

WEEK 10, 2019

# THE EPOCH TIMES CHINA WEEKLY

## CHINESE ENTREPRENEUR **RISKS LIFE**

### TO EXPOSE PERSECUTION IN CHINA

Torture, a Daring Escape, and Fake  
'Harry Potter' Books: A Chinese  
Entrepreneur's Harrowing Account  
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NEWS ANALYSIS

# RECENT CHINESE BULL MARKET IS A RED HERRING

WEAK FUNDAMENTALS, TRADE WAR, AND POLICY RISKS REMAIN HEIGHTENED

FAN YU

Chinese equities have continued their march upward as predicted, buoyed by positive sentiment and expectations of continued economic easing from Beijing.

The positive short-term momentum could last a bit longer. But investors with a time horizon greater than six months should be very cautious: China's deteriorating economic realities could quickly sour their prospects.

China's benchmark CSI 300 rose 2.2 percent on March 1, after leading index provider MSCI increased the weighting it assigned Chinese A-share stocks in its widely referenced emerging markets index. Since Jan. 1, the CSI 300 is up almost 25 percent, double the appreciation of the S&P 500 index during the same time.

The MSCI action has been expected for months. The index provider will increase the weighting of Chinese stocks in its widely tracked emerging markets index to 3.3 percent by the end of this year from 0.7 percent today. Together with offshore Chinese stocks listed in Hong Kong, Chinese onshore and offshore shares will make up approximately 34 percent of the reference.

Investment vehicles such as exchange-traded funds that measure their performance against MSCI's emerging markets index will need to buy the underlying stocks. It's a mechanical exercise that will show an estimated \$80 billion to \$125 billion in new inflows into the Chinese equity markets this year.

Stocks have also been boosted by U.S. President Donald Trump's extension of a March 1 deadline to reach a new trade deal with China. Citing progress made to date, Trump has delayed the deadline for a potential in-person meeting with Chinese Communist Party leader Xi Jinping later this month.

**Short-Lived Bull Market?**

While the MSCI action is good news for Chinese stock market investors today, it's also old news that has largely been priced into the market.

But peeling back the onion a bit, inflows from foreigners may not automatically equate to a bull market.

According to Bloomberg data, foreign ownership of Chinese onshore stocks currently stand at a paltry 2.2 percent of the market. Retail investors own 20 percent of stocks. The majority of shares, at almost 55 percent, are owned by insiders such as founders, existing management, and parent holding companies (read: Chinese Communist Party heavyweights).

In the three weeks leading up to Feb. 23, such insiders were net sellers of Chinese stock—to the tune of 4 billion yuan (approximately \$600 million) worth of shares, according to a Bloomberg Opinion report by Shuli Ren. The selling was more concentrated in the private sector, but it shows that insiders at Chinese companies may be dumping stock when the price is elevated.

And such insiders could very well continue to cash out and sell their shares to unsuspecting foreigners lining up to buy. Why? Because the

fundamentals still look bleak.

**Fundamental Weaknesses**

The latest Caixin/Markit Manufacturing Purchasing Managers' Index came in at 49.9 for February, indicating that Chinese factory activity shrank for the third consecutive month. While the reading was higher than January, it showed that China's all-important manufacturing activity is still stuck in its longest contraction since 2016.

On the trade-war front, progress has been painfully slow. Both sides have said the right things in the media to avoid spooking financial markets, but fundamental differences remain unresolved.

China's strategy so far is to buy its way into the United States' graces, by offering to purchase more U.S. agricultural exports. This will mitigate the trade imbalance between the nations, which is only one of Trump's sticking points.

The two sides are still far apart on fundamental issues.

"This administration is pressing for significant structural changes... especially when it comes to issues of intellectual property rights and technology transfers," U.S. Trade Representative Robert Lighthizer told Congress during a hearing on Feb. 27.

Issues at hand "are too serious to be resolved with promises of additional purchases," Lighthizer added. And even if Xi acknowledges and agrees to stop technology-stealing—a big "if"—in principle, there are still major questions around enforcement and accountability.

The massive credit expansion in January and the subsequent anxiety suggest that there may be increasing confusion—or disagreement—at the highest levels of the communist regime on how to mitigate increasing risks to the economy going forward.



JACKIE NIAM/SHUTTERSTOCK

CHINA SOCIETY

## CHINESE STATE TV UNDER FIRE OVER 'FORCED CONFESSIONS'

JOHN SMITHIES

LONDON—Chinese state television channel CCTV is under fire for broadcasting what campaigners call “clear lies” in the UK, and it could face similar charges in the United States.

Human rights NGO Safeguard Defenders has written to British broadcasting regulator Ofcom about numerous so-called “forced confession” broadcasts on China Central Television (CCTV) and its English-language counterpart, China Global Television Network (CGTN).

The NGO says the broadcasts amount to “known and intentional distortion of facts and clear lies,” which violate Ofcom’s rules on impartiality and accuracy.

The complaint was made on behalf of four victims, two of whom are of Chinese descent: Angela Gui, daughter of detained Swedish book publisher Gui Minhai, and Lam Wing-Kee, who sold books in Hong Kong that were critical of the Chinese communist regime.

The other two are Swedish national Peter Dahlin and British ex-journalist Peter Humphrey, who both say they were forced to read out statements that had been prepared by police.

None of them were formally arrested or charged when the “confessions” were broadcast. They were

“CCTV journalists then aimed their cameras at me and recorded me reading out the answers already prepared for me by the police. No questions were asked.

*Peter Humphrey, former journalist*

Instead kept in “residential surveillance at a designated location,” or what the UN calls “enforced disappearances.”

Humphrey ran a corporate due diligence firm in China that the Chinese state alleged had bought and sold personal data, charges that Humphrey said are false.

In the submission, Humphrey said he was drugged,

secured to a metal chair, and then placed inside a small cage.

“CCTV journalists then aimed their cameras at me and recorded me reading out the answers already prepared for me by the police. No questions were asked,” he said.

**‘Made Under Duress’**

Dahlin was the co-founder of a group that provided support to lawyers in China. The Chinese regime alleged he had violated national security, but he was never brought before a court to face charges.

He says he was also forced to read prepared statements, which were then presented as facts in CCTV broadcasts.

“All statements made by Peter Dahlin were known by CCTV to be made under duress,” the submission to Ofcom says. “The cameraman and the journalist both were aware that he was kept in a facility for investigation, and were aware that his answers were pre-scripted.”

