debt.

Economic growth predicated on real estate requires property values to go up, and developers gorging on high-interest debt need more sales to free up working capital to keep the cycle running.

Beijing has been worried about excesses in the real estate market—both the pace of price increases and higher debt burden—and regulators have engaged in periods of forced contraction and stimulus to manage the market.

But the bottom has fallen out of the real estate market, caused by lower transaction levels on the basis of declining liquidity and declining household wealth. Today, Beijing has less of an appetite to stimulate the property market, given the many fires it must fight on other fronts.

Official Chinese government data are more sanguine, but data from real estate agents and other private data providers paint a dire picture.

A Bloomberg report citing these private data shows that existing home prices have fallen by more than 15 percent in some of the best neighborhoods in tier-one cities such as Shanghai and Shenzhen. A similar trend is playing out in tier-two and tier-three cities.

The result is that developers are losing money, defaulting on their debt, and hurting both foreign investors and domestic Chinese investors who are holding their bonds and stocks. Even state-owned developers are warning that widespread losses are forthcoming. And this causes consumers to shy

away from purchasing apartments from developers that could run out of cash and conceivably not finish building the apartments they set out to construct, creating a downward spiral of lower real estate volumes and lower real estate prices.

## Local Debt

A related means to juice economic growth in the past few decades has been infrastructure development.

This is an easy way for Beijing to directly spur the economy. Years of central bank stimulus encouraged waves of infrastructure development—roads, airports, bridges, and power infrastructure—in cities across China. This checked multiple boxes at once: It provided jobs, grew the economy both locally and nationally, and kept the stream of kickbacks flowing to local CCP officials.

Local governments took out huge loans to pay for these expensive and at times wasteful infrastructure projects. Many of these projects were never meant to be profitable, as there was never enough demand for the services.

The magnitude of such debt is hard to quantify, as governments utilize off-balance sheet vehicles called "local government financing vehicles" (LGFVs), which issue bonds to Chinese investors, banks, insurance companies, and asset managers. LGFVs took off after the global financial crisis and were meant to circumvent laws banning local governments from borrowing directly from banks or the capital markets.

The International Monetary Fund estimates that 66 trillion yuan (\$9.1 trillion) of LGFV bonds are outstanding. That's roughly half of China's annual GDP.

The CCP is no longer emphasizing infrastructure to grow the economy, as more infrastructure projects than necessary have already been built. Beijing is focused on managing the excess debt created by this bubble, which is on the verge of bursting.

As mentioned, these projects are mostly unprofitable. LGFV bonds, which are largely held in private hands, are on the verge of missing payments and coming due.

So far, local governments have been prioritizing timely interest payments given the catastrophic results of widespread default. These bonds have widely been understood to be "government-backed," so investors have an implicit understanding that the CCP would come up with a solution should they widely default.

Beijing, on the other hand, tries to reject such expectations. At the same time, central authorities are unlikely to have a complete understanding of the risks of these off-balance sheet vehicles at local and provincial levels. In the CCP hierarchy, divulging too much to one's Beijing bosses could also be politically dangerous.

In August, Beijing quietly announced that it would allow 1 trillion yuan (\$137.1 billion) in public bond sales by local governments to refinance or repay LGFV and other off-balance sheet debt.

Domestically, capital controls are playing a part in stopping money from

also issued super-long-term loans to the most creditworthy localities to refinance these debts.

## Ponzi Scheme

The CCP has dabbled in cleaning up debts associated with rampant real estate and infrastructure building. For instance, there have been periods of belt-tightening to the brink of collapse, which is followed up with periods of stimulus measures to create more debt.

Using new debts to repay old debts is a time-honored tradition. It's a "Ponzi scheme," except new investors know what they're signing up for. It's also utilized by the U.S. government and works as long as new investors believe in and trust the institution running the scheme.

