

NOVEMBER  
2020

# REPORT #4 CHINA WATCH

Tebian Electric Apparatus Stock  
Co Ltd. (TBEA) in Georgia

by

CIVIC IDEA





## ABOUT CIVIC IDEA.

Civic Initiative for Democratic and Euro-Atlantic Choice - Civic IDEA is a non-governmental organization based in Georgia, covering global issues.

The mandate of the organization serves the realization of Democratic and Euro-Atlantic choice, institutionalizing it and bringing to every citizen.

Democratic and Euro-Atlantic choice means the formation of free and fair state based on equality, where citizens equipped with the rule of law feel safe and secure.

Civic IDEA has been actively monitoring China's growing influence in Georgia. This month, the latter has published the report "Who is in charge of the post-cold war world? Chinese influence operations in Academia, Media & CSOs: The case of Georgia", which evaluates the CCP's influence operations in Academia, Media and CSOs. Civic IDEA case study Georgia, however, the report is written with a comparative perspective of similar practices in other countries. Today, China's activities in Georgia do not pose a direct, visible and immediate threat, but the ignorance of respectable and authoritative organizations, security services of our partner countries, numerous EU studies, recommendations and decisions by the Georgian government is another clear example of the disruption of foreign policy incentives and a vague vision concerning Georgia's long-term success and the development.



# **TBEA 特变电工**

## **TABLE OF CONTENTS**

---

What does the chinese company TBEA shenyang transformer group stand for? .....	5
TBEA Georgia .....	6
The facts of TBEA's International "Reputation".....	9
TBEA IN ASIA .....	10
TBEA in the Republic of Kyrgyzstan .....	10
TBEA in the Republic of Tajikistan .....	11
TBEA IN AFRICA .....	12
TBEA in Gambia .....	12
Chinese government lobbying TBEA.....	13
CONCLUSION.....	14
BIBLIOGRAPHY.....	15

# TBEA GLOBALLY

## TIMELINE

- 2009 • The Ministry of Energy and Industries of  and TBEA signed a Memorandum of Understanding on the construction of a 200-megawatt coal-fired power plant in Dushanbe (as well as two other projects that never came to fruition). "Even at this early stage, the MoU explicitly stated TBEA would receive access to resource deposits in return for these projects."
- 2012-2014 • TBEA 特变电工 borrowed \$ 178 million from Exim Bank of  to cover the costs of the first phase of the Dushanbe-2 power plant construction project..
- 2014 • TBEA 特变电工 received permission to develop the Upper Kumargi gold mines in northern , in the Sugd region, in exchange for the construction of a power plant in Dushanbe. Earlier, the company was awarded a concession to the East Duoba mine.
- 2014-2016 • Instead of TBEA 特变电工 the Government of  borrowed the loan from Exim Bank in the amount of \$ 331 million, to cover the costs of the second phase of the Dushanbe-2 construction project.
- June 2013 • In , the Chinese company Tebian Electric Apparatus Stock Co LTD (TBEA) won the tender for the „Bishkek's Combined Heat and Power plant (CHP)“ project worth \$ 386 million and funded by the Chinese government. Construction of the project was completed in 2018, but the same year, the power plant broke down, leaving much of Bishkek's population without heating and electricity in -27 degree frost. Two former Kyrgyz prime ministers, Sapar Isakov, and Jantoro Satybaldiev, have been arrested in connection with the scandal.
- February 2018 • TBEA 特变电工 Shenyang Transformer Group Co., Ltd. won the tender announced by JSC Georgian  State Electrosystem (SPA180001664) for the procurement of 200 MVA transformers for 40 MVA and 80 MVA power transformers. The Value of procurement was 10`183`000.00 GEL. The contract was executed with a delay of 9 months and it was amended twice.
- July 2018 • TBEA 特变电工 Shenyang Transformer Group Co., Ltd. won the tender announced by JSC Georgian  State Electric System (NAT180010206) for the procurement of 125 MVA transformers, 80 MVA, 63 MVA and 40 MVA transformers. The Value of procurement was 12`916`940.00 GEL. The contract was amended twice.
- September 28, 2020 • The Government of the  acting through the Ministry of Energy and the National Water and Electricity Company (NAWEC), handed over one of the country's largest electricity transmission and distribution projects to TBEA, the  company that funded the president's trip to China, previously.

## WHAT DOES THE CHINESE COMPANY TBEA SHENYANG TRANSFORMER GROUP STAND FOR?

TBEA Shenyang Transformer Group is a subsidiary of a large Chinese company TBEA Co. Ltd. The brand of TBEA brings together **many small and large enterprises** operating in various countries around the world, mainly in the energy and construction sectors.

TBEA proudly states on its official website that it has a history of 75 years. According to the web-page **in 1938 TBEA was the creator of the first power transformer in China. In fact, in 1938 the first power transformer was created not by TBEA, but by the state-owned company - the Shenyang Transformer Factory (STF)**, which has been facing severe financial problems since 1997 due to outdated management. And in 2002, Shenyang's municipal government began looking for strategic investments. The government has been working on a partnership with Siemens, a major international company, **but Siemens was defeated in a tender by Xinjiang Tebian Electric Apparatus Stock Co Ltd (TBEA)**. Therefore, the "Shenyang Transformer Factory" was replaced by TBEA. After that, it became the largest transformer design and manufacturing enterprise in China.

This history may seem irrelevant to our research, but we must remember that the legislation of many countries around the world, as a condition for awarding multi-million-dollar contracts, in many cases considers experience and company history as the most significant condition.

**TBEA is the enterprise group designated by the Chinese government to conduct foreign economic and technological cooperation and foreign aid project construction in fields such as power transmission.** As you know, most of the enterprises and companies in the People's Republic of China are state-owned, and those that are one way or the other privately owned are subject to strict state regulations such as import-export.

Thus, according to the abovementioned facts, TBEA has the authority and ability granted by the Chinese government to conduct import-export and business relations outside China. **'TBEAs activities extend to almost every continent, including Asia, Europe, North and South America, Australia and Africa.** However, it does not have an impeccable reputation, and its name is often associated with corrupt deals. In several countries, the activities, contracts, and transactions with TBEA have also led their executive officials to criminal liability.