Gui Minhai hasn’t been seen since his forced confession was aired on CCTV in 2016, in which he was made to say he returned to China to voluntarily turn himself in for a 2003 traffic violation.

Eight days after Gui Minhai disappeared, Lam Wing-Kee was taken and blindfolded when cross-

ing the border from Hong Kong into China.

After six months in detention, he was released on bail, but not before several videos were recorded.

“The videos recorded of me were then used by CCTV, with significant post-production, and aired, without any consent ever given, with the clear aim of defaming and attacking me,” he said in the submission.

The broadcasts took place between 2013 and 2018, and although the submission focuses on just seven, it lists many other “forced TV confessions” that have also been aired.

**Power of Revocation**

A spokesperson for Ofcom said that if they find a breach in the code could have occurred, an investigation could be opened within 15 days.

If CCTV has been found to breach the Broadcasting Code, the regulator may fine the channel, ask them not to rebroadcast the program, or require the channel to broadcast their judgment. In the most serious breaches, Ofcom can revoke a channel’s license.

Safeguard Defenders also intends to raise its concerns regarding CCTV with the Federal Communications Commission (FCC) in the United States in April.

It’s not the first time the British regulator has been asked to step in regarding foreign television networks.

A new uncertainty surfaced recently after the abrupt end to the Vietnam summit between Trump and North Korean leader Kim Jong Un. Some commentators in the Chinese media speculated that the risk of Trump suddenly walking away from the bargaining table is a very real threat going forward.

Barring an unexpected about-face from Beijing, there is still a lot to be agreed upon and the process could draw out longer than the headlines suggest.

**Mixed Messages on Stimulus**

Investors have also bid up Chinese stock prices due to aggressive efforts by Beijing to stimulate the economy and loosen monetary policy. The prevailing belief was that the People’s Bank of China (PBoC) will do its utmost to loosen bank reserve requirements and pump up debt to keep GDP growth artificially elevated, potentially reversing Beijing’s efforts since 2017 to deleverage.

But mixed messages from Beijing more recently have muddled up those expectations.

After a record credit expansion in January, following Premier Li Keqiang’s statements at the beginning of the year that Beijing will enact measures to stimulate the economy and support private enterprises, Li has apparently changed his tune.

Li issued a statement on Feb. 20 warning against “flood-like” stimulus measures. He also seemed to decry the recent expansion of short-term credit, stating that “not only does this potentially create ‘arbitrage’ and ‘empty cycling’ of funds, but it may also bring new potential risks.”

Officials at the PBoC are also downplaying the likelihood of aggressive stimulus measures. Wang Jingwu, the head of the Financial Policy Bureau at the PBoC, said Feb. 28 that monetary policy will be fine-tuned “in a measured manner and firmly avoid flooding the economy,” according to a report by Chinese business publication Caixin.

The massive credit expansion in January and the subsequent anxiety suggest that there may be increasing confusion—or disagreement—at the highest levels of the communist regime on how to mitigate increasing risks to the economy going forward.

It’s terrible optics for investors, who should no longer pencil in aggressive stimulus measures going forward.



CHRIS STOWERS/APP/GETTY IMAGES

Taiwanese President Tsai Ing-wen (C) and assembled naval personnel take part in a ceremony to commission two Perry-class guided missile frigates from the U.S. into the Taiwan navy, in the southern port of Kaohsiung on Nov. 8, 2018.

OPINION

## IS A CHINA-TAIWAN WAR ON THE HORIZON?

JAMES GORRIE

The biggest threat to the Chinese Communist Party’s (CCP) isn’t the U.S. navy, North Korean nukes, or even economic recession. All of these factors pose serious challenges to the CCP rule in China, but the locus of all those problems is Taiwan.

**A Real Alternative to the CCP**  
Domestically, every day Taiwan represents a real political and economic alternative to the ruling CCP. For decades, Taiwan has managed to grow its economy despite not having the CCP in charge. It also enjoys much greater freedoms than Mainland China.

These painful and very obvious facts show the Chinese people that the CCP’s claim that its leadership is the sole path for Chinese economic development is a fraud. That’s why the very existence of the “renegade province” is such a threat to China’s communist leadership.

From 1979 onward, the tacit deal between the CCP and the Chinese people has been the Party will deliver economic prosperity and the people will not challenge the communists’ rule over them. As is widely known, economic growth is the CCP’s main claim to political legitimacy.

But as China’s economy continues to slow, the CCP’s legitimacy wears thinner for more people.

**China’s Economic Problems Mount**  
Regardless of the “official” economic figures on GDP growth and productivity that the state produces, China’s sluggish economy is choking on debt, fraud, waste and corruption. Given the trade war with the United States and the Eurozone’s entry into recession, this recent downward economic trend is expected to continue. It may be China’s worst economy in two decades. At some point, the CCP may well face a crisis in legitimacy that expresses itself in rising civil unrest—if it hasn’t already.

In any case, the rise in state repression in response to U.S. trade tariffs gives a clear picture of the mindset of China’s leadership. Furthermore, the outflow of more than a trillion dollars from the CCP’s grasp is another solid indicator of how many in China view their near-term prospects. Consumer confidence in the direction of the country is low and falling.

As this legitimacy crisis deepens, the regime, like many often do, will also look for ways to deflect attention away from their failures. And, according to CCP doctrine, bringing Taiwan under CCP control is a necessity. Not doing so continues to be viewed by CCP leadership as both a domestic and a foreign policy failure.

**Taiwan’s ‘Military Threat’**

Militarily, Taiwan has no ambitions of invading China. But its geographical location puts it at the heart of China’s major ports. Coupled with the island nation’s close military cooperation with the United States, in the event of a conflict, Taiwan along with the United States could effectively block material and supplies from entering China from China’s key entry points. That would include up to 86 percent of China’s maritime oil imports and over 50 percent of its natural gas, which would cripple China’s economy and military.

This glaring vulnerability will remain as long as Taiwan is separate from China. What’s more, China’s goals are to push the United States out

of the Asian-Pacific region, both militarily and economically. But to do so, it must first gain control of Taiwan.

