



# SECRETS

BOOK II OVER THE PRECIPICE

JOHN FRANCIS KINSELLA

# SECRETS

Book II

Over the Precipice

John Francis Kinsella

Banksterbooks

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2023

Secrets Confrontation

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First published by Banksterbooks

Cover & contents designed by Banksterbooks

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SN01072023OB

*for*

*Tilla, Selma, Eléonore, Noé, Xaver, Elyas, Adèle, Camille and  
Antoine*

*cover picture Badiucao dissident Chinese-Australian political cartoonist*

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How the Chinese Communist Party rules China

*The finished man among his enemies?—  
How in the name of Heaven can he escape  
That defiling and disfigured shape  
The mirror of malicious eyes  
Casts upon his eyes until at last  
He thinks that shape must be his shape?  
And what's the good of an escape  
If honour find him in the wintry blast?*

A Dialogue of Self and Soul  
William Butler Yeats

## Balboa

*From San Domingo's crowded wharf  
Fernandez' vessel bore,  
To seek in unknown lands afar  
The Indian's golden ore.  
And hid among the freighted casks,  
Where none might see or know,  
Was one of Spain's immortal men,  
Three hundred years ago!*

*But when the fading town and land  
Had dropped below the sea,  
He met the captain face to face,  
And not a fear, had he!  
"What villain thou?" Fernandez cried,  
"And wherefore serve us so?"  
"To be thy follower," he replied  
Three hundred years ago.*

*He wore a manly form and face,  
A courage firm and bold,  
His words fell on his comrades' hearts,  
Like precious drops of gold.  
They saw not his ambitious soul;  
He spoke it not—for lo!  
He stood among the common ranks  
Three hundred years ago.*

*But when Fernandez' vessel lay  
At golden Darien,  
A murmur, born of discontent,  
Grew loud among the men:  
And with the word there came the act;  
And with the sudden blow  
They raised Balboa from the ranks,  
Three hundred years ago.*

*And while he took command beneath  
The banner of his lord,  
A mighty purpose grasped his soul,  
As he had grasped the sword.  
He saw the mountain's fair blue height  
hence golden waters flow;  
Then with his men he scaled the crags,  
Three hundred years ago.*

*He led them up through tangled brakes,  
The rivulet's sliding bed,  
And through the storm of poisoned darts  
From many an ambush shed.  
He gained the turret crag—alone—  
And wept! to see below,  
An ocean, boundless and unknown,  
Three hundred years ago.*

*And while he raised upon that height  
The banner of his lord,  
The mighty purpose grasped him still,  
As still he grasped his sword.  
Then down he rushed with all his men,  
As headlong rivers flow,  
And plunged breast-deep into the sea,  
Three hundred years ago.*

*And while he held above his head  
The conquering flag of Spain,  
He waved his gleaming sword, and smote  
The waters of the main:  
For Rome! for Leon! and Castile!  
Thrice gave the cleaving blow;  
And thus Balboa claimed the sea,  
Three hundred years ago.*

Thomas Buchanan Read 1822-1872

## Prologue

A tremor of fear ran through Henry Wang when he learnt that yet another billionaire had gone missing.

Henry, who I had introduced to certain business opportunities in France, was head of the prosperous Shanghai-based Delta Group, and was deeply concerned for the future of his business as China veered towards a more uncertain future and Xi Jinping's objectives became darker.

Repression and surveillance stalked Chinese business circles as Xi demolished the system of collective leadership that had been put in place following Mao's death, designed to prevent power falling into the hands of one man, whilst Beijing adopted a threatening expansionist posture abroad.

This time the target was a well-known figure in the banking world, whose sudden disappearance plunged not only his investment firm, one of the country's leading financial management companies, into turmoil, but also sent the whole banking, real estate and technology sectors into panic with shares plummeting on the Shanghai and Hong Kong stock markets.

Henry Wang's problems began when I was arrested after having stumbled on a vast network of businesses built around the smuggling of hundreds of millions of dollars worth of

precious wood illegally logged by Chinese controlled companies in the rainforests of the Pacific Rim Islands.

Illegal logging was defined by the United Nations as a transnational crime involving the trafficking of timber stolen from primary forests in equatorial countries, which involved the cutting, transport, falsification of documents, corruption, and the use of the international financial system to transfer and launder the proceeds of trade in rare and endangered hardwood tree species.

I'd landed up in a Chinese detention centre accused of economic espionage, a charge that had serious implications for Henry Wang, whose business empire was one of the principal suppliers of parquet flooring and other accessories to the real estate construction industry, and to make matters worse it could implicate his daughter Lucy

It was pure coincidence that the Fitzwilliams Foundation was located at Queen Anne's Gate, a two-minute walk from the Broadway Building, the former home of the British SIS, high above St James's Park London Underground station, 15 minutes from my place in Dolphin Square.

It was less of a coincidence that the head of the Fitzwilliams Foundation, John DeFrancis, was a member of White's in St James Street, a watering hole favoured by the Service's senior staff, not that the Foundation, to my knowledge at least, had anything to do with that sort of business, though I'm sure there were whispered discussions of subjects of mutual interest in the quieter corners of his club.

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With the COP26 approaching the Fitzwilliams Foundation, had been asked to present a paper on China's encroaching activities on the Pacific Rim and its impact in that part of the globe, that's to say Indonesia, Papua New Guinea and Southeast Asia in general—timber, minerals, like copper, iron ore and coal.

Given my training, qualifications, and my Irish family relations, I had been engaged by the foundation to undertake a field research project related to deforestation in Indonesia and New Guinea for a presentation at the COP26 in Glasgow.

What I hadn't realised was the nature of the Foundation's business and how, what I ended up doing was very close to the kind of intelligence gathering that would be of interest to Vauxhall Cross.

The COP26 presentation didn't happen, although I did learn how primary rainforests were being plundered for their valuable hardwoods, and how the land was being cleared for the development of palm oil plantations by unscrupulous Chinese businesses, which, with the connivance of corrupt officials, were plundering the ancestral homelands of unworldly indigenous peoples.

From the island of New Guinea, the trail led to China and Shanghai, where together Lucy Wang we had played apprentice spies as China was rocked by the collapse of its property boom as the Covid pandemic ravaged the country's economy.

The pandemic coincided with Xi Jinping crackdown on successful business leaders, a potential threat to Lucy's father,

head of the Delta Group, a large Chinese business conglomerate, who like many others of their class feared a return to the bad times, and sought to diversify their business interests offshore, which in Henry Wang's case meant Europe.

Henry's worse fears were confirmed when the head of China Renaissance, Bao Fan, a major figure in the tech industry, disappeared. The investment banking firm had been active in an advisory capacity to many of Henry Wang's business associates and anything that linked Henry's Delta Group to an investigation by the financial authorities was bad news, very bad news.

Shares in China Renaissance plunged 30% on news of the disappearance of Bao Fan, who had been a leading figure in the country's tech industry and played a key role in many of China's tech start-ups.

The banker's disappearance came as Xi Jinping's increased pressure on tech leaders as part of his so-called anti-corruption campaign, under the guise of redistributing wealth, but in reality reinforcing his authoritarian regime, not that it needed reinforcing.

Bao was one of a long line of Chinese billionaires who have suddenly disappeared or died. Amongst them was Jack Ma, the founder of e-commerce giant Alibaba, who had disappeared after a speech in which he derided state-owned banks as having a 'pawnshop mentality'. Three months later, after reappearing, a very chastened man, he disappeared into hiding overseas, not a good reference for China and the idea that 'China is a country

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under the rule of law’, where ‘the Chinese government protects the legitimate rights of its citizens in accordance with the law’.

Self-styled whistleblower and exile Desmond Shum said in New York that Bao had been targeted for his insider knowledge linking political and business leaders.

Bao’s arrest was confirmed when the bank issued a statement, ‘The board has become aware that Mr Bao is currently cooperating with an investigation being conducted by certain authorities in the People’s Republic of China.’

China Renaissance’s main business included investment advisory services, underwriting and investment management services in China’s domestic market and overseas markets.

## CHAPTER 1

Michael D'Arcy

The light was fading as my taxi pulled up in the pelting rain. I hesitated, then paid the driver, who seemed to be in a hurry. As I opened the door I was hit by the full force of the westerly gale, I grabbed my bags that were quickly and unceremoniously dumped on the pavement and hurried up the steps to the forecourt garden and entrance.

The residence seemed much bigger than I remembered, much bigger. It must have been seven or eight years since I had last visited Hendaye and as I waited for the lift in the silent cavernous lobby, I had the creeping feeling that the Eskualduna resembled the hotel in Stanley Kubrick's film, *The Shining*, which had been based on Stephen King's novel of the same name and starred Jack Nicholson.

The Eskualduna had been officially opened in 1911 as an hotel, but forty years later, after WWII and austerity, it had been transformed into apartments.

It was late spring and I wondered how I had let myself be convinced by my father to relax for a week or so on the Basque Coast. I suppose it was those boyhood memories that persuaded me, beach holidays and surfing, though I was

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somewhat circumspect when it came to the region's unpredictable weather.

The apartment was a large duplex on the 5th and 6th floors overlooking the sea, which had been in the family for as long as anyone remembered. It had been renovated and was very comfortable even if the vast entrance hall and corridors of the residence were somewhat antiquated and sinister.



*The Eskualduna*

The apartment had been opened and prepared for my arrival with the basic necessities in the fridge.

I drank a couple of beers, which didn't seem to do much to lift the gloomy thoughts that were beginning to penetrate my mind as the rain hammered the windows and the wind howled. Submerged by a wave of fatigue I decided to hit the sack as the accumulated stress of my dramatic escape from China and my detention finally hit me.

John Francis Kinsella

The next morning I awoke up to a clear blue sky and the magnificent view of the sea with Fuenterrabia in Spain to the left and Les Deux Jumeaux to the right. The three kilometre long beach was already busy with early bird joggers and surfers who were out in numbers.

I slipped on a pair of shorts and a tee-shirt and headed down to the Cazuela, a bar in the colonnade below the Eskualduna, where seated outside I ordered a coffee and a croissant whilst I checked my messages and wondered what to do next.

After six or seven months out of circulation, it seemed like I was out of touch, forgotten. My girlfriend Lucy was caught up in Shanghai and its interminable lockdowns. She texted me she'd been in Cambodia, something to do with the restoration of a temple.

In any case there was no question of me going back to China.

Pat Kennedy had suggested something in Central America, but first I needed time to think.

As I paid for my coffee my phone rang.

‘Michael, how are you?’

It was Pat Kennedy. Sir Patrick.

‘Your uncle told me you’re in the Basque Country.’

‘That’s right Sir Patrick.’

‘I’ve told you to drop the Sir bit Michael.’

We laughed.

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‘So you’ve taken our advice. Relax, enjoy yourself, because after I’ve got something for you. Something to interest you, keep you busy.’

I said nothing. I knew the kind of thing he and my uncle cooked up, the kind of thing that had landed me in a Chinese jail.

‘Michael, I’ve been thinking...you’re not going back to China very soon.’

‘I don’t think so,’ I said, my feelings rather mixed.

‘I’m told you’re quite a linguist?’

I said nothing.

‘¿Hablas español?’

‘Si, más o menos,’ I replied with cautious modesty.

‘Great, you need a real break Michael. I’d like you to go to Central America, I’ve been told Costa Rica has a budding pharmaceutical industry and it’s said to be a green paradise, reversed deforestation I believe.’

What could I say, I’d just arrived in the Basque Country, and I wasn’t up on Central America, in fact I knew nothing about Costa Rica, as for my Spanish it needed brushing up.

‘Look Michael, a lot has happened over the last year, Russia is going to be off the business map for quite some time, and China...well it doesn’t look good, there’s going to be a lot of divestment. What we’re doing is looking at new market development, investment, not just banking but life sciences.

John Francis Kinsella

Africa is early days, although our business in Latin America looks very promising, you may know we've made a good start in Colombia, wouldn't be bad if you met Tom Barton too.'

I tried to absorb that, a bit difficult considering it had come out of the blue.

'To begin with a bit of fact-finding would be good, starting in Costa Rica, then Panama, before Colombia, where I'd like you to visit Ciudad Salvator Mundi. Our life science centre in the Cordillera.'

'Yes...Pat....'

'Think about it over the weekend Michael, I'll be expecting your call, let's say Tuesday morning.'

## CHAPTER 2

### Oceane

I stuck my phone in my pocket and wandered across to the seafront pondering over what Kennedy had told me. Absentmindedly I watched the waves and the surfers bobbing in the water like a colony of seals, waiting, hoping that the next one would be a big one, a few seconds of *glisse* that they could talk about all day, an instant of pleasure and sensation, a souvenir of a carefree spring break, sand, sun and unforgettable breakers.

‘Hi! It’s Michael!’ a voice exclaimed snapping me out of my reverie. ‘It’s really you! What are you doing here?’

It took me a second to recognize her in a wetsuit with a surf board tucked under her arm.

‘It’s me Oceane.’

‘Of course. Oceane. God, you’ve changed a lot, it must be six or seven years.’

We both laughed.

She was Tom Reagan’s daughter, he was a Dubliner, a property developer who owned an apartment in the

Eskualduna. Oceane lived in Bordeaux with her mother who was French.

‘So what are you doing here?’ I asked.

‘For the Whitsun break, what else?’

It took a moment to realise how out of touch I had been so far away from home. Now in that familiar world of the Basque Country, where I’d spent many carefree summers, I suddenly realised how close I had come to disaster in China.

‘And you?’

‘The same,’ I replied to keep things simple.

‘Hey let’s have a coffee, warm you up,’ I said pointing to the drinks and ice cream bar on the promenade facing the beach. ‘The water must be freezing.’

‘Are you staying at the Eskualduna?’

‘Yes, of course.’

Oceane must have been fifteen or sixteen the last time I saw her at the beach club, doing somersaults on the trampoline. Now, to my surprise, she was at Bordeaux University, studying ethnology and cultural heritage, something that gave us plenty of things in common to talk about after I told her about my research work in New Guinea.

It was funny because Oceane had seen me as one of the older gang at the beach club with her brother who was closer to my age and didn’t want the younger kids like her hanging out with

us, especially in the evenings when we crossed the border into Spain to go dancing.

Evidently things had changed, we'd both changed, she'd grown up and I'd been shaken out of my easy going existence by my experience in China.

We got along great, exchanging memories and stories. She then told she going to nearby Pasajes that afternoon with friends from Bordeaux, a visit the Albaola Museum where the *San Juan*, a replica of a 16th-century Basque whaling ship was being built.

'Why don't you come with us,' she asked me with a winning smile.

'I'd love to,' I replied, I couldn't refuse such an invitation, tagging along with Oceane and her friends would be a breath of fresh air.

'We're going to San Sebastian after, tapas and Rioja,' she told me.

'That would be really great.'

At that moment, her friends appeared, wearing wetsuits and carrying surf boards, looking pleased with themselves, like pros, after their initiation, and joined us at the bar. There were two other girls of her age, Agnes and Genevieve, and a guy, Simon, who was a little older, they were postgraduates at Bordeaux Uni, the three were from Strasbourg, it was the girls' first visit to the Basque Country.

\* \* \*

It was about 15 kilometres to Pasajes, an industrial port, a narrow enclosed bay with a natural passage for ocean-going ships, between Pasaia and Pasai Doniban, cut into the coastal hills of the Pyrenees.

Simon was into the history of naval architecture and gave us a guided tour of the Albaola Museum, where the *San Juan* was nearing completion.



*The San Juan*

Xabier Agote, the museum's director, founded Albaola in 1997, when the regional government offered him a large disused dry dock at the extreme end of the port, now the site of the shipyard museum.

The original sailing vessel was a whaler that went down in a violent storm off the coast of Labrador in 1565. More than 400

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years later, in 1978, the ship was rediscovered ten metres under the sea, close to a place called Red Bay. It was well preserved by the constant low temperature of the water and the fact that it had been protected by a thick layer of mud and stones.

The Basque Country had been a centre for shipbuilding for centuries and had supplied the galleons that discovered the Americas and carried the riches of the New World to the Old.

In the Old Town of San Sebastian, over tapas and Rioja, Simon recounted the story of Central America and the voyages of discovery, and I, the stories of my adventures on the islands of the Pacific Rim and Southeast Asia.

It was like that I finally told them my story, how I had ended I had ended up in a Chinese prison, and my dramatic escape, across Asia, via Moscow and Berlin.

Oceane, like the others, listened agog. She for her part spoke of her role as a budding ethnologist in an activist movement for the protection of indigenous peoples threatened by deforestation in Latin America, and her travels to Colombian and Brazilian Amazonia as part of her programme.

\* \* \*

Sunday morning my phone rang. It was Oceane.

‘I’ll pick you up in an hour,’ she announced

‘What!’

‘The concert, you don’t remember?’

‘I’ve just woken up. OK downstairs. At ten.’

I'd forgotten, we'd got back so late from San Sebastian that I'd collapsed into my bed, she had a couple of invitations to a classical guitar concert at the Hotel du Palais in Biarritz.

I dragged myself out of bed, made some coffee and took a shower, then hurried downstairs where I found Oceane smiling and looking as fresh as a flower.

We jumped into her car and set off for Biarritz. The weather was fine with the weekend crowds already out heading for the beach.

On arrival, Oceane parked the car near the beach and we walked over to the hotel, which I'd always seen, but never been inside.

It was built in 1854 by the emperor Napoleon III and his wife as a summer residence, surrounded by fine gardens, close to Spain as the Empress Eugenie de Montijo, was Spanish, the daughter of Cipriano de Palafox, Count of Montijo and Grandee of Spain.

The hotel was what the French classed as a 'palace', better than a five star hotel, and it was. Recently renovated to host the G7 meeting for Emmanuel Macron, Donald Trump and all the other heads of state in 2019, just before the world was hit by the Covid pandemic.

We found the magnificent Salon Imperial for the concert, a matinee. The music was great, but the pleasure of being with Oceane was even more, especially when she laid her hand on mine.

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After we headed for Ilbarritz, a couple of kilometres down the coast, where we had lunch overlooking the Atlantic, then spent the afternoon sunning ourselves on the beach before returning to Hendaye.

It was a perfect day, like the next few days with Oceane would be, totally unforeseen, leaving me wondering about where my future lay.

## CHAPTER 3

### Looking Back

*Russia, in all its grandeur, brutality, and impenetrable  
mystery, has been transformed into a human volcano  
about to explode*

Donald James

**T**hat evening, back in the apartment, I reflected on my day and thought about my conversation with Pat Kennedy—how he told me I was not going back to China any time soon.

Was I ready for Central and South America? It was true I was burnt as far as China and Russia was concerned. Henrique da Roza, who I'd meet in Dublin, had spoken to me of Pat Kennedy's project, launched five years earlier, an enigmatic development centre in a disused salt mine on the outskirts of a place called Barichara, a small colonial town on the Altiplano of the Colombian Andes.

My feelings were mixed, in any case I could only agree, which gave me the vague feeling I was becoming Kennedy's creature.

When I had joined the Fitzwilliams Foundation I was apolitical. Of course I had ideas about ecology, our environment, our Western world, its values and its free

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economy, as opposed to ideologies such as Leninism, Communism and all the rest. But those ideas were abstract, mostly theoretical.

In truth I had never been engaged. I looked at the world with the curiosity of a privileged traveller, the problems of others had never really touched me in the sense that I was immune to them, I could go home—leave the misery behind me.

I'd experienced life in Putin's Russia, where I'd lived and attended international schools when my father was a diplomat in Moscow. I'd lived in Ireland, the UK and France, and seen quite a few other countries as different as Indonesia and Finland.

That Goldilocks vision of the world had changed dramatically, a consequence of my detention in China, when I discovered the power of an authoritarian state, where freedom of speech was suppressed, where criticism of the state was forbidden, and where in the economic interests of corrupt politicians, officials and their cronies, power could be brought to bear on any outspoken individual who defended public interests, such as the destruction of the natural environment for the sake of personal enrichment.

After the euphoria of my escape and the journey on the Trans-Siberian out of China, across the Mongolian steppe and the Russian taiga to Moscow, then Berlin, and finally home to Dublin, I was overcome by fear, shock, a sense of depression followed by relief when I realised how close I had come to the fate of Julian Assange or Alexander Navalny, not that I had

consciously challenged the authority of the states that they had offended or any other state for that matter.

Until then, I had seen China as a visitor from another world, a place I could leave at any time.

Xi Jinping, the Chinese leader, had proposed a new model for world civilisation, ‘Walking together on the road to modernisation’, Chinese modernisation that is, which had broken the myth that modernisation equaled Westernisation.

His philosophy presented a different picture of modernisation, a model for developing countries to emulate, offering a Chinese solution for mankind to explore, a better social system. He proposed, ‘We should jointly advocate and promote the common values of all mankind. Peace, development, fairness, justice, democracy and freedom are the common aspirations of the people of all countries. We should understand other civilisations.’

I had experienced his version of justice—six months in a Shanghai detention centre, where fear and solitary confinement were used in an attempt to force a confession out of me. The accusation—economic espionage, that’s to say exposing China’s role in plundering the world’s rainforests to supply its flourishing rosewood furniture industry and parquet flooring exports.

I was not naive, the West had been doing the same for centuries—spices, timber, rubber, gold, silver and mineral resources, though China had now taken the process to another level of industrialisation.

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It was a well established process, plundering regions for timber, copper and palm oil in Indonesia and PNG—timber, coal and tobacco in Appalachia—timber gold and soya in Amazonia. It was the fault of human civilisation and always had been—wood, minerals and crops.

More people equaled more plunder, wherever civilisation took root—Greece, Rome, Egypt, Mexico, Guatemala, Cambodia, China....

Over the course of my ten days in Hendaye, that small pleasant town in the south-west corner of France, I came to the realisation that my life had irrevocably changed—the past with the whole carefree life I had lived up until my detention, and the future with the life that now lay before of me.

I had a duty to defend the values of the liberal society I had grown up in, but the question was how, because that society was far from being perfect and the challenges were unclear.

The invasion of Ukraine, the crushing of democratic freedom in Hong Kong, the systematic oppression by two autocrats, could not be ignored. But that was not all, their actions obscured the path along which humanity had embarked upon, theirs was a dystopian world, a path that led to a suicidal future.

\* \* \*

As a Russian speaker, I followed events in Moscow closely. I'd made a lot of friends at the international school and tennis club,

both Russian and like me, foreigners, whose parents were either in the diplomatic corps or in business.

I'd seen how corruption ran deep in Russia, how Vladimir Putin was not content with enriching his family and friends at the expenses of his fellow Russians, not satisfied with being the head of state of the greatest piece of real estate on Earth, he was hell-bent on expanding his domain by force, retaking what he thought was his, like a medieval tyrant.

I was a twelve-year-old schoolboy when I'd arrived in Moscow with my parents in the autumn of 2003. My father, a member of the Irish diplomatic mission, enrolled me in a bilingual international school, at an age when I assimilated Russian with ease. It was a time when the relations with Russia were at an all-time high, as Vladimir Putin, successor to Boris Yeltsin, was still in his honeymoon period, about to start the election campaign for his second term as President of the Russian Federation.

\* \* \*

Already Putin was already in the process of amassing a fortune, part of which was banked in Cyprus by his cronies, managed by a lawyer, Vladislav Kopylov, head of Ermira Consultants, a Cypriot firm.

The story was revealed by *Proekt Media*—a dissident Russian news media company, when Kopylov spoke out against Putin after he launched his unprovoked invasion of Ukraine.

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It was a story that went a long way to describing the depth of corruption in Putin's regime, how after two decades in power he resembled an oriental potentate, a despot, another tyrant in Russia's tragic history.

In 2003, Kopylov was an experienced, if impecunious, lawyer who by chance became involved with Putin's friends as a nominee shareholder in the Baltic Media Group. He along with Putin's longtime friend and confidant, Sergey Roldugin, a well-known cellist, fronted offshore companies in Putin's interest. Similarly, Oleg Rudnov, another friend of Putin's, managed assets on his behalf, including the National Media Group and property near Vyborg.

Ermira, the Cypriot company, was in fact a tool used to dispense the funds necessary for Putin's personal projects via accounts in Cyprus or Ermira's Russian subsidiaries.

In Russia, the Cypriot company's money was banked at the Rossiya Bank—whose shareholders included Putin's old friends from his Leningrad days and one of his mistresses Svetlana Krivonogikh, along with the SMP Bank.

Money circulated via a Bahamian offshore company, Seasons Investment Management, a screen for more of Putin's cronies.

According to Proekt Media, Ermira's source of revenue was a vodka distillery named Putinka and its trademark rights, which between 2004 and 2019 made 500 million dollars.

Then there was the National Media Group, owned by Putin himself, fronted by his closest friend and advisor, Yuri

Kovalchuk, together with Alina Kabaeva, Putin's latest mistress—Chairman of the company's board of directors.

These companies provided the means to build Putin's palace at Cape Idokopas in Krasnodar Krai on the Black Sea, not far from Sochi to the east, or Crimea to the west, a billion dollar property which Rotenberg declared was his.

The source of financing was none other than Ermira and its subsidiaries, notably an offshore company Savoyan Investments, via a Russian company, Rirus, whose owners included Nikolai Shamalov, Putin's former son-in-law and also shareholder in Rossiya Bank.

Tens of billions of roubles flowed through these companies to build the palace, laughingly described as a 'boarding house'.

In the same way Putin's family relative, Mikhail Shelomov, another nominee, was involved in a firm called Platinum, set up thanks to Ermira with shovels full of roubles. Platinum was involved in the purchase of a large block of shares in the state energy company Gazprom, a holding company for shares in the Rossiya Bank, whose owners included members of Putin's inner circle, including his friend Kovalchuk and Svetlana Krivonogikh.

The shares and other assets including luxurious villas were estimated to be worth over 230 million dollars, comparable to the annual budget of a small Russian region.

Alina Kabaeva, described as Russia's undeclared first lady by Proekt Media, who holidayed at the Cape Idokopas palace, was a former Olympic rhythmic gymnastics champion, whose

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family were owners of valuable property in Sochi, apartments and villas, bought with money provided by the Cypriot company Ermira and Kabaeva's trustees.

The late Oleg Rudnov was a St Petersburg media executive who met the then future president in 1996 during the re-election campaign of Anatoly Sobchak, the city's mayor, when Putin was head of Sobchak's campaign staff.

Rudnov managed Putin's affairs—property deals, including those related to Svetlana Krinovogikh. In 2015, Rudnov died and his son Sergei took over his property deals in Sochi and St Petersburg for Putin and his mistresses.

Kabaeva's penthouse apartment in Sochi was worthy of Saudi royalty—marble fittings, a swimming pool overlooking the sea, made up of several apartments including the penthouse, totalling more than 2,000 square metres, which, together with other property owned by Kabaeva in Sochi, was worth an estimated 120 million dollars.

Kabaeva's income from her job at Yuri Kovalchuk's National Media Group was around ten million dollars a year, plus the use of jets owned by Gennady Timchenko and Rossiya Bank.

\* \* \*

Corruption and all that went with it had been around for a long time, something that didn't necessarily worry Pat Kennedy, it was a problem for governments. What did worry him was the destabilisation of the world economy and trade that inevitably resulted when corruption had become rotten to the point that war was instrumentalised by autocrats likes Putin and their

regimes, as a tool to boost their popularity ratings, divert the attention of the masses, crush opposition, and extend their power by focusing on imaginary enemies.

As head of the INI Banking Corporation, Pat Kennedy had seen Hong Kong's loss of freedom and the impact on his business as Beijing tightened its control over the Special Administrative Region. He had witnessed the travails of INI Moscow and the exile of his friend Sergei Tarasov, the transformation of Russia's vast economic potential into that of a mere exporter of energy, minerals and other raw materials, subject to the whims of world markets.

The loss of business confidence caused by the war in Ukraine and the iron fist of Beijing were at the heart of Pat Kennedy's diversification plan for his banking and investment empire.

In his eyes, Latin America offered a haven far from the wars of Europe, the competing giants of Asia and the struggling masses of Africa. Latin America offered linguistic and cultural unity, a strong common religion, vast natural resources and population stability, geographically remote and protected from the rest of the world.

Kennedy's future would be long and his men like Tom Barton, Tom Clancy and Henrique da Roza would play key roles. It was why he co-opt me Michael D'Arcy, I was young, had the right kind of background, was academically qualified, and now combat experienced—so to speak, had proven my worth, and could be trusted with his ambitious plans for Central America and the Caribbean, where Chinese interests were taking hold as Beijing poured billions into the region, and

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where Taiwan had recently been ousted as China's official representative at the United Nations by Honduras, following the example of Nicaragua, El Salvador and several Caribbean island states.

\* \* \*

While I was relaxing in Hendaye and thinking about my future, Eduardo, Lucy's brother, called me. He announced his plans to visit Granville in Normandy and wanted us to get together. It seemed that he had a busy schedule, starting with the 15th China International Boat Show in Xiamen, and the following November the Wuyuan Bay Yacht Marina, where Granville Marine planned to present its new range of yachts.

The boat show was part of World Ocean Week, a mega-event with delegations and exhibitors from all over the world, as the Chinese got used to water sports and sailing.

I just hoped it wouldn't be fucked up by their zero-Covid policy, as so many things had been since the pandemic began.

I felt a pang of regret as I couldn't see myself going back to China any time soon, or to Russia for that matter.

## CHAPTER 4

### Costa Rica

*To wonder, 'Do I dare?' and, 'Do I dare?'*

T.S.Eliot

The following Tuesday morning I made a video call to Pat Kennedy at the number he had given me, which was evidently his home in London, judging by the surroundings, a magnificent period house on Cheyne Walk, a corner of Chelsea that Charles Dickens described in 1879 as 'a bit of old London, with its quaint old-fashioned houses and its row of noble trees', now one of the most sought-after addresses in London, an elegant, upper-class neighbourhood that was once home to writers such as Henry James, T. S. Eliot, Somerset Maugham and Bram Stoker.

Cheyne Walk overlooked the Thames with Albert Bridge leading to Battersea Park on the opposite bank of the river, it was a sedate neighbourhood where Dante Rossetti had been banned from keeping peacocks in his garden because of the noise, which Laurence Olivier and Elizabeth Taylor once called home.

He was facing the camera, seated behind a large antique desk decorated with memorabilia, the French windows to one side

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opening onto the garden, the weather obviously good. He seemed at ease and clearly pleased that I had complied with his bidding.

So how is the Basque Country, Michael?’ he asked in his soft Irish brogue.

‘Great, the weather’s nice and I’ve been over to Spain...San Sebastian.

‘I seem to remember your Spanish is good...’

I shrugged. He’d asked me that before. My Spanish wasn’t bad, as I’d remarked on my visit across the border with Oceane and her friends.

‘And your Chinese?’ he asked me, switching to Mandarin.

‘Well,’ I replied in Mandarin, ‘it improved quite a bit while I was locked up.’

We laughed.

He then asked endless but very pointed questions about every aspect of my research programme in Asia, what I thought of China, Russia, Indonesia, he asked me about Lucy, about Valentina, what I thought of Henrique. He talked about his own family, his wife Lili, his children, France, ecology, climate change, languages. I must say I was a little dazed by the rhythm and his curiosity, wondering where he was going.

I had the strange feeling that it was a discussion between patron and protégé, a sage and his pupil.

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Whatever it was, he left no stone unturned. He made a deep impression on me, his knowledge, his energy. I was drawn to this man I barely knew, of great wealth and power, who took as much time as he did to speak to me in such detail and at such length.

He concluded by inviting me to his home on my return to London to discuss his plans and ideas for Central America.

He had obviously taken a serious interest in my opinions and recent experiences, which he remarked would certainly leave a lasting and formative impression.

Over the past twelve months or so, I'd met many influential and very knowledgeable people in a wide range of fields and had finally come to the realisation that my education and training would serve a purpose. I had gone from eternal student to advisor on international affairs, the kinds of currents that were creating so many problems, the angst that was troubling the planet.

Never before had humanity possessed so much knowledge, never before had news and information travelled so fast, and the real question, where was it all leading us to.

I felt that I had a role to play, that I had found a purpose. It was as if I had returned from a voyage of discovery, like Elcano, and had acquired knowledge that few men, even those much older than me, possessed.

Kennedy's patronage would open up a vast and fascinating world of possibilities. My conversation with him galvanised me, pulled me out of my torpor, opened a new door.

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It was more than two years since I quit my carefree student existence and discovered the brutality of the real world. I had been one of those perpetual students, 32 years old, academically overqualified, looking at the world as if through a multi-coloured prism with little more than my next overseas trip, girlfriend or academic field of interest in sight.

My future? Perhaps it had been the dreary corridors of the academic world or the arcane world of specialisation, research, committees.... That was until my father had stepped in, and although he was not overly concerned by my lack of professional interest, he felt it was time for me to put my knowledge to some useful purpose.

That led me to the Fitzwilliams Foundation, and the field research project in Indonesia and New Guinea, and from there to China.

It was no doubt for this reason that Kennedy figured I would fit into his plans for Costa Rica, a country which according to him not only had a burgeoning pharmaceutical industry, but had also successfully embraced a policy of environmental sustainability that, it seemed, had reversed deforestation.

Pat Kennedy was right, when he said a lot had happened over the past couple of years. As I had seen, Russia would be off the business map for quite some time, and China, well it wasn't looking good. If Henry Wang was anything to go by there would be a lot of divesting.

'What we're doing,' Kennedy told me, 'is studying new market development, investment, not just banking, but also life sciences.'

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I wondered what he meant by life sciences.

‘There’s one other important point,’ he hesitated. ‘The project I have in mind is confidential. I would prefer keeping it strictly between ourselves, unless I instruct you otherwise Michael.’

Suddenly I was more alert. For some reason I had already expected some ulterior motive.

‘China is very active in Central America and the Caribbean, not only economically but also politically. Also, I do believe there’s quite a flow of Chinese immigrants entering the region, legally and illegally. I’d like to know more about that.’

I nodded.

‘As you are well aware we have invested a great deal of money and effort on our Chinese market with our Hong Kong base and representative offices across China. Now it’s looking uncertain. It’s why we have to develop our options in Latin America, especially in those places where we are looking to expand our operations. Of course we have our conventional sources of information, but I need something different, objective, an on-the-ground opinion.’

I understood. Kennedy was not only the head of a major banking group, he was also one of its major shareholder. The INI Banking Corporation had over half a trillion dollars in assets spread across its multinational holdings, and whatever China was doing was of interest to him.

According to him Africa was still early days, but business in Latin America was looking very promising and apparently the

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bank had a good start in Colombia with his man Tom Barton, who Kennedy wanted me to meet.

He proposed I start with a little exploration, getting to know the region, fact-finding, first in Costa Rica, then Panama, before heading south to Colombia, where he wanted me to visit Ciudad Salvator Mundi. His life science centre in the Cordillera Oriental.

For that he would have an information package delivered by courier to the Eskualduna, which I should study.

‘Let me see Michael, next weekend I’m having a few friends for a little celebration in Beaulieu-sur-mer. Dee O’Connelly and Anna Basurko, they’ll be flying from San Sebastian on Friday. I suggest you join them and we’ll be able to discuss the details of your work in Central America.’

Kennedy, I was to discover, lived in a different universe, one where things moved at a dizzying pace, and apparently I was now being co-opted to his close-knit team of experts, all with Irish roots, the ‘Clan’ I had heard so much whispered about.

I needed to pause, decompress I called Oceane. Looking out over the sea the rollers were great and I figured it was time to take a breather, enjoy the sand and surf, prepare myself for what was coming next.

\* \* \*

In retrospect, I had been naively oblivious to the risks involved when I joined the Fitzwilliams Foundation, which on the face of it seemed a sedate, rather conventional, old-boys’

organisation, tucked away in its Victorian offices at Queens Anne's Gate in Westminster, where the architecture and fine town houses were described in the 18th century as 'the best of their kind in London'.

Without realising it my mission had morphed into something different. My instructions from London, from John DeFrancis to be precise, were not only to report on deforestation and China's involvement, but also to extend my research, to observe and report on the property and financial crisis that was developing in China, and to get as close as possible to Henry and his friends. How their personal finances worked, their lifestyle, their political connections, their overseas operations.

I had become the eyes and ears of John DeFrancis, and by extension of Sir Patrick Kennedy. Reporting on the impact of the Covid pandemic, on the economy, how businesses were affected by lockdowns, what the man in the street thought.

I was encouraged to travel, report on the people I met, their businesses, and their links to China.

I set up meetings with Sir Patrick and his managers for Henry and his friends, which went a long way to enhancing my credibility as an arranger. I listened to gossip, reported rumours—approving and disapproving government policies, who was in and who was out. What the Chinese thought about relations between Ukraine and Russia.

In short, my mission had shifted from environmental issues to geopolitical questions, which was the *raison d'être* of the Fitzwilliams Foundation.

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I myself appreciated the necessity to understand how business, finance and geopolitics interacted and how that affected economic stability, the need to save the planet from itself.

Behind the Foundation's motivations was the threat of war over Taiwan, for the simple reason INI, Sir Patrick's banking group, was in the front line, as were HSBC and Standard Chartered, with its significant presence in Hong Kong.

INI's structure offered protection, but the seizure of its Hong Kong operation in the event of armed conflict, sanctions or retaliation, would seriously damage the Dublin holding company—its historic base, and its largest operation in the City of London.

British banks were the largest foreign lenders to China, with engagements of 250 billion dollars, of which INI Hong Kong and London, directly and indirectly, would be on the hook for near 30 billion with the risk they would be forced to write off loans and face expropriations.

It never occurred to me that I was putting myself in a dangerous position as China extended its already breathtaking measures to detain anyone and especially foreigners they suspected of anti-Chinese activities including espionage—commercial or otherwise.

One of those caught in their net was Cheng Lei, an Australian journalist, who being was held under China's dramatically expanded anti-espionage laws that targeted foreigners and foreign organisations operating in the country.

The laws gave authorities power to enlarge the search and seizure rights as well as the implementation of entry and exit bans on individuals, targeting those in research and other sensitive sectors.

China encouraged informants by offering cash and other rewards for information concerning suspicious behaviour by foreigners, ranging from photographing buildings and installations outside the usual tourist sites to abnormal interest in cyber data, documentary material or other areas related to national security

One of the key problems of China's justice system was its opacity and even more so when national security was involved.

Arrest and detention was also used as retaliation when Chinese citizens were held by foreign countries as was the case for a Chinese Huawei executive.

\* \* \*

As the Covid pandemic ran its course, its impact on the country's economy became more and more apparent, in the strangest of places, including Chinese temples where queues could be seen as young people turned to spiritual help to resolve their problems, which included praying for help in finding a job, a partner or a home.

More than 12 million university graduates, including a large number of PhDs, had entered a job market not yet recovered from the draconian rules imposed by the government's zero-Covid policy and the fallout of its clampdown on the technology and education sectors.

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For young Chinese arriving on the job market the pressure was overwhelming as a fifth of the jobless included highly-educated university graduates.

At the same time those who succeeded in getting a top job, were no longer willing to accept the 996 economy—9am to 9pm and 6 days a week, as their predecessors had.

It was no surprise when recently graduated saw themselves above jobs in the tourism, hotel and restaurant sectors, which offered low wages for low-skilled jobs. They saw themselves as latter day versions of ‘Kong Yiji’, a jobless scholar who drunk too much, who believed himself too highly educated to take up menial jobs, from the eponymous story written by Lu Xun in 1919, also famous for his short story entitled the ‘Diary of a Madman’. Lu Xun was a leading figure in the new Chinese literary movement that emerged after the fall of dynastic China.

In Lu Xun’s ‘Diary of a Madman’, his theme was madness, as was Gogol’s or Guy de Maupassant’s. Lu Xun had satirised the outdated traditions of Chinese society at the beginning of the 20th century, cannibalism, tradition and betrayal, a story that befitted Xi Jinping’s China, where unemployed university graduates felt betrayed, rejected and sacrificed to the outdated ideology of the Chinese Communist Party.

\* \* \*

I suppose I was a freewheel in Kennedy’s vast machine and as such I enjoyed a considerable liberty that freed me of the daily tasks most desk bound executives were obligated to, allowing me to do things others couldn’t.

As head of a vast organisation Kennedy could not communicate with each individual, information was sifted and filtered before it arrived on his desk. He like all leaders at the summit of their empires depended on an inner circle of confidants and I thanks to my pedigree had found myself co-opted to his Clan.

During my sojourn in Hainan with APP, encouraged by my Uncle John Ennis, I'd travelled to Taiwan where I'd visited Yuen Foong Yu Paper Manufacturing in Kaohsiung and Chung Hwa Pulp at Hualien, both of which had merged into a single holding and were historical shareholders of APP.

There I discovered a different world, one untouched by communist ideology and as far as I could make out unaffected by the kind of corruption that stalked mainland China.

In a way Taiwan reminded me of Hainan with its agreeable semitropical climate, rather like Hong Kong, where life was visibly more open compared to the mainland. Mandarin was generally spoken in Taiwan, which made things easier for me, apart from their use of traditional Chinese characters, or when they broke into their commonly used Hokkien or other dialects of which I understood very little.

Taiwan had been historically separate from the mainland for much of the latter's history until its annexation in 1683 by the Qing dynasty following the unsuccessful attempts at colonisation by the Dutch and Spanish. It nevertheless remained a backwater until it was ceded to Imperial Japan in 1895 following China's disastrous defeat in a short war that

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ended when the Chinese fleet was sunk by a much more modern, superior, Japanese navy.

The Republic of China, which had overthrown the Qing in 1911, took control of Taiwan under Nationalist leader Chiang Kai-shek after Japan surrendered in 1945. But, with the arrival of Mao's Red Army at the gates of Nanjing (Nanking) in 1949, Chiang and his Kuomintang followers fled to Taiwan, where they established the ROC as an alternative government to the Communist People's Republic of China.

The ROC was recognized by many countries as the lawful government of China until 1971, when the People's Republic of China became a member of the UN, and a permanent member of the Security Council.

Taiwan, however, saw itself as distinct from the Chinese mainland, with its own constitution and democratically-elected leaders.

What made Taiwan's economy really important today was the world's dependence on semiconductor chips for everything from phones to laptops, electronic consumer goods, electric vehicles, aircraft and industry. And Taiwan had become not only the world's main source of semiconductors, but also the world leader in the field, with Taiwan Semiconductor Manufacturing Company, TSMC, controlling more than half of the market for high-end chips.

What I learned in Indonesia, China and Taiwan was that the links between different local corporate entities were hidden through complex structures of cross-holdings in various offshore jurisdictions, including the UK, France, the

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Netherlands, Malaysia, the British Virgin Islands and Hong Kong, all of which were shrouded by a culture of secrecy, a system that encouraged crime and corruption, and above of all profited the rich and powerful in the worlds of business and politics.

## CHAPTER 5

### Sir Patrick

Dee O’Connelly and Anna Basurko picked me up the following Friday afternoon and we drove to San Sebastian Airport on the other side of the bay, where a Gulfstream was waiting to fly us to Nice.

Pat ‘Dee’ O’Connelly owned a vast Belle Epoque villa set in a splendid six hectare park with a spectacular view of the Pyrenean valley landscape. It lay on the edge of Guethary, a small picturesque seaside town situated between St Jean de Luz and Biarritz, an exclusive corner favoured by French fashionistas, showbiz and other personalities. It was quiet, sedate, far from the bling of the Côte d’Azur and its tourist masses.

Anna Basurko, Dee’s partner, was an archaeologist, her family was from San Sebastian and proud of their Basque traditions. Five years earlier Anna had been a leading member of Kennedy’s expedition to Colombia to excavate a sunken 16th century treasure ship, a Spanish galleon part of the annual treasure fleet that transported gold and silver from the New World to Seville in Spain.

More recently Anna had helped Kennedy decipher an Aztec codex that had come into his possession through a strange

series of circumstance related to Maria Scmitt, Henrique da Roza's close friend.



*The Spanish Main*

Guethary, just half an hour from Hendaye and fifteen minutes more to San Sebastian Airport, across the border, was conveniently far away from the strikes that were shaking France, which was going through one of its existential crises with demonstrations, burning garbage cans and scooters with hotheads challenging riot police and breaking bank front windows as the government tried to reform its retirement age and pension system.

It was an hour's flight to Nice on the French Riviera, where a helicopter would be waiting to take us to Kennedy's yacht, anchored off Beaulieu, five minutes from his palatial Villa Contessa.

I'd met Dee briefly before, he was a bestselling author, but it was the first time I'd met Anna, with whom I got off to a good

start talking about Elcano and the Pasajes Museum, after having discovered that she was a marine archaeologist.

Following Sir Patrick's instructions, I handed Dee a copy of my report for the Fitzwilliams Foundation on deforestation and timber trafficking in New Guinea and we talked together about my research programme during our flight to Nice.

The report described a multi-billion dollar traffic in endangered tropical timber species, investigated as part of my research programme over a period of several months, during which I travelled thousands of kilometres across Indonesia and New Guinea, followed by my investigation into the wood working industry in the region of Shanghai in China, a dramatic adventure that had almost ended in disaster when I was accused of industrial and economic espionage, and held pending formal charges in a detention centre near Shanghai International Airport.

My rocambollesque escape from the detention centre had been orchestrated by Baudouin van den Broeck, a former colonel in the Belgian Special Air Services, an eccentric but long-time friend of my uncle John Ennis.

Kennedy had discussed a book with Dee and the possibility of a film directed by Kyril Kyrystoforos, and produced by Matt Halder, head of Zyborg Filmstudios, whose successes included *Indians* and *Rainforest*, both award winning documentaries.

I'd read a couple of Dee's books, postmodernist, interesting reading, which I suppose would fit my story, a pastiche of events and circumstances that led me to Shanghai and detention on trumped-up evidence.

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On arrival at Kennedy's villa in Beaulieu, I was surprised and pleased to see Valentina, then Henrique, and several other persons who I was less familiar with.

Sir Patrick, accompanied by John DeFrancis, welcomed us and once again congratulated me on the work I had done for the Foundation, before asking me about my break in Hendaye and my preparations for Central America.

They were two very wealthy men, much older than I, ancient, important, and curiously, as I had already noticed, both looked extraordinarily well for their ages, exuding health, like my Uncle John Ennis. I suppose I put that down to their money.

That evening we were invited by Sir Patrick to dinner and a short cruise aboard his yacht, *Salvator Mundi*, to Monaco's Port Hercule, where we could admire the magnificent view.

I must admit, it was really something to dine with a billionaire onboard his yacht, well over twice the size of Henry Wang's, which was already pretty impressive. Kennedy's 95 metre *Salvator Mundi* was out of this world, a floating palace, built by Lürssens shipyards in Germany, previously owned by a now impecunious Russian oligarch.

Built in 2014, the *Salvator Mundi* could accommodate 16 guests in eight staterooms and 24 crew members, it was equipped with a helipad, sundeck, swimming pool, and all the rest.

I learnt he'd picked it up for a cool 160 million dollars. The story behind it was intriguing, it was not as if he needed it, but more to do with the possible embarrassing associations with his

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first superyacht, *Las Indias*, now converted into an oceanographic research vessel and was currently anchored in Panama together with a sister ship the *Sundaland II*, a much smaller research vessel built in Singapore under licence from a Dutch shipbuilder, Damen Shipyards Group, originally a patrol boat built for the Singaporean Navy. All three vessels were registered in Panama.

Kennedy saw his yacht as his private kingdom, and it was, in the sense he was often beyond the reach of the laws of lands that affect most ordinary people, on the high seas, where his captain was his first minister, and he the undisputed sovereign.

Steve Bogart, an Englishman, whom Kennedy liked to call his admiral, was the senior captain of his now impressive fleet. Bogart now captained the *Salvator Mundi* after five years at the helm of *Las Indias*.

The *Salvator Mundi* had a steel hull and aluminium superstructure and was powered by two Caterpillar engines giving her a top speed of 12 knots.

That evening as we were served dinner the guests listened enthralled, when, after being invited, I recounted my story. Some of them had heard it before, but I added a few flourishes, enjoying the moment as I recalled my long sojourn in Asia, which had commenced in New Guinea, then Borneo, Hong Kong and Shanghai. Followed by my detention and escape from China to Moscow and then Berlin, thanks of course to my Uncle John, Baudouin and Valentina.

Sir Patrick was very much at ease, relaxed, and we all shared the feeling. He talked about INI, how he, a businessman,

running a profitable international banking corporation, had to tread a fine line in China.

On orders from Hong Kong's police, INI had frozen the accounts of pro-democracy activists protesting against China's crackdown on freedom of expression in the Special Administrative Region. But at the same time in the bank's overseas branches, activists' accounts remained unaffected.

The nature of INI, that is the independence of each of its holdings—London, Dublin, Amsterdam, Hong Kong and Moscow, was its most important facet.

'I am not a politician,' Sir Patrick said with a smile, 'but I care for the world we live in. What is the use of fighting a battle we will lose. It's more important to survive, build a better world. The future is long.'

INI, like other businesses in China, was faced with conflicting decisions, it was like Shanghai under the Japanese threat before WWII. He reminded us, survival mattered, it was not the time to desert, but sway with the wind.

I wondered. Even my Uncle John had forgotten WWII.

Politicians came and went, Mao, Deng and others, but companies and institutions continued, that was Sir Patrick's overriding consideration, and especially now that he had a long future to look forward to, as I was to learn, a factor that shaped his vision.

INI was more like a commonwealth than an empire, its units autonomous, with millions of customers spread across the

planet, in different geopolitical spheres, with over half a trillion dollars in assets.

Its peers were City & Colonial, JPMorgan Chase, Citigroup, HSBC and Bank of America, which like Kennedy had bet big on China.

INI Hong Kong had recorded handsome profits in China and Sir Patrick's links through his family had enabled him to navigate through the minefield of Chinese politics.

He was committed to China, which didn't prevent him from determining an independent path, thanks to his group's transnational nature.

Kennedy was a charismatic figure, and although he came from a modest family in Limerick City, over the years his experience, marriage to Lili, wealth and responsibilities had transformed him into a suave, cultured, influential man of the world, speaking with his Irish brogue in a variety of languages, including Cantonese and Mandarin, which had of course smoothed his path in China.

With a background as a chartered accountant in Limerick City, where his firm had provided accounting, auditing and liquidation services to companies in the Shannon Free Zone and International Business Park, there was little he could be told about reading a balance sheet and with his easy going Limerick manner it was said he could charm the birds from the trees.

Kennedy had been instrumental in transforming what had been a modest Irish Bank into a multinational banking

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corporation, succeeding Michael Fitzwilliams, the bank's former CEO who died in dramatic and unexplained circumstances when his yacht went down following an explosion in the Irish Sea nearly a decade earlier.

He had a gift for choosing and surrounding himself with good men, such as John DeFrancis, a renowned economist, Angus MacPherson in Hong Kong, Sergei Tarasov in Moscow, Tom Barton, a successful businessman in Latin America, Liam Clancy, now head of INI London, and more recently Henrique da Roza, head of Belpharma. Then there were his close friends, Scott Fitznorman, Dee O'Connelly and Anna Basurko in the cultural world, and many others, including his in-laws in Canton and Hong Kong—the Wu family, now one of INI Hong Kong's largest shareholders.