Think back to 1999, when then-Premier Zhu Rongji created the four "bad bank" asset management companies to buy nonperforming loans from Chinese bank balance sheets resulting from the 1997 Asian financial crisis.

It worked then during the early days of China's Ponzi scheme, when foreign investors were just beginning to invest in China. In fact, they were flocking to China then.

Today, the liquidity picture is much different—and much worse.

There's a perfect storm of issues presently causing both foreign investors and Chinese nationals to exit China. These items individually have been well-covered in this publication.

Domestically, capital controls are playing a part in stopping money from

leaving China. But that still hasn't stopped almost 11,000 Chinese millionaires from leaving the country in 2022. That's the largest number of high-net-worth individuals leaving a single country in the past decade. Bitcoin and cryptocurrency, despite having been banned in China, continue to play a part in circumventing these capital controls.

As for foreign investments, then-President Donald Trump can be credited with the idea of decoupling from China and reinvesting in America. President Trump highlighted the many ills of a U.S. economy so intertwined with China's. But without a cataclysmic event, few businesses were hearing that warning.

The event came in the form of the COVID-19 pandemic. Western businesses saw the logistical and supply chain problems created by Beijing's draconian COVID-related lockdowns. China was the world's factory, but it was also the world economy's single point of failure.

Businesses began to increasingly migrate manufacturing capacity away from China to countries such as Mexico, India, Taiwan, Vietnam, and Thailand. For years, China's cheap labor, including free labor from reeducation camps that employed victims such as Falun Gong practitioners, produced inexpensive exports to which Western consumers and businesses turned a blind eye.

Today, growing backlash against China's abysmal human rights record, including controversy within the manufacturing value chain such as Xinjiang-produced cotton, has made Western companies more hesitant to invest.

Supply chain issues didn't cause the high inflation and economic downturn in the West beginning in 2022, but they added fuel to the fire. Western nations—after two decades of near-zero interest rates coinciding with China's economic rise—began to tighten monetary policy and battle impending economic recession.

## Inflation and Rate 'Normalcy'

This leads us to today. Events during 2022 and 2023 outside China have served to push China's economy into further turmoil.

Economic downturns in the United States and Europe have sapped de-



▲ A man rests in front of a housing complex under construction in Xinzheng, Henan Province, China, on June 20, 2023.

mand for Chinese goods, slowing down Chinese exports and manufacturing activity. This has an impact on Western economies as well, as lower Chinese real estate and infrastructure construction activity has also decreased China's demand for natural resources.

This hurts the economies of Australia, the Middle East, and South America—huge commodity-exporting nations—thereby further decreasing their ability to buy Chinese manufactured goods. This creates a negative feedback loop that ultimately damages China's export-driven economy even more.

In the past 18 months, the U.S. Federal Reserve and central banks of most other developed nations have worked in concert to increase interest rates at the fastest pace in a century.

The fed funds rate today sits at the 5.25 to 5.50 percent—almost the exact rate

as seen in the second half of 1999, and much closer to historical norms.

While benchmark interest rates aren't an apples-to-apples comparison, China's medium-term lending rate is about 2.5 percent. Assuming yields on new bonds and securities price off those benchmarks, we see that average U.S. debt investments could pay 300 basis points more than their Chinese counterparts, ignoring credit and liquidity considerations. In other words, U.S. debt securities are more attractive than Chinese ones today.

This means that global investment dollars today are flowing into the United States and away from China. The lack of capital further limits Beijing's available options to save its economy. The impact of this is evident in the currency markets, where the yuan is trading at its lowest levels since 2007 even in onshore markets where the CCP sets the rates.

The script is now completely flipped from the past 15 years, when the West maintained near-zero borrowing rates. China by comparison wasn't hurt as much from the great financial crisis of 2007-2008 and maintained relatively higher interest rates, which served to attract foreign capital flows into China back then.

## Dreams Crushed

The traditional drivers of China's economic growth engine are disappearing.

