

Idaho's Foreign Trade Zones Real and Imagined

A report on Chinese investment in Idaho

February 2011

About Idaho's Foreign Trade Zones, Real and Imagined

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Introduction

Recently there had been much attention given to the proposal of a new Foreign Trade Zone near Boise. The mayor of Boise, and the Governor of Idaho, Butch Otter, have traveled to China and met with Chinese government officials, trade emissaries, and representatives of Chinese companies. They returned full of optimism for the future of Idaho/Chinese ventures. In the past, Governor Otter has indeed brought some very attractive contracts and possibilities for future sales of Idaho products.

Governor Otter's 'Project 60' publicizes:

"Project 60 is a comprehensive initiative to grow Idaho's Gross Domestic Product. Designed in three tiers to strengthen both rural and urban communities, the plan will create quality jobs for all Idahoans by fostering systemic growth, recruiting new companies to Idaho, and selling Idaho's trade and investment opportunities to the world."

This time, however, both the Mayor and the Governor seem to have been unaware of the actual restrictions on the establishment of Foreign Trade Zones in the United States while talking business with the Chinese. It appears that they have opened some sort of preliminary negotiations for establishing FTZs in Idaho, possibly making commitments, and then, even worse, published what seems to be the intent to continue with these projects - much of it illegal under U. S. laws regarding FTZs. If this has been seized upon by Idaho citizens who are suspicious of Chinese motives and actions, and they in turn have published their own brand of misinformation which has gone viral on the internet, causing panic across the country regarding the takeover of U.S. soil by the Chinese.

Compounding the problem is the operation of organizations engaged in taking advantage of the U. S. Immigration's E5 immigration scheme, which is a fast track for U. S. citizenship offered to foreign investors. The prospect of thousands of Chinese waiting in China with their investment dollars to exchange for Green Cards has caused even more panic when coupled with the weekly loss of jobs in Idaho. The E5 scheme, intermingled with the Foreign Trade Zones situation, has been a potent combination. Much of what is available to the public is misinformation, both from the opponents of Chinese investment in Idaho, and from the proponents of investment schemes.

The purpose of this report is to dispel misinformation, present actual information, and bring to light some new information that both sides seem to have overlooked.

Section 1. Analysis of media statements

First let us analyze some of what has been published regarding the issue of establishing Foreign Trade Zones in Idaho, especially. Following are representative quotes covering three main topics and some analysis. The Notes and Sources section on the accompanying CD contains full text of these and other articles which for the most part duplicate the representative quotes analyzed here.

1. Foreign Trade Zones

Hoku Materials Granted Foreign Trade Zone Status

Hoku reported that it expected the subzone status would contribute to the facility's long-term global competitiveness, explaining that FTZ procedures would exempt the Company from customs duty payments on foreign materials used in export production. Specifically, the ruling will allow Hoku to import foreign-sourced raw materials in a duty-free status, provided they are destined for export overseas as components of finished polysilicon. Under its existing customer supply agreements, more than 80% of Hoku's total annual production capacity of polysilicon, and 100% of what has been presold to date, is destined for export to China, meaning that an equivalent percentage of the Company's raw material inputs would be eligible for import in a duty-free status.

Hoku explained that it had been granted subzone status under the existing Foreign Trade Zone established for Boundary County in Northern Idaho, the only FTZ in the state. Hoku Materials' facility will be the only designated Foreign Trade Subzone in Idaho. "We are pleased to have been granted the Foreign Trade Subzone status," said Dustin Shindo, chairman and chief executive officer of Hoku Scientific. "This ruling helps ensure that our facility will remain globally competitive over time."

"For many reasons, Hoku is a unique case study in today's economy," said Gynii Gilliam, Executive Director of the Bannock Development Corporation. "Hoku's Pocatello plant will not only be a net exporter to China, but thanks to the Commerce Department's ruling, it will have the ability to compete internationally on a level playing field. This outcome is not only good for Idaho's emerging clean energy manufacturing base, but it is good for the U.S. renewable energy industry in general."

When complete, the Hoku Materials facility is expected to produce up to 4,000 metric tons of polysilicon per year. 1

- Analysis: This report is factual for the most part. However it is a far stretch to understand how a Chinese company, using raw materials purchased from Australia, Brazil, China, South Africa, Russia or Norway, and exporting the finished product to China to resell in the United States at a much higher price, is going to "benefit the U.S. renewable energy industry in general." How is a ruling that "helps ensure that our facility will remain globally competitive over time" going to benefit the U.S. renewable energy industry, considering that the facility is owned by a Chinese company?
- Analysis: A recent article in the Idaho Statesman referred to the Hoku project, noting that it might not be so good for American companies operating in Idaho:

"But at the same time this is happening, solar companies in China are selling so many panels at low prices that American manufacturers are having a hard time competing. In the Treasure Valley Transform Solar, the start-up formed by Micron Technology and Origin Energy of Australia has yet to go into production." 2.

Governor Otter seems to have shot Micron in the foot.

Chinese company eyes Boise - As economic power shifts to Asia, Idaho's location makes it a prime site for an industrial foothold

A Chinese national company is interested in developing a 10,000- to 30,000-acre technology zone for industry, retail centers and homes south of the Boise Airport.

Officials of the China National Machinery Industry Corp. have broached the idea - based on a concept popular in China today - to city and state leaders.

The technology zone proposal follows a model of science, technology and industrial parks in China - often fully contained cities with all services included.

But Don and other local supporters have recommended fitting the idea into the kind of planned unit development used for local approval here. 3.

- Analysis: The FTZ Act prohibits residence within a zone. So a "technology zone" as envisioned by the Sinomech cannot be located within a Foreign Trade Zone. Although the special economic zone concept is popular in China, the "fully contained cities with all services included" also crop up in other countries where China has development projects. They are not popular elsewhere. There is an expectation that the Chinese will buy goods and services and benefit the locality financially. However, this expectation is seldom met, as the Chinese enclave is indeed "fully contained" in all ways, except to sell goods at lower prices than local merchants, who are driven out of business. Probably the Chinese would expect special tax considerations, which would further burden the community.

China firm looks at Idaho

Idaho could become home to operations of a large Chinese company that could employ local residents for energy infrastructure projects.

Plans are only in the speculation stages. But a local representative of the company said he thinks Sinomach will establish facilities in the Boise area and could work on projects that cross the state.

"I think they're coming and they want to come in a collaborative manner," Jeff Don of C3 Holdings Limited said Wednesday.

...

Sinomach could supply the capital to do projects such as power lines and contribute to Idaho's work in alternative energy research and development.

