

BETWEEN THE LINES

May 29, 2020

Is the COVID-19 Origin Story Fiction or Nonfiction?

Introduction

As COVID-19 continues to spread around the globe, Chinese officials have been fielding an increasing number of questions and allegations concerning the novel coronavirus's origins, especially whether it spread from a lab at the Wuhan Institute of Virology. This issue has garnered considerable international attention and BIA has picked up on some concerning behaviors in Chinese officials' responses over the past five weeks. While we typically apply our proprietary methodology to evaluate the reliability and transparency of management teams' statements, we decided to take a close look at some responses to questions about the origin of COVID-19 posed to several Chinese government officials. We analyzed press conferences with China's Foreign Ministry Spokesperson Zhao Lijian on April 16 and 17, a press conference with Ministry Spokesperson Geng Shuang on April 20, and a BBC interview on April 29 with China's Ambassador to the UK, Liu Xiaoming, and a press conference with China's Foreign Ministry Spokesperson, Hua Chunying, on May 6. Across the board, these four officials consistently fail to specifically deny any allegations about the virus's origin, instead defaulting again and again to a scripted message and reiterating previously made statements. In fact, this message continues to be reiterated as recently as May 27 in a news video about Shi Zhengli, one of China's leading virologists at the Wuhan Institute of Virology lab. Even in the context of carefully crafted policy rhetoric, we find a clear pattern of deceptive behavior indicating that China is not being completely truthful in its answers, particularly with respect to the origins of the virus.

There's No Denying the "Lab Leakage" Theory

The most conspicuous deceptive behavior on display across all of these statements by Chinese officials is their repeated failure to specifically deny that the virus may have originally escaped or "leaked" from a lab in Wuhan. The officials instead recite standard rhetoric designed to discredit or invalidate any statements, allegations or even inquiries about the virus's origin from anyone other than "scientists and medical experts."

When asked on April 16 to respond to a Fox News report that the novel coronavirus was leaked from a Wuhan lab, Mr. Zhao states that "China's position" is "clear," that "it is a matter of science," and that "we should only rely on the findings of scientists and medical experts." He never denies the allegation but instead focuses on discrediting Fox News and, in general, statements from anyone other than scientists and medical experts. Mr. Zhao claims, "many renowned medical specialists have debunked the theory as not science-based at all." Notably, what has been clearly debunked is the idea that the virus was engineered by man. The origin of COVID-19 is still up for debate. Also, this statement is an attempt to shut down the question without having to offer a specific denial.

The next day he is asked to respond to US Secretary of State Mike Pompeo's April 15 statement that "we know the virus originated in Wuhan" and Mr. Pompeo's observation of the close proximity of the Wuhan Institute of Virology to the city's now infamous "wet market." Rather than deny that the virus originated at the wet market, that the Wuhan Institute played any role in the origin of the pandemic, or that the virus originated in Wuhan at all, Mr. Zhao instead aggressively attempts to discredit the US, saying "they are again hyping up the issue of origins, insinuating that the virus had something to do with the Wuhan Institute of Virology. It's not difficult to see through their tricks which intend to muddy the waters, deflect attention and shift the blame to others. Mr. Zhao then reverts to the carefully scripted position that the origin of the virus is the exclusive domain of scientists.

During an April 20 press conference, China's Foreign Ministry Spokesperson, Geng Shuang, is asked to comment on the Australian Foreign Minister's call for an "investigative inquiry" into the origin of the virus. Like Mr. Zhao, Mr. Geng first attempts to discredit the Australian, saying, "Foreign Minister Payne's remarks are not based on facts" before reciting the rehearsed message: "The Chinese side has repeatedly stressed that the issue of the origin of the novel coronavirus is a serious question of science that should be studied by scientists and medical experts."

Mr. Geng adds that the head of the Wuhan Institute of Virology (WIV) "rejected" the notion that COVID-19 originated in their lab and that he cast the US's allegation as "pure conjecture" because the lab is "run on a set of strict management rules." While on the surface this appears to be a denial, it is not. This statement is not the same as saying the virus did not come from the lab. Furthermore, the fact that a set of strict rules exists does not necessarily mean that those rules were followed. He then protests that there "is zero infection within the institute" and that the entire staff is "now" devoting themselves to research projects. Instead of saying there have been no cases of infection at institute, the Director's use of the present tense "is" and the word "now" fails to rule out the possibility that there *were* cases within the WIV prior to the outbreak. This, in turn, renders the Director's statement, as well as Mr. Geng's reference to it, invalid with respect to the origin of the virus.

