

Background Briefing: China's demographic trends and economic data may not be as strong as perceived. Add to that the problems with un-audited accounting, IP theft, and a communist regime that presents a true threat to economic liberty and human rights. **We are at a point where the US must expand beyond negotiating for trade deals with China and instead engage with other countries while applying pressure on China.** There are economic solutions that are good for America. It is time to disengage and get our supply chains out of China.

In [Battle Plan 245](#), your mission included the importance of taking a stand for economic liberty over short-term profits or cheaper goods from a ruthless challenger. President Trump has just announced increased tariffs against China and seems to be strengthening his position.

"What China has done has led Americans to an inescapable conclusion. China is a threat. Beijing is making everyone realize how dangerous and how belligerent and how militant it is. So, across the board, China has made itself appear to be a bad actor, which it certainly is." -Gordon Chang



Your Mission: To take a serious stand against the China's unrestricted warfare against the US. Also, to be on alert for future growth/ investment opportunities as supply chains begin to shift to new markets.

(OSINT)- Open Sourced Intelligence Briefing

Open Sourced Intelligence Briefing with highlights. This includes quotes and summaries of conversations in the Economic War Room with Kevin Freeman and Gordon Chang. Gordon is one of America's foremost China experts, a best-selling author, and a Daily Beast columnist. He lived and worked in mainland China and Hong Kong for nearly two decades.

"The one thing is we've got tariffs, additional tariffs on two hundred and fifty billion dollars' worth of Chinese goods. We need to increase that rate of tariffs from 25 percent, to pick a number. Two hundred and fifty percent! What we've got to do is start to disengage. And we've got to do that because the Chinese have been stealing American IP as we talked about. We've got to get them to stop doing that. The other thing that we need to do is to defend ourselves with regard to our telecom infrastructure. President Trump has that executive order on foreign adversaries providing equipment for our telecom backbone. We've got to make it clear that we are not going to give Huawei any more exemptions, as we gave an exemption to a sister Chinese company, ZTE, last year."



—Gordon Chang

1. Gordon Chang suggests that Chinese Tariffs need to increase. The Communist China Party Uses Business to Infiltrate and Take Down other countries as part of their Unrestricted Warfare.

- China is again at a critical point with their economy. Despite enormous growth over the past two decades (built in part on IP theft and false promises), the economy is weakening, and debt is overstretched. The US should not rescue communism in China again.

- We need to defend our telephone and communications network, even if it means putting both Huawei and ZTE out of business.
- China is using those companies to dominate the telecom backbone around the world as other countries explore 5G.
- Everything will be connected to the Internet: your car, your pacemaker, your front door. We cannot allow China to be able to switch those on and off at will. And they would be able to do that if Huawei were providing that equipment.
- If Chinese telecoms are the underlying infrastructure and you've got Huawei equipment, there will be a mechanism for China to infiltrate and spy on us. That has been their plan.
- Huawei says it's employee owned. According to Gordon Chang, employees own about 1 percent of that company. The rest of it is essentially owned by the Chinese state. So, it is a state-owned enterprise for all practical purposes. But also, there's the 2017 National Intelligence Law, which requires all Chinese nationals and organizations and entities to spy if they are asked.

"This is a problem with China's belt and road initiative. China is offering this equipment at low prices with cheap loans and everything else. Oh, sure, why not? It's what we say all the time in the Economic War Room: **What we see is a marketplace our enemies see as a battlespace™**.

This is a means for them to win a war. For us, it's just the next deal. We think maybe I can get a little cheaper price and my quarterly results are a little bit better. China know how to play into that!" -Kevin Freeman



Ask yourself if you want a communist regime to have access to your car, Internet, pacemaker, or front door? How about access to our military communications?

"From 2012 to 2017, China was surreptitiously downloading information from the headquarters of the African Union. China supplied the materials, built the building for them, and provide Huawei servers that allowed them to download this information. So, this is not a theoretical concern. We've seen it in reality. We've seen it in practice."