Don mentioned the Gateway West Transmission Line project that crosses Southern Idaho as a possibility for the company. But he said it would likely start smaller than that and possibly work its way to bigger plans.

...

The company would hire local workers for construction and other jobs, but Don said it remains too early in the process to speculate how many jobs the company could generate. He said Sinomach would not, and could not because of immigration restrictions, bring over more than a handful of Chinese to work for the company in the Gem State. 4

- Analysis: The Chinese are not known for hiring local residents to work on their infrastructure projects. In Africa the Chinese have drawn the most criticism. We doubt that though the Chinese "could employ local residents for energy infrastructure projects", that they would. The Times (UK) summed it up:

"On big construction projects, wherever possible, the Chinese insist on importing their own workforce from China. These workers live in sprawling camps, eat like they did at home, and make little or no effort to adopt African customs, learn the language ...

However, where the Chinese have done this – oil-rich Angola and mineral-rich Zambia come to mind – resentment has often arisen because of their unwillingness to employ indigenous workers. Even the unskilled labour is fulfilled by the Chinese. In Angola, the government has agreed that 70% of tendered public works must go to Chinese firms, most of which do not employ Angolans. The Chinese are also causing concern at the way they have used African countries as dumping grounds for cheap goods. Many small companies across Africa have been forced into dire straits, even bankruptcy, by Chinese competition." 5

Aren't the unfulfilled expectations of the African nations the same expectations that are being offered to Americas by the promoters who are trying to sell Chinese investment here? This same story is

repeated in article after article published in African media.

Regarding using Chinese labor, Mr. Don said "Sinomach would not, and could not because of immigration restrictions, bring over more than a handful of Chinese to work for the company in the Gem State". 6

Apparently Mr. Don is unaware of the alarming number of undocumented Chinese in this country, and even more unaware of how easy it is to purchase a counterfeit green card, which would allow an illegal Chinese alien to work on Sinomach's projects. His reassurances are all dependent upon a Chinese Communist owned company to play by the rules. We do not expect this will happen.

China invades U.S. with 'free-trade zones'

Author Jerome Corsi (author of the No. 1 New York Times best-sellers "The Obama Nation") is featured in World Net Daily's article on China and Foreign Trade Zones, an excerpt from his book "Red Alert"

Corsi noted that the U.S. government has created 257 foreign trade zones, or FTZs, throughout the United States, designed to extend special U.S. customs treatment to U.S. plants engaged in international-trade-related activities.

The FTZs tend to be located near airports, with easy access into the continental NAFTA and WTO multi-modal transportation systems being created to move free-trade goods cheaply, quickly and efficiently throughout the continent of North America.

"There is nothing in the U.S. government's description of FTZs that would prevent a foreign government, like China, from operating a shell U.S. company that is in reality owned and financed by the Chinese government and operated through a Chinese government-owned corporation," Corsi wrote. 7

- Analysis: Mr. Corsi is accurate in his statements. According to the Foreign Trade Zones Board, "U.S. FOREIGN-TRADE ZONES PROGRAM
The foreign-trade zones (FTZs) program was authorized by Congress in 1934 (FTZ Act - 19 USC 81a-81u) and is used to help encourage activity and value-added at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

Enhancing Competitiveness. By reducing costs, FTZs level the playing field and improve U.S. competitiveness. FTZs can help businesses reduce production, transaction, and logistics-related costs by lowering effective duty rates, allowing special entry procedures, and encouraging production closer to market. Reducing costs through FTZ use can lead to more competitive U.S. operations, thereby helping to maintain U.S. activity and jobs. Creating/Retaining Jobs and Encouraging Investment. By helping local employers remain competitive, zones can contribute to maintaining or boosting employment opportunities. And lower FTZ-based production costs encourage increased investment in U.S. facilities." 8

To be promoting Foreign Trade Zones as opportunities provide these advantages foreign companies to totally subvert the intentions of our government programs to enhance U. S. competitiveness.

Chinese company eyes Boise - As economic power shifts to Asia, Idaho's location makes it a prime site for an industrial foothold.

"The proposal could get a boost from this year's voter-approved constitutional amendment that allows the

airport to borrow money to build facilities that can be leased to companies on a long-term basis. The airport commission also has the authority to grant long-term leases and landing rights to air carriers, including those from China." 9

- Analysis. This proposition was never mentioned in the published material about the constitutional amendment. Was the Idaho voter misled on the actual purpose of this amendment?

Boise, Idaho activist on personal crusade to kill amendments

Larry Spencer, a Northern Idaho delegate, stated that the measure would allow local governments to begin pursuing unnecessary projects. Spencer argued, "Do you want to end up with everything around airports being government-owned and off the tax rolls, rather than privately owned and paying taxes?" 10

- Analysis: This is a concern. The possibility of large trade zones offering manufacturing, import-export facilities, and warehousing to foreign companies which would escape property taxes, in addition to customs fees and duties was not addressed in the debate on the constitutional amendment.

Airport debt amendment clears House on 57-12 vote

Debt could also be vital Idaho landing the F-35 joint-strike fighter jets at Gowen Field, which shares the same land as the Boise Airport, said McConnell. He added that the airport would need to invest in new property or buildings should the planes eventually be based in Boise. 11

Internet sources publish concerns

Internet blogs and forums have been the source of much information on the part of those who are not in favor of Chinese presence in the United States. Some of them point out considerations which should be obvious to anyone with even a slight knowledge of current U. S. - Chinese foreign policy.

Because so much of the internet discussion is rapidly cut and pasted from one website to another, the following is a presentation of the themes without an attempt to identify or find the source of all of them. The Eagle Forum, a conservative website hosted by Phyllis Schafly, seems to be the originator of much of the information, some of it factual, some of it not. There are many U. S. citizens who are alarmed at the prospect of China moving into Foreign Trade Zones, and they are not all wrong in their alarm. Unfortunately they, like those who are promoting it, have too seldom done their homework.

Eagle Forum

A post by an Idaho resident:

These "Foreign Trade Zones" in the United States fall under the control of the U.S. Department of Commerce and are managed by the United States Customs Service as land OUTSIDE THE UNITED STATES.

