

New Report: US National Security at Risk From Chinese Interference Due to Courts Becoming Political Battlegrounds

BRUSSELS , BELGIUM , June 26, 2024 /EINPresswire.com/ -- A [new special report](#) concludes that Western countries could see their influence in Asia rapidly decline without a new approach to the region based on partnership and free trade. Although targeted at European policymakers, the [report](#) highlights major risks to national security from third party litigation funding that American policymakers have so far neglected.

The report is published by The EU [Parliament Magazine](#), the most widely read political bulletin in the European Parliament in Brussels, in partnership with EU Neighborhood Monitor founded and curated by top German MEP Lars Berg, who is a member of the European Conservatives & Reformists Group.



Titled, EU-ASEAN Partnership: Developing closer ties, from trade to sustainability, the special report distributed to EU parliamentarians and senior EU leaders brings together six leading experts. The experts explore how a range of threats – the Russia-Ukraine crisis, US-China competition and abuses of international arbitration – are undermining the possibilities of a new mutually beneficial free trade partnership between Europe and ASEAN, the bloc of 16 top Southeast Asian economies.

Long in the making, an EU-ASEAN free trade agreement has faced consistent obstacles due to geopolitical disorder and economic disputes. The new report reveals that one increasingly influential, but often neglected obstacle is the opaque funding of complex international arbitrations between states and companies, which are now undermining harmonious relations – and potentially empowering regimes like Russia and China. Western courts are being subjected

to dangerous political interference that could destabilise relations with key Asian powers, stoke division within ASEAN, and thereby weaken the region's ability to withstand China's efforts to dominate the South China Sea, finds the report.

"Dangers to national security are already being revealed in separate cases such as that of A1, a third party litigation funder (TPLF) controlled by Russian oligarchs, funding lawsuits against US and Western sanctions. Although TPLF is supposed to promote access to justice for plaintiffs who cannot afford legal fees, the lack transparency in the sector is allowing unidentified wealthy investors to fund lawsuits in pursuit of lucrative profits – potentially providing a route for powerful outside interests to influence national laws", said Brussels analyst Pieter Cleppe, contributing lead editor of the new report.

The new EU Parliament Magazine special report shows that these issues are not isolated to Russia, but also playing out in the South China Sea.

Report contributor Paulina Velasco, a longstanding Democrat Party strategist in Los Angeles, writes that one case showcasing these dangers most clearly is the escalating legal-territorial dispute between Malaysia and the alleged Philippine heirs of a lapsed colonial era-Sultanate, who today are laying claim to Malaysia's oil-rich North Borneo region, now known as Sabah.

The widening tensions as a result between Malaysia and the Philippines are creating a rift in the heart of ASEAN, and undermining a united front as China seeks to expand its influence in the South China Sea. The new report points to alarming evidence that the Sulu case may indeed be serving unidentified outside interests, having been financed to the tune of \$20 million by TPLF giant Therium. Velasco concludes that this has justified the plaintiffs attempting to confiscate the European assets of the Malaysian oil company Petronas, which operates in the Sabah region of the country.

As Velasco points out, the Spanish arbitrator in that case – Gonzalo Stampa – has received a criminal conviction due to his misconduct in the case. He was also paid what international experts have described as an "unusually high fee" of more than \$2 million, which Therium has refused to explain.

The case has raised questions about the kind of interests Therium's investors might represent, finds the report. Velasco argues that the firm's "insistent backing of the claimants" in spite of Stampa's misconduct "speaks to the potential dangers of TPLF, such as how it can allow for highly questionable, and in Stampa's case, outright criminal, interference in the rule of law across EU courts, putting sovereign nations like Malaysia at risk of possible exploitation by opportunistic parties."

Similar questions are raised in the report by former NATO analyst Maurizio Geri, who points out that the plaintiffs' legal representatives have longstanding ties to Silicon Valley companies, which happen to be competing with China in the region for domination of subsea internet cables.

A new application from Petronas subsidiaries in a federal court in Manhattan dated 28 May 2024 is attempting to unearth potential wrongdoing by Therium, seeking disclosure of documents which could throw light on Therium's role in pushing forward with the case despite irregularities confirmed with the conviction of the arbitrator.

The application is searching in particular for evidence of any "money transfers" and "communications" between Therium and Stampa, or relevant intermediaries, "who may have conspired with the Arbitrator in the context of the Awards" or "procured the Arbitrator to emit the Awards"; and to understand "the level of control and direction" exerted by Therium over the plaintiff's legal strategy.

"This development vindicates the urgent questions raised in the EU Parliament Magazine/EU Neighborhood Monitor special report distributed to MEPs and senior officials across the European Commission", said Cleppe. "In particular it highlights the importance of American authorities paying closer attention to how the lack of transparency and basic regulation around TPLF is opening the door of the legal system to be exploited for powerful outside interests that can threaten both national security and wider international stability. Countries prosper when they can trade freely. But free markets must be underpinned by the robust rule of law. By undermining the integrity of Western legal systems, the wild west of third party litigation funding is endangering the very markets that have underpinned Western prosperity."

Sinem Uzer

sinemuzer346@gmail.com

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