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BIOTECH THREAT

**HOW CHINA'S BIOTECH
INDUSTRY POSES A
NATIONAL SECURITY RISK**

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OPINION

TENCENT'S REDDIT INVESTMENT A STRATEGIC MOVE FOR CHINESE REGIME

JAMES GORRIE

As one of the most popular social media sites on the internet, Reddit is visited by more than 330 million monthly active users around the world. But by the looks of its latest financing round, Reddit has yet to make a profit.

Nonetheless, Chinese technology giant Tencent has agreed to invest as much as \$300 million into the self-proclaimed "front page of the internet."

It's no mystery why. As the fifth-most popular site in the United States and ranked 18th worldwide, with more than 1.4 billion views in December 2018 alone, Reddit is a major cultural presence on the internet and is still seeing considerable growth. These key facts would seem to qualify Reddit for being at least one of the front pages of the internet.

The foothold in Reddit gives the CCP a powerful new channel to influence U.S. culture and the West in general through the internet.

Key Win for Tencent—and China

Tencent is a multinational conglomerate that invests in internet-related companies, as well as artificial intelligence, entertainment, and gaming. But this deal is more than just another technology acquisition. Dominance in those verticals is a critical part of China's plan to expand its global influence, since all are integral in identifying and shaping cultural trends and human behavior.

And, of course, Tencent isn't just a "China-based" company. As with all Chinese corporations, Tencent is an asset of the state, that is, the Chinese Communist Party (CCP). The core purpose of all Chinese companies is to support the CCP in every way possible, not just making large profits (many don't), including executing business and policy decisions handed down to them by the CCP. Therefore, Tencent's 10 percent stake in Reddit is most accurately viewed as a CCP policy decision.

Perfect Timing—for China

In the midst of the ongoing trade war with the United States, China is feeling the negative economic impact, with trade falling 4.4 percent in December 2018. Without any resolution in sight, that statistic could become a new reality for China. What's more, with the Trump administration regularly and publicly condemning China's adversarial trade policies and its long history of technology and IP theft from the West, China's public image is taking a beating.

That's no small matter to the Chinese leadership. The CCP knows that to expand its global influence, it must not only wield its financial and economic clout wisely, but it must also possess "soft power." That primarily involves cultivating an attractive, exportable cultural identity in entertainment and academia.

And although China has seen success in building its image in entertainment as a whole, and specifically in cinema, its image is suffering a setback. As more information about the atrocities committed against the Chinese people hits the mainstream consciousness, China looks less ideologically attractive. That's true even in U.S. academia, as universities continue to kick one of the CCP's main propaganda arms, the Confucius Institute, off campuses.

That's why the Reddit deal couldn't have come at a better time for China. The foothold in Reddit gives the CCP a powerful new channel to influence U.S. culture and the West in general through the internet, the most pervasive channel of all. It's not merely a business decision, but a geopolitical one.

Grand Opportunity for Censorship

The implications of the CCP exercising its influence over Reddit are crystal clear. As China is the world's greatest perpetrator of censorship, Reddit users are absolutely spot on to protest Tencent's ownership position. After all, Reddit is banned in China; why would anyone expect China not to censor it throughout the rest of the world? Has the CCP suddenly stopped caring what hundreds of millions—if not billions—of people will say about it? Not likely.

Of course, some apologists for Tencent are working overtime to present a much more benign version of the truth to assuage such fears. But given China's very recent history of censoring other major digital channels, such as Twitter and Facebook, who believes that the same scenario won't happen again? It will. The CCP is all about control, domination, and oppression. That trend is only worsening as the CCP's power grows.

Goldmine of Personal Data

China has decades of experience in information suppression; it's a key aspect to the CCP's survival. That's why Reddit will become subject to Chinese censorship. The Chinese regime knows that, for many in the world, perception is reality. It won't happen immediately, but it will over time, especially when Tencent dangles China's huge market before the eyes of Reddit's majority holders.

But just as compelling about Reddit's new owners is Tencent's—and the CCP's—access to the personal information of millions of Americans and other Westerners. The CCP already exploits the personal data of its citizens to impose a punitive social credit system, in which citizens have their lives arbitrarily interrupted, and are even imprisoned without cause or legal recourse.

Why Beat Silicon Valley?—Buy It

China's strategy with buying a stake in Reddit is a smart one. As with other technology, why try to out-invent Silicon Valley when Beijing can just



NOAM GALAI/GETTY IMAGES FOR TECHCRUNCH



▲ People use smartphones at a Tencent booth during the Global Mobile Internet Conference 2017 in Beijing on April 28, 2017.

◀ Co-founder of Reddit Alexis Ohanian (L) and co-editor at TechCrunch Alexia Tsotsis during TechCrunch Disrupt NY 2015 in New York on May 6, 2015.

Given China's very recent history of censoring other major digital channels, who believes that the same scenario won't happen again? It will.

buy it, steal it, or both?

Given these considerations, it's hard to overstate the importance of China's new stake in one of the most powerful digital properties in the world.

Think not?

Ask Hong Kong how much free expression they're allowed today after being absorbed into the mainland Chinese communist beast in 1997. There's also the rising level of oppression in mainland China.

Does it make sense to expect a different result with anything the CCP touches? After all, censorship and data exploitation are just business as usual for China. In this era of a U.S. foreign policy inclined to confront China economically and militarily, it seems ironic that such a deal would not be considered ill-advised from the Trump administration's perspective.

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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.



WIT OLISZEWSKI/SHUTTERSTOCK

Under China's planned social credit system, Chinese citizens' texts, tweets and posts, comings and goings, reading habits and friends, will all be fed into a centralized database where a computer algorithm will assign them a "social credit score" that will reflect their degree of political reliability.

OPINION

GEORGE SOROS DECLARES COLD WAR ON CHINA

STEVEN W. MOSHER

It was, by any measure, an extraordinary performance.

George Soros, doyen of the global elites, declared on Jan. 24 at Davos that the People's Republic of China is the chief threat to free societies around the world.