- Analysis: The land inside Foreign Trade Zones is outside the U. S. only in the aspect of customs duty. All other jurisdictions, regulations and laws apply. "zones are treated for purposes of the tariff laws and Customs entry procedures as being outside the Customs territory of the United States." CFR §400.1(c) and " Zones shall be operated by or under the contractual oversight of zone grantees, subject to the requirements of the Act and this part, as well as those of other federal, state and local agencies having jurisdiction over the site and operation." CFR §400.41

Our first "Foreign Trade Zone" is in Boundary County up north. We believe now that this is why the U.S. Department of Commerce was wanting the Coeur d' Alene Chamber of Commerce and

businesses to travel to China to promote their private businesses and exports,

- Analysis: The Boundary County FTZ was applied for in 1999, and does not seem to be part of any agenda. Their filing with the FTZ Board seems straightforward and reasonable: it was formally filed on May 24, 1999. The applicant is authorized to make the proposal under section 67-4703A, Idaho Code. The proposed zone consists of a 55-acre site located at the Reload Center (Eastport Industries, Inc.), end of County Road #95E (also known as Railroad Avenue), Eastport. The site includes a truck/rail intermodal reloading facility, as well as a warehouse yard. Eastport Industries, Inc., will be the operator of the zone. The application indicates a need for foreign-trade zone services in the Eastport area. Several firms have indicated an interest in using zone procedures for warehousing/distribution of lumber/forest products.

while inviting the Communist Chinese to come here and invest, (EB-5 Visas) live,

- Analysis: This seems to be right on. In fact, there are a number of promoters of the EB-5 immigration scheme. This is discussed further in the EB-5 Section of this document.

Boise Mayor Bieter ----- Pushed for the Idaho Constitutional Amendment for the airports to incur debt without public in-put so they could set up the Boise Airport as a "Technology Zone" for the Communist Chinese Government owned business "SINOMACH"----- (this can become a Foreign Trade Zone)

- Analysis: This is somewhat factual. In fact Mayor Bieter lobbied hard for the constitutional amendment, wrote the Pro Statement for the H.J.R. 5 voters' information in the Idaho Press-Tribune information, along with Mayors Dave Bieter, Boise; Tammy DeWeerd, Meridian; John Bechtel, Wilder; Brad Holton, Greenleaf; Tom Dale, Nampa; John Evans, Garden City; Garret Nancolas, Caldwell. According to an email from Mayor Beiter to airport managers across the state:

"6/11/2010 3:09 PM

Subject: Invitation to Discuss HJR5 at AIC Conference in Idaho Falls

Hello Mayors and Airport Managers,

House Joint Resolution (HJR) 5, which will allow public airports in Idaho to issue revenue and special facility bonds without requiring a supermajority vote, is one of four constitutional amendments on the General Election ballot in November. A simple majority of voters must support each these amendments for them to become law.

I propose that we collaborate and coordinate on a statewide outreach effort to educate voters about how this law change will benefit them and their communities and will create jobs." 12

- Analysis: : Boise Mayor Beider promoted the change to the constitution, writing the Pro arguments for Idaho newspapers. This change was promoted to the public as a way that airports could issue bonds for airport construction and improvements. Nothing was ever said to the public about FTZs or Chinese investors. His meeting with airport managers from all over the state in June 2010 at the Association of Idaho Cities Annual Conference right after Otter was in China (talking with SINOMACH?) seemed to be a plot on how to sell the citizens of Idaho on the benefits of this constitutional amendment in order to accomodate Chinese investment in Idaho. Hard to prove intent but we can connect the dots.

- **Blogbaker**

"the idea of China - a sworn enemy of ours - will be the primary (and probably secondary) provider and

contractor for part of the US power grid is disturbing. [Regarding Gateway West Transmission Line]"

- Analysis. This seems to be a valid point, which will be covered in the Security and Economic Concerns section.

Section 2: About Foreign Trade Zones

1. The U.S. Foreign Trade Zone Program

The foreign-trade zones (FTZs) program was authorized by Congress in 1934 (FTZ Act - 19 USC 81a-81u) and is used to help encourage activity and value-added at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

Enhancing Competitiveness. By reducing costs, FTZs level the playing field and improve U.S. competitiveness. FTZs can help businesses reduce production, transaction, and logistics-related costs by lowering effective duty rates, allowing special entry procedures, and encouraging production closer to market. Reducing costs through FTZ use can lead to more competitive U.S. operations, thereby helping to maintain U.S. activity and jobs.

Creating/Retaining Jobs and Encouraging Investment. By helping local employers remain competitive, zones can contribute to maintaining or boosting employment opportunities. And lower FTZ-based production costs encourage increased investment in U.S. facilities.

Zone Activity and Procedures

Foreign and domestic merchandise may, subject to FTZ Board and CBP regulations, be moved into zones for operations not otherwise prohibited by law involving storage, exhibition, assembly, manufacturing, and processing. All zone activity is subject to public interest review, and all manufacturing and processing activity requires a case-by-case review. Under zone procedures, the usual formal customs entry procedure and payment of duties are not required on the foreign merchandise unless and until it enters customs territory for domestic consumption, in which case the importer normally has a choice of paying duties either on the original foreign materials or the finished product. Domestic goods moved into a zone for export are considered exported upon entering the zone for purposes of excise tax rebates and drawback. FTZ sites and activities remain within the jurisdiction of federal, state and local governments and agencies.

Zones are sponsored by qualified public or public-type corporations, and the operations are conducted on a public utility basis, with published rates. A typical general-purpose zone provides leasable storage/distribution space to users in general warehouse-type buildings with access to all modes of transportation. Most zone projects include an industrial park site with lots on which zone users can construct their own facilities.

2. About the Foreign Trade Zone Program

- * The FTZ Act prohibits residence within a zone
- * With the exception of formal customs entry procedures, all other local, state and federal laws and regulations apply (including labor and immigration laws)
- * FTZs remain under the direct supervision of U.S. Customs and Border Protection
- * FTZs are within the territory of the U.S. and merchandise stored in a FTZ is considered imported into the U.S.

3. What Are the Benefits of a Foreign Trade Zone?

In the global marketplace, many companies consider moving to foreign facilities to reduce costs. The benefits of the Foreign-Trade Zone program may be the competitive advantage that companies need to keep their manufacturing or distribution operations in the United States. These include:

- *No duties on imported goods that are later re-exported
- *Delayed payment of duties on goods that enter the U.S. market
- *Manufacturing-specific benefits – with case-by-case approval by the FTZ Board – that can include reduction of duties if a lower tariff rate applies to the finished product leaving the zone than the tariff rates that would have applied on foreign components (“inverted tariff”)
- *Elimination of duties on waste, scrap and rejected or defective parts
- *Reductions in merchandise processing fees because zone users may be able to file a single customs “entry” (and pay a single fee) per week rather than making multiple entries during the course of a week

5. Using a Foreign Trade Zone

Once a zone location has been established by the FTZ Board, companies are required to “activate” the zone with U.S. Customs and Border Protection (CBP) prior to beginning FTZ operations. Zone activity occurs under the supervision of CBP and FTZs remain within the jurisdiction of all other local, state and federal governments or agencies.