**Taking Taiwan as a Top Military Objective for China**

That’s why, with the U.S.-China relations deteriorating, the leaders of Taiwan and Japan, along with U.S. defense establishment view it likely that China will move on Taiwan sooner than later. Chinese leader Xi Jinping’s rhetoric has underscored that point on several recent occasions, saying:

deepen its military and diplomatic relationship with Taiwan. Concurrently, it has continued to conduct naval patrols in the Taiwan Strait and other sensitive locales in the region against China’s warnings not to. Additionally, American defense spending is increasing in response to China’s growing power and defense planners are shifting more weight into the Asian-Pacific region.

Of course, the trade war also plays a role in China’s perceptions, and perhaps even its strategic decisions.

**Taiwan as Both Problem and Solution?**

Ultimately, Taiwan may be portrayed by China’s leadership as both the cause and solution to their problems and long-term goals. They would certainly point to Taiwan’s U.S.-assisted military build-up as a provocation and their close ties to the United States as an obstacle to their own U.S. relationship. And as noted earlier, the Taipei presents a whole host of potential threats to the continuation of CCP rule merely by its own existence.

The bottom line is that the CCP must have control over every aspect of Chinese life if it is to remain in power. But in order to maintain control, the CCP must retain legitimacy in the eyes of a significant portion of their society. Even the most committed of communist ideologues knows that a party of around 90 million members can’t rule a nation of 1.4 billion people for very long without legitimacy. For the CCP and Xi Jinping, the “renegade province” may soon provide a convenient and necessary adversary upon which to both lay their own failures as well as a path “to remedy” them in order to retain their monopoly on power.

“We make no promise to give up the use of military force and reserve the option of taking all necessary means against Taiwanese separatist activities and ‘outside forces’ that interfere with reunification.”

A recent Pentagon report not only confirm Xi’s intentions, but adds that the entire strategic build-up of the Chinese military has been focused upon bringing Taiwan under the CCP’s control. Xi’s call for China’s troops to “prepare for battle” may be bluster at the moment, but it’s also likely an order that his generals will follow immediately. After all, he has publicly announced that “Taiwan independence is a dead end” and that China “must and will be re-unified.”

**Taiwan and Others Take China’s Threats Seriously**

China has ramped up its rhetoric and military activities aimed at Taiwan since the nation elected pro-independence politician Tsai Ing-wen for president in 2016. In response, President Tsai has ordered the Taiwanese military to increase defensive preparations to counter an attack from China that could occur at any time, noting that Taiwan “must be prepared at all times.”

But Taiwan’s president isn’t the only leader who sees the writing on the wall portending a Chinese attack on Taiwan. Former Japanese Air Self-Defense Force Air Support Commander Orita Kunio predicted that in a recent interview that a Chinese attack on Taiwan could come as early as 2020. Furthermore, he anticipates that such a military action would be the first of many to establish Chinese dominance across the Asian-Pacific region up to and including Okinawa.

**US Responds to China’s Threats**

The Trump Administration holds similar views about China’s military build-up and their intentions behind it. The U.S. response has been to

JHENG YAO/SHUTTERSTOCK



Taiwan has no ambitions of invading China. But its geographical location puts it at the heart of China’s major ports.



MARK RALSTON/AFP/GETTY IMAGES



Foreign journalists interview Chinese rights lawyer Jiang Tianyong in Beijing on May 2, 2012. Jiang and other human rights lawyers in China helped Yu seek justice, but many have ended up themselves targeted by the Chinese Communist Party. In November 2017, Jiang was sentenced to 2 years in prison for “incitement to subvert state power.”



THE EPOCH TIMES

HUMAN RIGHTS

# CHINESE ENTREPRENEUR RISKS LIFE TO EXPOSE PERSECUTION IN CHINA

JENNIFER ZENG

After facing years of injustice in his home country of China, successful businessman Yu Ming wants to share with the world what he’s seen, from his new viewpoint in the United States.

To expose the torture that was part of China’s preparations for the Olympic Games, he orchestrated an escape attempt from a labor camp that sounds like something right out of a Hollywood film. He wrote articles about how prisoners were used to help publish pirated books, stealing the author’s intellectual property, and worked with China’s fledgling human rights lawyers to appeal through China’s courts for redress.

Now, having fled to the United States, he can tell his story.

In early August 2008, while the world was held spellbound by the grand, breathtaking opening ceremony of the Beijing Olympics, 35-year-old entrepreneur Yu Ming was bedridden in a hospital affiliated with the notorious Masanjia Forced Labor Camp, after having suffered long-term, severe torture.

He had been shocked by high-voltage electric batons. For three months, he was locked inside a special iron cage, in which he could neither stand nor sleep. Once, he was dragged down stairs face-down, his head knocking bitterly on each of the steps.

This was his third time being imprisoned for practicing the spiritual discipline Falun Gong, which has been persecuted in China since July 1999. Yu started practicing Falun Gong

in 1996, through the introduction of a customer. The customer had given a copy of Falun Gong’s main text, “Zhuan Falun,” to his wife.

At that time, Yu was already a successful entrepreneur in Shenyang City, the capital of Liaoning Province in northeast China. His fashion business would later hire more than 100 employees and provide jobs to another 1,000 workers at six state-owned suppliers.

“We were forced to cut, fold, sort, and bind the sheets of ‘Harry Potter’ and other books, in both English and Chinese, as well as several other languages.

*Yu Ming, Falun Gong practitioner*

Both his customer and his wife thought he wasn’t the type of person who would be interested in a spiritual practice, so they didn’t show him the book. However, the more they wanted to “hide” the book from him, the more Yu wanted to find out what it was about. So he grabbed the book from his

wife and finished reading six of the book’s nine lectures in one night. The next morning, he began searching for a Falun Gong practice site in the park, where he could learn the practice’s exercises.

Falun Gong, also known as Falun Dafa, consists of five meditative, slow-motion exercises and teachings based on the principles of truthfulness, compassion, and tolerance. Its adherents have reported often extraordinary improvements in health, along with less stress, better relations with family and colleagues, and a better sense of the purpose of their lives.

In 1992, Li Hongzhi began teaching Falun Gong publicly—previously this ancient practice had only been passed down from one master to one disciple—and it immediately began spreading throughout China by word of mouth.

By 1999, Western media were reporting that 100 million people in China had taken up the practice. China’s leader at the time, Jiang Zemin, became wary of the large number of people who had begun doing something outside the control of the Chinese Communist Party (CCP), and feared the Chinese people might find its traditional moral teachings more attractive than communist ideology, which is based on materialism, atheism, and class struggle.