**Within the range of this report, we will discuss TBEA Shenyang Transformer Group activity and suspicious deals in Georgia as well.**

Despite its tainted international reputation, TBEA has been able to obtain profit in Georgia and deserved the trust of the Georgian State Electric System, **one of the largest owners of the electricity transmission network.**

TBEA first appeared on the Georgian electronic Government Procurement (Ge-GP) system on August 7, 2017. **It applied to the procurement published by the "Georgian State Electrosystem" (Announcement number: SPA170010812).** The object of procurement was the purchase of Autotransformer 220/110/10.5 kV, 200 MVA (with supervision services). The estimated value of the procurement was GEL 3,559,322.

As a result of the trade, the best offer was revealed, which was submitted by the bidder - Shoreteli Holding Group Ltd. **The tender commission found technical non-compliance with the requirements set out in the tender documentation and notified Shoreteli Holding Group about it and set a time to fix the deficiency.** After that, another bidder TBEA Shenyang Transformer Group Co., Ltd filed a complaint with the Dispute Resolution Council of State Procurement Agency against the Shoreteli Holding Group and claimed disqualification of the company. Dispute Resolution Council upheld TBEA's claim and disqualified Shoreteli Holding Group. Thus, On October 20, 2017, the tender commission published minutes and announced the disqualification of the Shoreteli Holding Group and the cancellation of the following procurement (SPA180001664) as well. The reason for the cancellation was a significant increase in the volume of procurement objects and changes in their technical specifications.

To assess the legality and fairness of the abovementioned procurement and related decisions, it is important to consider TBEA Shenyang Transformer Group Co., Ltd's complaint as it became the main reason for the **disqualification of Shoreteli Holding Group**. The complaint was based on the fact, that the technical specification of the autotransformer offered by Shoreteli Holding Group Ltd did not meet the requirements set by the Procuring entity, in particular – according to the technical specification table the required capacity of the current rate of primary Bushings was 2000 A and Shoreteli Holding Ltd. Indicated that as 1250 a. Based on these circumstances, TBEA Shenyang Transformer Group Co., Ltd claimed the cancellation of the minutes of tender commission (meeting N3 on 29.09.2017) and the disqualification of Shoreteli Holding Group Ltd. The Procuring Entity - JSC "Georgian State Electrosystem" admitted their mistake in the verification of the tender documentation and agreed to the complaint. **The aforementioned admission became the direct basis for the upholds of the first claimant of TBEA - the cancellation of the minutes.** The sentence for the second claim depended on the response of Shoreteli Holding Group Ltd. They explained that their goods range was from 1250 to 2000, and there was just a technical mistake in their tender documentation. Despite that, the commission did not consider an explanation of the Shoreteli Holding Group and presented Evidence and made a decision of its disqualification.

The Dispute Resolution Council did not substantiate their decision, which was made based on their discretionary authority granted by the law of Georgia. They did not discuss and assess the factual circumstances. Especially, the Council did not explain why the adjustment of the specification of the capacity of the current rate of primary Bushings by Shoreteli Holding Group Ltd, would lead to an increase in the Value of the goods and /or a substantial change in the tender documentation. For example in the electronic tender (# SPA180001664), that also belongs to the same category of electric motors, generators, and transformers and was announced for the procurement of approximately the same type of products, **TBEA Shenyang Transformer Group Co., Ltd offered goods with specification No-load current  $\leq 0.6\%$  which did not meet the required amount  $\leq 0.5\%$ , indicated by Procuring entity.** It's significant that, within the aforementioned case, the tender commission gave TBEA the chance to adjust the technical documentation, so TBEA got the opportunity to win the tender. Therefore, **in one case, Shoreteli Holding Group Ltd. was not allowed to specify the data range of goods, while in the other case, TBEA Shenyang Transformer Group Co., Ltd. was granted this privilege.**

Interestingly, instead of the abovementioned canceled procurement, the Georgian State Electrosystem announced another Electronic Tender (SPA) SPA180001664 for the same goods but with an increased amount and changed technical specifications. **"Its very interesting, that the data of the capacity of the current rate of primary Bushings, which became the reason for the Shortel Holding Groups disqualification in the previous tender was changed to  $\geq 1200$  A instead of 2000 A.** Besides, comparatively to the previously canceled procurement, in the new tender the qualification requirements for the interested

suppliers have increased. For example, interested suppliers in the first (canceled) tender were required to submit information about at least five years of experience in producing similar goods, while the tender announced on February 08, 2018, required at least ten years of experience. The Procuring entity did not provide any explanation for such changes in qualification requirements. In the end, TBEA won the tender. According to the contract, the delivery period for the transformer was no more than 8 (eight) months after signing the contract, which means, that the work should be completed by October 31, 2019, however, according to the status of the contract on the electronic procurement portal, it was finally completed only on July 31, 2020. Also, there were two Contract modifications, which were related to the technical specifications and delivery deadlines, defined as grounds for disqualification.

**The fact that Chinese companies submit completely unrealistic terms and conditions in their tender documentation is not new to those interested in this field, although it is strange that representatives of the relevant Georgian government agencies are practically never interested in this fact.**

**The aforementioned facts raise reasonable doubts that JSC "Georgian State Electrosystem" used to grant TBEA with privileges unlike other bidders and promoted TBEA to win the tender through unsubstantiated disqualifications of other bidders with more favorable bids. Besides, almost all procurements announced by JSC "Georgian State Electrosystem", where the latter presented TBEA as a bidder:**

- are either cancelled or re-announced,
- are won by TBEA,
- suspicious circumstances of disqualification of other bidders are also revealed in practically all of the m,
- complaints are filed against the decisions made by the tender commission.

A similar storyline has another procurement announced on November 8, 2017 (announcement number SPA170014275) by JSC "Georgian State Electrosystem". In this tender, TBEA Shenyang Transformer Group Co., Ltd. was a bidder and the estimated value of goods was 5 423 728 GEL.