6. Questions and Answers

1. *Is the FTZ property under foreign jurisdiction?*

No.

The land is still United States territory, and subject to all laws and rules of the United States, as well as those of the state in which it is located. The FTZ is merely in a sort of customs limbo.

Foreign-trade zones are secure areas under supervision of U.S. Customs and Border Protection (CBP) that are considered outside the customs territory of the United States for the purposes of duty payment.

2. *Is the governor responsible for granting land to a foreign country for the purposes of building an FTZ?*

No.

An FTZ can only be established through a United States government agency, after application, public hearing, and acceptance. The governor or the mayor or county commissioners have absolutely not authority to form an FTZ. Zones are sponsored by qualified public or public-type corporations, and the operations are conducted on a public utility basis.

Authority for establishing these facilities is granted by the Foreign-Trade Zones Board (the Secretary of Commerce and the Secretary of the Treasury) under the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u), and the Board’s regulations (15 C.F.R. Part 400). The Executive Secretariat of the Board is located within the Import Administration of the U.S. Department of Commerce.

Legally, an FTZ is merely an industrial park or a warehouse with certain customs privileges which make it attractive to commercial operations dealing with imports and exports.

3. *What is a subzone?*

A special type of single purpose FTS is called a subzone, which also must go through the application, hearing, approval cycle. It is granted to a single company.

Subzones are usually private plant sites authorized by the Board through zone grantees for single company operations that cannot be accommodated within an existing general-purpose zone.

The federal code and regulations for Foreign Trade Zones are brief and easy to read, and are very simple. They are published a number of places on line, and included in the documents at the end of this report.

The regulations of the Foreign-Trade Zones Board are published in the Code of Federal Regulations at Title 15, Part 400 (15 C.F.R. Part 400), and the regulations of U.S. Customs and Border Protection concerning zones at Title 19, Part 146 (19 C.F.R. Part 146). Information on foreign-trade zones is available of the FTZ Web site at: <http://www.trade.gov/ftz>. 1

Section 3: About EB5 Immigration

About EB-5 Immigration

To encourage foreign investment in the U.S. economy, Congress created the fifth employment-based preference (EB-5) pilot program in 1992. Foreign investors seeking to invest in a business that will benefit the U.S. economy and create or save at least 10 full-time jobs will invest \$500,000 USD in rural or high unemployment areas known as a Targeted Employment Area or TEA. The U.S. Citizenship and Immigration Services (USCIS) is responsible for the EB-5 program at the federal level.

EB-5 Regional Centers are approved to distribute \$500,000 investments to USCIS-qualifying projects within Eastern Idaho Target Employment Areas (TEA) or "rural areas".

In order to be approved, the foreign investor must submit a petition. The petition must be supported with evidence the new commercial enterprise will create no fewer than 10 full-time positions (or the equivalent).

For Regional Center petitions and for purposes of indirect job creation, USCIS officers may consider economic models that rely on certain variables to show job creation and the amount of investment to determine whether the required infusion of capital or creation of direct jobs will result in a certain number of indirect jobs.

Nationwide, since the start, 95 regional centers have opened. Today only 19 are active and just 10 are what Idaho officials consider successful. The program operated by the U.S. Citizenship and Immigration Services Agency has never reached its allowable limit of 3,000 investors and 10,000 permanent visas or green cards for people (and their families) who create at least 10 jobs.

Statewide, according to an August 2010 Idaho Statesman article,

"In 2009, Otter made the EB-5 program and immigration investment a cornerstone of Project 60, his program aimed at increasing Idaho's gross domestic product to \$60 billion.

The state's efforts stumbled at first. It recruited a Sun Valley-based business group to set up a regional center focused on funding high-technology companies. But the InvestIdaho Regional Center never got far off the ground.

"They're stagnant, they really aren't going anywhere," said Brian Dickens, who runs the EB-5 program for the Idaho Department of Commerce. "

At present, the most viable possible EB-5 investments seem to be the result of Idaho Regional Center's partnering with a Taiwanese businessman who helped Chinese emigrate from Hong Kong to Canada.

The 10 Jobs Created Requirement

There is much talk about the requirement that the EB-5 investment must create 10 new jobs. The Idaho State Department of Commerce states the following:

"The program requires a \$1million investment in urban areas or a \$500,000 investment in rural or targeted employment areas and the creation of 10 permanent jobs."

Of course, readers will assume that this plan will "create jobs", local jobs for Idaho citizens. However, upon examining what the EB-5 program means by "jobs" we find that they consider "jobs" somewhat differently.

*The EB-5 Investment Program does not require that the foreign investor's investment Project itself directly employ 10 U.S. workers. Instead, it is enough if 10 or more jobs will be created directly, indirectly, or inferred as a result of the investment through an economic report. The petition may present evidence that the investment will create 10 jobs or the **equivalent**, whatever the equivalent may be.*

*The petitioner does not have to present, as part of his business plan, how his investment will actually hire 10 employees that will perform work, he can "infer" from an "economic report" that his investment will create 10 jobs either directly or **indirectly**. In other words, he may submit that because his product will require delivery, a new delivery truck driver job will be created by another company which will sell his product, and a new sales person job will be created to sell his product - all inferred from an economic report.*

The EB-5 Immigrant Investor information Eligibility Criteria for a New Business Enterprise is as follows:

To qualify you must:

1. Invest or be in the process of investing at least \$1,000,000. If your investment is in a designated targeted employment area (discussed further below) then the minimum investment requirement is \$500,000.
2. Benefit the U.S. economy by providing goods or services to U.S. markets.
3. Create full-time employment for at least 10 U.S. workers. This includes U.S. citizens, *Green Card holders (lawful permanent residents) and other individuals lawfully authorized to work in the U.S.* (however it does not include you (the immigrant), or your spouse, sons or daughters).
4. Be involved in the day-to-day management of the new business or directly manage it through formulating business policy – for example as a corporate officer or board member.

By actually examining what those 10 jobs might be, we can see that Idaho job-seekers might be left out in the cold when it comes to acquiring those jobs.