His Clan had seen their fortunes grow, and Clancy in particular, whose personal investments had expanded at a phenomenal rate.

With the banking empire run by the men of his Clan, Kennedy could concentrate on his long-term goals, and they were long-term, much longer than I could have imagined at the time.

INI's main activities were corporate and investment banking, wealth and asset management and, to a much lesser extent, retail banking, which for historical reasons was mainly based in Ireland and the UK.

INI's Hong Kong headquarters, whilst impressive, were on a much smaller scale than City & Colonial's 48 floors, or the

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Bank of China's landmark tower that dominated the city's harbour.

To Kennedy's mind it was quality that mattered, not the number of floors, and he applied the same principal in choosing his associates and clients—quality.

By January 2019, Kennedy had watched with growing concern the pro-democracy demonstrations, the street battles in Hong Kong and the beginning of Beijing's crackdown. Then, in January 2020, the Covid virus appeared in Wuhan, and soon it had reached into the four corners of the earth. Kennedy anticipating the chaos that ensued, with his wife and children took-off for his villa in Beaulieu-sur-mer on the French Riviera, from where he managed his business interests.

When China imposed new national security laws in Hong Kong, he delayed his return, preferring to wait and see, extending his plans to other parts of the world, leaving Hong Kong in the discreet care of the Wu brothers and Angus MacPherson, insisting on the Irish origins of his bank when Britain risked the wrath of Beijing with its posturing, sending its warships, including the pride of its much-diminished fleet, the HMS Queen Elizabeth, to the South China Sea.

Towards the end of the dinner, just before dessert, Sir Patrick proposed a toast.

'I would like to thank Michael for his remarkable work and courage.'

He raised his glass and I felt uncomfortable.

‘And a special thanks to Valentina, whose courage enabled Michael to escape his captors.’

The two Johns, along with Henrique, applauded and raised their glasses.

‘To our young friends’ said Sir Patrick, ‘and their remarkable success. And to Michael, whose efforts have provided us an invaluable report exposing the greed of those whose only aim is money.’

‘Here, here,’ the others echoed, overlooking Sir Patrick’s own business ambitions.

Valentina and I followed suit, sipping our champagne.

Sir Patrick beamed, paused, then looked at me pointedly and announced, ‘...and I still have some unfinished business with China.’

I choked on my champagne.

He laughed, invited his guests to enjoy themselves at the bar on the observation deck, and turning towards me put his hand on my shoulder and guided me from the dinning room to a quiet corner of the lounge.

‘Let me explain,’ he said smiling to reassure me. ‘Not in China, but to do with China. As I told you over the phone Michael, in Central America, China is expanding its influence. For the moment Russia is out as far as our interests are concerned. Right now we have to look at Central America and the Caribbean. Africa, Namibia and Angola will come later.’

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Fuck me, I thought, aghast at the very idea of Angola.

‘Chinese presence in what has been exclusively American and European turf is growing at an ever increasing rate, Michael, exploiting natural resources, you know, forestry products, minerals and agricultural land, as you have seen in New Guinea and the Solomon Islands.

‘You may ask why, with all our resources, I don’t use our people in Hong Kong. The reason is simple, our objectives are highly confidential and today Beijing’s Ministry of Security is everywhere.’

I nodded weakly.

‘You are Irish and with your language skills and experience, you will be part of my on the ground team with Henrique. That’s why I want you to meet Tom Barton in Colombia, then George Pyke—he’s head of Aeres, our security group.’

Aeres, together with Baudouin van der Broeck, had engineered my escape from China.

‘We are committed to building a better world. Change is coming and we must prepare for it. We cannot continue to exploit the planet’s resources. They are not infinite,’ he paused. ‘Have you heard of Ciudad Salvador Mundi?’

‘Apart from your yacht, no.’

‘All this is of course strictly confidential. As I told you in our telephone conversation, I want you to report to me directly, keep me updated, informed of what is happening in the places that matter to us.’

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Jesus, I thought, it's true, a fucking spy.

'Before you head off to Central America, you'll need to stop off in Ireland, where Henrique will introduce you to Belpharma, our investment in pharmaceuticals and life sciences.'

'Bel...?' My voice caught. It was too much. Suddenly I was sober, and the lingering taste of food and champagne in my mouth was replaced by a dry sensation as Kennedy smiled benignly at me.

'The world has become a dangerous place, Michael, and we, along with our friends, have decided that we cannot just stand by and watch,' he concluded, his jaw now set, a strange glint in his eyes.

## CHAPTER 6

### A warning

**E**arly the next morning I found my Uncle John Ennis in a corner of the sundeck, looking out over the water at the stunning Mediterranean landscape.

‘Did you know that Scott Fitzgerald wrote ‘Tender is the Night’ here on the Riviera?’ he asked me.

As a matter of fact I did. It had been one of my reading subjects at Fudan in Shanghai, the Chinese version.

I said nothing. I just smiled.

‘How long will it be like this?’ he mused.

I frowned wondering what he meant.

He pointed westward to the horizon. ‘Those clouds on the hills, are not clouds, it’s smoke coming from forest fires. Normally they occur in August-September. But each year they’re happening earlier.’

I stared into the distance. I used to think John was an alarmist, but now I knew different.

‘I’ve just come back from a conference in New Zealand Michael. Climate change is happening faster than we thought. They’ve been tracking sea temperatures for decades and it’s looking bad, seriously worse than they had though.’

I listened.

‘Marine heatwaves. You know, I first went to New Zealand in 1970. It was a wet, windy place. It’s changing and changing fast. Like a lot of other places on the planet.’

‘I Can imagine that.’

‘Yes, we thought we had more time. Now we know that’s not the case. The changes in the ocean are so significant that they’ve been noticed outside scientific circles.

‘It’s the start of autumn there, and in the Cook Strait between the North and South Islands, marine fisheries are being hit hard by rising sea temperatures as heatwaves become more frequent.

‘Marine life is changing, fish are dying, whale migration habits are changing dramatically and sea birds are dying.’

John was spoiling my morning as I basked in the glow of the Mediterranean sun.

‘The whales have moved south from their feeding grounds in Hauraki Gulf, looking to find plankton in cooler waters. Changing the migration patterns they had used long before we were even there.’

It not only affected whales, but also sharks and orcas, dolphins, manta rays, shellfish, and many seabird species.

It was a vision of things to come, the future of the world’s oceans, what would happen if the temperature rise to 4°C by the end of the century?

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The birds were dying. The *Korora Oliveri*—the world's smallest penguin species, endemic to New Zealand's coastline, were starving, along with millions of other seabirds, as warm waters pushed fish deeper and further from the coast, and the temperature had only risen by 1.5°C.

The temperature of the world's oceans was the highest it had been in 40 years, according to satellite measurements. Of course, it was affected by specific events, but two kilometres below the surface, where temperatures were measured by buoys, ships and underwater drones, it should be almost constant, but the heat down there had been rising relentlessly for as long as scientists had been measuring it.

'This is anthropogenic climate change and in New Zealand,' John continued, 'the evidence is clear, penguin deaths and starving chicks coincide with the heatwaves.'

\* \* \*

For the next few days, Pat Kennedy's superyacht lay anchored somewhere off the coast between Beaulieu and Monaco, 'on standby', he'd quipped. It must have cost a fortune. According to my uncle, she was using about a thousand litres of fuel, a tonne an hour...without moving, when she was moving, that shot up according to her speed.

With a full crew of 40, tenders, helicopters and all the rest, the *Salvator Mundi* cost ten million dollars or more a year to run and maintain.

Kennedy had more than his fair share of wealth, but I didn't complain, my parents were wealthy landowners in Ireland and mostly absent.

The richest 1% of the world's population, which included my family, produced 15% of the world's carbon emissions, that's twice as much as the poorest 50%.

But wealth was power, and at the moment the rich were not about to give it up. It had always been that way and, apart from a few revolutions, little had ever changed.

No wonder the rich wanted to blame India and China, or the birth rate. But it was obvious to me that human numbers were linked to the destruction of the natural environment.

And even if the population was about to peak and decline, the billions that were here and were to come all wanted to be part of the American or perhaps the Chinese dream, which was to consume like you and me.

Of course, the billionaires produced astonishing amounts of carbon per capita, they also provided a model. Better a few rich men like Kennedy than a billion desperately hacking away at our habitat, the source of our existence.

Overpopulation and bleeding hearts would surely destroy the planet before the rich.

The kind of story that sold newspapers or boosted prime time television ratings, was telling the public how many tonnes of carbon Kennedy's Gulfstream produced, or the 10,000 tonnes of CO<sub>2</sub> his yacht pumped out each year, which was nothing

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compared to the 60,000,000 tonnes of oil consumed annually by the population of a country the size of the UK to run cars and heat homes.

Elon Musk and Jeff Bezos planned to import rare minerals from the moon in 30 years' time, which would more than offset the CO2 produced to develop space exploration.

'You don't agree with me, then for God's sake go there and see the heaving masses of humanity that will certainly destroy the planet, not Switzerland and Ireland,' John Ennis told his ecologist minded friends. 'India, Pakistan, Bangladesh, the Philippines, Mozambique, Nigeria and Egypt, should better concentrate their efforts on population reduction, and we in the developed countries should take the lead.'

In 1994, Robert D. Kaplan in an article in the Atlantic Monthly entitled, 'The Coming Anarchy', described how population growth, urbanisation and resource depletion undermined governments. In 1997, in another article entitled, 'Was Democracy Just A Moment?' he questioned the future of democracy.

## CHAPTER 7

### Shanghai — A couple of years earlier

Shanghai was a fantastic place, it lived up to its legend. Lucy, my Chinese girlfriend, showed me around. She was Shanghainese and though I'd never met her parents, I understood her father was a politically well-connected businessman with his family roots going back to Canton and the pre-Mao days.

The Wangs had been in timber even back then, imported from British Malaya and Dutch Batavia. They had seen turbulent times when part of the family fled to Hong Kong in 1949, after the arrival of Mao's Communists to power, and then again when the ageing tyrant launched his disastrous Cultural Revolution.

Wang was the family name, the British wrote it Wong. Their business was not only timber, but also construction—commercial and residential properties.

Soon after I'd arrived in Shanghai and found a place to live, Lucy asked me to pick her up at her parent's place. I suppose they wanted to check me over. Their apartment was in a modern luxury tower on Nanjing Road, the penthouse was vast, though nothing like the early 20th century villa I later visited in

the Former French Concession, which Lucy liked for its garden and more graceful style.

The Wangs were part of what the Chinese called *háomén dàzú* (豪门大族), rich and powerful family clans.

Another much larger place they owned was near the Thomson Pudong Golf Club, in the new Jingqiao district, the Golden Bridge, where some of the wealthiest Shanghainese lived, situated on the other side of the river, one of the classiest residential districts in mainland China, which attracted the nouveaux riche and where property prices matched those of Hong Kong.

As I said they were very well-off. Henry Wang's Delta Group was obviously much bigger than I had at first imagined.

But what struck me about the Wangs' apartment on Nanjing Road was not its size, but the taste and elegance of its furnishings. Fine rosewood tables and chairs, Ming antiques and pieces designed by the internationally renowned artist Ai Weiwei, Qianlong porcelain and other valuable decorative objects, and an eclectic collection of both ancient Chinese and spectacularly modern Western paintings.

Chinese, from tycoons to the growing middle classes, all wanted a piece of their country's rich history, and if they could not afford the prized objects of collectors like Henry, there were many thousands of furniture makers that manufactured reproductions in quality rosewood.

I had learnt how over the previous decade the demand for imported rosewood, both logs and sawn timber, had outstripped

supply and prices had reached astronomical proportions. It answered some of the questions I'd posed during my research into deforestation in Papua New Guinea and Indonesia.

Other species of tropical timber were transformed into parquet flooring and garden furniture and exported to the US, Europe and Japan whilst most of the rosewood remained in China, consumed locally.

The explanation lay in the real estate boom. Over the course of the previous two decades, more homes had been built in China than at any other time in human history, and 200 million Chinese had joined the middle classes.

Rising standards of living and the emergence of a middle class had created a spectacular demand for wood products, not only for flooring, windows and other fittings, but also for rosewood, which led to an ever-increasing demand for imported tropical timber from Africa, South America, South East Asia and the islands of the Pacific Rim, mainly New Guinea and the Solomon Islands.

The stakes were enormous, billions of dollars, as vast quantities of timber, including endangered species, were stripped from the rainforests of Madagascar, Ghana, Cambodia, Myanmar and Indonesia, aided and abetted by rampant corruption.

As a result, vast tracts of rainforest were cleared to harvest the precious woods—known under the generic name 'rosewood', listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora, including *Dalbergia*, *Pterocarpus*, *Cassia*, *Millettia* and *Diospyros*,

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species that formed the principle targets of the logging companies supplying the furniture trade.

Vast fortunes were made and my interest in the subject made me the target of a new kind of Chinese mafia, in the form of trade and manufacturing associations, the modern day version of guilds and triads.

These were the heirs of traditional business organisations that had played an important role in the Chinese economy. As such, the guilds, while having undergone considerable change, still existed, pursuing business interests at local, regional and national levels through highly opaque arrangements.

The old guild rules, such as limitations on opening new workshops or recruiting new apprentices, no longer existed, but money and *guanxi* had ensured that they still enjoyed privileges and political protection, as modern trade associations adapted to new economic and social conditions, in order to survive in an ever changing world.

With their inevitable links to the CCP, they could put pressure on their enemies, people like me, whose research into the trade in endangered species revealed the links between the tropical timber trade and the Nanxun woodworking and furniture industry.

\* \* \*

The Wang's Nanjing Road apartment was within a short walking distance of INI's Shanghai offices, just off the Bund, where I had a modest work space. It was a couple of stations on the Metro, or depending on the traffic, a short taxi ride from

my own place in Luwan, near Huahai Road—avenue Joffre in the old days, part of the Former French Concession area. I rarely used the company car, unless it rained, mostly because I got a kick out of mixing with the local crowds.

Shanghai had once been known as the Paris of the Orient, and it still had that air of class, culture and wealth, though its history as a great city was in fact short. It reminded me of Saigon, now Ho Chi Minh Ville, which retained many of the more positive souvenirs left by the French.

The iconic hotels, office buildings and apartments on the Bund had been built as part of the Shanghai International Settlement, created in 1863, when it was run by the British and Americans, which enjoyed a period of growth and great prosperity between the First and Second World Wars.

The historical districts of Shanghai still had a lingering air of the thirties, suspended in time, with their quiet tree-lined avenues and French villas, now owned by well-off Chinese families, those like the Wangs, who had made good.

Many expatriates—with whom I had little contact, lived further out from the city centre, in Shanghai's sprawling residential suburbs, near to international schools, more at home with the parks and shopping malls than the city's traditional quarters with their old *longtang*s and *shikumens*.

Lucy and her friends liked to shop in the French quarter, a bustling area where the streets were lined with trees and filled with trendy boutiques, restaurants, lively bars and cafes, which were more reminiscent of European cities rather than those of China. Changle and Xinle roads with their French architecture

were their favourites, where small designer fashion houses blended Chinese and European styles.

The legends of pre-World War II gangsters lingered on in local folklore, though the more sordid aspects of life in those days were forgotten—gambling dens, opium and gangs. The days of Du Yuesheng had become one of those colourful oft repeated tales, when ‘Big-Eared’ Du, leader of the notorious Green Gang, controlled Shanghai’s lucrative opium trade.

Du became the enforcer of ‘Pockmarked’ Huang, the top Chinese detective in the French Concession Police, who was also one of Shanghai’s most notorious gangsters.

An ally of the Nationalist leader Chiang Kai-shek, Du, the gang leader, was even appointed as president of Shanghai’s Opium Suppression Bureau.

Chiang Kai-shek’s Kuomintang Party did not hesitate to employ Green Gang mobsters to break up union meetings and labor strikes, a method which still had echoes today when thugs were employed by the police to breakup protest meetings.

Even worse was Zhang Xiaolin, who was said to have fed one of his mistresses to his pet tiger. After collaborating with the Japanese invaders he became head of Zhejiang, the rich province to the south of Shanghai, the birth place of Alibaba’s Jack Ma. Zhang finally met his end with a bullet in the head, executed by his own bodyguard. Du fled to Hong Kong and Huang ended up as a sweeper in the grounds of Dashijie, a property he had controlled at the height of his power, dying at the age of 85 under communist rule.

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\* \* \*

I googled the address of the Wang's apartment and found that the prices ran into tens of millions of Chinese yuan, or several million US dollars.



*Fairmont Peace Hotel*

I discovered later that Henry Wang also had an apartment in the Fairmont Peace Hotel, originally the Cathay, Shanghai's most famous hotel, just like Sir Victor Sassoon who spent most nights in his eleventh floor penthouse overlooking the Bund.

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It was where Henry entertained his business friends and political cronies, conveniently near his Nanjing Road apartment, all part of the Chinese way of doing things I was told.

Not long after I arrived in Shanghai, Lucy and I were invited by her brother Edouard and his girlfriend to the Jazz Bar at the Fairmont. The iconic hotel opened in 1929 as the Cathay and Sassoon House and I suppose the bar dates back to that time, in any case the band was now the oldest jazz band in the world, in the sense that the musicians were all in their sixties and seventies. It was a ‘must’ in Shanghai, especially for those seeking the legendary atmosphere of the twenties and thirties, with the jazz band playing golden oldies and a before dinner drink at the bar.

In Sassoon’s days it was certainly more exciting, when what mattered in Shanghai was what was happening high above in the Tower Night Club, where Charlie Chaplin and Paulette Goddard once danced as the guests of Sir Victor.

Now, the crowd was superannuated, like the jazz band, at least the cocktail was stiff—gin, Cointreau and vermouth, with a shot of *creme de menthe*, which we sipped as we watched a sultry singer, who was closer to our generation, wearing a tight-fitting *qipao*, who entertained us with old Chinese favourites.

We moved on to ‘M on the Bund’, much more our generation, with its fantastic terrace, overlooking the Huangpu River, situated on the top floor of the 1927 Nissin Building, built for a long defunct shipping company of the same name. It was perfect dinning under the warm night sky, the view across the

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river, and a menu that reminded me that Shanghai was certainly the most cosmopolitan city in China.

Edouard, who was proud of his home town, told me the story of Sassoon, who had moved the headquarters of his family empire, built on opium and cotton, from Bombay to Shanghai, launching the real estate boom that would transform it into the Paris of the Far East.



*The Bund in the 1930s with the Cathay Hotel with its pyramidal roof*

It was like that I became familiar with the extraordinary history of Shanghai, more especially that of the twenties and thirties, before World War II and the Japanese occupation of the city, a period indelibly marked by Victor Sassoon, whose fine buildings along with other landmarks of that epoch were still

the symbols of the architecture that transformed Shanghai and opened the heartland of China to the world.

The Shanghai of the Roaring Twenties was certainly far more exciting and exotic than today's Dubai or Singapore. It was not only a place where business empires were built, essentially controlled by the British, a thriving hub where fortunes were made by the tycoons and oligarchs of the day, it was also a den of iniquity, a hotbed of revolution, culture, literature, cinema and art.

It was not built on the ephemeral wealth of oil, gold or rubber, but the gateway to the fabulous Middle Kingdom of 300 million people, situated at the mouth of the Yangtze Kiang, on the East China Sea, ceded in perpetuity to the United Kingdom after the First Opium War by the Treaty of Nanking in 1842.

Three quarters of a century later, after the World War I, businessmen and adventurers from all over the world flooded into Shanghai in search of wealth and sensations, they were joined by those fleeing the hardship and inequalities of rural China—the most populous nation on Earth. Peasants fleeing oppressive misery and conflict, foreign opportunists, administrators and bankers from London, White Russians—refugees from the Bolshevik Revolution, merchant seamen and sailors of the British fleet, soon joined by Americans, French and Japanese, as the city boomed.

Gazing across the river I imagined the smoke from ocean liners, riverboats, the smells rising from the houseboats moored on the banks of the Huangpu River that hung heavily in the air,

a giant stream that served as an open sewer, flowing into the Yangtze Delta and the China Sea.

In those days limousines made their way through the streets to the noise of electric trams, rickshaws and the milling crowds, symbolic of a vast cosmopolitan metropolis, a pearl covetously eyed by Tokyo, the seat of the Japanese Empire, which had already swallowed Korea and Manchuria..

Victor Sassoon, the scion of a Sephardic Jewish family, was born at the end of 1881 in Naples, Italy, where his parents had paused en route to India.

The Sassoons, originally from Baghdad, had fled antisemitism in Iraq in 1829, then part of the Ottoman Empire, and settled in England in the middle of the 19th century where Victor was educated at Harrow and Cambridge.

His great-grandfather David Sassoon had established himself in Bombay, where he and his sons built a trading empire, that stretched between India, China and the UK, an empire built around the export of opium to China, a thriving business, with a fifth of the opium imported transported on the ships of David Sassoon & Co., Ltd.

When Victor Sassoon arrived in Shanghai from Bombay in British India, he was at the head of a fortune created by his grandfathers and bore an English title—third Baronet of Bombay.

After transferring the seat of the family business empire from Bombay to Shanghai, he started buying up land on which he built his Art Deco hotels, offices and mansions that were to

become Shanghai's most famous landmarks which still define the city that straddles the Suzhou River. Amongst these was the 20 storey apartment building—Broadway Mansions, on the western side of Garden Bridge, near the Astor House Hotel.

At the summit of his success, Sassoon controlled more than 1,800 properties, including six of the 28 most remarkable buildings in Shanghai of ten stories and more, making him the envy of his British compatriots.

Not only did he succeed in business, he also became the talk of the town, the playboy of Shanghai, watching his horses win at the Shanghai races, throwing the most extravagant parties, inviting international stars and the great figures of the moment and seducing the most desirable women.

It was in 1927, when he built his famous hotel, on the corner of Shanghai's most important commercial artery, Nanking (Nanjing) Road and the Bund, one of unparalleled luxury, with his personal suite in the Tower, which occupied the whole of the eleventh floor, offering his guests a 360 degree view of the city.

The hotel was designed in the then fashionably Art Deco style—still considered one of the most elegant lines ever conceived in architecture. Its tower, the focal point of the Bund even today, was crowned by a striking copper green pyramidal roof, differentiating it from the conventional grey Neoclassical Victorian style reflected in many of Shanghai's late 19th and early 20th century architectural monuments.

Victor Sassoon entertained his numerous mistresses at the Cathay, amongst them was Emily 'Mickey' Hahn—the

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American journalist and writer, in his oak-paneled Tower suite, that boasted two bath tubs, which he explained with the quip, ‘I like to share my bed, but never my bath.’

Shanghai’s renowned waterfront skyline, famous for that serendipitous mix of Neoclassical, Art Deco and Beaux-Arts architecture, was built to house banks, trading houses, hotels and other institutions of the British Empire, France and the US. Amongst them the Shanghai Club for the British—now the Waldorf-Astoria, the Jardine Matheson building and the Consulate-General of the United Kingdom, since transformed into a private dining establishment for Chinese government officials.



*Waldorf Astoria, the former Shanghai Club for the British*

‘So what happened to Sassoon,’ I asked Edouard.

‘He left Shanghai in 1941, before Pearl Harbor,’ he replied. ‘Sensing the imminent war he headed west. Finally, in 1949, he wound up all his Chinese activities and settled in the Bahamas, where he died in 1961.’

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It was a remarkable destiny for what had been a muddy fishing village that went by the name Hu Tu Lei, situated on the site of what was to become the British Consulate, nearby the Waibaidu Bridge that crosses the Suzhou Creek at the point where it joins the broad dark Huangpu River.

Today, Shanghai is a vast city of well over 20 million, where most foreign residents were not much better than rather privileged immigrant workers—English teachers, software engineers, restaurant and coffee shop owners, or small time entrepreneurs and tourists.

At the height of the Foreign Concession's fame in the 1930s, there was never more than 70,000 foreigners in the concession, compared to about 150,000 today.

The city's population is now more than twenty times greater than what it was then, when most foreigners were British, French or Americans. Today they are Japanese, Koreans and Americans with just a few thousand Brits, of which I suppose I was one—more or less.

## CHAPTER 8

### A Cambodian Temple

**M**y sudden disappearance in Shanghai had caused panic, and not only at INI and the Foundation. Given my close relationship with Lucy and Edouard, Henry Wang was deeply concerned and his first reaction was to protect his own family.

There was no telling what could happen as Xi Jinping's 'sweep away the black' anti-corruption campaign targeted businesses and leaders that did not toe the CCP's line. People disappeared in China and not only at the top, no one was safe.

Edouard was immediately dispatched to Singapore to take care of Delta's boat building projects, and Lucy packed off to Phnom Penh where, as an archaeologist, she would be kept busy by Cambodia's ancient civilization and temples.

Henry's company, Delta Timber, had invested in Cambodia's timber and construction sectors, which had flourished over the past decade, but was hit by the Covid pandemic and its impact on tourism and real estate.

Fortunately for Henry, China's overriding geopolitical interests in Cambodia and the South China Sea, ensured its backing for Hun Sen, Cambodia's leader, the longest serving head of state on the planet, a dictator overseeing one of the world's most corrupt regimes.

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Cambodia, Beijing's closest ally in Southeast Asia, had allowed China to use the Ream naval base in a secret deal. The Union Development Group, a Chinese company, had been granted a 15,000-hectare concession in the Bokom Sakor National Park, close to Vietnam in the south of the country, where it was suspected of developing the concession to facilitate the installation of a Chinese military presence.



*Logs for sale on Alibaba*

Cambodia's dictatorial one-party rule was backed by army generals accused of systematic human rights abuses, fully detailed in a 284-page Human Rights Watch report entitled 'Cambodia's Dirty Dozen' and a video documentary detailing the unexplained wealth of the generals and their family members.

Henry was a wealthy man, his Delta Group had diversified interests which went a long way in protecting him from the impact of China's real estate debacle. He had surfed the construction boom, building commercial property and upmarket condos over the previous two decades whilst his timber business supplied flooring, windows, doors and kitchen furnishing as well as quality rosewood furniture for the burgeoning middle classes.

China's insatiable demand for luxury furniture had fueled a multimillion dollar rosewood business in Cambodia led by Okhna Try Pheap, a businessman who controlled a vast, corrupt logging operation with the complicity of government, military, police and customs officials. The timber, including valuable rosewood, was transported by road and river to the Mekong River, from where it was shipped to ports in China, including Hong Kong, Canton and Shanghai.

\* \* \*

Lucy torn by her concern for Michael, could do nothing in Shanghai, especially with the endless Covid lockdowns. She had little choice, but to obey her father, leave for Cambodia, where she had promised to visit her cousin Alice.

Waiting for them at Phnom Penh International Airport was the Delta Timber representative, accompanied by Alice Wang. The two cousins had studied archaeology together in Shanghai, and Alice was now in Cambodia as part of a Chinese team working on the restoration of a temple in the Dangrek mountains, north of Siem Reap province.

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Nat Lim, Delta's representative was an Overseas Chinese, who besides speaking Khmer also spoke Cantonese and Mandarin. As Henry Wang's man he was obviously well connected and knew his way around Phnom Penh.

'You're booked into the Hyatt Regency with Alice,' Nat informed her as he led them to the car waiting outside the arrivals in the VIP parking spot.

Lucy had never visited Cambodia and she hoped it would help take her mind off Michael's dilemma, after her father had tried to reassure her he would be safe, a misunderstanding, helping the authorities with their enquiries.

Lucy was not reassured, she knew what the euphemism 'helping the authorities' meant.

Once in the car, Alice explained they would start by visiting Angkor Wat, in Siem Reap, a couple of hours to the north of Phnom Penh by road, after they had visited the capital.

That evening they were invited by a friend of Lucy's father, who had been asked to see that she was looked after, protected, in a city that had become a wild frontier of Chinese capitalism, skyscrapers, casinos and gangsters, under the iron rule of Hun Sen and his cronies.

Wang Yaohu had invited a group of well connected friends to a banquet at the Rosewood, a luxury hotel in the centre of Phnom Penh, a 39 storey skyscraper, the 25th to 39th floors housing the Rosewood, the lower floors the headquarters of Vattanac Capital.

It was an astonishing complex in an otherwise small city if compared to Shanghai. The street levels formed a very upmarket shopping centre filled with boutiques for the elite—Longchamp, Clarins and Hugo Boss. They were the very rich, business families, ministers and generals, their shinning SUVs lined up outside whilst their chauffeurs and bag carriers waited on standby, amongst the swarms of scooters, tuk-tuks and hawkers.

The hotel was a startlingly different world to that outside, where crowds thronged around the neglected colonial-era railway station, the shophouses and eating places. Phnom Penh was a dusty, noisy, happy-go-lucky city, filled with ramshackle markets and roadside hawkers selling mouthwatering grilled chicken brochettes and a whole host of indefinable dishes.

The food hall, situated in the basement of the Rosewood, was busier than the boutique levels, but not exactly bustling compared to the city outside with its overflowing shops, bars and restaurants in the downtown area, where the crumbling French architecture hid the day-to-day misery of the workers sweating in the garment factories in the city's outlying districts.

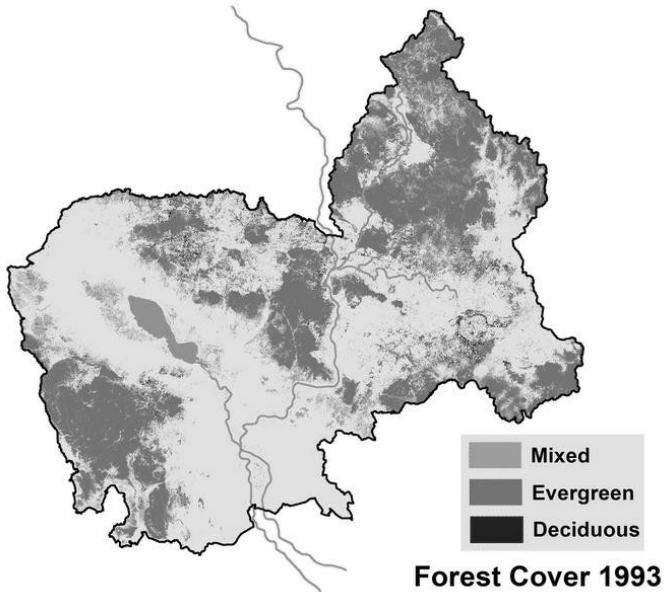
The government, which came to power shortly after the fall of the Khmer Rouge, led by Hun Sen, fixated on grandiose projects, financed by Chinese developers in exchange for cheap labour and sweatshops to replace no longer affordable labour in China.

\* \* \*

Visiting all of Angkor Wat would have been an impossibility, the site was simply too vast, overwhelming, and after what

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could only be described as a tourist exploration of the site, they reluctantly put back a more detailed visit for their return to the city.



Nat Lim put a Toyota Land cruiser and an English-speaking driver at Lucy's disposal for the trip to the temple site with Alice who was joined by Matt Oakeshott, an Oxford archaeologist, a few years older than her, also engaged on the restoration project at the Preah Vihear Temple.

They left Siem Reap and headed north along routes 66 and 67, a three hour drive through the National Park, towards the hills, not far from the Thai border, where different edifices and temples were being restored by an international archaeological team.

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The site, near Koh Ker, a former 10th century capital of the Khmer Empire, lay on the edge of the Kulen Prum Tep Wildlife Sanctuary, 120 kilometres to the north of Siem Reap, where the ruins had merged with the forest.

However, for much of the region the forest looked more like an African savanna than the kind of tropical forest Lucy had seen in Indonesia and New Guinea.



*Preah Vihear Temple*

There were more than 2,000 ancient Khmer sites in Cambodia, an archaeologist's dream with endless discoveries of magnificent temples and other buildings that bore witness to the wealth of the Khmer civilisation. More than 850 of the 5,300 ancient temples were located in protected areas, 426 of which were found in Phnom Kulen National Park.

Alice described how the temple complex of Preah Vihear, a UNESCO World Heritage Site dating back to the first half of the 11th century, was dedicated to Shiva. It was situated on the edge of a plateau that dominated the Cambodian plain and was part of an extensive restoration programme, extending over a

length of 800 metres with the sanctuaries linked by esplanades and stairways.

That said, it had been seriously complicated by the Covid pandemic, stops and starts, as archaeological teams were subjected to endless restrictions that prevented them from travelling.

It was also complicated by the fact the site lay on the Thai-Cambodian border and had been the subject of a long running dispute between the two countries. The border also served as a passage for smuggling archaeological artifacts and timber.

Thailand, Cambodia and Laos, three countries rich in history, formed a triangle where the traffick of archaeological artifacts was widespread, aided and abetted by unscrupulous officials.

Thousands of priceless pieces were stolen, depriving Cambodians of the relics some believed to be incarnations of their ancestors. Roughly torn from their pedestals with picks, chisels and even dynamite, and sometimes broken into pieces for easier transport, scattered around the world, adorning museums and homes in New York, London and Paris.

‘One of the most notorious dealers was Douglas Latchford, a Bangkok-based British businessman, at the heart of the systematic looting of Cambodia’s national treasures for decades,’ Matt told us.

‘Latchford was known for two famous statues looted from the Prasat Kra Chap temple in Koh Ker, a sparsely populated forest region, near the national park, about 50 or 60 kilometres from here.’



*Latchford*

He described how looters, digging in Prasat Kra Chap's central shrine, found two statues, one was Shiva the Hindu god, and the other Skanda, the god of war, riding a Peacock, a bird associated with youth, fertility and war.

They loaded the statues onto oxcarts and crossed the border into Thailand. There they were paid a few hundred dollars and the statues were transported to Bangkok, where they ended up in Latchford's hands. Not long after, Latchford sold Skanda and the Peacock to a collector for 1.5 million dollars and kept Shiva for his own collection.

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Latchford's daughter Julia, returned the entire collection to Cambodia which she had inherited when her father died in 2020. It included 125 objects—statues, sculptures, gold and bronze figurines.



Latchford, who dominated the Cambodian cultural scene for decades, parading as an expert and benefactor, was in fact a dealer in looted antiquities, who made millions selling them through internationally reputed dealers and auction houses.

Latchford's empire was revealed in the Pandora Papers, trusts and offshore tax havens, two trusts in Jersey, both named after Hindu gods—Kanda and Siva, and Skanda Holdings Limited, registered in the British Virgin Islands.

\* \* \*

Nearing their destination they passed a number of those trundling two wheeled tractors, locally called 'iron oxen', which had largely replaced the four legged kind, towing trailers

piled high with different produce and in the more isolated areas freshly cut logs.



*Loading freshly cut rosewood*

Lucy asked the driver to pull over to the side of the road where a man was trying to start one of the tractors. He was watched by a couple of villagers wearing nothing but kramas, chequered cotton cloths wrapped around their waists, as they stoically waited to load a pile of freshly cut logs stacked on the edge of a laterite track. Nearby, stood three white humpbacked oxen that had certainly skidded the logs over the rough ground from a freshly cut clearing.

Matt instructed the driver to ask directions from the headman who was wearing what looked like army fatigues. An excuse to find out more about the logs.

Sticking up conversation the driver was given the unlikely story that the logs were cut for charcoal as Lucy inspected them more closely.

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‘Rosewood,’ declared Matt. ‘Siamese rosewood, exported to make pricey reproduction Qing and Ming Dynasty furniture in China, I’m sorry to say.’

The exterior of the large logs was a nondescript woody yellow, but it was the rich red interior that identified it as highly valuable rosewood for which men were willing to kill.

Matt counted the tree rings.

‘This one is not far off one hundred years old. Worth several thousands of dollars,’ he announced with a helpless shrug.

They climbed back into the Toyota and continued their way north.

‘A lot of that furniture is exported to Southeast Asia, though most is consumed in China,’ Matt continued.

‘A company owned by a certain Try Pheap, a politically well connected businessman who runs a large scale illegal logging consortium. They operate with the connivance of corrupt officials to export the rosewood, using police and army officers to protect the movement of their illegally logged timber.’

‘But this is a national park,’ exclaimed Lucy.

Alice laughed. ‘Anything goes here if you’re connected to Hun Sen and his family.’

‘He’s linked to Wang Yaohui, who is subject to international sanctions. Designated as being a foreign person, who is a current or former government official, complicit in, directly or indirectly, corruption, including the misappropriation of state

assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.



*Tropical forest and canopy*

Lucy told them how she together with Michael D’Arcy had investigated illegal logging in Indonesia and New Guinea and how Michael had disappeared, probably detained because of his efforts to expose corruption in the rosewood furniture industry in Nanxun.

Lucy was surprised to learn that Alice had become an activist after meeting Matt, working with groups such as Mongabay and Global Witness to investigate how industrial-scale deforestation was taking place in Cambodia.

In addition to his archaeological interests, Matt worked with Mongabay, providing confidential reports on illegal logging

and deforestation, supporting NGOs like the Rainforest Alliance and the Valhalla Group.

For years the ecosystems of Beng Per had been under siege, as vast areas of forest cover and almost all old-growth hardwood trees had been lost to logging and plantations, bringing the primary forest to the edge of extinction along with its flora and fauna, pushing the indigenous forest peoples into miserable villages on the edge of freshly cleared forest areas as cheap labour, victims of official corruption and illegally logging.

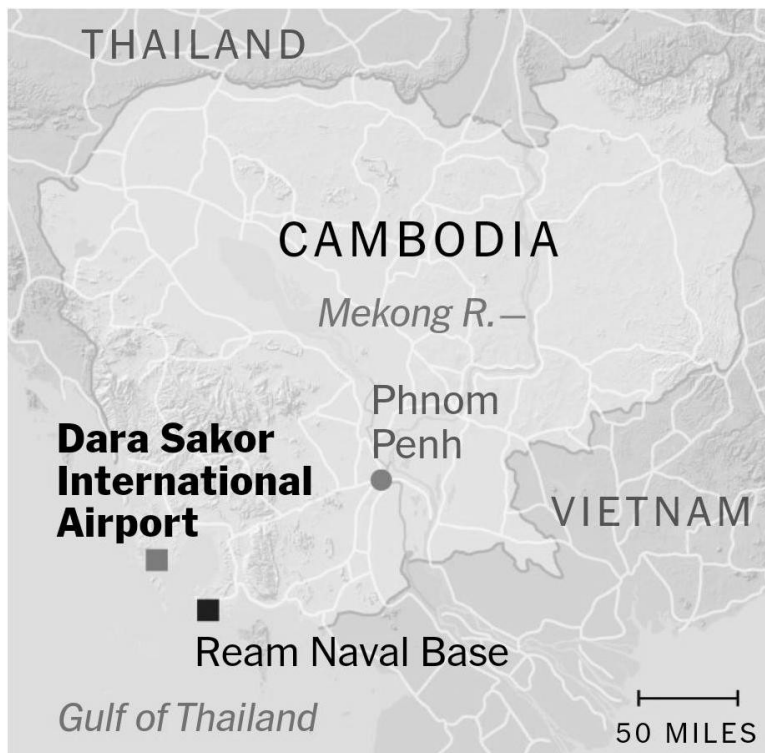
Among the business associates of Try Pheap, were Xu, Samnang and Zhongjian, owners of the KB Hotel & Casino in Sihanoukville.

Pheap's company, the Try Pheap Group, illegally shipped timber from the international port of Sihanoukville on the Gulf of Thailand with the blatant complicity of senior government officials.

When questioned by activist organisations, Sao Sopheap, spokesman of Cambodia's Ministry of Environment and a Hun Sen crony, declared he had not seen any report alleging corruption involving Okhna Try Pheap's business activities.

It was evident that Okhna Try Pheap profited from the country's endemic corruption, which ensured illegal loggers were given safe passage and immunity from timber confiscations and penalties.

His Try Pheap Group had even been given exclusive rights to buy timber seized by enforcement agencies, export it and sell it at a profit.



Global Witness had provided evidence that Hom Hoy, a two-star general and a member of Hun Sen’s close protection team, was one of Okhna Try Pheap’s middlemen, clear proof of the company’s links with the country’s military.

Pheap, a former adviser to Prime Minister Hun Sen, controlled vast forestry concessions, certain if which were in

national parks, where his company flouted laws designed to protect the country's natural resources.

Siamese rosewood, found in Cambodia, Laos, Vietnam and Thailand, was one of the most valuable and endangered of the 33 official Hongmu species, with millions of cubic metres exported from the Mekong region to China in recent years, worth billions of dollars.

Cambodia had become a prime target for China's expansion into Southeast Asia, a partner in corruption, privileging Sihanoukville, a seaport and resort through which 90% of Cambodia's imports and exports passed, and a beneficiary of its Belt and Road Initiative, which included a two billion dollar highway from the capital to Sihanoukville and other infrastructure projects.

Sihanoukville had also been developed for Chinese tourism with hotels, casinos as well as manufacturing zones for the garments and textile industry, built along the route between Phnom Penh and the coast, businesses which were relocated from China.

A wide scar ran through what had been a virgin forest, marked out for the development of a tourist zone with an international airport, a 30 billion dollar investment. Chinese interests were everywhere, part of a vast plan to turn Cambodia into a Chinese base, part of Beijing's 'string of pearls' stretching from the South China Sea to the Red Sea.

Hun Sen had embraced China, which in turn helped him consolidate his corrupt grip on power. UDG's 99-year

concession has been described as the largest coastal investment project not just in Southeast Asia, but in the whole world.

Hun Sen, of course, rejected the idea that he was opening the door to the wolf, insisting that Dara Sakor's airport and seaport would transform the remote forest into a world-class logistics hub.

## CHAPTER 9

### Nanxun

*When sorrows come, they come not single spies, but in battalions.*

The reason for my continued presence in Shanghai was the result of several months research into illegal logging and deforestation on the islands of Southeast Asia and the Pacific Rim. A multi-billion dollar industry. Which was now focused on rare and valuable tree species that were close to extinction on the vast tropical island of New Guinea.

Drug trafficking, the poaching of rare animals for their parts in traditional medicines, arms smuggling and human trafficking were all dangerous criminal enterprises. On the other hand, timber could be harvested illegally, stripping primary rainforests of vital tree species, shipped and processed openly, generating hundreds of billions of dollars a year, under the noses of the authorities, transported with forged documents in shipments of legal cargo—where the old adage of not seeing the wood for the trees was never truer, and with the complicity of corrupt officials and businessmen.

Virtually unknown to the general public, rosewood was becoming rarer than ivory, rhino horn and tiger bones combined.

According to Annah Make Zhu in her excellent book *Rosewood*, the trade in precious woods in China was far greater than that of any other endangered species. In fact, rosewood had become the world's most trafficked group of illegally harvested wildlife by value.

Reproduction Ming dynasty rosewood furniture was once again in vogue in China with an estimated market value measured in billions of dollars, a consequence of China's emergence as a world economic power and the great wealth generated by its middle class, professional and business cohorts, with every successful individual wanting a piece of their country's cultural history.

Valuable furniture was also seen as an opportunity to park surplus earnings in 'antique' hongmu (red wood) collectibles. Once prized by the Chinese imperial elite, hongmu had become a symbol of class, wealth and success, coveted by the millions entering the prosperous upper-middle classes of Chinese society.

Rosewood, which englobed several tropical dark-red hardwood species of trees, had always been valued for its strength, its weight and aesthetic qualities in furniture making.

The renewed enthusiasm for this elegant wood had led to the depletion of stocks in traditional sources as demand outstripped supply, with prices soaring to 20,000 dollars a ton, ten times that of other tropical hardwoods, and as much as 50,000 dollars a cubic metre for Thai rosewood.

All this led Lucy and I to the Chinese woodworking industry, the centre of which we learnt lay in a town called Naxun,

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upriver from the Shanghai Delta, on the south bank of the Yangtze River.

To explore Nannun, just a couple of hours drive from my place in the Former French Concession, I figured that a weekend with Lucy would be a good way to start.

Nannun, an ancient city, was crisscrossed by canals. It lay close to Lake Tai and Huzhou City, on the opposite banks of the lake from Suzhou, another historical city of 10 million.



*Nannun Canal*

Early that Friday evening we checked into a boutique hotel Lucy had booked in the ancient city centre, a large house dating from the late Ming period, once owned by a rich merchant, its architecture and elegant furnishings in style with the period, overlooking one of the city's many picturesque canals.

I discovered Nanxun a pleasant old town, a tourist ‘must’, filled with history, many of its unspoiled houses and gardens dating from the Song Dynasty. The weather was great and the next morning we started with a canal trip, then a visit to the many gardens and quaint streets with their Qing and Ming period houses. It seemed very far from the wood processing factories I’d read or had been told about.

What I didn’t realise, as we enjoyed our visit, was that behind the historical sites and gardens, not more than a few hundred metres from the edge of the ancient city, were some of the hundreds of wood processing plants that formed the centre of the region’s other, and probably most important, economic hubs, and many of these businesses were almost certainly involved, directly or indirectly, in the tropical timber smuggling racket.

We decided to explore the processing plants and Sunday morning we set off in Lucy’s car to check out the industrial surroundings.

Nanxun and its adjacent districts had become a major player in the wood transformation industry, concentrated in four sectors, starting with solid wood flooring, followed by furniture, plywood and wood thread processing.

It was an incongruous situation because the road between Huzhou and Nanxun, like the one we had taken on our way from Shanghai, was notable for its almost total absence of trees, in fact there were no forests for hundreds of kilometres around Shanghai.

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Nanxun was the centre of a wood industry without forests, generating business worth nearly two billion dollars annually from the transformation of raw timber to finished wood products.

The reason was simple—the timber industry owed its existence to the Yangtze River, on the banks of which ocean-going vessels docked and unloaded vast quantities of unprocessed tropical hardwood logs, with the recently built port of Zhangjiagang, north of Suzhou Prefecture in Jiangsu Province, a huge modern timber port, acting as the distribution hub serving manufacturing plants throughout the region via the vast network of inland waterways built over the centuries by imperial China.

The Yangtze shaped Chinese history, linking the great port of Shanghai with the cities of Wuhan and Chongqing in the west. Wuhan where Mao Zedong swam in the broad river in 1966, on the eve of his return to Beijing, where he launched his disastrous Great Proletarian Cultural Revolution.

We learnt that Nanxun had been progressively transformed into the world's largest wood flooring production centre over the course of the previous quarter of a century, as many hundreds of small family workshops were grouped together into larger units, described as industrial clusters, transforming Nanxun into the capital of China's solid wood flooring industry, its products marketed under the Naxun and Zhejiang brand names, exhibited for international buyers at the Nanxun International Building Materials City.

‘So how did the ancient water city become the world’s largest woodworking centre without a forest?’ I asked Lucy.

She told me how for centuries Chinese junks had arrived in the Yangtze Delta with their cargoes of exotic hardwoods cut on the tropical islands bordering the South China Sea. The precious wood supplied the many workshops that made fine traditional Chinese rosewood furniture in and around Hangzhou and Suzhou, where inland waterways facilitated the transport of raw logs and finished products. This elegant furniture was destined to adorn the palaces and homes of the rich, not only in China but also in Japan, Siam and even the palaces of European royalty when Chinoiserie became fashionable.

It was a fashion that began in the 17th and 18th centuries, when foreign travel, and especially intercontinental travel, was impossible for most people, who, thanks to the opening of new trade routes, relied on objects and works of art to discover the far corners of the earth.

In Europe, a fascination with China and Chinese things developed, creating a huge demand for porcelain and rosewood cabinets to house collections, tables to display vases and chairs to sit on while taking afternoon tea.



In Europe, a fascination with China and Chinese things developed, creating a huge demand for porcelain and rosewood cabinets to house collections, tables to display vases and other elegant furnishings.

One of its highpoints came when King Louis XIV built the Trianon de Porcelaine, a five-pavilion structure decorated with blue-and-white tiles—considered to be a Chinese style, on the grounds of the Palace of Versailles in 1671. The French king's fascination with China in the form of Chinoiserie spread throughout the royal courts of Europe all through the 18th century and can still be seen in the palaces of Vienna and Berlin, where Frederick the Great's Chinese Pavillion at Sanssouci became a reference.

The trend developed when the East India Company began trading from Canton, exporting tea, silk and porcelain to

London, with the Dutch, Portuguese and French following suit. This gave way to designs created in China for the European market, with exaggerated ornamentation to suit the European styles in vogue at the time.

In the 1980s, with Deng Xiaoping's economic reforms, Naxun developed by taking advantage of its geographical location, low labour costs and the availability of abundant high quality affordable tropical hardwoods, imported from Indonesia and Malaysia through the long-established network of the overseas Chinese business communities.

As the industry expanded into plywood and flooring, the demand for hardwood grew until the imports of *Pometia pinnata*, a Papuan tropical hardwood known as Taun, reached a staggering 620,000 cubic metres a year.

Other species that went by different commercial names, included rosewood, purple sandalwood, mahogany, chicken-wing wood and many others, came from Taiwan, Hainan, Vietnam, the Philippines and the Indonesian archipelago.

Products exported to the US bore trade names such as Samoan mahogany, Malaccan cherry, or Pacific mahogany.

Whatever the name, the logs were transformed not only in Naxun, but also in other hubs, such as Nankang, a district of Ganzhou City, in the south of Jiangxi province, where in the same way thousands of small companies manufactured furniture, flooring, plywood and building materials, without little consideration as to where the wood originated, green washing it in the process.

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From the moment China imposed restrictions on logging in its own forests, wood imports exploded, running into millions of cubic metres of hardwood logs annually, mostly from the Congo and Amazon basins, Myanmar, Indonesia, Malaysia and PNG, worth billions of dollars, which contributed to the unsustainable growth of illegal logging and the destruction of rainforests owned by indigenous communities, especially in PNG.

Chinese ports like Zhangjiagang to the north of Nanxun, were at the heart of the vast hardwood supply chain, part of the global timber trade, a 300 billion dollar industry, directly linking American, European and Japanese consumers to the destruction of rainforests in PNG and the Congo Basin, lands that most consumers could not even point to on a map.

Much of the timber unloaded in Zhangjiagang was felled illegally, at an incalculable cost to indigenous rainforest peoples and the global climate.

The impact on the natural fauna was equally catastrophic, which according to research carried out by the very serious Max Planck Institute in Germany, resulted in the deaths of more than 100,000 orangutans, hominids like ourselves, in Borneo since 1999.

\* \* \*

Countless media pundits, eco-warriors and popular green campaigners like Kyril Kyriforosos, talked about the destruction of the rainforests and pointed fingers at the bad boys, especially Jair Bolsonaro and big agribusiness interests, but were they the real culprits?

It wasn't simply a question of politics, right-wing leaders, big business and profits.

No.

The reason lay in the ever-growing population of our planet, the ever-growing number of mouths to feed, the constant need for more agricultural land. In clear we humans, collectively, were the culprits, to satisfy the endless demand of not only our vital needs, but also those of our improved living standards.

These needs included timber, agriculture, livestock, mining, oil and gas extraction, dams for irrigation, water and power generation.

Half of the world's rainforests had been destroyed over the course of the last one hundred years, a rate that guaranteed many of us would live to see the other half vanish. My Uncle John Ennis had seen 90% of Borneo's primary forest disappear in his lifetime and his father had seen almost all of the Philippines' hacked down.

Deforestation was in fact the second cause of climate change, greater than that of the entire global transport system.

