Connecticut Debate Association

December 7, 2019

Seymour High School and Stamford High School

Resolved: The US should forbid companies from complying with China's political demands.

China Pressures Business Over Hong Kong. Workers Get Caught in the Middle.

By Sui-Lee Wee and Raymond Zhong, The New York Times, Aug. 18, 2019

Beijing wants global companies to back its power over the city, even as their workers join protests calling for greater say in the fate of their home.

As Hong Kong seethes with protests against China's rule, Beijing is increasingly pressuring the business world to take its side. Businesses, both global and local, are falling in line — and their employees are caught in the crossfire.

The most dramatic example came on Friday, when Rupert Hogg, the chief executive of Hong Kong-based Cathay Pacific Airways, resigned in the face of Chinese pressure after some of the airline's workers participated in the demonstrations.

Now, global accounting firms are coming under the same pressure.

The Big Four firms — PwC, Deloitte, KPMG and Ernst & Young, now known as EY — put out statements distancing themselves from a full-page ad supporting the demonstrations that appeared in Hong Kong's Apple Daily newspaper on Friday. The ad was signed and paid for by a group of anonymous employees of the firms.

"We will never fear or compromise with injustice and unfairness," the text of the ad read. In response, PwC declared that the ad "does not represent the firm's position," adding, "We firmly oppose any action and statement that challenge national sovereignty."

It is not clear whether the companies' statements will be enough. The Global Times, a tabloid controlled by the Chinese Communist Party, has urged the firms to "fire employees found to have the wrong stance on the Hong Kong situation." Mainland Chinese internet users have warned them against "becoming the next Cathay Pacific."

David Webb, the publisher of the financial and corporate governance website Webb-site in Hong Kong, said Mr. Hogg's resignation was "shocking and shameful," adding that "it's an illustration of the influence that can be brought to bear by the mainland government on Hong Kong businesses."

"I think it would have all the C.E.O.s of the major companies looking over their shoulder and wondering whether they will be next to be held accountable for the actions of their employees," he said.

For Hong Kong's workers and businesses, that means growing tensions in the workplace, a perhaps familiar feeling in places like Google and Amazon where workers have used social media and other platforms to take a more activist stance.

Joseph Lai, a 46-year-old employee of a Chinese manufacturer who marched in Hong Kong's mass demonstration on Sunday, said he no longer tries to make his mainland colleagues understand why people in Hong Kong are unhappy. But he said he was not worried about what might happen if his bosses found out that he was taking to the streets.

"In that case, I'll look for another job," he said. "If we don't come, how can we say we're Hong Kong people?"

China's biggest threat is also its greatest promise: a vast market of 1.4 billion people and an economy that, while slowing, is still growing at a pace that most countries would envy. For global companies like Cathay, lack of access could be devastating.

Earlier this month, the Chinese authorities forbade Cathay employees who participated in protests from doing any work involving flights to mainland China and demanded to see lists of workers who fly in or over its territory. The mainland accounts for nearly a quarter of Cathay's destinations. Still more of its flights go over Chinese airspace, which would mean expensive rerouting if it did not comply.

Its main shareholder, Swire Pacific, is one of Asia's largest conglomerates, with extensive interests in China including property, beverages and trading. Air China, a state-run airline, also holds a significant Cathay stake.

On Monday in Hong Kong, Cathay's shares rose initially then fell more than 1 percent by midmorning.

China wields tremendous economic power over Hong Kong. It accounts for half of the territory's trade, according to government statistics, as Chinese exporters take advantage of its traditionally low barriers to other countries. China provides about a quarter of all foreign investment in Hong Kong directly, and probably much more when money that flows through tax havens like the British Virgin Islands is counted. The mainland supplies more than a quarter of Hong Kong's electricity and most of its drinking water. More than three quarters of its tourists come from the mainland.