Idaho EB-5 Regional Centers

There are three Regional Centers in Idaho. They are:

Regional Center: **Idaho State Regional Center LLC**

Location: Idaho State Regional Center LLC c/o Sima Muroff 112 North Third Street
McCall, ID 83638

Contact: Sima Muroff

Phone: (208) 634-8014

Fax: (866) 669-1760

Website: idahostateregionalcenter.com

E-mail: info@idahostateregionalcenter.com

Geographic Scope: State of Idaho

Industries: Mining and Tourism

Regional Center: Invest Idaho Regional Center

Location: Invest Idaho LLC

1401 W. Idaho Street

Boise, Idaho 83702

Contact: Miles F. Mahoney President/CEO

Phone: 208-631-3649 Website: None

E-mail: None

Geographic Scope: State of Idaho

Industries: Technology, Education and Research

Idaho Global Investment Center (IGIC)

Location: Idaho Global Investment Center

2605 Lone Pine Drive

Idaho Falls, ID 83404

Phone: 208.589.2293

Website: <http://idahogic.com/>

Section 4: About the interested Chinese investors

About the interested Chinese investors

1. Idaho State Regional Center

ISRC has identified two projects for our Phase I offering that deliver the investment stability, job creation potential, and the progressive outlook necessary to ensure the success of the Regional Center in Idaho. ISRC is dedicated to the flawless execution of projects in the precious metal and resort industries throughout the State of Idaho. To fund these cutting edge projects, the ISRC is offering a unique investment opportunity to your family whereby you may receive permanent United States residency through the EB-5 green card program.

ISRC is associated with Westlead Capital, run by Taiwanese businessman Raymond Ku. He has offices in Beijing, Shanghai, and Guangzhou, and appears to have actual investors in the sidelines.

Westlead's website states that :

"Westlead currently represents, on average, about 200 families from Taiwan per year, and around 800 from China. The number of families that Westlead has helped to migrate overseas in the past 21 years is therefore countless. Most of these immigrants are destined for Canada, and in that regard Westlead has successfully raised over \$800 million for Canadian immigration funds

Westlead has also raised over USD\$250 Million for U.S. Investor Immigration Funds. As for Westlead's U.S. Investor Immigration programs, Westlead has successfully brought investment to several States such as the state of Wisconsin, Mississippi, Alabama, Georgia and California. Currently, Westlead is working on the promotion of Idaho State Regional Center."

Mr. Ku states that he has investors line up to come to Idaho.

We have no way of verifying any of this.

Section 5: Economic Considerations

Economic Considerations

In the haste to go global there has been little examination of the past outcomes of regional and global trade agreements, or of the current economic situation in our area.

Let us examine some remarks on NAFTA to see how that has worked out for the United State

1. Economic impact of globalization on the economy of the United States

NAFTA's Economic Impact
Council on Foreign Relations
Lee Hudson Teslik
July 7, 2009
<http://www.cfr.org/economics/naftas-economic-impact/p15790>

Opponents of NAFTA take a starker position. Thea M. Lee is policy director for the AFL-CIO, which opposes NAFTA and lobbies against other free trade agreements as unfair to U.S. workers and corporations unless they include provisions that require signatory countries to raise labor and environmental standards. Lee argues one of the main upshots of the deal has been to "force workers into more direct competition with each other, while assuring them fewer rights and protections." The Economic Policy Institute, a left-leaning research organization, says in a policy paper on NAFTA that the deal's trade agenda has served to widen U.S. trade deficits and has indirectly pushed some U.S. workers into lower-paying jobs.

Further examples do not seem to be necessary, they have become common knowledge. Why then is the State of Idaho rushing into more globalization with no more more tangible potential benefits than a vague "It will create jobs!". Idaho is in the process of losing 1,000 jobs just in the field of education. Do we really think these teachers will find new employment in a Chinese operated Foreign Trade Zone?

2. Jobs created by EB-5 investment do not necessary create jobs for local citizens.

We discussed this in the section on Media Analysis the actual requirement for EB-5 jobs is merely to creat full-time employment for at least 10 U.S. workers: citizens, alien resident Green Card holders and other individuals lawfully authorized to work in the U.S. There is no regulation stating that the jobs must go to U. S. citizens, however is implied in all promotional discussions, articles and press releases. Chinese investment may creat jobs, but for whom?

3. Chinese investment and development companies directly compete with Idaho and U. S. companies

Hoku's manufacturing facility will purchase polysilicate from China and other companies. This was of concern to the largest polysilicate supplier in the U. S., DLA Piper, who called for a hearing regarding dumping of materials prior to Hoku's sub-zone approval. So no company in the U. S. will benefit from the plant, as all materials are bought from foreing companies in competition with U. S. companies. The jobs created needn't go to Idaho job hunters, instead they can go to Green Card holders. U. S. wholesalers and manufacturers will not benefit, as the finished product is shipped to China, to be sold by Chinese companies. A local company, Micron, will have a hard time competing when it opens up its plant.

What a great deal for Idaho!

"The agreement includes potential financial support for Hoku, which is building a polysilicon manufacturing plant in Pocatello. The plant is expected to eventually create 500 jobs in the United States and will ship its polysilicon to China.

...solar companies in China are selling so many panels at low prices that American manufacturers are

having a hard time competing. In the Treasure Valley Transform Solar, the start-up formed by Micron Technology and Origin Energy of Australia has yet to go into production."

Is Idaho's Hoku solar plant a model for Chinese investment in U.S.?

Idaho Statesman

Submitted by Rocky Barker

01/21/2011

4. China demands draconian terms

U.S. companies forced to accept 50-50 agreements

China is demanding that U.S. companies wrap parts of their worldwide operations into new joint venture companies in which Chinese interests own 50 percent, as a condition of doing business with China, the Wall Street Journal reported.

This fulfills a prediction I made in my book "America for Sale," in which I argued that increasingly China would seek to own assets as a condition of doing business with American companies and as a requirement if the U.S. government expected China to continue buying U.S. debt.

The Wall Street Journal reported that General Electric is finalizing plans for a 50-50 joint venture with a Chinese military-jet maker to produce avionics, the electronic components of aircraft.

In a similar deal, General Motors established a joint venture this year with SAIC Motor Corp., its longtime Chinese partner, to produce and sell micro-vans in emerging markets including India and Southeast Asia.

"To make the GE deal happen, GE Chief Executive Jeffrey Immelt made an extraordinary concession, agreeing to fold into the venture all of GE's existing world-wide business in nonmilitary avionics," the Wall Street Journal wrote. "GM, in its deal, contributed technology, its manufacturing facilities in India and the use of its Chevrolet brand name in that market."

China demands half of joint ventures

Red Alert

By Dr. Jerome Corsi

<http://redalert.wnd.com>

What kind of terms will any Idaho deals with China contain?