—Gordon Chang

2. While China seeks to build their Global Empire, they are closing off foreign trade within their country.

- This has affected not only foreign companies, but also domestic Chinese private entrepreneurs as China moves to an increasingly state-dominated economy.
- China has sought to close off opportunities for foreign investors.
- There have been these discriminatory law enforcement actions.
- There have been more and more subsidies to state enterprises.
- There's been the amalgamation of already large state enterprises back into formal monopolies.
- Lawfare is being executed against US companies. This has been done in terms of telecom with these cyber security law, with their national intelligence law, all of these laws have been written against foreign companies.
- State-run Cultural Revolution campaigns are targeted against companies. For instance, Apple has been targeted to convince Chinese consumers to avoid foreign products.

- They are keeping lists of business adversaries and targeting them. Telling other companies not to do business with bad American companies. An airline was recently targeted for listing Taiwan as a separate country in their magazine. Chinese communists would not allow them to acknowledge Taiwan. Even if the company is outside their borders, they are using both carrots and sticks.



3. **There are other better alternative global markets and investment opportunities with whom the US can partner to drive economic liberty. In general, we need to trade with our friends. Naturally, we want factories to come back to the US.**

India, Taiwan, Vietnam, Central America and the US will all benefit.

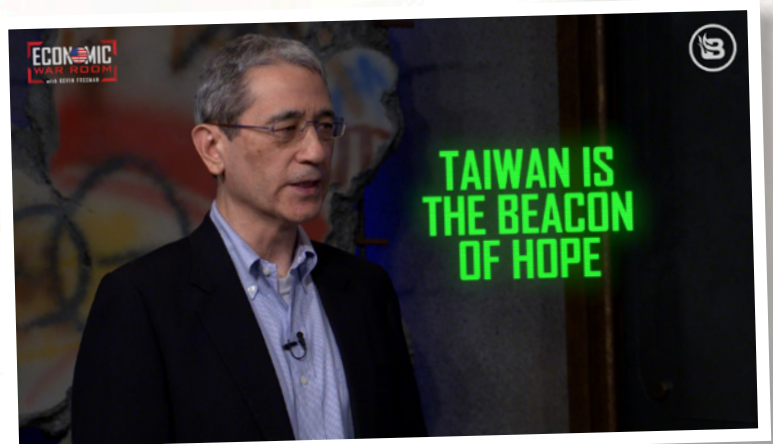
Why a “beneficial trade deal” with China today appears impossible to Gordon:

- A trade deal is not going to be good for the United States because it’s going to give China more time to steal U.S. intellectual property.
- China does not adhere to any agreement that they’ve made with us in the trade area. And so why should we think that the remedy for decades of failed trade agreements is another trade agreement?
- They have already failed to keep their commitment to buy agricultural products as part of concessions for continued tariff negotiations.

- If you don't believe in trade, how can you have a trade agreement?
- A. Taiwan is proving what a successful trade relationship can look like, and if left alone by Beijing will be an alternate market to China. There remain question about Chinese communist threats and other emerging markets.**

Taiwan is proving democracy is better than communism.

"I think Taiwan is the beacon of hope for the world and not just for the Chinese people. Now, the people in Taiwan don't view themselves as Chinese in their self-identification surveys. They show basically two thirds as Taiwanese only, although Beijing views them as Chinese. And that's a



problem for Taiwan because Beijing believes it's got to snuff out this great experiment in democracy. It's working too well and it's making the communist system appear bad. You know, a lot of people in China, they look at Taiwan and they say it should be part of the People's Republic. But they also acknowledge that if they were in Taiwan, they wouldn't be want to be part of China because the system is so bad. And so, the people in China understand that they need to have a better society before they're going to be accepted by the people of Taiwan."

—Gordon Chang

- B. India** is a country that has closer shared values as the world's largest democracy. They are working with us on the military side because they feel threatened by China.

- China has territorial claims over a large portion of India, not only in the Himalaya, but the whole state of Arunachal Pradesh.
- India is a very large country, like China, and perhaps surpassing China in population someday soon.