In a BBC interview on April 29, Liu Xiaoming, Chinese Ambassador to the UK, was asked whether he accepts that COVID-19 originated in China. Rather than deny it, Mr. Liu says he "cannot" say that he accepts it. His implication is that he has no evidence on which to base an opinion. But, taken literally, it could mean that he is not at liberty to say it originated in China even if he knew it were true.

To further distance China from any responsibility, he implies that the virus could have originated anywhere, saying, "it has very little to [sic] connection to China." He then goes beyond a non-denial to outright obfuscation, adding, "it can be in aircraft carrier, can be found in the submarine." But these vague speculations suggest that he does not have credible evidence with which to actually deny the virus's origins in China.

When the interviewer follows up, asking Mr. Liu where the virus *did* originate, he falls back on the now-familiar prepared response: "This question is still up for scientists to decide." He then makes another attempt to convince viewers that China was not the origin of the virus by claiming that "your scientists" warned "your government" "much earlier" than December 27, when "the first case was reported in China" that there "might be an unknown virus," but, again, this is irrelevant to the question and does not preclude the possibility that the virus originated in China. Furthermore, saying that the first case was "reported" on December 27 does not preclude the possibility that Chinese health officials were aware of the virus before then.

WHO's in Charge?

In addition to the strategy of obfuscation, false denials and attempts to discredit allegations of this sort as unscientific, Chinese officials also invoke the authority of the World Health Organization (WHO). This strategy is an attempt to convince the public that China's statements are credible and irrefutable. But, again, a careful examination of these statements reveals inconsistencies and contradictions.

On April 16, Zhao Lijian says, "the WHO has repeatedly stated that there is no evidence showing the virus was made in a lab." However, the statement that the virus was not "made" only asserts that the Chinese did not manufacture the virus, completely sidestepping the crux of the question of whether it was accidentally "leaked" from the lab.

When asked about the virus's origins on April 20, Geng Shuang insists that it is the "established" and "general" opinion of the WHO and other public health scientists and professionals across "the vast majority" of the world that there is "no evidence" showing the virus came from a lab. Labeling the opinion as "established" is an attempt to shut down the question. Further, this statement fails to deny the allegations, since saying there is "no proof" that it came from the lab does not mean it did not happen. Also, saying that there is no proof the virus "came" from a lab is vague and suggests that Mr. Geng is intentionally blurring the distinction between whether the virus was engineered in a lab as opposed to whether it was accidentally leaked from a lab.

However, on April 17, when Mr. Zhao is asked if China would accept a visit from the WHO officials to "investigate the authenticity of epidemic-related figures and the origin of the virus" – precisely the sort of science-based analysis that Chinese officials have repeatedly referenced to discredit the allegations of other world leaders – he sidesteps the question entirely by offering a lengthy, detailed account of China's handling of COVID-19 data. He does not say if China would or would not accept a visit from the WHO; in fact, he does not mention the WHO at all in his reply. He then shuts down the question, saying, "China has expounded its position on many occasions."

While China is prepared to invoke specific language from the WHO to deflect allegations on the virus's origins, Mr. Zhao's avoiding the question of an investigation by the WHO suggests that the authenticity of the COVID-19 data that China has released may not hold up under closer scrutiny and, more significantly from a behavioral perspective, that an investigation of the origin of the virus is highly threatening for the Chinese government.

During a press conference on May 6, Foreign Ministry Spokesperson Hua Chunying employs a more assertive strategy to deflect the topic. A reporter states that Dr. Gauden Galea, the WHO representative in China, told Sky News that despite repeated requests, China had not invited the WHO to participate in investigations into the origins of COVID-19 and asks why China has not extended such an invitation. In response, Ms. Hua says that Sky News “did not quote Mr. Gauden Galea fully and failed to correctly reflect his viewpoint” and was therefore “misleading.” She states that Mr. Galea said in the interview that the WHO is aware of research China is conducting on the “animal source” of the novel coronavirus and believes in China’s research abilities, and that the WHO and China have jointly determined areas where further study is needed, including the animal source of the virus. She adds that Dr. Galea said that so far all the evidence points to the conclusion that the virus came from nature, and was not manipulated or synthesized by humans, and that the WHO would like to join in the research on the animal source of the virus at the invitation of the Chinese government. Ms. Hua points out that on May 1, the WHO called for joint scientific and research cooperation between the WHO, OIE, FAO and the member states to identify the animal source of the virus. Her entire response is meant to give the impression that China and the WHO are investigating cooperatively, but her statements only confirm that the WHO will participate in investigating the animal source of the virus. At no point does Ms. Hua deny, or even mention, that Dr. Galea said that China has not invited the WHO to join in investigations of the origins of COVID-19. When Ms. Hua is then asked when China would extend an invitation to the WHO, she completely ignores the question and resorts to the standard rhetoric about the source of the virus being a “scientific and professional matter that should be addressed by scientists and experts in disease control.”

