

## Season 2 Episode 7

**Olga Torres:** Well, hello and thank you for joining us today for the Torres Talks Trade Podcast. My name is Olga Torres, and I'll be your host today. Today we're joined by Isaac Stone Fish, the Founder and CEO of Strategy Risks, a risk advisory firm that helps global companies quantify, manage, and mitigate their China-related risks through due diligence, targeted consulting, exposure, rankings, and customized research. Isaac is also a Washington Post Global Opinions Contributing Columnist, a Columnist on China Risk Forbearance, a Visiting Fellow at the Atlantic Council, and an Adjunct at NYU Center for Global Affairs. Isaac previously served as Asia Editor for Foreign Policy Magazine and as a Beijing correspondent for Newsweek. He's fluent in Mandarin, and has visited every Chinese province, autonomous region, and municipality. I want to hear about that, that sounds like a lot of fun. Isaac has extensive experience covering the politics, economics, and international affairs of China and other Asian countries. Isaac is also the author of America's Second, how America's Elites are Making China Stronger. His book explores how close ties between American political and business leaders and Beijing have undermined U.S. interests and offers recommendations for countering the Chinese Communist Party malign foreign influence in the United States. Of course, we're delighted to have you.

But before we get started, I am really intrigued about your personal background and as much as you can share. And the reason I ask, I think we may be sort of contemporaries, maybe I'm a little older than you, but as I was growing up, I was trying to learn languages. Obviously, I'm Mexican born. I obviously speak Spanish. I studied English, but my interests were more your typical French, right, and French culture. So, what made you interested in, in Chinese culture, the Mandarin language and what made you move to China?

**Isaac Stone Fish:** Thank you, Olga. Very good to be here. I grew up in Syracuse. Love my parents, my brothers, but I wanted to get as far away as possible, it just felt like this little town in the middle of the world. And so, China to me, and I think for a lot of people who went out there, served as this new world, this escape in a way. So, I started going when I was 17, I got the bug. I went to Xinjiang for my first summer. I went to Tibet the summer after that. I studied Chinese literature in college and went out there as a literary agent in 2006 and this feels like such a sophomore thing to say, but I remember very clearly being 17 and debating, oh, should I go to Senegal? Should I go to Bolivia? And just thinking, well, China's larger, and so there will always be something there that's compelling.

**Olga Torres:** Yeah. No, that's really interesting. I think it's very unique that you did that. Especially, I mean, obviously China, it's so important nowadays, but back then, I thought that was fascinating that you decided to go that route. So, tell us about your transition. Obviously, you were in China, and you transitioned and now you're in private practice and you have your own consulting firm. When I was reviewing what you do, it sounds like you're doing a lot of audits and risk assessment, and what is your approach there and how are you leveraging your experience? Obviously, you're Mandarin fluent, you're familiar with the language and the culture. How are you leveraging that in your assessments?

**Isaac Stone Fish:** Part of that is helping companies talk through these issues and understand what's a problem and what's not. Oh, so I got approached by this Chinese investor to work on this project and encouraging people to ask a lot of contextualizing questions. How do we find out if this person has ties to the PLA, to the Communist Party, to the United front? What do those ties mean? What impacts do they have on our business in the United States? So, a lot of questions like that. And part of it is the network you have. Part of it's the experience and part of it I'll say, is just the ability to spot talent. We have a world-class team of researchers and analysts, folks who have a really deep understanding of China, while at the same time are comfortable not returning to the country. Are comfortable keeping their own China exposure minimum, not because they don't want to go back, not because they don't have fond feelings of the place, but because of the strong leftist turn. That Xi Jinping and the country has taken over the last several years, it's become a far more repressive place. So, you can't go there.

**Olga Torres:** And that's interesting. Will you be able to travel back? Will you feel comfortable?

**Isaac Stone Fish:** My days are done. Unfortunately, going back, I never say never. The country could radically change again as it's done countless times throughout its history, but it feels like the wrong message to send. And there's the personal risks that I would face. But I think much more meaningfully, it's before you go back, and I've done this so many times, before you go back, you think to yourself, okay, what should I not say or what should I not do so that I don't get in trouble, or I don't jeopardize the people that I'm meeting with out there? And that kind of self-censorship is pernicious, and it makes it harder to do the thorough, forthright work that my team and I really enjoy doing.