In July 1999, Jiang turned all of the resources of the party-state against Falun Gong, which led, among other things, to Yu being in a hospital bed in 2008.

**A Successful but Failed Escape**

With the approach of the Beijing Olympics, Yu saw from his hospital bed that more and more people were arriving at the Masanjia labor camp, having been sentenced for “planning to commit robbery” or “preparing to steal.”

According to an Epoch Times report, in order to ensure the “safety” of Beijing before the Olympics in 2008, more than 3 million people were driven out of the capital city, more than 60,000 houses were demolished, and more than 1 million people were taken to labor camps.

Inside the camp, the torture and terror were accelerating to “transform” the Falun Gong practitioners—forcing them to renounce their beliefs, identify others who practiced Falun Gong, and profess loyalty to the Communist Party.

Yu couldn’t bear to see more innocent people tortured so terribly. Plus, he believed that the outside world should know what was happening in China after Beijing was granted the right to host the Olympics. Instead of improving its human rights as expected by the international community, the communist regime was persecuting and even killing people because of the Olympics.

Yu decided to expose that.

But how? He had an idea.

According to his plan, two fellow Falun Gong practitioners would escape from the camp, and try to get in touch with foreign journalists who were in Beijing to cover the Olympics, hoping the situation in the camp could draw some attention.

Due to lax security in the hospital, Yu somehow managed to get hold of cellphones, some cash, and, most importantly, a saw blade.

As many labor camp inmates would often be sent to the hospital and then taken back to the camp, through painstaking communications and

complicated calculations, Yu was able to coordinate the escape.

He found people on the outside to come to the two escapees’ aid after they fled the camp, and he found another person to rent a place for them to hide while the police would be searching frantically for them.

And there was another thing to consider: After the two practitioners escaped, the on-duty police guards and 22 fellow inmates from the same cell would definitely be implicated and severely punished.

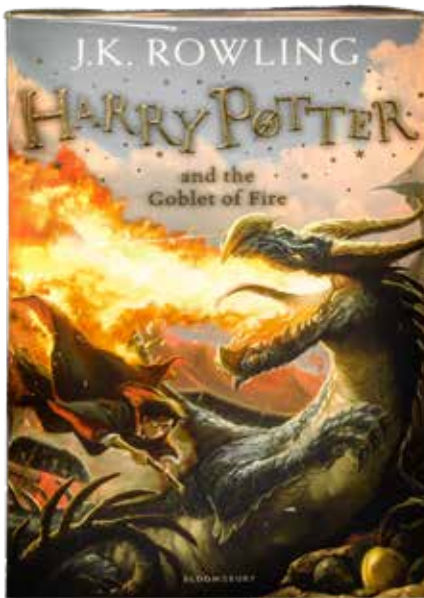
As somebody who followed the teachings of truthfulness, compassion, and tolerance, Yu didn’t want that to happen. He wanted to treat these innocent bystanders with compassion.

So he managed to scrape together some sleeping pills. He told the doctor that he couldn’t sleep. He pretended to swallow the pills in front of the nurse, but, in fact, hid them in his other hand.

With this method, he saved—bit by bit—enough pills to put all the guards and inmates in his cell to sleep on the day of the escape. If they were asleep when the escape happened, they wouldn’t be held responsible for not preventing it.

The plan was put into action on Aug. 11, 2008. The iron bars in a window of the cell were cut and broken, and the two practitioners slithered down from the third floor using a rope made from a quilt.

Initially, everything went smoothly. They were picked up at the right time and right place by the right people, until... the person who was meant to rent the place for them to stay didn’t show up. Nobody knew what had gone



Yu and other detainees were forced to make pirated copies of “Harry Potter” books for three months at Masanjia labor camp. Guards forced the detainees to work long hours, even through the night, to have the books ready for Chinese New Year holiday period. Yu thinks that they made hundreds of thousands of those pirated copies in those few months.

wrong. Yu had to arrange to have his wife, Ma Li, pick up the two escapees and hide them at his home, knowing very well how risky that was.

Three days later, hundreds of policemen, some armed with guns, surrounded the area near Yu’s home, and took away the two escapees, as well as Ma.

The escape attempt during the Beijing Olympics from the “model” labor camp infuriated the highest leaders of the communist regime. The escape was classified as a “major incident”; at least seven police officers were fired, and two deputy directors of the camp were punished.

Yu and the two escapees were tortured ferociously.

Yu was hung to a door, with his arms stretched up, and his feet hardly touching the ground. He was hung in this position for over a month, day and night. Sometimes, he could be released when he needed to relieve himself; sometimes, the police wouldn’t release him. So he took as little as possible of the food or water that was pushed into his mouth.

He nearly died.

The other two were tortured more viciously, Yu said. The labor camp was given a two-death quota after the escape try, which meant that two persons could be tortured to death without repercussions.

In addition to being tortured nearly to death, each of the three people involved was given another year at the camp. Sadly for Yu, if he hadn’t planned the escape, he could have been released in about 20 days.

Asked whether the attempt was worthwhile, especially given that it didn’t succeed, Yu replied without hesitation: “Yes, it was. We had to do it. More than 10 fellow Falun Gong practitioners around me had already been tortured to death during the persecution.

“How could you measure the value of lives? I never regret risking my life to prevent more killings.”

**Pirated ‘Harry Potter’ Books**

China’s labor camps exist to force prisoners of conscience to betray their beliefs, but they are also money-making enterprises. They are a source of cost-free labor.

Yu remembers how he and many others were forced to make pirated copies of the “Harry Potter” books in the labor camp.

“That was toward the end of 2001, shortly after China joined the World Trade Organization. I was detained at the Beijing Tuanhe Forced Labor Camp. We were forced to cut, fold, sort, and bind the sheets of ‘Harry Potter’ and other books, in both English and Chinese, as well as several other languages. The books were printed somewhere else. After we finished binding them, they were then taken away.”

Yu and the rest of the inmates in



Yu Ming is greeted by his wife and son at San Francisco International Airport on Jan. 27, 2019. Yu arrived in the United States with the help of the U.S. government, after being imprisoned for 12 years and tortured nearly to death in labor camps in China for his beliefs in Falun Gong.

Brigade 6 worked for more than three months on the books.

Yu remembers piles of printed sheets about three feet high could be seen everywhere in the halls and corridors of the floor of Brigade 6. Brigades 3 and 5 were working on the books as well.

