

# How Much ‘Capital Transfusion’ Has New York Provided to Communist China?

*Wang Jin*

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## *Commentary*

New York, the world’s top financial and business center, has been hit hard by the CCP virus, commonly known as the novel coronavirus.

Amid the Chinese regime’s cover-up and mishandling of the outbreak, which has caused a global pandemic, many countries and institutions are reevaluating their relationship with Beijing.

Could New York’s powerful institutions, such as Wall Street and the pharmaceutical giants headquartered in the city, ever consider “decoupling” from China, given their long history of close economic ties?

How much “blood transfusion” have they provided to the CCP in the past?

During an interview with CNBC on April 25, 2019, former White House chief strategist Stephen Bannon said, “The entire operation of the Chinese Communist Party and what they’re running in China is being funded by Wall Street. Corporate America today is the lobbying arm of the Chinese Communist Party and Wall Street is its investor relations department.”

According to a document released by the U.S.-China Economic and Security Review Commission (USCC), which reports regularly to the U.S. Congress, as of Feb. 25, 2019, there were 156 Chinese companies listed on the NASDAQ, New York Stock Exchange, and the NYSE American (formerly known as the American Stock Exchange)—the three largest U.S. stock exchanges—with a total market capitalization of \$1.2 trillion.

This document also shows that among the Chinese companies listed on U.S. stock exchanges, Alibaba had a market value of \$458.6 billion. Its main investment institutions include top U.S. financial institutions such as New York-based Goldman Sachs, JPMorgan Chase, Morgan Stanley, and Citigroup, among others.

PetroChina has a market value of \$123.6 billion. Its major investor institutions include New York-based BlackRock

Group, JPMorgan Chase, Citigroup, and Goldman Sachs. BlackRock Group is one of the largest investment management corporations for listed companies in the United States. PetroChina is a state-owned enterprise directly controlled by the CCP.

Sinopec, another Chinese state-owned enterprise, has a market value of \$5.4 billion, and Morgan Stanley is one of its major investor institutions.

Needless to say, the funds Chinese companies obtained from the U.S. stock market have fallen into the pockets of the CCP or these financial institutions.

If any Chinese company is delisted from U.S. exchanges, apparently both China and the U.S. financial institution would have to suffer the loss.

How Much Has Wall Street Invested in Listed Chinese Companies?

Wall Street has invested hundreds of billions of dollars in Chinese companies listed in the United States.

Statistics from Bloomberg at the end of November 2017 revealed that one-third of the 215 major investment funds on Wall Street bought Alibaba's stocks.

In October 2019, BBC compiled a table based on data provided by Refinitiv and CNN, which showed that BlackRock held about \$9 billion worth of Alibaba shares, nearly \$1 billion worth of Baidu stock, and tens of millions of dollars' worth of Tencent shares.

Among all U.S. institutional investors, BlackRock, T. Rowe Price Associates, and Vanguard Group are the top three in total investments in China. Their combined investments in Chinese companies exceeded \$40 billion.

Two other major investment funds—State Street Global Advisors US and Invesco Advisers Inc.—also held a large amount of Chinese company stocks, with a total market value of approximately \$15 billion.

### What Is the Return on Investment?

In 2019, data released by the Washington State Investment Board showed that from 2017 to 2018, the internal rate of return on investment (ROI) in Warburg Investment China

Fund reached 24 percent, while the fund's private equity portfolio ROI was only 15.3 percent in 2018.

Chinese state media touted Alibaba as an outstanding performer for investors. The return was usually several times that of the initial investments.

So, to what extent has the CCP penetrated the U.S. capital market?

In an interview with NTD reporter Simone Gao at the end of 2019, Roger Robinson, former economic and financial strategist under U.S. President Ronald Reagan, gave an estimate of the scale of investments in China. He said, "I've seen a number of \$1.9 trillion from the equity or stock side alone and as much as another trillion in bonds."

Bloomberg Intelligence analysts Francis Chan and Sharnie Wong estimate that—barring a major economic slowdown or change of course—foreign banks and securities companies could rake in profits of about \$9 billion a year in China by 2030, according to a market analysis report by Bloomberg in 2019.

Facing the temptation of huge profits, would Wall Street use its voice to support the CCP in Washington?

## Wall Street Lobbies the White House Not to Label China as a Currency Manipulator

In fact, some top Wall Street executives have been acting as CCP lobbyists for many years.

In addition to lobbying former U.S. President Bill Clinton to allow the CCP to join the World Trade Organization (WTO), Wall Street also lobbied the White House not to label China as a currency manipulator.

The New York Times reported that former presidents George W. Bush and Barack Obama both had considered designating China a currency manipulator, but Wall Street always opposed it. Both Bush and Obama eventually failed in their attempts.

Why did Wall Street help China to avoid being designated as a currency manipulator?