Did elephants destroy the crops of poor African farmers or had the growing number of farmers encroached on the elephants' territory?

Illegal logging, fishing and wildlife trade robbed the world of precious natural resources. The statistics made grim reading—an elephant was poached for its tusks every 30 minutes, an African rhino for its horn every 8 hours, one in five fish was

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caught illegally, and in certain countries, particularly in Africa and South America, 50% to 90% of all timber was cut and traded illegally and as much as 35% of the value of all illegal trade was rosewood.

The fact remained that few people thought about where the wood in their furniture, floors or doors, came from or how it got there. And few would guess that one of the most illegally traded wildlife species was not the four legged kind, but trees, and more especially rosewood.

\* \* \*

Rosewood, virtually unknown to the general public, became increasingly rare after Ming dynasty furniture became fashionable again in China, a business that generated a staggering 26 billion dollars a year, created by the conspicuous consumption of China's new middle classes who sought to park their surplus earnings in antique hongmu furniture.

Once valued by the imperial elite of China's society, antique rosewood furniture was now synonymous with economic progress, wealth and success by the nouveaux riche classes.

Rosewood, in Mandarin 红木(hóngmù), was a generic term for a group of tropical hardwoods prized by furniture makers over the centuries for their strength, weight and aesthetic value.

The heartwood varied from golden brown to dark blood-red, whilst the external rings of sapwood were pale yellow and had been used in China since antiquity to make high quality

furniture. This group of trees originally included *Dalbergia odorifera* and *Pterocarpus santalinus*, which were now virtually extinct and had been replaced by other species from Papua New Guinea, the Solomon Islands, Indonesia, Malaysia, the Philippines, Burma, Cambodia, Thailand and Vietnam.



New Guinea rosewood, *Pterocarpus indicus*, was commonly known as amboyna wood, a large deciduous tree growing to 30-40 metres in height and up to two metres in diameter at the base, an important timber that commanded very high prices, but the export of logs was banned and only processed timber could be exported. Unfortunately, the log export ban was circumvented by turning logs into lumber, veneer or other minimal changes so that it could be classified as processed.

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Companies like the Rimbunan Hijau Group and others exported sawn rosewood and whole logs in undeclared containers, aided by the problem of taxonomy, where for example the *Dalbergia* genus had over 300 accepted names, more than 240 synonyms including, Amboyna, Angsana, Nara, Narra, Narravitail, New Guinea rosewood, Papua New Guinea Rosewood, Rosewood, Sena, Solomons padauk and Yaya sa.



It was simple, a single log of two cubic metres, was worth more than 20,000 dollars at the point of shipping, which represented a considerable sum of money in industrialised countries, not to mind in New Guinea, where a standard 40 cubic metre shipping container loaded with quality sawn rosewood represented a fortune in anybody's money.

For that reason the bulk of raw timber exports from Papua New Guinea wouldn't pass a customs inspection without a kickback, in any case the least preparation justified the qualification 'sawn timber'.

My research found that the majority of logging operations in PNG were backed by government permits, which did not however guarantee they were not logged in protected zones.

PNG had become China's largest single supplier of tropical timber, exporting up to three million cubic metres a year, and like Cambodia, PNG was a beneficiary of China's Belt and Road Initiative, including a significant number of infrastructure investment projects, not to mention a quarter of the country's debt was owned by China.

Papua New Guinea was the home to the world's third largest tropical rainforest. It was also the home to a very diverse number of indigenous communities, speaking over 800 different languages and with over 80% of its population living in rural areas as subsistence farmers and hunter gatherers, as they had for millennia.

In recent years PNG had lost over 60% of its forest cover to uncontrolled logging in spite of its indigenous communities being constitutionally recognised as custodians of their rainforests.

It wasn't difficult to understand why the government maintained long standing relationships with Malaysian companies like Rimbunan Hijau, when customary law could be circumvented by bribing local and government leaders. In fact

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70% of logging in PNG was illegal despite the fact that 99% of the land was owned by local peoples.

To complicate matters companies like Rimbunan Hijau operated from offshore tax havens, such as the British Virgin Islands, to provide opacity and facilitate illegal cash flows.

China as PNG's largest importer of wood and wood products had few regulations to prevent the importation of illegal timber.

To start with PNG inspections controlled the quantity and description of exported timber, but gave little attention as to where it came from, that is to say its legality. Thus, once loaded onto a ship, illegally logged timber became legal after shipping documents were endorsed by local customs officials.

\* \* \*

PNG was not alone in stumbling into the Chinese debt trap. Developing countries that possessed abundant natural resources without the means to develop them, like PNG, or could not afford infrastructure like deep-water ports as in the case of Sri Lanka, were targeted by China, not only by providing the loans necessary, but also by carrying out construction work, exploiting resources and providing markets.

It was part of China's strategy to access commodities and dispose of the ports and infrastructure necessary to ensure the delivery of raw materials to its industries.

In that way many developing countries along the new Silk Road were seduced by easy credit, contracting multibillion

dollar loans with Chinese bank's and companies, both private and state-owned.

According to a 2020 report, China lent 1.5 trillion dollars to 150 countries, thus becoming the world's largest official creditor. The catch was interest was fixed at commercial rates, on the mistaken assumption growth would facilitate repayment.

Unfortunately the double shock of the Covid pandemic and Putin's war in Ukraine was intensified by the rise of global interest rates, upsetting the best laid plans of both lenders and borrowers.

In addition China by inexperience, naivety or pure calculation, overlooked the nature of corruption, politics and social unrest, in its client countries. The consequence of which was a mountain of unpaid debt and uncompleted projects as I was to discover in Costa Rica with the 500 million dollar highway from the capital of San Jose to the province of Limon on the Caribbean coast.

## CHAPTER 10

### China

**I**t was difficult for Westerners to understand China, the gulf between cultures being so great, commencing with language, followed by a political system—nominally communist, though in essence perpetuating the cultural heritage of imperial China, vehicled by its languages and history, its notion of race embodied by the Han, by the absolute power enshrined in Xi Jinping and his predecessors—the Sons of Heaven and the autocratic rulers of all under Heaven. Not overlooking China’s historically narrow vision of the external world, and finally its vastly different legal landscape,

Whether Xi Jinping was the Son of Heaven or not was irrelevant, what mattered was that I’d arrived in China as it confronted change. Probably the greatest change since Mao’s death, and that was a fact, not just the kind of idle chatter spread over the internet by news media and so-called China watchers.

It was a sentiment that I had felt as an observer, watching the daily life of Henry Wang, his family and friends, and what I was about to witness was a crash, when China’s headlong race to the future came to an unexpected stop, a race in which its leaders had given little or no consideration as to what that

future bore for them, apart from a sense of instant gratification for the masses, and more power to their leaders.

It was as if the growth it had experienced for more than two decades would go on forever, and at the phenomenal pace they had become used to. A race to development fueled by an insatiable need for raw materials, where China resembled Santa's Christmas Workshop, churning out goodies, 365 days a year, year in year out, homes and infrastructure, consumer goods for China, and the rest of the world.

I had seen the damage wreaked to secure those raw materials in Indonesia and New Guinea. Then came the scramble to relocate labour intensive industries to countries like Cambodia and Myanmar as wages rose across China. All that coupled with the oversupply and collapse of China's property and housing market told me the giant had feet of clay.

I remembered what I had learnt at Imperial College's business school—Galbraith's explanation of how crashes occur, when market growth suddenly goes into reverse, a description that fitted Chinese companies like HNA and Evergrande to the letter.

Then there was India waiting in the wings, watching, hungry, ready to work for less, and with everything to gain.

China and more especially its property giants had covered their future liabilities by issuing more debt, and now businesses like Evergrande were forced to unload their assets to meet those liabilities, as seen when the construction giant contested a winding-up lawsuit in Hong Kong.

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If that wasn't all, there were China's bad banks, established in the 1990s, that had expanded far beyond their mandates, becoming financial conglomerates, fueled by debt, loans provided by financial institutions and investors at home and abroad.

One of those was China Huarong, a financial asset management company, mostly state-owned plus minority foreign investors like Warburg Pincus and Goldman Sachs, whose business was distressed debt management, which included the sale of assets.

Huarong found itself in trouble again in 2021, after a 16 billion dollar loss in 2020 and a government bailout. If that wasn't bad enough, its former chairman, Lai Xiaomin, was found guilty of accepting huge bribes, corruption and bigamy.

According to China's tabloid press, and China had its share, Lai was said to have owned 100 homes with 100 mistresses and would randomly pick a house in which to spend the night with one of them.

When he was arrested it was revealed he had a stash of cash and gold bars, weighing three tonnes, hidden in one of his Beijing apartments, which he described as his supermarket.

He was executed in 2022.

It was a brutal reminder of China's long standing tradition of killing a chicken to frighten the monkeys.

As Galbraith foresaw, fire sales caused asset prices to fall, which was exactly what happened in China, as markets and

businesses with exposure to property developers collapsed. Of course banks and investors tried to claw back their money, but to no avail.

At which point Galbraith postulated, deflation would occur with asset prices falling—and they did, housing sales and prices went into free-fall and asset markets started to crumble.

As usual trouble never comes alone, Galbraith had not built into his calculation unforeseeable factors, black swans, such as the covid pandemic or the wild schemes of a dictator, such as Vladimir Putin's disastrous post-Soviet gambit of invading Ukraine, which drove up energy and food prices, whilst in China labour costs exploded and asset prices fell.

Looking east, two autocrats, Vladimir Putin and Xi Jinping, appeared to be joining forces against Ukraine and its Western allies.

My mentor, John DeFrancis, an economist and historian, head of the Fitzwilliams Foundation, reminded me of the autumn of 1939, when there was one question over which the tyrants of the time, Hitler and Stalin, were in full agreement—Poland. A short time after signing the Molotov-Ribbentrop Agreement, a Nazi–Soviet pact, they ordered their respective armies to attack Poland.

Following WWI, Poland had controlled regions where there were large Ukrainian and Belorussian minorities, which justified in Stalin's eyes his plans for Poland.

On 1 September 1939, five German armies totalling one and a half million men marched into Poland. Then, two weeks later,

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on 17 September, half a million soldiers of the Red Army moved towards Poland from the east. Polish resistance was crushed, and six weeks later the Third Reich and the Soviet Union carved up their victim, which ceased to exist as a nation.

The question I asked myself was, why was China embarking on such risky adventures, giving moral support to Russia, saber-rattling in the South China Sea, threatening Taiwan, when it was facing huge problems at home?

For one thing, its economic miracle had fizzled out, compounded by a low birthrate and a growing number of retirees leaving the labour market. A situation that inspired Xi Jinping to urge his fellow citizens to make babies, even out of wedlock. But he was out of luck, his pleas fell on deaf ears, young Chinese were more interested in improving their standard of living than having babies.

This meant that China would be looking towards a long period of stagflation with lower economic growth.

At the same time, the Fitzwilliams Foundation had observed how Xi Jinping's personality cult was silencing initiative, creativity, new ideas, as China worked itself into a corner, one that would soon be almost impossible to get out of.

More than 70% of China's household wealth was tied up in its property market with real estate construction accounting for 13% of the Chinese economy, and very much more if the whole property linked chain was included.

The middle classes had lacked alternative investment options, since financial services, mutual funds and retail wealth

management opportunities, were practically non-existent, leaving families with little choice, but to turn to property as a savings investment.

Until recently the Chinese had managed to avoid the economic impact of the property collapse, however, the domino effect from the Evergrande fallout hit other developers, which fell one after the other, spreading misery throughout the real estate sector.

Sales collapsed and bond defaults became frequent, spelling the end of more than two decades of continuous growth, powered by an extraordinary boom in real estate and infrastructure construction, two of the main growth engines of the Chinese economy.

Hundreds of millions of Chinese were in debt, hundreds of thousands of businesses in difficulties, many others faced closure. People lost their jobs, home prices fell by as much as half, many could no longer pay their mortgages, couldn't pay school fees, had their cars repossessed.

The coronavirus would go away, but not the debts.

Men like Henry Wang had become inveterate gamblers, upping their stakes, whether it was by acquisitions, stock markets, real estate, art collections, in China or abroad, it seemed liked they were on an endless winning streak, everything they touched turned to gold.

Ever since Deng Xiaoping had introduced his reforms, launching China on its path towards the new millennium, it had been a headlong race to modernisation, to the point that

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anything less than double digit growth had become unimaginable.

Any casino operator could have told them winning streaks don't last, but they would not have listened. Many had become compulsive gamblers, the kind you see late into the night at the poker tables in Macau, reckless gamblers, junkies, blindly risking all, ploughing through their cash, borrowing and accumulating unsustainable debts.

What was even worse was the frenzy had infected all levels of society, rich and less rich alike, betting on the ever rising price of homes, apartments, after all they knew you couldn't lose on bricks and mortar.

Evergrande surfed the wave, they couldn't lose either. A privately owned business, catering mostly to China's urban middle-classes, which, with more than one thousand projects in the pipeline and under construction, in more than 600 cities, had accumulated debts and liabilities exceeding an unbelievable 300 billion dollars.

Henry Wang's firm was part of Evergrande's supply chain and was on the hook for many tens of millions of dollars as work ground to a halt on several of the developer's construction sites, as suppliers went unpaid for materials, everything from windows to doors, flooring and other fittings, a problem compounded by Covid restrictions as whole swathes of Shanghai were hit by rolling lockdowns.

It was, I suppose, why Henry asked me with increasing frequency, though in somewhat indirectly, what I thought about offshore companies and banking facilities in Dublin, one of

Ireland's lesser known business attractions. He'd obviously done his homework as Dublin's Silicon Docks and International Financial Services Centre had built a solid reputation attracting foreign entrepreneurs and investors.

Ireland was in fact one of the European Union's most favourable member states for the creation of businesses with its very favourable laws and taxation legislation for offshore companies in Dublin. The Irish Republic was an English speaking member state of the EU, and very much aboveboard, unlike certain Caribbean tax havens, in addition, from Henry's point of view, it had the advantage of being very far from China.

\* \* \*

It was funny how times had changed, because when my grandfather had talked to me of Dublin, it had been a different place to that of his father's days, aptly described by Anthony Cronin in his book 'No Laughing Matter' in which he described the life and times of Flann O'Brien.

I found it on Z-Library, an extraordinary, if illegal, source of knowledge, which breached copywrite laws and just about every other law related to writers and publishers rights. It had accumulated near one hundred million documents and books, an inexhaustible source of knowledge, all part of humanity's patrimony and free with a few no fuss clicks on your smartphone.

'The milieu is the Dublin of the 1940s and 1950s, a city hard now to conjure save in the tones of grey and grey-green. We picture the

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lumbering Liffey and the clouds trundling overhead. We visit the quayside haunts—the Palace Bar, the Scotch House—mix with the clientele, behatted, besuited, shabbily genteel. The pints of plain are flowing, along with the balls of malt. We listen to the jokey banter that passes for intellectualism. It's a smoky masculine world: women scarcely exist save to mother or to serve. Around us Dublin is rotting, dear old dirty Dublin. Beyond lie the wastes of sadness, whence all brightness is exported in the emigrant ships to Liverpool, New York. The paralysis of Joyce's Dubliners had briefly been jolted by the fireworks of independence: now conformity reigns. It turns out that Ireland's 800-year struggle had not been for freedom at all: merely for separation, a wall against the new.

It became the required reading of the Dublin intellectuals, that inward coterie of wags and pranksters (among whom Myles undoubtedly numbered himself) who, like the Free State, were victims of promise and for whom, in the clerical orthodoxy that was Eire, promise was safer than success. It reflected their preoccupations, but simultaneously commented upon them: for all affectation, even his own, was grist to Myles's mill. Pomposity, the sham of authority, jobbery of the state: these were his quarries. A balloon might not swell but Myles's pen was there to pierce it. His attacks might be short or sustained, but their surest end was if someone Myles disapproved of joined in the assault: whereupon he would lampoon his unlucky and interim ally with all the scorn previously reserved for the original target.'

\* \* \*

'You see Michael,' Henry had confided to me, 'China, although it's the second largest economy on the planet, is still to a large degree an informal economy.'

'Informal?'

‘Yes, it has a hidden face, a great many people still work in a peasant based rural economy, on the land with local cash based markets in villages and towns. Even here, in cities like Shanghai, especially its surrounding districts, there is a large cottage based manufacturing industry, operating from hole-in-the-wall workshops and city apartments that function on non-declared cash based transactions.’

‘What about taxes?’ I asked, more for something to say than out of any real interest.

‘Ah, that’s a complicated question in China,’ Henry continued. ‘It’s a sore point, the truth is Beijing has difficulty in collecting its taxes.’

I was surprised. I would have thought that Chinese bureaucracy simply had to snap its fingers and taxes would come rolling in.

In fact it was a major problem for the government as growth was slowing down and funds were needed to compensate for the huge losses of inefficient state-owned enterprises, which employed large numbers of workers in urban areas, companies that had to be bailed out with loans from state-owned banks which were in turn heavily indebted.

‘You see Michael our government spares no effort when it comes to cracking down on tax evasion, promising to severely punish all kinds of tax dodgers, especially the wealthy ones. Xi Jinping has vowed to crack down on illegal income made from insider trading, stock market manipulation, financial fraud and tax evasion.’

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That evidently included Henry.

‘People like Huang Wei, who was accused of tax evasion, was fined more than 210 million US dollars.’

That was a lot of money in any terms.

‘Tens of thousands of companies suspected of tax evasion have been targeted by cash strapped local authorities that resort to collecting money through a variety of fees and fines.

‘As for income tax, only 2% of Chinese actually pay it. That means there’s very little taxation, like you have in Europe or America, to fund central and local government spending.

‘The only tax that can be collected comes from medium to large businesses, like mine,’ Henry said with a sad smile, ‘but, we with our accountants can legally limit the damage.’

Listening to Henry’s stories was always a revelation.

‘Few Westerners realise that in a huge country like China, our central government delegates power to the provinces, large cities and autonomous regions, which in turn delegate governance to districts, counties, prefectures and their second and third tier city councils.’

‘So where does the money come from?’

‘From value added taxes, taxes on businesses, and land leases.’

‘Land leases?’

I'd heard a lot spoken about land leases, but wasn't very familiar with their workings.

'Yes. Land leases because companies or individuals in China cannot own land. If you want to build a factory, an office block or an apartment building, you have to buy a 70 year land lease from local authorities.'

'So they raise taxes from land leases sold in public auctions?'

'Right. You see local governments have to transfer part of normal taxes collected to the central government, but, on the other hand, income from land leases remains entirely with local governments.'

'I see.'

'So property development has been one of the driving force in our economy, that with infrastructure development, you know roads, water and electricity to residential, industrial and business districts, and of course commercial centres.

'That means our local governments have been caught up in a competition to build all those roads, railways, airports and utilities to create economic hubs so as to attract industry and property developers, so that they can sell more land leases.'

It was a vicious circle largely reported in business articles in the Western press, but hearing it from Henry gave it greater meaning.

'This infrastructure requires up front investment, which is created by setting up supposedly private local government financial platforms, providing them with assets, such as shares

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in state owned enterprises, land and cash, which can be used as collateral to obtain loans from banks. These loans are then used to finance the construction of those infrastructure projects. The banks then bundle the loans and sell them as bonds on financial markets.’

It all sounded very familiar.

‘To give you an order of magnitude,’ Henry told me, ‘in 2019, these local government bonds represented 39% of all bonds on the domestic market, almost all the rest were issued by real estate development companies, like mine, businesses that need cash to develop the properties on the land leased from local governments.

‘These have been rated triple and double A, and were considered safe investments, said to be indirectly guaranteed by the state.’

I listened carefully

‘But in reality there was nothing to stop local governments from defaulting on their debts.’

It seemed almost unbelievable.

‘But, that question was never raised for the simple reason the real estate market had prospered for decades and until now was considered rock solid. Even the most unviable developments were approved with the flow of money raised from leasing out land for development.’

‘So what happened then?’

‘Well I don’t have to tell you that,’ he said laughing. ‘The Covid pandemic and the lockdowns, which, at least in part, provoked the real estate sales crash, along with the fall in demand for land leases by developers, now stretched for cash, that plus over supply, which all went to make a perfect storm.’

‘So what happens now?’

‘Well investors have started to unload property related bonds.’

‘Bonds?’

‘Right. The Chinese bond market exceeds twenty trillion dollar, that’s more than the entire global mortgage backed securities market.’

I was beginning to grasp the magnitude of the problem, it reminded me of Ireland, or Spain, a decade earlier.

‘You see our property market was built on a system of endless growth, which investors, believing that if anything went wrong, local governments would be bailed out by the central government.’

If Henry was right, it seemed that China was on the edge of a precipice.

‘But wait,’ he said now relishing the effect of his explanation, ‘it’s not finished.’

I looked at Henry waiting for the worse.

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‘Many of the older 70 year land leases will soon be approaching expiration dates, which creates another problem, how to roll them over?’

I said nothing.

‘In theory the land should revert to the state, but that’s not possible, because they would have to evict millions of families from their homes. On top of that the owners are convinced the land on which their property are built would never be repossessed, as homes with just 20 years still remaining on their leases are sold at the same price as those with 70 years remaining.’

He paused as if surprised by his revelation.

‘Business is not looking good in China, Michael. Especially with all these lockdowns. But tell me, what’s the situation in France?’

I was a little surprised by his interest, I mean he was a regular visitor to France.

‘Not too bad,’ I replied noncommittally.

‘I’m seriously thinking about expanding my business interests in Europe, diversifying. Perhaps Sir Patrick Kennedy would be interested Michael?’ he said in a hopeful tone

In spite of my surprise I nodded in agreement, more to please him than anything else. In any case I wasn’t about to upset him by saying no, you never say anything directly in China.

‘The situation here in China is far from being...’ He searched for a word, ‘hmm...ideal...and could still develop into a deeper and long lasting economic crisis.’

He was evidently ill at ease.

‘We’ve had a long period of prosperity, over 30 years, continuous growth, rising prices, our urban population growing at a rate of near 20 million people a year.

‘Think about it Michael, come over for dinner, we can talk about it some more.’

Henry Wang wasn’t blind, his business was in construction and construction materials, and he’d evidently seen the writing on the wall. Like many other very rich Chinese, he was afraid of the CCP and its unpredictable leaders, most of whom seemed to have little understanding of economics and had mistaken the unique economic conjuncture of the first two decades of China’s 21st century as a never ending success story, one that owed its success to the wisdom of the CCP.

Instinctively Henry did not trust China’s leaders and had no desire to see himself or his family ending up on the altar as sacrificial victims when things went awry. It was for precisely that reason he felt it was time to activate his plan B.

It wouldn’t be the first time a communist paradise turned into a dystopian nightmare.

His choice was France, maybe Dublin, there were too many of his fellow citizens in the US, too many Russian oligarchs in the UK, and besides he had already established links in France,

especially André de Launay, whose family had survived wars and revolution, though André was neither familiar with China nor an industrialist.

I suppose it was also why Henry took a shine to me, not only because I was his daughter Lucy's friend, but because I had lived in France and spoke French, in addition I had the right kind of *guanxi*, connections, my father being a senior diplomat with the European Commission. That plus the fact I was with the Fitzwilliams Foundation, something that Henry obviously hadn't missed, an internationally reputed think-tank, directly linked to Sir Patrick Kennedy's INI Banking Corporation.

'Is Ireland really a good place?'

I couldn't help thinking Henry was more than just curious, the Chinese dream was looking anemic and if Xi Jinping chose war over Taiwan, all bets were off.

'Yes, it's a very good base for international business development,' I piped encouragingly.

Henry's faced hardened, 'Yes Michael, it's time to set our plans in action.'

I wondered what he meant by 'ours', what I was getting myself into. I was beginning to learn what it meant to be part of the Fitzwilliams Foundation and the INI Banking Corporation.

## CHAPTER 11

### Henry Wang

Lucy didn't see that much of her father, he was always jetting around, Beijing, Hongkong, Singapore or Jakarta, and when he wasn't doing that he was karaokeing with his business friends at the Peace Hotel or playing golf.

China was a very patriarchal society, it was why Lucy and her brother Edouard accorded due respect to their father, and in his presence I did the same. So when he invited me to his golf club in Sheshan, on the outskirts of Shanghai, I accepted, though I hadn't hit a golf ball for at least a year.

Henry Wang was one of those Chinese tycoons, a property developer who lived in a different world to the more common of Chinese mortals. His group wasn't amongst the biggest, those mega companies like Country Garden, Poly Real Estate—a state owned group, or the likes of Vanke and Evergrande. Certain of which had assets in the hundreds of billions and as many as a thousand ongoing construction projects, a scale that would make a Brit, even American businessman, gulp. After those came them a gaggle of middle-size firms followed by hundreds of smaller, though nevertheless a big businesses given the size of China.

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Henry Wang's group was amongst the larger middle-size developers, which was rather awe-inspiring to me—still finding my way in the business world.

From what I had been able to make out his Delta Group was pretty diversified, building residential, commercial and industrial properties as well as infrastructure projects. He was also into building materials, not only importing commodities like timber and panel board, but with interests in shipping and foodstuffs including palm oil.

Amongst them was a group of companies making everything from wood flooring to doors, kitchen and household furniture—cupboards, wardrobes and that kind of stuff, which if I understood all he alluded to included sawmills in Vietnam and Cambodia.

Having his family's roots in Canton, that other Chinese powerhouse, had a couple of serious advantages, one northern Chinese did not understand Cantonese, and two it counted a lot in dealing with the overseas Chinese who generally spoke southern dialects.

The Wangs gave the impression of being serious players, running a tight ship, nothing frivolous, but I was to discover, behind the scenes, they too were poker players and often reckless like many other Chinese, who it seemed to me got a kick out of risk taking.

When Lucy first presented me to him, he talked about forestry, which was nothing surprising, that was my background, and he promised to introduce me to his Indonesian friends. He also introduced me to one of his managers who he

told me would help with visas, permits and the like for Indonesia and Papua New Guinea.

Lucy had grown up in Shanghai and like a lot of Shanghaiese she acted a little superior to most other Chinese. She not only spoke Mandarin, Cantonese and Shanghaiese, but also English and French. To people like Lucy, Northerners were not very business wise whilst the Cantonese were wheeler dealers compared to the Shanghaiese who it seemed were more sophisticated.

Henry was also a family man who adored his daughter, but outside his family and a close circle of friends, he was a hard-headed businessman who didn't have much time for fools.

He was interested to know what I thought of the Chinese economy, how people in Europe saw the market in China, in which areas they saw growth.

I was no expert, but I did know that not only was China's property sector seriously overheating, there was a scramble to diversify with too many Chinese businesses plunging into electric vehicles and batteries. I warned Henry climate change was a reality, as was the unsustainable consumption of raw materials and energy sources, but that did not seem to over concern him or any other Chinese business leaders for that matter.

By now I was very much aware, like anyone who listened to the news or read the papers, that China's property developers had accumulated staggering debts, estimated to be over five trillion dollars, most of it taken on during the euphoric boom

period when banks and investors fought to throw money at high flying business leaders.

Now, those same property developers were running out of cash, fast, and for several reasons—starting with debt-servicing costs, falling housing sales, and of course misuse of funds.

I was careful what I said, but Henry seemed to take it all in his stride.

I certainly didn't need to remind him that 600,000 hectares of residential floor space was under construction in China, he was painfully aware of that. It was equivalent to twenty thousand of Dubai's Burj Khalifas, that tower thrusting up into the desert sky, the world's tallest building, and to make matters worst a lot of what had already been built in China was still empty.

'I'll show you some of our projects,' he said with a placid smile, as if to humour his daughter's curious foreign friend, as he stood up, went to the bar and took out two small glasses and a bottle of Baiju, a fiery clear liquor, that quintessential Chinese spirit, often used to mark a moment and I suppose that's what Henry was doing, taking me into his confidence.

\* \* \*

So many wealthy nouveaux riche Chinese businessmen had gotten carried away by unrealistic projects, like compulsive gamblers they had not known when to quit.

I remembered how astonished I was when I visited the Shanghai Pudong Auto Show, not by the cars, but the number of Chinese firms scrambling to get onto the EV bandwagon.

One of them was Evergrande, owned by that flamboyant businessman, Hui Ka-yan, a reputed poker player, who rashly announced he wanted his firm, the New Energy Vehicle Group, to sell one million electric cars a year by 2025, a figure that even Elon Musk had taken nearly two decades to reach.

The first model his firm planned to produce, the Hengchi 5, was a fully electric luxury SUV with a body size that exceeded the BMW X1, fitted with a lithium iron phosphate battery, which had a rated power of 72 kWh and a cruising range of 600 km. In fast charging mode, Hui Ka-yan boasted it would take just 28 minutes to charge from 30% to 80%.

Besides lithium, EV batteries, which weigh as much as 600 kg, contain many other minerals, such as cobalt and manganese. A typical EV battery contained about 8 kg of lithium, 14 kg of cobalt and 20 kilograms of manganese, and very much more for larger models. All of which posed serious structural problems for roads, bridges and parking lots, since EV motors weigh more than conventional thermal motors. As usual there was no free lunch.

The timing of the New Energy Vehicle Group was bad as the world staggered from one crisis to another and it was now looking like Hui Ka-yan would have another problem on his hands as the competition hotted up and sales started to contract, making it unlikely he would convince the market, let alone reach his target of one million cars a year.

The billions of dollars Hui Ka-yan had raised for his EV project would not do his struggling group any good, and his plans were looking risky to say the least. It would require more

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than a miracle in spite of his having hired some of the world's most talented specialists to design, build and promote his cars.

A couple of years fast forward and the New Energy Vehicle Group was on the brink of liquidation. After six months of production it had only sold 900 vehicles and had activated a hibernation plan.

A decade after Hui Ka-yan's company acquired the assets of the defunct Swedish car maker Saab, it looked like another megalomaniac ego trip was about to hit the wall.

## CHAPTER 12

### The Cultural Revolution

I liked browsing in airport bookshops, especially Singapore Changi's transit zone, which offered a wide selection books for people like me trying to catch up on the history of a region which we Westerners were often so ignorant of.

Singapore was essentially Chinese with close contacts to the People's Republic and Taiwan—families, friends and businesses, and its bookshops overflowed with regional histories, biographies of political figures, language books, tourist guides and especially books critical of China, banned by Beijing.

On my return from Hainan to APP in Sumatra, I transited in Singapore on my way to Medan and as usual with more than an hour's wait made my way to the WHSmith bookshop, there a book entitled 'Agents of Disorder - Inside China's Cultural Revolution' caught my eye. It was written by Andrew G. Walder and published by Harvard University Press.

I bought the book and on the flight to Medan I thumbed through it and quickly realised that China's present leader, an admirer of Mao Zedong, was pursuing a similar path to that the Great Helmsman had taken more than half a century earlier.

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Over the days that followed, between writing my report on my internship at APP, I became absorbed in that turbulent period of China's modern history.

By 1966, nearly 17 years after taking power, the Chinese Communist Party had built a powerfully centralised revolutionary regime. Then, suddenly, it collapsed into chaos as fighting broke out between worker factions with industry and transport grinding to a halt.

Soon violent scenes of what resembled civil war erupted as factions battled it out on the streets of cities across the country, a violent conflict that ended only after the army was ordered to intervene.

The cause was an attempt by the elderly dictator, whose authority had been hit by the calamitous Great Famine of the 1950s, to reassert his control over the party by eliminating enemies, real or imagined.

'It was a power struggle waged...behind the smokescreen of a fictitious mass movement,' a Belgian scholar, Pierre Ryckmans, wrote in his damning account of the Cultural Revolution, 'The Chairman's New Clothes'.

Only in 1969 did a semblance of order begin to return, but not before the deaths of an estimated 1.6 million people and the instauration of military order.

The Cultural Revolution crippled the economy, ruined the lives of millions and thrust China into 10 years of turmoil, bloodshed, hunger and stagnation.

What struck me was the same Communist Party ruled China today, and Xi Jinping was born of that system. At the time the Cultural Revolution broke out, Xi Jinping, the son of a communist revolutionary, was 13 years old and by the time Mao died he was 23, which led me to the all important question, to what degree had the Cultural Revolution influenced Xi's thinking? Had it influenced his present change of direction and what impact would it have on China's economy?

It was a question of vital importance to the world and its economy, for which any destabilisation of China, even on a small scale, would be catastrophic, as China was its number one importer of food and raw materials and its number one exporter of manufactured goods, on which the entire planet depended.

Xi Jinping, had displayed overarching ambitions since taking charge of the Communist Party a decade earlier, among other things encouraging potentially dangerous ideas of territorial expansion and xenophobic dreams.

Xi promised his country a 'Chinese Dream' of restored national greatness by mid-century. Over time, elements of this 'rejuvenation' included a moderately prosperous, strong and harmonious society, a world-class army, a cleaner environment and China's return to the centre stage of world affairs.

Xi pledged to pursue this dream in his report to the 20th party congress when he was unanimously voted a mandate for an unprecedented third five year term.

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However, Chinese business elites, more open minded officials and liberal intellectuals, were plunged into gloom by the congress, as Xi's vision of the future became more focused on collective goals and less on individual achievements.

For much of the previous four decades, China's economic rise and return to the world stage had left room for the personal ambitions of hundreds of millions of individuals.

Those with the courage to improve their individual or family existence, those willing to take risks, included farmers who left their villages for the big cities as migrant workers where they set-up small businesses, corner stores, food stalls and repair shops in the hope of becoming rich.

Then there were the families investing their savings in apartments in half-built housing complexes to boost a son's chances of marriage. Many parents put money into after-school tuition for their only child, or online English lessons from a tutor in the West to improve the child's chances of studying abroad.

Young people enjoyed personal freedoms that would have astonished their parents or grandparents raised during the revolutionary convulsions of the Mao years. They watched foreign films and played online video games, listened to American music and wore Western fashions.

But for the Communist party, such choices threatened its monopoly of the hearts and minds of China's population. At the same time inequalities grew as did corruption which penetrated the party as pressures grew on the urban middle classes, as did

the competition for the best universities, jobs, finding a partner and a home.

The party's reaction was predictably in line with Communist thinking.

In 2015, Xi started by bringing religion under even stricter party control. Two years later, at the 19th party congress, he emphasised the dangers of 'unbalanced and inadequate growth' and pledged to 'adjust excessive incomes'.

Then in 2021, Chinese regulators forbid profit-making business activities in education and tutoring—until then a huge business sector employing millions, a move that sent shares plummeting, erasing tens of billions of dollars from the value of the country's once booming private education business. In the eyes of regulators the changes addressed the growing financial burden that families faced. But it was a move that shocked students and educators in what amounted to a ban on paid tutoring of schoolchildren.

In the same way, alarmed by speculation in the housing market, Xi moved to regulate the sector, and in doing so accentuated an already growing crisis.

Then online video-game platforms were forced to limit the number of hours spent online by young players and regulators slashed the number of foreign films in cinemas.

Xi's policies took a left turn whilst increasing his nationalistic rhetoric, which provoked a wave of apprehension in business circles, where men like Henry Wang questioned Xi's attitude to

private business, and whether he simply accepted it as a necessary evil.

Some even feared a return to communist collectivism, a return to the Mao years, when the party set the goals. The very idea sent a cold shudder down Henry's spine, the fear that Xi's project for the future included a planned economy.

Hadn't Xi declared, 'The younger generation should inherit and carry forward the spirit of hard work, self-reliance and strenuous toil, abandon arrogance and pampering, and engrave the blood of their youth on the monuments of history, just as our fathers did.'

Henry called it, Xi's 'Great Leap Backward', and if that was China's future he wanted out.

His misgivings were confirmed when CIFI Holdings, a real estate development company—building offices, hotels and residential properties, missed an interest payment on a Hong Kong dollar-denominated convertible bond. The market reaction was immediate, CIFI's stocks lost 72% of their value with its dollar-denominated bonds trading at around 10 cents on the dollar.

CIFI's default was of particular interest as it was one of a small number of private developers that Beijing considered worthy of direct state backing, unlike the beleaguered giant, Evergrande, and the many other similarly overextended property developers.

CIFI's troubles sparked a selloff in the shares and bonds of other developers considered to be healthier, such as Country Garden.

Residential housing sales had fallen 30%, and the end wasn't in sight. According to Fitch Ratings, 81 private developers reported a decline of 59% in contracted sales in the first half of 2022, compared with a 38% drop for 45 state-owned ones.

Faced with multiple crises—real estate, Covid-19 and the anti-corruption crackdown, China's economy was heading for a period of economic turbulence, and Xi was confronted with a major challenge, one that questioned the wisdom of an ideological about-turn, a move that would be filled with danger.

## CHAPTER 13

### The Chateau

I remember when Edouard met my cousin Eleonore Colbert. It was a couple of years back, a fine early summer weekend when together we were invited to a celebration at a chateau in the village of Entrains-sur-Nièvre, between the Loire and the Natural Park of the Morvan.

We Lucy, Edouard and I, were the guests of Anne de Fieubet de Launay, daughter of a French viscount, whose family were owners of the chateau since the 17th century, a splendid edifice which lay in the heart of Burgundy, a region of more than 30,000 square kilometres, covered by rich farmland, vineyards and forests, filled with history, which according to legend went back to Saint Mary Magdalene who was buried in the basilica that bore her name in Vézelay.

The cause for the celebration was Anne's graduation from Langues 'O' in Paris, where together we had been studying various exotic languages.

It was about that time I discovered Lucy's father, Wang Huiyao, aka Henry Wang, was one of those crazy rich Asians, worth a couple of billion or so, head of a conglomerate specialised mainly, but not only, in real estate and construction materials. He'd built his business during China's boom years,

when fortunes were made in a couple of decades of double digit growth and as many billionaires as in the US appeared almost overnight.

Henry Wang's interest in Burgundy had commenced with French oak, which he bought in large quantities and exported to China. With his frequent visits to France, Henry became a connoisseur of fine wines and French cuisine and at an auction of the world's finest wines at Sotheby's in Paris, he met the vicomte, André de Launay, one of Burgundy's oldest winegrowers and a respected member of the Bourgogne Wine Board.

The sale was memorable with the region's most famous wine—Romanée-Conti, selling for thousands and even hundreds of thousands of dollars a bottle. Henry broke a record with the highest successful bid for several lots and was invited to André's chateau and domaine and they hit it off. Henry soon became a regular visitor to Burgundy and its capital Beaune, flying in by helicopter from Geneva or Lyons after jetting in from Shanghai with his friends in his own private Airbus 320.

Edouard, six years older than Lucy, was in fact her half-brother, whose mother had died in a road accident when he was young. Long, or Xiaolong as Lucy liked to call him, had spent three years in London—two at the LSE and a year at a City investment bank. In that way Edouard had on occasions joined his father on his visits to Entrains-sur-Nièvre.

I got along great with Long, and like his friends I called him Edouard, his Western name. He like many Chinese had adopted an English name, a tradition embraced by many Chinese who

moved in international circles, which avoided the confusion and problems foreigners had with pronouncing Chinese names, though Edouard, the French spelling of Edward, posed other problems. He refused to have it shortened to Ed or Eddy, and when spoken by his Chinese friends it sounded something like *Edwah*.

Edouard and Lucy counted amongst their friends certain Red princelings—the sons and daughters of leaders and high level Party members and government officials with whom they had studied in London or Paris, jet-setting around Europe on occasions, developing *guanxi*, that essential Chinese networking tradition when they went into business, which in Edouard's case was already under way.

That weekend in Entrains-sur-Nièvre the conversation turned to boats and inevitably Edouard found an interest in common with my cousin Eleonore Colbert, who invited him, us, to visit Granville in Normandy, where her family owned an internationally reputed yacht building company, Granville Marine not very far from Mont Saint Michel.

## CHAPTER 14

2021

**S**ir Patrick Kennedy, concerned about the turn of events in China, met with his close friend and associate John DeFrancis, both were very rich men, in appearance in the prime of their lives, and they were, though very few casual observers could have guessed their real ages.

Kennedy was the head of the INI Banking Corporation, a vast loosely structured transnational holding with multiple semi-autonomous groupings centered in Hong Kong, London, Dublin, Amsterdam and Moscow.

INI, like HSBC, had been caught between the Scylla and Charybdis, as an important part of its business was in Hong Kong and China, now threatened following the changes introduced by Xi Jinping's government exerting the power of the CCP in the former colony. However, INI's diversified structure offered a certain protection, that is one of semi-autonomous groupings managed via Dublin and British Virgin Islands based holdings.

It may have seemed a cumbersome arrangement to many, but Pat Kennedy was vindicated by his foresight, Moscow had become anathema and China threatening, as the world entered

a Hobbesian society, where dog ate dog, as other common mortals looked on helpless.

Three years earlier, before the Covid pandemic, when and the huge pro-democracy demonstrations wracked Hong Kong, signs of cracks had already started to appear in the Chinese economy—overheated growth, debt and stories of wild speculation. Until recently those problems had seemed manageable, but Kennedy, as a precautionary measure, had refocused certain of his bank's activities in different markets to spread the risk.

It now seemed those problems had come to a head with fears that they ran deeper than at first thought. Liquidity and debt figured high on the list, followed by corruption, nepotism and plain greed.

The risk as always was a negative feedback loop, a self-fulfilling cycle, one that amplified the downward spiral of events.

There were demands that Hong Kong based HSBC be sanctioned, as China was accused of ethnic cleansing, the oppression of its Uighur Muslims, coupled with the fear of a Chinese invasion of Taiwan.

Of course HSBC was concerned, just like INI, but it had been confronted by many crises since its foundation in 1865, including the occupation of Hong Kong by the Japanese Imperial Army in 1941.

The same went for CK Hutchison Holdings Limited, a multinational conglomerate corporation, one of Hong Kong's

biggest companies, registered by the way in a Caribbean fiscal paradise—the Cayman Islands, controlled by the Hong Kong’s richest man, Li Ka-shing.

Pat Kennedy was sanguine, up to a point. China was a big country, but the changes were happening fast, too fast, and he feared Xi would have his work cut out to stop the rot that had now permeated the system, penetrating even into the highest circles of power.

With China’s banks facing mortgage losses of 350 billion dollars, confidence plunged in property markets as authorities struggled to develop a clear policy to contain the crisis.

Thousands of stalled construction projects marked the landscape in more than 90 cities across the land, personal dramas for hundreds of thousands, perhaps millions, of homebuyers, provoking mortgage boycotts, to which was added falling economic growth, Covid disruptions and record high youth unemployment figures.

Evergrande was the latest in a series of collapses that included Anbang, Dalian Wanda, HNA and Fosun International, all of which been either forced into difficult choices—nationalisation, asset sell-offs, drastic scaling back of foreign acquisitions, or even liquidation.

The story of Dalian Wanda should have been a warning to the other Chinese tycoons. Only six years earlier its head, Wang Jianlin, waltzed into London in the entourage of the country’s leader, Xi Jinping, on no less than a state visit.

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The visit coincided with the MIPIM UK, an international property event at the Olympia Exhibition Centre, where thousands of attendees, exhibitors and investors met, amongst them was a delegation of about 100 Chinese investors, developers and construction companies.

At that time relations between David Cameron's government and China were riding high as contracts galore were signed and hands pumped before the cameras of the international media.



*One Nine Elms Vauxhall London*

It was a high point in Wang Jianlin's business career, he was the richest man in Asia, worth over 42 billion dollars, and work had begun on One Nine Elms, a development that consisted of a pair of residential towers of 58 and 43 storeys respectively, on the Thames South Bank, in London's Vauxhall district, destined to become one of the tallest residential developments in the city and the United Kingdom

That was a propitious moment for Chinese investors wanting to establish residency in the UK. For the first time more Tier One investor visas were issued to Chinese nationals—those who invested more than two million pounds in the country, than to Russian applicants.

Out of the then 28 European Union member states, 20 offered ‘golden visas’. The real estate investment, which was needed to qualify for the visa scheme, depended on the country in question, starting with 250,000 euros for Greece, to as much as ten times more for the UK—the destination of choice for Chinese buyers, especially those from Hong Kong, who already owned over 220,000 properties in the country, overtaking Russian and Indian buyers.

Chinese developers with money to burn, poured vast sums into London—borrowed money, causing Boris Johnson, the city’s then mayor, to rub his hands with glee, without taking the trouble to look further than the tip of his nose.

It seemed to presage a long period of harmonious relations between London and Beijing, a period of mutually profitable exchange, though not all saw it that way, certain wags remarked the UK imported Chinese high-speed trains and nuclear power plants, and in return exported ‘high-quality’ British pig semen to China.

Unfortunately the fairy tale didn’t last long, six years later Wang Jianlin, faced with unsustainable debts, was licking his wounds after losing three quarters of his fortune in a record time, selling off his skyscrapers, though with his remaining ten billion dollars there was no risk of him starving.

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He was luckier than the owners of HNA, another extraordinary example of how Chinese high-flyers went on an asset acquisition binge across Europe and the US, snapping up everything they set their eyes on, an orgy that symbolised the arrival of China on the global stage, one that was to choke the naive nouveaux riche that they were.

I soon discovered another thing many of China's rich real estate and property developers had in common, that was their businesses—many heavily indebted, were incorporated in the places like the Cayman Islands. The Cayman Islands, I ask you, why on earth were those Chinese companies registered in British offshore territories, tax havens?

It was simply unbelievable, a communist country, whose rich chose to hid behind opaque screens of British Overseas Territories, their companies listed on the Hong Kong Stock Exchange, whilst their core business was focused on Guangdong, Hong Kong and the Macao Greater Bay Area as well as Central and East China.

Businesses that would soon see their credit ratings reduced to junk.

The reality was the Caymans and other offshore havens were seen by many wealthy Chinese families, like that of Henry Wang, as part of a Plan B, to be set in motion if things started to go awry, as they suspected they would, as had happened in China over the centuries—economic collapse, dynastic change and civil war, not to mention disease and famine. And if Xi Jinping had his way they had every reason to have a Plan B at the ready.

These offshore companies had many advantages, including capital transfer by fraudulent means, fictitious invoicing from nebulous suppliers of services in other jurisdictions, transfer payments, with companies dissolved once their purpose was served, ensuring all trace of those transactions was evaporated.

The motivation was that China and the CCP with its fellow travellers didn't pussyfoot around when it came to payback time, not only were jail times long, it wasn't unusual for hapless would be billionaires to end up with a bullet in the neck if things didn't pan out as planned.

But it seemed the reward was worth the risk, since the planet's six richest real estate developers were all Chinese citizens, starting with Hong Kong's Lee Shau-kee, 93 years old, the world's richest real estate tycoon, who controlled Henderson Land, and had a net worth of over 30 billion dollars.

In the spring of 2021, the top six of those powerful business tycoons had a collective net worth of over 150 billion dollars.

When it became evident to insiders that Evergrande was about to hit the wall, as its head, Hui Ka-yan, one of those six billionaires, thrashed around trying to stave off the inevitable, many troubled property developers started dusting off their Plan Bs as the debacle took shape.

A feeling of dread seized China's nouveaux riche who had surfed the seemingly endless wave of extraordinary growth and wild speculation, and they had reason to fear Xi Jinping and the CCP, who saw China's 800 billionaires, 100,000 super-rich and over five million millionaires, as potentially opposition.

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Their fear was justified, in no other country, with the possible exception off Russia, did so many of the super-rich meet untimely deaths—from unnatural causes, including suicide, accident and murder. Some, relatively young, jumped from high buildings or into rivers, as the pressure to maintain their wealth grew. Others ended up in prison where they succumbed to harsh treatment or were executed for economic crimes.

Those who avoided trouble struggled to find time for holidays, for a round of golf, basketball, a karaoke evening and other relaxations with friends and family.

Work and survival were their sole activities.

China, an authoritarian communist state, controlled every aspect of its citizens daily lives, and especially their data, but not because it wanted to protect the peoples' privacy, but because information was power and Beijing did not want competition that could be transformed into an alternative choice of political leadership.

## CHAPTER 15

### Apprentice Spies

The reason for my arrest and detention had puzzled me, of course the leitmotif had been ‘economic espionage and collusion with foreign forces’ against China. I could vaguely understand the economic bit, if research work was considered espionage, but to my mind collusion with foreign forces seemed an Orwellian Big Brother like concept.

It was not as if my work was linked in anyway to national security. The only very tenuous link I had with Chinese national defence interests was through a friend Lucien ‘Lou’ Devos, who worked with Airbus which built commercial jetliners and helicopters in China with over 2,000 commercial jets in service in the country.

I’d met Lou at my courses at Fudan University, where we, like many foreigners, were improving our Mandarin. We were just on casual talking terms until one afternoon after classes, we ran into Lucy who was waiting to meet me with a cousin of hers, Alice, who I’d vaguely met on one of two occasions.

I was surprised when Lou warmly greeted Alice, who it turned out was his girlfriend. Both girls were budding archaeologists, postgraduates at the university’s Institute of Archaeological Science.

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It was like that the four of us became good friends.

Lou's work at Airbus was classified as sensitive and as such he warned me of the dangers at university, where CCP members spied on foreigners, especially those who were of strategic or economic interest.

I must admit I'd never heard of the Seven Sons of National Defence until Lou spoke to me of the Chinese research complex and how it was connected with the military.

He worked for Airbus, at one of its partner firms in Shanghai, a laboratory specialised in composite materials, where he coordinated work with Tianjin and the main Airbus sites back in Europe—Toulouse, Leiden and Hamburg.

His family's story was complicated, his grandfather had arrived in London with Charles de Gaulle in 1940 and had remained in England after the war, where he married a French girl. Lou's father was brought up in Chislehurst, an upmarket suburb of London, famous for Napoleon III and the Empress Eugenie who were exiled in the town following the Franco-Prussian war in 1871.

His mother, who was Irish, had grown up in France and insisted on speaking French at home, which meant Lou was perfectly bilingual. Like myself he was an engineer though unlike me he made a career in engineering after joining Airbus Industrie.

Lou told me how universities had become part of a policy introduced by Hu Jintao in 2007, subsequently transformed into a national strategy by Xi Jinping, who personally oversaw

the Central Commission for the Development of Military–Civil Fusion, where the Seven Sons, a group of leading research universities, were enrolled as partners in China’s military and defence industry, subordinated to the Ministry of Industry and Information Technology.

That was evidently not the thinking of the Guoanbu whose headquarters were situated in the Haidian District, in the north-west of Beijing, a dismal city block next to Tiananmen Square. The Ministry of State Security (MSS), the Guojia Anquan Bu (国家安全部), or Guoanbu (国安部) for short, was the equivalent to the British SIS, or the CIA and the FBI put together, and responsible for both foreign and domestic intelligence.

It was one of the largest and most secretive intelligence agencies in the world, whose role was to maintain the rule of the Communist Party, and since Xi Jinping assumed power the MSS gained greater responsibility for cyber espionage and economic espionage.

They were everywhere, like the CCP that was present in every China enterprise, monitoring its activities, and like all those who had power they had to be appeased.

The party cell could be instrumentalised, corrupted, by those in whose interest it was to see their enemies removed.

I, it seemed, had been fingered, by who I’ll never know, but I was effectively removed with almost certainly the CCP’s involvement.