**Olga Torres:** Yeah. And it's sad. Knowing that you're interested in the region and that you lived there. So, most of our audience tend to be compliance

professionals and in our law firm, we assist with export controls, economic sanctions, obviously more of the legal issues. We do have a consulting side where we do audit work, and the reason I mentioned that is because a lot of what we're going to be discussing today is not so much compliance based, though we will touch on that. But it's this idea of geopolitics and understanding more about China and the role that they're playing. I'm sure people are hearing about it in the news, especially recently. And so how does that translate into changes in the regulations that we deal with? I'm getting questions and for the first time, actually my entire career, we're starting to see hesitation, to open new factories in China, or we are starting to finally get questions where people are saying, is this administration going to sort of retract what the Trump administration did? We see that a lot in the section 301 space where the Trump administration issued tariffs for incoming products from China. I think industry was under the impression that somehow this new administration was going to relax everything or that the China risk would go away in a way. And I think because things have not changed, at least not drastically. We actually have a client right now that is considering moving their facilities or production from China. And it was interesting cause they initially thought, okay, Taiwan may be a good option even though it's going to be more expensive. But because of the geopolitics, is it right? Is it a good idea to move there? Especially if there could be a threat from China. So that's sort of the background of what we're doing today for our listeners.

You're going to hear a lot of geopolitics talk, but that also helps us envision potential changes into export controls, economic sanctions, and we saw it with Russia. We see it with those kinds of situations where the U.S. retaliates an industry has to quickly move, right? And try to comply. So, to get started, I want to start by saying, why do we need to be so careful, especially in the U.S. that we're not a homogeneous society, right? And we will have the Chinese diaspora and we will have this conflict between the Chinese government as an entity and the Chinese people. So how do we go about navigating and trying to avoid potential discrimination? Like what are your thoughts on that?

**Isaac Stone Fish:** It's an excellent point, and one that has to be the forefront of conversations around this subject. Two things are true at the same time. One is that the United States and China may go to war, whether over Taiwan or Japan or another issue, and that could cause World War III, and that would be as explosive and transformative as the pretentious name World War III sounds. At the same time, both for ethical and strategic reasons, discriminating against Chinese people and Chinese Americans, not only strengthens Beijing's hand, but plays into a lot of the major social issues and social problems the United States has faced for decades and really needs to be avoided both on an individual level and a corporate level. And so, the idea there when dealing with the Chinese

government and Chinese entities is to realize exactly as you said, that there's a big difference between the Chinese Communist Party and the Chinese people. And some of the most forthright and vociferous critics of the Communist Party are Chinese people themselves. In fact, I would argue most are because they're the ones who have lived with that government for decades and they understand it so much better than we do.

I think from a compliance perspective, it's understanding that there's two buckets of compliance that one has to worry about. One is China in China. The other one is China in the United States. And so, China in China, there's an expression which is, "above there are the policies and below there's the ways of dealing with the policies."

**Olga Torres:** Interesting.

**Isaac Stone Fish:** Yeah, so there's this very, oh, these are the rules, and these are the way we can get around the rules type of way of dealing with things in China. The party understands that, and to make it more complicated and more difficult, there's a lot of things the party does that are extra judicial and that don't follow laws but follow these hazily defined norms. So, compliance plans in China are not only how do we follow the Chinese laws that don't contradict with the U.S. laws. They're also how do we follow the party's hazily defined, often shifting norms because we could be following the law in a way that would make a lawyer very proud and still run afoul of an anti-corruption campaign, or a false charge or a false investigation because some policeman got upset at us for not saluting him in the right way or for not bribing him, frankly. There was a lot of issues like that. On the U.S. side, it's arguably even more complicated, but I'll pause there, Olga, it looks like you have a thought.