“The whole enterprise had a dreary feel to it. People delivered the printed sheets to the forced labor camp furiously, and the vehicles used to carry the sheets looked pretty worn out. The print quality was extremely poor: The paper looked yellowish and had misprints and marks everywhere.”

In order to get more books ready before the Chinese New Year for sale to students during the winter holidays, the police forced detainees to work long hours—sometimes all night—without any pay.

Yu guessed that they could have made hundreds of thousands of those pirated copies in those few months.

Yu said he actually wrote a series of articles about that as early as 2004, hoping that J.K. Rowling, the author of the “Harry Potter” series, or the authorized publishers of the books could be alerted and an investigation conducted to protect both the rights and interests of the author and publishers, as well as those of the detainees.

**Yu Freed, Lawyers Jailed**

In 2009, after being released for the third time, Yu began working with lawyers who later gained notoriety as leading figures among China’s rights activists, to try to defend jailed Falun Gong practitioners. Among them were

Wang Quanzhang, Wang Yu, Dong Qianying, Jiang Tianyong, and others.

On Aug. 29, 2013, while attending his nephew’s wedding, Yu was arrested for a fourth time, along with more than a dozen other Falun Gong practitioners in Shenyang City.

CCP leader Xi Jinping was to visit the city the following day, and Yu and the other practitioners were arrested as a “precaution,” to prevent any protests or appeals during Xi’s visit. He was sentenced to four years, despite the efforts of several lawyers who used to work with him who then took on his case, too.

His lawyers, Wang Quanzhang, Wang Yu, and Dong Qianying, were all arrested in the infamous crackdown on July 9, 2015, in which more than 200 lawyers and human rights activists were arrested.

Yu was released from jail in 2017, and at the end of 2018, he managed to escape to Thailand, where he was able to obtain a visa to the United States; his wife had already gained refugee status from the U.S. government.

On Jan. 27, after nearly 12 years in labor camps and jails, Yu finally joined his wife, daughter, and son in San Francisco.

However, on the same day that Yu gained his freedom, his lawyer Wang Quanzhang—who was secretly detained for more than three years—was sentenced to four and a half years in prison. Yu Wensheng, a lawyer who defended Wang Quanzhang, is himself currently detained at Xuzhou Detention Center.

**Twisting the Facts**

Yu said the public couldn’t know what actually happened at this fourth trial, on April 22, 2015, because China Central TV (CCTV) edited and manipulated the video, and also defamed his lawyer, Wang Yu.

A female Falun Gong practitioner named Li Dongxu was tried together with Yu. Guards harshly knocked her down and pressed her into her seat when she tried to speak about her case. Li’s mother couldn’t endure seeing her daughter treated that way, and stood up to protest.

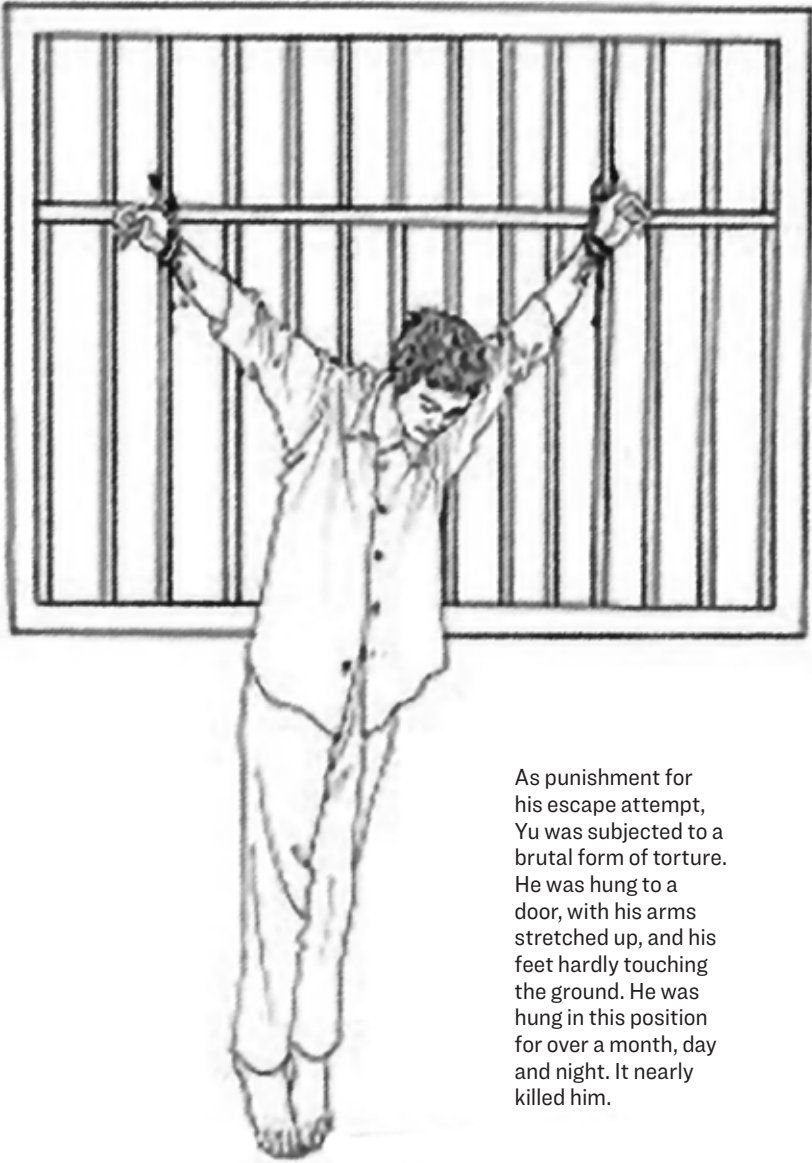
With the police guards apparently about to use force against the 84-year-old woman, Yu’s lawyer Wang Yu tried to intercede. After angrily condemning the police for their actions, Wang was dragged from the courtroom.

However, CCTV’s broadcasts told a different story. After careful re-editing and manipulating of the video of the trial, the CCTV was able to produce several “news” pieces showing Wang repeatedly leaving her seat to create “trouble” and make a scene in the court.

“People can hardly imagine how bad CCTV is,” Yu said. “What saddens me is, although I have only stayed in Thailand and the United States for a very short period of time, I have seen CCTV programs a number of times in different places. However, I’ve never seen any U.S. or Thailand TV programs in China.