Marxism, Leninism, were Bolshevik inventions, the very foundation of the now almost forgotten Russian Communist

Party, which had driven China's revolution, and more recently its ambition to become the world's greatest power. However, an event had put the fear of God into the Chinese leaders, that was the utter and total seismic collapse of the Soviet Union, and much more recently how one of the world's more feared armies had been put to rout by a much smaller, weaker and poorer country, Ukraine.

In fact the Russian Army, successors to the renowned Red Army, was proved to be nothing but a paper tiger, led by incompetent generals, with all the swagger of Red Square and the Kremlin being nothing more than the parading of toy soldiers.

Putin had instrumentalised the Wagner Group run by a longtime crony, Yevgeny Prigozhin, the trouble was Wagner had expanded way beyond his control into Syria and across the Sahel region of Africa, to the point Prigozhin now seemed uncontrollable with his army of mercenaries and convicts.

Xi Jinping would have done well to remind his friend of the old Chinese proverb 骑虎难下—He who rides a tiger is afraid to dismount. As Mao said 'power grows out of the barrel of a gun'. But that depended on the quality of the gun and the man behind it.

The truth, as suggested by John DeFrancis, was more prosaic—my detention had been a tit for tat retaliation after students linked to the Chinese People's Liberation Army had been expelled from the UK on similar grounds, following the tightening of procedures to prevent the theft of strategic

research data as China targeted industrial and intellectual property in Western countries.

That was a possibility, 150,000 Chinese students were engaged in UK research programmes, many of them in hi-tech businesses, certain with sensitive military connections.

But to my mind, the reasons for my predicament were politically motivated. In one way or another I had become a person of interest and the Shanghai Security Bureau of the MSS had probably become suspicious, that my presence in the countries of the South China Sea rim was somehow linked to economic and why not military and political intelligence, in plain words spying.

In any case, it was evident my research programme and my enquiries linked to tropical timber importers in Nanxun had ruffled some Chinese feathers.

They obviously drew parallels between my work and their own furtive Chinese programmes that enabled their scientists and engineers, by the theft of highly sensitive knowledge coupled with reverse engineering, to leapfrog generations of research.

It seemed far fetched that my research programme into the destruction of tropical rainforests could be compared to industrial espionage, when it was evident that the objectives of the timber industry were entirely profit based.

As far as real spying was concerned, British and American intelligence agencies had observed an ever growing degree of hostile activity by Chinese interests in their hightech sectors.

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In Europe, China had penetrated French political circles, thanks to men like former French prime minister Jean-Pierre Raffarin, whose vanity had certainly been flattered by the honours bestowed on him, opening the door to covert penetration into technologically advanced business groups in France, in the guise of culture and cooperation.

Flattery had blinded such politicians to the dangers that stalked Airbus and the French nuclear sector, as witnessed by China's involvement in the new generation nuclear power station at Hinkley Point in the UK.

Beijing's threat to Taiwan was not only a question of defending democracy, but one of economics and the threat of technological loss. The invasion and occupation of Taiwan would result in a vast technological and industrial setback for the US and EU with massive implications, starting with semiconductors.

Taiwan supplied 65% of the world's semiconductors and almost 90% of its advanced chips, produced by Taiwan Semiconductor Manufacturing Company, the world's biggest producer of chips.

China and the rest of the world depended on TSMC semiconductors—vital components for smart phones, laptops, watches, game consoles, industrial equipment, automobiles, aircraft and fighter jets.

Any disruption in TSMC's deliveries of semiconductors would spell disaster not only for the West, but also China itself, especially for Foxconn in Shenzhen, a Taiwanese firm, the

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principal manufacturer of iPhones, the world's largest technology manufacturer and service provider.

## CHAPTER 16

### Henrique da Roza

**H**enrique's background was finance, he'd attended the LSE in London, then rounded off his academic qualifications in Lisbon before joining the INI Banking Corporation—thanks to the recommendations of an uncle, a senior lawyer at the bank in Hong Kong.

That was four or five years earlier. Now, as I headed for Costa Rica, Henrique was in Sao Paulo, Brazil, a country where Sir Patrick had a growing interest, after which he would head up to Colombia, where I was to catch up with him and visit the mysterious Ciudad Salvator Mundi.

His story was almost as dramatic as my own, I say almost because he succeeded in escaping before the axe fell whilst I was incarcerated in a Chinese detention centre for six months.

Henrique had been set on the path of a promising career in banking, that is until he joined the Hong Kong pro-democracy demonstrations, a massively popular rising against a series of harsh new laws introduced by Beijing, which led him to a dangerous brush with China's one-way justice system, where 99% of the accused were convicted, following his arrest after the demonstrations had turned violent.

Things had looked bad, very bad, but thanks to the intervention of his uncle and Lili—Pat Kennedy's Chinese wife, Henrique was ex-filtrated from the Special Autonomous Region aboard Pat's Gulfstream, destination Brazil.

There in Belem, another kind of adventure awaited him after he boarded the *Las Indias*, Sir Patrick's 90 metre yacht, his first, converted into an oceanic research vessel, waiting to weigh anchor for the 2,700 kilometre voyage up the Amazon River, to Iquitos, and the Javari Valley deep in the heart of the world's greatest rainforest.

Arriving in Brazil, Henrique had an advantage, he spoke Portuguese, in addition to Cantonese, Mandarin and English. He was the son of an old Portuguese family whose ancestors had arrived in Macau in the early 18th century. The trading port on the west bank of the Pearl River had been founded in the 15th century by the Portuguese, where they remained for nearly 500 years, until Macau was formally returned to China in 1999, two years after Hong Kong.

Families like his with ancestral links to Portugal were part of a dwindling community in Macau, and of those who remained in the former colony only 10% could still speak Portuguese.

Now, after years of neglect, the language was back in vogue, as China developed its business ties with Brazil, Angola and Mozambique, and suddenly Beijing discovered Macau was more than just a gambling den, but an asset, a key link to the Lusophone world, thanks to the city's history and cultural ties to Portugal.

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Even Xi Jinping deigned to visit Macau, participating in the festivities to celebrate the 20th anniversary of its return to Beijing's control, which unfortunately came against the background of Hong Kong's political agitations and China's growing debt crisis, marked by the 100 billion yuan bailout of Shandong's Hengfeng Bank, which like other Chinese banks was experiencing increasing stress as the country's growth and economy stalled.

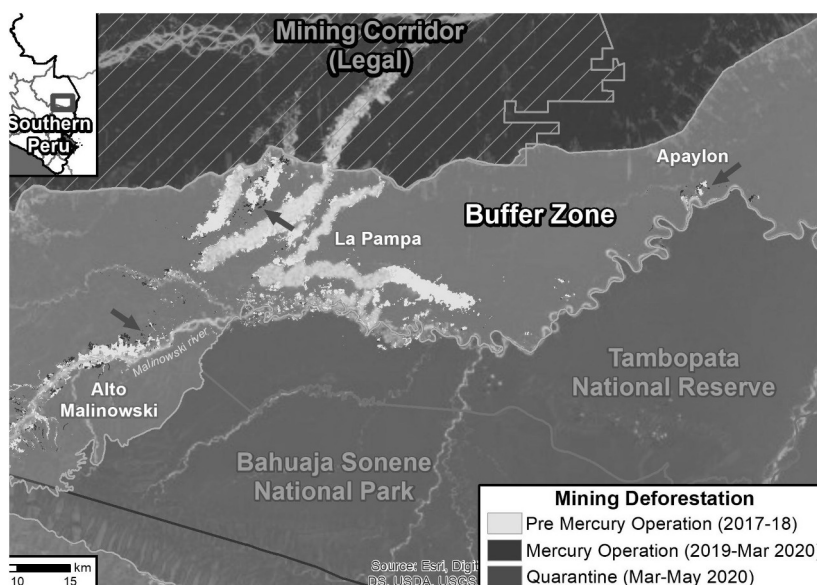
Beijing saw Macau as a model that a rebellious Hong Kong would be wise to follow, of course the former Portuguese colony was smaller and less, much less, important, financially and economically speaking, in reality Macau was still something of an anachronism, better known for gambling and other vices.

Hong Kong and Macau were far from Brazil's Wild West, very far, where the news from the Javari Valley region of Madre de Dios was even rarer than news from Borneo and New Guinea.

In what was the blink of an eye lid, Henrique found himself transposed into the heart of the Amazon with Sir Patrick's expedition, and on reflection, apart from his courage, his only qualification was that of speaking Macanese Portuguese, quite different to that spoken in Brazil, luckily his sojourn in Lisbon had given his Portuguese a modern update.

The Javari Valley lay in a rugged terrain that could only be reached along the muddy waters of the winding Javari River, a tributary of the Amazon, which it joined at Leticia.

The valley was the home to indigenous tribes that still lived in isolation from the outside world, and which along with certain regions of New Guinea were among the last few bastions of untouched wilderness that remained on earth. Regretfully it was also a lawless region where criminals roamed—narco traffickers, illegal loggers and gold miners, along with poachers of all kinds, in a country sized reservation created in 2001.



There in the triangle where Brazil, Peru and Colombia met, a British journalist and a Brazilian activist had disappeared along the banks of the Itaquai River. They ended up on the growing list of those brutally murdered by poachers in a tropical hell, torn by criminal cartels such as the Sao Paulo First Capital Command and the Rio de Janeiro Red Command, who fought

each other in a bloody ongoing war for the control of the region adjoining the Amazon River.

They were quick to eliminate those who opposed their criminal operations. One of their recent victims, Juan Julio Fernandez Hanco, was shot dead on the doorstep of his brother's home in La Pampa, Peru's largest illegal gold mining town, in the south of the Madre de Dios Territorial Reserve, an inferno, crossed by the Interoceanic Highway, in the buffer zone with the Tambopata National Reserve, an environmental disaster in the heart of one of the world's most biodiversified rainforests.

The land was laid bare by illegal loggers and miners, where mercury-laden mud lagoons abounded, dead trees marked what had so recently been primary rainforest, now replaced by dystopian shanty towns, where human trafficking and sexual exploitation proliferated, where hired killers reigned, and where it was not unusual to stumble on the burnt bones of the gangs' victims.

One of Hanco's brothers was with the Tambopata National Reserve Authority, working to protect Peru's rainforest from the thousands of illegal gold miners and gangs that moved in following the repetitive economic crises in their homelands.

Located along the jungle highway, La Pampa was a gold rush town with a floating population of 25,000—the kind of violent place you entered at your own risk, filled with bars and brothels, rhythmmed by the beat of Cumbia music, frequented by gun slinging gangsters and miners with nothing to lose, loaded

with easy money, a wild town where outsiders were unwelcome.

The treeless landscape, pock marked by toxic water filled pits—dug and abandoned by illegal goldminers, a tragedy for the indigenous peoples, many of them uncontacted communities, their first taste of civilisation. Members of the two dozen ethnic groups, who had lived in harmony in their ancestral home since time in immemorial, shaken by the brutal intrusion of criminals in search of gold to finance the cultivation of coca leaves and the production of cocaine, exported to ‘developed’ nations far from their once pristine forest home, deep in of the heart of Amazonas.



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Many of the indigenous people were the descendants of those who had survived the slaving raids and massacres that took place during the rubber boom at the end of the 19th century, fleeing into the depth of the jungle in the rugged wilderness of the Javari Valley.

Today environmentalists and indigenous rights activists opposed government policies that encouraged the arrival of settlers and criminals, in a desperate struggle against the uncontrolled expansion of illegal mining and logging operations as poachers and trappers emptied the forest and rivers of their fauna and flora.

\* \* \*

Henrique, who had witnessed the impact of the Anthropocene and how man's destructive presence reached into the furthest corners of the natural world where rocks fused with plastic debris as on the remote turtle islands off the coast of Brazil, was fascinated by my story of the disaster unfolding in the rainforests of PNG, a country he had never visited, just as distant as Brazil had been from his previous world—the glass towers of Hong Kong with its banks, traders and their privileged life styles—fine apartments, upmarket hotels and luxury boutiques.

The rocks called 'plastiglomerates' were composed of a mixture of naturally occurring sedimentary particles and other debris fused into rocks by plastic debris washed up on the island's beaches, one of the world's most important conservation sites for green turtles, *Chelonia mydas*, where thousands of turtles converged each year to lay their eggs.

## John Francis Kinsella

The discovery had convinced Henrique of the urgency of Pat Kennedy's mission, to save mankind from its self-inflicted path to apocalypse, the death of the planet on which humanity's very existence depended as well as that of all its fellow creatures.

But it was not the reason for Henrique's presence in Brazil, his principal task was linked to Belpharma and the development of its new range of health products which bore the generic name Galenus, something that I had heard rumours, a project shrouded under a veil of mystery.

## CHAPTER 17

### Cheyne Walk

Once back in London I was honoured by an invitation to Sir Patrick's home on Cheyne Walk, a magnificent period house that Charles Dickens described in 1879, as 'a bit of old London, with its quaint old fashioned houses and its row of noble trees,' now one of the most sought-after addresses in the city, a corner that was once the home of writers such as Henry James, T.S. Eliot, Somerset Maugham and Bram Stoker.

Cheyne Walk overlooked the Thames and Battersea Park which lay on the opposite side of the river, a sedate neighbourhood where Dante Rossetti, the 19th century painter, was banned from keeping peacocks in his garden because of the noise, and which Laurence Olivier and Elizabeth Taylor much later called home.

Sir Patrick and his wife Lili had organised a quiet evening with drinks and dinner for me together with John DeFrancis and his wife. Ekaterina was Russian, who following their marriage a few years earlier had acquired Irish nationality. She was naturally interested by my links to Russia, where I had lived and went to school when my father was in the diplomatic service. We spoke Russian together and she was impressed by my fluency which was nothing remarkable considering the years I had spent in Moscow, those formative years when I

absorbed the language with ease like any adolescent of my age would have.

That skill had served me well on my journey across Russia on the Trans-Siberian after my escape from China with Valentina followed by a brief sojourn in Moscow, which was already at war with Ukraine.

Our conversation turned to Russians in London, more precisely oligarchs and their friends. Several had been hit by sanctions with one notable exception—the Lebedevs, billionaire and socialite friends of Boris Johnson, especially Evgeny Lebedev, a businessman and media mogul.

Boris Johnson was many things, an epicurean fun loving Lothario, and why not. He did not hide the fact he enjoyed sociability in good company, especially when as foreign secretary he flitted off on frequent weekend trips to Italy, even if on occasions it meant flying as an anonymous economy class passenger, rubbing shoulders with the plebs, on his way to the Palazzo Terranove in Perugia, guest of Lebedev.

They were strange sorties for the third most powerful minister in the British government, a weekend with a Russian oligarch, a celebrity bash, where well-known personalities were present, including Katie Price, actress Joan Collins, and Bojo without his security detail.

Partying at Lebedev's restored palazzo at a time when the Kremlin was under growing criticism, wasn't exactly recommendable, especially so soon after the Novichoc affair in Salisbury, when a former spy and his daughter were targeted by Russian FSB hitmen with a deadly nerve-agent.

## Secrets - Over the Precipice

Returning to London, Johnson, the foreign secretary of Her Britannic Majesty's government, caught the attention of the tabloid press when he was seen boarding a flight at Perugia San Francesco d'Assisi Airport in Umbria, looking very much worse for wear, disheveled as though he had slept in his clothes, shuffling his way to the waiting aircraft. One passenger even described him as weaving on his way to the steps of the waiting plane 'as though he was about to throw up'.

And that was immediately following a Nato foreign ministers' meeting in Brussels at the height of the Salisbury crisis.

The question was why?

That summer the London Evening Standard endorsed Johnson as the Conservative candidate for prime minister, a curious editorial position considering London was heavily in favour of 'Remain' in the Brexit referendum battle.

That led a parliamentary investigation into Johnson honouring Lebedev with a peerage in 2020, after allegations emerged that it was granted in spite of the national security risk it posed.

Alexander Yevgenievich Lebedev, father of Evgeny, was a Russian businessman, who until 1992 had been an officer in the First Chief Directorate of the Soviet Union's KGB, and later one of the KGB's successor-agencies, Russia's Foreign Intelligence Service.

Johnson's friendship with this former KGB agent was strange, a figure whose Kremlin links and investments in

Crimea should have sounded an alarm for a top British minister. But instead he accepted thousands of pounds in gifts and made his son a lord in the upper house of the British parliament.

Boris's pal was disdainful about other super-rich Russians, who he described as a bunch of greedy, uncultured, semi-literate yobs, who thought the only way to impress was to buy a big yacht.

As Lebedev told it, his fortune was made honestly, through talent and endeavour. He had grown up in a two-room flat in Moscow, his father an engineer and his mother an English teacher who queued like everyone else for Soviet cheese and sausage. Then, during Lebedev's final year in university, he was approached by talent spotters—of the KGB foreign intelligence.

Lebedev liked to explain how, following a profitable bond deal, he had bought a small bank. Within two years it had become one of Russia's biggest—not because it was stuffed full of KGB money, but because he, Evgeny Lebedev, was a 'financial Mozart'. As was the case in that Wild West period, when mafiosa and conman tried to wrestle away from him his assets aided by corrupt prosecutors and hitmen with grenade launchers.

There was nothing inexact with his analysis of global corruption, or the trillion dollars stolen annually in the developing world and elsewhere, a lot of it hidden in offshore tax havens, abetted by City lawyers, accountants and bankers.

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The Kremlin, as an enemy of Brussels, was an admirer of Johnson. Who saw him as a bull in a china shop, who would harm the EU, weaken Britain, much to Moscow's advantage. Many observers asked if Lebedev's takeover of the Standard was a generous effort to help the troubled press, or whether it was a conspiracy in the best traditions of the KGB to undermine the enemy from inside.

Putin had revealed his true colours with the invasion of Ukraine, which demonstrated the naivety of those British and European politicians who had cosied up to the Kremlin opening the door to the wolf.

## CHAPTER 18

### Russian Pals

**J**ohn DeFrancis and Ekaterina, guests at a lavish birthday party thrown by the Russian billionaire Alexander Lebedev—the father, at his mansion overlooking Regent’s Park, had been surprised to see Boris Johnson roll up just hours after his landslide election victory, accompanied by his girlfriend Carrie Symonds, still wearing the suit he had worn addressing the press on the steps of 10, Downing Street.

Amongst the other guests at Lebedev’s vodka and caviar birthday party were former prime minister David Cameron and his wife Samantha, George Osborne, Peter Mandelson—the strange lord, Mick Jagger, Princess Eugenie, actors Matt Smith and Rosamund Pike, the model Lily Cole, comedians Eddie Izzard and David Baddiel, the artist Grayson Perry, sculptor Antony Gormley and many others.

It was a curious way to thank Britain’s poor and gullible Brexit voters, to whom Bojo had promised a better post-Brexit life, but of course those who read the press were not surprised by his presence at the party, their newly elected prime minister was not a newcomer to Lebedev’s bashes. As foreign secretary in Theresa May’s government, Bojo had been famously photographed looking a little worse for wear on his way back from Lebedev’s palazzo near Perugia, after the kind of party

where gossip, intelligence and information flowed as freely as the vodka.

Whatever else the latest bash was, it was an extraordinary demonstration of the influence of the Lebedev family on the cream of British society following Johnson's election win.

'*Zdravstvuyte*,' the leader of a 'people's government'.

The latest fling must have been a heart warming scene for Vladimir Putin with whom the Russian exile maintained cordial relations, in spite of past differences, when his bank was raided at a time when Lebedev backed the independent *Novaya Gazeta*.

The fact that he maintained good relations with the Kremlin should have been a warning, especially after going as far as publicly supporting Putin's annexation of Crimea, where Lebedev owned a hotel complex in the seaside resort of Alushta at which he staged a media symposium, telling Russian state TV that biased Western media had put out a false impression of the situation in the Crimea.

Ekaterina reminded John she had spotted Maria Zakharova, Russia's foreign ministry spokesperson at a book event in Moscow for Lebedev's *Hunt the Banker*, an unabashed account of his wildly hedonistic life and business career in Russia. Zakharova's demure looks hid her reputation as a Kremlin hardliner, who had denied any Russian involvement in the poisoning of Sergei Skripal in Salisbury, even going as far as suggesting spies had kidnapped Skripal.

Johnson had refused to publish the Russia report prepared by the previous parliament's Intelligence and Security Committee, which examined Moscow's influence on British politics and how the Russian elite had built up a powerful lobby in the UK, jetting politicians and celebrities around on private planes to lavish parties where champagne and vodka flowed and caviar was ladled out. Johnson, as mayor of London, was already a frequent visitor to the Lebedevs' luxurious palazzo in Italy and a guest to their parties in London.

Lebedev's regular guests included George Osborne—recently UK finance minister under David Cameron, now editor of the London Evening Standard—owned by the Russian, Sarah Sands who also edited the Standard and was editor of BBC Radio 4's Today programme, and Amol Rajan the former editor of the Independent—also owned by Lebedev, now the BBC's media editor.

Lebedev, the KGB-man turned banking oligarch, aka 'the spy who came in for the gold', had during the Cold War worked at the Soviet embassy in London, not far from the offices of the Independent, situated on Kensington High Street, which he acquired in 2010, after taking a controlling interest in the London Evening Standard in 2009.

'Apropos Brexit,' John DeFrancis cynically remarked, 'I suppose Bojo will join up with the US and Russia to invade Europe, liberate it from Brussels, then divide it in two occupied zones, we with the western half and the Russians with the eastern half.'

Ekaterina flashed him daggers.

## Secrets - Over the Precipice

Johnson, who had been expected to approve the publication of the Russia Report, compiled by a cross-party intelligence and security committee, on Russian activities in the UK, before parliament was dissolved, was suddenly in no hurry with the excuse it could embarrass Donald Trump.

Curiously, as if to confirm his bias, the newly elected PM insisted there was no evidence of Russian interference in the UK democratic process.

Perhaps Johnson's presence was a way of paying back the Lebedevs, since the Evening Standard had endorsed Johnson as successor to Theresa May. But John DeFrancis saw it differently—for a newly elected British prime minister to be seen celebrating with a former Russian intelligence officer, a graduate of the KGB's Red Banner Institute, who'd held the rank of lieutenant colonel, seemed, to say the least, incongruous.

It was rumoured Lebedev, the owner of two London newspapers, the Evening Standard and the Independent, liked to invite VIPs to make fools of themselves at his bacchanalian parties, creating a buzz for the celebrity columns in his papers. It came as no surprise that Lebedev's dog was called Boris.

Johnson could count on a certain number of Russian friends, including Alexander Temerko, an important donor to the Conservative Party, who had held senior posts at the Russian Defence Ministry and had been a top executive and director at the Russian oil and gas company Yukos.

Temerko backed Johnson's Brexit position, which inevitably led to questions of Russian influence in Downing Street,

## John Francis Kinsella

considering Temerko had donated more than one million pounds to Conservative Party funds.

Temerko had risen to prominence in the Russia arms industry in the Wild West days that followed the collapse of the Soviet Union. At that time he was close to the Russian security services, as head of a state committee for military affairs, heading a strategic Russian state arms company, the defunct Russkoye Oruzhie.

His links with Yukos went back to the time when the now dissident billionaire Mikhail Khodorkovsky owned the oil company. Things went sour when Khodorkovsky attempted to build a political power base for himself and was arrested and jailed on trumped up fraud charges, leaving Temerko as the only remaining Yukos shareholder, and as such he negotiated its take over by the Kremlin.

The hapless Khodorkovsky spent ten years in a Siberian jail whilst Temerko headed for London in 2005, where a Russian request for his extradition was booted out by the High Court.

Temerko had first come into the public eye during David Cameron's premiership, hitting the headlines of the tabloid press after paying 90,000 pounds for a bronze bust of his prime minister friend after a successful bid at a Conservative Party fundraising event.

\* \* \*

Aiding and abetting the movement of dirty money was a dangerous business for bankers as Pat Kennedy knew. He like John DeFrancis was no newcomers to the fact that corruption

ran deep in Russia and the willing hands ready to abet those at the top could be found everywhere. It barely a surprise when it was revealed that Swiss bankers facilitated the movement of Russian funds to accounts in Switzerland.

What that meant for me as a small cog in the wheel of a banking giant like INI never occurred to me. In fact I worked for the Fitzwilliams Foundation, which, it is true to say, was an emanation of Kennedy's bank and its constituent parts in Hong Kong and Moscow.

I would have done well to have paid a little more attention to the reports in the financial press on the roles played by senior officers at the Swiss branch of Russia's Gazprombank, who were accused by the Swiss authorities of helping Sergei Roldugin, an intimate of Vladimir Putin, to move millions through Swiss bank accounts without proper due diligence.

Roldugin, a godfather to Putin's eldest daughter, Maria, reportedly placed 50 million dollars in Swiss accounts with no credible explanation as to where the money had come from. He also allegedly planned to pump more than ten million dollars a year into those accounts via a complex web of shell companies.

A cellist and conductor, Roldugin had told the New York Times that he was not a businessman and certainly not a millionaire. However, he was officially named owner of two accounts opened at Gazprombank Switzerland in 2014.

As for Putin his official annual income was declared to be in the order of 100,000 dollars, however he was a multi-billionaire whose wealth was managed by confidants like Roldugin.

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Putin told Kremlin friendly media that Roldugin was a friend, a brilliant musician and a benefactor, who had honestly earned ‘some’ money from a minority stake in a Russian company.

The Kremlin dismissed suggestions that Roldugin’s funds were linked to the Russian leader, stating Putin’s finances were a matter of public record since he had always declared his assets and salary.

Roldugin’s role was revealed by the Panama Papers, an investigation published by The Guardian newspaper in collaboration with other media groups, including the International Consortium of Investigative Journalists in Washington and the German newspaper Süddeutsche Zeitung.

Of course I had done nothing reprehensible, at least for the moment, though Henry Wang was obviously making plans to shelter his family’s assets in Europe and anywhere else that was sufficiently far away from China.

\* \* \*

I have to say that I was neither the first nor the last to have been prevented from leaving the country, where not only Chinese nationals, but foreigners like me, could be trapped by exit bans.

The announcement that China was reopen for business after three years of draconian Covid restrictions was far from the truth.

Since Xi Jinping had taken over leadership in 2012, China had hardened its laws relating to entry and exit to and from its

territory, using them without legal justification, as was my case.

Recent cases were linked to trade and security disputes, belying China's message that it was reopen to overseas investment and travel.

New moves allowed exit bans to be imposed on anyone, Chinese or foreign, who was under investigation generally related to unlawful business operations, which could be anything considering the vague wording of the counter-espionage legislation, which included exit bans on those who could harm national security or cause significant damage to national interests.

The Counter-espionage Law of the People's Republic of China was detailed in 72 Articles, the first of which was as follows.

Article 1. This Law is formulated on the basis of the Constitution so as to strengthen counter-espionage efforts, to prevent, stop and punish acts of espionage, to preserve national security, and to protect the people's interests.

This was reinforced by another law entitled 'Measures on Rewarding Citizens for Reporting Conduct Endangering National Security', designed to encourage citizens report on conduct that could endanger national security.

In fact they could find any reason to stop whoever they chose from leaving the country where rule of law was non existent, in our sense that is, except when it served the interests of the Chinese Communist Party.

## CHAPTER 19

### Abducted

A couple of years earlier, when Henry's affairs were riding high, he hadn't been particularly concerned when the news broke of billionaire Xiao Jianhua's sudden disappearance. That kind of thing happened in China. It was one of those occurrences that revealed how the Chinese elite was connected with business, and also a warning to business leaders of how their careers could be cut short when they were no longer useful, in Xiao's case it signalled the abrupt end to his extraordinary career,

When the billionaire finally resurfaced, it was in a Chinese court, where he was sentenced to 13 years in jail and his group, Tomorrow Holdings, was fined an eye-watering eight billion dollars.

That was more alarming, definitely not the kind of end Henry Wang envisioned for himself or his company, the Delta Group. Forcing him to ask the question, 'If I can get snatched in my home in the middle of the night, is living in China worth it?'

Xiao Jianhua and Tomorrow Holdings were found guilty of illegally siphoning public funds, misusing entrusted property, and accepting bribes.

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Prior to his disappearance, Xiao, then one of China's richest businessmen, whose Tomorrow Group, had stakes in real estate, insurance, banking, coal, and cement. In addition to that, Xiao could boast of his very privileged connections with the CCP ruling elite.

A child prodigy, the son of a modest school teacher, one of six children, he had grown up near Feicheng, in a poor rural village in a mountainous region of Shandong, making his rise to wealth a remarkable story.

Xiao, a student leader in 1989 at Peking University and a member of the Chinese Communist Party, had opposed the Tiananmen Square protests.

After graduating, one of his business sidelines was setting up deals with relatives of the local Communist Party elite, one of which was the privatisation of Luneng, a huge state-run power company in Shandong Province.

It involved Zeng Ming, the son of Zeng Qinghong, a former Vice President of China. Another, the son-in-law of Jia Qinglin, a fourth-ranking member of the Communist Party, was involved in a multi-million dollar property deal.

Now retired, Jia and Zeng, had been key allies of Jiang Zemin, the former President of China and Communist Party leader.

Xiao, who had began his career by selling IBM and Dell computers in the 1990s, a business he successfully developed by cultivating relations with certain members of China's elite families, had become one of the China's richest men, owner of

a private jet and multimillion dollar homes in the US and Canada, at the head of a fortune estimated at five billion dollars.

He was reputed for his close relationships and business dealings with families of the ruling elite, relatives of President Xi Jinping, a privilege that many like Henry Wang believed made Xiao untouchable. As such Xiao helped Xi's sister and brother-in-law dispose of certain assets, when in 2012, Bloomberg News exposed the wealth of the Chinese president's family.

Xiao's favourite base was Hong Kong, which at that time had a separate and more liberal legal system than mainland China. There, in the Four Seasons hotel, where he lived in a serviced apartment, he enjoyed close protection by specialised security firms and a coterie of female bodyguards who were said to wipe the sweat from his brow.

The sudden disappearance of Xiao Jianhua sent a shiver of fear through China's tycoons and members of its political classes. Unexplained disappearances, a regular occurrence in China, were ominous.

The story began in the early hours of the morning a few days before the Chinese New Year holiday in 2017, when the businessman was smuggled out of the Hong Kong Four Seasons Hotel, seated in a wheelchair and covered by a blanket. This was confirmed by images filmed by the hotel's CCTV cameras.

It was nothing unusual for Chinese agents to abduct political targets, even overseas, seizing their victims on the flimsiest of

pretexts and holding them indefinitely at unknown detention centres on the Chinese mainland.

Not that being in jail was fatal. As the saying went, ‘A Chinese businessman who hadn’t been to jail hadn’t accomplished anything.’

Rumours flew. A front-page announcement in a Hong Kong newspaper said Xiao was in good health, simply taking a rest abroad. Another local news agency reported he was helping with an investigation in China whilst the police declared he had left the territory via a normal border crossing.

The trouble was Xiao was young and in good shape and had no reason to use a wheelchair. According to witnesses, he had been accompanied by a number of unidentified men, one of whom was observed pulling a large suitcase on wheels.

The lobby of the Four Seasons apartment tower, separate from the hotel, had its own desk. When staff questioned the men who left with Xiao, they were informed they were part of his security detail and that Xiao needed medical attention.

The bad news was his friends believed he had been smuggled out of the territory by boat, avoiding border controls, and worse, held on the other side of the Hong Kong border in mainland China, in police custody.

Why? Well, it was suggested he had been seized shortly before a high-level CCP meeting when it was feared he could have been an embarrassment to certain leaders who wanted him out of the way.

Xiao, who had made billions investing in banks and real estate around the world, had served as a personal banker to the Communist Party elite and held many secrets.

The billionaire's abduction from Hong Kong could not have taken place without the approval of Xi Jinping, who was poised ready to consolidate his power by whatever means necessary.

Not long after Xi arrived at the summit of power, his sister and her husband sold their stake in an investment firm to a company founded by Xiao. That was before Xi launched his sweeping campaign against corruption.

Xiao, a Chinese-born Canadian citizen, also held an Antigua and Barbuda diplomatic passport. As an ambassador-at-large of the small Caribbean nation, he had the role of promoting 'investment, trade and commerce, business and tourism development,' and the right to 'negotiate with the authorities and business entities of all states and territories'. It was an appointment that was not without criticism. One Antiguan opposition politician had alleged Xiao had been given 200 passports to distribute as he saw fit.

## CHAPTER 20

### The Secret

**W**e, that's Henrique and I, flew into Waterford airport on one of INI's jets. Situated in the southeast of Ireland, it was the nearest airport to Wexford where the Belpharma plant was situated.

Belpharma, a pharmaceutical firm was one of Henrique's key responsibilities. It was what Sir Patrick described as a special interest project, which was very nice except for the fact he hadn't exactly explained what that interest was.

Henrique wasn't very loquacious either, he seemed to avoid going into any detail when I question him, apart from the fact that Belpharma produced one of those cure-alls for old age, Galenus, one of those supplements that John DeFrancis probably took, something that kept him in form. Some kind of snake oil I figured.

Galenus, according to what one of their specialists told me, was a revolutionary formula that destroyed senescent cells responsible for ageing with a rejuvenating effect on the whole body.

He was even less loquacious when I asked him about the senolytic compounds it contained, that is to say a class of small molecules that could selectively destroy senescent cells and improve health.

It did appear that Galenus was a senolytic formulation that reduced oxidative stress and telomere shortening, which I was given to believe had been shown to be amongst the principal causes of ageing.

The market targeted the over 40s keen to maintain good physical condition and optimal health, eliminating the cells linked to many age-related problems such as inflammation, arthritis, atherosclerosis, chronic diseases and so on.

Apparently LifeGen, Sir Patrick's research laboratory in Sophia Antipolis, had scientifically demonstrated that senolytic compounds dramatically decreased both the number of senescent cells and rejuvenated telomeres.

That evening we ate in the town centre and returned to the company house on the outskirts of Wexford Town, a renovated farmhouse said to have been built in the 18th century, full of stylish old world charm, warm, comfortable with every amenity, where we relaxed and Henrique told me more about the history of Belpharma.

Belpharma was originally a Portuguese owned company, which had a long history in Ireland as well as Goa in India, and Macau in China, both of which had been a Portuguese colonies, the latter until 1999. The company had been founded by an Irish family established in Portugal at the end of the 19th century, the Gallweys, originally from Cork.

Today their main production site was in Ireland, to the south of Dublin, in County Wexford.

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‘It’s was a family owned business, modern and dynamic,’ Henrique explained, ‘but lacking the capital to grow, plus a new generation that had other plans...branching out into fintech.

‘Today, Christopher Gallweys, he’s the grandson of the founder, lives in Brazil where he also has pharmaceutical company and agrifood interests.

‘So INI bought out the business, including part of the Brazilian business. Like that we got a ready made base to develop and market Galenus, and Christopher Gallweys could invest in Brazil.’

Pharmaceuticals was big business and Kennedy figured Belpharma plus Galenus, under the right management, had a huge potential. He reasoned that if a vaccine could grant those who received it immunity against a disease, then they could expect to live their allotted three score and ten years, however, Galenus-1, as it was called, offered much more—it could grant them a long *and* healthy life.

Belpharma’s facilities, including those for the manufacturing of small molecule oral drugs, testing, laboratories, offices, packaging and warehousing, would have to be adapted and expanded

The potential in the field of biogerontology—more precisely a cure for old age and the development of a commercial product was prodigious, commencing with a pharmaceutical company capable of producing the Galenus molecule and the formulation of a compound on an industrial scale.

LifeGen, Kennedy's life science research company, based in Sophia Antipolis, in France, had developed the drug and owned its worldwide patent rights.

Belpharma's base in Ireland, an EU country, offered an ideal production platform, where it could count on the country's broad based pharmaceutical industry with more than 300 life science companies in the field of biotechnology and pharmaceuticals.

Life science was a vast domain that covered the study of plants, animals, viruses and bacteria, single-celled organisms, and even individual cells. With nearly nine million species of animals, about half a million species of plants, countless species of bacteria and viruses, there were more than thirty different branches of life science to explore.

There were of course the multinational giants, including Johnson & Johnson, Roche, Pfizer, Novartis, Sanofi, GlaxoSmithKline and the other big names, producing drugs related to cancer, diabetes, heart and respiratory diseases, depression, osteoporosis, schizophrenia and many other illnesses. Working with those businesses was excluded from Pat's plans, there was no question of Galenus falling into the hands of such powerful groups.

\* \* \*

The next day we left early in Henrique's car for Dublin where he told me the jet would be waiting to fly us back to London.

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As we headed north along the coast road I thought about Galenus, Sir Patrick and his friends, and I couldn't help thinking how impressed I had been when I met them in Dublin on my return from China, by their physical condition. I'd put it down to the drabness I'd been used to in the detention centre and my journey home across Russia.

Now on reflection I had to admit they really did look remarkably well, extraordinarily fit for their age, especially John DeFrancis who was I believe nearing ninety.

After we passed Arklow, Henrique suddenly announced we were going to make a detour through the Wicklow Mountains.

I imagined it was a scenic trip to Glendalough, the ruins of an 11th century monastery, which I visited a few times when I was much younger, a must for American tourists and the like, seeking their roots.

Henrique told me Sir Patrick was developing a site near an old lead and silver mine. It seemed curious to me, a site, what kind of a site? Tourism seemed a little outside of his business scope, I mean what was there in the Wicklow Mountains National Park apart from some reforestation work, hiking trails and camping sites.

Henrique said nothing and I waited as we drove into the hills along the narrow Irish country roads. Being Irish myself, the scenery was nothing new to me, a bit desolate if anything.

Glendalough was best known for St Kevin and the medieval Irish monks who followed in his footsteps, although in later

times it was the site of several silver mines, traces of which I believed still existed.

After a few kilometres we neared the site of an old mining village and turned onto a recently tarmacked road. There, after a large sign marked 'Private', we continued along the road past the desolate rocky landscape that led to a fenced area.

We stopped at a gatehouse where a large board announced the 'Wicklow Geological Research Centre'.

Henrique was recognised by the guard, to whom he showed his pass and announced that I was his visitor.

The guard walked over to my side of the car. I opened the window.

'Welcome to the centre, Mr D'Arcy,' he said with a friendly smile as he greeted me.

I was surprised as my name had not been mentioned. Then, as he raised the barrier and waved us in, I recognised the Ares crest on his sleeve. It was the badge of the Foundation's security firm.

We proceeded past a thickly wooded area of Scots pine and after a few hundred metres pulled up before a low stone building set against the steep slope of the mountain. It was surrounded by the kind of prefabricated cabins you see on construction sites, modular units used as offices, meeting rooms and the like.

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There were few cars and a couple of yellow forklift trucks parked in front of the building. To one side was a helipad marked by a large white cross painted in the centre of a circle.

The site was well laid out, none of the crumbling stone walls of long since abandoned buildings that I vaguely remembered seeing before. The installations and visible equipment were shiny new, not the rusting iron hulks of what remained of crushing and screening machines and the broken conveyor frames of yesteryear.

‘Welcome to our research centre, also known as Van Diemen’s Land Mines,’ said Henrique with a broad smile, evidently amused by my puzzlement. ‘Named by the 19th century miners after that distant Australian colony, for its desolation, so I’m told.’

By now I was more than curious. The visit to the Wicklow Mountains was turning into a mystery tour.

‘Research centre?’

‘Yes.’

‘Into geology?’

He laughed.

When Sir Patrick appeared from the stone building, which was evidently the centre’s main building, I was no longer surprised. He was wearing a white coat and held a safety helmet in his left hand.

‘Michael! How was your trip?’

‘Great,’ I managed to reply.

‘Come to the office and I’ll tell you what we are doing here,’ he said draping his free arm around my shoulder.

‘So, how’s our friend Sergei,’ he asked addressing Henrique, referring to Sergei Tarasov.

‘In good shape, but worried about Moscow.’

Sir Patrick grimaced.

He led us to a meeting room and invited us to take a seat whilst he called for coffee.

‘This Michael, is a duplicate of our centre in the Colombian Andes, called *Sociedad de Desarrollo Minerales Andinos*,’ Sir Patrick announced turning to me, ‘the real purpose of which is the construction of a shelter.’

A shelter for what I wondered.

‘A refuge for our friends in this dangerous and unpredictable world,’ he said as though he had read my thoughts.

I said nothing, digesting the information.

‘Amongst our friends and their families are your parents,’ he continued.

I wondered if it wasn’t a some kind of survivalist movement or something even stranger.

‘What did you think of Belpharma?’

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I told him it was very interesting, high-tech, I said trying to sound enthusiastic.

‘We’ve been watching your progress Michael,’ he said becoming serious. ‘Your many talents will be a valuable addition for our special projects.’

I asked myself what he meant by ‘We’.

He switched on a large flat screen and an image of what I suppose was the Andes appeared.

It was now a couple of years since I’d been involved with the Fitzwilliams Foundation, including my time in the Shanghai Detention Centre, and I’d discovered that Kennedy’s organisation was undeniably interesting, much more so than met the eye.

On the one hand, I’d had some extraordinary experiences and met many interesting people, but on the other, I’d learnt that my values, our values, were not universal.

‘What do you think Michael?’

‘I’d be flattered and pleased to be of use,’ I replied, as another door opened.

Good, ours is a very close family, and the world around us matters, the future, our future, and above all we value loyalty,’ he said with a strange smile, then suddenly stood up as if he’d changed his plan.

‘We’ll see the mine first, then the film.’

The entrance tunnel, through which a large truck could be driven, was cut into the side of the mountain through a thick geological strata of granite and crumbling schist.

We took what looked like a golf buggy with Sir Patrick at the wheel and headed into the mountain. What immediately struck me were the huge steel doors, more reminiscent of a central bank than a research centre.

The mine's tunnels were broad and the galleries spacious, well-lit, in which there was little sign of any of the kind of activities associated with mining.

Pat, as any careful planner, had no intention of putting all his eggs in one basket, or in one mine. Colombia had the advantage of being far from war zones and was almost an inconsequential player in great power geopolitics, of little strategic value, though at the same time distance could be a disadvantage. It was why Pat chose Ireland as a second site, it was an island, a fairly big one, nearer to Europe, but separated by two seas, and was an equally inconsequential geopolitical player of little strategic value.

At a moment's notice, his intercontinental jet could take him and his friends across continents and oceans, from Hong Kong to Dublin or London to Bogota, where they could ride out the inevitable storm, or in a worse case scenario start all over again.

Few could predict the future, but humanity has been on a rollercoaster ride. At the beginning of human existence, there

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was no growth. Then, when *Homo habilis* invented stone tools, tens of thousands of years passed before anything changed. It was only with the advent of agriculture that real growth began, starting at around 0.1% per year. Then, with the Industrial Revolution, growth accelerated to around 2% a year, doubling every 35 years.

The most recent doubling took only nineteen years. And it was not just the rate of economic growth that exploded, but also growth in energy consumption, carbon dioxide emissions, land use and scientific progress.

## CHAPTER 21

### London Dirty Money Capital

**I**t was a Friday evening when I boarded Henry's Airbus A300, destination London with a refueling stop in Dubai. There was Henry, his wife Lin, Edouard, Lucy and myself plus a small team of Henry's faithful bag carriers.

'I'd like a home in London Michael,' Henry had confided to me one afternoon as we played a round of golf at his club. 'Things are becoming complicated and your friend Sir Patrick could perhaps help me. A place for my family.'

I was beginning to become a frequent visitor to Henry's club as he began to appreciate my golfing skills. I'd grown up playing golf in Ireland, encouraged by my father in a region where quality golf clubs abounded.

Henry's favourite club lay to the west of Shanghai, almost exactly halfway between the Bund and Suzhou, nearby Dianshan Lake. The Sheshan Private Golf Club was described as one of Asia's best with its undulating tree-lined fairways, between lakes and waterways, set in a vast beautifully landscaped park, embellished by 1,000 year old Gingko trees, a haven of peace according to the club's blurb, within a short helicopter ride of Pudong, Shanghai's iconic business district.

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There with the Basilica of Our Lady of Sheshan in the distance and the ivy clad Tuscan style clubhouse dominating the Sheshan hill, the rich played golf, a few of them living in the highly exclusive villas set in five villages spaced around the club's grounds, which counted as some of the most expensive properties in the region.

'What about Paris? I mean you already have business interests in France,' I asked Henry

'Of course, but the City of London is more important as financial hub for my international business plans. France is where I can relax, enjoy myself with my family and friends.'

'...and Brexit?'

He looked at me puzzled and I suspected that question was beyond Henry's understanding.

It was a fact that things were looking complicated in China and diversification had become his priority. He feared that the Chinese economy was about to be sacrificed on the altar of ideology, and he was preparing his exit plan, which commenced by expanding his overseas operations—timber, palm oil, minerals and property.

He had friends in the party, connections, but when the going got tough, even the most powerful could be hustled out as the world watched. He knew he could only count on himself and his close family.

Naturally I'd kept John DeFrancis up to date and he'd organized meetings and house hunting for Henry in London,

which had until recently been called Moscow-on-Thames, when so many wealthy Russians lived there, that had all changed with Putin's invasion, many had left, others were keeping a low profile, and London was now becoming Beijing-on-Thames as Russian buyers were replaced by those from mainland China and Hong Kong.

The UK Office for National Statistics showed that Hong Kong and mainland Chinese buyers had invested almost eight billion pounds in London property, including more than 750 million in residential property in the central neighbourhoods alone—Westminster, Kensington and Chelsea.

In fact nearly 100,000 London properties were owned by Hongkongers and over 120,000 by mainland Chinese, which made London the most popular choice for Chinese buyers.

\* \* \*

John set the Wangs up in a luxury town house next to the Fitzwilliams Foundation's offices, near St James Park, a property bought by INI as an investment, and for their guests of mark, more discreet than a hotel, from where they could do their house hunting.

The house on Queen Anne's Gate was built as a fine town house in 1702, the home to peers, politicians, writers and rich businessmen. It was once the home of Lord Haldane, a statesman, lawyer and philosopher. Henry and his family wouldn't be slumming it, the three storey house boasted reception rooms, parlours on the first floor, three rooms on each of the other floors, and of course kitchens, laundry rooms and other offices naturally below stairs.

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The entire house had been refurbished to modern standards of comfort whilst highlighting its many original features, such as the paneled entrance hall and the beautifully carved English-oak staircase.

Henry Wang and his family would enjoy the comforts they were used to with six reception rooms, five bedrooms and six bathroom. In short it was a place designed to charm the rich Chinese businessman, a client of INI, who had set his sights of London and Paris for his investment plans.

\* \* \*

For decades the City of London had been the dirty money capital of the world, a system that had been put into place after the unwinding of the British Raj, when all that remained of its empire was a scattered of confetti, an archipelago of islands and outposts that had been transformed into a network of offshore financial bases, some independent, others British Overseas Territories. They included Hong Kong, Singapore, the UAE, Cyprus, Malta, Gibraltar, the Channel Islands, the Isle of Man, the Caribbean Islands and Belize.

I remembered how my lectures at Imperial College Business School had taught me how the City of London had redefined itself as the hub of the multi-trillion dollar financial empire, one that serviced the transnational economy, offering oligarchs, petrodollar sheikhs, autocrats, dictators and criminals of all ilks, the means to move money around under a heavy veil of secrecy with little or no consideration as to where the money came from, where it went or who precisely owned it.

London had become a haven for dirty money, a paradise for kleptocrats with the City's professional service firms providing foreign elites with the means to convert their ill-gotten wealth into prime property, stocks, shares, yachts and philanthropic foundations whilst they paraded as patrons of the arts.

The system prospered in symbiosis with another growth industry, corruption, which at the end of 1992 received an extraordinary boost when another empire collapsed, the Soviet Union, engendering one of the greatest transfers of wealth in human history, as gangsters, crooked politicians and opportunists fought like vultures over the carcass of Lenin's legacy, the collective property of the Soviet people, now the Russian Federation—industries, railways, airports, banks, commerce, shipping lines, seaports, mines, oil wells, gas fields and agriculture.

At the same time, on the other side of the globe, following the death of that other communist deity—Mao Zedong, Deng Xiaoping announced his reforms and launched China's peasant society on the most extraordinary metamorphosis in human history, at the very door of one of Britain's last remaining colonies, Hong Kong, transforming the steamy colonial outpost into one of the world's greatest financial centres.

These two events created a phenomenal demand for energy, raw materials, food and consumer products, all of which contributed to a tsunami of money and capital, an unrestrained race for wealth and development, drawing the entire planet into its turbulent wake.

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Margaret Thatcher's 'Big Bang' reform had transformed the City of London into the world's banker. Tony Blair, David Cameron and Boris Johnson turned it into a piggybank for billionaires, dictators and crooks.

Beginning in 2000, London rolled out the red carpet for oligarchs from Russia, petrodollar sheikhs, and Chinese tycoons, with the Lord Mayor of London, Boris Johnson, at the gate tending the key to the City on a silver platter to a steady stream of dubious customers and their suspicious wealth.

As Britain's leaders liberalised the economy, they effectively removed all remaining barriers to the flow of money into and out of the City whilst offering golden visas to even the shadiest of clients, more than half of whom were Russians and Chinese. The former from the Russian Federation and the republics of the ex-Soviet Union, an oligarchy of robber barons, who immediately set about making London their base.

The City offered a whole panoply of services to help legitimise the funds that flowed into the country, which the Financial Times described as a process of 'placement, layering, integration and defence'.

It started with shell companies that could be set up for as little as £100 at Companies House, companies that were theoretically obliged to declare their true owners and beneficiaries, which in practise never happened.

'Layering' used UK banks to move money around the world. 'Integration' consisted of buying assets such as property and homes with the help of friendly lawyers and accountants.

Typically Russian buyers bought prime property through shell companies set up in offshore tax havens.

According to public records, more than 80,000 UK homes were owned anonymously, with prime properties worth millions and tens of millions owned by Russian oligarchs.

Finally, ‘defence’ was guaranteed by top law firms that defended oligarchs against the press as well as other oligarchs and even the Kremlin as in the case of Sergei Tarasov.

The network of willing servants—lawyers, accountants, specialised firms and estate agents, managed the dirty money, bunging part of it to political parties, museums, private schools and universities, to salve the conscience of politicians and their hangers on.

Newspapers were bought, popularising oligarchs, who were transformed into football club owners, patrons of the arts, frequenting the establishment’s chumocracy, gallivanting and guffawing with ministers, who along with Lords of the Realm were appointed to the boards of companies acquired and set up by the oligarchy.

To mollify political leaders the Economic Crime Act was introduced in response to rising criticism, the effect of which was to transfer the most unsavory business to one of the City’s many less questioning offshore links, amongst which was the UAE.

For memory in 1876, British courts ruled that a company should be taxed only in the country where the company was

controlled, enabling a distinction between a company's place of registration and where it operated.

It was the start of dual-taxation agreements, whereby a company chose where it was taxed, which was invariably where tax was lower.

A precedent was created when the Egyptian Delta Land and Investment Company first used this loophole, which certain argued made Britain a tax haven. In 1929, a court ruled that the company, which was registered in the UK and had moved its board to Egypt, would not pay tax in the UK.

Following WWII, the City of London redefined its imperial role as a financial market, to that of a global financial market, which opened the door to tax avoidance, tax evasion and outright financial crime.