On the other hand, Hong Kong's importance to China has dwindled, but Beijing still needs it as a financial hub. Most foreign investment into China flows through the territory. Mainland Chinese companies also raise money through Hong Kong, where global investors have put $2.6 trillion in Chinese company stocks.

Beijing has warned that the protests threaten Hong Kong's future prosperity. On Sunday, it said it approved a plan to further open up the economy of Shenzhen, a booming city just across the border from Hong Kong, suggesting that it wants to increase competition between the two cities.

For years, businesses in Hong Kong have been able to prosper by staying out of politics. But under China's current leader, Xi Jinping, the Communist Party has amassed more power and intruded into more parts of Chinese life, including business. It has also taken an increased interest in Hong Kong affairs since protests in 2014, known as Occupy Central, that also challenged China's policies toward the territory.

Mainland Chinese consumers and businesses, often egged on by state media that criticizes any foreign business that does not appear to show the country proper respect, have also emerged as forces in their own right. The result has been a near-daily campaign to prod companies like Versace, Coach and Givenchy to apologize to China for implying in their products and websites that Hong Kong was a separate country.

On Weibo, the Chinese social media platform, mainland Chinese internet users started a #BoycottCathayPacific hashtag, which was viewed half a million times. Analysts at the state-owned Industrial and Commercial Bank of China put a "strong sell" rating on the stock because of what it called "poor crisis management."

On the other hand, companies risk going too far in placating China. When the actress Liu Yifei last week publicly supported the Hong Kong police, protesters called for a boycott of "Mulan," the live-action Disney film set to be released next year in which she will play the title character.

In early July, the maker of Pocari Sweat, a Japanese sports drink popular in Hong Kong, pulled its advertising from TVB, Hong Kong's dominant broadcaster, which has been accused by protesters of having a pro-Beijing bias. But it said in two subsequent statements that it upheld the "one country, two systems" principle.

Last week, the property tycoon Peter Woo, the former chairman of the real estate company Wheelock and its subsidiary Wharf Holdings, criticized protests that had turned violent. His comments came after Hu Xijin, the editor in chief of the Global Times, attacked one of Mr. Woo's shopping malls for "kowtowing" to the protesters by allowing them to remove the Chinese flag from a flagpole and throw it into the sea. Mr. Hu also criticized the mall for barring the police to avoid the sort of clashes that have taken place at other shopping centers.

The pressure on the Big Four accounting firms illustrates how global companies can become targets, too.

The employees' ad that ran in the Apple Daily newspaper on Friday resulted from a crowdfunding effort that raised $9,873 from 264 people, according to the crowdfunding website GoGetFunding. It inflamed many mainland Chinese nationalists online who were already angry at PwC for what they saw as an initial weak response to the protests. An article on Aug. 5 in the Global Times quoted the company as saying it respects the "people's right to freedom of speech." The newspaper called it "fence sitting."

This was not the first time that the employees of the Big Four accounting firms have broken ranks with their bosses. In 2014, during the Occupy Central protests, the companies published an ad saying the protests would harm Hong Kong's status as a financial center. The employees responded with another ad in the Apple Daily that said, "Hey boss, your statement doesn't represent us."

For any company, restraining employees from speaking out can be tough. But in Hong Kong, it could become a necessity.

"For any of these organizations, it is necessary for them, within the framework of the law, to constrain or to require their employees not to touch the bottom line of the law," said Wang Jun, chief economist at Zhongyuan Bank, a commercial bank based in central China. "I think that is very important."

The Mulan trailer is a dismal sign Disney is bowing to China's nationalistic agenda

By Jingan Young, The Guardian, Mon 8 Jul 2019 11.46

Mulan has been transformed from life-affirming epic to patriotic saga, showing Hollywood is prioritising box office success

Disney have just released their hotly anticipated teaser trailer for their live-action remake of Mulan. The 1998 animated musical action film, following the triumphant story of an awkward young woman who takes her father's place in a war by disguising herself as a boy, resonated globally. I was seven years old when it was released, and as a half-Chinese girl born and raised in pre-handover Hong Kong, the film had special importance to me, with its combination of east-west values, musical numbers (Honour to Us All, I'll Make a Man Out of You and Reflection have aged extremely well), and female protagonist who kicks some serious butt while retaining her moral integrity and reinforcing family values. To this day, my Mulan sword, Mushu soft toy and Mulan dolls are somewhere safe in storage at home in Hong Kong.