**Olga Torres:** Yeah, so speaking of government and the Chinese people I thought it was really interesting when Russia invaded Ukraine and we started seeing talks about the Chinese government potentially supporting Russia initially less overtly. It looks like it's changing, but I was so interested to see obviously China being our largest trading partner, sometimes Mexico, depending on how you count it, but what I was seeing, at least in our law firm was Chinese companies themselves wanting to do everything they could to comply with U.S. law. So, you were seeing a different treatment. So, we would see situations where the Chinese companies would say, we're done trading with Russia, like we don't want to do business with that region. If that's going to get me in trouble with the U.S. I want to continue trading with the Americans, basically. And I kind of, it was so interesting because it goes back to different situations, right? You have the government wanting to do one thing and

eventually, I'm assuming if the government pressures enough there they can do whatever.

Something else interesting happened. So, I went for the first time to Singapore for work. And obviously you probably know this better than me, but there has been a lot of people from China are moving to Singapore. And I saw in the news right after I got back, there was a billionaire apparently trying to leave China potentially because they don't want to live there and they don't like the government and sort of, I think he disappeared or was disappeared. It just goes back to what you were saying, we have the Chinese government, we have the Chinese people. Yes, I'm sure a lot of Chinese people like their government, but a lot of them don't. And then it's not a democracy where they can express themselves. And if they do, you have situations like the Alibaba situation where he was, I don't know where he went for a while. And you see those situations where it's a very different style of regime. I don't want to call it government per se, but so that's interesting. And in terms of China's influence in the United States, I mentioned I've studied French and the culture. I doubt Elian Francis is doing any kind of malign activities, and if they are, it will have to be their influence on wine and cheese, hopefully.

But in terms of the Chinese influence in the U.S., how does that play out. How, how does that work? And I know in your book you discussed big names in the U.S. and people can read your book and get more details, but how does the Chinese Communist party, how do they infiltrate U.S and how do they exert influence on, I guess it's specifically here in the U.S.

**Isaac Stone Fish:** Mostly through proxy. That's far and away the most effective way to do that it's to find and amplify the voices of prominent Americans who want a more conciliatory approach towards China, who praise the Chinese Communist Party. And who suppress any criticism of the crimes of the regime, whether they be in Xinjiang, the region in northwest China, where upwards of a million Muslims and others have been held in concentration camps or Tibet or throughout the country. And the way it works is through a very careful and complicated system of grooming. Beijing will find and train up Americans who they think can be friends, and this is an official term, friends of China, friends of the Chinese Communist Party. And in return for them speaking positively about China, they give them access. They give them praise. They gratify their ego. They facilitate business dealings. And so, we've seen this with dozens of important American business executives and former government officials, and it's very bipartisan. I focused in my book, *America Second*, on Henry Kissinger, who is superlative on this like so many other things, the most influential, I called him an agent of the Chinese Communist Party in the United States, and I

think it's very important to note his race. He is an old white American. And it's not about rooting out Chinese cells as much as it is looking at power structures and how prominent Americans do the building of the Chinese Communist Party.

On the Democrat side, I spent some time looking at William Cohen and Madeline Albright, former cabinet officials who then went on to start consulting companies and helped companies do business in China, while at the same time suppressing criticism on China.

**Olga Torres:** Do you think that some of these names, they're back in the olden days, they're older. Do you think back then we viewed China differently? And I have a lot of questions, at least in my head about for example, the Bush and the Obama administration, I think at some point they said that the conflict between China and the U.S. is low probability. Like they just did not see this coming. And I wonder, I mean, my understanding is we have one of the best intelligence communities in the world. How can we not see that? And I was thinking about it and thought maybe it's just because even 20 years ago, China was not what it is today, to their credit. Do you think that had something to do with that? And because in terms of, and without digressing, and I'll let you answer that. For example, in my world, we're seeing so many new types of regulations trying to sort of for lack of a better word, probably counteract or sort of, I don't want to say, what the Chinese are saying are containing. But yeah, we're trying to be more careful with what we exchange, in terms of sensitive technologies, defense items I'm not sure if you're familiar with FARA, the Foreign Agent Registration Act. So, we're seeing a renaissance and more enforcement in that. And we've had for our listeners, if you didn't tune into the FARA podcast you should. It's really interesting how we're looking at old laws in trying to make sure that we understand if Americans are working for other governments, but a lot of the focus will be China nowadays.