The following companies made the best bids in the tender (SPA170014275): ООО "АТЕФ Группа Компаний", Ensol Ltd., Shortel Holding Group Ltd, and TBEA Shenyang Transformer Group Co., Ltd.

The commission disqualified the first bidder - ООО "АТЕФ Группа Компаний" due to the non-submission of the price table (estimate). The second bidder - Ensol Ltd. was sent a notification regarding the non-compliance of the technical specification. The company adjusted the discrepancy in time. **Nevertheless, the Commission considered their revised documentation to be inappropriate and disqualified Ensol Ltd.** The tender commission does not even assess the compliance of Shoreтели Holding Group Ltd's technical documentation. **Due to the significant growth of electricity consumption, the Commission canceled the tender again and announced a new procurement with an increased amount of goods.** It's clear, that the foregoing plot is identical to the tender (SPA170010812) announced on August 7, 2017.

On July 5, 2018, on the electronic portal of the State Procurement Agency, Georgian State Electric System announced a new procurement in the form of Electronic Tender without Auction (NAT) (announcement number NAT180010206) for electric motors, generators and transformers. According to the tender documentation, the estimated value of the procurement was almost tripled - 14 813 559.00. Eight bidders made offers in the mentioned electronic tender. **Shoreteli Holding Group Ltd. was still represented with the best price, but**

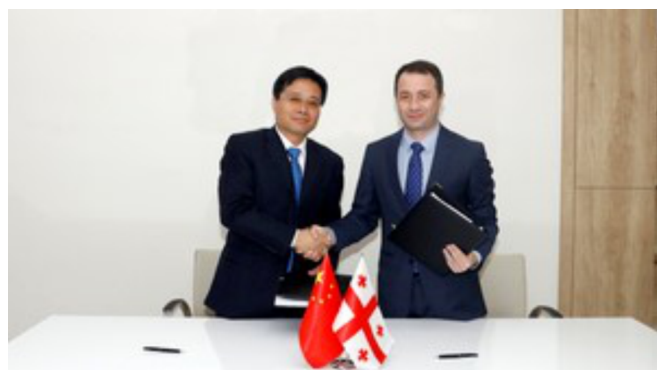
once again it was disqualified on August 7, 2018. The Absence of "the price list" in the tender proposal was named as the reason for disqualification. This decision was appealed by Shoreтели Holding Group Ltd. **'According to the company's claimant, they had uploaded a total of 400 pages of the entire tender proposal and submitted the complete required information, unlike other bidders.** As the company explained the reason for not uploading the price list should have been a technical error of the Procurement Agency's portal. Nevertheless, the dispute resolution council considered the claim groundless and did not change the decision to disqualification of Shoreтели Holding Group Ltd.

The next bidder with the price 12`379`677.00 GEL was "Ensol" Ltd. The company was instructed by the commission to clarify the tender proposal and their list of technical documentation by August 15, 2018. The company provided relevant corrections in time, but the tender Commission still considered some documents inaccurate, thus Ensol Ltd was disqualified due to technical documentation. The Bidder appealed against the commission's decision. **The Commission pointed, that Ensol Ltd had not provided Confirmation of technical conditions. The company explained that the tender documentation did not contain a specific form of Confirmation, they submitted technical specifications completely,** which means, that they confirm technical conditions. Regarding the accuracy of the data presented in the technical specification table Ensol Ltd. made detailed explanations for the dispute resolution council and stated, that these data were presented in different columns throughout the document. In the end, the Council considered the bidder's complaint unsubstantiated and did not change the decision Ensol Ltd's disqualification.

After the disqualification of three bidders, finally, the winner of the foregoing tender became TBEA Shenyang Transformer Group Co., Ltd. again.

After reviewing the terms of the aforementioned tenders, their cancellations, and re-announcements, disqualifications of all bidders with a better offer, procedures of considering complaints and minutes of tender commissions, it's impossible to have a different opinion except that the tender commission is doing everything for TBEA to win. We should not forget the course of events after the signing of the contract. Just like in the previous case, TBEA was not able to fulfill the terms of the contract in time and, thus, its contract was extended for one year.

According to the agreement signed between JSC "Georgian State Electrosystem" and TBEA Shenyang Transformer Group Co., Ltd., the term of the agreement was December 31, 2019, and the period of delivery of transformers was 8-12 months after the signing of the agreement. However, Georgian State Electrosystem has extended the term of fulfillment twice and according to the latest public data, the contract is valid until November 30, 2020. Therefore, the Procuring entity extended the fulfillment period for one year. Also, Contract modifications related to some technical specifications and delivery locations were done. However, according to publicly available information, there isn't any fact about disputes, fines, or liability in any form for breaching the above-described contract.



Mr. Davit Tvalabeshvili, Chairman of the Management Board of Georgian State Electrosystem, and Mr. Sun Yong, Vice President of the Chinese company TBEA Shenyang Transformer Group