To say I was excited by the prospect of a live action remake of Mulan is an understatement. The film joins the plethora of live-action remakes of Disney's 90s renaissance hits, including Beauty and the Beast, Aladdin and The Lion King. All of these retain their musical numbers. Why then has Disney decided to make Mulan a gritty realist film? Particularly considering there are already Chinese versions of the legend: General Hua Mu-lan (1964) and Mulan: Rise of a Warrior (2009).

The Disney remake came under intense scrutiny from the moment it was announced, with commentators warning against "whitewashing", and protesting at the removal of the army captain character Li Shang and the absence of the original songs. Disney cast Wuhan-born mainland Chinese actress Liu Yifei as Mulan, but stuck to removing the songs, Li Shang and Mushu, Mulan's absurd, incompetent dragon spirit guide (voiced in the original by Eddie Murphy. Twitter mobs were swift to claim that mainland Chinese audiences took offence at Mushu; however, as with most generalisations, Chinese netizens think quite the opposite.

Although you can't judge a film by its trailer, the muted, unhumorous tone of this teaser hints at the film's objective. Mulan is no longer the self-conscious teenager who disappoints her parents by failing to become the ideal wife, before her fierce and beautiful transformation into the woman she wants to be. Instead, she appears solemn and resolute: Mulan is a now robotic warrior. The removal of the songs is a big mistake: it eliminates the joy and emotional heart that Disney do so well. I can't help wonder why Disney are remaking Mulan at all if they are simply going to pander to the nationalistic values espoused by the mainland Chinese government – especially as it looks exactly like the kind of "Imperial dramas" that the state media are currently taking aim at.

No doubt Disney have in mind the commercial failure in China of 1998's Mulan; it was caught up in the controversy over the Disney-funded film Kundun about the Dalai Lama, which led to the Chinese government effectively banning Disney films. The timing of this trailer release is awful, with recent events in Hong Kong culminating in police brutality against anti-extradition bill protesters, and the ongoing oppression of ethnic Muslim minorities in Xinjiang. It feels like Disney is waving a big red flag in everyone's faces in its desperation to secure success at the Chinese box office. For those who believe in democracy and freedom, this leaves a sour taste.

China Warns Tech Companies About Complying With Trade Restrictions

By Asa Fitch and Yoko Kubota, The Wall Street Journal, Updated June 8, 2019 6:41 pm ET

Beijing has been pushing back against the Trump administration's limits on access to advanced American technology

Chinese authorities summoned some of the world's largest tech companies this week to tell them they could face repercussions if they respond too aggressively to U.S. trade restrictions, according to people familiar with the matter.

Called by China's National Development and Reform Commission on Tuesday and Wednesday, the meetings with more than a dozen companies add a new dimension to Beijing's pushback against the Trump administration's restrictions on access to advanced American technology amid a lengthy trade dispute.

Among the companies called in were chip makers Intel Corp. INTC 1.78% , Qualcomm Inc., QCOM 2.32% ARM Holdings PLC and SK Hynix Inc., 000660 1.01% software giant Microsoft Corp. , South Korea's Samsung Electronics Co., computer maker Dell Technologies Inc., DELL -1.55% Finnish electronics company Nokia Corp. NOK 1.03% and networking equipment maker Cisco Systems Inc., CSCO 0.98% according to one of the people.

Intel and ARM declined to comment. The other companies didn't immediately respond to requests for comment.