In fact, the eccentric billionaire put the matter even more strongly, saying he wanted to "warn the world about an unprecedented danger that's threatening the very survival of open societies."

This "mortal danger," he went on to say, arises from "the instruments of control that machine learning and artificial intelligence can put in the hands of repressive regimes [like] China, where Xi Jinping wants a one-party state to reign supreme."

Sounding for all the world like he was channeling Ronald Reagan, Soros warned that China, through the use of such technology, was well on the way to becoming "totalitarian."

I imagine that his audience emitted a collective gasp at hearing that particular word. Progressives of all stripes have long scoffed that no state can be truly totalitarian—in the sense of totally controlling their populations. And here was George Soros, one of their own, using a term which is not only politically incorrect, but virtually banned among their company.

What has shocked Soros into describing China as totalitarian and a threat to the world? He has, it seems, come to learn about that country's nascent "social credit system."

The social credit system is China's plan to constantly monitor the electronic behavior of everyone in the country. Their texts, tweets and posts, their comings and goings, their reading habits and their friends, will all be fed into a centralized database where a computer algorithm will assign them a "social credit score" that will reflect their degree of political reliability.

Those with high scores will receive preferential treatment by the state in education, jobs, travel, and credit. Those with low social credit scores will be denied those same benefits. Most terrifyingly, those whose scores fall too low will be judged a threat to the one-party state. They will be preemptively arrested and sent to re-education camps that already hold millions.

George Orwell's nightmare society of constant surveillance is well on the way to becoming the day-to-day lived reality of the Chinese people. Soros is right in characterizing this as "frightening and abhorrent."

While acknowledging that China isn't the only authoritarian regime in the world, Soros singled it out because "it's undoubtedly the wealthiest, strongest and most developed in machine learning and artificial intelligence."

So what does Soros advocate doing in response, besides "recognizing the [China] threat?" Here is where he must have stunned his audience again.

Soros praises the Trump administration for "identifying] China as a 'strategic rival'... [as] outlined in a seminal speech by Vice President Mike Pence on October 4th."

Of course, no bona fide member of the global elite—not even a George Soros—can afford to be seen praising the policies of "America First" Donald Trump. So he credits the new policy to "Asian affairs advi-

The social credit system is China's plan to constantly monitor the electronic behavior of everyone in the country.

sor of the National Security Council, Matt Pottinger." Trump himself he disses as "notoriously unpredictable."

Now I am sure that Mr. Pottinger, whom I respect, made important contributions to America's new China policy. But everyone—except, apparently, George Soros—knows that Donald Trump has been sounding the alarm about China's unfair trade practices, currency manipulation, and theft of intellectual property for over two decades.

George Orwell's nightmare society of constant surveillance is well on the way to becoming the day-to-day lived reality of the Chinese people.

In other words, America's tough new policy towards China owes its very existence to Trump's leadership, whether Soros wants to admit it or not.

And he clearly doesn't. In fact, he goes on to bizarrely accuse Trump of violating his own policy: "President Trump seems to be following a different course," says Soros, "making concessions to China and declaring victory while renewing his attacks on U.S. allies."

Does Soros regard Trump's tariffs on \$250 billion of Chinese goods, his sanctions on Chinese companies, or his arrest of Huawei "princess" Meng Wanzhou, as concessions? I doubt that Chinese leader Xi Jinping views them that way.

This is a perfect example of Trump Derangement Syndrome. The global elites hate Trump so much that they won't give him credit even when they agree with his policies.

Actually, our newly minted China hawk's main complaint is that the current U.S. policy does not go far enough.

"[America's policy] needs to be far more sophisticated, detailed and practical; and it must include an American economic response to the Belt and Road Initiative," argues Soros. "The reality is that we are in a Cold War that threatens to turn into a hot one."

Did you get that? One of the leaders of the global elite wants America to save the world again by declaring a Cold War on China.

The good news is that, thanks to President Trump, we already have.

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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.

CHINA SOCIETY

MAO ZEDONG'S PERSONAL SECRETARY DEAD AT 101; DECLINED BURIAL WITH COMMUNIST PARTY LEADERS

NICOLE HAO

Li Rui, Mao Zedong's personal secretary who later came to be critical of the Communist Party and of Mao himself, died on Feb. 16 at the age of 101.

Li, who died of organ failure in Beijing, not only once held a high rank in the Party, but also suffered from the brutality of totalitarian rule, which saw him denounced multiple times and also tore his family apart.

Mao founded the Chinese Communist Party (CCP) regime in 1949. His rule as chairman over China, lasting until his death in 1976, caused the most deaths by any individual leader in human history. Following Mao's death, Li stood out as one of his biggest critics, and even sought to distance himself from the Party.

According to his family, Li declined a resting place at Beijing's Babaoshan Revolutionary Cemetery, an honor that's traditionally reserved for high-ranking CCP officials and other prominent figures in the regime's history.

'A Final Insult'

Over the objections of Li and his family,

however, there are reports that authorities plan to go ahead with a high-profile funeral at Babaoshan on Feb. 20.

Gao Yu, a Beijing columnist, said on Twitter that Li is to receive a ministerial-level funeral. He cited three officials from the Organization Department of the CCP Central Committee, the department that controls staffing positions.

The officials had visited Li's widow Zhang Yuzhen and informed her of the arrangements, adding that the ceremony would be mandatory.

Li Nanyang, Li's daughter, published a statement Feb. 16 that her father didn't want to have his "funeral or burial held at Babaoshan, nor be covered by a CCP flag."

On Feb. 17, she told Voice of America: "I can't accept that my father's body b'e covered in a flag that is drenched in the blood of the people. It would be a final insult to him."

A Revolutionary Betrayed

In the book "Li Rui Talks About His Past," the elder Li described how he was born into a powerful family in Beijing. His father, who had been a legislator in the pro-communist Republic of China passed away when he was 4 years old.

According to Li's memoirs and Lawrence Sullivan's book, "Historical Dictionary of the People's Republic of China," Li joined the CCP in 1937, when he was 20, and dedicated all his efforts to writing communist propaganda.