Electronic Tender announced by JSC "Georgian State Electric System" (Announcement number)	Procurement announcement date	Estimated value of procurement	Bidders	Results	Agreement
SPA170010812 Autotransformer 220/110/10.5 kV, 200 MVA (with supervision services)	07.08.2017	3' 559' 322.00 GEL	China Nuclear Industry Ltd 23 Branch of Construction Co. in Georgia - 3' 529' 322.00 Ensol Ltd - 3' 488' 000.00 New Metal Ltd - 3' 289' 000.00 BALIKESIR ELEKTROMEKANIK SANAYI TESISLERI A.S. - 3' 190' 000.00 <b>TBEA Shenyang Transformer Group Co., Ltd. - 2' 619' 999.00</b> ПАО "ЗАОРОЖТРАНСФОРМАТОР" - 2' 567' 000.00 Shorrel Holding Group Ltd - 2' 555' 000.00	Cancelled	
SPA170014275 Autotransformers 220/110/10.5 kV, 200 MVA (with supervision services)	07.12.2017	5' 423' 728.00 GEL	Shandong Talkai Power Engineering Co.,Ltd - 5' 290' 000.00 ПАО "ЗАОРОЖТРАНСФОРМАТОР" - 5' 259' 000.00 <b>TBEA Shenyang Transformer Group Co., Ltd. - 5' 258' 990.00</b> Shorrel Holding Group Ltd - 4' 438' 000.00 Ensol Ltd - 4' 437' 999.00 ООО АТЕФ Группа Компаний - 3' 587' 675.00	Cancelled	
SPA18001664 200 MVA Autotransformers 80 MVA and 40 MVA Power Transformers with supervision services	08.02.2018	11' 228' 813.00 GEL	Ensol Ltd 11' 126' 633.00 <b>TBEA Shenyang Transformer Group Co., Ltd. 10' 183' 000.00</b> ООО АТЕФ Группа Компаний 9' 650' 000.00 Shorrel Holding Group Ltd 9' 649' 900.00	Won by TBEA Shenyang Transformer Group Co., Ltd.	The contract was executed with a delay of 9 months; Contract was modified two times.
NAT180010206 125 MVA Autotransformers 80 MVA, 63 MVA and 40 MVA Transformers	05.07.2018	14' 813' 559.00 GEL	СБЭЛ-СИЛОВЫЕ ТРАНСФОРМАТОРЫ - 14' 813' 559.00 BALIKESIR ELEKTROMEKANIK SANAYI TESISLERI A.S. - 14' 299' 000.00 ПАО "ЗАОРОЖТРАНСФОРМАТОР" - 13' 639' 150.00 Yemey Engineering Ltd.- 13' 129' 722.00 <b>TBEA Shenyang Transformer Group Co., Ltd. - 12' 916' 940.00</b> Shandong Talkai Power Engineering Co.,Ltd - 12' 842' 465.00 Ensol Ltd - 12' 379' 677.00 Shorrel Holding Group Ltd - 11' 857' 921.00	Won by TBEA Shenyang Transformer Group Co., Ltd.	Ongoing Agreement; Contract was modified two times.
with supervision services					

## The facts of TBEA's International "Reputation"

Please see the following brief list of facts about TBEA's global "work" and reputation.

In 2009 the Ministry of Energy and Industries of Tajikistan and TBEA signed a Memorandum of Understanding on the construction of a 200-megawatt coal-fired power plant in Dushanbe (as well as two other projects that never came to fruition). "Even at this early stage, the MoU explicitly stated TBEA would receive access to resource deposits in return for these projects."

In 2012-2014 TBEA borrowed \$ 178 million from Exim Bank of China to cover the costs of the first phase of the Dushanbe-2 power plant construction project..

**In 2009** In 2014 TBEA, received permission to develop the Upper Kumargi gold mines in northern Tajikistan, in the Sugd region, in exchange for the construction of a power plant in Dushanbe. Earlier, the company was awarded a concession to the East Duoba mine.

**In 2014-2016** instead of TBEA, the Government of Tajikistan borrowed the loan from Exim Bank in the amount of \$ 331 million, to cover the costs of the second phase of the Dushanbe-2 construction project.

**In June 2013, in Kyrgyzstan** The Chinese company Tebian Electric Apparatus Stock Co LTD (TBEA) won the tender for the „Bishkeks Combined Heat and Power plant (CHP)“ project worth \$ 386 million and funded by the Chinese government. Construction of the project was completed in 2018, but the same year, the power plant broke down, leaving much of Bishkek's population without heating and electricity in -27 degree frost. Two former Kyrgyz prime ministers, Sapar Isakov, and Jantoro Satybaldiev, have been arrested in connection with the scandal.

**On September 28, 2020** the Government of the Gambia, acting through the Ministry of Energy and the National Water and Electricity Company (NAWEC), handed over one of the country's largest electricity transmission and distribution projects to TBEA, the Chinese company that funded the president's trip to China, previously.

## TBEA IN ASIA

### TBEA in the Republic of Kyrgyzstan

One of the TBEA related corruption cases is associated with the Republic of Kyrgyzstan, where, several years ago, „Bishkeks Combined Heat and Power plant (CHP)“ project worth \$ 386 million and funded by the Chinese government attracted the attention of the International Community.

According to the New York Times, the Chinese company Tebian Electric Apparatus Stock Co LTD (TBEA) won the tender for the project in 2013, and its results were catastrophic for the country. TBEA had to modernize a power plant that dated back to the 1960s, and that supplied the entire country with heat and electricity. The project started in June 2014 and was completed in 2018. However, after the accomplishment of the capital repairs, in the same year, 2018, the power plant broke down, leaving most of Bishkek's population without heating and electricity at -27 degrees Celsius.

The investigation discovered that the cause of the problem was not the improper maintenance of the factory, but its poor modernization. According to the press releases, the costs of the contract were \$ 6 million for consulting fees and \$ 14 million for administrative expenditures, and TBEA was paying \$ 1,600 for fire-fighting equipment and \$ 320 million for quarrying when the market price of the equipment and these services was much lower.

компаний «Tebian Electric Apparatus Stock CO.» (TBEA) от 10.09.2013

№	Наименование товара	Количество (шт.)	Единица стоимости (Дол. США)	Общая стоимость (Дол. США)
1	Кресло крутящееся-ТУ131	30	203	6 090
2	Кресло крутящееся – ТУ132	125	116	14 500
3	Кресло крутящееся – ТУ134	120	116	13 920
4	Шкаф книжный ТУ-018	49	326	15 974
5	Шкаф книжный SHS-083	100	174	17 400
6	Шкаф книжный ТУ-108	130	174	22 620
7	Стул ТУ139	200	130	26 000
8	Стул ТУ145	975	36	35 100
9	Стул ТУ147	300	81	24 300
10	Стол двухтумбовый – ТУ-052	50	146	7 300
11	Стол двухтумбовый – ТУ-054	70	116	8 120

Meanwhile, on May 10, 2018, a temporary parliamentary commission was set up to conduct a three-month investigation regarding the alleged corruption deal.