The warnings, previously reported by the New York Times, followed several rounds of new tariffs imposed by the Trump administration on billions of dollars of goods flowing from China to the U.S. As trade talks faltered last month, the administration upped the ante by putting Huawei Technologies Co. on a trade blacklist, further chilling already cold ties between the world's two biggest superpowers.

The move against Huawei disallowed sales to the telecom giant without a Commerce Department license. China responded by announcing an "unreliable entity list" for foreign companies that stopped supplies to China or took other actions seen as damaging the interests of Chinese companies.

On Saturday, Chinese official news agency Xinhua reported the NDRC, China's central economic planning body, was studying the establishment of yet another list system to "more effectively forestall and defuse national security risks." Xinhua also said in a commentary that this new system would prevent "certain countries from using Chinese technologies and simultaneously curbing China’s development.”

In the meetings this week, Chinese officials told foreign tech companies that there would be unspecified consequences if they pulled out of China, ended business partnerships there or stopped supplying products to Chinese customers, especially if those moves were in line with mandates by countries China saw as breakers of international rules, one person familiar with the matter said.

Another person familiar with the meetings said the Chinese understood that multinational companies had to comply with U.S. law, but that their message was that the firms shouldn’t pare back their exposure to China any more than they were required to.

The person described the meetings between midlevel China-based company executives and midlevel NDRC bureaucrats as cordial but unusual. In addition to delivering the warning, Chinese officials asked what the companies’ barriers were to doing business and how the Chinese government could help, the person said.

Companies with U.S. operations must comply with the administration’s restrictions on their dealings with China. They can, however, seek licenses from the Commerce Department that allow them to continue trading with Huawei or any other entity that faces similar restrictions in the future.

China’s targeting of American technology has been central to the Trump administration’s trade concerns. The same day Huawei was blacklisted last month, Mr. Trump issued an executive order banning foreign technology dealings when they raised national security concerns, citing “malicious cyber-enabled actions, including economic and industrial espionage.”

Negotiations with China appeared to be progressing toward a trade deal before last month, when the administration accused China of reneging on commitments by seeking significant changes to an agreed-upon deal. That set off another round of punishments and reprisals by both sides, with the U.S. raising tariffs on $200 billion of Chinese goods and China slapping new tariffs on $60 billion of U.S. goods.

China’s NDRC couldn’t be reached by telephone late Saturday.

LinkedIn under fire for censoring Tiananmen Square posts

Tania Branigan in Beijing, The Guardian, Wed 4 Jun 2014 12.32 EDT

Networking site's decision to stop members accessing prohibited content goes beyond Beijing's strict web censorship rules

LinkedIn said: 'To create value for our members … we will need to implement the Chinese government’s restrictions on content.' Photograph: Chris Batson/Alamy

Business networking site LinkedIn has said it will stop users seeing content posted from China that breaches the country's strict censorship laws, after members complained that posts related to the Tiananmen anniversary had been blanked out.

LinkedIn is one of the few foreign social media services accessible from mainland China – where Facebook, YouTube, Twitter and others are blocked – and launched a Chinese-language service earlier this year, but does not have servers on the mainland.

Its decision goes beyond Beijing's requirements to restrict what users in China see and effectively exports some Chinese controls on content, though a spokesman said it was intended to protect users.

Artist Helen Couchman and journalist Fergus Ryan both reported receiving messages warning them that items they had posted would not be seen by LinkedIn members as they "contained content prohibited in China".

Couchman, who lived in China for several years, said the decision to block articles she had shared about detained artist Guo Jian was outrageous. "I wasn't even sharing an opinion," she added.

Guo, who has Australian citizenship, was taken away by police in Beijing shortly after the publication of an interview in which he described participating in 1989's pro-democracy protests in Tiananmen Square and discussed a work he had created commemorating the bloody crackdown.

Ryan said in an article for the China Spectator site, for which he reports from China, that he too had posted pieces about Guo.