Li went to Yan'an, the revolutionary base area in northwest China, with his first wife, Fan Yuanzhen, in 1939. Fan was known as one of the Four Beauties of Yan'an, together with Mao's

fourth wife, Jiang Qing.

In 1943, Li was detained after a comrade accused him of counter-revolutionary espionage during the political



Li Rui, former secretary to Chinese Communist Party leader Mao Zedong, in Beijing on Sept. 5, 2006.

Following Mao's death, Li stood out as one of his biggest critics, and even sought to distance himself from the Communist Party.

campaign and mass purge known as the Yan'an Rectification Movement. Li's wife, Fan, distanced herself from him and became the mistress of Ye Liqun, the CCP revolutionary known by the epithet "King of Leftism."

A year later, Li was released, and divorced Fan, whom he remarried after she begged him to forgive her.

In 1945, Li became a secretary for Party leader Gao Gang, who administered the northeast, and then Chen Yun, who became the first vice prime minister of the People's Republic of China and was one of eight top CCP leaders until 1992.

In 1958, Li was promoted to personal secretary of Mao on industrial affairs, while also serving as vice minister of Water Resources and Electric Power. But he was removed from all his positions in 1959, after criticizing the Great Leap Forward, a disastrous political movement and economic scheme led by the CCP that resulted in the deaths of tens of millions of people, mostly from starvation, but also the result of political persecution and other forms of Party-sanctioned violence.

Li was condemned to work in a rural area, where he nearly became one of the famine's victims. During this time, Fan Yuanzhen left him again, this time for good. In 1967, following the beginning of the Cultural Revolution, Li was again jailed after he criticized Chen Boda, one of the campaign's masterminds.

The Cultural Revolution led to the



JEAN VINCENT/JAP/GETTY IMAGES

deaths of millions of people and the destruction of much of China's cultural heritage and artifacts.

Li, who was released in 1975, was named vice minister of Electric Power and Industry in January 1979. He then visited the United States, of which he made the assessment, "Looking at the whole [American] society and political system, [I concluded that] capitalism is more in line with the norms of human development."

In 1989, Li asked the CCP Central Committee to not "impose martial law or open fire on the students" demonstrating at Tiananmen Square that June.

▲ A small group of Chinese youths walk past several revolutionary placards in downtown Beijing in February 1967, during the Cultural Revolution.

His words angered Deng Xiaoping, the CCP general secretary, and Li was ousted from the CCP leadership.

Under Deng's leadership, the CCP deployed the People's Liberation Army against the Tiananmen demonstrators, killing and wounding thousands of people in the June 4 Massacre.

Following his retirement, Li worked to support the democratization of China.

Li Nanyang and her family left China and moved to California in 1990. She says that because the CCP ignored the wishes of her family, she won't attend the funeral at Babaoshan.

NEWS ANALYSIS

CHINA REVERSES COURSE

LAUNCHES MASSIVE CREDIT EXPANSION

FAN YU

China has opened the liquidity floodgates. Bank lending in China hit an all-time high in January, signaling that recent mandates to boost lending to businesses are taking broad effect.

In addition, China's total social financing, a broad-based figure that measures total credit and liquidity in the economy—including shadow-banking and capital markets activities—grew to 4.64 trillion yuan (\$685 billion) in January, according to data from China's central bank, the People's Bank of China. That's more than three times December's credit activity of 1.59 trillion yuan.

While January has traditionally been a busy month for banks, due to a reset of annual lending caps, amounts lent so far in 2019 have exceeded all expectations.

And with that, the Chinese communist regime has fully abandoned efforts since 2017 to rein in credit growth. Beijing officials so far have downplayed the effects of lending growth, telling Chinese business news media Caixin that "growth in social financing doesn't indicate that China is opening the credit floodgates, as the new borrowing meets actual economic demands and remains at a stable level."

Despite the denials, it's fully apparent what's at play here: Beijing is taking an extremely loose monetary-policy position, embarking on its most aggressive stimulus measures since 2015.

Bank loans topped 3.23 trillion yuan

(\$477 billion) in January, its highest reading since 2002, according to Caixin.

Dating to the end of 2018, Beijing has announced several new stimulus measures to combat recent economic weakness. In early January, policymakers cut the required reserve ratio at domestic lenders by 50 basis points to encourage lending, especially to privately owned businesses. Beijing also front-loaded local bond issuances in January to get a head start on economic growth for the first quarter.

Beijing is taking an extremely loose monetary-policy position, embarking on its most aggressive stimulus measures since 2015.

The relatively early timing of 2019's Lunar New Year—in early February—likely also contributed to heightened levels of bond issuances in January 2019.

Near-Term Euphoria
So what does this mean? In all likelihood, the market will react positively in the short term.

With total debts in China at about 300 percent of GDP and with economic

growth stagnating, there was really only one viable path for the Chinese regime. The flow of credit offers a lifeline to many overleveraged Chinese companies and governments, which need to roll over their current debt.

"This confirms what the market has been moving to discount in recent weeks [i.e., the familiar Chinese monetary path of tightening begets easing] and augurs well for strong resurgence in year-over-year EPS in [the second half of] this year," Morgan Stanley emerging markets strategist Jonathan Garner wrote in a note to clients on Feb. 15.

There are two items to watch going forward. One is off-balance sheet shadow banking activity, which grew in January year-over-year for the first time in more than a year. It will be interesting to see whether Beijing will officially reverse course in its policy toward shadow banking activity, an area it had looked to block over the last two years.

Another theme to track is the recent rally in onshore equities. The Shanghai Composite Index is up, somewhat unexpectedly, almost 9 percent since Jan. 1. But in hindsight, it makes sense. Beijing has been carefully managing the narrative to support near-term equities inflows. From ramping up stimulus measures to projecting positive development of the continuing U.S.-China trade war.