The CCP knew this day could come. Beijing has tried to build up its domestic economy for years, investing in (and in many cases, stealing) new technologies and business know-how. Officials throughout the country have been repeating CCP leader Xi Jinping's "self-reliance and self-strengthening" mantra.

That was the goal of the "China 2025" project and its Belt and Road Initiative (BRI) to build a cohort of regional economic support systems.

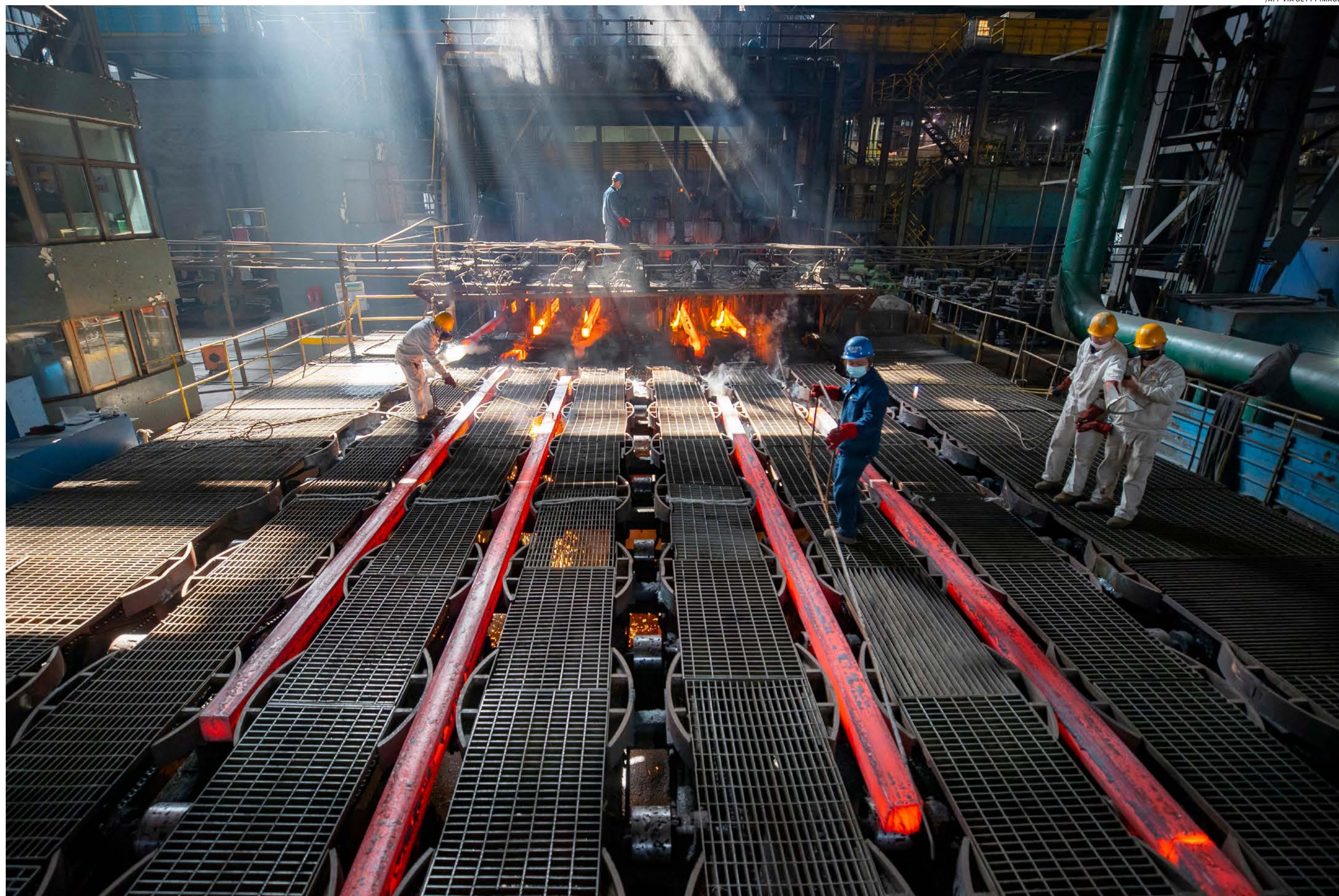
It's also facing a population decline. China reported its first official population decline in 2022. An aging population combined with falling fertility rates—despite loosening the one-child policy—is an ongoing headwind for population growth. China expert Gordon Chang, author of "The Coming Collapse of China," believes the country could lose up to two-thirds of its population by the year 2100.