The arrival of Russian oligarchs on the London scene, introduce opened a window to the general public of the financial chicanery hitherto hidden from view. They offered a spectacle of extravagant living, their wives, girlfriends and mistresses onboard their yachts, their palatial properties and then their court battles, divorces, suicides and murders.

The Chinese were more discreet, but neither were very worried as London was not about to kill the golden goose, that is until, in Sir Patrick Kennedy's words, Vladimir Putin upset the apple 'tart' by invading his neighbour Ukraine, setting the scene for a rerun of the 19th century Crimean War, when Russia's huge army, feared throughout Europe, faced off against Britain and France in a war they expected to win.

But with poorly trained soldiers, many of whom were young conscripts and landless serfs, Russia's hopes were dashed, finally forced to leave the battlefield with its military reputation in tatters. Its weaponry was vastly inferior to that of the British and French infantry, armed with rifles that provided precision fire over greater distances and whose fleets were armed with steel built steam-powered frigates compared to Russia's antiquated fleet.

Curiously whilst the Light Brigade galloped off to a place in history, a German named Karl Marx, then a regular contributor to the New York Tribune—as was Engels, was about to lay the foundations on which the history of Russia over the next century and a half would be built.

Marx reported on the war in Crimea for America and was a severe critic of Russia's senseless military adventure, describing its vague objectives to his readers, the incompetence of its leaders and their total lack of consideration for human life.

Proof, if it was needed, of Russia's immutability.

Marx denounced the tsar's imperial blunders, which Vladimir Putin would have well heeded before embarking on his senseless folly. 'Only a miracle can extricate him from the difficulties now heaped on him and Russia,' Marx wrote of the tsar, 'by his pride, shallowness, and imbecility.'

The Crimean War was the first war fought before the photographer's lens with images of battlefields scattered with cannon balls, revealing the brutality and futility of war.

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An alliance of the Ottoman Empire, France, the United Kingdom, plus Piedmont-Sardinia, fought the Russian Empire after the tsar demanded the Orthodox subjects of the Ottoman Empire be placed under his protection.

Today, the fields of southeastern Europe are sown with the rusting debris of war—hulks of Russian tanks, troop carriers and artillery, in another conflict, repeating the ruinous ineptitude of Nicholas I. A reminder to autocrats how their best laid plans can go awry on the field of battle.

Putin would have done well to heed Mark Twain's words in *The Gilded Age*. 'History never repeats itself, but the kaleidoscopic combinations of the pictured present often seem to be constructed out of the fragments of antique legends.'

Back in Blighty, there was a whiff of financial interest in the air, which begged the question as to where ambition ended and corruption commenced, as the candidates for the leadership of the UK lined up, all were rich with strong overseas connections, starting with Rishi Sunak, whose wife's family were owners of a multibillion dollar empire back in India, raising the question of his relations with his in-laws.

At the least a reminder of how politics and the rich advanced hand in hand.

## CHAPTER 22

### A Boat Trip

Lucy announced her brother, Edouard, had organised a surprise for us that weekend, an outing on his motor cruiser. It suited me, an opportunity to escape from the sweltering heat and humidity of Shanghai in July.

Early that sticky Saturday morning, we joined Edouard and his latest girlfriend, Jenny, at one of the jetties on the Huangpo River situated at the south end of the Bund, not far from Nanjing Road. There, a fast launch was waiting and soon we were speeding north along the river. To one side was the Bund with its elegant Art Decor skyline, to the other Pudong and its garish skyscrapers.

After we'd passed the Waibaidu Bridge, the iron bridge over the Suchow Creek, the river turned eastwards and soon we were passing docks, cranes and warehouses. Edouard eased off on the throttle as we turned towards a jetty on the port side. There I recognised the quay where ocean-going ships were anchored, waiting to unload their cargoes of huge hardwood logs at Delta Timber's storage yards.

The Yangtze Delta was China's gateway to the world, and the Yangtze, the world's third longest river, formed the traditional dividing line between northern and southern China, linking

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Tibet in the west to the China Sea and the Pacific on the eastern seaboard.

Once the launch was secured we climbed out and made our way up the ramp to the dock where a black SUV was waiting. Not more than five minutes later we arrived at a helipad where we were greeted by a company pilot and invited to board a Bell 429 bearing the Delta logo.

After taking off we flew southeast and less than hour later, 170 kilometres from of Shanghai, Edouard pointed towards a group of islands, which he announced as the Zhoushan Archipelago. To the right was the coast and Ningpo.

We landed at Zhoushan Airport, a helipad at the end of the runway, nearby a ramp that led down to a jetty, there to my surprise a gleaming motor cruiser was waiting for us, a newly acquired Granville *Marie-Galante 45*, fueled-up and ready to go.

A couple of the company's dockhands took our bags and saw us on board. Then, whilst Edouard attended to a check list, I was given a tour of the 15 metre motor yacht. It was powered by two 440 HP engines, had two decks, the upper housing an ample cockpit and lounge area, the lower a spacious living space with two comfortable cabins complete with a shower, a kitchen and a salon.

Once the all clear was given, Edouard settled in behind an over-large gleaming stainless steel wheel, myself next to him. Satisfied all was shipshape he gave the thumbs up and the dockhands disembarked, cast off the ropes and waved us goodbye.

Edouard eased the throttle forward and we pulled out into the bay, heading north in the direction of Putuo, one of the larger islands of the archipelago. He was at ease, relaxed, evidently an experienced captain, as the cruiser surged past a motley collection of small boats, coming and going under the clear blue summer sky.

Soon we were approaching the sculpted coastline of Putuo Island, a series of small bays and sandy beaches punctuated by huge, weathered rock formations. Here and there the trees, Mediterranean pines and palms, were interspersed by large rose coloured granite boulders.

We rounded a headland into a bay surrounded by pine covered hills, it could have been Beaulieu in France, the water was surprisingly clear and beyond the beach lay a village with shops and restaurants, overlooked by stylish rose coloured villas set amongst the pines.

‘Welcome to Cape Edouard,’ he announced with a broad smile as we neared a breakwater that formed a small harbour.

Deftly he manoeuvred the Granville into the harbour and docked alongside a couple of motor yachts whilst two of the harbour staff waited with ropes to secure the boat. A gangway was run out from the quayside and we disembarked and were greeted by one of his managers, a smartly turned-out woman of indeterminate age standing beside a couple of golf buggies. She instructed a porter to put our bags in the second whilst we climbed into the first with Edouard at the wheel.

Cape Edouard was a picturesque tourist resort designed for well-heeled visitors, all Chinese, without cars or other vehicles,

though a number of electric golf buggies were visible. It was a replica of one of those typical Riviera villages, rather like a film set, a little too perfect to be true, though with time and a little wear it would probably become more appealingly authentic.

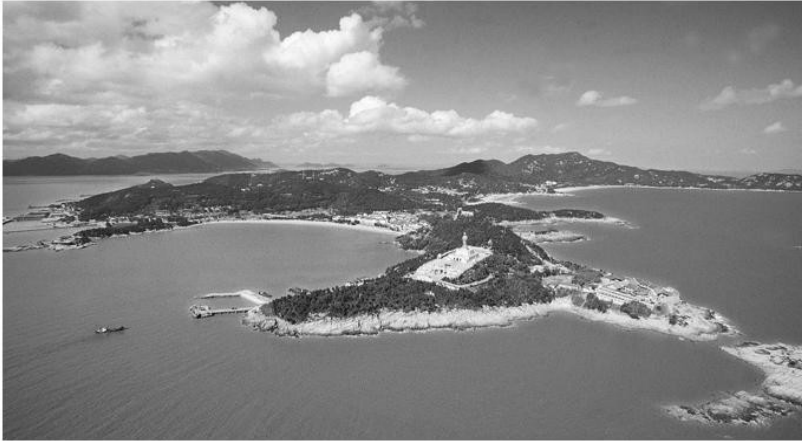
At the point of the cape that dominated the bay, we arrived before a breath-taking villa, which I can only describe as being in the style of Sir Patrick Kennedy's Italianate Villa Contessa, smaller, but complete with gardens and a pool overlooked by marble statues.

We were shown to our rooms, then met at the poolside for a late lunch.

I had seen some pretty remarkable places at my father's friends and acquaintances, but I must admit I was a little overwhelmed by Cape Edouard.

Only Russian bad taste and extravagance could compare to that of certain Chinese nouveaux riches, though I couldn't in all honesty describe Edouard's villa as kitsch, where all the furnishings and statuary were evidently imported from Italy or France.

Edouard explained to me the Granville had been very recently acquired via a shipbroker by the company, his company, one of the few in China specialised in upmarket yacht hire and related nautical services, based in Shanghai and Hainan.



*Putuo Island*

The island was described by Karl Friedrich Gützlaff, one of the early European visitors to the region in the 19th century with these words:

To every person who visits this island, it appears at first like a fairy land, so romantic is everything which meets the eye. Those large inscriptions hewn in solid granite, the many temples which appear in every direction, the highly picturesque scenery itself, with its many-peaked, riven, and detached rocks, and above all a stately mausoleum, the largest which I have ever seen, containing the bones and ashes of thousands of priests, quite bewilder the imagination.

It was the site of one of China's four sacred mountains, a centre for pilgrimage, a Buddhist shrine, where Guan Yin, the Goddess of Mercy, was worshipped. It was also a destination for modern Chinese and expat tourists with its many temples, monuments and holy sites, set in a natural landscape overlooking the Pacific Ocean.

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That evening we took the cruiser to Shenjiamen Harbour, passing under the Zhujiajian Strait Bridge that vaguely reminded me of the Golden Gate Bridge of San Francisco. The harbour was filled with an astonishing number of fishing boats, seafood restaurants and crowds.



*Shenjiamen Harbour*

It was a remarkable, unexpected discovery that helped me understand how China's fleet of fishing boats was depleting the world's fish stocks. An armada of 2,600 long-distance ocean-going vessels, three times the size of the next four largest fishing nations combined—Taiwan, Japan, South Korea and Spain, trawling the world's oceans, from the Galapagos Islands in the Pacific to the Atlantic coast of West Africa, and from the Indian Ocean to the seas of the South Pacific, where illegal, unreported and unregulated fishing was rife, especially in the

waters of New Guinea and its neighbouring island states—poor, underdeveloped, defenceless nations.

Shenjiamen Fishing Port was one of the largest fishing ports in China, and everywhere we looked was a forest of masts, fishing boats at anchor and countless seafood stalls on the quayside.

The coast both to the north and south was dotted with more than 1,300 islands, an archipelago waiting to be explored by yachting enthusiasts, and for those with the kind of boats Edouard planned to market, the warmer climes of Taiwan, Xiamen and even beyond to Hong Kong and the tropical islands of the Philippines, could be reached during the winter months.

Situated in the east of Zhejiang Province, Zhoushan was a city with a population of one million, strategically situated at the southern point of Hangzhou Bay, a crossroads between the Yangtze-Shanghai Delta, the cities of Hangzhou and Ningbo, leading to the East China Sea and the Pacific seaways. The Hangzhou Great Bay Area together with the Shanghai Delta was home to a population of over 80 million, the equivalent to that of France or Germany.

Little known outside of China, Hangzhou was famous for two of its vastly different sons, the first was Mao Zedong, the revolutionary communist, and the second Jack Ma, a convinced capitalist and a visionary businessman.



*Jack Ma and Australian boyhood friend*

It was still early days for the kind of business Edouard envisioned in China. His ambition was to become a leader in the domestic yachting industry, modeled on that of the French Riviera where there were a dozen world-class yachting harbours, including St Tropez, Cannes and Monte Carlo.

It went a long way towards explaining the Wang family's interest in Granville Marine, and I wondered how it had eluded my attention. It also explained Edouard's curiosity about Sir Patrick Kennedy's yachts, particularly *Salvator Mundi*, which Edouard had visited a year earlier during a boat show in Hong Kong, where there was a sudden surge in interest in motor yachts and in particular the 15 to 45 metre range, with 500 boats sold over the previous two years, perhaps as a means of escaping the COVID lockdowns.

Shipyards in Taiwan and mainland China had been exporting yachts around the world for decades, but comparatively the demand in mainland China had until recently been slow, as for quality boats they had been built mostly in Europe with Chinese buyers preferring reputed boat builders, in the same way they went in for luxury brand status symbols for cars, watches, handbags and perfumes.

Hong Kong had long been connected to the sea but isolated from mainland China, but that had changed and the former British colony was now fully integrated into the Pearl River's Greater Bay Area.

What Edouard had in mind was a marina development in the Shanghai Delta region that would provide all the services associated with luxury yachting, although he had no intention of getting into yacht building for the time being, given the presence of Chinese companies such as Pride Mega Yachts, based in Shandong Province to the north.

It was part of his father's plan to diversify from the traditional real estate business, which so to speak was 'entering stormy waters'.

The problem in China was the lack of attractive ports and associated infrastructure, including berthing and service facilities, and the requirement to fly a Chinese flag, which came with restrictions such as limited access to domestic waters and the need for special permits to enter foreign waters, and the obligation to register the boats as commercial vessels.

The only port of interest near to Shanghai itself was the Wusongkuo Cruise Port development, in the Baoshan district

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of the city, which promised a profitable future with the world's largest cruise ships arriving in 2019, but that was before the pandemic, lockdowns, the real estate crash and a first class economic recession looming. Besides, the muddy water of the Yangtze were not the most attractive for an upmarket marina.

For the more ambitious yachtsmen, there was the possibility of sailing down to Xiamen and Gulangyu Island, about 600 nautical miles, a bit more than 1,000 kilometres and five to seven days sailing time depending on the speed.

Xiamen was a popular tourist destination in Fujian Province, facing the Taiwan Straits. It had been one of five treaty ports established by the Treaty of Nanjing in 1842, following the Sino-British conflict, know as the First Opium War, after which Gulangyu—described as a small and pleasant island, became the main foreign enclave from the 1840s until WWII.

With its splendid natural scenery and renowned for its exceptional colonial style architectures and museums, Gulangyu was declared a UNESCO World Heritage Site, a no car island, reputed for its music and artistic atmosphere according to the blurbs, which described it as a garden on the sea.

Henry saw the demographic changes coming with less industry, more consumption and greater leisure as the population grew older and got richer, which of course assumed changes in legislation and greater freedom.

\* \* \*

Edouard was about my age and six years older than Lucy, we had a lot in common and had become good friends over the two or more years that Lucy and I had been together.

He had studied economics and worked in the City of London, so his English was better than my Chinese, although his French was terrible.

Like many overseas Chinese students, he had found it difficult to return home after studying in the West, in fact many Chinese graduates stayed in the UK or US for several years after graduation.

That evening we talked late into the night and I realised that not all of his ambitious projects were necessarily in China. As usual he was an endless source of information, whenever we were out of range of potentially unfriendly eavesdroppers. It was he and his father who I had to thank for the more in depth background I had acquired on how China worked, especially when we were away from Shanghai and they felt free to talk more openly.

‘Most foreigners,’ Edouard told me, meaning Westerners, ‘have a misunderstanding about how China works, politically that is.’

I always listened carefully when he launched into his explanations, as the Chinese generally avoided any discussion to do with politics, especially in the presence of foreigners.

‘China is not a democracy in the same sense as the UK is, it’s not to say we have only one political party, but there’s only one

that counts, the CCP,' he said meaning the Chinese Communist Party.

'It's permanent, holds all the reins of power...authority, and that's enshrined in the figure of the Party Secretary, who outranks all others, at all levels of government, whether they are committees, provincial governors, mayors, business leaders, the police, justice or even the army, which is in fact the Party's army.'

I nodded, encouraging him to continue.

'The Party wields total power Michael. Remember in China everything functions on trust—laws, in China everything works on trust, contracts, if they exist, come after.

'And who runs the Party, I mean the Central Committee?'

'The Red aristocracy,' he said with a knowing smile, 'and the princelings, that's to say the sons and daughters of past and present high ranking members of the CCP, including princelings by marriage.

'There's a word for people like them, the children of the powerful, *taizidang* (太子堂), not to be spoken out loud, whispered,' he said with a nervous laugh.

'So China is controlled by the CCP, led by the Red aristocracy.'

'That's about it. I'm sorry to say a system permeated by fear.'

I was surprised, it was the first time I had heard a Chinese person describe the political system so overtly. Of course I had

read books and articles in the press, overseas. Edouard was very outspoken, perhaps too outspoken for his own good.

‘I don’t have to tell you, China has always been an authoritarian regime,’ he continued lowering his voice, ‘and now it’s turning into a one-person dictatorship.’

‘Xi Jinping.’

‘Yes, as I said one of the *Taizidang* third and fourth generation sons of the leaders of the People’s Liberation Army, those who made the Long March with Mao.’

‘Are you one?’

He laughed.

Edouard was being groomed to take over the family business from his father, though that wasn’t imminent as Henry was still in his mid-fifties.

He certainly saw more of his father than Lucy, was more involved in his business, even if Henry was always on the move.

## CHAPTER 23

### China's Gamble

I'd learnt a lot about China in the time I'd spent in Hong Kong and Shanghai. The first thing was how the Western conception of communism was way off how things really functioned in China.

To start with more people owned their own homes in China than just about any other country in the world, a situation that came about after the Chinese government desocialised housing by selling state owned homes to their occupants, like the Conservative Party in the UK under Maggie Thatcher.

It was a complicated story, which in a certain sense had a bearing on my arrest and detention.

China's explosive growth had its roots in the reforms of 1998, that led to the development of its real estate market and the exponential demand for building materials—concrete, steel, copper and wood.

The story began for real when the central government began breaking up workers housing units, introducing privatisation and allowing people to become home owners, buying, selling or renting out their properties.

It was these extraordinary changes that led to China having one of the highest rates of home ownership in the world, after people were given the opportunity to buy their previously state-owned homes with loans at extremely low interest rates, and most Chinese made the transition to home ownership.

Under the previous system, homes were allocated on the basis of status and privilege within the communist system and rents were extremely low, representing a mere one percent of household incomes. State subsidised housing was therefore the norm and as in socialistic states the system was incapable of meeting the needs of the country's burgeoning population.

Under the new reforms, existing homeowners could therefore sell their homes and new buyers could buy homes of their choice. It was the start of China's real estate boom, which a decade later had transformed the country's housing sector into the largest such market in the world.

However, as with most things in China, the story was more complicated, as provinces, municipalities and state owned enterprises also provided rented housing.

Nevertheless, the reforms signaled the end of the socialist housing allocation system and brought about a profound change in the distribution and consumption of housing in urban China.

Essentially, housing became privatised, constructed by privately owned developers, for home owners and renters, on land leased from local authorities, launching a market oriented system with mortgage based financing, opening the way to

individual ownership on a massive scale by real estate development and the sale of homes on the open market.

This was an extraordinary decision for the communist state, one which opened the way to capitalisation and private ownership. Thus, China was transformed from a country dominated by public renters to one with the highest rate of home ownership in the world within a time frame of just two decades.

The scale of it was mind boggling. Never in human history had there been such a wave of construction, and never had such an opportunity to make money presented itself, especially in a land where extreme poverty had always been a permanent feature of its towns, cities and rural communities.

Hui Ka-yan and Henry Wang's generation had never seen real wealth of any kind and when the door opened to entrepreneurial opportunity they plunged in.

Little wonder they went overboard, it was almost a rerun of what had happened in Russia after the collapse of the Soviet Union, a wild free for all.

Urbanisation exploded with the population of towns and cities growing from about a fifth of the total population in the early 1980s to nearly half in 2020, fuelling a speculative real estate boom with a corresponding increase in leased land supplied by central and local governments as the middle classes obeyed Deng Xiao Ping's exhortation, 'Getting rich is glorious', and developers embarked on a stupendous spending spree.

The system, however, overlooked the homeless, poor, young or old, many of whom were part of the vast movement from the rural towns and villages of China, and 600 million poor peasants who still lived on the land.

As a consequence at least 15 million rural migrants flowed into the great cities each year to join their fellow citizens who enjoyed a tempting life-style, one that was relayed into their simple homes on their small flickering TV screens, day and night, in soaps, variety shows and advertising that promised jobs, cars and apartments...the good life, the Chinese version of the American Dream.

All this fueled the extraordinary construction boom that powered China over the three or four decades following Deng's reforms, a period during which its population grew from about one billion to more than 1.4 billion.

## CHAPTER 24

### The Rich

In China's Tier 1 cities, Beijing, Shanghai, Guangzhou and Shenzhen, the gap between rich and poor was great, top officials, billionaires, fashion and showbiz stars, contrasted with migrant workers from rural China, an ant-like plebeian horde, a society where social class distinction was to be seen everywhere.



*Behind the bling image Gille Sabrié*

The rich like Henry Wang and his family enjoyed great material wealth and leisure, the poor struggled to survive. In Shanghai, China's most prosperous city, a car, a home and money were musts to find a partner, where a man needed at least 300,000 dollars to find a wife, in a market where housing prices rose much faster than incomes, which of course led to late marriages and fewer children.

Henry was a rich property developer, which of course served to remind me that Lucy had grown up in a cocoon, like me, though a different kind of cocoon.

From what I had been able to make out his group was pretty diversified, building residential properties as well as commercial, industrial and infrastructure developments. He was also into building materials, importing commodities like timber and panel boards not forgetting shipping and even foodstuffs including palm oil.

He was one of those who had replaced the British and their taipans, foreign-born businessmen who had founded the great trading houses in the 19th century. They had sailed out of Hong Kong into the vanishing twilight of empire after a handing-over ceremony in 1997, when men paraded for the last time dressed ‘in military uniform, with gold lace on our breasts, swords at our sides, and something like the old family coal-scuttle on our heads, save that that venerable object was never decorated with plumes of white horsehair’, as Virginia Woolf mockingly described Westminster’s pomp and privilege in her anti-war pamphlet ‘Three Guineas’, in 1938, another bygone time.

The Chinese had certainly turned the tables, making Bojo, who had told his ministers ‘I am the führer. I am the king who takes the decisions’, look like a gesticulating clown after he pleaded with Xi Jinping to accept his invite to the COP26 party in Glasgow.

But behind China’s facade of gleaming towers and accomplishments something more sinister was lurking. I’d already sensed that on my previous visits. There was always

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the feeling you were being watched by some invisible presence. Even with Lucy I felt this, something was holding her back from the kind of total carefree commitment I'd experienced with other girls, and I'd known a few.

Moving around in the kind of exalted expat community I'd grown up in had engendered a sense of privilege, impunity. There were the privileged, the bag carriers and the servants, then there were the others.

An example of China's looming difficulties was the multiplication of EV projects, irrational ego trips, the vast production facilities under construction in Tianjin, now in question with investors scrambling to save what they could.

It was also an illustration of the inherent faults in a communist inspired planned economy. The CCP's leaders, never been known for their business talents, filling their pockets yes, but market planning no, as would inevitably be seen.

Xi Jinping, as paramount leader of China, head of the Communist Part and all the rest, had been worried that businessmen were getting too powerful. China had a long history of warlords and he had decided to slap a few down, starting with Jack Ma and his e-commerce giant, Alibaba, targeting its subsidiary, the Ant Group—formerly Ant Finance and Alipay, which at the end of 2020 had been set for a record-breaking 34.5 billion US dollar initial public offering in Shanghai and Hong Kong.

Suddenly the plug was pulled on the deal and Jack Ma disappeared for three months during which time the deal was

re-engineered. When he reappeared, he was very subdued. The new deal was said to take into account regulatory issues.

Xi Jinping had decided on what some called in politically correct terms—a paradigm shift, however, others put it more crudely, a mix of over confidence and paranoia, which could cost China dearly as the cracks in its model spread.

It started with the Covid pandemic, followed by Vladimir Putin’s untimely aggression, which not only hit the West, but backlashed, hitting China’s economy, already hurt by its construction and real estate crisis.

The effect of the Covid lockdowns was already destabilising China’s economy and when home buyers started to shun promoters events, sales dropped and real estate and construction stalled.

In January 2020, chaotic images from China were flashed across international media, much to the amusement of many Westerners. The mirth did not last long, as soon the virus spread to Europe, then to the rest of the world.

It was China’s turn to smugly congratulate itself on its handling of the crisis as the West flipped into pandemic mode for the first time in living memory.

It wasn’t long before reports of difficulties at Evergrande started to circulate in financial circles.

‘The canary has died. Get out of the fucking mine shaft and tell your mates to leg it too,’ Dominick Donald, a geopolitical risk analyst, told Foreign Policy magazine. The canary was

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Evergrande, a fucking big canary, as good as dead, and a lot of people would be trampled in the stampede to get out of the mine shaft.

That was for starters, then Jack Ma was hit with a 2.8 billion dollar fine in an anti-monopoly investigation targeting Alibaba, not long after plans were announced to breakup Ant Group's Alipay with a state owned enterprise taking a sizeable share in the business.

Other business leaders were targeted in the same manner, accused of being in cahoots with state-owned banks, investment funds and financial regulators.

Capitalism and communism never mixed well, with one foot on the accelerator and the other on the brake.

Soon it became evident that a lot of politicians had become too chummy with private firms, and Xi Jinping decided to take them down as he had done with Jack Ma's fintech firm Ant Group.

It was rumoured the next on the list would be Evergrande as it warned of delays in scheduled payments to foreign bond holders.

Sir Patrick Kennedy's bank, INI Hong Kong, had already taken the precaution of reducing its exposure to Evergrande in its high-yield and investment-grade portfolios, avoiding in Kennedy's mind any serious risk, unless that is some unforeseen event provoked a cascade of defaults that could lead to systemic collapse.

At the same time a number of Chinese real estate companies took advantage of the slow reaction from regulators by jumping on the bandwagon and delaying payments, a sign they were being encouraged to complete projects at the expense of foreign bond holders.

It was not a good sign, as opacity combined with risk taking was characteristic of certain Chinese businessmen, whose tendency to weak governance and sloppy project execution did not inspire future investors.

As trading of certain companies stocks was unilaterally frozen on Hong Kong exchanges, investors worried that suspension was being used as a ploy to avoid disclosures to investors, yet another veil of opacity employed by majority shareholders, like Hui Ka-yan, founder and chairperson of Evergrande, who with his family held 71% of the shares of the group.

Evergrande it seemed had halted the trading of its Hong Kong-listed stock, citing a 'possible general offer' for its shares without disclosing details.

## CHAPTER 25

### A Partner

**I**t seemed like a good idea to Edouard to invite Francois Colbert to the Lei Garden in Beijing where he had reserved a private booth. It was a Michelin-starred restaurant, on Jinbao Jie, a suitably named street as it meant ‘golden treasure’, with its upmarket boutiques, restaurants, hotels and the high-end clubs that attracted some of the wealthiest people in the China.

The majority of the evening crowd of strollers and window-shoppers could not afford the luxury goods in the chic boutiques, but they could enjoy the food in certain of the eating houses, though not all. There were many reputed restaurants including the Da Dong Roast Duck, specialised as the name suggested in Pekin Duck.

The Lei Gardens was situated in the Jinbao Tower to the east of the Peninsula hotel where we were staying. It was a classy seven floor commercial centre that boasted many top of the market brands like Burberry, Carlo Pignatelli, Buttega Veneta and designer labels as well as luxury watches, jewelry, gourmet restaurants and all of the other paraphernalia the nouveaux riches adhered to.

The rich Chinese liked that kind of thing—banquets and hanging out their wealth in spite of conspicuous consumption

being frowned upon by Xi Jinping and his anti-corruption campaigners.

They also liked hotels, especially of the Peninsula kind, which perhaps explained the number of five star hotels in the Chinese capital, more than any other city in the world. The reason was simple, Chinese businessmen used them almost like their own members clubs to entertain friends and business relations in private suites and of course their mistresses.

That evening Edouard chose the Lei Garden, a modern style restaurant, like its cuisine, which was said to be finest Cantonese gastronomic experience in the capital, one that was evidently not for impecunious Beijingers. Edouard was evidently pleased to offer us a culinary feast that included crispy pig, roast duckling, lobster soup and French wines.

The visit to Beijing was part of Edouard's marketing programme to introduce Delta's French partners to China where together they planned to invest in marketing and services for yachting.

Together they planned to develop services for both sailing yachts and cruisers and had visited Shanghai and the Zhoushan Archipelago, where they stayed at Cape Edouard and visited the islands on board Delta's 15 metre Granville motor cruiser.

Edouard was well on the way to managing, in part, Delta's future, something that was recurrent in most Chinese businesses as sons succeeded fathers—mostly founders which was not often the case in more mature Western businesses.

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Therein lay a problem, that is to say such businesses had been founded during China's boom years, built on cheap labour and the second generation called *fù'èrdài* (富二代), a derogative term for spoilt rich children, faced an uphill job under totally different economic conditions as growth faded and low cost labour in Southeast Asia and India attracted low-cost manufacturing.

Delta Marine's plans included brokerage that is to sales, leasing and rentals as well as chandlery and maintenance services and their next stop was Hainan where they planned to visit the Sanya's Serenity Marina on the Luhuitou Peninsula and prepare for the upcoming boat show.



We had flown to Beijing from Shanghai on Delta's Airbus and booked into the Peninsula on Donganmen Street, a short walk from the Forbidden City to the west.

Behind the culture and the bling, things had changed, there was a certain apprehension in the air as the clouds forming on the economic horizon moved closer.

The time when money could be borrowed to buy assets to finance even the craziest project was past as many businesses were leveraged to the hilt.

The wild days were gone, when blind faith in the future encouraged investors to put their cash on the table no questions asked, the days when the Chinese wealth list changed like musical chairs as reckless business decisions saw tycoons tumble, when criminal minds lured them into crooked deals, and corrupt politicians fell foul of the law when their luck ran out.

Businesses inevitably violated laws in one way or the other, be it environmentally, fiscally, or socially. This left them open to prosecution, especially when new legislation was retroactive, as was often the case, leaving managers open to accusation for decisions taken before such laws were introduced.

The law was intentionally vague, part of a system that favoured methods which were weaponised to bring down political enemies.

I remember Henrique telling me the story of a certain Li Peiying, a former head of Beijing Airport and 36 other airports across China. Li had a gambling habit and a liking for Macau's casinos that he visited on no less than fourteen occasions.

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Henrique had grown up in the former Portuguese colony, described in literature as a gambling hell, a city that lay close Hong Kong, on the opposite side of the Pearl River Delta. There Li Peiying lost six million US dollars playing baccarat, money that unfortunately for him wasn't his.

He was executed for his crimes.

\* \* \*

Some years earlier, in more prosperous times, Hui Ka-yan had visited France, accompanied by a couple friends, a trip organised by Desmond Shum, a Chinese fixer, as part of a plan to create a wine club, a spin-off of The Moutai Club, a highly exclusive venue in Beijing. The object was a crash course in wine tasting. They set off for France with their wives in their jet, playing cards for huge stakes during the long flight.

After spending 100,000 dollars on wine at the Pavillon Le Doyen on the Champs Elysees, one of the oldest and most reputed restaurants in Paris, they visited the Rothschild's vineyards near Bordeaux, then flew to the Riviera where Hui Ka-yan decided to inspect a 100 million dollar yacht owned by a Hong Kong tycoon.

His idea was to open a wine club on a superyacht, a floating palace, where he could wine and dine Chinese officials at sea, off the coast of China, far from the prying eyes of the media and more importantly from the Chinese government's anti-corruption brigade.

According to Shum, none of them were in the least put out by talk of the 100 million dollar price tag. Spending that kind of money in China's elite jet-setting circles had become, if not an everyday event, not totally out of the ordinary.

As usual their enthusiasm was stimulated by extravagantly expensive bottles of vintage Cognac, as was often the case when Chinese businessmen got together, with alcohol removing all remaining reserve, drawing them closer together.

They were different compared to Northern Chinese, who saw Shanghainese as mean, effeminate and arrogant, or more to the point Westernized, who had abandoned traditional and party values, their only interest being in money.

The Shanghainese on the other hand saw themselves as cosmopolitan, open-minded and enterprising, which to them explained why they enjoyed a higher standard of living than most other Chinese, and who in addition were more willing to criticise the government, though they refrained from doing so in public.

Back in China, Moutai was preferred by most of the business elite. It was China's national drink. The rich splashed out on special vintages. There was even a vintage for the People's Liberation Army with some bottles going for tens of thousands of dollars.

I myself had seen Henry Wang order vintage Romanée Conti wine at several thousands of dollars a bottle

When Hui visited Europe, he was already a billionaire. He'd come a long way. Like a good number of Chinese tycoons, he

was a self-made man, born in a poor village in rural Henan Province in 1958. Hui's father was a warehouse worker. His mother, a peasant, who died when he was eight months old leaving him to be brought up by his grandparents.

At twenty, Hui worked in a steel mill in southern China where he rose to become general manager. After the mill was privatised, under Deng Xiaoping's reforms, Hui seized the opportunity, quit his job and together with a group of friends went into building and construction as homeownership gave birth to China's middle classes.

The rich enjoyed themselves by travelling, always with friends and hangers-on, keeping together and more often than not eating in Chinese restaurants.

Good fortune lay at the origin of many successful men's careers and that was true of Sir Patrick Kennedy and his own remarkable rise to wealth and power. Men like John DeFrancis had inherited wealth and standing, not the kind of astronomical wealth he now possessed, but old money with the style and education that went with it.

It was like my family who had been very comfortably wealthy for generations, not billionaires, but with pedigrees and connections, constant, bred by the system for the system.

One of the things in the world of Chinese politics and business was its unpredictability, not only could you find yourself catapulted from rags to riches, you could find yourself poor and in prison even quicker. It was the nightmare that accompanied every Chinese success story and every would-be tycoon.

The Communist Party demanded obedience and for those who deviated from the straight and narrow path or fell out with its doctrines, criminal charges could be invented, like evidence, and failing that there were forced confessions, with the punishment ranging from imprisonment to death.

Crimes were not the only inventions, there were also achievements—economic growth, scientific and military prowess, to the point that it was almost impossible to separate fact from fiction.

It was a process I discovered when I was invited to write my confession and self-criticism denouncing my errors, after I had unwisely accused China of environmental crimes, deforestation and the trafficking of illegally cut timber at home and abroad. It was a method that sounded remarkably like something from Mao's China, from the Cultural Revolution, that finally ended in 1976 with Mao's death.

And to help those who were reluctant, their jailers always had the possibility of resorting to psychological torture, as I learnt to my great regret, alone in my cell, where time, day and night, light and dark, was transformed into a formless illusion.

## CHAPTER 26

### Stranded

Lucy and her brother, like many young Chinese who had studied abroad, were haunted by an insidious fear, that of unaccomplished dreams and uncertainty, as the state relentlessly extended its control over them. They were amongst those who had seen the rotten soul of the CCP and experienced the measures that had transformed the country since the outbreak of the coronavirus in January 2020, instrumentalising the pandemic to crush the Umbrella and Democracy movements in Hong Kong.

Edouard and Lucy, though they were proud to be Chinese, proud of their country's achievements, had seen what had happened to their friends in Hong Kong. They spoke Cantonese like their parents and grandparents and had many friends in Guangzhou and Hong Kong, and like those friends they had grown fearful of the CCP, fearful for the freedom of their father, their family and friends, especially after seeing what could happen to others who had arrived in a position of prominence in the business world, those who dared tread a path that diverged from that of the Communist Party's.

Their future darkened after Beijing declared it would 'unremittingly grasp the normalisation of epidemic prevention and control in the next five years'.

Scenes reminiscent of Hollywoodian science fiction movies took place in Canton when officials in white hazmat suits broke into the homes belonging to those held in quarantine centres, interned after being tested positive for Covid, in search of undeclared contact cases hiding inside, beating on the doors with hammers, decontamination spray guns at the ready, it was as though they were fighting an outbreak of Ebola or Marburg disease.

Slowly it dawned on the Wangs that people's rights could be confiscated in the blink of an eye even in Shanghai, China's economic capital, its richest and most outward looking city.

Whilst Covid variants ran loose in Europe without any particular measures, in Beihai, a coastal city in Guanxi on China's south eastern seaboard, more than 2,000 holiday makers, enjoying a break at the Silver Beach resort, suddenly found themselves stranded after a lockdown was declared with obligatory mass testing for the city's two million citizens.

It was little wonder that many Chinese were reacting to the heavy handed approach of the authorities enforcing the country's zero-Covid policy, the effect of which was beginning to seriously impact the economy as restrictions hit firms and consumers after fresh outbreaks of the disease.

A mere handful of new cases seemed to justify the most draconian measures to prevent the virus from spreading. More than 40 cities were reported to be under partial or total lockdowns, effecting nearly a fifth of the population, those producing nearly a quarter of China's GDP.

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It contrasted with the pandemic in Europe with millions of ongoing cases, where most measures had been lifted.

Amongst the cities affected in China was Macau, where a lockdown was imposed over the entire municipality to contain what was described as the worst outbreak since the pandemic began.

It was little wonder real estate sales had all but collapsed. Construction of half of all projects had come to a grinding halt.

Homebuyers boycotted their mortgage repayments on unfinished condos and apartments in 22 cities. The protest which had started as a trickle, was turning into a deluge. Their properties lay unfinished after indebted developers ran out of cash and buyers accused them of misusing their downpayments and banks of failing their obligations.

There was the risk of a systemic crisis if the movement continued to spread as hundreds of thousands of homebuyers refused to pay their mortgage installments. Real estate companies would collapse as would local banks whose assets were mostly in housing without intervention of the central bank, which was not on the cards.

Many of the projects affected by non-payment of mortgages were those belonging to the deeply troubled Evergrande Group.

One of the effects of the boycott was to reveal an unexpected resilience of ordinary Chinese citizens, a reaction to the state's overbearing authority, in the same way Ukraine reacted to Russia and its brutal ultimatum.

Was the Chinese leadership misinformed, out of touch? Perhaps, but it was not certain. What was more probable was its blind authoritarian attitude to the plight of ordinary citizens.

Property values fell and the great housing boom that had lasted a quarter of a century looked as though it had finally reached its limit.

It was the end of an era during which property developers like Evergrande and Country Garden had prospered as buyers paid as much as one third of the price of their future home upfront, before construction had even started.

It was like a vast Ponzi scheme, as prices rose, buyers fought to get in and the number of projects grew almost exponentially with the capital available spread thinner and thinner. Then the pandemic struck with draconian lockdowns bringing sales to a halt, cash flow dried up and construction stalled.

Bankers like Liam Clancy had seen it all before, in Ireland and Spain. It took 15 years for Ireland to recover, and Spain, still suffering from that past crisis, was now hit by the effects of the Covid pandemic as high debt levels, unemployment and inflation threatened theirs and Europe's economy.

The challenge to China's central government and the banking system by a mortgage boycott was something entirely unforeseen. Chinese banks were exposed to loans totalling over nine trillion US dollars, and any threat to the country's financial stability could result in a Lehmann Brothers scenario.

Most exposed was the China Construction Bank, a state owned bank, the world's second largest, heavily engaged in

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home construction and household mortgages, all of which accounted for more than a fifth of its total assets.

The extent of the danger could be measured by the fact that 28 of the country's top 100 developers were facing insolvency after having defaulted or asked for extensions on their bond repayments.

The future was not looking good as property sales plunged 72% in the first half of 2022.

According to INI in Hong Kong, mortgages worth well over one hundred billion dollars were linked to abandoned construction sites across China.

The outlook was bleak. It was a year since Evergrande came to the outside world's notice and little or nothing had been done to resolve its 300 billion dollar debt crisis, a black hole, drawing in the whole construction sector and financial system, transforming building sites into ghost towns, consuming savings, threatening to bring down banks and financial institutions. In short contaminating the whole economy already mired in the Covid pandemic with production and household income suffering the effects of the endless lockdowns.

The fear was that banks, developers and authorities would divert downpayments and savings to plug other holes or to pay off debts.

How the CCP would manage that was another thing, in the recent past, the IMF and the FED had miscalculated in their efforts to avert collapse when crises threatened. In both the 1997 Thailand monetary collapse, and the Lehmann Bros

bankruptcy in 2008, the consequences of their intervention had had disastrous effects.

There was always the risk that such crises could provoke political change, which in China would have seemed improbable, but for the fact that this particular crisis affected hundreds of millions of ordinary Chinese, whose savings—invested in homes and property, earned by the sweat of their brow, suddenly evaporated.

The risk was visible with crowds of unhappy buyers gathered before the Evergrande HQ in Shenzhen and queues of frightened depositors outside banks in Henan, where demonstrations erupted and the police responded to violence with more violence.

Public demonstrations were not tolerated in China as witnessed by the extraordinary appearance of tanks earlier in the year to protect banks in Rizhao, Shandong Province.

Since then, the problem spread from banks in Henan to Anhui and other provinces, where billions in deposits had disappeared and savers were prevented from leaving their homes to withdraw cash when their Covid health codes inexplicably turned red.

Those demonstrators who made it to the banks were attacked and beaten by gangs of white shirted men, later identified as government thugs.

Amongst the troubled financial institutions were 1,600 village banks that were heavily invested in local real estate markets.

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The question was whether the introduction of new guidelines tightening Covid restrictions on group gatherings in Beijing and Shanghai was a coincidence, or did it have something to do with the real estate crisis after limits were imposed on meetings, conferences and receptions in hotels and restaurants—a ploy by authorities to prevent demonstrations spreading to the rest of the country, which after all had registered no more than a few hundred Covid cases?

John DeFrancis, who besides being the head of the Fitzwilliams Foundation was an eminent economist and historian, explained that whilst China's economic growth was extraordinary—a seemingly golden age of steady state growth, it was a theoretical unsustainable model in the long term, an improbable phenomenon in any real economy.

It had nevertheless lasted three decades, starting from what was in effect a dysfunctional bankrupt state that had just emerged from Mao's failed cultural revolution when Deng Xiaoping took over.

The golden age was underpinned by policies linked to abundant low cost labour, exports that improved living standards, plus the reforms that brought socialised housing to an end with the introduction of home ownership.

Home ownership together with the kind of transport infrastructure that went with it sustained steady state growth, demanding continuous and ever increasing economic inputs.

The trouble was all good things inevitably come to an end and when China's economic model evolved from that of a developing economy to a mature economy, demand should

have in practical terms started to fall off with slower growth, however, the real estate construction sector continued to grow as the new middle classes sought to invest their savings.

With few other alternatives, they invested in property, thus inflating a speculative bubble.

In Western style economies, profits were created by investment in productive industry and services, which in return created more wealth.

In China, a nation of savers, 70% of all savings ended up in real estate for want of an alternative form of investment.

China's authoritarian one party government was ideologically motivated. Its principal priority was that of maintaining power and it neither understood or accepted the idea of an impartial judicial system with laws to govern markets, finance and the settlement of contractual and other disputes, an obstacle to creating a Western style economy with laws and courts to provide an equitable business environment.

In China the concept of supply and demand was almost non-existent in the Western sense and as a result, its economy increasingly needed new inputs to stimulate real economic growth.

The root of the problem lay in the fact that investment decisions were not driven by capitalistic wealth creation, but by speculative gains, thus markets were more reminiscent of casinos, disconnected from business strategies and legal obligations, as evidenced by the recent rush into the EV market as hundreds of speculative companies plunging into the fray.

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The time was at hand to face up to economic realities, and any delay would only intensify the impact on China's business environment and the country's future.

One of these realities was managing the Evergrande restructuring, and the Chinese real estate market collapse.

The worst hit were Evergrande's foreign bond holders who risked losing everything, since its bonds were unsecured, issued by a Hong Kong subsidiary firm, which meant that according to Chinese regulations foreign creditors did not have the right to seize assets on the mainland, where Evergrande had the vast majority of its more than 1,000 projects.

It was why successful businessmen like Henry Wang were seeking a way out, to protect their accumulated fortunes, placing their wealth beyond the reach of their government.

## CHAPTER 27

### Granville Marine

**H**ainan with its Free Trade Port was a promising development centre for leisure yachting, compared to the north where the rich were slow to adopt sailing and nautical sports.

On arrival in Sanya, Francois Colbert, Edouard and myself were picked-up and driven to the Mandarin Oriental, a luxury hotel that looked across the bay to the Luhuitou Peninsula. Francois Colbert was delighted to discover Hainan, a large and pleasant tropical island facing the South China Sea, China's smallest province—its 'Sunshine State'.

Hainan was about 200 kilometres from east to west, half the size of Ireland, it lay in the South China Sea off the coast of Guangdong Province. Its capital Haikou was situated on the north of the island, a city of over two million, was not the tourist centre, that lay to the south of the island, Sanya, visited by more than a million tourists each year during the Chinese New Year.

Sanya, if not the political it was the capital of China's Riviera with its booming Central Business District, had everything better-off Chinese tourists could hope for when they headed south to escape the bitterly cold northern winters—beaches,

upmarket hotels and many other attractions, and for the richest amongst them the Serenity Marina on the Luhuitou Peninsula.

The city nurtured ambitious plans to build a yachting industry with its year-round warm climate and an already well-established tourist industry, in short Hainan was an ideal place for development as a yachting and marine leisure centre.

The trouble was Xi Jinping's anti-corruption campaign had frightened the rich away, which with the Covid pandemic, had stymied Sanya's plans to build a yachting pole and host yachting shows, but as Eduardo was not deterred, the pandemic would pass and it was the moment to prepare for the future.

The trouble with politicians was they had little imagination, and more especially those with autocratic ambitions, noted for their lack of realism and absence of foresight, which went a long way to explaining how an accumulation of negative events had upset China's well laid plans.

Once Sanya had been a popular destination for Russian tourists, especially from Vladivostok and Russia's Far Eastern republics and territories, as witnessed signs written in Cyrillic in shop windows and hotels, but successive crises had squeezed Russian budgets to the point that their presence was reduced to a mere trickle.



*Hainan Sanya*

Another negative point was China's sovereignty claims in the South China Sea, which did not go to encourage yachting, making it a risky sport with gunboats patrolling the disputed waters and the growth of artificial islands with air force bases occupied by armed soldiers.

Investors had not anticipated the rapid emergence of Xi Jinping, who rose to General Secretary of the Central Committee of the Chinese Communist Party in 2012. His first move had been, justifiably, to purge tens of thousands of party members suspected of corruption with their conspicuous life styles. At the same time publicly flaunting wealth became dangerous even if it was legally earned.

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The rich registered their yachts overseas, behind screen companies, as did Henry Wang, whose recently acquired a Granville motor yacht was registered in the British Virgin Islands and was now berthed in Beaulieu on the French Riviera.

Unfortunately for Henry, like many other Chinese, he had little time for relaxation, finding the time to enjoy his yacht, it was perhaps why Chinese yachts were often designed with karaoke stages and banqueting tables, but without cabins or sleeping berths.

But Henry was learning fast, copying André de Launay and Francois Colbert, discovering life was too short and that wealth could be a fleeting thing in Xi Jinping's communist paradise.

The general lack of shipyards in China to maintain, service and repair yachts and the absence of ships chandlers, had prompted Henry, led by Edouard to invest in their marina projects hoping to attract owners from Hong Kong, Singapore, Bali, Thailand, and more recently Cambodia, now a destination favoured by Chinese holidaymakers and investors.

The only criticism of Edouard's Putuo Island's village was its dismal winter months and the absence of blue waters, unfortunately the surrounding sea was mostly a muddy brown compared to the turquoise waters of Phuket, the Caribbean or Mediterranean, as rivers like the Yangtze discharged their heavy burden of silt into the ocean—loaded with industrial and domestic sewage. It was symptomatic of the lack of concern by public authorities as to the toxicity of the effluents discharged from refineries and chemical plants upstream.

Henry could have bought the 49 metre yacht owned by the luckless Wang Jian, still anchored in Hainan, after his company, HNA, collapsed under a staggering mountain of debt, but it was not good to go risking the disapproval of the CCP for ostentatious living.

‘Such an impudent demonstration of their wealth should be punished,’ one Chinese newspaper declared, reminding its readers that 200 million Chinese still lived below the poverty line.

It was a paradox, China had more than 1,000 billionaires, more than the US, who in spite of their wealth were not buying superyachts directly from boatbuilders, but through brokers, that’s to say anonymously, behind offshore companies. There had been of course heavy import duties, 38%, but more important was the perception that superyachts in China pointed to ostentatious living. A low profile was more prudent, which went a long way to explaining why such yachts were registered overseas, anchored in faraway ports.

There were virtually no second-hand brokerage businesses in China, on top of that there were few berths for vessels of over 30 metres, added to which was the problem of qualified crews and language, not all newly rich Chinese spoke good English.

\* \* \*

On his arrival in Granville, Henry, an old hand in the art of offshore business operations, was fascinated to discover he was just a short boat ride, about 25 kilometres, from one of the world’s oldest tax havens.

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Jersey and Guernsey, known to the British as the Channel Islands and the French as Les Iles-anglo-normandes, lay just 25 kilometres off the Normandy coast. The islands though technically and historically attached to the United Kingdom, enjoyed some remarkable privileges, especially in the domain of taxation. Something that had arranged the affairs of the Colberts.

As for Granville itself, not only was it called the Monaco of the North, which I thought an exaggeration, but it had also been the home to the fashion designer Christian Dior. Facing the Atlantic it lay on a peninsula between Cherbourg and the world famous Mont Saint Michel.

Granville, a small fishing and yachting port, was also the home to the Colbert family's yacht building firm, Granville Marine. My aunt Caroline was married to Francois Colbert whose family had been naval architects and boat builders for more than a century, almost exclusively for leisure, both sailing and motor yachts, and enjoyed a solid international reputation for quality stylish upmarket craft.

Their offices, where they designed, engineered and carried out project management, faced the Granville Marina, where they also had maintenance and service workshops. The boatyards were to the north at Cherbourg, where they built large and super yachts, the latter generally classified as under 60 metres in length, though the biggest they had built was 50 metres, in other words real oceangoing craft with a gross tonnage of up to 500 tonnes, about the size as the Spanish galleons that plied the route to the New World in the 16th century.

The new generation of owners, in a costly programme to launch a new series of motor yachts, had entered a complicated period following the cancellation of a super motor yacht, ordered by a Russian buyer now hurt by sanctions, compounded by a general slowdown due to the Covid pandemic.

Ownership of the Russian's yacht was not in question, it had not been handed over to the Guernsey offshore company that had ordered it, part of a complex web of corporate entities to hide the identity of the beneficial owner, since payment default had automatically broke contractual conditions.

My cousin Eleonore Colbert was a friend of Anne de Launay, both of whom first met Edouard Wang when he had accompanied his father on one of his visits to Entrains-sur-Nièvre, at which time Eleonore had invited them to Normandy and a visit to Mont Saint Michel.

The Colbert's lived in a vast manor a few kilometres inland from Granville, where Edouard, who had joined them for the weekend, was fascinated by the vast 16th century monument set in a park which was in effect a botanical garden, a collection of now ancient trees—many centuries old, and exotic shrubs brought back from distant corners of the earth by the family's privateering ancestors who had sailed the seas for the kings of France.

Henry liked the idea of living like a French nobleman, a taste he had acquired in Burgundy at André de Launay's chateau.

The high point of that memorable weekend was a boat trip around the nearby Channel Islands on Francois Colbert's

magnificent motor yacht, the *Marie-Galante*, the flagship of Granville Marine.

I suppose that's how Henry expanded his business, diversifying into an entirely new field and at the same finding a solution to the CCP's evergrowing pressure on entrepreneurs in its authoritarian derive.