This year marks a major debut of Chinese financial markets onto the global stage. Two major stock indices will begin including Chinese domestic A-shares into their widely



used benchmarks: The FTSE Russell is expected to include Chinese A-shares in its Emerging Markets Index, and MSCI is expected to increase its allocation of Chinese A-shares to 20 percent. Bloomberg announced in January that yuan-denominated Chinese government and bank securities would be included in its major fixed income benchmark, the Bloomberg Barclays Global Aggregate Index. These actions would induce global asset managers who reference these widely benchmarked indices to buy Chinese stocks and bonds.

Given this backdrop, Beijing authorities will likely pull out all the stops to boost onshore equity markets.

Slowdown Unavoidable?

But there are signs that the economic slowdown will worsen and China will likely need to pursue even more aggressive monetary loosening to keep pace. China's producer's price index rose just 0.1 percent in January, according to the National Bureau of Statistics on Feb. 15. That figure, down from 0.9 percent

in December, is barely above deflation territory.

Consumer price index—the main gauge for prices of goods and services—was 1.7 percent year-over-year in January, coming in below the consensus expectations of 1.9 percent, according to Reuters. Both readings are concerning, indicating that demand remains soft across the spectrum.

Beijing has mobilized financial regulators to keep the pressure on banks to keep lending, and more recently, told the country's banking regulator, China Banking and Insurance Regulatory Commission, to "be more tolerant on non-performing loans," according to a South China Morning Post report.

But these are only short-term remedies that don't address the fundamental issue of slowing demand and high debt load. And they don't take into account possible consequences of the U.S.-China trade war, should it continue for much longer. The negative effect of that will have a far greater effect on the Chinese economy.

Investors look at stock price movements at a securities broker in Beijing on Oct. 11, 2018.

"There's some short-term inflows into the Asian market, but I don't think it will be sustainable. At the end of the day, without improving the fundamentals, I don't think any technical rally can go on for a very long time," David Cui, head of China equity strategy at Bank of America Merrill Lynch, told Bloomberg News on Feb. 14.

Longer term, this monetary policy only worsens China's debt issues. China's defiance of well-established economic development model won't last forever.

"This will merely aggravate the country's debt and over-investment problems," Arvind Subramanian, senior fellow at the Peterson Institute for International Economics, wrote in a Feb. 5 article for Project Syndicate, a news analysis website. "One way or another, China's continued defiance of the 'laws' of macroeconomics, geopolitics, and economic development will hasten its inevitable return to normalcy.

"When that happens, the world had better brace itself."

CHINESE INVESTMENT

EU TOUGHENS FOREIGN INVESTMENT RULES IN FACE OF BEIJING'S ATTEMPTS TO BUY SENSITIVE COMPANIES

NICK GUTTERIDGE

BRUSSELS—The European Parliament has given the green light to tough new rules to block malicious foreign investments in an effort to prevent the Chinese government from buying strategically sensitive companies.

Representatives voted 500–49 on Feb. 14 to approve the package of legislation, which for the first time will set EU-wide standards that overseas investors will have to meet.

The law was first proposed by the European Commission in 2017 amid growing concerns about Chinese sensitive companies in areas including technology and the energy sector.

Under the plan, national governments still retain the ultimate power over whether to review or block investments, but the commission will be able to request information about cases of concern and issue advisory opinions.

Cecilia Malmström, the EU Commissioner for trade, said while Brussels maintains that the EU remains open to investment, "a condition to remain open is to be able to trust that foreign investors cannot threaten strategic interests or security."

"This has become even more important at the internal market where foreign investments in one member state can have an impact in another member state," Malmström said.

The Swedish official insisted the law doesn't specifically target China, but admitted that Beijing's open attempts to invest in sensitive European companies was a major concern for most member states.

"This legislation is totally neutral and non-discriminatory and it has to be, but it is no secret that if you follow the debate in certain countries right now that of course there is a question on China," she said.

"China has also very clearly in their official documents and their long-term strategy said that investments in strategic infrastructure in foreign countries is a priority, so we're aware of that."

She added that most of EU's allies around the world have taken similar measures, and it was a "tool that has been lacking" in the EU.

Franc Proust, a French member of the European Parliament who was the rapporteur for the legislation, said it was

designed to stop EU countries getting into a "relationship of dependency" with China.

"Canada gave its rare earth expectations over to China and when they wanted to work with Japan to export these rare earths, the Chinese prevented them doing so because of the ones that already exist in China. That's the kind of situation we want to try and avoid," Proust said.

German representative Bernd Lange, who is chairman of the Parliament's International Trade Committee, added: "We really have to be more proactive for our industry in the European Union and to defend their possibilities to be competitive compared to other regions of the world."

The new law will be enacted after member states sign off on it. EU capitals will then have 18 months to put screening systems in place, although officials expect many to act quickly once it is ratified.

According to a study by Bloomberg published last year, Chinese investment in Europe between 2008 and 2017 amounted to \$318 billion, which is 45 percent more than it injected into the United States over the same period.

Giving evidence to the U.S. House of Representatives Foreign Affairs Committee in May last year, Philippe Le Corre from Carnegie Endowment for International Peace said Washington and Europe should work together to address the issue.

"Although the U.S. and the EU do not always speak with one voice, they should coordinate and present a united front as Chinese capital continues to flow towards the European continent," Le Corre said.

The state-owned energy company China Three Gorges is currently trying to wrap up a \$10 billion take-over of Portugal's EDP—Energias de Portugal, in a case that has sparked concern about Beijing's investments in key infrastructure.

Beijing is also funding a third of the costs of building a new nuclear power plant at Hinkley Point in southern England, with some British politicians voicing fears over the possible security implications.

According to Le Corre, the Chinese have targeted Europe's biggest economies, investing \$70 billion in the UK to date, \$31 billion in Italy, \$20 billion in Germany, and \$13 billion in France.



Investors view stock index at a securities company on in Wuhan, Hubei Province, in this file photo.

CHINESE INFLUENCE

AS BOLIVIA LEADER SETS HIMSELF UP FOR 4TH TERM, CHINA'S INFLUENCE GROWS

CATHY HE

A recent incident in Bolivia has demonstrated the repercussions of China's influence.