The commission found out that the contract with TBEA was fulfilled on unfavorable and cabalistic terms for the country. **Kyrgyzstan received a 20-year loan from the People's Republic of China at an annual interest rate of 2%, plus a 0.18% loan management fee, and the total value of the loan eventually reached \$ 470 million.**

### Two Former Kyrgyz Prime Ministers Receive Prison Terms



Sapar Isakov was sentenced to 15 years.

**Two former Kyrgyz prime ministers, Sapar Isakov, and Jantoro Satybaldiev have been arrested in connection with this scandal. Isakov was sentenced to 15 years in prison on corruption charges. The prosecutor claimed, he also used his influence to lobby the Chinese company TBEA during the tender for the thermal power plant project. Satybaldiev is the second prime minister to be arrested for taking a bribe during the implementation of the project and sentenced to 15 years in prison.**

Chinese companies are also actively involved in geological explorations in Kyrgyzstan and are developing gold-copper concentrated products.

The world press is constantly releasing the information about the problems of gold and copper mining contracts, as well as the 20-year loan agreement of the Kyrgyz government with the Exim Bank of China, which has become a major challenge for Kyrgyzstan's national security. Nevertheless, the key objective of our research is not Kyrgyzstan, and we will touch on the experience of any other country only to the extent where we discuss the history and the experience of the Chinese companies operating in the Georgian market.

### TBEA in the Republic of Tajikistan

The subsequent TBEA scandal that has come to our attention is linked to another Central Asian Republic, Tajikistan. According to the Asia-Plus publication, on April 11, 2018, **in exchange for the construction of a power plant in Dushanbe, the company TBEA received a permit for the development of the Upper Kumarg gold mines in the Sughd region in northern Tajikistan.** Earlier, the company was awarded a concession to the East Duoba mine. The source of the publication was an official of the State Department of Geology, who wished to remain anonymous.

Also, it is worth noting that the reason for issuing the mining licenses related to the promises to Tajik state concerning the construction of the power plant without any charges.

Power Plant Dushanbe-2 is a combined power plant (CHP) that provides both heat and electricity to the population of Dushanbe. The construction of the power plant project is divided into two phases. Thus, its financing was also implemented in two parts. Under the agreement, TBEA borrowed \$ 178 million from the Chinese Exim Bank to cover the construction costs of the first phase (2012-2014). However, the \$ 331 million loan from Exim Bank for the construction of the second part (2014-2016) and the repayment ob-

ligation has been taken not by TBEA, but by the Tajik government itself.



The Tajik government has reportedly agreed to give Xinjiang Tebian Electric Apparatus Stock Co. Ltd (TBEA) the rights to further mining deposits if the profit made from two gold deposits doesn't cover the cost of building the Dushanbe-2 combined heat and power (CHP) plant.

Neither Exim Bank nor the Tajik government and the company TBEA, publicly explained why the Tajik government decided to take out a loan for the construction of the second phase when the issue of the mining licenses had already been decided.

Contrary to the Tajik government's claims, in September 2012, the TBEA chairman claimed in an interview with Chinese media, that instead of the planned and announced 200 megawatts, his company had pledged to build a 100-megawatt power plant and invest \$ 178 million in exchange for the exclusive right for gold mining. In the same interview, Zhang Xin stated that the Tajik government had given its consent to the TBEA being granted the right to mine and process the ores if the profits from the gold mines were not sufficient to service the loan they had taken. It should be noted that neither the deposits nor the dates were specified.

In October 2019, the Parliament of Tajikistan passed another resolution to meet the obligations under the Dushanbe-2 project, and the company was fully exempted from taxes and fees for the import and processing of gold mining equipment and technologies. In 2011, the Tajik parliament approved the ratification of an agreement to transfer about 1,000 square kilometers of border territory to China.

## TBEA IN AFRICA

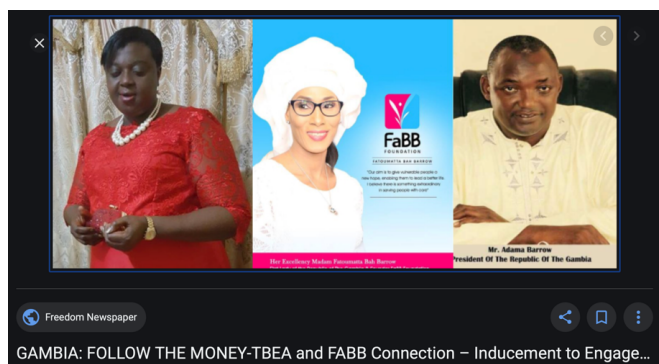
### TBEA in Gambia

TBEA scandalous stories are not limited to Central Asia. Information on corruption-related deals between the TBEA and the governments of the respective states is also widely proved on the example of the Gambian state.

In 2019, the International Republican Institute (IRI) published a multiple case study on China's detrimental impact and the corrosion of democracy. The report covers Chinese interference and influence operations in thirteen countries, including Gambia. According to this study, Gambia's growing dependence on Chinese investments has jeopardized the state's noticeable progress in fighting corruption. The scandal surrounding Gambian President Adama Barrow and the Chinese company TBEA represents an example of the above-mentioned threat.

In the 2016 Gambian presidential elections, Barrow defeated incumbent President Yahya Jammeh, known for his 22 years of brutal rule, human rights abuses, and corrupt deals. Barrow embodied a leader of the united opposition and a source of hope for progress and development for the Gambian people. However, according to The Guardians, the country has made little progress since Barrow was elected, in return, there have been many cases of power abuse.