So do you think there's a difference when you mentioned those names, Kissinger, and back then it was a different China, so maybe we just didn't, I mean, I think back then, weren't we concerned about Japan at some point and sort of maybe China was not a terrible threat, right? It wasn't what it is now. And so, we should be definitely switching course and being more aware and that's sort of what you are doing now. But what are your thoughts on that in terms of the timeframe and how they reacted or failed to react? But I think it was as a whole, the whole government.

**Isaac Stone Fish:** It's an excellent point and a couple thoughts first, China started shifting in a way to be a very concrete threat of the United States several years ago, but it's taken American companies and individuals a long time to

wake up to that reality and still a lot of people are refusing to see that for what it is. And you can feel whatever you want about war. You can support it. You could think it's the world's most existential horror and still realize that that's the path that the two countries are on. And so, I really do appeal to folks in business to make plans. Planning is essential to your business and it's essential to compliance and understand that this could happen. You really don't want to be caught flatfooted.

In terms of sympathy, like yes, the norms and the rules in the United States were different. China was less of a threat. The Communist party was kinder to its people in various parts of the Hu Jintao and Jiang Zemin era. And I certainly, when I was out there, missed so much of this nuance and so much of what the party was doing because while you're inside, sometimes you just lose that perspective. It's very challenging and part of the reason I do what I do is to make up for the ways that I did support the Communist Party, when I was there. And that's a lot of people who have lived in China have a similar transformation. I think it's important to point out Albright sadly passed away. Kissinger still does advocate for Beijing and is still a friend of China. And so, for a lot of the folks who did hold these views, you can see do they hold them today? And if they do, then one can call them to task. And I think FARA is incredibly influential for this. And you probably followed that Steve Wynn case very closely. I thought even though the DOJ nominally lost, it was certainly a pure victory for Wynn. And I think there's going to be a lot more of that coming out.

**Olga Torres:** Yeah. And playing devil's advocate on behalf of industry, I always feel like the government tends to slowly react to things. And then when they do react, they sort of shift gears. And I saw that, I think specifically with China because for example, section 301 tariffs for a lot of companies, if they were doing business in the region and they've been doing business there for 20 plus years. It was a matter of months where in many cases their profit margins were so minimal that having a 25% tariff was basically devastating. And the way the government sort of executed the whole, I mean, I don't want to get too much in the weeds, but it was selecting products and sort of telling industry, okay, starting in such and such month, your products are going to have 25% duty. You figure it out. Now it likely merits the action, right? Like the threat that we're facing. I just wonder whether the government one should have seen this happening before, right before we did that switch. And also, whether companies should have, I don't know, tax breaks or some kind of hardship or especially we have all sorts of clients. For example, we have large Fortune 500 companies, but we also have your smaller family own and ran and operated that you saw basically what they had to deal with and not having any kind of relief. And now having to figure out is this going to stay or is the next president going

to switch or do we just kind of get out of there. And like you say, it takes time for them to sort of realize we are dealing with a geopolitical new world order basically now. And they typically will react. I think industry typically reacts once the government issues, hey, change your plans. And I think it's happening finally. But I do, being I guess, pro industry, think that the way that it was executed, at least with respect to China, it was harsh on especially smaller businesses. And I wish it was affected in a way where there was more notice, there was more understanding of why their products were being selected versus other products. I'm a hundred percent supportive of anything that has any kind of dual use and sensitive technologies. Even not always the case, there could be situations of Sure supply in the U.S., face masks. Maybe not sensitive technologies, not a defense item, but we need it and we have short Supply. So, there could be, but I feel like the way they selected the list and in typical government fashion, the execution of it was I think on the harsher side for business. And I'm glad that we're seeing FARA enforcement. We're targeting, we're export controls and we're trying to be vigilant and trying to add Chinese entities to entity list or as the end designation. So, I feel like maybe we're moving towards that, it was just the way it was conducted. I'm not the biggest fan, at least for industry.