It came when he spoke of China's potential as a market for leisure craft, and Francois Colbert, almost jokingly, suggested they develop a joint venture.

The result was not only did Henry become a shareholder in Granville Marine, thanks to a substantial injection of capital, he also became owner of the near completed 46 metres yacht the Russian buyer had defaulted on, one of the largest ever built by the company. With its three decks and a nine metre beam, it had accommodation for up to 12 guests with five suites as well as a dozen or so crew members to sail the vessel and provide the quality comforts and services that went with it.

Henry figured its contemporary design with crystal chandeliers, black marble surfaces and white leather furnishings, would provide a setting for part of his collection of Chinese antiquities and works of art. That with the yacht's eight metre pool, jacuzzi and cinema, it would provide a perfect venue to entertain his business friends across Southeast Asia and the Pacific Rim, far from the kind of snoopers that frequented hotels and restaurants in China and Southeast Asia.

The yacht was powered by twin screw 1600 HP Caterpillar diesel engines that gave it a cruising speed of 14 knots and a range of 6,000 nautical miles, which meant that Henry could go

almost anywhere on a full tank, crossing oceans and changing continents, it was part of his personal globalisation plan.

Henry was happy, but the town of Granville was so different from China. There were no skyscrapers, no grand hotels, no shopping malls, no bright publicity panels, no crowds, no rush and no Chinese restaurants.

At first he felt a little disappointed, that was until he discovered rural Normandy—lush, green, rich with few people, its towns full of history, its monuments like Mont Saint Michel, the easy going villagers, happy, no stress, and its magnificent coastline...and all was within easy reach of Paris and his friends in Burgundy.

It had been like that for a thousand years and if Henry had been aware of the region's history he would have understood why Edward III, in the 13th century, had coveted that region of France with his raid in July 1346, when he pillaged the region of Cotentin, south of Cherbourg, with an army of nearly 20,000 men, an invasion that ended with the capture of Calais to the north, which the English ruled for another two centuries.

Henry's investment was channeled via a British Virgin Islands company, a conduit for the profits from his timber and commodity business trading transaction in Indonesia, Cambodia and Papua New Guinea, providing him anonymity and an opaque operational structure as far as the Chinese authorities were concerned.

A quick look at the map told him he could reach Nice from Granville-Mont-Saint-Michel Airport, 900 kilometres to the southeast, in an hour-and-a-half in his private jet. From there it

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was a short car ride to Eze where Edouard was studying of a marina project, ten minutes along the coast from Monaco.

In conclusion it was an arrangement perfectly adapted to circumventing the obstacles introduced for businesses in China and the growing restrictions on capital flow out of China.

The value of timber produced and exported by Delta's intermediaries from PNG was way below international market price. Once the timber was on the high seas it was sold to a company in the BVIs owned by Henry which in turn sold and invoiced it to Delta Timber in China at market prices, allowing Henry to invest the difference in European businesses and property.

Henry Wang's Delta Group was not one of China's top real estate construction companies, in fact it was far from being in the top ten. In addition Delta was much more diversified than most. Perhaps Henry had been wiser or perhaps simply less focused, in any case his business was better adapted for avoiding the impending collapse of China's real estate developers than most, even though he could not avoid taking a hit with the non-payment of his timber products—doors, window frames, flooring and kitchen fittings, by Evergrande and other troubled developers.

He had seen the crash coming as other Chinese businessmen were carried away in a wave of euphoria, perhaps it was because of his more down to earth upbringing.

Whatever, it was part of his diversification plan already set in motion before Covid struck, investing in foreign property, a flooring factory in France, and more recently the marina

project in the small Riviera town of Eze, where for the moment he had anchored his new acquisition, his yacht, symbolically named *Trade Wind*, after the Alizes that blow from east to west north of the equator, owned by a Virgin Islands company.

Why Eze? First, nearby Monaco with its two square kilometres was too small for the growing number of super and mega yacht owners, and Eze was near enough to take the overflow. Second, Eze was smaller with more promise of exclusivity, but near enough to the other luxury yachting ports like Saint Tropez, Cannes and Nice.

There was no beating the French Riviera. Montenegro with its Russians was now out and besides it was poor, Greece too close to Turkey, Spain too popular, North Africa much poorer than the Balkans and besides too unstable.

It would not be easy, but with Francois Colbert and André de Launay, his French partners, together with his British Virgin Islands company, he figured he could pull it off—and what better than getting Sir Patrick Kennedy, an internationally known banker and investor on board, so to speak.

That was where I came in with the help of Lucy, and Sir Patrick's wife, Lili, who was Chinese, and Cantonese.

\* \* \*

It was not good when the government controlled tabloid press in China, described visitors to the Sanya yacht show of having 'a wasteful lifestyle', and even prostitution.

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Many would have agreed with that, especially Chinese women. Lucy was an example of how Chinese women were not attuned to yachting, traditionally they avoided the sun, tanned skin was for the poor—peasants and the like. As for the men they didn't have time to play and considered yachts as business tools.

But that could change, if marinas were built and yachting was encouraged as a leisure investment sector, since more and more retirees were entering the Chinese market, discerning, not interested by mass tourism, crowded resorts and gambling.

There was also the problem of experienced crews and few first class marinas, though there was the Nansha Marina in Guangzhou and the Ocean One International Yacht Club.

Henry reasoned that though nothing beat the Mediterranean with ports like St. Tropez, Cannes, Monaco and Capri, countries like Thailand and Malaysia offered blue water anchorages that were much nearer to China, a solid reason for Granville Marine to target Singapore, and why not Sihanoukville in Cambodia, based on Edouard's model village on Putuo Island.

Already the UK yacht designers, Spirit Yachts, had set up a base in Hong Kong and Burgess Yachts in Singapore. They were making the same bet as Henry though he had other objectives in mind.

The international market for superyachts exceeded 20 billion dollars and Henry wanted out of residential construction even if his was an upmarket segment.

## John Francis Kinsella

Now was the time to plan for after Xi Jinping, who would not last forever, targeting the Southeast Asian prime property market, and more precisely Cambodia, where he could get in on the ground floor, where he had many friends including wealthy overseas Chinese.



*Port Hercule Monte Carlo*

Overseas investment and property had been a long established way of getting money out of China. At the low end of the scale was an apartment in the UK, the US and elsewhere, to provide accommodation for children studying abroad. The upper end was a prime property investment.

For the most astucious was import-export operations via offshore companies with rigged invoicing like Delta Timber and its network of companies across Southeast Asia and the Pacific Rim, with the willing and unwilling collusion of banks like INI Hong Kong.

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Henry was ahead of the field if Adam Tooze, the economic historian, was anything to go by. Tooze speaking on China's property bubble had ominously commented, 'The amazing thing is that big money in the West is taking a huge gamble on the capacity of an authoritarian regime, unfettered by the rule of law, to pull off the largest single exercise in macro-prudential and macro-financial stabilisation the world has ever seen.'

Which only went to confirm what I had observed after more than two year in East and Southeast Asia, even if part of that was in detention, where I had time to reflect on the unraveling of China's economic miracle.

## CHAPTER 28

### Subversion

The news that a Democracy demonstrator had been found guilty of acts proscribed under the new Hong Kong security laws was alarming. In the dock was a 24 year old waiter named Tong Ying-kit, who pleaded not guilty to charges of terrorism and inciting secession.

Tong was the first person to stand trial under the draconian new laws imposed on the territory by Beijing. He was accused of riding his motorcycle into three riot police, not a recommendable act under any circumstances, whilst carrying a flag bearing the words, ‘Liberate Hong Kong, today’s revolution’, a slogan brandished during Hong Kong’s mass protests, before the authoritarian crackdown on so-called acts of subversion, secession, terrorism and collusion with foreign forces.

It wasn’t good to criticize China and especially its leader and the Communist Party. Those who did soon ended up behind bars on trumped up charges, as did Ren Zhiqiang, a property developer, who foolishly alluded to Xi Jinxing as being a ‘clown stripped naked who insisted on being emperor’.

For his trouble Ren was handed down an 18 year prison sentence on charges of corruption, a fallacious accusation

invented by the Chinese justice system, which had little tolerance for the truth.

China, Hong Kong and Taiwan were the kind of flash points the Fitzwilliams Foundation monitored as part of its programme to predict and anticipate the kind of risk that could lead to societal collapse.

The reaction to Ren Zhiqiang's outspoken views led observers to fear Xi Jinping had embarked on a new version of the Cultural Revolution, one that had wreaked havoc on China, its people and its economy.

The Fitzwilliams Foundation was one of many institutions that had undertaken studies in an increasingly unstable world to quantify risks, time scales and evasive actions, in order to anticipate the consequences of uncontrolled population movement, war, famine, climate change, the destruction of the environment and political chaos.

There was however a difference compared to other think-tanks and that was the foundation had immense financial resources at its disposal. Many foundations avoided direct links to businesses and financial institutions, but the Fitzwilliams Foundation's *raison d'être* was to provide the INI bank with another layer of protection and had already established large scale research programmes designed to study different problematic geopolitical phenomena, proposing solutions to the bank's leader, Sir Patrick Kennedy.

It was logical that countries able to grow food for their populations, protect borders from mass migration and be

energy independent, were best placed to withstand severe shocks.

It didn't take a genius to realise human civilisation was in a parlous state, which recalled a lesson of John DeFrancis, one he had illustrated with a quotation from Kant—*From such crooked timber as humankind is made of nothing entirely straight can be made.*

Sir Patrick Kennedy's vision was to create a refuge, one that would enable him and those close to him to survive the inevitable collapse—Armageddon, hunger, disease and the ensuing chaos, a refuge equipped with the necessary means to recreate a new and kinder world.

Islands like New Zealand, Iceland, Tasmania, and Ireland would have seemed the obvious choices to survive a global collapse, but his choice was Colombia, high in the Andes, on a rich continent, separated by oceans from the world's most historically turbulent flash points.

\* \* \*

It was a source of constant surprise to Kennedy that the rich put their wealth and treasure in banks and freeports. I mean what would be the worth of dollars or bitcoins in the face of imminent collapse. What was the point of hiding works of art in a Freeport situated in a Geneva suburb, in the heart of Europe, after all it was protected by nothing more than a few concrete walls, fences and cameras. I mean you only had to look at the work of naked tomb robbers, who succeeded in pillaging the pyramids of Egypt more than two thousand years ago.

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Freeports such as that of Geneva, had nothing to do with custom freeports built for international trade and tax-free transit. Geneva's served a very different purpose—that of hiding valuables such as paintings, sculptures and gold, not only from the taxman's grasp, but also that of divorced wives and thieving families.

Operated by Yves Bouvier, a Swiss lawyer, the Geneva Freeport with its massive vaults was a reference in secrecy and discretion for rich collectors, others in the same style had been established in Luxembourg and Singapore.



*2-8 Rutland Gate, London*

Some put their money into property, not your suburban semi, but mansions, palaces and skyscrapers, as the City of London continued to be a pole of attraction for a lot of shady people and their even shadier money, but who cared when they bought

property and businesses at over the top prices. The latest arrivals were Chinese tycoons, following hot on the heels of Russian oligarchs, petrodollar sheikhs, African and South American dictators.

One of these was Cheung Chung-kiu, who already owned the Leadenhall Building, a skyscraper popularly known as the ‘Cheesegrater’ situated in the heart of the City, which he had picked-up for 1.6 billion dollars.

In 2020, he then acquired a property situated at Rutland Gate, Knightsbridge, a short distance from my alma mater, Imperial College. The Victorian edifice was estimated at more than 280 million dollars, making it the most expensive residential property ever sold in the UK.

In recent times the mansion had been successively owned by two equally questionable figures—the defunct Crown Prince Sultan bin Abdul-Aziz of Saudi Arabia, and Rafic Hariri, five times prime minister of Lebanon—who was killed in a massive car bomb attack in Beirut along with 21 other people in 2005.

The mansion, built in the 1830s, was in a ruinous state, composed of 45 rooms, including grand staterooms, 20 bedrooms, a swimming pool, a health spa, gym, and an underground garage.

Like so many Chinese tycoons, Cheung was born into a poor family, in Chongqing—a megapolis of 30 million in Sichuan Province. From there he had set out for Hong Kong, then a British colony, where he started a small business, exporting cheap electronic consumer goods to the Chinese mainland. As his success grew, he diversified into property, buying land close

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to the centre of the megapolis on which he built the city's first large housing project. Today, Cheung Chung Kiu was one of the wealthiest men in China.

## CHAPTER 29

### A Strange Whistleblower

In 2012, Xi Jinping launched his anti-corruption campaign, vowing to crack down on ‘tigers and flies’, in other words high-ranking officials and petty civil servants alike.

The campaign was led by Wang Qishan, a member of the Politburo Standing Committee and head of the Central Commission for Discipline Inspection.

It was declared a huge success with some 40,000 supposed criminal cells and corrupt companies ‘smashed’ and more than 50,000 Communist Party and government officials judged for collusion.

In 2015, Guo Wengui aka Miles Kwok, another real estate billionaire, who had developed close ties to Chinese civilian and military intelligence services, was forced to flee to the US after falling out with his business partner, leaving his family behind.

A couple of years later, at the beginning of 2018, Xi Jinping launched another anti-corruption campaign, this time to ‘sweep away black and eliminate evil’.

Since 2018, Wang Qishan, China's second most powerful figure, was appointed Vice President of the People's Republic of China, though no longer head of the CCDI.

Meanwhile, Guo, now established in New York, revealed Wang Qishan's family had amassed a staggering fortune through an extensive network of companies linked to HNA. Guo also claimed Wang's family not only owned numerous properties in the US, but accused him of money laundering, human rights abuses, and of being involved in sex scandals with top Chinese movie stars.

HNA (Hainan Airlines), was a vast Chinese aviation industry conglomerate in which Wang Qishan's family held a secret stake. HNA, known for its explosive growth and extravagant spending—even for a Chinese company, had collapsed in a huge financial scandal after the death of one of its two founders, Wang Jian in France nearly two years earlier.

I had personally witnessed Wang Jian's death, by the strangest of coincidences, in the small town of Bonnieux in Provence.

Guo, who saw himself as a whistleblower crusading against the regime, was given credibility after his wife and daughter were allowed to join him in New York and his assets unfrozen in China. It was the sure sign of a power struggle between factions in Beijing, those of former Chinese president Jiang Zemin and his successor Xi Jinping.

Guo, a former official turned real estate developer, denounced China as 'the most corrupt, tyrannical and brutal state on earth, with the exception of North Korea'.

Whatever else, Guo had made his mark on the Beijing skyline with his dragon-shaped Pangu Plaza, overlooking Beijing's Olympic Stadium, a permanent monument to his success and, almost certainly, his intimate and potentially explosive knowledge of the corrupt links between Chinese business and power.

Earlier, Guo together with Steve Bannon, Donald Trump's former chief strategist, announced the founding of the 'Federal State of New China', a far-fetched project to overthrow the Chinese government.

Steve Bannon was later arrested on his 45 meter yacht on charges of defrauding online donors who had contributed to the construction of Trump's southern border wall.

As for Guo, he lived in a 68 million dollar Manhattan penthouse, and it seemed held secrets Xi's government would not like revealed. A Chinese press report revealed Guo had developed close business ties with high level Chinese officials, amongst them was Ma Jian vice-minister in the all powerful Ministry of State Security, which directed foreign and counterintelligence operations. The report also revealed Guo had secretly filmed a sex tape of a Beijing deputy mayor who didn't adhere to his business plans.

Ma Jian, the vice-minister, ended up sentenced to life imprisonment, convicted of taking bribes to help Guo and conspiring to blackmail the Beijing city official who had blocked Guo's projects.

A reminder that Chinese leaders didn't fudge around when it came to locking up those they fell out with.

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Jian was one of the million or so officials that had been targeted by Xi's anti-corruption campaign, which was described as the greatest purge of the party's enemies since the days of Mao Zedong.

The truth is corruption was as old as China, however, compared to the rest of the world, it was not much worse than many other countries, and in the same way the CCP claimed itself to be a paragon of virtue.

As for Xi's corruption campaign, it was in reality an instrument used by the CCP to root out dissent and protect itself from forces that wanted to overthrow the Communist state. Those forces included mega-rich business tycoons who wielded the kind of power and influence that could threaten the survival of the CCP.

## CHAPTER 30

### Robber Barons

I wasn't flying in the comfort of the company's Gulfstream like Sir Patrick Kennedy would have, or another Hong Kong billionaire, Joseph Lau, who owned the biggest private jet in the world, a Boeing 747-8 valued at 367 million dollars—the longest and second-largest commercial aircraft ever built with a 445 square meter interior on two levels connected by a spiral staircase. Lau paid Boeing 153 million dollars for the basic model then a further 214 million for the customised modifications.

His huge aircraft included a luxuriously appointed office space, several guest rooms, vaulted ceilings, as well as an onboard gym and could fly from Hong Kong to New York non-stop. Like that Lau could arrive as fresh as a flower for his business appointments.

Me, I was flying economy on Air Niugini, the national airline of Papua New Guinea, from Port Moresby to Hong Kong. The object of my trip was to get away from the sweltering heat of New Guinea, complete my research on Rimbunan Hijau in Hong Kong by checking out a few facts, then enjoy a break in Shanghai with Lucy.

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I checked into the Crowne Plaza in Kowloon and the next morning I started with a visit to an office tower in Wan Chai, which Lau had sold to Evergrande, then headed over to RH Mining Resources at the Lippo Centre in the Admiralty District.

The Lippo Centre, an impressive couple of modernistic glass towers, was also the address of Enterprise Ireland, a modest office suite in the immense complex, an Irish government agency whose job it was to help Irish companies export, where I'd planned to drop by and say hello.

I didn't really learn much, but I'm a firm believer in seeing for myself, besides, from what I'd learnt in the press Evergrande was becoming a hot subject. The developer's shares had fallen another 7% that same morning on the Hong Kong stock exchange as chaos reigned outside the group's HQ.

Many of Evergrande's office workers had invested their savings in the company, which had 1.4 million homes under construction, paid for upfront, that plus a lot of very unhappy subcontractors, not to speak of banks, in the country's bloated property market.

It was why equipped with my multi-entry visa, I took the Hong Kong MTR line in the direction of the Chinese border crossing. Its last stop was next to Shenzhen's mainline railway station, just 30 kilometres distance from Kowloon.

Once arrived in Shenzhen, I grabbed a taxi to Evergrande's headquarters on the other side of the city, in the Bao'an district, where I was met by an astonishing scene, a large anti-riot

police unit was holding back a crowd of angry investors who had besieged the Evergrande HQ.

The office tower was recognisable by the company's logo, Hengda Group, set in huge red Chinese characters high up on the glass facade.

The morning news had reported police clashes with demonstrators outside the group's offices, in the Excellence Houhai Financial Centre, a couple of imposing glass towers 50 or 60 stories high. The complex I'd learnt was a mix of offices, hotel and service apartments, shops, restaurants and entertainment areas.

I'd also googled Evergrande's background data and discovered, just like Rimbunan Hijau, its holding company was incorporated on a cluster of small islands in the Caribbean, on the other side of the planet.

The taxi had wisely dropped me off on an adjacent street, where after crossing the plaza I ran into the crowd outside the main entrance of the business centre, jostling a large squad of riot police. Many of them shouting, shoving and threatening the police, some were sitting on the granite floor in tears, others loudly sobbing, obviously small investors caught up in the drama.

Security personnel responded to sporadic chants of 'Evergrande return our money' by waving a banner that said 'police evidence' while an officer filmed the protesters who were shouting and waving their fists.

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At that point the sky darkened and a sudden thunderstorm broke with heavy rain drenching the crowd as the woman who was sobbing was carried away to a nearby police van.

It was an astonishing scene in Xi Jinping's China, a sure sign that something was rotten in the heart of the Middle Kingdom.

I didn't hang around, a Westerner could be taken for a prying journalist, I'd seen enough to know the anguish was real.

I headed back to the Crowne Plaza in Kowloon where as I finished writing up my notes and preparing for my departure to Shanghai the next day. Later that evening, a news flash on Bloomberg TV reported that Joseph Lau Luen-hung and Chan Hoi-wan had cashed in a large block shares in Evergrande, and in doing so cut their losses and stakes in the group.

By a curious coincident, the guy at Entreprise Ireland had told me that ten years earlier the US hedge fund manager at Citron Research had written Evergrande was already actively engaged in some very aggressive accounting, a metaphor for fraudulent bookkeeping, and was effectively insolvent.

The group had been floated in Hong Kong in 2009, when it had already clocked up a phenomenal debt for a young company, around 12 billion dollars, which had now ballooned into an unbelievable 300 billion, about the same as Ireland's national debt.

As was generally the case in China, Evergrande had pre-sold properties before completion and banks provided loans to buyers with the group guaranteeing the mortgage loans. If the buyer defaulted Evergrande was engaged to repossess the

property and pay off the loan, which now seemed an impossibility.

The inevitable chain reaction would almost certainly provoke profound changes in Xi Jinping's megalomaniac ambitions with another turn of the screw as the Communist Party clamped down on luckless investors and property owners as a Lehmann Brothers style market crash threatened.

China's construction and housing sector consumed over 70% of the market's timber, more than half of which was imported, with furniture consuming a further 11%, not a good augur for Delta Timber.

Property developer bonds were into junk territory with yields as high as 12% on two or three year dollar bonds. A three year bond would yield 36% and if the issuing firm paid back the face value it was highly profitable. It was a risky business, but that was the game of certain investors, buying and selling with the idea of raking off a margin before the issuers went bust.

On the other hand certain issuers took advantage of the market turmoil to buyback bonds and shares at bargain prices.

It was easy to borrow money by paying such interest rates when men like the defunct Wang Jian had looked invincible with the apparent backing of the Chinese government to fall back on. Lenders had gotten carried away by what seemed a never ending winning streak, closing their eyes to the evident risks, as if the roll would go on forever.

It was a giant casino and as usual the small guys were the losers.

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I'd seen adrenaline driven Chinese gamblers in Macau's casinos where certain punters were prepared to risk everything on a single throw of the dice or the turn of a card.

The knock on effect would not only hit other investors, but also homebuyers, construction firms and their subsuppliers of doors, floors and kitchen furniture. In addition fewer new homeowners would have a negative impact on the demand for living room and bedroom furniture. All of which would affect the timber industry, companies like Rimbunan Hijau and Delta Timber.

## CHAPTER 31

### A Property Bubble

**B**y now I realized that China was facing a 50 plus trillion dollar property bubble and one of its biggest real estate developers, Evergrande, was about to burst that bubble.

More extraordinary were the legions of naive poorly informed buyers, undeterred by the Covid pandemic, who still fought to get on the bandwagon. It was a classic property bubble and China had blindly stumbled into the trap.

It was safe to say not one living person in China had experienced a real property bubble. Most Chinese had lived their lives under Communist rule. Only millennials had had an almost entirely capitalistic experience.

It would have been necessary for contemporary Chinese to return to the Shanghai of the 1930s, described by Mao Dun in his novel ‘Midnight’, to understand the frenzy of the unrestrained capitalism that had swept across Communist China over the course of the last 25 years.

The bubble had reached the point where entire residential property developments were sold out in minutes with buyers lining up in Shenzhen holding one million yuan deposits, cash in hand, convinced that their acquisition, was not just a home, but a hedge against a rainy day, and a sure fire investment.

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In that way they pumped the bubble up to bursting point and in the process the market grew to twice that of the US residential property market, outstripping the entire US bond market in size

Even as Xi Jinping reminded his fellow citizens that ‘houses are built to be lived in, not for speculation,’ China’s household debt ratio rocketed to a record high of 57.7% in the first quarter of 2021.

Xi Jinping was faced with a dilemma, if home prices dropped significantly, it would wipe the savings of the middle classes and no doubt trigger unrest, which was precisely what was already happening at Evergrande’s HQ in Shenzhen.

Small investors figured when governments start printing money, asset prices will go up, which, translated into Chinese conditions, meant house prices would keep surging.

Developers like Evergrande had worked themselves into a corner by building up mega debts, and like any Ponzi scheme they needed a constant flow of fresh cash, as did the local governments that owned the land, and just like Bernie Madoff’s classical scam, it got out of control.

One of the results was that as many as 100 million homes had been bought and still lay empty according to the South China Morning Post, a reputable leading Hong Kong newspaper, whilst another 30 million were as yet unsold. Many families owned two, three or more properties, preferring to keep them empty, new, cocooned, in mint condition, rather than rent them out. Some 96% of China’s urban households owned at least one

home, exceeding by far the 65% home ownership rate in the US.

According to a Chinese think-tank, the Beike Research Institute, Nanchang, the capital of Jiangxi province, a city of six million, had one fifth of its housing stock unoccupied.

The roots of the bubble went back to that moment in 1998 when the Chinese government announced the end of social housing with the privatization of existing public housing, at the same time setting up a vast supply chain to provide private property by private developers as China transformed itself from a country dominated by public renters, to one the highest rates of home ownership in the world, and all in a period of just 25 years.

Today, China had become a country where more than 87% of urban households owned their homes, and 96% in rural areas, even if many were rundown, cramped and insalubrious.

In that time the number of private property owners in China jumped from almost zero to over 300 million. The largest creation of wealth in human history.

Chinese households had high savings rates with some 40% of their income going into one form of savings or another, in addition personal lending networks were used to purchase homes with at least 40% of millennial homeowners receiving financial help from their families to buy their homes

Whilst the boom achieved Beijing's objectives, boosting economic growth and creating wealth for millions of middle-class Chinese families, it also created a class of billionaires

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unseen since the roaring twenties and thirties in Shanghai, who with their extravagant spending and wildly speculative investments, diverted money from other industries and burdened families with potentially catastrophic debt as home prices rose to levels only seen in Paris or London, as high as 9.3 times average income, and with 50 square metre apartments going for nearly one million dollars in hot spots like Shenzhen.

\* \* \*

I couldn't help comparing the situation with the settlement areas and waterside townships I had passed in the outlying districts of New Guinea's Port Moresby, where it was evident that the majority of Papuans were poor with little or no material wealth, which was strange considering their country exuded natural riches with its vast forests and mineral resources.

One evident explanation was that the country's immensely corrupt political and business elites were getting rich, selling the country's wealth to foreign businesses like Rimbunan Hijau, and from under the feet of their impoverished compatriots who grubbed a subsistence existence on their potentially rich traditional lands.

Papua New Guinea suffered from the resource curse whilst Chinese industrialists and property developers lived in luxury, offering themselves intercontinental jets and diamonds with the money earned from timber, copper, palm oil and other commodities produced by the sweat of the South Sea islanders.

Profits stashed offshore escaped taxes and the wealth of the land was sold off by corrupt and incompetent politicians and government officials, in an economic conundrum known as the Paradox of Poverty from Plenty.

China's wild rush to growth had contributed to the UK becoming the no questions asked home of loose money, facilitating its movement through offshore companies shrouded in secrecy, incorporated in British Crown Dependencies and British Overseas Territories, providing an entirely legal system designed to profit from the vast flow of money that transited opaque corporate structures.

That system was oiled by the corruption that thrived, not only in China, Russia, Africa and South America, but also in the West where the City of London was in effect a hub of passive corruption, with politicians and businessmen turning a blind eye to the source of its prosperity, with the benign approval of successive British governments.

Corruption, it was explained, was the consequence of poor or negligent governance, impunity, a compliant fawning media, duplicitous leadership and a resigned population.

It was a phenomenon that could be seen in financial centres, from the City of London to Hong Kong, or the capitals of resource rich nations that attracted those whose only goal was to get rich, and fast.

Papua New Guinea, a British Commonwealth country, was one of those nations where the inflow of wealth from natural resources rewarded the powerful, condemning its people to

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dependence on imported goods and services, preventing the development of local industries and agriculture.

At the other end of the scale the City of London boasted of its contribution to the UK's economy, but many accused it of siphoning financial resources from the country's regions, depriving them of the means to develop local economies, a Godzilla-sized cuckoo diverting resources to the financial sector, encouraging laws and regulations designed to suit its own needs and those of its offshore interests.

As if to confirm that idea, Boris Johnson, a former mayor of London, had harangued a crowd in front of the television and press in a London suburb, 'A pound spent in Croydon is far more of value to the country from a strict utilitarian calculation than a pound spent in Strathclyde. Indeed you will generate jobs and growth in Strathclyde far more effectively if you invest in Hackney or Croydon or in other parts of London.'

For decades, Johnson and his supporters were conditioned to preach and believe in the value of the City of London as a global financial hub, an extractive industry, where financialisation favoured multinationals and foreign investors.

Successive governments in the UK had preached competitiveness—Blair, Cameron, Thatcher and Johnson, who told electors, 'We are in a global race today. Sink or swim. Do or decline.'

Once Brexit was achieved, and the UK exited the EU, it was a race to the bottom, leading to ever-lower corporate taxes, looser financial regulation, greater secrecy, as less controls privileged fraud and financial crime.

Based on the same principals, businesses like Evergrande, extracted profits from the Chinese people to provide a disproportionately extravagant lifestyle for its shareholders and directors, as did the Malaysian company, Rimbunan Hijau, by extracting resources from PNG, to build its empire, as it lined its pockets with untaxed profits built on the what rightly belonged to the common people.

Evergrande had contributed to the housing bubble in China, where financial institutions, instead of lending to businesses for productive investment, lent to each other, financing the housing and commercial real estate market, creating billionaire tycoons to the detriment of homeowners, small investors, savers, consumers, employees, communities and society in general.

I remembered John Maynard Keynes words on how it was necessary that governments act in their citizens' interest, 'Let goods be homespun whenever it is reasonably and conveniently possible. Above all, let finance be primarily national.'

Mao and even Deng Xiaoping would have turned in their graves if they had seen their communist successors emulate the City of London, turning their country into a vast casino, where the middle classes played monopoly with homes and as finance was effectively freed from regulatory barriers, encouraging business leaders to risk all in an unrestrained market, where capitalism ran wild and the CCP in a series convoluted ideological shifts backed growth and profits whilst its leaders grew rich.

The United Nations Council reported worldwide housing and real estate markets had been transformed by global capital

markets and financial excess. They invented a new term for it, the ‘financialisation’ of housing, a phenomenon that occurred when housing was treated as a commodity, that was to say a vehicle for the creation of wealth, rather than social good.

Financialisation was in effect nothing more than increasing financial optimisation via markets, actors and institutions, in the functioning of domestic and international economies to generate the greatest possible profits for their shareholders.

It was nothing more than skimming, the gains banked by corporate entities, domiciled in the Cayman Islands or Belize for example, in the very same way the profits were banked by the owners of the Malaysian company, Rimbunan Hijau, profits extracted from the forests of underdeveloped tropical countries, such as PNG, Cambodia and the Democratic Republic of the Congo, under the eyes of the uninformed, uneducated, and in any case helpless citizens of those benighted lands.

## CHAPTER 32

### A Convenient Address

Our visit to Hainan was a success, but Edouard's future plans depended on the direction in which China's government was headed. The situation was very different from when I first visit to the island a few years earlier when I spent a month there as part of an exchange programme with Asia Pulp and Paper in their Jinhai Pulp Mill on the northwestern coast of the island, about 140 km west of Haikou, the provincial capital.

It was also where HNA, Hainan Airlines, was founded in 2000, and expanded at a lightening pace from aviation into real estate, financial services, tourism, logistics, and many more sectors. In 2017, HNA Group had ranked 170 in the Fortune Global 500 list with a revenue of over 50 billion dollars.

The truth was it was another ephemeral Chinese business that was to mark aviation history during the first years of the new millennium and by the one of most extraordinary coincidences, its co-founder Wang Jian very momentarily crossed my path a couple of years later, when he had an appointment with death in the small town of Bonnieux in Provence.

Hainan had not always been a tourist destination. In the past it had been a place of exile, a tropical hell, reputed to have been filled with poisonous snakes and savages. It was one of

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the last regions to come under the control of Mao's People's Republic, and the last holdouts of Chiang Kai-shek's Nationalist government in 1950.

My arrival coincided with the Spring Festival, known to Westerners as the Chinese New Year, China's most important annual holiday. I'd flown into Sanya on a scheduled flight from Hong Kong where it had been chilly and windy in contrast to the island's semi-tropical climate.



My plan had been to spend a few days at the beach in Sanya on the recommendation of Aris Adhianto a VP of APP in Jakarta. There was no point in turning up at the Jinhai mill during the holiday, he'd explained that even though the huge mill ran 24/24 365 days a year many of the non-production management staff would be absent for the vacation.

John Francis Kinsella

It was before I'd met Lucy, or Suzie, and I was loose to discover how the Chinese holidayed and enjoyed themselves on their own Riviera.

Like many visitors, I discovered a tropical paradise, I must admit I'd never imagined it as being one of China's playgrounds, and in full swing with holiday crowds out to enjoy themselves at Dadonghai beach where I was booked into the Marriott.



*Dadonghai Beach Sanya Hainan*

The hotel was a ten minute walk to the main beach in the centre of the bay and I set off to join the crowds amongst a steady flow of expensive cars, some chauffeur driven, dropping guests and visitors off at beachfront front hotels, which I figured catered for wealthy upper middle class tourists.

I was surprised to discover it resembled Biarritz or a Mediterranean beach resort on a bright summer's day. It was

stylish with crowds of well-dressed tourists out for an afternoon stroll. With few exceptions they were all Chinese and prosperous at that. It stood to reason, the resort was way beyond the means of 99% of all Chinese families, especially for the Spring Festival when traditionally prices went sky high.

The sea front was lined with restaurants, their terraces prepared for diner, large round tables elegantly set out for groups of ten or twelve diners. I was even more surprised to see low stages with musical instruments and microphones ready for an evening's music to entertain the diners at many of the restaurants.

During my sojourn in Hainan, I returned to Sanya at the weekends and discovered some of the more agreeable aspects of Chinese life and in particular its nightlife—bars and nightclubs, the Hot Spot, Sky Bar and other places on Yuya Road and Haiyun Lu Street, popular nightlife districts.

My encounters encouraged me to take an intensive language course at the Beijing Foreign Studies University, which I followed up with a couple of sojourns in Wuhan, where I have to admit I enjoyed myself, but didn't make much visible progress, that came later with Suzie, my first Chinese girlfriend, in France.

My friends back in London and Paris accused me of being a professional student, and asked me if I intended to teach. The truth was that I hadn't decided on a career, I didn't want to spend my life in an office or in a pulp mill in some desolate industrial hole, and I'd seen a few of them, from Finland to

## John Francis Kinsella

Indonesia where my experience at the APP OKI pulp mill in Sumatra whilst interesting was not my idea of a career.

The APP Group produced more than 20 million tonnes of pulp and paper a year from its mills scattered across Southeast Asia and China. They had begun expanding into China in the early 1990s and owned more than 20 pulp and paper mills, including the Hainan mill, where it operated one of the world's largest paper machines, a 428-metre-long monster at Gold East Paper, a massive multi-billion dollar investment.

APP was supplied with mixed tropical hardwood logs and woodchips from its eucalyptus plantations in Hainan as well mixed hardwoods from as Indonesia and PNG, which enabled it to produced well over one million tons of paper pulp on Hainan.

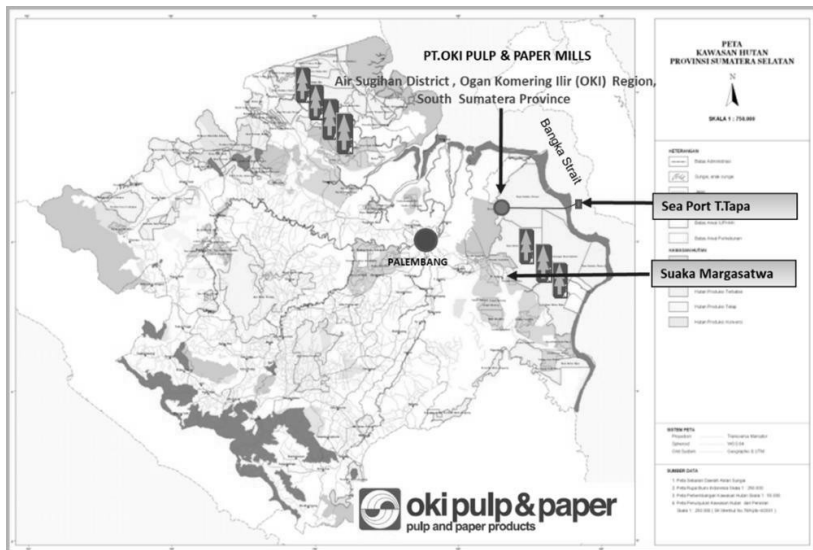


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George Monbiot, a British writer known for his environmental and political activism, called Asia Pulp and Paper, one of the most destructive companies on the planet.

Likewise the WWF accused APP of being responsible for more natural forest destruction in Sumatra and Borneo than any other company. Claiming APP had clear cut over one million hectares of natural forest.

Several NGOs documented the destruction of forest areas inside Sumatra's biosphere reserves, which APP claimed to be protecting, along with other sites critical to the protection of the Sumatran tiger.



To counter mounting criticism, AAP's technical director director, Aris Adhianto, hired Canadian public relations consultant Patrick Moore, a founder and former leader of

Greenpeace, to develop sustainability messaging for its forestry and logging activities. The reason was simple, Moore was described as a clever rhetorician, skilled at turning an argument round, and seen by some environmentalists as the most shameless of spin doctors.



*APP tree plantation in Sumatra's once primary rainforest*

Moore's company, Greenspirit Strategies, was commissioned by APP to review its operations in Indonesia. The object was to demonstrate the company was operating in an environmentally responsible manner. Moore and his team unsurprisingly concluded that APP was engaged in world-class sustainable forest management, and that without APP's operations, the Sumatran tiger's habitat would likely be further threatened, as APP's forest concessions acted as a buffer between tiger habitat and human encroachment. In addition, APP logged degraded forests where tree felling was necessary to make way for plantations.

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That was a few years earlier, now, back in Hong Kong, my mind was on another subject, my background research into Rimbunan Hijau, the biggest logging company in PNG, where more surprises awaited me.

My visit to their Chinese press and media company in Wan Chai, a business and residential district in Hong Kong taught me very little.



*Sumatra elephant being moved out of secondary forest*

However, what I did learn was most of Rimbunan Hijau's corporate entities and subsidiaries were incorporated in offshore tax havens in the Caribbean, hidden within a complex web of more than 60 companies. the majority of which were owned by shell companies registered in offshore tax havens, primarily the British Virgin Islands.

I would have thought that Hong Kong or Singapore were good enough, but evidently they wanted to add another layer to the opacity of their business operations.

The same was true of the media group owned by Rimbunan Hijau, Media Chinese International, which was incorporated in Bermuda. Among its holdings was The National, one of PNG's major English-language newspapers, naturally a fierce defender of the group's interests.

Chinese and Overseas Chinese businessmen were evidently into tax havens in a big way, like other tax dodgers who had the means to hide their profits overseas.

Every tax haven had its own specialised niche, a system that could be compared to the ecosystems of the coral reefs that surrounded those serendipitous islands. The predators at the top of the food chain came in the form of financial centres like London, Switzerland or New York. Below were the smaller fish, Monaco, the Channel Islands and the Cayman Islands. Guernsey and Jersey specialised in trusts, others like the British Virgin Islands in incorporation, whilst Liechtenstein's speciality was the creation and management of trusts and foundations.

Beneath the reef on the seabed were the bottom feeders, like Belize that overlooked the Caribbean, or Nevis, a volcanic island surrounded by golden beaches, their speciality was anonymity, and their clients included crooked politicians, tax dodgers and fraudsters such as Jho Low, the Malaysian-Chinese businessman who swindled a Malaysian sovereign wealth fund out of four billion dollars.

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That was where Rimbunan Hijau's subsidiaries were holed up, feeding bribes to crooked politicians in PNG.

Nevis, a British territory, which had gained its independence in 1983, once a major source for Britain's sugar planters and slave traders, had been joined to its neighbouring island, St Kitts, by its masters in London, to form the Federation of St Kitts and Nevis.

Most of those 60 companies were directly or indirectly owned by the Tiong family and all but two were registered at 479, Kennedy Road, in Port Moresby, which I had visited in PNG.

In one way or another all of those companies were engaged in logging, oil palm plantations and shipping.

\* \* \*

RH's methods helped me understand how Henry Wang invested in France. It was a technique described as 'round tripping' and was one of the main reasons people like Henry used tax havens.

Henry's company Delta Timber imported wood from PNG via companies he controlled in PNG with margins skimmed going to another offshore company, profits he then employed as direct foreign investments to acquire a vineyard in France, Granville Marine, his yacht and a chateau.

Skimming was more prosaically described as transfer pricing—a technique used by multinational corporations to shift profits out of the countries where they operated, into shell

companies they owned in tax havens, in other words selling themselves goods and services at artificially high prices.

It was simple, one of Henry's companies in PNG sold tropical hardwood for 100 dollars a cubic metre to one of his shell companies in a Caribbean tax haven, leaving little or no margin in PNG. Once on the high sea the Caribbean company sold the wood to Delta Timber in China for 300 dollars a cubic metre.

In short it was the undervaluation of exported goods and services and the overvaluation of imported goods and services.

The 200 dollar margin benefited neither PNG or China, but was banked by Henry's offshore company, where he the real owner was invisible, concealed behind nominee shareholders and directors. In the same way accounts, cash flow and banking operations, were protected by confidentiality laws, in other words a totally opaque operation, a tax free capital transfer, to invest as he saw fit.

The whole process of selling timber to buyers in international markets was hugely facilitated by the absence of control and traceability mechanisms, which would have allowed the verification of prices by authorities, especially after the goods left the country of origin.

Henry's Delta Timber was a covert multinational, in the sense that like Rimbunan Hijau, his family owned a network of nebulous offshore companies, stretching from PNG and Cambodia to Singapore and from there to the Caribbean, all of which were into transfer pricing, enabling him to invest outside of China, through screen companies, in places like France or Ireland, where even if he had to pay taxes he didn't risk the

kind of confiscatory and existential threats that were current at home.

Caribbean tax havens boasted attractive zero tax rates and a wide spectrum of corporate secrecy laws that obscured the true ownership structure of the companies registered there. Their laws hid company owners and asset holders behind nominee company agents, making it almost impossible to trace the real owners and shareholders of the firms incorporated there.

Sir Patrick Kennedy's banking group, INI Hong Kong, was part of the territory's long history as an offshore financial centre, known for its easy going attitude towards not entirely transparent commercial activities. Hong Kong businesses enjoyed a very favourable tax regime for multinational corporations, no capital gains, no dividends or deposit interest tax, and in addition it did not tax overseas profits accrued by domestic wealth managers.

## CHAPTER 33

### The Golden Ox

The oft told story of Huaxi Village in Jiangsu Province should have served Xi Jinping as an example of what happens when communist capitalism is unleashed. It was a story first told to me by my Chinese professor at Shanghai Fudan University.

Zhang *laoshi* had lived in Europe—London and Paris, a reward for her long and loyal service to Fudan, and had developed an open mind on the outside world. I'd taken extracurricular lessons with her to speed up my Chinese language courses, which she focused on society, modern culture and literature.

She was never really direct, more like a Sibylline oracle, so that I had to figure out the meaning of message myself. One of the stories she told me was that of Huaxi Village.

It was a one of those communist propaganda tales seen through the rose tinted spectacles of state media, a village led by a Party visionary who transformed farmers into millionaires while adhering to the party's collectivist ideology.

The truth was Huaxi's fairy tale morphed into a story of dystopian tyranny thanks to a mixture of nepotism and political patronage after it fell into the trap of 'capitalism with Chinese

characteristics’, an Orwellian concept in a country ruled by the Communist Party.

As Hu Yaobang, a former CCP General Secretary, declared in his report to the 12th National Congress in 1982, ‘capitalism is characterized by an opportunist state, a market economy built on particularistic relationships, and a culturally self-sustained society with strong pragmatist tradition.’

Deng Xiaoping had once observed it doesn’t matter whether a cat is black or white as long as it catches mice. It was a pragmatic compromise between ideological thought and fast economic growth, which seemed until very recently to have been unambiguously proven by China’s unprecedented economic expansion.

Today things look rather different as China’s winning roll of the dice seemed to have run its course.

Not only was China faced with multiple crises—debt, real-estate and Covid, it had also chosen a bad conjuncture to launch an assault on its capitalistic hi-tech and fintech industries. Added to that were the problems of inequality and the country’s poor, of which there were vast numbers visible not just in the underdeveloped regions of China, but also in any of its great cities.

Corruption and inequality were high on the list of the troubles affecting the country, provoking anger amongst the masses with an increasingly outspoken online community of whistleblowers, who were unafraid of pointing out the excesses of the rich and powerful, both business and political leaders.

The conclusion was that in addition to making enemies among the ‘tigers’, Xi had also turned the ‘flies’ against him.

The events in China were certainly the most important since the Cultural Revolution with an ideological shift away from economic prosperity to the primacy of the Communist Party and its continuity. A troubling change as communist states had never successfully weathered economic change given their heavy-handed market intervention and their repression of the freedoms that in China’s case had driven creativity and commerce.

Those who had thought China’s leaders had steered the growth of China’s economy were mistaken, as without foreign investment in China’s industries, the transfer of technology and access to foreign markets, China would have stagnated in a Soviet style economy.

Which brings me back to Huaxi and its chief Wu Renbao who transformed the village, just a few hours from Shanghai, from a rural backwater into a thriving community.

From textiles to steel and real estate, Wu created the Huaxi Group, a conglomerate of over one hundred companies, which coupled with China’s economic reforms prospered over four decades of almost uninterrupted growth, as China was transformed from a revolutionary peasant society into a superpower, generating capital and ploughing the profits back into the community, transforming it with its residents into one of China’s richest communities.

By 2004, the average annual income of villagers had reportedly reached the equivalent of nearly 20,000 dollars, 40

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times that of China's peasant farmers, with the village boasting rows of stylish villas, modern hotels, higher education and generous social welfare schemes.

'Communists should seek happiness for the majority of the people,' Wu declared to Xinhua, China's state owned news agency. When he died in 2013, at the age of 84, a 20 vehicle cortege carried his coffin bearing photographs and wreaths sent by China's top leaders.

Huaxi's success story ended with a hard landing. Media images showing residents queuing at ATMs went viral as they frantically tried to withdraw their savings. Local news outlets reported a run on its banks as dividends crashed from 30% of the conglomerate's profit to just 0.5%, as its debt soared to a staggering six billion dollars.

By malchance, its troubles coincided with the centenary of the foundation of the CCP, which meant it was unlikely they would let it go to the wall. The Wu family, still loyal to the Communist Party, struggled to hide the scandal of what was now seen as story of feudal despotism, the story of a family, according to the Mercator Institute for China Studies in Germany, headed by a party secretary, whose power had remained unchecked for 'a very very long time' with 'mismanagement of funds, over-leveraging, some seriously bad investment decisions and some very bad bets.'

An incongruous sight still welcomed visitors to Huaxi, a skyscraper taller than the Shard in London, crowned by a gigantic golden ball, marked the village skyline. The astonishing 328 metre high tower, stood out from the

monotonous Jiangsu plains, like a starship from a far off galaxy.



*Huaxi Village*

The tower housed a five-star hotel, a giant aquarium, presidential suites and the statue of a golden Ox, a symbol of China's extraordinary economic expansion, though in view of the present conjuncture it was more a symbol of megalomania and rash investment.

Wu the patriarch had told the press, 'We learned from Dubai, but we decided the tower should be 328 metres high. Why 328 metres? Because that is the height of the tallest building in Beijing.'

The skyscraper, built at an estimated cost of 400 million dollars, now stands forlorn and empty, its 72nd floor, which

once housed a revolving restaurant and a troupe of North Korean dancers, looked out over endless rows of empty villas and disused swimming pools filled with dirty water.

The village had been entirely controlled by the Wu family, with eighteen of Wu's relatives on the village Party Committee. His eldest son and son-in-law were both vice-chairman of the Huaxi Group. Wu Xie'en, who took over from his father as the village chief and chairman of the group, told state media, as recently as 2018, that the long-term stewardship of the village conglomerate was in good hands. 'We are engaged in hi-tech research and development,' he had announced. 'In a few years the results will be there for all to see.'

## CHAPTER 34

### Rats

**T**he property market represented 40% of all China's household wealth and should Evergrande fail, the fallout would have serious consequences for Xi Jinping and the ruling Communist Party.

China's freewheeling era of property development, borrowed money and ghost cities was coming to an end, and China, collectively, was about to suffer the consequences of the rash decisions of property developers, like Hui Ka-yan, the founder of the Evergrande Group.

Shortly before the Evergrande's drama unfolded, Hui had been seen at the centenary celebrations of the Chinese Communist Party, he a former steel worker, who had become one of the richest man in Asia, and Evergrande, a construction and real estate development giant, boasted annual sales exceeding 100 billion dollars in 2020.

As the People's Bank of China cut off the escape routes and Evergrande's shares were downgraded to junk status, the rats were abandoning the ship, starting with Joseph Lau Luen-hung, who had been one of the major subscribers at the initial public offering of Evergrande's shares in 2009, now dumping his shares, a dramatic about turn from the serendipitous days when

the same shares had gone ballistic on the Hong Kong stockmarket.

Lau, a Hong Kong billionaire, owned a majority stake in Chinese Estates Holdings, his fortune had until recently been estimated at some 20 billion dollars. Lau was also known for his shady business dealings following a conviction for bribery and money-laundering in Macau. Luckily for him he had avoided a five-year jail sentence by absconding to Hong Kong, where strangely there was no extradition treaty agreement.

In 2015, Lau, in a record breaking property deal, sold a 26 storey office tower in Hong Kong's Wan Chai district to Evergrande for nearly two billion US dollars, and in the same week he, a renowned big spender, paid 48 million dollars on two rare diamonds at a Christy's auction for his seven year old daughter.

Fast forward, Lau's wife, Chan Hoi-wan, head of the Chinese Estates Holdings, saw its shares crash a vertiginous 90%.

Her wealth had been estimated at five billion, before the crash, now, a good part of that had evaporated as it was tied to the Evergrande empire. Unluckily for her she gotten in too deep. She counted among her billionaire friends, Jack Ma—head of Alibaba, and Thomas Kwok—a member of Hong Kong's wealthiest family, both of whom were probably now going out of their way to avoid being seen with her.

A real riches to rags story, though, I suppose she had a packet stashed away in some offshore paradise in the Caribbean.

What happened two thousand kilometres to the north of Hong Kong, in the province of Henan, the birthplace of Laozi—the founder of Taoism, set alarm bells ringing in Beijing.

A long line of anxious buyers fretfully waited outside the Evergrande Oasis complex in Luoyan. They were seeking an explanation for the sudden halt on construction of apartment towers where they had bought homes, following the disturbing news the developer was in serious financial difficulties.



*Stalled construction site in China*

Henan, a large province in the Yellow River valley with a population of 100 million, was China's real estate crisis ground zero, where a banking scam by local crooks combined with a mortgage boycott threatened to transform the real estate crisis from being a local problem, to a systematic crash of mega proportions.

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Henan the home province of the Evergrande Group's founder, Hui Ka-yan, had more unfinished residential projects than anywhere else in China.