As we read in the December 2017 IRI report, the Gambian government did not find sufficient funds for Barrow's official visit to China. Therefore, Gambia's Presidential Chancellery applied for financial assistance to the Chinese transformer manufacturer TBEA. It is worth mentioning that on that occasion, TBEA was participating in a competition to win a contract from the Gambian government. Following a request from the



Presidential Chancellery, TBEA transferred the amount of \$ 752,594.42 to the First Lady's Fato-umata Bah Barrow Foundation (FBBF). Gambia, when TBEA relocated the designated amount to the fund, the latter immediately transferred \$ 746,211.13 to a White Airways account. The purpose of this transaction was to purchase airline tickets to China. It was later revealed, that the Gambian government, acting through The National Water and Electricity Company Limited (NAWEC), had handed over one of the country's substantial electricity transmission and distribution projects. to TBEA, the Chinese company that funded the president's trip to China. On September 28, 2020, one of the leading news agencies in Gambia, Fatu Network, published a tender for the electricity transmission and distribution project announced by the Ministry of Energy and The National Water and Electricity Company Limited (NAWEC). The agency reports that according to the documents obtained by them, five companies participated in the tender: Eiffage Energie Systemes (France), Xian Electric Engineering Co Ltd (China), Sinohydro (China), National Contracting Co Ltd (Saudi Arabia) and TBEA (China). On September 22, 2020, National Contracting Co Ltd. received an email including a document signed by the project manager Haddy Njie stating that its bid did not meet the "tender documentation requirements" and that the Chinese company TBEA had won the tender.

## Chinese government lobbying TBEA

TBEA pursued a similar scenario in Kyrgyzstan and Tajikistan, thus acquiring an incredibly large amount of money and property. However, the impact, it has acquired over these states along with the other Chinese state-owned companies, is far more significant.

The main protagonists of this scenario are the Chinese Communist Party and the Exim Bank. Although officially, TBEA is not a state-owned, but a private enterprise, it is clear that the Chinese government actively supports, lobbies, and spares its resources and influence to promote TBEA and accordingly gain business deals. This is confirmed by the fact that the chairman of TBEA Co Ltd, Zhang Xin, is a member of the Chinese Communist Party (CCP) and his name is recorded in the list of members of the 11th and 13th National People's Congress. Also, Zhang Xin delivered a speech at the CCP's 18th Congress, which is considered as a special privilege. It is worth mentioning that the 18th Congress of the CCP adopted the so-called document # 9 (Communiqué on the Current State of the Ideological Sphere), which defines the threats to the Chinese Communist Party and provides the strategies for the extension of its influence worldwide.

Besides, in March 2002, the Xinjiang Tebian Electric Corporation (TBEA) signed a formal agreement with the Xinjiang Changji Forced Labor Camp, according to which the parties forced Falun Gong prisoners to work for TBEA without any compensation. the Xinjiang Changji Forced Labor Camp is distinguished by severe working conditions where prisoners are tortured, starved, and inhumanely treated. According to Minghui.org, in 2002, at the time of implementing the agreement between the TBEA and the Forced Labor Camp, TBEA Chairman Zhang Xin represented the city of Changji in the

National People's Congress Although he did not care at all about the fate of the practitioners suffering in the Changji labor camp. Mr. Xin turned a blind eye to the situation there and the inhuman treatment of detainees while using them to the benefit of his own company, TBEA.

## CONCLUSION

In line with the aforementioned cases of foreign countries, it is clear that the Chinese company TBEA's reputation is being questioned internationally. Nevertheless, JSC "Georgian State Electro system" entrusted the implementation of the large-scale infrastructural projects to a TBEA that left the Kyrgyz population without electricity and heating at -27 degrees Celsius, a company whose branch in India is facing the problem of insolvency, a company that is exposed to corrupt dealings with various governments.

Similar to other Chinese companies operating in Georgia, the state did not even try to implement the so-called "due diligence" concerning TBEA and its activities worldwide. The government failed to examine the company's international reputation, while even the simplest and the most accessible search platform, Google instantly provides information regarding TBEA's scandalous and corrupt deals sourced from trusted and qualified media outlets, such as New York Times, Eurasianet, BBC, and others. Moreover, as one can evaluate from the study, to encourage a company with a tainted reputation, the tender commission does not spare any effort to change the terms of the projects while also disqualifying competitors for utterly incomprehensible and unjustified reasons.

# BIBLIOGRAPHY

Ltd.; TBEA International Engineering Contracting Co.; TBEA Shandong Luneng Wires and Cables Co. Ltd.; TBEA Shenyang Transformer Group Co. Ltd.; TBEA Xinjiang Sun Oasis Co. Ltd.; TBEA Xinjiang Transformer Co. Ltd; TBEA Energy (India) Private Limited etc.

see: [https://www.tbea.com/cs/Satellite?d=&c=Page&pagename=TBEA\\_EN%2FPage%2FENTemplate%2FAboutUS%2FcorpInfo&cid=1467897312334](https://www.tbea.com/cs/Satellite?d=&c=Page&pagename=TBEA_EN%2FPage%2FENTemplate%2FAboutUS%2FcorpInfo&cid=1467897312334)

<sup>1</sup> See: [https://www.tbea.com/cs/Satellite?d=&c=Page&pagename=TBEA\\_US%2FcorpInfo&cid=1467897312334](https://www.tbea.com/cs/Satellite?d=&c=Page&pagename=TBEA_US%2FcorpInfo&cid=1467897312334)

<sup>1</sup> WU YONG, China Business Weekly staff, (20.01.2004) *Transformer maker transformed*

[http://www.chinadaily.com.cn/en/bw/2004-01/20/content\\_301672.htm](http://www.chinadaily.com.cn/en/bw/2004-01/20/content_301672.htm)

<sup>1</sup> China Economic Times, (05.01.2004) *Shenyang Transformer Reorganization: TBEA failed to deliver first to Siemens* <http://finance.sina.com.cn/b/20040105/1053589795.shtml>

<sup>1</sup> See: <http://www.tbeaindia.com/aboutus.aspx>

<sup>1</sup> See documentation published by Georgian state procurement agency:

<https://tenders.procurement.gov.ge/public/library/files.php?mode=tdoc&file=1705910&code=1522616892>

<sup>1</sup> Agata Palickova and Georgi Gotev, (Jul 24, 2019) *Scandals in Kyrgyzstan highlight dubious Chinese business practices*. <https://www.euractiv.com/section/central-asia/news/scandals-in-kyrgyzstan-highlight-dubious-chinese-business-practices/>