In terms of China's influence, well, we talked about China's influence in the U.S. and about whether influential people in the United States knew or should have known that there was a switch, right? Like there's a different China 20 years ago now. They're the second largest economy. They are not always playing by the rules, stealing technologies and things like that. But we're also seeing influence all over the world, so not just in the U.S. And it is really interesting, at least personally, at a personal level for me to see how much influence they have in Latin America. Maybe Mexico, less so, but the rest of Latin America, they seem to be in, and obviously Africa, but Latin America, specifically. Why do you think the U.S. hasn't paid attention to that? I feel like we were slow to react to that as well. Like we just were not interested in the region. We were too caught up with other things. And what do we do now? You think?

**Isaac Stone Fish:** I think the issue is, the U.S. government, in large part because of the business community, hasn't been able to be as forthright on countering and containing China as its national interest demands. And I do feel like there's this funny hesitancy with U.S. government officials to admit that the U.S. is containing China. Containing China has been official strategy for years, but it's unstated. And Beijing is so sensitive to it, so people deny it and that muddies the message. We have been trying to contain China, like period end.

**Olga Torres:** And when we say contain China, what does that mean?

**Isaac Stone Fish:** We slow its growth, reduce its global influence, and complicate and perhaps jeopardize the party's rule in China.

**Olga Torres:** That's interesting. I always thought, and again, you are more into geopolitics than I am, I would've thought that we're not necessarily interested in containing China more so that, because we were their biggest supporters, I mean, world Trade Organization, accession, and our largest trading partner. More so about them playing by the rules and if they're going to beat us, so be it. Or we don't want that, but we want them to play by the rules versus us like taking the position that we have to be number one. We are number one because we have the most sophisticated industries because we still have, you're Silicon Valley and they owned, we have still the best technologies. And so it's interesting to hear you say that you do think that we had a policy to contain China because that's what they're basically, that's what they're coming out in alleging that we're trying to do. And do you think it is true?

**Isaac Stone Fish:** I think it's completely accurate. So the policy to encourage Beijing to be a responsible stakeholder in the global system and to play by our rules, which Deputy Secretary of State Zelik launched in 2005, lasted until roughly 2016, and I fully believe that had Hillary Clinton won, she would've implemented similar policies toward, then Trump did to China.

**Olga Torres:** Oh really?

**Isaac Stone Fish:** I do believe so. She would've worked a lot. I mean, when you see Biden doing the same thing and right before the election, Clinton came out against the TPP, the Trans-Pacific Partnership, and in part because of Bernie pushing from the left, she did move away from some of the Democrats free trade and globalization policies. It was an idea whose time had come. I think it's important to understand that from 2018 to the present, the U.S. has pursued a strategy of containment towards China. And it's hard to understand in part because U.S. government officials always deny it, and the idea is not that there's some sort of deep state conspiracy. The idea is that there's a difference in diplomacy in geopolitics between the stated reality and the reality. And part of the frustration from corporations is they don't understand how much Congress wants them to reduce their exposure to China, and that there are sticks and there are also carrots with it. And so, some companies, we work realize and come to appreciate ways in which the U.S. government can reward them both from a PR perspective and also from a financial perspective for reducing their exposure to China.

**Olga Torres:** That's interesting. So, what can businesses do to manage their China risk exposure?

**Isaac Stone Fish:** One thing is to free Xinjiang from their supply chain so that they comply with the Uyghur Force Labor Prevention Act. The other is to be very mindful of the ways in which the companies they work with in China support the PLA or have ties to the PLA or if ties to Ministry of State Security. So, it's important to understand here, the Army in China is very different from the Army in the United States and different from the Army in most countries around the world, and that the People's Liberation Army is the armed wing of the Chinese Communist Party. It's not independent from the party. It is part of the party. So, imagine, if you will, that the RNC has its own army. That's to defend the Republican party and not the country. And the head of the Ohio National Guard is an important Republican party official who also pays guilty to the National Party, but also oversees the Ohio branch of the Republican army. That's sort of similar to how the situation is in China. And so, there are a lot of ties between American businesses and the PLA because of the PLA's relationship to industry in China. And right now, a lot of these ties remain legal on paper, but we fully expect that to change. It's a very easy thing for Congress to push against. It would be popular and it's a hard thing to lobby against. You can say, hey, we need more trade with China, but it's hard for Microsoft, Boeing, Apple to stand up and say, listen, we need to strengthen the Chinese military. That does not fall well on American consumers.