"The U.N. projects that to be 2024 and that'll be the first time in 300 years, or maybe even the first time in recorded history, that China's not been the world's most populous society. I think that the crossover point is probably going to occur earlier than 2024 and it's going to be a really rough time for China. Coming from a Chinese household, I know that we take great pride in being the world's biggest tribe. But that's not going to be the case."

—Gordon Chang

- China is going to go into accelerated demographic decline due in large part to its horrific one-child policy. That's created serious geopolitical implications.

C. Vietnam has more potential growth and trade opportunities.

- There has been a great amount of recent goodwill between Hanoi and Washington.
- A US-Vietnam relationship is a threat to Beijing.
- Vietnam and China have conflicting sea claims in the South China Sea and Vietnam has been trying to build relationships with other countries.
- They are reaching out to the United States, but also India and Japan.
- Vietnam is trying to leverage its relationships with others. And that's a good thing.

- There a lot of issues with Vietnam on the human rights front (religious persecution, for instance). But nonetheless, we can work with Vietnam over the long term because we both are threatened by the same country. Perhaps Vietnam will reform with encouragement.

D. Latin America – Opportunities to provide economic freedom closer to America.

- We would like factories to come back as close as possible to the United States.
- There is potential to stabilize the northern triangle in Central America, which is critical to the US.
- Trade development in Mexico and the northern triangle in Central America is important for us.
- Moving secondary manufacturing and sourcing to these areas could help stabilize the region, economically.
- This is a region we take for granted. It is geographically close to us, and also critical to us although we tend to ignore it at times.



- **CAUTION:** We need to be aware of Chinese influence in our own hemisphere as they attempt to destabilize relations. Venezuela is an example, where China has a military base near Caracas.
- America should have a long-term goal to stabilize our own hemisphere.

E. Manufacturing and Investment in America!

- Trends in manufacturing are driving down the gap between manufacturing in America and other countries.
- Robots cost the same in the US as China.
- American manufacturers avoid Pacific Ocean customs clearing.

- Companies are moving manufacturing back to the US.
- The US is more geopolitically stable from an economic perspective.

A TARIFF CASE STUDY AND ITS POTENTIAL IMPACT ON AMERICA'S BORDERS

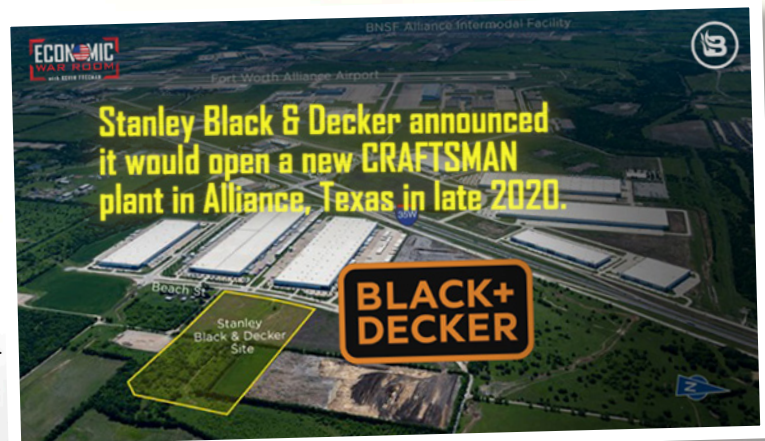
Gordon Chang Shares:

"After the most recent round of increased tariffs, I spoke with a friend of mine, Jonathan Bass who is a disengagement advocate and also the CEO of a company that does business in China. He actually helps companies come back to the Western Hemisphere.

The second largest manufacturer of furniture in China called up Jonathan Bass and said, 'look, I want to bail out of China and go somewhere in the Western Hemisphere.' He is not going to bring his furniture factories back to the US. But if he brings them back to Central America, that's a real win for us. And the reason is, we've got all these caravans of people coming to our southern border.

Communities in Central America were destabilized by factories in 2001 when China joined the WTO and those factories went to China. Now, if those factories go back to Central America, they will stabilize those communities. If those communities are stabilized, it means people are going to stay there. We're not going to see the caravans. And clearly, this is good for us. And also, we've got factories coming back to the United States. Recently, Black and Decker announce they are putting about \$90 million into a factory in a place called Fort Worth."