<sup>1</sup> <http://www.gse.com.ge/chvens-shesakheb/ras-vsagmianobt/eleqtrogadamcemi-qselis-floba>

<sup>1</sup> Electronic Tender: SPA170010812 see: <http://tenders.procurement.gov.ge/public/?go=237905&lang=en>

<sup>1</sup> See minutes N4 of tender commission:

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2559159&code=1508493869>

<sup>1</sup> Decision of the Dispute Resolution Council of State Procurement Agency 17.10.2017 see:

[https://tenders.procurement.gov.ge/dispute/engine/document.php?code=http://nbs.napr.gov.ge/nbs/v3/blobs/spa-2017-10-17/4e1ad2559d018247959554a5de206440-5c444fc9-7d13-4927-9f32-c35b802637f5&mime=application/pdf&save=Decision\\_DIS170010812\\_01.pdf](https://tenders.procurement.gov.ge/dispute/engine/document.php?code=http://nbs.napr.gov.ge/nbs/v3/blobs/spa-2017-10-17/4e1ad2559d018247959554a5de206440-5c444fc9-7d13-4927-9f32-c35b802637f5&mime=application/pdf&save=Decision_DIS170010812_01.pdf)

<sup>1</sup> Paragraph 3 of Article 27 of the "Rules for conducting electronic Procurements" approved by the Order N12 of the Chairman of the State Procurement Agency of June 14, 2017 see:

[http://www.procurement.gov.ge/files/\\_data/eng/legalacts/order\\_no\\_9\\_20110407.pdf](http://www.procurement.gov.ge/files/_data/eng/legalacts/order_no_9_20110407.pdf)

<sup>1</sup> See: <https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2807533&code=1524583593>

<sup>1</sup> Electronic Tender: SPA170010812, see the documentation:

<http://tenders.procurement.gov.ge/public/?go=237905&lang=en>

<sup>1</sup> Electronic Tender: SPA170014275 see: <http://tenders.procurement.gov.ge/public/?go=246805&lang=en>

<sup>1</sup> Disqualification notification, see:

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2649554&code=1514394796>

<sup>1</sup> See the minutes of tender commission

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2681211&code=1516641802>

<sup>1</sup> Electronic Tender: NAT180010206 see: <http://tenders.procurement.gov.ge/public/?go=270899&lang=en>

<sup>1</sup> See the minutes of tender commission

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2943410&code=1533656228>

<sup>1</sup> Order №12 of Chairman of the State Procurement Agency On approval of the rule of conducting electronic tender see: <https://matsne.gov.ge/ka/document/view/3699020?publication=0>

<sup>1</sup> See the minutes N5 of tender commission

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=2970936&code=1535379307>

<sup>1</sup> See the minutes N7 of tender commission

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=3013040&code=1538043797>

<sup>1</sup> See the minutes N10 of tender commission

<https://tenders.procurement.gov.ge/public/library/files.php?mode=app&file=3047149&code=1540224965>

<sup>1</sup> See the contract on state procurement

<https://tenders.procurement.gov.ge/public/library/files.php?mode=contract&file=259325>

<sup>1</sup> See the Georgian State Electrosystem's announcement: <http://www.gse.com.ge/comunikatsia/akhali-ambebi/tbea-shenyang-transformer-group-shooris-khelshekruleba-gaformda/>

<sup>1</sup> Dirk van der Kley, (April 14, 2018), *The Full Story Behind China's Gold Mine-Power Plant Swap in Tajikistan*, see: <https://thediplomat.com/2018/04/the-full-story-behind-chinas-gold-mine-power-plant-swap-in-tajikistan/>

<sup>1</sup> Dirk van der Kley, (April 14, 2018), *The Full Story Behind China's Gold Mine-Power Plant Swap in Tajikistan*, see: <https://thediplomat.com/2018/04/the-full-story-behind-chinas-gold-mine-power-plant-swap-in-tajikistan/>

<sup>1</sup> Dirk van der Kley, (April 14, 2018), *The Full Story Behind China's Gold Mine-Power Plant Swap in Tajikistan*, see: <https://thediplomat.com/2018/04/the-full-story-behind-chinas-gold-mine-power-plant-swap-in-tajikistan/>

<sup>1</sup> Andrew Higgins (July 6, 2019) *A Power Plant Fiasco Highlights China's Growing Clout in Central Asia*, See: <https://www.nytimes.com/2019/07/06/world/asia/china-russia-central-asia.html>

<sup>1</sup> The Fatu Network (September 28, 2020) see: <https://fatunetwork.net/after-giving-35-million-dalasis-to-first-ladys-foundation-tbea-now-wins-contract-worth-over-one-billion-dalasis/>

<sup>1</sup> Elnura Alkanova, (24 October 2018), Abuse of power? *On the trail of China's mystery millions in Kyrgyzstan*, see: <https://www.opendemocracy.net/en/odr/what-happened-at-bishkek-power-plant/>

<sup>1</sup> Andrew Higgins (July 6, 2019) *A Power Plant Fiasco Highlights China's Growing Clout in Central Asia*, See: <https://www.nytimes.com/2019/07/06/world/asia/china-russia-central-asia.html>

<sup>1</sup> Nurjamal Djanibekova (May 18, 2018), Kyrgyzstan: *Power plant blame game threatens political showdown* see: <https://eurasianet.org/kyrgyzstan-power-plant-blame-game-threatens-political-showdown>

<sup>1</sup> Elnura Alkanova, (24 October 2018), Abuse of power? *On the trail of China's mystery millions in Kyrgyzstan*, see: <https://www.opendemocracy.net/en/odr/what-happened-at-bishkek-power-plant/>

<sup>1</sup> RFE/RL's Kyrgyz Service (December 06, 2019), Two Former Kyrgyz Prime Ministers Receive Prison Terms, see: <https://www.rferl.org/a/two-former-kyrgyz-prime-ministers-receive-prison-terms-/30311583.html>