If the United States designates China as a currency manipulator, and gains support from the International Monetary Fund, it will be a lot easier for the U.S. government to intervene in the operations of American financial institutions. For instance, the White House would

be able to ban American funds from buying U.S. debts issued by Chinese companies in Hong Kong.

It has also been reported in the media that Wall Street used its political power in the United States to influence U.S. policy toward China, such as intervening in U.S.-China trade negotiations.

Not only Wall Street, but also many American high-tech companies, including pharmaceutical giants, have also continually “transfused blood” to the CCP.

New York’s Major Pharmaceutical Companies Invest Heavily in China

In the current pandemic, the CCP once threatened to stop exporting active pharmaceutical ingredients and medical products to the United States. The Trump administration has therefore called on pharmaceutical companies to move production back to the United States, thus reducing their dependence on China.

However, lobbying organizations for several American pharmaceutical giants sent a letter to President Trump, opposing the “Buy American” executive order promoted by the White House.

White House economic adviser Peter Navarro criticized these pharmaceutical companies for their reluctance to move production back to the United States.

He specifically mentioned a lobbying agency PhRMA, which is working for at least two top pharmaceutical companies headquartered in New York—Pfizer and Bristol-Myers Squibb.

For decades, these two well-known companies have made huge profits by investing in China.

Pfizer ranks among the Fortune Global 500 and is the world's largest pharmaceutical company. With three advanced production facilities in China and R&D centers in Shanghai and Wuhan, Pfizer has more than 11,000 employees in China, and its business covers more than 300 cities across the country. The company has invested nearly \$1.5 billion in China and has also profited hugely from its China investments and operations.

Bristol-Myers Squibb is also a Fortune Global 500 and a well-known multinational pharmaceutical company. It is best known for cardiovascular drugs, anticancer drugs, and central nervous system drugs. It also develops and produces

anti-rejection drugs (Nulojix) for organ transplantation, which was approved by the U.S. Food and Drug Administration in 2011.

## Where Is the United States Heading?

Communist China is the worst human rights violator in the world. “Blood transfusion” to the CCP is undoubtedly also a transfusion of blood to a criminal regime.

On March 11, 2020, the U.S. Department of State issued the “2019 Country Reports on Human Rights Practices.” The report cited a study by Australian National University on China’s official statistics of organ donations, which concluded that there was “highly compelling evidence” based on statistical forensics that the data was “falsified.”

In June 2019, China Tribunal, a London-based independent tribunal investigating allegations of forced organ harvesting in China, published its final judgment, confirming that the CCP had forcibly harvested organs from Falun Gong practitioners and other prisoners of conscience “on a significant scale” for many years.

“On the basis of all direct and indirect evidence, the Tribunal concludes with certainty that forced organ

harvesting has happened in multiple places in the PRC and on multiple occasions for a period of at least twenty years and continues to this day,” stated the Summary Judgment, which was later quoted by the U.S. State Department.

It also noted, “Waiting times [for organ donors] in the PRC ... are much shorter than usual in the rest of the world and often as little as two weeks.”

An independent investigation team, formed by David Kilgour, former Canadian Secretary of State (Asia-Pacific), and human rights lawyer David Matas published a report on July 6, 2006 after two months of investigation and evidence collection. The report stated that with verification and re-verification of 18 categories of evidence, the team concluded that “there has been and continues today to be large scale organ seizures from unwilling Falun Gong practitioners.”

At a news conference, Matas called forced organ harvesting from Falun Gong practitioners “an unprecedented evil on this planet.”

At a press conference of the “Committee on the Present Danger: China” (CPDC) in June 2019, committee member Stephen Bannon criticized Western elites, such as Wall

Street, for dancing with the CCP even though they were fully aware that the regime has severely violated human rights and freedom of religion.

“The problem is that the elites in this world, the capital markets guys from Frankfurt, the city of London, Wall Street, the international corporations—they have been running this scam for 20 years, financing and providing the technology to the radical cadre of the CCP that has built up such a Frankenstein monster,” he said.

In November 2019, the CPDC held another press conference, pointing out that Chinese companies financing in the U.S. capital market, including ZTE, Hikvision, and others, not only threaten U.S. national security, but also violate human rights inside China.

Roger Robinson spoke at the press conference, saying that the United States is now at a crossroads. He warned about the multi-trillion-dollar stakes associated with China’s access to U.S. capital markets, and the problematic nature of many of the Chinese companies now being financed by major U.S. corporations.

He said the CCP should stop receiving financing from the United States immediately. Otherwise, the consequences for the United States would be devastating.

*[https://www.theepochtimes.com/how-much-capital-transfusion-has-new-york-provided-to-communist-china\\_3332781.html](https://www.theepochtimes.com/how-much-capital-transfusion-has-new-york-provided-to-communist-china_3332781.html)*