5. Chinese company's use of forced labor

Persistent reports crop up regarding China's use of forced labor on projects and in factories in Asia and Africa. Since China's attitude toward forced labor is that it is an essential and profitable segment of the Chinese economy, we have no reason to disbelieve it. Estimates are that forced labor contributes up to 10% of China's GNP. Prison factories supply all kinds of commodities, from frozen foods to heavy equipment.

"The forced dispatch of prisoners to work on overseas infrastructure projects raises new issues regarding China's human rights record. It also adds a new element – the dumping of convicts – to its trade and investment policy, which has been much criticised for dumping goods.

Thousands of Chinese convicts, for example, have been pressed into service on projects undertaken by state-run Chinese companies in Sri Lanka, a strategically important country for China as it seeks to enhance its regional position in the Indian Ocean. After providing Sri Lanka's government with offensive weapon systems that helped end the country's decades-long civil war, China has been rewarded with port-

building, railroad, and other infrastructure projects.

Chinese convicts also have been dispatched to the Maldives, where the Chinese government is building 4,000 houses on several different islands as a government-to-government "gift" to win influence. So far, however, China has failed to persuade the country's president to lease it one of the 700 uninhabited Maldivian islands for use as a small base for the Chinese navy.

Chinese companies' operating practice for overseas projects, including in Africa, is to keep the number of local workers to a bare minimum and to bring in much of the workforce from China, some of which comprises convicts "freed" on parole for project-related overseas work. Convict labourers, like the rest of the Chinese workforce on such projects, are housed near the project site. That way, if any convict worker escaped, he would be easy to find in an alien setting."

China's newest export: convicts
guardian.co.uk
29 July 2010

Claims of Chinese convict labourers have been made by a prominent local building firm owner in Sri Lanka and by the chief executive of a "leading player" in Kenya's construction industry. In Namibia, the owner of a local construction company told a wire service: "We have a hard time getting jobs from government, while the Chinese ship in container-loads of prisoners to work on public projects." No evidence is ever presented.

In Zambia's Copperbelt, we interviewed a leader of the opposition Patriotic Front (PF). The party's head, Michael Sata, is famous for his anti-Chinese mobilisations and once claimed that "Zambia has become a labour camp. Most of the Chinese are prisoners of conscience."

Defenders of China's practices claim they have seen no evidence of the use of forced labor in Africa, however, since it is not advertised as such, and access to workers is notoriously difficult, their claims do not seem to amount to much. Forced labor is disguised so well that in China they would probably not recognize it either. See Interactive Map: A Journalist's Walking guide to Beijing (<http://faluninfo.net/special/2008-map-beijing/>)

Section 6: Security considerations

Security considerations

Sun Tzu taught that the most successful military planners will defeat the enemy before the first shot is fired.

In the past:

Our intelligence communities uncovered a Communist Chinese plan to infiltrate and influence American elections.

China implemented a plan to acquire as much dual-use technology as possible for diversion to military applications.

China continuously violated various non-proliferation treaties.

China continuously engaged in the proliferation of components, plans, and processes for the development of weapons of mass destruction to countries displaying animus to the United States.

This ought to give pause for concern at the possibilities of a Chinese state-owned concern showing such interest in investing in a large complex adjacent to the Boise Airport and an upgrade to the regional power grid. Following are some examples.

1. Chinese investment in infrastructure and airport facilities is a direct threat to the internal security of the United States.

Sinomach, the major player in attempting to gain a foothold in Idaho, is in their words "a large scale, state-owned enterprise group under the supervision of the State Assets Supervision and Administration Commission." They are directly owned and controlled by the Chinese government, which is controlled by the Chinese Communist Party. The Secretary and Deputy Secretary of the Chinese Communist Party are in the line of direct control of all operations along with the board of Directors and the Government.

This means that a vital portion of our power infrastructure, directly affecting Montana, Idaho, Wyoming, Utah through the Mountain States Transmission Intertie and Gateway West Transmission Line would be built by Sinomach if the contract for construction were given to them. Back doors, ready to roll sabotage, built in weaknesses and exploits could easily be built in to this regional power grid. Is this wise? This is addressed at greater length in Security and Economic Considerations.

The attempt by the Chinese negotiators to gain access to the Boise Airport through a Foreign Trade Zone is also suspect. In addition to being a commercial and general aviation airport, Boise also sees usage by the Idaho Air National Guard on the Gowen Field Air National Guard Base portion of the airport. The National Interagency Fire Center is based in the city of Boise and the Boise Airport is used for logistical support. The United States Forest Service also uses Boise Airport as a base for aerial firefighting air tankers during the wildfire season. It is a short 40 miles from Mountain Home Air Force Base, home of the 366th Fighter Wing (366 FW) of the Air Combat Command (ACC). The base's primary mission is to provide combat airpower and combat support capabilities to respond to and sustain worldwide contingency operations.

2. Past experience with a Chinese state owned company: The COSCO experience

"COSCO is not a benign private commercial enterprise. It is a wholly owned subsidiary of China's People's Liberation Army. It serves as the merchant marine of the Chinese military, and there is every reason to believe it will do their bidding in terms of smuggling, intelligence-gathering and weapons shipments."

Sen. James M. Inhofe

Press release from U.S. Senator James M. Inhofe (R-Okla.)

June 22, 1998

Senator Wayne Allard, has been sent a letter from concerned, and unknown U.S. citizens, raising concerns over the plans which the company COSCO seems to have in mind, for possible Chinese military operations at Pier J in Long Beach, CA. The red flag was raised when Senators were requested to sign a "Breach of Security Petition" which was sent by Jonathan Moseley, Exec. Director of the "U.S. Seaport Commission, PO Box 921, Frederick, MD 21705. The petition is asking for the 109th Congress to pass a legislation to restore Pier J to U.S. control immediately.

While reports vary on the exact length of time, the Chinese Ocean Shipping Company (COSCO) has had a presence at the Long Beach Naval Station in Long Beach, California since the early 1980's.³ They lease a portion of the space directly from the city. (71) In 1997, they attempted to lease the entire former 144-acre Long Beach Naval Station. (72) COSCO planned to demolish the existing structures and build a new \$200 million terminal, thereby allowing its 600 ships to sail directly to America's shores without having to pass through U.S. Customs.

GAO/NSIAD94-119, "Nuclear Nonproliferation: Export Licensing Procedures for Dual-Use Items Need to Be Strengthened, Chapter Report, April 26, 1994

The following information, compiled or quoted directly from the related sources, details the sequence of events that lead Congress to stop the sale.

In 1992 "the U.S. Federal Maritime Commission fined COSCO \$400,000 for paying kickbacks instead of legal tariffs."