On Feb. 14, Bolivian newspaper Los Tiempos reported that an investigation by the Bolivian forestry authorities discovered that four local sawmills had been illegally exporting high-value timber species to China. Unnamed former and current employees at the agency, called the Forest and Land Audit and Social Control Authority, had been involved in the scheme.

They have now been placed under investigation.

Now, Chinese investment in Bolivia is under scrutiny, given its far-reaching political and social implications for the South American country.

Chinese Investment

Current Bolivian leader Evo Morales, who has been president since 2006, aligned himself with Beijing early on, just after he won the election and became president-elect.

In January 2006, while visiting China, Morales called Beijing an "ideological ally" and expressed his admiration for the Chinese communist regime, according to Spain's daily newspaper El Mundo.



Bolivia's President Evo Morales (L) sings his national anthem as Chinese leader Xi Jinping (R) looks on during a welcome ceremony in the Great Hall of the People in Beijing on June 19, 2018.

Another Spanish daily newspaper, El Periódico de Aragón, reported that Morales declared himself a great admirer of former Communist Party leader Mao Zedong and his "proletarian revolution," noting that he had read Mao's biography "from a young age." Mao's Cultural Revolution campaign in 1966—which lasted until his death in 1976—resulted in the deaths of millions of people.

Relations with China took off after Morales's visit. Bilateral trade between Bolivia and China grew significantly in 2008, according to a 2018 working paper published by the Global South Unit at the London School of Economics. Exports from Bolivia to China went from

\$16,000 in 1992 to \$434 million in 2014, while imports from China grew from \$7.5 million to \$1.8 billion during the same period.

In 2018, China became Bolivia's fourth-biggest trading partner, according to China's Ministry of Foreign Affairs.

Chinese companies began doing business in Bolivia, including in the petroleum, construction, manufacturing, and telecommunications sectors. For instance, Bolivia secured a \$251 million loan from China's state-run China Development Bank in 2013 to launch its telecommunications satellite Túpac Katari 1, according to Bolivian daily newspaper Página Siete.

In 2015, China's state-owned policy bank, the Export-Import Bank of China, agreed to provide \$7 billion in loans to finance investments in Bolivia projects, including hydroelectric energy and rail infrastructure, according to Reuters.

Meanwhile, Chinese telecom giant Huawei also has worked with Bolivia's national telecom provider Entel, and private providers such as Tigo and Viva, according to Bolivian newspaper Los Tiempos. Huawei reported on its website in June 2018 that Entel has completed the deployment of its new cellular base stations—for both 4G and 5G communications—called TubeStar.

And most recently, on Feb. 7, Chinese-

Morales declared himself a great admirer of former Communist Party leader Mao Zedong and his 'proletarian revolution.'

listed construction and electrical engineering company Xinjiang TBEA Group was selected by the Bolivian government for a partnership on \$2.3 billion worth of lithium projects, according to Reuters. TBEA Group would hold 49 percent stakes in a joint-venture with Bolivia's lithium company YLB.

Beijing has sought worldwide access to lithium—one of the major components in electric car batteries—in order to supply its aggressive development of its domestic electric vehicle industry.

Chinese Influence

After years of Chinese investment, there are signs that Beijing holds a certain sway in Bolivia.

In 2016, Morales's ex-girlfriend Gabriela Zapata was involved in a corruption case that proved to be a big scandal for the leader.

Zapata was the commercial manager at the Bolivian branch of China CAMC Engineering, a subsidiary of China's state-run tool making and construction conglomerate China National Machinery Industry.

She was arrested in February 2016 as part of a corruption investigation. While charges related to her arrest were not made public at the time, CAMC had been awarded millions of dollars' worth of contracts in Bolivia, including a railway project and a salt extraction and refinery plant.

In May 2017, Zapata was sentenced to 10 years in prison for money laundering, illegitimate contributions, and inappropriate use of public goods and services. According to Bolivian newspaper El

Deber, a court document showed that Zapata had lacked the necessary qualifications and work experience for her position at CAMC.

Morales's political opponents accused him of influence-peddling, according to AP, a charge Morales denied.

Another incident involving the United Nations also revealed China's influence on Bolivia.

On April 13, 2018, the United States, British, and French forces launched airstrikes against Syria, in response to a poison gas attack a week earlier, allegedly by the Syrian army, that killed at least 70 people in the Syrian city of Douma.

In response to the airstrikes, Russia called for an emergency meeting, proposing a resolution condemning "aggression" by the three countries, according to AP.

After a vote by the 15-member Security Council, eight countries voted against the Russian draft resolution while four countries abstained.

Russia only received votes from two countries—China and Bolivia.

Bolivia Political Crisis

The country now faces a crisis, as Morales has set himself up for another term in office.

Bolivia's constitution stipulates that presidents can only serve a maximum of two 5-year terms.

But in April 2013, a court ruling allowed Morales to run for office for a third term in October 2014. The court ruling stated that Morales's first term in office did not count toward the two-term limit.

After years of Chinese investment, there are signs that Beijing holds a certain sway in Bolivia.

tation under the constitution because it was passed in December 2009, after Morales had already begun serving his first term.

In November 2017, another court ruling scrapped the presidential term limits. The court's decision paves the way for Morales to run for his fourth term in the general election to be held in October 2019.

U.S. Sens. Bob Menendez (D-N.J.), Dick Durbin (D-Ill.), and Ted Cruz (R-Texas) recently introduced a bipartisan resolution raising concerns about the country's future. "It is important for all parties to respect Bolivia's Constitution, which includes term limits that serve as an important institutional check against corruption and abuses of power," Cruz said in a Feb. 1 press release with the U.S. Senate Committee on Foreign Relations, of which the senators are members.

They called for democratic principles and supporting "the Bolivian people's desire to maintain presidential term-limits."

The senators also noted that Bolivia had aligned itself with "rogue and illegitimate regimes including Maduro's in Venezuela."

In the ongoing political turmoil in Venezuela, the legitimacy of embattled Venezuelan dictator Nicolás Maduro has been challenged by opposition leader Juan Guaidó.