Ms. Hua then takes the strategy of misdirection a step further. When asked if China would support the EU’s resolution at the World Health Assembly for an independent review into the lessons learned from the health response, she says China would support summarizing and reviewing the epidemic response “at an appropriate time.” However, by qualifying that China would agree “at an appropriate time,” Ms. Hua reveals that China is reluctant to participate in a review of its response anytime soon. Furthermore, Ms. Hua takes the opportunity to insist that “what we oppose is the so-called investigation chanted by politicians in a few countries out of domestic political calculations based on the presumption of guilt. What we oppose is political maneuvers of the pandemic.” Like her colleagues, Ms. Hua attempts to discredit the motives of those who are calling for an investigation and paint China as a victim. Yet, even though she insists that China is “completely above-board” and has “nothing to hide,” China’s strategy to refuse an investigation by attacking its accusers suggests otherwise.

Rinse, Lather, Repeat

Over the period from April 16 to May 19, these four Chinese officials exhibit a clear, remarkably uniform pattern of deceptive behavior in responding to questions about the origins of COVID-19. Foremost, they fail to specifically deny any allegations about the virus’s origins in China. Instead, in carefully scripted language designed to discredit as unqualified the individuals and institutions making the allegations (or even inquiries), they assert repeatedly that the investigation of the virus’s origins should be left to scientific and medical professionals. However, in direct contradiction to those assertions, they then fail to accept or even acknowledge the idea of the WHO examining China’s epidemic data or the origin of the virus. They consistently refer to the virus’s animal, “not manmade,” origins, thereby sidestepping questions of whether the virus, natural or otherwise, may have been leaked from a Wuhan lab.

A series of additional press conferences held by Hua Chunying and Zhao Lijian from May 6 to May 18 mirror these responses and behaviors so closely as to obviate the need for additional analysis. Even as recently as May 27, a [news video about virologist Shi Zhengali of the WIV](#) continues to reiterate China’s crafted message.

The origins of the virus, its emergence into the human population, and the Chinese government’s initial response are undoubtedly extremely complicated issues, and BIA does not presume to answer these questions or take a position on the myriad of theories and allegations that have surfaced. However, in these responses, collectively we see strong behavioral indicators that the officials, and by extension the Chinese government, are not being truthful in their statements about the origins of the virus and that they feel highly threatened by the idea of an investigation.

This suggests the strong likelihood that COVID-19 outbreak did, in fact, originate in a Chinese lab, or at least that the government cannot disprove that it did, and that an outside investigation into the matter could reveal this to be the case.

The COVID-19 Earnings Season

With the fallout from the pandemic as the backdrop for literally every company reporting results the past few months, here at BIA we entered this past earnings season knowing that our unique approach to analysis would be especially important to help our clients cut through the inherent uncertainty and legitimate challenges management teams are facing at this time. Our

Tactical Behavior Assessment® (TBA™) methodology allows us to tease out useful and differentiated insights. Below are some excerpts from management responses that led us to conclude there was more than met the eye from their statements. Can you identify the behavioral significance of the below statements to cut through management's canned answer and spin?

*The management team of an online learning platform is asked whether the acceleration they saw in April was even throughout the month or a spike that has since tapered off. In response, they say that "I will do my best to not say more than I should." **Do you know what the assertion "should" implies and signals behaviorally?***

*The management team of an online travel service is asked to share how successful they have been in giving refunds to customers and helping coordinate refunds when customers deal with hotels. They acknowledge that "this is a difficult situation" but that they "always believe in trying to do what is best for the customers" and that their contracts are "completely set up for this exact situation, in force majeure situation." **Did management answer the question? What are their behaviors trying to make you believe the answer is?***

*When asked about tenant requests for default waivers, the management team of a retail REIT tries to reassure investors that "generally what I hear, for the financially solid retailers, there's not an issue in terms of them getting the capital." **Can you identify what message management wants you to take away? And how that differs from what they are actually saying?***

To learn how BIA can help you gain incremental insights from the statements of management teams you invest in, visit our website at www.biadvisors.com.

About this Report:

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