These factors mean that increasing domestic demand has been a dream, not a reality.

The BRI has been a spectacular failure. Beset by corruption, zero risk analysis, and mismanagement by cash-poor developing countries, the Chinese banks and investment firms that doled out the BRI loans are struggling with defaults.

According to a recent report by the World Bank and other institutions, China had to recently give out \$240 billion in bailouts to banks suffering from these loans. These institutions are partially funded by China, so the real cost of these loans is likely to be much higher.

At the same time, China has been doubling down on an increasingly regressive, state-centric, and authoritarian political and economic system.



▲AFP VIA GETTY IMAGES

▲ Workers make iron bars at a steel factory in Lianyungang, Jiangsu Province, China, on Feb. 12, 2021.

Developers are losing money, defaulting on their debt, and hurting both foreign investors and domestic Chinese investors who are holding their bonds and stocks.

## ANALYSIS

# Suit Against Tech Giant Shines Light on US Complicity in Chinese Torture

By Susan Crabtree

The wheels of justice often turn slowly, but when it comes to U.S. corporate complicity in China's record of religious persecution, human rights activists say they are finally picking up speed and moving in the right direction.

Top reformers in Washington, D.C., are heralding a recent twist in a 12-year legal battle that could have far-reaching implications for all U.S. companies that have sold surveillance or tracking technology to China.

Last month, the U.S. 9th Circuit Court of Appeals ruled that a lawsuit accusing technology giant Cisco Systems Inc. and two former executives of assisting the Chinese government in identifying and targeting Falun Gong practitioners for arrests, torture, and execution could proceed to trial. The ruling largely reversed a lower district court's 2014 decision to dismiss the claims against Cisco and John Chambers, its former chief executive officer, and Fredy Cheung, the former vice president of its Chinese operations.

The three-judge appellate panel's July ruling did not determine the validity of the claims. Instead, it found that the Falun Gong practitioners had presented enough evidence for their case to proceed to trial in California where it was filed.

The legal turn of events is encouraging human rights advocates who have spent decades scrutinizing U.S. corporate involvement in China's repression of dissidents and religious minorities and its genocide against the Uyghur Muslim population.

"Far too long, many elite leaders of America's most profitable corporations have aided and abetted the Chinese Communist Party's heinous human rights abuses, including genocide," Rep. Chris Smith, a New Jersey Republican, told RealClearPolitics (RCP). Smith, who chairs the Congressional-Executive Commission on China, has spent three decades in Washington fighting for human rights.

"This long overdue and wrongly delayed lawsuit underscores the excruciating pain and suffering that corporations like Cisco enable by deliberately cooperating and turning a blind eye to the Chinese Communist Party [CCP] and its inherent egregious human rights violations and repression in order to make a profit," Smith added.

Cisco has denied any wrongdoing and has labeled the allegations in the lawsuit baseless. But U.S. Circuit Judge Marsha Berzon, writing for the appellate court, said that the plaintiffs had presented sufficient evidence to proceed to trial and that Cisco's actions amounted to "aiding and abetting" CCP's Falun Gong repression, and had a "substantial effect on the commission of violations of international law, including torture."