GAO/NSIAD-97-128, "Export Controls: Sales of High Performance Computers to Russia's Nuclear Weapons Laboratories," April 15, 1997.

In 1993 "a COSCO ship was caught transporting 87 pounds of heroin into the United States."

GAO/NSIAD-98-196, "Export Controls: Information on the Decision to Revise High Performance Computer Controls," September 16, 1998.

Another COSCO ship had been caught smuggling illegal aliens. The Coast Guard had cited various ships on 6 separate occasions for security infractions.

Ibid, GAO/NSIAD-98-186

When COSCO's ship was caught in the Justice Department's "Dragon Fire" sting, a total of 2,000 illegal AK-47s were seized.¹ These weapons were manufactured by Poly Technologies.² Indictments would be brought against Jun and Robert Ma, Poly Technologies' representative in the United States.³

1. *Washington Times, "Solomon: Is Cosco `Strategic Threat'?" by Rowan Scarborough, May 20, 1997.*

2. *Insight Magazine, "China's Military May Get U.S. Base," by Timothy W. Maier, May 17, 1999.*

3. *The Washington Times, "Will China Come To Long Beach?" Timothy W. Maier, August 10, 1998.*

3. *Koenig's International News, "CHINA-GATE'S SMOKING GUN," by Charles Smith, May 25, 1999*

H1696-1699: "CHINESE COMMUNIST COMPANY COSCO IS THREAT TO UNITED STATES NATIONAL SECURITY," House of Representatives, Rep. Cunningham, April 17, 1997.

According to a May 23, 1996 Associated Press report, "Those arrested also discussed the sale of explosives, antiaircraft artillery and other powerful weapons with U.S. undercover agents, [Congressman Charles] Schumer said he was told. Rejecting the notion that those arrested were operating entirely on their own, Schumer said, 'You can't export as many as 2,000 weapons from China unless you have someone in the government going along with this.'"

Associated Press, "ANALYSIS: Arms seizure is new headache in U.S.-China ties," May 23, 1996

3. CHINA prepares for war in every direction

The Age (Australia)
Peter Foster, Beijing
December 31, 2010

CHINA is preparing for conflict "in every direction", its Defence Minister says.

"In the coming five years, our military will push forward preparations for military conflict in every strategic direction," General Liang Guanglie said in an interview published by state-backed newspapers in China.

"We may be living in peaceful times, but we can never forget war, never send the horses south or put the bayonets and guns away."

According to China's Defense Minister, China is preparing for military conflict. Perhaps with the United States?

4. Address the risks of smuggling and fraud within FTZs

Remarks to National Association of Foreign Trade Zones(NAFTZ)

Julie L. Myers
Assistant Secretary
U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
Department of Homeland Security
Monday, October 1, 2007

These Fraud Investigative Strike Team, or FIST, operations address the risks of smuggling and fraud associated with activity along the U.S. border and within the FTZs, its functional equivalent....

On the whole, FIST operations have confirmed the high level of compliance within the zones. However, one thing we did find was a significant number of undocumented aliens who are employed at these facilities and encountered during an investigation.

Thus far, in the 24 operations conducted to date, 290 undocumented aliens have been encountered and have been placed in removal proceedings. Sometimes the aliens are there, having tricked their employer. Unfortunately, we sometimes see that noncompliant importers and complicit customs bonded facility operators use these individuals to carry out their smuggling and fraud schemes because an illegal labor force lacks the rights and protections needed to stand up against those who perpetrate these fraud and smuggling schemes...

Combating IPR violations in actions like the KDL case will remain a top priority for us because of the "triple threat" these crimes present to our country. They undermine our national security by creating smuggling operations that expose point-of-entry vulnerabilities; they threaten public safety because the products involved are not regulated and are often sub-standard and dangerous; and they threaten our economic security by siphoning profits away from legitimate trademark and copyright holders while enriching criminal enterprises.

5. Money laundering concerns

Money Laundering vulnerabilities of Free Trade Zones

Financial Action Task Force Report
March 2010

1. Free Trade Zones (FTZs) have proliferated in recent years, such that today there are approximately 3 000 FTZs¹ in 135 countries around the world with a total turnover in the billions of U.S. dollars.² FTZs are designated areas within jurisdictions in which incentives are offered to support the development of exports, foreign direct investment (FDI), and local employment. These incentives include exemptions from duty and taxes, simplified administrative procedures, and the duty free importation of raw materials, machinery, parts and equipment. In addition to boosting economic opportunity, these incentives can result in a reduction in finance and trade controls and enforcement, creating opportunities for money laundering and the financing of terrorism. Because the same characteristics that make FTZs attractive to legitimate business also attract abuse by illicit actors, FTZs are a concern that the Financial Action Task Force (FATF) should address.

2. The case studies included in this report illustrate ways in which FTZs are misused for money laundering and terrorist financing. In particular, the cases highlight the following systemic weaknesses that make FTZs vulnerable to abuse:

Inadequate anti-money laundering (AML) and combating the financing of terrorism (CFT) safeguards;

Relaxed oversight by competent domestic authorities;

Weak procedures to inspect goods and register legal entities, including inadequate record-keeping and information technology systems; and

Lack of adequate coordination and cooperation between zone and Customs authorities.

3. Further examination of the vulnerabilities highlighted in the case studies allowed for the development of ML/TF risk indicators related to financial transactions, unusual business activity, and trade-based money laundering (TBML) which takes place within FTZs.

4. Although this is the first global report to address FTZs, this is not the first time that the money laundering and terrorist financing vulnerabilities of FTZs have been identified. Through the work of the Caribbean Financial Action Task Force (CFATF) and Aruba a number of best practice elements have been developed. The World Customs Organization, the only global standard setter of free trade zones, has also developed reference tools for the development of FTZs. Finally, the FATF TBML Typologies and Best Practices Papers³ published in 2006 and 2008 respectively presented red flag indicators and best practices relevant to FTZs.

5. The misuse of free trade zones impacts all jurisdictions including those without FTZs of their own, because goods can originate from or be transhipped through FTZs not subject to adequate export controls. Proliferators of weapons of mass destruction (WMD) abuse FTZs to tranship dual use goods and to disguise the final destination of sensitive items. FTZs can also be used to create legal entities and access the international financial system, providing opportunities to launder illicit proceeds. Many major zones are also located in regional financial centres linking international trade hubs with access to global centres of finance.

6. Free trade zones are central to the integrated global economy. They stimulate economic growth and play a central role in business for many countries and leading manufacturers. The relevance of FTZs continues to grow as globalization defines economic progress. However the standards, oversight, and regulations governing FTZs have not kept pace with these developments. As a result, illicit actors have been able to take advantage of relaxed oversight and the lack of transparency in zones to launder the proceeds of crime, finance terrorism, and facilitate WMD proliferation

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing.