Roger Pua, director of corporate communications in the Asia-Pacific region for LinkedIn, said the company strongly supported freedom of expression, but added: "To create value for our members in China and around the world, we will need to implement the Chinese government's restrictions on content, when and to the extent required … Members in China will not be able to access content that is prohibited in China."

But the site is also preventing people outside China from seeing material that censors disapprove of if it was first posted from China.

Pua said: "Outside of China, members will be able to view content that is restricted in China, unless that content originated in China – this is to protect the privacy and security of the member who posted that content."

"LinkedIn, by its nature, is a professional network and not prone to conversations that are political in nature. We think the impact is very, very small."

While most Chinese rely on heavily censored Chinese services – such as the Sina Weibo microblog – some, including many activists and dissidents, use VPNs or other methods to post material on Twitter and Facebook.

LinkedIn said in February that it was applying to set up operations in China, acknowledging it would need to comply with Chinese government demands to filter content.

Cynthia Wong, senior internet researcher at Human Rights Watch, said that while she was not aware of the LinkedIn case, "the best practice that has emerged is that companies will not censor for the world".

She added: "If there's material that needs to be taken down in one jurisdiction, competitors will leave it up for the rest of the world – precisely for the reason that we should not allow the internet to go to the lowest common denominator; it should not be scrubbed of everything bar material acceptable to the least tolerant government out there."

Michael Anti, a Chinese commentator, said: "It means Linkedin now publicly accepts Chinese censorship rule for anyone who is in mainland China, without any hesitation."

He compared it to Microsoft's decision to remove his Chinese-language blog in 2005 – a move that sparked international criticism.

In that case, he said, "the company felt wrong and shameful. So you know how much internet freedom we have lost worldwide in the past decade."

Pence Says U.S. Companies Leave 'Conscience at the Door' Over China

By Edward Wong, The New York Times, Published Oct. 24, 2019

In a speech on the United States' China policy, the vice president said companies should adhere to American values. He criticized Nike and the N.B.A.

WASHINGTON — Vice President Mike Pence criticized American companies on Thursday for trying to silence speech that expresses support for democratic, liberal values in order to maintain access to the Chinese market, saying the corporations should adhere to American principles while doing business with China.

In a wide-ranging policy speech on what he called the "fundamental restructuring of our relationship with China," Mr. Pence accused Nike of checking its "conscience at the door" and owners and players in the N.B.A. of "siding with the Chinese Communist Party" by suppressing support for the pro-democracy movement in Hong Kong. He highlighted those examples to make a wider point about how American companies often make compromises with China that put them at odds with Western liberal values — and the long-term effect this has on candid discussion of China among Americans.

"By exploiting corporate greed, Beijing is attempting to influence American public opinion, coercing corporate America," Mr. Pence said. "And far too many American multinational corporations have kowtowed to the lure of China's money and markets by muzzling not only criticism of the Chinese Communist Party, but even affirmative expressions of American values."

The N.B.A. this month came under widespread criticism, including from American lawmakers in both parties, when it initially appeared to give some support, in a confusing mix of English and Chinese statements, to a Chinese government attack on a Houston Rockets executive who had expressed sympathy for the pro-democracy movement in Hong Kong in a tweet.

Mr. Pence, speaking at a Wilson Center event at the Conrad Hotel, said that Nike stores in China had removed Rockets merchandise during the controversy. (Nike did not respond to a request for comment.)

"And some of the N.B.A.'s biggest players and owners, who routinely exercise their freedom to criticize this country, lose their voices when it comes to the freedom and rights of the people of China," he said. "In siding with the Chinese Communist Party and silencing free speech, the N.B.A. is acting like a wholly owned subsidiary of the authoritarian regime."

"A progressive corporate culture that willfully ignores the abuse of human rights is not progressive — it's repressive," he added, in an attempt to inject American partisan politics into the issue.