“I think President Trump is very correct to insist on ‘reciprocity’ in the trade talks. I hope the same principle can be applied to the media sectors, too.”

MINGHUI.ORG



As punishment for his escape attempt, Yu was subjected to a brutal form of torture. He was hung to a door, with his arms stretched up, and his feet hardly touching the ground. He was hung in this position for over a month, day and night. It nearly killed him.



NATIONAL SECURITY

# US SENATORS RAISE CONCERNS ABOUT BEIJING’S INVOLVEMENT IN SETTING 5G TECHNICAL STANDARDS

FRANK FANG

U.S. Senators Mark R. Warner (D-Va.) and Marco Rubio (R-Fla.) have jointly penned a letter calling for a public report on the possible threats facing U.S. companies due to Beijing’s participation in 5G international standard-setting organizations. The Feb. 27 letter, addressed to Director of National Intelligence Dan Coats, called for a detailed and unclassified report from the U.S. intelligence community, given that Chinese influence in International standard-setting bodies (ISSBs) for the next-generation of 5G wireless technology “is not fully appreciated.” The senators made a list of issues that would need to be addressed in the hypothetical report, including: “Specific examples and case studies of attempts by China and other foreign adversaries to exert pressure or political influence within the ISSBs or at major telecommunication conferences to secure standards that are favorable to Chinese companies and patent holders, or that might introduce deficiencies into 5G networks.”

Setting Standards

5G standards are currently being decided by international bodies such as the 3rd Generation Partnership Project (3GPP), which unites seven telecommunications standards development organizations. Another example is the International Telecommunication Union (ITU), an agency under the United Nations that is responsible

for coordinating global telecommunication operations and services. The senators wished to know what the implications would be for U.S. “economic and security interests” should China lead in setting 5G standards.

Currently, Chinese tech giant Huawei and its domestic competitor, ZTE, own roughly 10 percent of the 1,450 5G patents filed, compared to U.S. tech firm Qualcomm’s 15 percent, Nokia’s 11 percent, and Ericsson’s 8 percent, according to a 2018 report by the U.S.–China Economic and Security Review Commission (USCER), which is tasked to monitor the national security implications of Sino–U.S. trade.

“China has politicized the standards-making process.

Report by the Center for Strategic and International Studies

Experts have previously noted that by becoming the international standard, Chinese companies could pocket lucrative licensing fees from mobile service providers and governments that use their 5G technology.

The senators also noted that the Senate Select Committee on Intelligence—where Warner is the vice

chairman and Rubio is a member—had heard “anecdotal concerns that China is attempting to exert pressure or political influence in the ISSB.”

The U.S. think tank Center for Strategic and International Studies released a December 2018 report in which it detailed several examples of such pressure.

On one occasion, the Chinese regime pressured Chinese companies to back a type of technology for which Huawei holds most of the core patents—known as polar codes—instead of more mature competing technologies pioneered by Qualcomm and other Western firms. A standoff ensued, which ultimately ended with the majority of companies voting in favor of polar codes. This means all 5G mobile cellular technology will employ the polar codes.

In another instance, Chinese computer manufacturer Lenovo voted in favor of a proposed standard from Qualcomm at the 3GPP, instead of one proposed by Huawei. As a result, the firm “faced intense criticism in China,” the report said.

“China has politicized the standards-making process,” the report concluded.

The senators ended their letter by calling on the U.S. administration to work with its allies, including the European Union, UK, South Korea, Japan, Australia, New Zealand, and Canada, to collectively strengthen 5G security standards.

Beijing-Backed

In an effort to secure 5G technologies

The senators called on the U.S. administration to work with its allies, including the European Union, UK, South Korea, Japan, Australia, New Zealand, and Canada, to collectively strengthen 5G security standards.

and standards. Beijing established the IMT-2020, a nonprofit group promoting 5G cooperation around the world, in February 2013. The group, which includes Chinese telecoms operators, universities, and research institutes as its members, was established jointly by several central government agencies: the Ministry of Industry and Information Technology, National Development and Reform Commission, and Ministry of Science and Technology (MOST). In June 2017, the MOST together with two other central agencies, issued a Five-Year Plan (2016–2020) for the development of Chinese technical standards in science and technology, including in the field of 5G.

Under the plan, the government would take a “guiding role” in implementing the developed standards, while pushing them for adoption in other countries through projects and partnerships under the “One Belt, One Road” initiative.

The Chinese regime announced “One Belt, One Road” in 2013 as a project to build geopolitical influence by financing infrastructure projects in more than 60 countries.

The plan also includes financial

subsidy and government purchase programs to support the effort.

The Chinese Communist Party’s mouthpiece People’s Daily, made clear its ambitions in a May 2018 editorial, defining telecommunication standard-setting as competitions between countries based on their “political, economic, and technological prowess.” Thus, only “powerful nations have the right to speak,” the editorial read.

It added that China was in the position to push forward its 5G standards globally because it has the second-biggest economy in the world, and has made big technological advances.

Outside China

Many Chinese nationals, as well as companies and research institutes, have since taken up important positions at international 5G standard-setting bodies.

The USCC wrote in its annual report in 2018 that, Huawei, along with China’s state-run telecoms provider China Mobile, served as chair and vice chair—two out of five leadership positions—at a 5G focus group within ITU from 2015 to 2016.

Additionally, Chinese firms and

▲ A group of U.S. senators say Chinese influence in international standard-setting bodies for the next-generation of 5G wireless technology “is not fully appreciated.”

government research institutes accounted for the largest number of chairs or vice chairs in 5G standard-setting groups within the ITU, holding eight of the 39 available leadership positions, as of September 2018. South Korea came in second holding 6 leadership positions, while Verizon was the only leadership representative for the United States.

Currently, Zhao Houlin, a former official at the Ministry of Posts and Telecommunications (a precursor to the Ministry of Industry and Information Technology), serves as the ITU’s secretary general. Also, Richard Li, a chief internet scientist at Huawei, is the chairman of an ITU focus group that examines how emerging technologies can integrate with 5G.

USCC member Michael Wessel expressed his concerns about China’s 5G standards while speaking at a Commission public hearing in March 2018.

“We can’t forget that China’s leaders are tightening their grip on their economy and their people. Technology is used to advance the Party’s and the state’s interests. Many of their interests are in direct conflict with our own goals and ideals,” Wessel said.