—Gordon Chang



Why You Should Care:

- China is forcing companies out by making themselves an unreliable member of global supply chains. A shift in supply chain and manufacturing could create new investment opportunities in new regions of the world and shift current Chinese investments.
- A number of prominent Chinese companies have reported results that have shocked the markets. Since 2015, the Chinese stock market has not been a good performer. The Chinese currency is now weak. An investment in China could be extremely risky. Gordon Chang believes that this risk has not been priced into the market, even though values have come down a lot over the past four years. Some companies may not even be real as Dan David of The China Hustle has shown.
- Despite the above market indicators, global index funds are increasing their holdings in Chinese stocks. You could have investments in these funds through retirement or pension funds and not even know it as Roger Robinson explained in Episode 43.
- Fewer US businesses in China, means less opportunity for them to steal our IP through theft, or forced surrender of technology.
- There are some potentially really bad outcomes with the wrong leadership in China. It appears the Chinese Communist Party is taking more control.

“This is a really bad sign when Alibaba’s owners want to bail out by issuing more stock. So, this, I think, is an indication of extreme concern among the Chinese business community. You know, we’ve seen these periods of great capital outflow. In 2015, Bloomberg estimated net capital outflow from China was \$1 trillion. In 2016, that number went up to probably \$1.2 trillion. Since then, that number has come down a lot, but only because China implemented even more draconian capital controls, many of them unannounced. China basically looks like a banana republic. Now, money is starting to come out again from what we can tell. And there’s Alibaba proposing a \$20 billion-dollar secondary offering. Really looks like Jack Ma saying no more.”

-Gordon Chang

In the Economic War Room, we encourage Americans to be the “small ships that make the difference.” You cannot rely on the government or the President to solve your problems. You have to make a difference. It is up to you to help take our country back.

Economic Patriot Action Plan

Action Steps: (Continued from Battle Plan 245 with Gordon Chang)

Step 1: Pray that the right people take control in China. The current Chinese communist leadership appears to be headed for a cliff and that could be dangerous.

Step 2: Support President Trump to persist on trade deals to create more than just fair trade. The American people should stand with him even if there is some small short-term economic pain.

Step 3: We need to protect US intellectual property. This is existential for us because if we give away our economic advantages, if we let our intellectual property continue to be stolen, it will literally put us out of business.

Step 4: Continue to follow up with your financial advisor as it relates to the importance of the China threat and where you should be looking to invest now.

Step 5: Share this battle plan with other patriotic Americans and your congressional representatives.

Step 6: Weaponize your money and try to purchase less from China.

Look for ways you can mobilize or weaponize your money toward things that strengthen America. Nominate your financial advisor for our National Security Investment Consultant Institute (NSIC) classes at EconomicWarRoom.com/advisor.

We need more Economic Patriots on the team! Consider what can you do now to help strengthen America or even help someone in need. Keep in touch with your congressional representatives. Choose from the list or set your own goals:

- ➔ Get others to sign up at EconomicWarRoom.com and review our weekly Economic Battle Plans™. Each of these will address critical solutions to the threats highlighted on this briefing.
- ➔ Subscribe to our weekly [Economic War Room show on TheBlaze](#). We need to break the digital ghetto that is limiting free speech regarding truth and liberty.
- ➔ Follow, like, comment and share on [Facebook](#) and [Twitter](#). We recognize these tools may be compromised at times, but when they are not filtered, they can be major platforms available to reach out to the public.
- ➔ Share this Economic Battle Plan™ and our short video segments on Facebook or YouTube with friends. We set up the Economic War Room to be your resource for information, preparation, and mobilization.
- ➔ Think about ways you can mobilize or weaponize your money towards things that strengthen American. This can be through charitable giving, spending, or investments.

SHAREABLE QUOTE:

(share this quote with your friends or at the office)

**“What we view as
a marketplace
our enemies see as
the battle space.™”**

-Kevin Freeman

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The EWR Collection Deck

From Kevin Freeman

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