People associated with the N.B.A. pushed back later Thursday. "We've adhered to our core values from the first moment," Adam Silver, the commissioner of the N.B.A., said on the TNT show "Inside the NBA." "And I'll just say once again, we're going to double down on engaging with the people of China, and India, and throughout Africa, around the world, regardless of their governments."

Charles Barkley, the retired player who is now an analyst on the show, was more blunt. "Vice President Pence needs to shut the hell up," he said. "All American companies are doing business in China."

In his speech, Mr. Pence went on to say that the Trump administration sought to build a new relationship with China based on mutual candor and was not seeking to "decouple" the economies, the two largest in the world. The language of Mr. Pence's speech, while still confrontational, highlighted the potential for positive engagement to a larger degree than the one he delivered last October at the Hudson Institute.

Washington and Beijing have been struggling to settle a bitter trade war that President Trump started in July 2018; the two sides are trying to complete a tentative initial deal that still does not address the major issues, including access to technology. Administration officials are clashing with one another over the degree to which the two nations and their companies should share technology.

Even before the start of the trade war, national security officials in Washington had announced that the United States was in an era of great power competition with China and Russia. That idea is enshrined in Mr. Trump's national security strategy, though Mr. Trump himself rarely talks about strategic or human rights issues involving China, and he has boasted that he and President Xi Jinping are close friends.

Mr. Pence and Secretary of State Mike Pompeo have taken a harder line on China in their public pronouncements.

"The United States seeks engagement with China and China's engagement with the wider world, but engagement in a manner consistent with fairness, mutual respect and the international rules of commerce," Mr. Pence said. "But, so far, it appears the Chinese Communist Party continues to resist a true opening or a convergence with global norms."

He noted that since his hawkish speech one year ago, "Beijing has still not taken significant action to improve our economic relationship."

"And on many other issues we've raised, Beijing's behavior has become even more aggressive and destabilizing," he added.

That appeared to be an acknowledgment that the trade talks have done little to force major structural concessions from China, including getting the Chinese government to reduce its subsidies to state-owned enterprises.

Mr. Pence listed areas of concerns, including China's export of surveillance technology, its militarization of the South China Sea and its attempts to build infrastructure around the globe, including ports that could potentially be used by the People's Liberation Army Navy.

"But nothing in the past year has put on display the Chinese Communist Party's antipathy to liberty so much as the unrest in Hong Kong," he said.

Mr. Pence closed by saying: "America is reaching out our hand to China. And we hope that, soon, Beijing will reach back, this time with deeds, not words, and with renewed respect for America."

Robert Daly, the director of the Kissinger Institute on China and the United States at the Wilson Center, said: "It was refreshing to hear the administration call on American corporations to represent American values. Nike and the N.B.A. are no more guilty of 'kowtowing' to Beijing than other multinationals, however, including those in the hospitality, technology and commercial aviation industries."

"The real question is to what degree American corporations should be asked, or compelled, to sacrifice the American value of free markets to the American value of free speech," he added. "Combating China's worldwide promotion of illiberalism will not be cost free."

Advocates for tougher measures on China over its repression of Muslims, most of whom are from the ethnic Uighur minority, were in the audience.

"I'm so glad to have listened," said Mihrigul Tursun, who is one of more than one million Muslims who have been held in Chinese internment camps. "He talked about the Uighur issues in China. I hope he takes action. There hasn't been any action until now."

In early October, the Trump administration imposed some commercial restrictions on Chinese technology companies and other organizations believed to be involved in the repression, and it said it would impose a visa ban on officials. But Ms. Tursun said the United States should impose sanctions on specific Chinese officials under the Global Magnitsky Act.

"I ask why America hasn't taken action," she said.

Edward Wong has been a diplomatic and international correspondent for The Times for more than 20 years, 13 of those in Iraq and China. He received a Livingston Award for his Iraq War coverage and was on a team of Pulitzer Prize finalists. He has been a Nieman Fellow at Harvard and a Ferris Professor of Journalism at Princeton. @ewong