NATIONAL SECURITY

# US SENATORS RAISE NATIONAL SECURITY CONCERNS ABOUT HUAWEI SOLAR PRODUCT

FRANK FANG

Eleven U.S. senators from both sides of the aisle have jointly signed a letter calling for a ban of solar products made by Chinese tech giant Huawei.

The letter, addressed to U.S. Secretary of Energy Rick Perry and Secretary of Homeland Security Kirstjen Nielsen, stated that solar inverters made by Huawei—which are being utilized in both residential and commercial settings, including homeowners, school districts, and businesses—pose a threat to the country’s critical energy infrastructure.

A solar inverter converts DC (direct current) currents generated by solar panels when they capture sunlight into AC (alternating current) currents, which are then fed into electrical grids. Then, the electricity generated is funneled into household electrical sockets that power one’s everyday appliances like refrigerators and washing machines.

Inverters are often equipped with WiFi connection capability, which allow their users to monitor the inverter’s performance through a software or mobile app. As a result, these inverters are vulnerable to hacking, with the possibility that hackers intentionally shut down inverters to cause an outage or gain access to a Wi-Fi network that the inverters connected are to, according to cybersecurity experts.

Huawei’s solar inverters have WiFi capability.

“Congress recently acted to block Huawei from our telecommunications equipment market due to concerns with the company’s links to China’s intelligence services. We urge similar action to protect critical U.S. electrical systems and infrastructure.

ness and mitigate potential threats,” the senators suggested.

The senators urged Secretaries Perry and Nielsen to work with “all federal, state and local [utility] regulators, as well as hundreds of independent power producers and electricity distributors to ensure our systems are protected.”

This is not the first time U.S. officials have raised concerns about solar products made by Huawei.

In January, the Financial Times reported that Tom Marino, who was a Republican House of Representative from Pennsylvania before resigning weeks later, wrote a letter to Secretary Perry, stating that “[Huawei’s] entrance into large-scale and residential solar markets may pose a threat to our nation’s infrastructure.”

“Congress recently acted to block Huawei from our telecommunications equipment market due to concerns with the company’s links to China’s intelligence services. We urge similar action to protect critical U.S. electrical systems and infrastructure. Letter by 11 U.S. senators

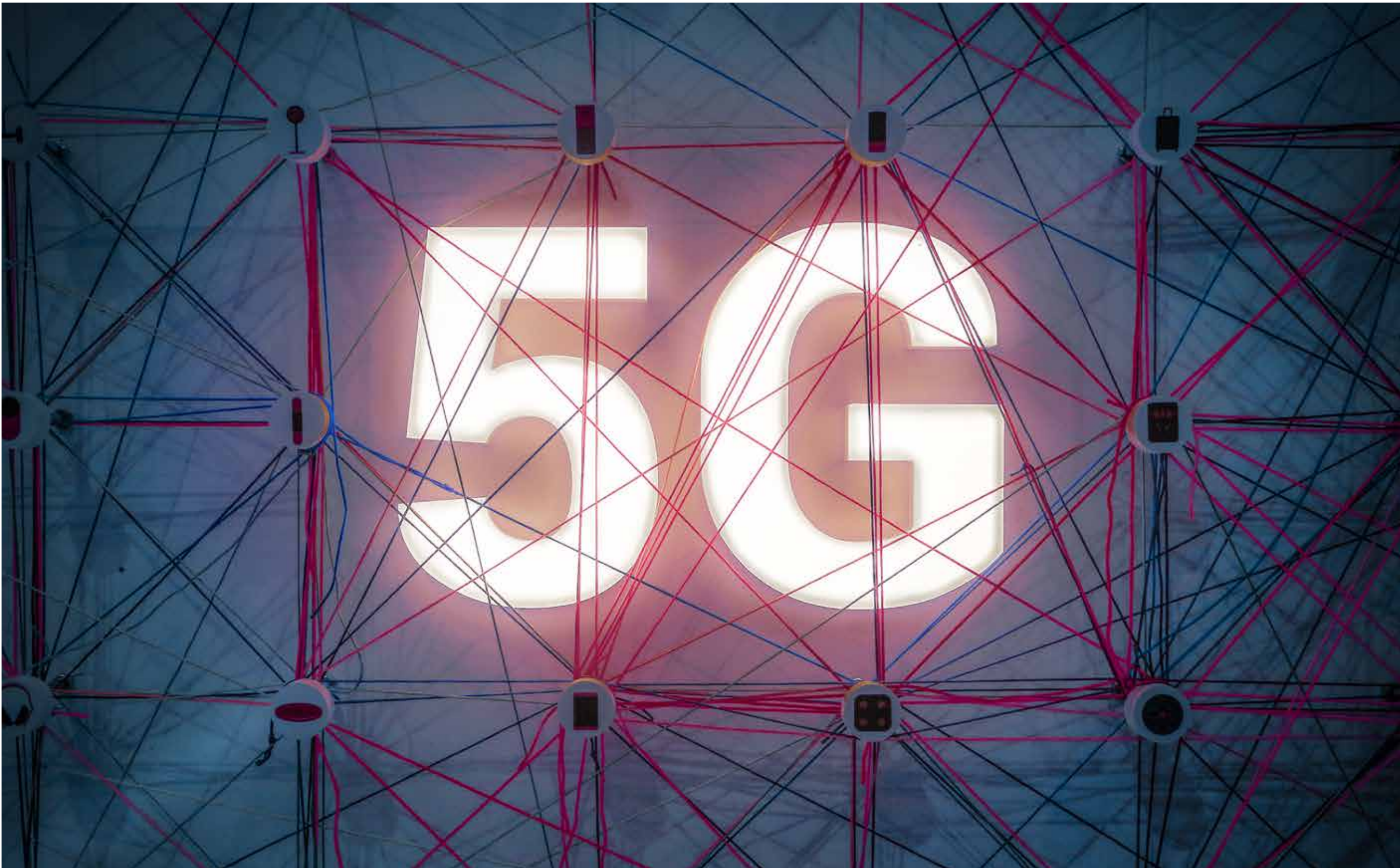
Huawei’s “smart energy” solutions for businesses and homes, including those for solar systems, also give the company access to large amounts of sensitive data.

In February 2018, the U.S. Council of Economic Advisers, which conducts economic research to advise the White House, named utilities as one of the critical U.S. infrastructure vulnerable to cyber attacks.

Huawei is one of Beijing’s “national champion” companies and has strong ties to the Chinese military.