A number of countries have announced their support for the latter, including the United States, Canada, Argentina, and Brazil.

But Beijing has staunchly defended Maduro.

MILITARY

PENTAGON REPORT WARNS OF CHINA'S SPACE THREAT TO US MILITARY

FRANK FANG

Beijing's continuous efforts to develop space-based capabilities are posing a grave threat to the U.S. military, according to a recent Pentagon report.

In a report titled "Challenges to Security in Space," published Feb. 11, the Pentagon warned that Beijing hasn't been practicing what it preaches, despite China's official stance of advocating peaceful use of space, as it seeks multilateral agreements on non-weaponization of space at the United Nations.

The Pentagon said in no unclear terms that China's military, the People's Liberation Army (PLA), has historically managed the country's space program, including for dual-use—meaning both military and civilian—purposes.

"China continues to improve its counter-space weapons capabilities and has enacted military reforms to better integrate cyberspace, space, and electronic warfare into joint military operations," the report said.

The most worrying threat is the Chinese capability to destroy U.S. satellites.

And Beijing's pursuit of advancements in counter-space weapons is squarely targeted at the United States and its allied forces, according to the report.

These space capabilities are integral to the PLA's military operations. In a conflict, China would be able to "blind and deafen the enemy" by taking out the enemy's various satellites critical for military communication, navigation, and early detection of missiles, according to the report.

And should China be involved in a conflict in Asia, China's space weapons could "deter and counter a possible U.S. intervention."

Destroying Satellites

The PLA's own analysis pointed out that "destroying or capturing [U.S.] satellites and other sensors" would render the U.S. military incapable of using its precision-guided weapons, according to the report.

Based on Chinese scientific papers, the Pentagon concluded that China is developing laser weapons "to disrupt, degrade, or damage satellites and their sensors." One likely scenario is that the weapons could disable infrared detection sensors that allow satellites to detect incoming missiles.

By 2020, China will likely field a ground-based laser weapon that can disable sensors on satellites in low-Earth orbit—meaning within an altitude of 2,000 kilometers (about 1,200 miles), according to the report.

In addition to laser weapons, China also has an "operational ground-based anti-satellite missile intended to target low-Earth orbit satellites," the report said, adding that China has already formed military units that have started training with anti-satellite missiles.

Beijing currently operates 120 ISR (intelligence, surveillance, and reconnaissance) systems, a fleet of satellites that can conduct surveillance, early enemy detection, and intelligence gathering. That number is only exceeded by the United States, according to the report.

The PLA owns and operates about half of these IRS systems that could "support monitoring, tracking, and targeting of U.S. and allied forces worldwide, especially throughout the Indo-Pacific," the report added.

"These systems allow the PLA to keep tabs on 're-

The Pentagon concluded that China is developing laser weapons 'to disrupt, degrade, or damage satellites and their sensors.'

gional flashpoints" where the Chinese regime has interests, such as the Korean Peninsula, Taiwan, and the South China Sea.

But the dangers posed by China's space military capabilities don't end there.

Rick Fisher, senior fellow at the International Assessment and Strategy Center, said in an email interview that the PLA also controls China's planned space station, set for a 2020 launch, as well as the unmanned and manned lunar programs.

"It can be expected that the PLA will derive dual-use benefits from its space station and from its Moon program," Fisher said.

The space station can be used for surveillance, while on the moon, "China will bring weapons that can attack the Moon bases of other countries and perhaps their satellites in deep space orbits," he predicted.

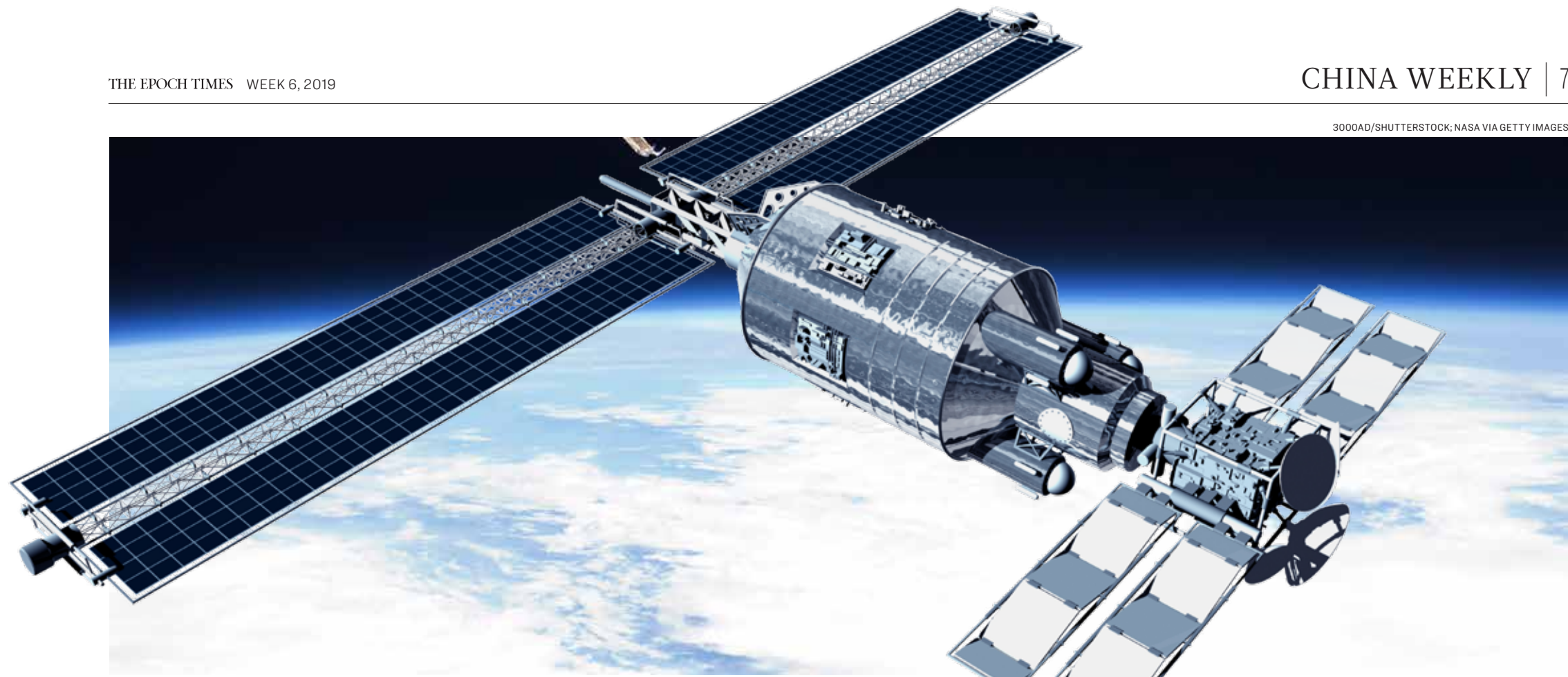
The Pentagon report also detailed space threats from Russia, Iran, and North Korea.