Work on the Oasis site, which consisted of five towers and 16 apartment blocks, was situated in the ancient city, one of the cradles of Chinese civilisation at the point where the Luo River meets the Yellow River, had suddenly come to an unexplained halt and workers disappeared as rumours of imminent collapse spread like wildfire.

The site at various stages of completion was abandoned, construction cranes lay idle, plastic sheets flapped unattended from the empty structures and steel reinforcing bars protruded from the bare unfinished concrete.

Many such programmes had ground to a standstill as suppliers and contractors went unpaid.

Future homeowners were helpless as the drama unfolded, no longer reassured by Evergrande, now facing imminent collapse, whilst yet another troubled developer, Kaisa, halted the trading of its stocks on the Hong Kong exchange.

Kaisa's value crashed after it missed payments. The company had long vaunted its diversified business strategy—travel, hotels, wealth management, health care, culture, sports, science and technology, a professional football club and other wildly diverse business sectors.

The core strengths it had boasted now looked absurdly unreal.

The suspension came after its CEO, Kwok Ying-shing, admitted the company was facing unprecedented pressure on its liquidities due to a challenging property market.

Kaisa was the latest in a series of developers to miss a payment, following hot on the heels of Fantasia, Sinic and China Properties Group, that had already defaulted on their debt repayments.

Lucy laughingly told me her father called their owners thieves and playboys, flying around the world in their jets, blindly piling up massive debts they could never repay. He was no doubt right, many had put their efforts into excessively unrealistic development projects and not enough into good management.

Offshore investors, who were among Kaisa's biggest lenders, were discovering the developer's dependence on shadow banking. Unfortunately Kaisa was no exception. Over recent years, developers had increasingly turned to off balance sheet financing vehicles, which did not appear in their financial reports.

## CHAPTER 35

### Hui Ka-yan

The detention centre's guards were for the most part just doing a job. In my exercise yard the guard was even more disinterested by his job than most others, usually he had a quiet smoke reading the popular local tabloid he kept folded under his zipper jacket whilst I went through my daily keep-fit routine.

Sometimes, when called inside, he slipped it under his chair, giving me the opportunity to grab a couple of pages which I stuffed under my shirt and brought back to my cell to read. He never seemed to miss them. By now my Chinese was pretty good and the characters or words I could not understand I guessed. It was my only real contact with news from outside

According to the Xinwen Ribao, one of Shanghai's morning newspapers, the news from Hong Kong was not good, the rich had taken a 135 billion dollar hit. I didn't think it would worry them that much, they wouldn't find themselves sleeping on park benches, though perhaps they might be forced to put back the delivery of a new jet or two.

It was all part of Xi Jinping's controlled demolition project, his war against the rich, which was fine providing it didn't blow up the whole shebang.

That kind of thing wouldn't worry men like Elon Musk who saw his net worth fall 7.2 billion dollars, leaving him with a mere 198 billion. The same went for Jeff Bezos, who would have to manage on a mere 194 billion.

It was more problematic for those in Xi's sights, like Evergrande's Hui Ka-yan, who saw his 42 billion melt to just seven billion, with more problems on the horizon.

Other Hong Kong property billionaires clocked up serious losses, notably Colin Huang, the founder Pinduoduo who lost a massive 29 plus billion, eclipsing almost all other losers in China.

Evergrande's financial problems were however different to those of the Lehman Brother's crisis in 2008, which sparked a global financial crash, though there was still a risk the collapse of the Chinese real estate sector could trigger a systemic collapse with contagion spreading across the rest of the planet like another pandemic.

Hui's classic rags to riches story had turned into a nightmare as Evergrande was confronted with suppliers and creditors seeking hundreds of billions of dollars in unpaid bills, and more than one million home buyers who had invested their life savings for their dream home, cash up front, saw nothing in return.

Evergrande was running out of options and the hope a saviour would arrive was looking dim, the task was beyond human power, nobody it seemed was too big to fail.

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The thought that Evergrande couldn't repay its debts by some kind of restructuring and minimize the impact of its collapse on the financial sector and that of the overall economy was unthinkable.

What would happen to the foreign companies that had grown fat on China's consumption of luxury goods. What would be the impact on the larger market. Would the collapse inevitably lead to a 2008 style financial crisis?

The property market had been a key driver of China's growth since the mid-1990s and accounted for near 30% of its economy.

Hui Ka-yan didn't have to wait to find out. He'd already lost 15 billion dollars or more as Evergrande's share value plunged 80%, and the worse was yet to come.

Nobody thought Evergrande could fail. Those who had believed that the sector would be able to rely on Beijing's support were wrong, they had mistakenly believed that the central or local governments would never allow it to fail, and soon they would pay the price for their error.

Why did Evergrande let it happen, why did it finance assets at unsustainable interest rates as high as 10%. Obviously international fund managers had been sucked in by high yields on Evergrande's debt when large parts of the global bond market were being traded at negative rates as Western governments and central banks shoveled helicopter money out by the ton.

Foreign investors were looking at a severe haircut as the Chinese government prioritised retail investors, homebuyers and domestic banks.

It was the foreseeable end of China's build, build, build model, symbolised by an explosion so astonishing it was almost beyond comprehension. It took place one August morning in Kunming, a large city in the southwest of China, where onlookers let out a collective gasp as 15 high-rise apartment blocks were demolished by 85,000 controlled explosions in less than a minute.

The unfinished buildings, in a development named Sunshine Metropolis II, had stood empty since 2013, after the developer ran out of cash and defects were discovered in the construction.

'This scar that marked the city for almost 10 years has been finally removed,' announced the Kunming Daily the day after the demolition.

Such scars were visible in cities all across China.

The real estate bubble had produced an insane excess, squandering capital on nonproductive investment in useless infrastructure and empty homes, enough to house and service over 90 million people, in other words the entire population of a country the size of Germany.

## CHAPTER 36

### A Year Earlier Secret Lives

As I sat in my cell in the detention centre I realised that I had few real friends. Perhaps it was because of my upbringing, always on the move, but there I was, 33 years old, always ready to join in the fun, outgoing, never turning down a challenge, and yet I felt I was without a close friend, except for Lucy, who by now was probably very frightened by my unexplained disappearance.

What I didn't know was Shanghai was in lockdown with no end in sight as the Chinese government persisted in pursuing its zero-Covid policy.

I was almost completely cut-off from the outside world, focused on my own fate, my formless existence, seemingly forgotten in my prison. Little did I know that Russian soldiers of my age and younger, were being sent to certain death on the Ukrainian border.

Apart from a page or two from the tabloid which I'd managed to filch from the guard, I had no access to media of any kind.

My ignorance was therefore excusable, but not that of Sergey Lavrov, who was swanning around with his mistress, Svetlana

Polyakova, according to Alexei Navalny's team of opposition activists.

Navalny's report entitled, 'Yachts, bribes and a mistress. What Minister Lavrov is hiding', detailed the high life Lavrov led at the expense of ordinary Russians.

The question was why shouldn't a man, even Lavrov, live the life he wanted to with the partner or partners of his choosing? Why not? The problem lay in the fact that he pursued that life at the expense of millions of Russians, who did not enjoy the luxury of grandiose living, on yachts, private jets, luxury apartments and comfort, when his country was at war and its young men dying.

Under Vladimir Putin, Lavrov had appointed dozens of honorary consuls, using them as part of a strategy to influence public opinion in the Kremlin's favor, undermining pro-Western governments, particularly in European countries vulnerable to influence.

Lavrov, a married man with a daughter, was the Russian Minister of Foreign Affairs, whose relationship with his mistress had at least been durable over time. She, Svetlana Polyakova, according to Navalny's account, was an actress, who with her family possessed a fortune, and had accompanied Lavrov on at least 60 occasions to different countries including France, Italy, Switzerland, Japan, Singapore, Portugal, and Greece.

Moreover, according to Navalny's iStories, Svetlana Polyakova wielded considerable influence within the Foreign

Ministry to the point she had named close friends to key positions.

Unfortunately for Lavrov, Polina—Polyakova's daughter, like a lot of girls of her age, detailed her life of leisure on Instagram posts with pictures that showed them relaxing at oligarch Oleg Deripaska's villas in Montenegro and Sardinia, and on his 73 metre yacht, the *Clio*. It appeared that Lavrov had acted as Deripaska's private lobbyist, flying around the world to promote the oligarch's business affairs, notably for Rusal Aluminium.

The sad thing was Lavrov had always been seen by Russians as Mr Clean, a good guy, in reality he was just another of Putin's 'yes-men' who supported the invasion of Ukraine, supposedly to fight Nazis, sending less privileged young men from poor regions to their deaths in the bitter conditions of the trenches at Bakhmut whilst he lived like a tsarist prince.

## CHAPTER 37

### Kidnapped

The news from Irian Jaya was not good, Delta Timber's local manager, Eddy Chang, had been kidnapped by separatist rebels in Indonesia's rebellious Papua Province together with two foresters and their pilot.

They had been seized and held hostage by independence fighters of the West Papua Liberation Army, the armed wing of the Free Papua Movement, as they were about to board their plane on a small runway situated on an island off the Bird's Head Peninsula to the northwest of the province.

They had been visiting a sawmill owned by Delta and were returning to Sorong when the rebels appeared, led by their chief who called himself Thomas Enkidu, and who according to the district head threatened to kill them.

Videos and photos showed the rebels setting fire to the plane on the runway as Enkidu declared he taken the hostages in the struggle to free Papua from Indonesia.

Another video showed Eddy Chang standing in a forest clearing, surrounded by a group of Papuans armed with rifles, spears, and bows and arrows, who demanded the destruction of

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their homelands cease and that Indonesia should accept Papua's independence.

The coordinating minister for political, security and legal affairs, Mohammad Mahfud, said the government was making every effort to persuade the rebels to release Eddy whilst emphasising the government's view that Papua was part of Indonesia.



*PNG rebels seize plane*

'Papua will forever remain a legitimate part of the unitary state of the Republic of Indonesia,' Mahfud said.

The Papuan police chief, Mathius Fakhiri, told reporters in Jayapura, the region's capital, that they were seeking to obtain the release of hostages by negotiating with the rebels.

## John Francis Kinsella

It was part of the ongoing conflict between indigenous Papuans and Indonesian authorities in the region, a former Dutch colony in the western part of New Guinea, ethnically and culturally distinct from the rest of the country, which had had been incorporated into Indonesia in 1969, following a UN-sponsored vote that was seen as being rigged. Since then, a low-level rebellion had smouldered in the mineral-rich region.

\* \* \*

John Ennis, my uncle, had warned me about the dangers of the islands of Southeast Asia, which had been and still were the scene of many independentist movements and rebellions, fomented by communists, Islamists and would-be military dictators.

All of those rich islands had been colonised by the Portuguese, Spanish, Dutch and British, and had at one time or another resisted their colonial masters.

Today times had changed as island states were being weaned by China as it sought bases across the South China Sea, building its zone of influence in a silent war against the West.

Insurrectionists had fought low grade wars ever since the Japanese had been defeated and pushed out of the region in 1945. The guerrillas attacked government forces, police stations, burnt villages and buses, attacked company workers, ambushed and killed company personnel and forest rangers, and of course seized hostages.

John told me the story of Picop in Mindanao, the second largest island in the Philippines, where on arrival he had been

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asked to leave any firearms that he possessed at the guard post, where an impressive display of weapons was already visible.

He had flown from Manila to Bislig in Mindanao in 1981. The object of his trip was to visit a pulp and paper mill, the Paper Industries Corporation of the Philippines, otherwise known as Picop, at that time it was not only the largest of its kind in the country, but in the whole of Southeast Asia.

Set up in 1952, the mill was partially state controlled and had commenced with a huge forest concession covering nearly two hundred thousand hectares, under the name Bislig Industries, Inc. In 1963, the company renamed itself Picop, become the regions first fully integrated pulp and paper company, initially consuming mixed tropical hardwoods harvested from its forestry concessions.

When John visited Picop it had already built 2,100 kilometres of roads on its concessions and produced 80,000 tons a year of newsprint plus timber products.

Finally, after half a century of operations, it collapsed in 2007, victim of the financial and economic turmoil that followed the Marcos and Cory Aquino governments.

The Picop model was flawed compared with that of Asia Pulp and Paper (APP), the Indonesian company, which from its very beginning, had solid partners with fresh capital, experienced in pulp and paper making, and vast new markets in mainland China.

## John Francis Kinsella

Today the Picop site lay in ruins, the buildings and machinery in a desolate state of decay. A dystopian vision of human industry.

Mindanao was a large island, of nearly one hundred thousand square kilometres, about the size of Ireland, which until the beginning of the 20th century been densely covered in vast rainforests, where endemic tree species such as *Agathis philippinensis* and unique animal species like the now critically endangered Mindoro dwarf buffalo thrived.

At the time of John's visit the island of Mindanao's population stood at about nine million, four times that of 1900. Today it stands at 27 million, that's to say about the same density of the UK, and still growing.

In 1800, the forest coverage of the Philippines was 95% and the population of the entire country was about two million, two centuries later it was the reverse, the forest cover stood at 2% and the population ninety five million.

Shortly before John's arrival, a good part of Picop's one hundred thousand hectares of pulpwood plantations were destroyed in one night by an extremely violent tropical storm.

Flying over that area a few days after the typhoon, in his words, 'seen from the air it was as though a colossus had emptied a giant box of matches over the entire region', the trees, *Albizia falcata*, had snapped in half at a height of about three or four meters from the ground.

'The cause was not the storm, but the culture of a species unadapted to local conditions and monoculture.' John told me.

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‘They had selected trees, unsuited to a region where typhoons frequently occurred, especially on the pacific coast of Mindanao. It was a cyclic event, every decade or so, an exceptionally destructive typhoon.’

It took decades, perhaps centuries, to select the right species. Those foresters had taken trees whose natural habitat was West Africa, where such storms do not occur. The normal habitat of such trees was one of climatic equilibrium with a great diversity of other trees and plants of different ages.

In any natural forest, dominant trees formed a protective shield for the smaller trees. The creepers, vines and lianas held the whole biosystem together, though that didn’t mean to say trees didn’t get blown down, they did, but not like in Mindanao.

It was at the time described as Picop’s golden era when the disaster struck, a powerful typhoon, wreaking terrible damage to the tree plantations that provided Picop with its raw material source.

The disaster was even greater when Picop refused to buy fallen wood. A policy based on the idea that it could contain harmful bacteria and fungi which would affect the quality of their paper products. As for the few trees still standing they were less than five years old and too small for exploitation.

It was an economic and ecological catastrophe with more than 1.5 million cube metres of wood and forest cover lost.

Today, three or four decades later, the heavy trucks rumbling along the highways of Mindanao are loaded with logs no

greater than about 30 centimetres in diameter harvested in tree plantations.

Much further back in time, in the 16th century, when the Spanish arrived on the islands—they named after their king, Philip II, forests made up 95% of the country's total land area.

During the last years of the American occupation, it was very different, huge logs were hauled by powerful trucks or rafted along rivers to seaports for export to Japan, Taiwan and the USA.

In brief it was a long and familiar story of deforestation, the kind that could be seen in Indonesia more recently and New Guinea today, where primary forests were exploited for their rare hardwood trees. These were called by different commercial names including mahogany, known scientifically as *dipterocarps*.

When John Ennis travelled to the Philippines it was at the time of Ferdinand Marcos Snr, the dictator who invented cronyism, who ruled over the country from 1965 to 1986, succeeded by his wife Imelda Marcos. When he came to power the country's population stood at 30 million, today his son Ferdinand Marcos Jnr is president and the population is 115 million.

You could say it was a family business.

Since Marcos Snr was elected in 1965 the primary forest cover has fallen to a mere 5.7 million hectares of the Philippines 30 hectares millions of land and only a small part of that was primary rainforest.

## Secrets - Over the Precipice

Long before the term crony capitalism became popular, loggers were the favored inner circle of political power in Southeast Asia, when leaders like Marcos rewarded their friends and supporters with prime logging concessions.

With timber licenses, the loggers could easily secure heavy equipment financing. High valued logs were a quick road to fortune. Loggers were uninterested in long term commitments and companies like Sinar Mas in Indonesia piled up their wealth, investing in industry, at the same time they became the new community leaders—mayors, governors and politicians.

Under their influence logs and lumber became a major export commodity along with sugar, coconut oil and other primary exports, as clear cutting in the natural forests opened up new land for agricultural development.

In the low lands, logging created vast new agricultural opportunities whilst the uplands served to settle the expanding population and subsistence farming.

In addition timber exporters could bank their dollar earnings abroad and bring them back in the form of imports and investments.

At the same time the disappearance of forests made countries more vulnerable to environmental disasters—landslides, soil erosion, floods and droughts.

Even when plantation and reforestation projects with fast-growing species were undertaken—planting tree seedlings, little or no resources were attributed to maintain them.

## John Francis Kinsella

In contrast, other regions where the forest cover remained intact, where local communities had been able to defend their land against occupation by mining and logging interests, forests prospered with endemic flora and fauna thriving, especially when communities were involved in the stewardship of the natural environment.

## CHAPTER 38

### A Mission

Many Russians of military age had fled their country when Putin announced conscription for his war on Ukraine, some of them headed for Dubai, one of the United Arab Emirates, which made me wonder why so many people were attracted to Dubai, was it the Shanghai of the 20s and 30s, perhaps, with its architecture and wealth?

Pat Kennedy did not see it that way. The glow of the Chinese Eldorado he had discovered a decade earlier was fading, just as the promise of a golden future had faded in Russia. Autocrats were not good at planning, their talents were destructive as history had shown.

Neither were places like Dubai good for long-term development, their wealth was ephemeral. Dubai's was based on fossil fuels which would soon go the way of Spanish gold, spices, cotton, guano and rubber.

Not only that, Dubai and Arabia lay at the heart of a region that had been the centre of fierce competition and conflict for millennia, after all it was where the word Armageddon had come from, *har M'giddo* in Hebrew—the Book of the Apocalypse, and the site of the oldest battle in history, when an Egyptian army under the command of Pharaoh Thutmose III

fought a coalition of Canaanite vassal states led by the King of Kadesh.

Turkey, Iran, Iraq, Israel and Egypt were the sites of innumerable battles, from the dawn of human civilisation, and there were no signs that had changed.

Dubai, some called it the Golden City, was the home to a hugely foreign population, less than 10% were true Emiratis, the rest were foreigners who could never aspire to citizenship. Amongst the most recent arrivals were those of the latest Russian exodus, the sons of the well-off, many of them holed-up in the Emirate's luxury hotels or the villas on the Palm Jumeirah, after arriving on Emirates, Etihad or Flydubai flights from Moscow and St Petersburg.

The poor came from the subcontinent—India, Pakistan and Bangladesh as well as the Philippines. They served the rich, not immigrants but 'expatriates', Americans, Brits and Europeans and of course the minority Dubains.

To Pat Kennedy's mind at some point the flow would reverse, as it had in Manaus or in Peru, when the rubber and guano booms came to an end, and governments, unprepared for the crash went from riches to rags, with nothing to show for the vast wealth they had enjoyed, facing bankruptcy and revolution.

\* \* \*

## Secrets - Over the Precipice

Look at me Michael, no look at John, for a man of his age he is extraordinarily fit. Well it's not just down to nature, it's to do with our new drug that promotes longevity—Galenus.

He raised his hand as if to stop the question that instantly formed in my mind. 'No it's not some snake oil remedy, and it requires an input from its users, exercise, dietary control, sleep and emotional stability.'

Were my thoughts that easily read?

'You see Michael, people are dying slowly due to the lack of means—financial, educational and pure ignorance. Cardiovascular disease, stress induced cancers and Alzheimers disease.

'Our idea is not just to delay death a little, but to improve life, live much longer in good health, with a smaller population, in a healthy natural environment.

'In the UK and US, chronic disease is rampant and life expectancy is falling, as obesity, diabetes, cancer, heart disease and dementia grows.

'It's no good taking Galenus if you let your body go to pieces. A longer lifespan without good physical maintenance is a curse, not a blessing. What is the point of living to 120 half blind and in a wheelchair and with dementia?'

Was he trying to convince me or himself I wondered as he pursued his explanation.

‘Galenus, the Roman physician, had the answer 2,000 years ago, but not the science to go much further than the biblical three score and ten years.

‘What is the use of the kind of society we have today? One where the wealthy live longer and the poor are left to rot at a huge cost to the community.

‘I’m looking to build a better world. I’m serious, but not just a Garden of Eden, a place where our knowledge can benefit all, a place of harmony without war. One that the ancient Greeks dreamt of, without slaves, a true democracy...but not too democratic,’ he added with a smile.

I wondered who Galenus was and what Sir Patrick feared—the end of the world or just financial collapse? Wealth was ephemeral. I mean look what happened to Ponzi crooks like Madoff or nerdy financiers like Sam Bankman-Fried who went from 32 billion to zero in the blink of an eye, it also happened to regular billionaires like Elon Musk or Indian business tycoon Gautam Adani—who after a Wall Street analyst called the Adani Group, ‘The Largest Con in Corporate History’, saw a loss of more than 60 billion dollars in its stock market value.

Hindenburg Research, a short seller, had bet on the fall of Adani’s share price, begging the question who was the real crook.

\* \* \*

## Secrets - Over the Precipice

Kennedy had reason to be wary of Putin, who presided over a mafia state, where murder was a tool he used with efficiency to kill his enemies and to hold his cronies in line.

At least three dozen high profile figures with links to the oligarchy had met sudden and unexpected deaths. They included businessmen, generals, scientists and outspoken figures. Many had died after Putin launched his invasion of Ukraine and in strangely repetitive circumstances—falling from high windows and irrational suicides.

They included Sergey Grishin, the oligarch from whom Prince Harry and Megan bought their California mansion, of sepsis after criticising Putin. Then there was Andrey Botikov, creator of Russia's Sputnik V Covid vaccine, strangled with a belt in his apartment

According to US military specialists, Putin employed the FSB as a modern version of Murder Inc., an organized crime group, active from 1929 to 1941, responsible for more than 1,000 contract killings in the US.

Putin, a former KGB agent, was well versed in the brutal methods of the USSR.

It was a warning to all those who dared oppose him that his power was omnipotent, that he could do as he wanted, he was Russia incarnated. It was what made him so dangerous, invincible as his war in Ukraine continued to grind the lives of young Russians with losses of over 150,000 dead and wounded

## CHAPTER 39

### The Doomsday Clock

The news that the Doomsday Clock had moved nearer to midnight was alarming. According to a panel of Atomic scientists, it now stood at just 90 seconds to midnight, closer than ever before.

The panel, which included ten Nobel winners, had published the Bulletin of the symbolic Doomsday Clock, created as a measure of humanity's continued existence, now warned the risk was greater than ever before, a consequence of Russia's unprovoked war against Ukraine and all that it implied.

The clock, created in 1947 at the dawn of the nuclear arms age, had at the outset been set at seven minutes to midnight, as a means of alerting governments to the threat of a catastrophic collapse of human society as we know it.

Now, Rachel Bronson, the president and CEO of the Bulletin, declared, 'We are living in a time of unprecedented danger, and the Doomsday Clock time reflects that reality. Ninety seconds to midnight is the closest the clock has ever been set to midnight, and it's a decision our experts do not take lightly.'

Now, I'm very far from being an expert, but my experience over the last two or three years has told me many things were not right in the world today and what I saw in Central America, far from the crisis hot spots, only went to confirm my fears.

## Secrets - Over the Precipice

Russia's actions and thinly veiled nuclear threats were clear indicators that the man in the Kremlin would use the ultimate weapon if he felt Russia's future was at risk.

The idea that one ageing autocratic tyrant could destroy the planet, either intentionally or accidentally, was mind blowing to me and just about every other sane person of my generation.

Those mindless threats were coupled with the fact that Russia's war was taking place in the country where the world's most dangerous nuclear accident had occurred—Chernobyl, and where Europe's largest nuclear power station now stood bang in the centre of the combat zone at Zaporizhia.

As a reminder, the closest the clock had come to midnight was at the height of the Cold War in 1953 when the minute hand was just 120 seconds from Doomsday following the first test of the hydrogen bomb.

At the time of the Cuban missile crisis, the hands were pointed at seven minutes to midnight, but the crisis was resolved when Washington and Moscow agreed to undertake talks on arms control.

Today proliferation had led to North Korea's acquisition of nuclear weapons along with India and Pakistan, and the development of the bomb by Iran.

Since then other factors influenced the Doomsday Clock—war and aggression, climate change, immigration, poverty, corruption and dysfunctional states, the Covid pandemic, inflation and inequality, as new technologies threatened

humanity with the greatest and perhaps most disruptive changes in its history.

Kennedy couldn't change the world, but perhaps he could protect his own and offer a new chance to the survivors, 66 million years after the Chicxulub impactor, as it is known in the language of the Maya, the asteroid that caused the extinction of the dinosaurs, which left a crater off the Yucatan that spanned 150 kilometres and was more than 20 deep.

Closer to us was the explosion of Mount Toba, 75,000 years ago, on the island of Sumatra. It was the most violent volcanic eruption of the last twenty-five million years, sending hundreds of cubic kilometres of lava, ash and sulphur into the stratosphere, which settled over hundreds of thousands of square kilometres, a massive layer of volcanic debris, several metres thick, destroying all plant and animal life over a vast region.

At that time the number of humans on the planet was probably not more than one million, sparsely concentrated in the more inhabitable regions of the Old World. The impact of the eruption was so devastating that all but a few small bands survived in rare pockets, far from the explosion, in the more isolated parts of Africa or Europe. The others died, suffocated by the toxic gases and ash or of starvation, as the volcanic winter set in, temperatures fell, plants withered and animals died.

These small bands survived and it was their descendants that conquered the earth, dominating all other species, clean or unclean, of cloven or uncloven hooves, with or without scales,

birds and insects, the trees and the grasses, transforming the land and the seas.

It was an inescapable fact that one day an event, man-made or natural, as destructive as the explosion of Mount Toba, would threaten the very existence of humanity.

When was not clear, but Pat Kennedy seeing how humanity was hellbent on its own destruction was convinced that day was not far away.

The world was a rotten place and the rot had started some 11,000 years ago, when man invented agriculture. Now 40% of the earth's surface had been transformed into arable land and the global population was expected to reach ten billion within a generation, all of whom coveted a lifestyle similar to that of the G7 nations, which meant doubling the global food supply and the planet's arable surface. A daunting task.

According to Henrique, it was five years since Sir Patrick Kennedy had launched the construction of Ciudad Salvator Mundi. His dream to save humanity from itself. The first phase was a site built around a disused salt mine situated at an altitude of 1,400 metres in the Cordillera Orientale, the northern most branch of the Andes in Colombia, on the edge of Barichara, a small Spanish colonial city founded in 1714, considered one of the country's most beautiful towns.

## CHAPTER 40

### Costa Rica

**K**ennedy hadn't set a programme, his only instruction was that I meet up with Tom Barton in Cartagena, Colombia, at the end of the month.

The plan that formed in my mind was to start in San Jose, Costa Rica, and make my way down to Panama and Colombia. What I wanted to see were the forests, the natural landscape and meet some real people, those like myself, who could tell me about their countries, their history, politics, economies.

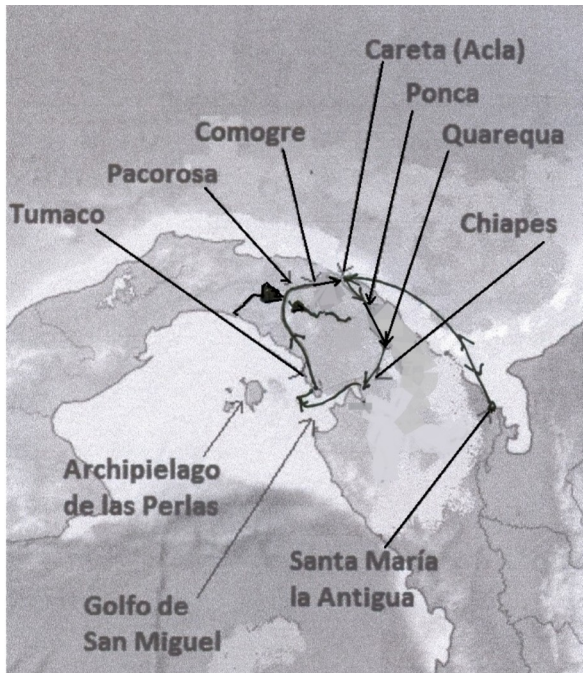
I wasn't seeking a Lonely Planet experience, meeting some gnarled villagers or fishermen, neither did I want some fast talking banker or local Bloomberg style financial analyst with their boom and bust stories. Those I would run into anyway.

Before checking out the pharmaceutical construction projects, I set off to explore San Jose and some relatively nearby nature parks where I discovered that most sites visited by tourists were in reality little more than theme parks to initiate newcomers, most of whom had never seen a rainforest.

The real forests were to the south bordering Panama or the north in Nicaragua—on the other side of the San Juan River, in Mosquitia, where jaguars roamed, and where the legendary City of the Monkey God was said to have been discovered by Theodore A. Morde, an adventurer and journalist, in that vast,

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lawless hell, covering about 80,000 square kilometres of rainforests, swamps, lagoons, rivers, and mountains.



*Panama Isthmus Balboa's Ruta*

Costa Rica was small compared to New Guinea—the second largest island in the world, 2,400 km long and 650 km wide at its widest, a land mass of over 800,000 square km<sup>2</sup>, sixteen times greater than Costa Rica with its modest 50,000 plus km<sup>2</sup>.

In fact it wasn't comparable at all, though both were in the equatorial belt where rainforests prospered, the principal difference being Costa Rica had suffered from catastrophic deforestation prior to the 1970s whilst New Guinea had until very recently been entirely covered by vast rainforests.

Unfortunately New Guinea was about to suffer a similar fate, unless immediate measures were taken to prevent that from happening. What New Guinea could learn from Costa Rica was that small Central American republic had succeeded in the almost impossible, that is reversing deforestation.

It is true overspill existed, that is once the forest was open to tourism and other non-destructive activities, a minimum of facilities were needed such as car parks, toilets, restaurants, souvenir shops, hotels and accommodation for rangers, personnel and families.

Threats like overpopulation still existed with the need for farmland, infrastructure and all that went with increased numbers.

Costa Rica had undergone a period of uncontrolled growth with its population increasing from around four million in 2000 to over five million in a little more than two decades. In addition to that, rising living standards demanded increased revenues, that is from the export of the country's traditional produce—pineapples, coffee and other agricultural products, which in turn needed more land, fertilisers, insecticides and so forth.

As a measure of population densities New Guinea's stood at 20 inhabitants per square kilometre, Costa Rica 100, France 120 and the UK 280 whilst the US and Russia was half of Costa Rica's. At the other end of the scale India's population density was five times greater than that of Costa Rica's.

Like all the countries of the New World, Costa Rica had suffered silent deforestation creep between 1821 and 1900.

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Then from 1900 onward, its forest cover fell from 85% to just 29% by 1989, when timber production was encouraged by its then government, and the extraction of national resources and export sales were an important source of revenues, especially in dollars, as the US was the main supplier of goods and principal consumer of Costa Rica's timber and agricultural products.

\* \* \*

What had caught Pat Kennedy's eye was the news that Bayer was building a two hundred million dollar pharmaceutical plant in Costa Rica. A little research told him that Big Pharma was investing in the country with firms such as Roche, a leading biotechnology giant, investing one hundred million dollars in a new cutting-edge campus, located in Sabana Norte, a district of San Jose.

In a certain manner of speaking it was a reaction to an over-reliance on certain sources, particularly China, for active pharmaceutical ingredients. It was also a move to develop manufacturing and distribution, as major players eyed operations geographical close to key markets, that wasn't however Kennedy's objective in the sense he was new to the business, though the business in question, Belpharma, was a well established manufacturer, even if it was not comparable either in size or its market coverage to the giants.

Costa Rica was already home to five of the seven largest global pharmaceutical companies, which made the small country the second largest exporter of pharmaceuticals in Latin America.

## John Francis Kinsella

I checked into the Gran Hotel in the downtown area of San Jose the capital. It was modern, located on Avenida Central, within walking distance from the cathedral which would allow me to get my bearings.

I wasn't familiar with Central America and at first view saw similarities with the Philippines, which had been a Spanish colony for three centuries until it fell under American control after the Spanish-American War in 1898, an event that brought an end to Spain's colonial empire.

My initial objective was to test the temperature, find out if it was safe to walk around, make a few calls and set up my programme for the next couple of weeks or so.

It was a fact finding mission according to John DeFrancis, who warned me I should be careful, he didn't want to get involved in any more rescue operations. I'd been lucky getting out of China. Next time it wouldn't be so easy he cautioned.

Pat Kennedy knew the region pretty well. His first visit to Mexico went back quite a few years, Panama, Colombia and Belize more recently. What he wanted was an unvarnished update.

I soon discovered most of the population was concentrated in the central valley around San Jose and spread very sparse around the rest of the country. It was why it was necessary to get out of San Jose, check out the hype—was Costa Rica as green as it was portrayed? Were the business conditions really good, how was travelling to neighbouring countries?

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Costa Rica's reputation was built around its green image and it was a fact that it was the first country of the third world to have stopped deforestation, though there was still the phenomena of overspill as I was to discover. As the forests were opened to tourism the need grew for roads, car parks, toilets, restaurants, souvenir shops, museums, lodges and hotels as well as accommodation and services for rangers, personnel and families.

It was just as well they had halted deforestation when they did because if they hadn't nothing would have remained but barelands as I had seen in Borneo. Logging commenced in serious in around 1900, when Costa Rica was almost a virgin territory and 85% of its land covered by forest, which through blind greed and over exploitation was reduced to less than 30% by 1989.

The problem of deforestation dated from the 19th century, from the time of Costa Rica's independence, and whilst it was on a small scale, it was persistent, especially the exploitation of its valuable timber, laying the foundation for the development of systematic deforestation by private business, encouraged by the state.

It was why a visit Tortuguero would be a good starting point, one of the country's principal tourist attractions, a region where the timber industry had wreaked devastation, in the lowland rainforest of Limon, the last vestige of the Atlantic wet forest which once covered the entire Caribbean coast, where the first sawmill operations were set-up in the early 1940s.

## John Francis Kinsella

The Atlantic Trading Company was the first of the timber companies to build its own mill. Soon it was followed by the Deslo Lumber Company and others. The mills were built in Tortuguero, to where the logs arrived by raft along the many rivers and waterways for processing after which the finished timber was shipped to Limon for export.

Today the rusting hulks of machines that bore witness to those bygone days could be still seen, like the strange sculptures of a mysterious forgotten civilisation, incongruously planted amongst Tortuguero's souvenir shops and eateries.

## CHAPTER 41

### Tortuguero

I joined a tour to Tortuguero which left San Jose at daybreak the following Friday morning. It was a three hour journey in a small, but comfortable, bus to La Povona, an embarkation point on the Rio Suerte, where we were informed a boat would take us to a hotel close to Tortuguero Village.

The other passengers were already installed in the bus, an American couple and a mother with her two grown-up daughters, Costa Ricans, the youngest was about twenty five and her sister a couple or so years older.

They introduced themselves, the younger sister was Laura and the other Victoria, who presented their mother, Carmen Soto de Coronado, a charming woman in her early fifties

The girls informed me they were from Dominical on the Pacific coast and they had surprised their mother with a weekend getaway trip to the Tortuguero Natural Park. I couldn't help thinking the girls were very pretty, especially the younger one who was slightly taller, she was very curious and spoke perfect English with an American accent.

They were very talkative and amusing, especially Laura who laughed a lot, her eyes sparkling, a carefree smile, waving her long black slightly crinkled hair. They were Criollas of obvious Spanish descent, very open and friendly.



*Rancho La Povona embarcadera*

As soon as we left the agglomeration of San Jose we climbed into the mountains, passing from sunlight valleys to the rain and mist of others, a densely forested region, along twisting roads, torrents crossed by narrow bridges, then hairpin bends as we rose into the clouds, where we were soon enveloped by the mist.

We were informed the more direct main road linking San Jose to Tortuguero and the north coast was under construction by Chinese firms, a highway with numerous bridges, the fact that work had been halted for near on three years didn't worry us as we enjoyed the passing scenery.

Arriving at Rancho La Povona, basically a carpark with a couple of restaurants and tourist shops, we made our way to the embarcadera, a flat bank at a bend on the edge of the Rio Suerte, a shallow, relatively wide, placid stream, where a group of tourists already stood waiting in the mud near a row of beached riverboats.

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We were pointed to one of the flat bottomed craft and helped aboard where we were seated donning the life vests put at our disposal. Once the vests were belted up the boat set off along the Suerta, destination Tortuguero.

The river was joined by several channels which according to our guide had been dug through the swampland forest by logging companies decades earlier to facilitate the transport of logs to sawmills at Tortuguero and the ships anchored near the Rio San Juan on the Nicaraguan border.

The boat ride to Tortuguero Village took about an hour, a pleasant trip through a dense swamp forest with our boatman pointing out birds, iguanas and monkeys.

The weather was hot and humid compared to San Jose and the landscape flat after the mountains we'd passed on the road that rose up to 3,000 metres, a region that was reminiscent of parts of Indonesia and New Guinea with colourful villages and a profusion of flowers.

After a pause to marvel at a huge iguana sunning itself on the branch of a heavily buttressed tree that had fallen into the muddy waters at a bend in the river, Laura pointed ahead, a heavy mist covered the river—rain. The Caribbean coast was the wettest in Costa Rica where three and a half metres of rain fell each year. It wasn't the sand and sun destination of the Pacific.

As we hit the wall of water our boatman gunned the motor, there was no point in insisting with our bird spotting as the rain obscured the riverbanks. We sped past Tortuguero Village where the river widened out to about 300 metres and the

downpour intensified and after some more minutes we arrived at a wooden jetty where a team was waiting to welcome us at the Caribbean Lodge.

Here and there the gardens were decorated with strange works of art, surrealistic forms, machines that had lain abandoned, too heavy to move, blackened under the tropical sun and incessant rains for longer than most could remember. They were reminders of how men had exploited the original rainforest that bordered the Caribbean, transforming it into plantations for United Fruit—the colonizing American giant that had exploited Central America like its own estate, setting up corrupt dictators to its own advantage, exploiting the local peoples for cheap labour, supplying the world with bananas and canned pineapples.

Tortuguero Village lay on what was a narrow forested sandbank, a few hundred metres wide, between the Caribbean Sea and the Rio Suerte, in the Tortuguero National Park, just 40 kilometres to the east of the Nicaraguan border.

Early that evening I joined Carmen and her daughters for dinner and learnt they were part of an old family of plantation owners—bananas, coffee and oil palms. Victoria was an architect, and Laura a botanist at the University of San Jose, who I soon discovered would not only be a knowledgeable guide for my research, but also a good companion.

Laura told me how first Spanish settlement in the region had been founded in 1541, at a point named San Juan de la Cruz, located at the mouth of the Rio San Juan. It was to have facilitated commerce between Panama and Nicaragua, but

## Secrets - Over the Precipice

because of the harsh climate the 25 settlers abandoned the site after only two years for a more favourable site inland.

Further attempts were made to settle the region over the four centuries that followed, but it was not until the middle of 19th century when Cocoa plantations were established close to Matina, about 56 kilometers south of Tortuguero, and a more permanent settlement was established in the region where American indigenous peoples and the Afro-Caribbeans were put to work in the plantations as slaves.

With the appearance of Miskito-Sambu raiders the plantations were abandoned after the crops were seized. A scenario that was repeated all along the coast between Honduras and Nicaragua. The Miskitos, a local indigenous people, who lived in the rainforests, had intermarried with escaped African slaves. They controlled the Mosquito Coast that ran from Guatemala to Costa Rica, a region known in the 19th century as the Mosquito Kingdom, then a British Protectorate.

Their raids led to the end of the cocoa plantations and opened the way to the exploitation of the turtles that breed along the coast providing meat, oil and shells aided by the fishermen of the same Miskito-Sambu Indians.

In 1890, a railroad was built between San Jose and Limon, opening up the coastal region to logging of mahogany which with the turtles, captured and kept in small cages, was exported by sea to the US and Europe.

In the early 1940s, Tortuguero was transformed when the first sawmill opened and its population quadrupled. Logs were rafted to the edge of village at the site of the present dock,

where they were sawn and transported by river to Limon or the Rio San Juan for shipment overseas.

With the end of logging and the closure of the sawmills, around 1972, most workers left, those remaining returned to their old way of life—subsistence farming, hunting, and fishing.

Certain of the villagers who had worked in the forest identifying, selecting and felling hardwoods also planted cocoa on the cleared forest areas. The cocoa, however, was abandoned in turn after being hit by a fungal disease in the early 1980s, which almost brought the country's production of dry cocoa beans to a stop.

Soon secondary forest sprung up on the abandoned land which coincided with the government's reforestation plans and helped transform Tortuguero into what it is today, a model of conservation and reforestation.

'Now tourists like you arrive from all over the world to see our crocodiles, alligators and all the rest of the rainforest's wildlife,' Laura told me with a convincing smile.

I wasn't so convinced, but held my tongue, I didn't want to get off on the wrong foot with my charming new friend.

## CHAPTER 42

### Quetzals

Some days later I arrived at a small lodge run by a reputed mountain and nature guide Raul de Villanova. Laura had persuaded me that I couldn't leave Costa Rica without visiting San Gerardo de Dota, where she told me she was working on a wildlife project. San Gerardo was the home of the legendary bird of the Aztecs and Mayas, the Resplendent Quetzal.

I'd driven from San Jose to San Gerardo de Dota, situated in the Parque Nacional de Quezales, where Laura had booked me into the Savegre Hotel, a well known spot on the banks of a river of the same name, in the cloud forests about 70 kilometres from the capital.

The village was situated deep in a valley surrounded by the high mountain range of the Cordillera de Talamanca which culminated with the 3812 metre Mount Chirripo.

Very early the next morning, to Laura's great amusement, I appeared wearing a light T-shirt and shorts. The altitude, according to Raul our guide, was over 2000 metres and the air significantly cooler compared to the heat and humidity of the coast. Laura and her friends were wearing short trench coats over jeans with solid walking shoes.

Dawn was breaking when Raul pointed up a steep slope to a largish tree, an *aguacatillo*, a kind of wild avocado, which

Quetzals favoured, swallowing the entire fruit, then spitting out the large nut, normally they were omnivorous also eating insects, small lizards and frogs. According to Raul, they paired for life and made their nests in holes in trees like woodpeckers.

We waited silently at a suitable distance and were in luck, as sure enough one of the birds appeared and then another, recognisable by their long tails and iridescent colours.

\* \* \*

That afternoon we stopped to visit a museum in the Diquis Delta in Puntarenas Province, at a place called Finca 6, a remarkable archaeological site where the attraction was a collection of stone spheres dating from pre-Columbian times, one of the only two archaeological sites in the country from this period.

The spheres which ranged from few centimetres to over two metres in diameter, weighing up to 15 tons, dating to back to the Aguas Buenas Period 300 to 800AD and the Chiriqui Period 800 to 1550 AD.

They were discovered by the daughter of a United Fruit company executive in the 1930s, when the area was a vast banana plantation, and to some extent have remained a mystery like their makers who disappeared after the Spanish conquest.

Most thought of the Conquest of the Americas as the deeds of Europeans, starting with the Spanish conquistadors and the Portuguese explorers. But of course man's incursion into the New World went back very much further.

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El Mirador and Naachtun in Guatemala were the product of thousands of years presence of the different people's that colonised the Americas, a process that started somewhere between 20,000 and 30,000 years before the present.

Most were certainly hunter-gatherers who crossed the land bridge from north-eastern Asia into what is Alaska today. Others probably came across the Pacific, island hopping, arriving on the South American continent.

They came in several waves over thousands of years spreading out in all directions and by the time Columbus sighted the New World in 1492, their numbers were estimated at near to one hundred million, scattered across the Americas and the Caribbean.

The transition of hunter-gatherers to sedentary farming communities came simultaneously in different regions of the world, the first around 10,000 years ago in the Levant, and then independently elsewhere, notably in China, Meso-America and Highland New Guinea.

These communities provided the basis for the first civilisations though hunter-gatherer communities have survived until today especially in the tropical rainforests of Meso and South America.

The Neolithic came about as the result of climate change, population growth and a matrix of other causes that scientists are still trying to untangle.

Today mankind, faced by the same kinds of pressures that cause change, was now looking beyond the planet Earth, to the

Moon and Mars, to mine and transform minerals to provide new sources of raw materials.

Man's use of minerals went back nearly two million years as evidenced at Olduvai in Kenya where *Homo habilis* developed the first forms of human technology, a set of stone tools used for butchery and pounding plant material. The so-called Oldowan toolkit, a reference point in human evolution, evolved into the tools together with fire and the knowledge of basic textiles and leather materials that the first men carried with them into the New World. Tools that resulted in the extinction of many endemic animal species that had existed up to that point in time.

\* \* \*

Very much further to the south in the Gran Chaco, South America's second-largest forest after the Amazon, and one of the most deforested regions on Earth, another group of immigrants were changing the face of their new land.

Stretching across Brazil, Chile, Paraguay and Argentina, the Gran Chaco was a sparsely populated region threatened by agricultural development in the form of cattle ranching and soya production.

The story that it was fast disappearing was a reality, but was it entirely the fault of big agribusiness? After all that business fed people, without it millions, even hundreds of millions would suffer malnutrition. Growing market demand had made dry regions like Gran Chaco viable and that with illegal logging for firewood and charcoal had resulted in the loss of

eight million hectares over the last 30 years in Argentina's part of the Gran Chaco alone, according to Nature Conservancy, a society founded more than a century ago dedicated as its name suggests to the protection of our natural environment.

The immigrants were Mennonites, who arrived in Paraguay in the early 1900s and now stood amongst those accused of the ecological transformation underway in the region. They had settled in colonies, including Boqueron, in Paraguay's region of the Gran Chaco, where they had established themselves in large scale ranching and agriculture.

I knew little about the Mennonites though I'd learnt from Henrique's that Maria Scmitt, his partner, came from a Belizian Mennonite family, at least her mother had. A religious community that had founded Shipyard in the Orange Walk District to the north of Belize in the late 1950s, a Christian minority, originating from Germany, that had settled in Campeche in the Yucatan and had arrived in British Honduras, now Belize, where they believed they would have greater freedom to practice their traditions than in Mexico.

Ursula Scmitt, Maria's mother, was just twenty years old when she met Barry Simmonds a couple of years after he had arrived in newly independent Belize. To the dismay of her family she soon fell under the charm of the young Englishman, a young lawyer in Belize City. Her family, strict Anabaptist traditionalists, disapproved of her relationship with an outsider and expelled her from their community when she became pregnant. Ursula died from an infection soon after giving birth, and the child, Maria, was disowned by her grandparents, which left her broken hearted father the task of bringing her up alone.

## John Francis Kinsella

More than two million Mennonites lived in 87 countries, with large populations in the United States, Canada and Ethiopia. Just under 10% of Mennonites live in Latin America.

Some communities still wore traditional German clothing, bonnets and long dresses for women and denim overalls with plaid shirts for men, refusing modern transportation, preferring horse drawn carriages and carts.

Today, Paraguay together with its Mennonite farmers had become the world's sixth-largest exporter of beef, and with the construction of a new highway, the Bi-Oceanic Corridor, their produce could be transported by truck to ocean ports on the Pacific or Atlantic coast for shipment to global markets.

The highway would further stimulate the Chaco's agricultural boom, but at the cost of greater deforestation and putting the survival of its indigenous peoples such as the Ayoreo Totobiegosode communities in peril, who had lived in the region for centuries, many of whom had already been dispossessed of their ancestral lands.

## CHAPTER 43

### Panama

**M**y first call on arrival in Panama City was to Captain Anthony Rooney aboard the *Las Indias*, anchored offshore in Panama Bay. He was expecting my call and invited me to join him onboard where he had a cabin made up for me. Anthony was talkative a Liverpudlian, a former senior Royal Navy officer, who had captained a number of ocean-going mega yachts.

I'd arrived in Panama City from Costa Rica, a city where if I'd understood correctly Sir Patrick had banking links, a place visited by Tom Barton and Liam Clancy, two of his Clan. It was after my rather disappointing visit to San Jose, though I'd enjoyed my excursion to Tortuguero and my encounter with the Quetzals, Laura suggested trying something more challenging, a trek of 280 kilometres across the western region of the country, the Camino de Costa Rica which didn't seem to fit in with the mission Sir Patrick had given me.

I'd even toyed with the idea of exploring Balboa's ruta or following the Camino Real along which gold and silver of the conquistadors had been transported overland, from the Pacific to the Caribbean, after it had arrived by galleon from Peru and Bolivia over the centuries. But finally it was the Darien Gap that seemed more appropriate to my fact finding mission than simple jungle trekking.

I took a taxi from my hotel to the causeway that led to Isla Flamenco where the yacht was anchored adjacent to the Cruise ship port. I was surprised by the yacht's size, all 91 metres, and then its appearance, its sober colours, light grey above the waterline and a deep red below, more like a streamline oceanic exploration vessel than a billionaire's yacht.

I thought Kennedy had been joking when he had spoken of its transformation into an honest vessel. In fact it had been equipped for extended exploration missions, not only oceanographic surveys, but also for his special projects, part of the banker's growing realisation the time had come to return something of what the world had given him, in the hope of building a better future, at least in part.

However, beneath the paint job, I discovered *Las Indias* still retained many of its original features, the comforts that would be needed in the kinds of places he had in mind for his new venture.

The yacht's newer features included a launch and recovery system for surface or submersible vessels. In addition were larger ship-side doors and a broader flight deck to accommodate two helicopters as well as a long range drone for coastal and inland Lidar surveys.

Originally registered in the name of Jho Low, of Jynwel Capital, a Malaysian registered business, who had bought the yacht with stolen cash, siphoned off the sovereign wealth fund that went by the acronym '1MDB', and the complicity of former Malaysian Prime Minister Najib Razak.

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Low was now on the run, said to be holed up in China, wanted by the US authorities, on ‘suspicions of criminal mismanagement, fraud, bribery of foreign public officials, and aggravated money laundering’.

At the height of his notorious career, Low was dubbed the Asian Great Gatsby for his lavish parties and his Hollywood friends, amongst whom he counted Robert De Niro and Leonardo DiCaprio, plus a whole crowd of hangers-on.

The yacht was said to be the 54th largest in the world, which in 2018 had momentarily gone missing, the whole 91 metres of it, together with its swimming pool, helipad, movie theatre, spa and sauna, and staterooms for 18 guests and quarters for a crew of 28, as Low tried to flee the international authorities amongst the islands of the South China Sea.

It was why Pat had decided to convert it to a working vessel dedicated to a more worthy cause—his plan to save a small part of humanity from self-inflicted ecocide, a crime Anna Basurko informed him was defined in an *obiter dictum* by the International Court of Justice, which identified a category of international obligations, called *erga omnes*, namely obligations, owed by states to the international community as a whole, intended to protect and promote the basic values and common interests of all.

