

FLASH TRAFFIC REPORT

ZPMC & China Communications Construction Company

September 2024



Prague Security
Studies Institute

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1. BACKGROUND AND RISK ASSESSMENT

On September 12, 2024, The Select Committee on the Chinese Communist Party, along with the House Committee on Homeland Security, [released a joint report](#) highlighting how the Chinese state-owned company Shanghai Zhenhua Heavy Industries (ZPMC) poses a growing threat to U.S. economic and national security. ZPMC, which enjoys a [75% global market share](#) in container cranes, including [nearly 80%](#) of cranes in the U.S., was found to have installed unauthorized cellular modems on its cranes at U.S. ports, raising concerns about espionage. ZPMC has also sought remote access to these cranes, potentially granting the Chinese government access through their national security laws. U.S. agencies, including the FBI, have warned about China's efforts to establish a strategic presence at U.S. ports through investments, acquisitions, and the use of equipment that could be remotely manipulated. The threat posed by ZPMC has not gone unnoticed and uncommented by the Executive Branch - earlier this year, the Biden administration [committed over \\$20 billion](#) to replacing foreign-made cranes with U.S.-manufactured ones, and [imposed a 25% tariff](#) on Chinese shipping cranes.

The company is a [subsidiary](#) of China Communications Construction Group Co (CCCC), a [leading contractor](#) for Chinese leader Xi Jinping's Belt and Road initiative with [close ties](#) to the Chinese military. CCCC's [primary operational subsidiary](#), China Communications Construction Company (CCCC), is itself a substantial shareholder of ZPMC. Both CCCC and CCCC are officially sanctioned over their close ties to the Chinese military, in particular due to their role in [constructing military bases](#) in the South China Sea. CCCC also has a Military-Civil Fusion Office, which in 2018 signed a [strategic cooperation agreement](#) with the PLA Naval Service Academy on coastal defense projects, national defense education, and establishing a teaching platform.

2. SANCTIONED STATUS

- China Communications Construction Group Co (CCCC) - CCCC is on the U.S. Department of Defense's list of "Chinese military companies" [\[1\]](#), and the U.S. Department of the Treasury's OFAC Non-SDN Chinese Military-Industrial Complex Companies List [\[2\]](#).
- China Communications Construction Company (CCCC) - CCCC is on the U.S. Department of Commerce's BIS Entity List [\[1\]](#), the U.S. Department of Defense's list of "Chinese military companies" [\[2\]](#), and the U.S. Department of the Treasury's OFAC Non-SDN Chinese Military-Industrial Complex Companies List [\[3\]](#).

3. PUBLICLY TRADED STATUS AND SELECT OWNERSHIP DATA

ZPMC is listed in Shanghai under ticker [600320](#).

- *The Vanguard Group* holds 0.19% of outstanding shares, valued at \$2.9 million.
- *ICBC Credit Suisse Asset Management* holds 0.05% of outstanding shares, valued at \$0.7 million.
- *Dimensional Fund Advisors* holds 0.01% of outstanding shares, valued at \$0.2 million.

CCCC has listed H-shares in Hong Kong under ticker [1800](#), and A-shares in Shanghai under ticker [601800](#).

- *BlackRock* holds 0.01% of total outstanding shares, valued at \$0.7 million.
 - Of these, approximately 85% are held by *BlackRock (Singapore) Limited*, with the rest held by *BlackRock Asset Management North Asia Limited*.
- The Deutsche Bank-owned *DWS Group* holds 0.01% of total outstanding shares, valued at \$1.5 million.
- *ICBC Credit Suisse Asset Management* holds 0.01% of total outstanding shares, valued at \$2.2 million.

4. RECOMMENDATION

Given the serious national security risks posed by ZPMC, and the direct ties between its parent companies and the Chinese military, investments in the securities of ZPMC or its affiliates should be prohibited by law. Specifically, PSSI recommends immediate regulatory action to prevent European and American retail and institutional investors from buying, selling, or holding the securities of ZPMC and CCCC.