In response to the report, China's foreign ministry spokesperson Hua Chunying, said at a daily press conference on Feb. 12 that the United States "made unwarranted and utterly baseless comments on the space policies of relevant countries including China."

She also reiterated the Chinese regime's official stance that Beijing "opposes weaponizing outer space."

History of Weaponization

Despite Beijing's official policies stating that its space ambitions are only for peaceful purposes, Mary FitzGerald, a research fellow at the U.S. think tank Hudson Institute, said that since at



least 1996, Chinese military scientists have conceptualized the idea of space warfare: maintaining space dominance in order to succeed at space combat operations.

While speaking at a U.S. congressional hearing in March 2007, FitzGerald explained that Beijing has identified the U.S. military's "Achilles' Heel": its reliance on the GPS (Global Positioning System) satellite system for high-tech operations. To take advantage of this weakness, Chinese military experts suggested engaging in anti-satellite warfare, including the use of high-energy (e.g., lasers) and kinetic (e.g., missiles) weapons—mentioned in the latest Pentagon report.

Sun Laichan, who headed the China National Space Administration from 2004 to 2010, confirmed that stance during a speech at Beijing Jiaotong University in May 2007, noting that in the past decade, "China's space military equipment has played an important role in shaping strategic deterrence and safeguarding the nation's security."

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NATIONAL SECURITY

US REPORT: CHINA'S BIOTECH INDUSTRY POSES THREAT TO US NATIONAL SECURITY

FRANK FANG

Clinical and genetic data of U.S. citizens obtained by Chinese biotechnology companies through their partnerships with U.S. institutions could pose national security risks, according to a newly published congressional report.

The risks stem from the "dual use of biotechnology information," the U.S.-China Economic and Security Review Commission (USCC) said in a report published Feb. 14. For instance, genetic and medical analyses used in the biotech industry to develop tailored treatments for patients "could be used for malicious purposes in the hands of a foreign state government, such as China."

In a hypothetical situation, foreign states such as China could possibly blackmail individuals with the threat of exposing their embarrassing medical information, according to the report. In another situation, the foreign state could use information on health conditions, such as allergies, to conduct a targeted attack against diplomats, politicians, high-ranking federal officials, or military leaders, to "induce an allergic reaction or fatal injury."

Much like health records, genetic data could also be exploited as research about the links between genetic traits and personality traits becomes more advanced in the future. For instance, foreign intelligence officials, knowing in advance which individuals have genetic markers such as loyalty and susceptibility to flattery, would be able to know how to exploit or blackmail those persons.

China's biotech industry has grown rapidly in the last decade, according to the report, with the market now estimated at 30 billion to 40 billion yuan (\$4.7 billion to \$6.2 billion), compared to the U.S. biotech market at \$118 billion.

"As a major element of China's biotechnology growth, Chinese biotech companies are utilizing U.S. firms to acquire technologies and data that bolster their current capabilities through a variety of channels," the report stated.

Some of these channels included foreign direct investment, mergers and acquisitions, venture capital, corporate and academic partnerships, and recruitment of U.S.-trained foreign and Chinese-born researchers.

The report also warned, "China's biotech industry may have also benefited from illicit extraction of overseas technology through espionage or the theft of trade secrets."

One confirmed example was the case of Zhang Weiqiang, a Chinese national living in Manhattan, Kansas, who was sentenced in April 2018 to 10 years in prison for stealing samples of genetically engineered rice seeds from his employer Kansas-based Ventria Bioscience. Zhang intended to transfer the samples to a crop research institute in China. Zhang's case was one of 11 cases that occurred between 2001 to 2017 involving Chinese espionage and trade secret theft in the United States identified by the report.

BGI

One example of China getting its hands on U.S. data is highlighted in the report: via BGI Group, a private genome sequencing center based in the southern Chinese city of Shenzhen, with subsidiaries including BGI Genomics, which is listed on the Shenzhen Stock Exchange, and a research institute. BGI was previously known as the Beijing Genomics Institute.

In 2011, BGI and University of California Davis announced a collabora-



Biotech is among several tech sectors the Chinese regime has named as a "Strategic Emerging Industry" in economic plans such as "Made in China 2025" and the 13th Five-Year Plan.

tion in which the Chinese company would set up a genetic sequencing facility at the university's Sacramento campus. That same year, BGI and the Children's Hospital of Philadelphia also established a collaborative genome center.

In 2013, BGI acquired U.S. sequencing company Complete Genomics for \$117.6 billion, according to the report.

Chinese biotech companies are utilizing U.S. firms to acquire technologies and data that bolster their current capabilities through a variety of channels.

"By collecting data across many efforts [partnerships with U.S. entities], BGI may be amassing a database of genomic and healthcare data on US persons that is greater than that achieved through any single research endeavor," the report stated.

While BGI is a private company, the company has definite ties to the Chinese Communist Party. In January 2018, China's state-run media Xinhua reported that Du Yutao, the Party secretary of BGI's research institute, spoke of the importance of learning and putting into action of "the spirit behind the 19th National Congress," referring to the Party's once-in-five-years leadership transition event.