Smith last month held a hearing scrutinizing current U.S. companies' complicity with China's forced labor and persecution of many religious and ethnic minorities, as well as dissidents. Testimony from human rights experts highlighted a high-profile case involving forced labor used to make Milwaukee Tool products at Chishan Prison in China. With China's recent aggression against Taiwan and its military build-up, other witnesses testified about sales by U.S. defense giants, such as Boeing and Raytheon, to the Chinese government.

The National Basketball Association and Major League Baseball ties to China also came under scrutiny in the form of testimony from Enes Kanter Freedom, a former NBA player for the Boston Celtics and New York Knicks. Kanter Freedom was dropped from the NBA in early 2022 after speaking out about China's human rights abuses and for wearing shoes emblazoned with the words "Free Tibet" and "Free the Uyghurs."

Tencent, a Chinese tech company that partnered with the NBA to live-stream the games, abruptly pulled all Celtics games from the Chinese internet after Kanter Freedom, who played for the Boston team at the time, called Chinese leader Xi Jinping a "brutal dictator."

Tencent and the MLB in 2017 announced a wide-ranging partnership that includes live-streaming 125 games, including the



▲ A man passes under a Cisco logo at the Mobile World Congress in Barcelona, Spain, on Feb. 25, 2019.

All-Star Game and the World Series.

"It's shocking that some American corporations are leaving ethics behind and adopting CCP values in China," Nina Shea, director of the Center for Religious Freedom at the Hudson Institute, told RCP. "That's what China demands, and too many are willing to comply."

In 2006, Rep. Smith first started investigating charges from Falun Gong members that Cisco helped construct, operate, and maintain China's so-called Golden Shield, better known as the Great Firewall of China, an internet surveillance system put in place by China's Ministry of Public Security for the surveillance of dissidents, human rights defenders, and those practicing banned religions, such as the Falun Gong.

**Far too long, many elite leaders of America's most profitable corporations have aided and abetted the Chinese Communist Party's heinous human rights abuses, including genocide.**

Rep. Chris Smith

In the late 1990s, the Chinese government labeled the Falun Gong a dangerous cult that threatened Communist control of the country and banned it, setting up an office specifically designed to persecute Falun Gong followers. China then pursued large-scale detentions, torture, forced conversions, and executions of Falun Gong members, which have been well documented by the U.S. State Department, the United Nations, and many other respected organizations around the world. In 2019, the China Tribunal, a government commission in the UK, found that forced organ harvesting from Falun Gong victims and other prisoners had taken place on a significant scale throughout China for years.

In the current case, brought on behalf of several Falun Gong practitioners by the D.C.-based Human Rights Law Foundation, the plaintiffs argue that Cisco purposefully customized its router technology to allow the Chinese government to identify, track, and detain Falun Gong members. The evidence that Cisco executives specifically helped design the technology to target Falun Gong followers includes Cisco marketing material touting its highly advanced video and image analyzers as the "only product capable of recognizing over 90 percent of Falun Gong pictorial information."

The lawsuit also accused Cisco of providing the Chinese government with a library of carefully analyzed patterns of Falun

Gong internet activity, or "signatures," that enable the Chinese government to identify Falun Gong internet users; several log/alert systems that provide the Chinese government with real-time monitoring and notification based on Falun Gong internet traffic patterns; applications for storing data profiles on individual Falun Gong practitioners for use during interrogations and "forced conversions" that included torture; and a nationwide video surveillance system which enabled the Chinese government to identify and detain Falun Gong practitioners.

Cisco was not only aware that its customizations would be used to repress the Falun Gong, but it also geared all of its work to further that goal, the plaintiffs argue. The lawsuit partly stemmed from an internal Cisco document leaked to reporters on the eve of a 2008 U.S. Senate human rights hearing. The 90-page document, an internal Cisco presentation, showed that the company's engineers regarded the Chinese government's extensive internet censorship program as an opportunity to expand its business with the CCP and marketed its routers to China, specifically as a tool of repression.