So, Xinjiang is one thing, PLA is another thing. The third, and this gets very little attention, but I think it's so incredibly important. Take care of your people in China. The companies talk so much about safety, employee retention, employee safety. You can't ask people in China to do sensitive things. That has to be done outside of the country, but it has to be done. And so, make sure that some of the decision making about China happens outside of China, and make sure that you're not jeopardizing the safety of your Chinese staff, especially when they don't have American passports and are more vulnerable. And so, ensure that you have fully thought out and fully vetted compliance processes in place so that you can both maintain your fealty to U.S. laws, and at the same time protect your Chinese staff.

**Olga Torres:** It's really interesting that you mentioned the Uyghur Act, because we've been monitoring it a lot in terms of import compliance and we were working with a reporter for a while, and I haven't heard from him, but he was tracking how much we were actually enforcing it. And he was not very happy. Like he was reviewing the export data in China against comparing it against our import data. And he was just not matching, and he was trying to figure it out

and contact customs officials and of course, it's difficult to deal with the agency directly, and the question was are we really enforcing it? We have it and we have all this, we're making a lot of noise, but are we really enforcing it. And on another note, I also had a guest on one of my podcasts. And he was very against it from an international trade perspective because his views were that were sort of mainly targeting China when there are other regions in the world that are also having forced labor and sort of like we're weaponizing our trade system, which we are. So, it's interesting to monitor that space. I agree with you. It's high risk, especially if you're in that region and if you're not monitoring, trying to audit. But even if you're trying to audit, my understanding is it's impossible to audit in that region. Have you ever tried to actually do an audit with employees in that region? Because auditors were being prohibited from even visiting.

**Isaac Stone Fish:** Absolutely. I mean we've done a huge amount of audits on that region, but we do it open source, and we feel like that's the only way to do it. It's not only auditors in that region, it's auditors anywhere in China and anything remotely sensitive, it's dangerous. And there are so many examples of auditors being harassed or arrested, offices being raided or shut down. Don't audit in China. If you want to audit on very limited factors, sure, fine, but audit from the outside in. It's so incredibly important because otherwise you're in a situation where you send an auditor to a factory, say an Eastern China, and the auditor notices a Uyghur worker clearly working there under duress. Perhaps in chains to their desk and they can't say anything. If you expect them to say something, you expect them to put their own life in danger. And so why are you sending someone to a factory when they can't talk about something right in front of their eyes?

**Olga Torres:** Right. And it makes it so interesting the system they've created where they have a quasi-liberalized economy in the sense that they participate in free trade. Then at the same time, it's a non-market economy. You can't really, I mean, it's not a democracy. You cannot really trust the government and their numbers. Which on the bright side, I feel like it makes us more competitive. Because whatever you say about the U.S. we have real auditors, government/industry separation for the most part. And so hopefully that will continue to make us the most competitive country in the world. And the reason why we're number one.

In terms of consensus in Washington, I feel like nowadays we really cannot get along. I mean, we're just not getting along, and we don't get consensus on a lot of things. But from the limited monitoring that I do of the news and such, I feel like China, it's one of those areas where we all agree we need to be wary of, maybe we don't agree in the exact details of how to counter China's rise, but we

do agree that there is an issue. The house passed a bill regarding removing China's developing status, which. I was very happy to hear that because if you're the second largest economy and you're brokering deals in the Middle East and you're acting like a world stage in the world stage, and you're a big player. It doesn't sound like you're a developing economy to me, and that would be great for trade because they would not receive preferential treatment and a lot of other things that they receive in terms of trade agreements because of their developing status. So, I was very happy to see that. I almost thought to myself, why didn't we do this before? And that was interesting.