6. China is engaged in ongoing and vigorous espionage activities within and against the United States

Conclusions from the 2009 U.S.-China Economic and Security Review Commission Report regarding espionage

[The U.S.-China Economic and Security Review Commission was created by the United States Congress in October 2000 with the legislative mandate to monitor, investigate, and submit to Congress an annual report on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China, and to provide recommendations, where appropriate, to Congress for legislative and administrative action.]

- The intelligence services of the Chinese government are actively involved in operations directed against the United States and against U.S. interests. China is the most aggressive country conducting espionage against the United States, focusing on obtaining U.S. information and technologies beneficial to China's military modernization and economic development.
- Some of the espionage carried out on behalf of China is conducted by nonprofessional collectors. These nonprofessional collectors may be motivated by profit, patriotism, feelings of ethnic kinship, or coercion. Even in many cases where there is no obvious direct state involvement in the theft or illegal export of controlled technology, the Chinese government encourages such efforts and has benefited from them.
- Recent cases of espionage involving China show evidence of more focused efforts at information collection employing sources outside of the Chinese-American community.
- Chinese operatives and consular officials are actively engaged in the surveillance and harassment of Chinese dissident groups on U.S. soil.

Section 7: Global Experiences

1. Egypt

Factories employing Chinese labor

<http://www.almasryalyoum.com/en/multimedia/photo/factories-employing-chinese-labor>

Al-Masry Al-Youm

Mon, 11/10/2010

A granite factory that uses Chinese labor in the Shak al-Thoaban industrial area, 11 October, 2010. Many marble and granite factory owners in the Shak al-Thoaban industrial area have begun employing Chinese labor in their factories negatively affecting Egyptian labor. Furthermore, a number of marble factories chartered by Chinese businessmen for large sums of money have begun manufacturing and selling marble in Egypt at prices 30 percent lower than Egyptian factories leading to losses which have forced many Egyptian factories to shut down.

2. Namibia and Kenya

Business Daily (Nairobi)

1 March 2010

Africa: Discontent Brews Over Small-Scale Chinese Traders

Namibia has announced it will ban foreign investment in medium-sized public transport business and hair beauty salons.

Citing growing Chinese involvement in the businesses, Namibia's Trade and Industry minister, Hage Geingob, last week announced that the government would enforce legislation and make foreign investors obtain permits to invest in any form of retailing in a bid to protect local jobs and the country's economic well-being.

"Much of this concern has been sparked by activities of Chinese business persons," the minister was quoted by Bloomberg as having said

Chinese enterprises have also shown interest in key sectors of the Kenyan economy including energy and roads construction where some of them are already operating. The firms are also showing interest in smaller sectors such as apparels trade.

Barely a fortnight ago, some local contractors protested against alleged domination of the construction sector by Chinese firms.

"Though the concerns raised by the Kenyan contractors may be contested on the basis that their Chinese counterparts offered better services, it provides an indication of the locals coming to feel that the foreigners are pinching beyond comfort levels," analyst Mr Robert Shaw said.

3. Zambia

Africans Lash Out at Chinese Employers

by Robyn Dixon, Times Staff Writer

October 6, 2006

In Zambia, there is a growing backlash over low wages and poor conditions in Chinese operations. At the NFC Africa copper mine in Chambishi, a Chinese-owned operation in northeastern Zambia, hundreds of workers rioted in late July over reports that the management was reneging on a pay increase. Four were shot and wounded by Chinese employees of the company. Another was shot by police.

4. Peru

Tensions Over Chinese Mining Venture in Peru

August 14, 2010

NY Times

In its worldwide quest for commodities, China has scoured South America for everything from Brazilian soybeans to Guyanese timber and Venezuelan oil. But long before it made any of those forays, China put down stakes in this desolate mining town in Peru's southern desert.

One steelmaker, the Shougang Corporation of Beijing, set its sights on an iron ore mine here and bought it in a move that seemed particularly bold.

But the hero's welcome for Shougang soon faded. Workers at the mine, which was founded by Americans in the 1950s and nationalized by leftist generals in the 1970s, began fomenting the unexpected: a revolt that has endured to this day, marked by repeated strikes, clashes with the police and even arson attacks against their nominally Communist bosses from China.

"We quickly realized that we were being exploited to help build the new China, but without seeing any of the rewards for doing so," said Honorato Quispe, 63, a longtime union official at the mine, where workers have held three strikes this year alone, including an 11-day stoppage last month.

5. Brazil

Brazil and China trade tensions set to rise

Financial Times

January 30 2011

Trade tensions between Brazil and China are expected to increase after the Asian country emerged last year as the biggest foreign direct investor in Latin America's largest economy...

However, tensions have surfaced after China last year also emerged as one of the biggest sources of cheap imports into Brazil, helped by a surge in the value of the real, which is undermining the competitiveness of domestic industry.

Brazilian factories tested by Chinese imports

Financial Times

January 30 2011

"That's not really a Nokia," admits a Chinese shop attendant in a mobile phone store. Speaking in broken Portuguese, he points to the Nokia brand on one of the phones. "That's just a sticker."

They may not realise it but the hawkers in Xing Ling are on the front line of what Brazil's new government has warned is a looming "trade war" between Latin America's biggest economy and its main trading partners, including China...

"The relationship with China is important but, from an industrial perspective, it is extremely negative," said a statement from the São Paulo Industrial Federation, known as Fiesp.

6. Canada

China eyes Canadian companies for takeover prospects

London Free Press

January 21, 2011

Chinese companies were behind more takeover deals in Canada than ever before last year and there's evidence state-backed investors are on the hunt for more resource-rich companies headquartered here.

The China Investment Corporation (CIC) opened its first foreign representative office in Toronto on Thursday. The goal is to strengthen ties with business, regulators and government agencies, said Felix Chee, the office's chief representative officer.

China goes global to feed its resource appetite

The Globe and Mail

Sep 25, 2004

This appetite for resources explains Chinese government-controlled Minmetals' willingness to fork out a projected \$6.7-billion for Toronto-based Noranda, which controls nickel and copper assets, as well as interests in zinc and aluminum. Chinese companies have made strategic investments in Canada before but not on this scale, and observers say it's just the beginning.

Dominic Barton, Shanghai-based director for Asia with management consultants McKinsey & Co., says he expects to see heavy Chinese involvement in oil and gas, tourism and food. In addition, he predicts Chinese investment in global banks over the next two