<sup>1</sup> Agata Palickova and Georgi Gotev (Jul 24, 2019) Scandals in Kyrgyzstan highlight dubious Chinese business practices, see: <https://www.euractiv.com/section/central-asia/news/scandals-in-kyrgyzstan-highlight-dubious-chinese-business-practices/>

<sup>1</sup> eurasianet (Apr 11, 2018), Tajikistan: Chinese company gets gold mine in return for power plant, see: <https://eurasianet.org/tajikistan-chinese-company-gets-gold-mine-in-return-for-power-plant>

<sup>1</sup> Dirk van der Kley, (April 14, 2018), *The Full Story Behind China's Gold Mine-Power Plant Swap in Tajikistan*, see: <https://thediplomat.com/2018/04/the-full-story-behind-chinas-gold-mine-power-plant-swap-in-tajikistan/>

<sup>1</sup> SONG Yu (September 28, 2012) TBEA Tajikistan builds thermal power station for gold mine, see: [http://epaper.stcn.com/paper/zqsb/html/2012-09/28/content\\_408467.htm](http://epaper.stcn.com/paper/zqsb/html/2012-09/28/content_408467.htm)

<sup>1</sup> sputniknews (06.01.2015) ТБЕА получила золотые рудники за постройку ТЭЦ, see: <https://tj.sputniknews.ru/economy/20150106/1013839835.html>

<sup>1</sup> Kamila Ibragimova (Oct 24, 2019), Tajikistan: Another Chinese company gets tax exemptions, see: <https://eurasianet.org/tajikistan-another-chinese-company-gets-tax-exemptions>

<sup>1</sup> BBC NEWS (13 January 2011), Tajikistan cedes land to China, see: <https://www.bbc.com/news/world-asia-pacific-12180567>

<sup>1</sup> Copyright © 2019 International Republican Institute see: [pg.48 https://www.iri.org/sites/default/files/chinese\\_malign\\_influence\\_report.pdf](https://www.iri.org/sites/default/files/chinese_malign_influence_report.pdf)

<sup>1</sup> The Guardian (23 Sep, 2019) see: <https://www.theguardian.com/global-development/2019/sep/23/gambia-joy-gives-way-to-sinking-distrust-adama-barrow-clings-to-power>

<sup>1</sup> Copyright © 2019 International Republican Institute see: [pg.48 https://www.iri.org/sites/default/files/chinese\\_malign\\_influence\\_report.pdf](https://www.iri.org/sites/default/files/chinese_malign_influence_report.pdf)

<sup>1</sup> Transparency International Anti-Corruption Helpdesk Answer, Author(s): Kaunain Rahman, [tihelpdesk@transparency.org](mailto:tihelpdesk@transparency.org) Reviewer(s): Samuel Kaninda, Matthew Jenkins, Transparency International ( 22 January 2019) see pg.8: [https://knowledgehub.transparency.org/assets/uploads/helpdesk/Gambia-overview-of-corruption-and-anti-corruption-2019\\_PR.pdf](https://knowledgehub.transparency.org/assets/uploads/helpdesk/Gambia-overview-of-corruption-and-anti-corruption-2019_PR.pdf)

<sup>1</sup> See: <https://africanpowerplatform.org/resources/tenders/construction/805-design-and-build-of-transmission-infrastructure-between-brikama-and-kotu.html> (<https://projects.worldbank.org/en/projects-operations/procurement-detail/OP00061386?lang=en&id=OP00061386>)

<sup>1</sup> The Fatu Network (August 28, 2018) Source Of The Money Deposited Into The Fatou Bah Barrow Foundation, see: <https://fatunetwork.net/source-of-the-money-deposited-into-the-fatou-bah-barrow-foundation/>

<sup>1</sup> See: <https://fatunetwork.net/>

<sup>1</sup> The Fatu Network (September 28, 2020) see: <https://fatunetwork.net/after-giving-35-million-dalasis-to-first-ladys-foundation-tbea-now-wins-contract-worth-over-one-billion-dalasis/>

<sup>1</sup> The Fatu Network (September 28, 2020) see: <https://fatunetwork.net/after-giving-35-million-dalasis-to-first-ladys-foundation-tbea-now-wins-contract-worth-over-one-billion-dalasis/>

<sup>1</sup> See: <https://www.bloomberg.com/profile/person/3930856>

<sup>1</sup> China Daily, (November 14, 2012) Power transmission, new-energy eye overseas growth, see: [http://www.china.org.cn/china/18th\\_cpc\\_congress/2012-11/14/content\\_27111987.htm](http://www.china.org.cn/china/18th_cpc_congress/2012-11/14/content_27111987.htm)

<sup>1</sup> Tinatin Khidasheli, Ani Kintsurashvili (jul, 2020), who is in charge of the post cold war world , See: <https://civicidea.ge/wp-content/uploads/2020/09/Tinatin-Khidashedli-China-Report.pdf>

<sup>1</sup> Dafa Practitioner in Xinjiang Autonomous Region (March 23, 2004) China, Xinjiang Tebian Electric Corporation Teams Up with Changji Forced Labor Camp to Make Products with Slave Labor, see: [http://en.minghui.org/html/articles/2004/3/23/46339.html?fbclid=IwAR3Fe66dYRKY6jASWN3JHZ3hOP\\_OhGHIU5Exp\\_teRMZmFZ2yIO1NpftZfAg](http://en.minghui.org/html/articles/2004/3/23/46339.html?fbclid=IwAR3Fe66dYRKY6jASWN3JHZ3hOP_OhGHIU5Exp_teRMZmFZ2yIO1NpftZfAg)





OUR  
TEAM

Meet the men and women who  
make up our incredible team.

Tina, Ani, Mari





# სამოქალაქო წესი



**National Endowment  
for Democracy**

*Supporting freedom around the world*



The views, opinions and statements expressed by the authors and those providing comments are theirs only and do not necessarily reflect the position of the Foundation. Therefore, neither supporting organization is responsible for the content of the information material.

Responsible for the report Ani Kintsurashvili & Mariam Usenashvili