Going back to what my initial question was, it does seem like we do have some level of consensus regarding China and the threat that we may face if we don't make them play by the rules. Do you agree with that, or do you think we're still having some issues agreeing?

**Isaac Stone Fish:** I want there to always be debate, consensus is much better than unity. Unity is dangerous because you suppress opposition. I do worry about the Republicans way of attacking the Biden administration for being soft on China, because I do feel like it is, there's so much else they can attack the Biden administration on, and this is a good way for the country to come together, which advantages all Americans, Republicans, and Democrats. So, I would like to see more of that from our Republican friends in Congress. I think the other issue is that there's so much debate on the anti CCP side, and there's so many different ways of pushing back on Beijing. I feel like there's this cliché now in Washington that everyone used to be pro-China. Now everyone's anti-China. And I think that it's an easy argument to make, but it doesn't feel grounded in reality to me.

**Olga Torres:** Really, that's interesting. What about the recent, I mean, I don't know if it's recent, what do you think the implications are of Beijing being supportive of Russia? I mean, it reminds me of the axes of evil. Like we're seeing countries on one side and countries on the other, you know. And I think I had a guest last week and he is former military and he mentioned that term, and I'm like, yeah, you're right, right. Like we we're forming. Which I do have a question for you on the military side, I know that's not your background, but curious, what you have to say, but what's this love affair between Russia and China, and how does that impact us?

**Isaac Stone Fish:** So, the biggest impact I think it's had, has been optical, which is it's helped push companies to understanding that China could be involved in a major war in a way that would force the reduction of trade with China. I think it's also a strategy for Beijing to both increase its influence over

Russia, but also to mire the West in a distracting war. Beijing's playing a very complicated game here. It appears to both want to support the war and prolong the war. Well, not to be associated with the war and to associate itself with peace so that it's better able to, from a public relations perspective, seize Taiwan in a way that doesn't associate itself with a war like nation, but is just acting for global peace. And so, it's talking out of all sides of its mouth at once. It's a very sophisticated PR and propaganda strategy. And it's hard to know if it's going to be effective because the goal of this strategy does appear to be linked to Taiwan and to Beijing's global standing, and all of these things are very much influx.

**Olga Torres:** Yeah. And it goes back to, I was having a discussion with a colleague the other day about, I was reading in the news that China, I believe it was an African nation that was about to default on one of the loans, and I thought it was sort of a blessing in disguise because it's going to be tough for China to decide what to do there, right? Because what you said is they're trying to come up, we're a peaceful nation and we're brokering Middle East deals and sort of like, in a way giving I feel like they're trying to give the world another alternative to the U.S. And I thought it's going to be interesting to follow what they do in terms of nations defaulting loans because my first reaction would be that they're going to take over their ports or whatever they're going to do to get paid, which will make them look very harsh. And that's not sort of what they want to be seen as, but if they don't, then you may have a bunch of other nations in Latin America and Africa saying, oh, we can't pay either. And those are the kinds of problems that you have when you're trying to be important and try to be a world actor. So, I don't know, have you heard anything about that? I actually, I meant to follow up and I didn't, I don't know what they ended up doing or maybe they're still working it out. I don't know.

**Isaac Stone Fish:** These are certainly developed country problems and not developing country problems. And Beijing- so, I think one important way I like to think about these things is to remember that Beijing, for better and for worse, is far less organized and far less cohesive. It is more cohesive, more organized than the U.S. but there's a lot of different actors who are sometimes pushing against each other, and it's not as planned of an economy as we think. So sometimes these things come from top down. Sometimes it's just a bunch of mistakes that lead to positive or negative outcomes. I think in terms of investments in Africa, I think you bring up a really good point with default, which is on the one hand, forgiving loans can be very popular and a great way to increase influence in a single country. On the other hand, it's not like that happens in a news vacuum. So, you forgive a loan in Zambia and then Kenya or Central African Republic says, what about us?