The Senate hearing also examined the role of other U.S. companies, including Yahoo, Microsoft, and Google, for cooperating to varying degrees with China's and other foreign governments' censorship programs.

The Cisco presentation directly acknowledged that one of Golden Shield's stated goals was to "combat 'Falun Gong'" and other groups the regime deems as a threat. It attributed the quote to Runsen Li, the Chinese regime's then-information technology chief in charge of developing the project.

Mark Chandler, Cisco's senior vice president of legal services, testified to the Senate that he was "appalled" and "disappointed" when he saw that quote in the presentation.

"It is very regrettable that one of our engineers quoted directly from Mr. Runsen Li, the Chinese government's head of IT for the Golden Shield project," Terry Alberstein, a senior director of corporate communications at Cisco, told Wired.com in 2008. "They do not represent Cisco's views, principles, or its sales and marketing strategy or approach. They were merely inserted in that presentation to capture the goals of the Chinese government in that specific project, which was one of many discussed in that 2002 presentation."

Cisco acknowledged selling roughly \$100,000 worth of routers and switches that became part of the Golden Shield project, according to Alberstein. However, he denied that the company customized them for China's censorship goals.

Sen. Dick Durbin, an Illinois Democrat, chaired that 2008 hearing and argued that U.S. companies have a "moral obligation" to protect freedom of expression.

Terri Marsh, who filed the suit in her capacity as executive director and senior litigation partner of the Human Rights Law Foundation, said unique aspects of the case showed that Cisco was not providing "generic" products to a totalitarian regime. Instead, Cisco created features "to facilitate torture and track the progression of efforts to forcibly convert practitioners."

"Importantly, the complaint alleges that China could not create similar tools at the time, so the timing of the assistance was significant," Marsh said in an emailed statement to RCP. And, she said, this is not a case where a tool just happened to be misused.

"Plaintiffs allege that Chinese officials made clear to Cisco that it needed features to further the violent crackdown of Falun Gong believers in China, and Cisco made those features to gain a lucrative foothold in the Chinese market."

Marsh added that the decision hinges on the specific allegations of conduct that took place in the United States. "The complaint alleges that the heart of the claims—designing the tools, manufacturing components, and providing ongoing assistance—largely took place in California," she said.

Cisco's communications team did not respond to RCP's inquiry. In a statement last month to the Los Angeles Times, a company spokesperson denied that the company customized its products to assist China's Falun Gong persecution.

"We build our products to global standards, which promote the free flow of information, privacy, and freedom of expression," the company said. "Cisco has a longstanding commitment to uphold and respect human rights for all people, and we are strongly committed to an open global internet."

Smith and other human rights experts point to Cisco's internal 90-page presentation and other evidence to discount the tech giant's defense.

"Companies must be exposed and brought to justice if they have blood on their hands from partnerships with businesses and offices controlled by a ruthless ruling party working to crush China's religious believers, ethnic minorities, and dissidents on their hands," Nina Shea said. "This case will be important in shining the light on this problem and in deterring others."

From RealClearWire

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

## OPINION

## China Is Losing Leverage

*China's economic clout, especially in the US, diminishes*

By Milton Ezrati



While Beijing makes diplomatic gains in Europe and the Middle East, and Washington worries over China's growing navy, the country's economy is losing influence, especially in the United States.

Once America's No. 1 trading partner, China has taken third place behind Mexico and Canada. Combined, India and Southeast Asia overshadow China's importance on this side of the Pacific. Part of the change reflects the growing hostility between Washington and Beijing, but that is not the whole story. Much of China's relative loss has occurred naturally as a consequence of its own development. The decline will likely continue for the foreseeable future.

Trade figures recently released by the U.S. Commerce Department tell the story well. China accounted for a mere 13.3 percent of all U.S. imports during the first six months of this year. That is down from a peak of 21.6 percent in 2017 and the lowest percentage since 2003, shortly after China joined the World Trade Organization (WTO).