China unveiled "Made in China" in May 2015 as a blueprint for transforming China into a high-tech powerhouse by 2025.

In China, companies and organizations are required to establish Party organizations to ensure they toe the Party line. Du had spoken at the institute's Party committee meeting designed to discuss Chinese leader Xi Jinping's speech at the 19th National Congress held in October 2017.

BGI has also received state support, including a ten-year, \$1.5 billion loan from China Development Bank in 2010. According to Chinese search engine

Baidu, Du was selected as a provincial representative from southern China's Guangdong Province to attend the 19th National Congress.

The USCC report also warned that the Chinese regime has laws in place that require private companies to give up data at any time.

Two laws passed in 2015, National Security Law, Counter-Terrorism Law, and the Cybersecurity Law in 2016, were largely aimed at internet and telecommunications companies, but "their broad scope of does not preclude their application to a wider range of companies such as those harboring genomic or other personal data," the USCC report said.

China's State Policies

Biotech is among several tech sectors the Chinese regime has named as a "Strategic Emerging Industry" in economic plans such as "Made in China 2025" and the 13th Five-Year Plan.

China unveiled "Made in China" in May 2015 as a blueprint for transforming China into a high-tech powerhouse by 2025. Less than a year later, in March 2016, Beijing released its latest Five-Year Plan, which sets out to strengthen the implementation of Made in China 2025 from 2016 to 2020.

The USCC report identified several Chinese state-run tech R&D programs to boost the country's biotech sector, including the "863" and "973" programs, with the former dating back to 1986 and the latter in 1997. According to the report, Beijing poured \$630 million into funding the 973 program in 2013.

Biotech has also been a focus of Beijing's talent programs in the past few years, the report stated, listing several national level programs such as the Hundred Talents Program and Thousand Talents Program. Regional governments in China also run hundreds of similar programs.

"Out of the estimated 2,629 current recruits in the Thousand Talents program as of June 2018, 44 percent specialize in life sciences or medicine," the report stated, citing figures from a U.S. congressional hearing.

The report pointed out that the dangers lie in China's fundamentally different political system: "China is a Leninist-style one-party state based on rule-by-law not rule-of-law. China's economic ambitions and intentions present challenges for more liberal economies."

The report recommended that the United States adopt policies to mitigate "against economic and security risks posed by China's statist approach to innovation without stifling US innovation."



IP THEFT

ENGINEER INDICTED FOR STEALING TECH FROM US EMPLOYER TO SET UP FIRM IN CHINA

NICOLE HAO

A naturalized U.S. citizen from China has been charged with stealing trade secrets valued at roughly \$119.6 million from American companies, for the purpose of setting up a Chinese company that would manufacture the involved product for the global market.

According to federal prosecutors, while You Xiaorong, also named Shannon You, was working at two U.S. companies, she stole trade secrets related to BPA-free (bisphenol-A) coating technology, which line the insides of cans and other food and beverage containers to prevent flavor loss, corrosion, and reactions to the food or beverage content.

In recent years, companies have turned to developing BPA-free coatings as alternatives to BPA coatings, after scientists have found that BPA is potentially carcinogenic.

Furthermore, You, 56, was recruited to bring her stolen technology to China through a Beijing-run and-funded hiring program that targets scientists and engineers of Chinese descent.

"The conduct alleged in today's indictment exemplifies the rob, replicate, and replace approach to technological development," Assistant Attorney

You, 56, was recruited to bring her stolen technology to China through a Beijing-run and-funded hiring program that focuses on scientists and engineers of Chinese descent.

General National Security John C. Demers said in a U.S. Department of Justice (DOJ) statement on Feb. 14.

You was indicted on seven counts of theft of trade secrets and one count of wire fraud. A co-conspirator, Liu Xiangchen, a 61-year-old man from Shandong Province, China, is also indicted, for allegedly forming a plan to bring You's stolen

technology to the Chinese firm Liu would establish and manage. In return, Liu promised You ownership shares in the company.

Filipino media ABS-CBN reported on Feb. 15 that a third co-conspirator, mentioned but not charged by the DOJ, is a relative of Liu.

Although the indictment does not name the victim U.S. companies, it mentions that one of You's employers is an Atlanta-based company, where she worked from December 2012 to August 31, 2017. That would match You's LinkedIn page, which says she began working at Coca-Cola as a principal engineer in December 2012.

A spokeswoman for Coca-Cola confirmed to ABS-CBN that You had been an employee. You, born in China and a resident of Lansing, Michigan, also worked at a Kingsport, Tennessee-based company, where she had access to relevant trade secrets, from September 2017 until June 2018, according to the indictment.

In fact, Chinese media have previously reported publicly about You and Liu's Chinese company. Chinese news site KNews reported on Nov. 3, 2018 that You is a bisphenol-A (BPA) and BPA-free expert who developed BPA-free technology successfully at the Coca-Cola lab in 2015 and wanted to set up a production line in China.

When You sought to find a partner to provide the materials for a future manufacturing plant. Xu Dongguo, the chairman of Jinhong Group, based in Weihai City in Shandong Province, contacted You in 2016. Jinhong, founded in 1997, mainly produces chemical materials, according to Qichacha, a Chinese database on the country's private enterprises.

The state-run Weihai Evening Paper reported on March 5, 2018, that You signed an agreement with Jinhong in June 2017 for a production line manufacturing BPA-non-intent coating—which would be the first of its kind in Asia. Also in 2018, KNews reported that You became Jinhong's chief technology officer.

The company invested 180 million yuan (\$26.58 million) for this production line, which is to be into operation in 2020, with production of 30,000 metric tons. The annual output would be valued at 700 million to 900 million yuan (\$103 million to \$133 million).

Weihai Evening Paper further reported that Jinhong Group sponsored You in her application to join the "Thousand Talents Plan" in 2018, whereby she will be rewarded with 3 million yuan (\$443,000) from the central government, Shandong provincial government, and Weihai City

JEREMY CHRISTENSEN/SHUTTERSTOCK

VON KAMIL MACNIAK/SHUTTERSTOCK

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