**Olga Torres:** Yeah. And I've been hearing a lot of talks about other countries saying, well, we still prefer to do business with the U.S. At the end of the day there's more transparency with the government, less harsh terms and things like that. I just feel like the U.S. has been distracted, especially with respect to African, Latin America. I don't know why we didn't pay attention to those regions. And I'll close it with this. Everybody in the media and I'm sure our listeners are tuning in and wondering how that's going to impact their world. Everybody's talking about the potential invasion by China and, and takeover of Taiwan. And I know the Chinese government has made very strong statements that it, I'm paraphrasing, but it wouldn't be like Ukraine because Taiwan actually is us. And things where you're like, oh my God, they are thinking about it. It was really interesting to me because I had someone from the military, and he was very cautious and he didn't really think China wants to go to war. That they want easy. And I've been thinking about it, and it makes sense to me because why would you want to go to war with us, their largest trading partner? I think try to contain that if they can and navigate it. It's going to be so costly. And they've done well for themselves in this whatever system they've created, quasi liberal, authoritarian regime they have. And he made a really good point that I actually hadn't thought about. They can just go in, and it looks like they are already doing it, and try to win elections there and have parties that are favorable to them or people that are kind of what you're saying happened here in the U.S. with leaders at high levels, do it there. So, I've been marinating on that all week. And I see this week an article about, I believe it was a former president or somebody pretty high up going and visiting China for the first time and bringing an entire delegation of students and I thought, that's genius, right? Because that will be much easier, less expensive still they keep these images that they're want wanting to portray of peace, and I feel like they could be a lot more successful is if they do at that route. So, I tend to agree. What are your thoughts on that?

**Isaac Stone Fish:** So, former President Ma Ying-jeou is in China this week as Taiwanese current President Tsai Ing-wen is visiting the United States, and I feel like there are thousands of reasons for Beijing not to invade Taiwan, and yet they might invade Taiwan. Anyway, we have so little insight into how Xi Jinping actually acts and thinks that we have to allow for the opacity of our understanding. I think the other thing to think about is Beijing exerts so much effort to try to convince the United States to not get involved in Taiwan in large part because China invading Taiwan and the U.S. staying put it is almost a guaranteed victory. And then China invading Taiwan with the U.S. heavily involved is probably World War III. And so, the Chinese invasion of Taiwan question, who wins, who loses, depends almost as much on the United States as it does on China and Taiwan. And so, the more Beijing can convince the U.S. to stay out, the less likely they'd be to in to lose and the more likely they'd be to

invade. Which is why I was strongly supportive of former Speaker Pelosi's trip to Taiwan because the more the U.S. can show that it supports Taiwan and that it will defend Taiwan in the case of an invasion, the less likely it should be for China to invade.

**Olga Torres:** Yeah, I agree with that. And lastly, for our subscribers, where should they, I mean, obviously the news, but are there any other sources? Does your firm, for example, put together newsletters or anything discussing geopolitics and developments, or what would you recommend outside of listening to the news, are there any other sources out there that they can subscribe to or that they can monitor potential issues that could down the line impact their day-to-day operations?

**Isaac Stone Fish:** We do a lot of briefings and have a lot of conversations with clients and potential clients on some of these really clear issues. Harris Bricken, the law firm, has an excellent blog that talks about a lot of these things, and I've been very positive about the role that the very few journalists remaining in China play to increase transparency. So, I do want to give credit to the brave journalists at the New York Times, the Wall Street Journal, Bloomberg, the Financial Times, and a few others who are still there and are doing really excellent work in finding information in China and presenting that to an American audience.

**Olga Torres:** Are there any think tanks here in the U.S. that are tracking issues and publishing them that you recommend?

**Isaac Stone Fish:** CSIS does a lot of good data tracking. The Atlantic Council, which I'm affiliated with, does a lot of excellent analysis on China as well. And then there's a lot of smart, really well-informed people, including a lot of people whose views I don't agree with, but feel are very valid on different sides of the aisle or different sides in this perspective, think tanks like Brookings and AEI and other institutions across America.

**Olga Torres:** Got it. Well, thank you so much again for sharing all your expertise with us and thanks to our listeners for tuning in.

**Isaac Stone Fish:** Thank you, Olga. Thanks for the great conversation. I appreciate it.