\* \* \*

My ‘cabin’ was in fact a stateroom fit for a king, which I figure would serve me as a base for at least a few days. I started by refreshing my rather scant knowledge of Panama’s history, which I must admit was vague mix between ‘stout Cortez when

with eagle eyes...star'd at the Pacific...upon a peak in Darien'  
and the Panama Papers.

The isthmus, then the home to different warring Indian tribes, was 'discovered' by Rodrigo de Bastidasa in 1501 who reached La Punta de Manzanillo on the Caribbean coast, directly north of Panama City.

Bastidasa was the first European to visit the isthmus. He had left Cadiz with two ships the previous year to explore the New World, more precisely the north coast of what is Colombia today and was accompanied by Vasco Nuñez de Balboa.

On reaching the Gulf of Uraba he turning westward and continued along the coast of the Panamanian isthmus until he was forced to turn back to carry out repairs on his ships at a point he named Manzanillo.

Twelve years later Balboa in his campaign to conquer the hostile tribes on the Caribbean coast heard of a land to the south near the 'other sea', so rich that the people ate and drank from plates and goblets made of gold.

At the beginning of September in 1513, Balboa together with his me—190 Spanish soldiers and armed adventurers with a pack of fierce dogs, accompanied by a small army of Indian porters, set out from Acla on the Caribbean in search of gold and the South Sea, following his Indian guides across Darien, the narrowest part of the isthmus, in the direction of the Gulf of San Miguel.

It was on the morning of Tuesday, September 27, 1513, when Balboa climbed a hill called Urrucallala. From this peak in

Darien, he would be immortalised as the first European to see the Pacific Ocean from Tierra Firma in the New World.

He and his expedition had marched through dense jungles, crossed rivers and swamps and ascended the cordillera. Soon after he reached the shore of the Gulf of San Miguel at the mouth of the Saban River, carrying a standard with the image of the Virgin Mary, he waded into the water and took possession of the Mar del Sur and lands that lay in it, or whose shores it washed, for the crown of Castile.

Unable to cross to the Pearl Islands, Balboa turned inland and continued to the site of present-day Panama City, before returning across the isthmus to Santa Maria in January 1514.

For his troubles Nuñez de Balboa was beheaded together with four friends in the town of Acla in Panama in January 1519.

Today, the indigenous peoples Balboa encountered in 1513 have disappeared, wiped out by disease and oppression, those present today arrived in Darien over the centuries that followed Spain's colonisation of New Granada.

I spent a couple of days visiting the Panama Canal, Panama City—which looked remarkably like Hong Kong, and the Casco Viejo which vaguely resembled Macau, before Las India's weighed anchor and we sailed through the canal to Colon and then east to Colombia.

## CHAPTER 44

### Colombia

It was Anthony who encouraged me to attempt the Darien Gap crossing. The Camino Royal he told me was for back packing tourists, nothing compared to the horror stories reported from the Darien Gap.

The so-called gap was a jungle covered space between the northern and southern sections of the 30,000 kilometre long Pan-American Highway. An almost invisible trail, 106 kilometres of hostile jungle, cut-off from all civilisation, a mountainous no-man's-land culminating at 1,845 metres with the Cerro Pechito Parado. A dangerous wilderness that lay between Turbo in Colombia and Yaviza in Panama, through the dark heart of the Darien National Park.

For those foolhardy or desperate enough to risk crossing the Darien Gap, the choices were few, one of them was to cross the 80 kilometre wide Rio Atrato wetlands on the Colombian side, which could be crossed on foot in a few days, a dangerous trek taken by migrants in the forlorn hope of reaching their final destination, the US.

Another alternative was via the Caribbean side of the isthmus, a region controlled by drug runners and human traffickers who carried out their evil businesses under cover of the dense rainforests of the Serranía del Darien mountain range with the Tacarcuna peak rising to 1,875 metres above sea level,

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a region without roads which meant no law enforcement ideal for Narco-traffickers hidden under the canopy of the primary rainforest.



*Balboa's Ruta across Darien*

When Anthony told me that Las Indias was sailing to Barranquilla in Colombia, it sounded like a good opportunity to hitch a ride, something to do with shipping material from the US for delivery to Ciudad Salvator Mundi. Sailing via the Panama Canal and Caribbean to Barranquilla in Colombia, and from where I could fly to Monteria, a couple of hours by road to Necocli—the jumping off point for immigrants.

I didn't need much convincing, not only would sailing be a pleasant change from airports and roads, I would see the entire canal and the Caribbean. In addition it would give me time to do a little internet research work on what was happening in the region, what was driving politics—immigration, narco-trafficking, lawlessness and poverty, and the flow of immigrants fleeing oppression and poverty risking their lives along the trail that led from Colombia to Panama through the Darien Gap.

It was almost three years since the virus had emerged in Wuhan and with the speed of light had spread across the entire planet, creating a pandemic that stampeded governments into what could only retrospectively be seen as an irrational panic with decisions that created a devastating sequence of events, starting with a still unraveling economic crisis, Putin's opportunistic invasion of Ukraine, a worldwide loss of civil liberties, the rupture of supply systems, which together with the ravages of climate change sent a multitude of desperate refugees onto the road, to escape the waves of misery and destruction.

There were few places that remained untouched, even the small countries of Central America, already plagued by narco-trafficking, and migrants fleeing the misery of the revolutionary socialo-communistic inspired chaos in Cuba, Venezuela and Bolivia, the regimes of which had been inspired by the dysfunctional Russian state, itself built on the bankrupt ruins of communism.

Marx and Lenin had a lot to answer for, or was it the fault of man's blind ambition to rule and impose his will on others?

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It was two days sailing from Panama City to Barranquilla, a relaxing journey through the canal to Colon and across the open sea to the Colombian port.

Naturally Anthony spoke with Pat Kennedy who remembering his own adventures in Colombia more than 20 years earlier was a little alarmed and since Las Indias would be docked in Barranquilla for at least a couple of weeks instructed Anthony to join me.

Tom Barton, who I'd never met, was much more circumspect and ordered a couple of the Aeres security men from Ciudad Salvator Mundi to accompany us.

I was told the journey could take ten days from Capurgana depended on the physical condition of the group and the risks they ran of injury, fever, diarrhea, hunger and drowning.

On arrival at Monteria we were met by two of Aeres security men, who were waiting to meet us up for our expedition through the Darien Gap.

Jose-Luis Sanchez was Colombian and Mike Parker English. Both were tough looking ex-military special ops men, both had seen action—Jose-Luis against the Farc rebels and Narcos in Colombia, Mike in Central Africa and the Congo.

In addition there was a driver and a large SUV loaded with all the necessary material for a ten day trek in the jungle and to my alarm enough weapons to equip a small army, which in Colombia was particularly concerning which as I was learning was nothing unusual in Latin America where violence was almost institutional.

Necocli was one of Colombia's oldest towns, it was founded in 1509 by Pedro de Heredia who I later discovered was an ancestor of Tom Barton's wife Lola. Until recently it had been a quiet predominantly Afro-Colombian community, now overwhelmed by a continuous flood of immigrants in transit to Panama en route for the US with thousands of migrants camped on the beach waiting for a boat to take them across to Capurgana.

We spent two nights in a small hotel to prepare our departure. Posing as reporters Jose-Luis had no problem in hiring a boat—at an exorbitant price, to take us across the Gulf of Uraba a journey of one and a half hours across to the opposite coast.



*Immigrants crossing the Gulf of Uraba*

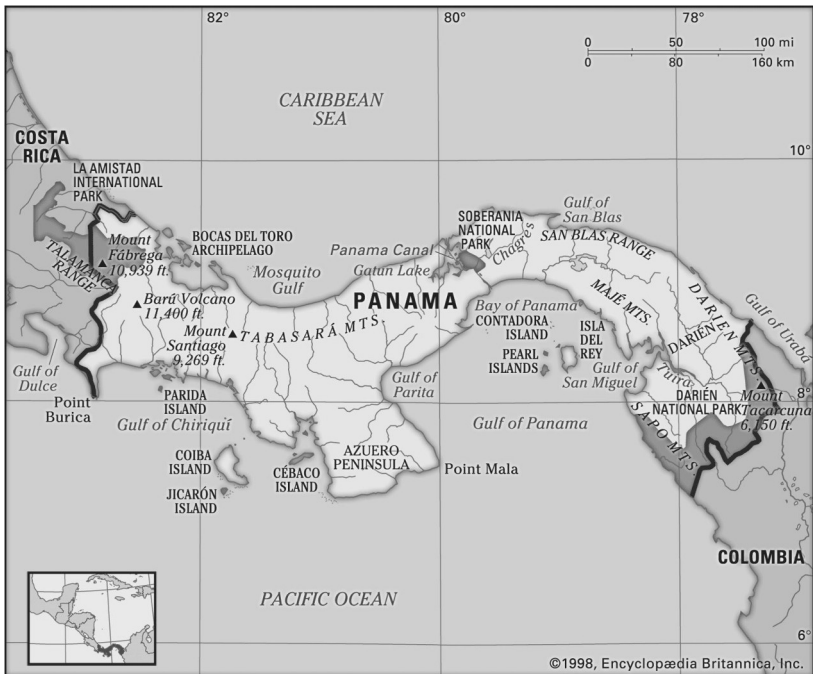
We were up at dawn on the third day and were driven to a quiet wooden jetty where our baggage was loaded onto a very ordinary looking motorboat, fitted with an awning to protect its passengers from the tropical sun. The sea was calm with little or no wind and we were soon on our way speeding out onto the

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open sea without any formalities as Capurgana which lay on the opposite side of the gulf was also in Colombia.

The transport of migrants was a thriving business in Necocli, where regular ferryboats equipped with powerful outboard motors, each carrying 70 passengers or more plus the crew, departed for the one and a half hour trip across the gulf to Capurgana near the Panamanian frontier.

Most of the Panamanian isthmus was impassable swamp and jungle-covered mountains without roads with the departure point of the trail being a small village on the other side of the border, a couple of kilometres by foot through the jungle from Capurgana.



*Panama*

More than 200,000 immigrants had confronted the dangers of the Darien Gap in 2022, certain of whom had lost their lives in that green hell. They were Haitians fleeing the endemic poverty of their land, Cubans fleeing the country's worst economic crisis since the collapse of the Soviet Union, and penniless Venezuelan refugees—victims of the Chavez-Maduro experiment that had transformed Venezuela from one of the world's most prosperous countries to a third world basket case, forcing millions to seek a new life elsewhere.

A third of all migrants passed through Necocli, and according to the stories we were told, as many as a thousand embarked for the crossing on certain days, a clear sign of the growing desperation as the world entered a new and dangerous period when the poor were forgotten.

The hapless migrants were forced to pay twenty times the price for the crossing compared to Colombians and in addition were charged a twenty dollar landing fee in Capurgana.

From Capurgana, those with money and papers could fly to Panama from a small airstrip on the kind of plane that I'd flown on in New Guinea. Most were illegals who planned to cross the forest covered mountains that straddled the border on foot accompanied by *caminandos*—guides, local passers.

On arrival in Capurgana there was a negotiation and Jose-Luis hired a guide and we and our baggage were transported to the Panamanian border on motorbikes over a slippery trail where with our guide, Freddo, we continued on foot into the jungle.

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There were no roads and the trail led directly to a mountainous region covered by dense rain forest, which Freddo informed us if all went well would take three days, before reaching more sparsely covered higher ground that rose into the mountains, crossing the Pan-American Highway somewhere between Meteti and Yaviza.



*Darien Gap landscape*

For me after my experience in Sumatra, Borneo and PNG there was nothing new, rainforests with their massive buttressed trees, insects, armies of leaf-cutter ants, apart from the sloths, howler monkeys, chicken-like chachalacas and a multitude of other birds, animals and insects, all of which seemed to be a relentless competition to make the most noise, rising and falling in waves according to the time of day.

However, for the struggling ill-prepared migrants we passed along the trail, it was no exaggeration to say the jungle really was hell on earth, where the first thing they were confronted with, like us, were the sorry possessions of those who had

preceded them, scattered in the ochre coloured mud, caught in the thick vegetation that bordered the trail, too heavy to carry. Worse still were the grisly remains those who had succumbed to the harsh law of the jungle, the survival of the fittest, hapless immigrants, like themselves, their decomposing earthly remains, forgotten, abandoned to the scavengers of the jungle.

Jose-Luis told us the legend of a dying conquistador who carved a prayer into the rock ‘When you go to the Darien, commend yourself to the Virgin Mary. For in her hands is the way in; and in God’s, the way out.’

The dangers were confirmed by press that reported over the first six months of that year more than 200 emigrants were already posted dead or missing along the route including several Chinese citizens.

We passed migrants of all ages, women and children, sick and infirm, weighed down by their heavy loads—jungle kits, tents, cooking stoves, food, water bottles, clothing, documents and a few other meagre possessions, struggled under inhuman conditions, after having abandoned their homes, family and friends, to escape the despair of their homelands, that failed or rejected them, in the knowledge that whatever they found in the ‘Land of the Free’ would be better. Millions before them had succeeded, others had eschewed.

The lucky ones were helped by Panama’s Kuna rainforest tribe, others were killed for their meagre possessions by bandits.

Walking twelve hours a day in the stifling heat and humidity, attacked by swarms of mosquitoes, bitten by leeches, as they

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waded down swollen streams, knee-deep mud, scrambling up and slithering down steep slopes in the sweltering heat and almost constant rain, crossing fast flowing rivers and deep rocky streams with the risk of flash floods, where the slightest injury meant almost certain death, lost in the merciless green hell.



*Darien Gap torrent*

Over the next days we continued up and down the trails, through the hot and humid jungle, where on occasions we hacked our way through the dense undergrowth. We averaged about ten or twelve kilometres a day in the forest, bivouacking at carefully selected spots in the jungle avoiding those near the trail.

Our only contact real contact with the wild life came at one bivouac when we dined on peccary stew with a small group of

Kuna Indians. On the other hand the crocodiles and caimans were more visible in the rivers, as were monkeys and birds.

There were the usual armies of ants, swarms of mosquitoes and other insects. I had gotten used to them in Sumatra, Borneo and New Guinea. In addition, we were told there were tapirs, pumas, ocelots, white-lipped peccaries, snakes, crocodiles and caimans, but as usual they were invisible apart from the tracks of a tapir we had happened on.

Once we left the territories of the indigenous peoples, the vegetation was less dense, a sign of illegal deforestation, and we made easier progress.

On the fifth day of our march we arrived at Canaan Membrillo, a lost village in the dark heart of the Darien Gap, and from there we continued by river a six-hour boat journey to the San Vicente Immigrant Centre at Metiti, where the surviving immigrants were transported by bus to the next stage of their deadly obstacle course, the swamps of Limon in Costa Rica.

Those who survived the wall of jungle, still faced a long journey, another 4,000 kilometres, across five more countries before they finally confronted the most formidable obstacle of all, the Rio Grande, beyond which lay of the land of their dreams, the United States of America, the Land of the Free.

As we trekked over the muddy trails of the forest, the UK announced what was described, in what seemed like grasping for straws, a 'spectacular' trade deal with the CPTPP, otherwise known as the Pacific trade deal. In reality an incredible reversal of standards, coming down on the side of lower environmental

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regulations, to the delight of palm oil producers in Malaysia, drivers of deforestation, as the UK government reneged on the pledges it had made at the COP26 conference in Glasgow, giving business lobbyists power to force governments to lower standards.



*The Pacific on the horizon*

With the misery of migration and such blatant about-turns by political leaders, it became clear that Pat Kennedy's goals were far-seeing.

Five hundred years after Balboa led his adventurers from the Caribbean across to the Pacific, that forest covered wilderness was threatened by illegal loggers, poachers, narco-traffickers and slash-and-burn subsistence farmers, exactly the same as in New Guinea.

There was a difference, however, and that was Panama formed a link in a criminal silk road with cocaine flowing north

and firearms in the opposite direction. In parallel criminal organisations trafficked men, women and children, smuggling migrants in the most inhuman manner, leaving their murderous trail of unmarked graves hidden in the depth of the rainforest.

Everywhere we looked was evidence that Pat Kennedy's concerns were justified, the world was set on a path to hell. The accelerating loss of mountain forest was visible everywhere, an area the size of Texas has been lost over the previous two decades, as a consequence of logging, agriculture and wildfires.

Mountains were home to more than 85% of the world's wild life and were threatened as men encroached on their highland habitats, after having occupied almost all lowland regions.

As we packed our gear away under the morning rain we heard the cries of a family of howling monkeys that seemed to mock us as they moved high in the trees feeding as they went under the shadow of the mountain shrouded in clouds.

Making our way down the steep trail, I caught sight of the ocean in the distance, an indistinct line between the sky and the horizon, it was a deeply moving moment and I thought of how Balboa must have felt five centuries earlier.

When the Spanish adventurer penetrated inland he discovered a pristine rainforest, home to a multitude of animals and birds, and a scattering of small villages. Isolated indigenous hunter-gatherer peoples had lived there for millennia, they like the Chorotegas had fled the warlike Aztecs and Maya, seeking refuge in the high mountains, closer to nature, in the region of Puntarenas.

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The centuries that followed had seen the encroachment of modern man, slow at first, then at an ever increasing pace as he hacked his way into the forest.

Today there was the first signs of hope in that at least one tropical country, Costa Rica, seemed to have reversed rainforest deforestation, but only after a very close brush with the point of no return.

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From a small hill we saw smoke rising in the forest below. Freddo raised his hand and placed his finger on his lips

‘Perhaps they’re Narcos!’

‘No, Narcos are more discrete,’ he replied.

He led the way and we arrived in a small clearing where we found a group of Chinese migrants and two Guya guides and their porters.

It was how I came across a new Chinese buzz word—*rùnxué* (润学), which according to my Android app meant ‘the study of how to flee from adverse conditions in China by emigrating’.

Emigration from China for whatever reason had become complicated and many Chinese on returning home from a trip abroad had had their passports cut, invalidated. It was why more and more were trying to reach the US illegally rather than returning home from third countries when their work or student permits expired.

It was the case of the small group of Chinese who had arrived in Necocli, a small tourist town on the Gulf of Uraba on the Caribbean coast of Colombia. Some had arrived from Cuba, others from Venezuela or Bolivia, where they had studied Spanish or worked in China's overseas investment programmes.

They had little desire to return to China under Xi Jinping's rule, where they would not only discover finding employment had become much more difficult, but that their sojourn in the New World had led to the realisation that their idea of the future was incompatible with the oppressive system of the CCP, which had laid out its vision of things to come in its handling of the pandemic by draconian lockdowns.

One of them, Yin Chengxiang, a chemist from Canton, who had worked in Cuba, and another a student who had spent two years in Havana, told me how they had learnt of the route across Central America through social media. Others had arrived via Ecuador which allowed visa-free entry for Chinese nationals.

The Chinese, who ran a greater risk in that they had more money than migrants from Haiti or Africa, grouped together to avoid the gangs that preyed on the weak, one of the gangs was Gulf Clan, a notorious paramilitary, Colombia's largest drug cartel.

\* \* \*

We'd almost arrived at the end of our journey. The vegetation was now low and drier, beyond a Blue morpho butterfly

flittered, its wings the color of the sky, was the horizon, a plateau where the sun was setting behind a line of hills to our right.

Where there was water there was a profusion of frogs of all shapes, sizes and colours, something that belied the existential threat to amphibians, a species that enjoyed the doubtful distinction of being the world's most endangered class of animals with an extinction rate as high as forty-five thousand times greater than the background rate. They were not alone, sharks and rays, a quarter of all mammals, a fifth of all reptiles, and a sixth of all birds were facing oblivion.

Soon light would be fading and we had to choose a site for our last camp well above the streams on a small promontory. We strapped on headlamps and pitched our tents, then descended the slope towards a stream to wash and replenish our water supply. I slipped and slithered down the slope being careful about what I grabbed. I'd long since learnt tropical forests were filled with hidden traps, deadly spines, poisonous centipedes as long as a hand and as thick as a finger, spiders, and snakes.

The next morning we reached a grey volcanic beach at the mouth of the Saban River, scattered with natural debris brought in the ocean waves and in the distance boobys and sterns swept over the mist covered breakers.

We looked out at the Pacific, the Gulf of San Miguel, the same beach where Nuñez de Balboa had trod more than five centuries earlier, a pristine world almost untouched by man.

John Francis Kinsella

After the misery I had witnessed of the Darien Gap, I understood better Sir Patrick's concerns. It was a confirmation that I was living in a troubled world and the time to act was running short, very short.

## CHAPTER 45

### Belize

**T**he Darien Gap, a green hell to those that dared venture into it, a lawless, uncivilised, god forsaken expanse of dense rainforests and swamps, a hostile territory that demanded an almost superhuman effort to survive.

A daily twelve hour trek through some of the most inhospitable terrain on earth, in stifling humidity, up and down mountains, across endless swollen streams and a constant battle against myriads of fierce insects, fighting thorny vines that tore at clothes and exposed skin.

Twisted limbs and broken bones, lesions and infected insect bites were common without the proper equipment, most of the migrants wore trainers or cut down rubber wellington boots.

Those who made through the Gap, were greeted by a small group of NGOs that had set up a makeshift reception area and medical facility in a small village to care for the sick and injured, those that had survived, others less fortunate lay dead, rotting in the tropical heat of the forest, in their unmarked tombs, forgotten, unknown.

The lack of sanitation and clean running water had transformed the village into a garbage dump with open sewage,

squatted by flocks of vultures, making it necessary to move the survivors as quickly as possible on to the north and the border with Costa Rica, where in accordance with an agreement between the governments of the two countries they were considered as being in transit for the next leg of their interminable journey to the Mexican-US border.

Once there an uncertain future faced them, as according to statistics published by US Customs and Border Protection Services some two million would-be migrants were turned away from the US each year by the Border Patrol and Immigration Services mostly to Mexico.

\* \* \*

I now understood the scene that had greeted me on arrival in San Jose the capital of Costa Rica, where from the window of my taxi, I couldn't avoid seeing small groups of people or individuals huddled on the edge of the pavements or gathered outside of supermarkets and eateries. Certain looked like families, but they had all the signs of the very poor, the disinherited. They were refugees and it seemed to me Indians.

In the weeks that followed I'd witnessed the desperation of migrants from Haiti, Cuba, Venezuela, Africa, India and China struggling along jungle trails in their search for Eldorado. But those I saw in San Jose were indigenous peoples, pre-Colombians. The truly disinherited.

It was a reminder that Latin America had been colonised and the indigenous peoples were second class citizens in the same

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way as the people's of the Mosquitia region or Belize to the north, a former British possession.

\* \* \*

Henrique da Roza had told me of his adventures in Belize and thinking it would be useful to my education I set off on a visit to the country and trip to the Maya ruins in nearby Guatemala.

I'd completely forgotten the coronation of Charles III in London and to my surprise on arrival in Belize City I found it decked out in buntings to celebrate the event as it was a member of the Commonwealth and a country where the reigning British monarch anachronistically remained the head of state.

Belize, a country of 400,000 citizens, was geographically located on the Central American mainland, but was part of the English-speaking Caribbean. A former British settlement and colony.

Unlike the islands in the Caribbean, whose economies were based on plantations and slavery underpinned the colonial economy. Enslaved labour in British Honduras, as it had been known, was exploited for the extraction of valuable mahogany from the dense forests of the colony.

However, as the UK prepared the coronation of their king, the citizens of Belize were laying the groundwork for a different kind of historic event—that is being the first nation to remove Charles III as head of state, and calling for reparations from the UK on behalf of the former slaves and their descendants.

According to Prime Minister Johnny Briceño, Belize would be the next country to leave the Commonwealth, following Barbados's decision to become a republic in 2021. It was seen as the last stage of decolonization, the last stage of true independence.

In spite of that, Briceño acknowledged that whilst Belize may distance itself from the monarchy, the country would remain in the Commonwealth of Nations, as Barbados had done.

The explanation lay in the dangers that threatened the small country, starting with the longstanding border border claims by neighbouring Guatemala, which had long demanded swathes of Belizian territory had been stolen from them. Thus without links to a more powerful state, Belize, a small poor country had little or no means to defend its territorial integrity with 42% of citizens living in poverty, without taking other threats into consideration such as economic risks, drug related crime and climate change.

Briceño declared 'the UK became great on the backs of the colonies and they had a responsibility for some form of reparations. They would never be able to pay back what they plundered and probably the millions of lives that were lost.'

I wondered whether Ireland should reclaim reparations from the English crown.

There were few places in the world that hadn't been laid to waste in war, colonized or oppressed at some time in their history. Was it reasonable to think that would change as Russia bombarded Kiev and China eyed Taiwan?

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Pat Kennedy was right to believe in a new world, the only problem was it would be designed for the same human species.

Wealth and power was everything, even in a tiny country like Belize, where Baron Ashcroft, a British Lord, and a modern buccaneer, had been a dominant local figure for decades, famous for his political confrontations with the small country's corrupt politicians.

Ashcroft had first come to the country as a child, where his father had been posted by the Commonwealth Office, and ever since Belize had remained his home. He held a Belizian passport, UK citizenship and for good measure held a Turks and Caicos Islands' passport.

The baron had been wheeling and dealing in Belize for so long that locals said he owned the whole country. He was worth an estimated two billion dollars, made in buying and selling his multiple broad based business interests that went from janitorial services to aviation and pharmaceuticals.

In Belize he was into citrus fruits and telecoms, but first and foremost banking, that is to say he owned the Belize Bank, the country's largest, which he bought in 1987. He was also Belize's ambassador to the UN, owned two 45 metre yachts and a Dassault Falcon private jet.

In fact Ashcroft had a lot in common with Sir Patrick Kennedy, both had been made peers of the realm, both were rich bankers, and both were owners of very large yachts. It was perhaps why they had got on so well together when Kennedy had dropped anchor in Belize three or four years earlier to visit its pre-Colombian monuments.

More notoriously was Ashcroft's book 'Call Me Dave—The unauthorised biography of David Cameron' in which he made an allegation that Cameron put a private part of his anatomy in a dead pig's mouth at an event of the Piers Gaveston Society when he was a student, which Cameron denied.

The bank's position meant it held the purse strings for many of the country's most important business and development projects, and that gave Ashcroft considerable political influence.

I stayed at the Downtown Radisson hotel, also owned by Ashcroft, the country's leading hotel, which was incidentally right next to Ashcroft's home in Belize City, just a short stroll from the central bank, not recommendable considering Belize City was too dangerous to venture out on foot at night, as gang members and drug addicts roamed its streets.

The next day I hired a car and a driver and headed for Guatemala.

## CHAPTER 46

### The Rubicon

**M**y reflections on what I would do next were interrupted when I switched on the television in my room in Flores overlooking Lake Peten Itza, a jumping off site for several ancient Maya temples in Guatemala's Parque Nacional El Mirador.

When travelling it was a reflex of mine and no doubt many others to zap to CNN. Looking at the screen my whole attention was caught by a dramatic news flash, a special edition. I dropped what I was doing and turned up the sound.

Yevgeny Prigozhin, head of Russia's mercenaries, the Wagner Group, was leading an armoured column in the direction of Moscow. I could barely believe what was happening, the astonishing images flashing across the screen. It was hardly two months since I had left Moscow with Valentina, after our long journey across the Mongolian and Russian steppe, where all seemed as normal as things could be in Russia what with the ongoing war in Ukraine and the international sanctions that were piling up.

Six months locked up in Shanghai, cut off from the outside world, had left a void, and to be honest I'd barely had the time to know who Prigozhin was. I'd of cours heard of the Wagner Group, they had been around for some time, in Syria and the

Sahel, but I hadn't paid that much interest with all the other things I had going on in China.

It seemed that in setting off from Rostov, Prigozhin had crossed his crossed his Rubicon, as Julius Caesar had in 49BC, not that the foul mouthed mercenary could be compared with Caesar. It was a once in a generation event, unbelievable, one that had almost certainly glued Sir Patrick and Sergei Tarasov to their screens.

Putin's imperial ambitions were in tatters and what happened next was anyone's guess.

The leading question was where was Prigozhin? What were the Wagner's mercenaries doing? They were not just simple soldiers, they were battle hardened soldiers of fortune whose loyalty was not to the Federation, but to their leader, like Caesar's legions, the kind of unshakable loyalty a charismatic leader inspires.

I remembered my Latin and the story of Hannibal's fourteen years war against Rome when his armies ravaged Italy, when his outnumbered Punic army had all but annihilated Rome's army in the battle of Cannae.

Prigozhin had taken Rostov-on-Don with the same kind of ease in which Caesar took Rimini.

Prigozhin's army had fought at Bakhmut with the same kind of savagery as Caesar's in Gaul, and was guilty of *humani generis iniuriam*, crimes against humanity, against Ukraine.

The concentration of military power in the hands of a war lord had never been recommendable.

I imagined Prigozhin was measuring the weaknesses of his enemies, Putin's incompetent generals, watching his men return to their bases, armed, waiting for their pay, with little alternative but to fight as Putin planned his revenge.

*...iacta alea est*, the dice was cast, live or die.

Prigozhin did not seem to be in Belarus, the home of another lame dog dictator who had faced a substantial rebellion at home a year earlier

Alexander Lukashenko day's were counted as Wagner's men returned to occupied Ukraine ready for the next move, recovering, eating and repairing their gear after their march.

Disarming them would be no easy task, their choice was certain death or fight.

Putin could not permit an armed group of battle hardened mercenaries at the front.

As Wagner recruitment centres across Russia were open for business as usual, demobilising Prigozhin's men would be no easy task as was their unlikely submission to regular army officers.

That was the bad news.

The very bad news was the destruction of primary rainforests had soared in 2022, in spite of the pledges taken by governments at the Cop26 meeting in Glasgow attended by

John DeFrancis without me or my report as I sat in my prison, a detention centre on the edge of Shanghai international airport.

In 2022 alone, an area of primary forest the size of Switzerland disappeared under the chainsaw, ten hectares (25 acres) every single minute, given over not only to cattle ranching, agriculture and mining, but also subsistence farming as growing populations encroached on virgin forests.

Worse still it had grown ten percent in just one year.

With some 12% of the Earth's land surface covered by tropical forests in 2022, that is to say 1.84 billion hectares. Switzerland was 4.1 million hectares. The calculation was simple in 64 years tropical forests will have disappear from the surface of the Earth.

In other words during the life time of any twenty years old today. All that would remain were the kinds of tourist parks that I'd seen in Costa Rica, for tourists, if they still existed.

Rainforests were Earth's oldest living ecosystems, with some having resisted in their present form for at least 70 million years. They were incredibly diverse and complex, homes to more than half of the world's plant and animal species with as many as 150 flowering plants, 75 species of trees, 40 species of birds per square kilometre, plus many other species of mammals, reptiles, amphibians and countless insect species.

Men were destroying one of the most essential natural means of stabilising global heating, slowing the loss of biodiversity, a consequence of the Anthropocene.

Away from the tropics, the loss of Russia's Boreal forests had slowed after a record year for destruction in 2021, but researchers reported it was not indicative of a positive trend.

Curious to see what China thought of all that I googled the Chinese online news media Global Times where I was confronted with an image of Nicolas Maduro being greeted by Vladimir Putin on the very same day Prigozhin marched towards Moscow.

Three days later the dissident Russian news media site Proekt reported high-ranking officials had started buying up real estate in Venezuela with certain amongst having already purchased property on Margarita Island, a 35 minute flight from Caracas, the Pearl of the Caribbean, a tropical paradise, unfortunately a sad remnant of Venezuela's once prosperous tourist industry.

Lesser Russian establishment figures preferred in Ecuador, Paraguay, and Argentina, where Russian politicians would be assured of less protection than in Venezuela.

Then there was Mexico, a friend of Russia, accused of being a nest of Russian spies, a base for GRU operations in the US. Mexico's left leaning president, Andres Manuel Lopez Obrador, known as AMLO, a friend of Russia in the long tradition of Mexico's Revolutionary history, had backed a Mexico-Russia Friendship Committee in 2022 soon after Putin had launched his invasion of Ukraine.

Today as European countries expelled Russian diplomats, AMLO welcomed them with opened arms, adding to the 85 Russians already at the Russian Embassy in Mexico City,

evidence of Putin's desire to expand his influence in the Americas.

I should have paid more attention to Henrique's warning of Russia's presence in Central America and his brush with GRU agents in Belize.

Slowly I began to realise why Pat Kennedy had dispatched me to Central America. I not only spoke Russian, Chinese and Spanish, but my knowledge and experience of Russia and China made me a perfect recruit for his projects in Latin America and went a long way to clarifying the nebulous role he planned for me in the isthmus.

In 2001, according to the Washington based Wilson Center, only two countries in Latin America were more reliant economically on China than on the United States—Cuba and Dominica. By 2020, that had grown to 12. In 2000, about three percent of the region's population lived in a country where the economic weight of China was greater than that of the United States. Two decades later, that percentage had grown to 60 percent.

According to reports at the foundation's offices back in London, I learnt that an estimated 8,000 Wagner mercenaries were joining Yevgeny Prigozhin in Belarus, in a small town called Asipovichy, and what happened next was anyone's guess, but it seemed like South America would become a refuge for those fleeing the threat of civil war and revenge in Russia, just as many White Russians had fled the Bolsheviks to Shanghai, or like Leon Trotsky to Mexico where he met with

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his death murdered with an ice pick wielded by a hired assassin.

## EPILOGUE

### Bad Times for the Rich

Whether the Chinese I'd met in Costa Rica and Panama made it or not I'll never know. But back in their homeland the economic crisis that was building saw winners and losers. Those in the fossil energy business laughed all the way to the bank. China was not rich in oil and gas, its rich had made their money in construction and manufacturing, a sector that was energy dependent, which became evident with the latest Hurun Rich list, which ranked China's very rich, that is to say those people with a minimum net worth of five billion yuan, approximately seven hundred million dollars.

The number of that happy cohort was down 11%, only 1,305 people made the list and their total wealth was down 18%, totalling 3.5 trillion dollars.

For Henry Wang it was another sign, though he wasn't complaining, his business overseas had expanded greatly with his investments in Southeast Asia, UK property, and in France where he now had interests in shipbuilding, vineyards and marinas.

\* \* \*

During my time in China, I found young people incredibly passive, especially at Fudan University, where there was a total

lack of political engagement, and criticism was nonexistent. There was of course silent anger at the Covid lockdowns, but it was lacking a direction, just weak outbursts of discontent on social media which was quickly taken down by the censors.

Then came the fire in Urumqi, capital of the Xinjiang region, which killed ten people in a residential high-rise building, with accusations that the lockdowns were a factor in the blaze.

It was the straw that broke the camel's back, anger finally exploded with demonstrations and vigils in Beijing Tsinghua University, Fudan in Shanghai and other cities across China, in memory of the victims and in protestation against the inaction of the authorities.

One of Lucy's friends, Xiao Zhixin, had joined in the vigil along hundred of other demonstrators, gathered on Shanghai's Wulumuqi Lu (Urumqi street), named after the city where ten innocent people lost their lives, clashing with the police, as protests flared, spreading from Shanghai and Beijing to Wuhan, Chengdu and many other large cities across the country.

They were the first real demonstrations since Xi Jinping came to power, more than a decade earlier, as anger grew over the handling of his zero-Covid policy nearly three years after the pandemic broke out.

Xiao Zhixin, like others held a blank sheet of A4 paper high, symbolising the slogans banned during the huge Democracy Movements of Hong Kong in 2019, representing their grievances, as certain demonstrators called for Xi Jinping to step down. Xiao Zhixin was arrested along with other

demonstrators and held for 24 hours before being released, like Henrique da Roza had been three years earlier.

For the first time in her life, she could express her feelings, speak out in the society where she had grown up, where feelings were repressed, where political thought forbidden.

In the days that followed, using surveillance camera footage and facial recognition technology, the police arrested numerous protesters.

At the same time state censors worked overtime deleting millions of posts on social media platforms, targeting searches like ‘blank paper’ and ‘white paper’.

The message to the students was clear, if the government feared a blank sheet of paper, they feared the freedom.

Almost a month passed, then came the knock on her door and Xiao disappeared, detained without charges, placed in criminal detention. However, others were charged, meaning they would almost certainly be convicted and imprisoned in a country where 99% of those charged were found guilty of the crime they were accused of.

It was the most widespread anti-government protest movement since the deadly Tiananmen crackdown in 1989, as demonstrators denounced lockdowns, mass surveillance and compulsory testing under the government’s zero-Covid policy.

The ‘Blank Paper movement’ turned many ordinary young Chinese into activists, rekindling China’s beleaguered rights movement, which had been almost completely smothered by

Xi Jinping's decade-long iron-fisted crackdown on activists, journalists, dissidents, human rights lawyers and NGOs.

Whilst it was encouraging for Lucy to know that many people felt like her, her father Henry Wang and his wife were desperately worried, and Lucy found herself on a flight to Paris, fearful after her friends were arrested as the political situation became more repressive than ever.

One thing positive emerged, the movement showed that even under the repressive regime's ubiquitous hi-tech surveillance system, people still managed to stage nationwide protests. On the other hand even harsher crackdowns could be expected as Xi Jinping's regime would not tolerate challenges to its authority.

John Francis Kinsella

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HNA bankruptcy Financial Times 2021

*To outsiders this seems like opaque and confusing, but investors should take comfort from close government relationships at many levels both above and within the HNA umbrella.*

[https://youtu.be/UXJG1hIVG\\_Q](https://youtu.be/UXJG1hIVG_Q)

## Secrets - Over the Precipice

*We can think thoughts wildly, but if we do not have the wherewithal to convert them into action, they will remain thoughts. ... History acts in unpredictable ways. Events in history, however, necessarily take on a structure or organization that must accord with their energetic components.*

*Richard Newbold Adams*

## ACKNOWLEDGMENTS

This book could not have been written without the data and information published on the Internet and in the world press collected over a period of years, starting in 2000, when I wrote *Offshore Islands*, and Pat Kennedy was launched on his initially precarious international career some of which is described in this story for clarity.

I have trawled numerous British, Irish, US, Russian, French, Spanish, Chinese, Israeli, Colombian newspapers, news blogs and specialist Internet sites, and books (authors' cited). And of course Wikipedia.

During this period I have collected information during my visits to the USA, China, Hong Kong, Macau, Indonesia, India, Dubai, Thailand, Cambodia, Libya, Egypt, Kenya, Tanzania, Senegal, Mali, Morocco, Mexico, Colombia, Panama, Costa Rica, Brazil, Guatemala, Belize, Honduras, the Philippines, the UK, Germany, Belgium, France, Spain and Italy. To this I have added my experience in other parts of the world, notably Ireland, Australia, New Zealand, South Africa, Malaysia, Singapore, Brunei, Taiwan, Japan, Burma, Switzerland, Algeria, Russia, Scandinavia, the Baltic Countries, Poland, Hungary, the countries of ex-Yugoslavia, Greece, Turkey,

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Russia, Turkmenistan, Jordan, Syria, Israel, Egypt, the Caribbean, Central and South America.

I present my thanks and excuses to all the willing and unwilling contributors to the information included in this book, I am not the first to tread in the footsteps of Jack London, using the information supplied to us from those who convey it. I have tried to verify all the facts, but this is an impossible task. In my humble opinion most data reflects real events and the opinions of the vast majority of persons affected, directly or indirectly, by the multiple events and crises that constitute our collective existence.

Then there are the many books I scoured including Anthony Cronin's book 'No Laughing Matter: The life and times of Flann O'Brien'.

This story is a serialised novel of events, real or not, where the fictitious characters are fictitious, and where the real characters, such as Joe Biden, Vladimir Putin, Nicolas Maduro, Donald Trump, Boris Johnson and Emanuel Macron, are real.

The story starts in 2000 in Offshore Island and its sequels in 2010-2012, 2013, 2015, 2017, 2018, 2019, 2020, 2021 and 2022 are recounted in my other tales.

With my very sincere thanks to all contributors, direct and indirect, knowing and unknowing, willing and unwilling.

John Francis Kinsella

Paris, July 2023

John Francis Kinsella



# Other books by John Francis Kinsella

## Fiction

Borneo Pulp

Offshore Islands

The Legacy of Solomon

The Plan

The Prism 2049

The Lost Forest

Death of a Financier

The Turning Point 2007-2008

The Collection

A Redhead at the Pushkin

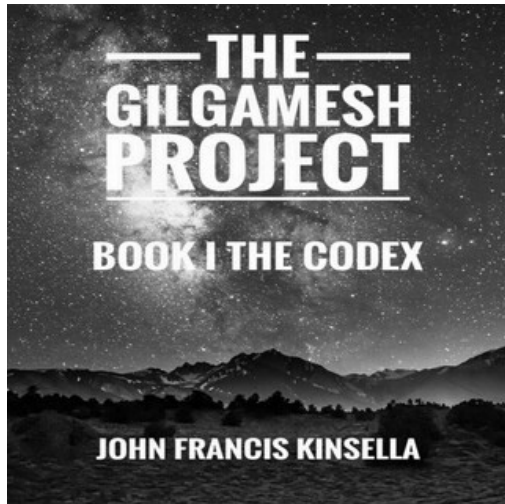
The Last Ancestor

Cornucopia

A Weekend in Brussels  
The Cargo Club  
100 Seconds to Midnight  
The Gilgamesh Project  
Book I The Codex  
Book II La Isla Bonita  
Book III La Villa Contessa  
Book IV Ibiza  
Book V Cuba  
Chinese Poker  
Secrets Book I

## AUDIOBOOKS

**B**ook I The Codex and Book II La Isla Bonita are now available in Audiobook form, narrated by the author. They can be found at many well-known distributors.



# Non-fiction

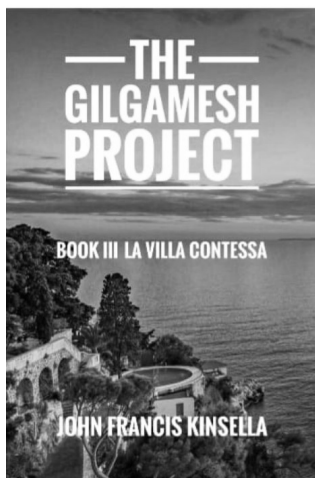
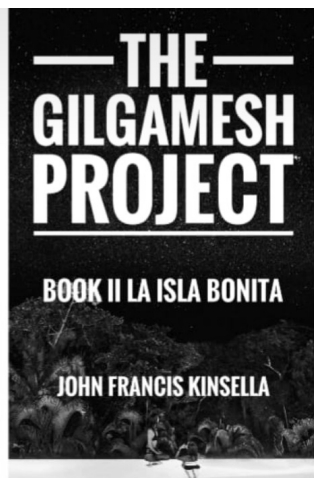
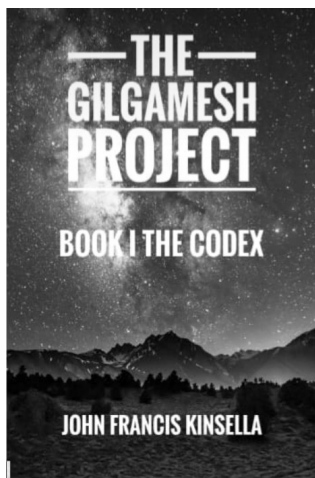
An Introduction to Early Twentieth Century Chinese  
Literature  
Finlandia

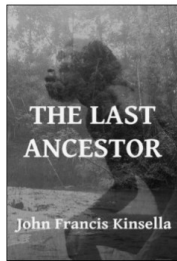
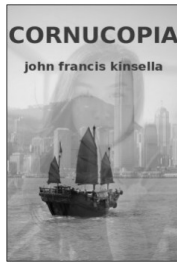
# Translations

Le Point de Non Retour  
The Sorrow of Europe  
The Temple of Solomon  
Jean Sibelius A biography  
Understanding Architecture  
L'île de l'ouest

# In the works (forever)

A Biography of Patrick Wolfe (Fiction)





*Darien*  
by Sir Edwin Arnold

*" Silent upon a peak in Darien, "*

*The Spanish steel red in his conquering hand,  
While golden, green and gracious the vast land  
Of that new world comes sudden into ken —  
Stands Nunez da Balboa. North and south  
He sees at last the full Pacific roll  
In blue and silver on each shelf and shoal,  
And the white bar of the broad river's mouth,  
And the long, ranked palm-trees. " Queen of Heaven, " he cried,  
" To-day thou giv'st me this for all my pain,  
And I the glorious guerdon give to Spain,  
A new earth and new sea to be her pride,  
War ground and treasure-house. " And while he spoke  
The world's heart knew a mightier dawn was broke.*

*" Silent, upon a peak in Darien " —  
Four hundred years being fled, a Greater stood  
On that same height; and did behold the flood  
Of blue waves leaping; Mother of all men!  
Wise Nature! And she spake, " The gift I gave  
To Nunez da Balboa could not keep  
Spain from her sins; now must the ages sweep  
To larger legend, tho' her own was brave.  
Here on this ridge I do foresee fresh birth.  
That which departed shall bring side by side,  
The sea shall sever what hills did divide;  
Shall link in love. " And there was joy on earth;  
Whilst England and Columbia, quitting fear,  
Kissed — and let in the eager waters there.*

# NOTE

## How the Chinese Communist Party rules China

Six ways the CPC (CCP) exerts its power over the Chinese government

The Communist Party of China is the ruling party of China. That, everyone knows.

But how does the party of nearly 100 million people technically exerts power over the Chinese government is perhaps lesser known.

As a composite structure, the party-government system surpasses the logic of both party and government organizations. It uniquely integrates the two and self-generates a new logic. A practical way to understand this is to see how the party structure, as a bureaucracy, embed in and restructures the state/government structures. We can broadly distinguish the following six main approaches

Set up Party groups in leading bodies of non-Party units.

According to article 46 in Party Constitution, ‘A Party group may be formed in the leading bodies of a central or local state organ, civil organizations, economic or cultural institution or other non-Party units.’

On Jan. 16, 2015, the Standing Committee of the Political Bureau of the CPC Central Committee held a meeting to listen specifically to reports of Party groups from the Standing Committee of the National People’s Congress (NPC), the State Council, the Chinese People’s Political Consultative Conference (CPPCC), the Supreme People’s Court, and the Supreme People’s Procuratorate. General Secretary Xi Jinping said at the meeting that it was very important to establish Party groups in these institutions to be under the unified leadership of the Party Central Committee. The Party group is a system set in non-Party organizations by the Central Committee and Party committees at all levels as an important organizational form and system assurance for the Party to lead non-Party organizations.

### Compartmentalized management

The practice of creating a composite by putting a group of government agencies under the leadership of a Party organ, is called compartmentalization or compartmentalized management.

For example, the Publicity Department of the CPC Central Committee is a department directly under the CPC Central

Committee. It leads the relevant government agencies or state-controlled institutions within the ‘publicity and culture compartment,’ such as the Ministry of Culture①, the Ministry of Education, the National News Publication Radio and Television Administration②, the State Council Information Office (SCIO), Xinhua News Agency, People’s Daily and Chinese Academy of Social Sciences.

① Now the Ministry of Culture and Tourism

② Now the National News and Publication Administration and the National Radio and Television Administration

It is the same with the Committee of Political and Legal Affairs of the CPC Central Committee, a functional organ of the Party Central Committee to lead and manage the ‘political and legal compartment,’ or a group of government agencies relevant to law enforcement, such as the court, the procuratorate, public security, national security, and justice ministries.

Set up high-level permanent or temporary leading groups.

These groups are directly subordinate to the Party Central Committee. Leaders of these groups are usually members of the Politburo or the Politburo Standing Committee. Members normally consist of party or government officials who hold posts at relevant agencies. Academia generally considers leading groups as deliberative and coordinative bodies with

cross-departmental coordination authority. However, in practice, these leading groups have greater authority.

For example, the Propaganda and Ideological Work Directorate of the CPC Central Committee (a leading group) is responsible for leadership and decision-making relevant to publicity and ideological work. It sets the general guidelines and coordinates the unified actions of the relevant party and government departments. It is the nerve system of the publicity and culture compartment.

The Central Leading Group for Financial and Economic Affairs<sup>③</sup> is the leading organ of the financial work of the Party Central Committee. Since 1987, the Central Leading Group for Financial and Economic Affairs has been headed by the General Secretary of the Party Central Committee, with the Premier serving as deputy. It plays a vital role in formulating the five-year plan for national economic and social development, annual economic planning, economic situation research and analysis, and macro policy research.

③ Now the Central Committee for Financial and Economic Affairs

The Central Leading group of Rural Work plays a similar role in rural work. After the Third Plenary Session of the 18th Central Committee of the CPC, the Central Leading Group for Comprehensively Deepening Reforms<sup>④</sup> was set up, which is responsible for the overall design, coordination, promotion, and

supervision of reform implementation. It is worth noting that these leading groups partially transcend the existing political system, due to their political status and membership.

④ Now the Central Commission for Comprehensively Deepening Reform

Party leaders also serve in governmental roles

For example, the General Secretary and Chairman of the CPC Central Committee Military Commission also hold China's Presidency and Chairmanship of the Central Military Commission of the PRC. Politburo Standing Committee members also hold the positions of Premier, chairman of the Standing Committee of the National People's Congress and chairman of the National Committee of the CPPCC, etc.

One institution with two names

'One institution with two names,' more commonly known as 'one group of people with two hats'. When a Party organ assumes a specific function of the state but comes short of becoming a government agency, that organ may need to work in the name of the state and the government, hence the necessity for two names.

Currently, there are a number of such pairs at the central level. The list below are coupled names of the same organization, including:

the Central Military Commission (of the CPC) and the Central Military Commission (of the PRC);

Taiwan Work Office of the CPC Central Committee and Taiwan Affairs Office of the State Council;

Central Archives of the CPC and the National Archives Administration;

Office of the Central Secrecy Commission and the National Administration of State Secret Protection (NASSP);

Office of the Central Cyberspace Affairs Commission and the Cyberspace Administration of China

A more complex situation is ‘one group of people, one name, but two institutions.’ For example, the State Commission Office for Public Sector Reform (SCOPSR) is both an institution of the CPC Central Committee and of the State Council.

Joint offices of the Party and government agencies

For example, the Central Commission for Discipline Inspection of the CPC and the Ministry of Supervision<sup>⑤</sup> of the PRC. In this case, the party organization or institution is in the leading position.

⑤ Now absorbed into the National Supervisory Commission.

In these ways, the CPC has constructed a state power structure with itself as the core. This structure has two characteristics: On the one hand, the ruling party has fully entered the state system, occupying a central position and performing important political and administrative functions. The party and the government have become closely aligned in terms of structure and operational mechanisms. On the other hand, political parties have retained their relative independence when entering the state structure. The key political decision-making bodies of the CPC, such as the Politburo of the CPC Central Committee and its Standing Committee and the Secretariat of the CPC Central Committee, have not entered the state system. The CPC Central Committee also has independently established functional institutions (including directly subordinate institutions and institutional units).

This duality of the party-government system implies that the national judicial system cannot cover it entirely. There is no ‘compartmental management’, ‘party groups’ or ‘leading groups’ in the Constitution and other organizational laws.

Therefore, to understand Chinese politics, one needs to read not only the constitution but also the party charter, familiarize not only with laws and regulations and the party code and documents, and study not only governmental agencies but also party organs.

The party and the state are each governed by their own rules, and the two sets of rules do not conflict but complement each other.



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