The Chinese regime has pushed for aggressive development of its solar energy sector.

Last year, Beijing unveiled a new strategy, called China Standard 2035, in an effort to dominate patents and global technical standards across different tech sectors, including artificial intelligence, big data, and solar photovoltaics.



SAMIRA BOUAGUI/THE EPOCH TIMES

NATIONAL SECURITY

# CHINA’S CHIPMAKING AMBITIONS THREATEN GLOBAL MARKETS, REPORT SAYS

FRANK FANG

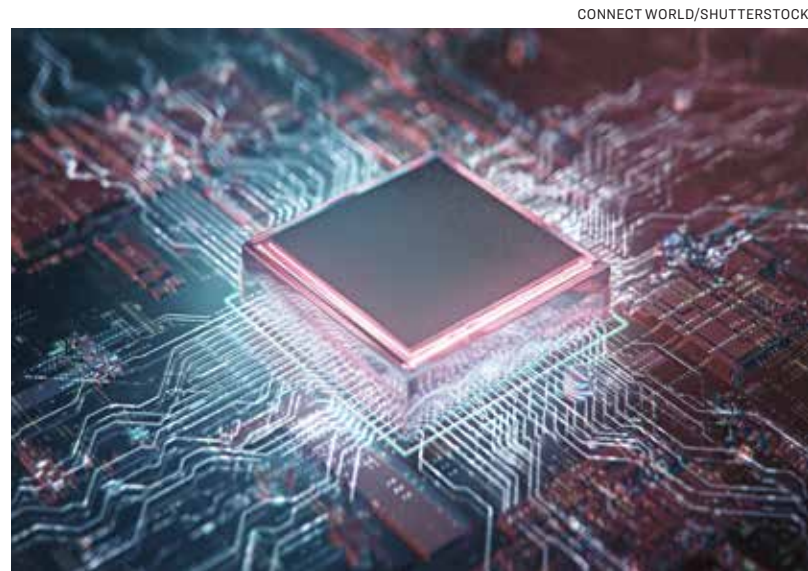
Semiconductor chips power everything from smartphones to missiles, and Beijing has already set a goal to become the global leader in the manufacturing of these chips.

But a new think tank report warns that the Chinese regime’s aggressive moves to achieve its ambitions are having a negative effect on global industries, and the impact will likely be further exacerbated if trends continued.

The report, published by Washington-based Center for Strategic and International Studies (CSIS) on Feb. 27, was drafted by James Andrew Lewis, the think tank’s senior vice president and a former foreign service officer at the departments of State and Commerce.

“There is concern that if China achieved a dominant position in semiconductors, it might attempt to squeeze foreign competitors out of the market or use its lead as a coercive tool by denying or limiting sales,” Lewis wrote.

He explained how China’s actions



GREG BAKER/AFP/GETTY IMAGES

are different from competition in the free market.

“While the efforts of Japan, Korea, and Taiwan raised competitiveness and trade concerns in the United States, they did not raise strategic or military concerns. These countries are partners. China is not,” he wrote.

Aside from the United States, those three Asian countries are the world’s semiconductor powerhouses. According to U.S.-based semiconductor research company IC Insights, the top 15 semiconductor sales leaders in the first half of 2018 comprised of seven U.S. companies, three European com-

A report by the Center for Strategic and International Studies warns that is China achieves dominance in the semiconductor market, it will use it to squeeze out foreign competitors and deny sales to Western countries.

panies, two South Korean companies, two Taiwanese companies, and one Japanese company. South Korean tech conglomerate Samsung ranked first, followed by Intel.

According to the report, China currently only produces about 16 percent of its semiconductor needs, relying heavily on foreign imports. In 2017, China imported \$260 billion worth of semiconductors, more than its total value of crude oil imports, according to Reuters.

The report warns that if China succeeds in dominating world markets, “it will use it for intelligence, military, commercial, and political advantage by manipulating the semiconductor supply chains that Western economies and militaries depend upon.”

It gave the example of telecom giant Huawei as an indicator of what a state-backed semiconductor industry could do: having received subsidies and investments from Beijing, while using industrial espionage to steal know-how from Western tech firms (citing Cisco and Motorola as examples), Huawei flourished because it could make quality products at low costs.

Furthermore, the company benefits the Chinese regime; “access to telecommunications infrastructure can provide significant intelligence advantage,” the report stated.

State-Led Approach

The Chinese regime announced its semiconductor ambitions early on. In June 2014, China’s State Council announced the “National Integrated Circuit Industry Development Guidelines,” which set up a central-level state fund to boost China’s IC (integrated circuit) industry, while encouraging regional governments to set up their own funds.

About a year later, Beijing announced its “Made in China 2025” plan, which set out the goal for China to fulfill 40 percent of its domestic semiconductor needs. By 2025, the goal was to increase the rate to 70 percent.

According to the report, China’s semiconductor industry is currently supported by over \$58 billion “in different kinds of central government semiconductor investment funds, and buttressed by pledges of another \$60 billion in 30 additional semiconductor funds created by local governments.”

Such subsidized expansion of China’s industry will eventually squeeze out producers in other countries, as workers see their incomes shrink and their firms spend less on further research and development, the report predicts. Ultimately, that would “weaken the global industry and the pace of semiconductor innovation.”

Beijing resorts to intellectual property theft to boost its own semiconductor sector, including by pressuring Western firms to transfer their technology in exchange for access to the Chinese market.

China Continues to Lag

But China’s semiconductor technology advancements are still very limited at the moment.

Of all the different kind of chips—logic, memory, sensors, power, signal, and analog—China has had success with making memory chips that store data, which require a less complicated manufacturing process. On the contrary, it isn’t capable of producing high-end logic chips, such as CPUs (central processing unit) that function as the main engine of computers.

China’s challenge is that it lacks “know-how,” or knowledge and skills built with years of experience, according to the report, despite the fact that 19 new semiconductor fabrication facilities (fabs) have been built since 2017. It’s precisely that disadvantage that has led China to try to acquire U.S. chip makers such as Lattice, Micron Technology, and Western Digital Corp.

In 2016, Unisplendour, a unit of China’s state-backed chipmaker Tsinghua Unigroup, attempted to acquire a 15 percent stake in U.S. manufacturer Western Digital, according to The Wall Street Journal. The Chinese company abandoned the plan after the Committee on Foreign Investment in the United States decided to investigate the deal.



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TRUTH *and* TRADITION

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