The erosion cuts across all product categories. Each of the 10 major product groups tracked by the Commerce Department showed a declining share for China between 2022 and 2023. Even exports of toys and games, a mainstay of China-U.S. trade for decades, lost their share of U.S. imports of such products. Especially telling, China lost its share in electronics, a critically important factor in Beijing's agenda. China's share fell from 32 percent in July to 27.9 percent in the first half of this year, quite a change in a single year.

Figures from Beijing's National Bureau of Statistics (NBS) confirm the Commerce Department's read. Overall Chinese exports declined a whopping 14.5 percent in July from year-ago levels, a deterioration from June's already troubling 12.4 percent decline. Shipments to the United States led the way down, falling 23 percent from year-ago levels. Shipments to Europe and the Association of Southeast Asian Nations (ASEAN) each fell 21 percent in July. Were it not that demands from sanctions-beleaguered Russia raised China's sales there 52 percent above year-ago levels in July, the picture for China's still export-dependent economy would have looked extreme.

U.S. policy accounts for much of this deterioration. China's problems began in 2018 when then-President Donald Trump imposed tariffs on a range of Chinese imports. He extended that range in 2019. Although President Joe Biden seemed determined to reverse everything President Trump had done, he kept the tariffs

Secretary of Commerce Gina Raimondo listens as national security adviser Jake Sullivan speaks during a virtual meeting with President Joe Biden, CEOs, and labor leaders regarding the Chips Act, in the South Court Auditorium of the Eisenhower Executive Office Building in Washington on July 25, 2022.



BRENDAN SMIALOWSKI/AFP VIA GETTY IMAGES

**The unfolding situation cries out for China to change its economic development model.**

in place after he took office in 2021. Intensifying Washington's anti-Beijing rhetoric well beyond that of his predecessor, President Biden put limits last year on certain U.S. exports to China and advanced subsidies to any firm that would produce semiconductors in this country. This year, his administration placed limits on American investments in Chinese technology. Neither policy directly impinged on Chinese exports to the United States, except that many Chinese exports, especially electronics, depend on imported parts from the United States.

But Washington is not responsible for all of China's exports shortfall. Beijing has also played a role. Its policies have eroded China's former reputation as a reliable place to source products. During the COVID-19 pandemic, Beijing interfered with export sales of masks and other needed medical supplies. American, European, and Japanese buyers lost still more confidence in the reliability of Chinese sourcing when for years after the pandemic had largely run its course, Beijing's zero-COVID policy interrupted production and shipping in a manner that seemed arbitrary.

Of critical importance in this equation, costs in China have risen dramatically faster than elsewhere in the world. Chinese wages have outpaced wages in the West, Japan, elsewhere in Asia, and Latin America. According to the NBS, urban wages in China have risen at an 8.6 percent average annual rate over the last five years. That is almost twice the 4.4 percent average annual rate of wage gains in the United States. To be sure, American wages still stand high above Chinese wages, but the gap is much smaller than it once was and certainly less compelling to business decision-makers. The rise in Chinese costs has become a major reason

for Western and Japanese producers and buyers to consider India, for example, Latin America, and Southeast Asia. Especially Vietnam, the Philippines, Indonesia, and Mexico have lured investment and buying attention away from China.

The unfolding situation cries out for China to change its economic development model. For decades, it relied on its reputation for cheap, reliable production to drive growth. Since that is no longer possible, China would do well to reorient its growth model toward greater dependence on consumer needs and domestic demand generally. In the past, Beijing has paid lip service to such a need, but in practice, the nation's leaders have engaged more in rhetoric about a change than actual efforts to readjust the economy. Indeed, the rhetoric flew in the face of Chinese leader Xi Jinping's stated goal to become globally dominant in certain product areas. Given the contradictions of the past, it is far from apparent that Beijing is up to the challenge, even as it has clearly become more urgent.

*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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