



China Reform Monitor 1356

January 10, 2019 **Joshua Eisenman**

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AN IMPATIENT BEIJING EYES EAST CHINA SEA ENERGY

Beijing has restarted exploration at a gas field in an area of the East China Sea that Tokyo contests. In mid-November, a Chinese drilling ship began sinking a test borehole as part of operations aimed at developing the gas resources near a Tokyo-proposed median line separating the exclusive economic zones of the two countries. The step has elicited condemnation from the Japanese government. "It is extremely regrettable that China has continued its unilateral development activities in the waters, while the boundary has not been fixed," said Japan's Chief Cabinet Secretary Yoshihide Suga. Tokyo has repeatedly urged Beijing to hold off on unilateral resource exploration in the area until negotiations on co-development of the area, which have been suspended for a decade, have been concluded. On the sidelines of the Group of 20 summit in Buenos Aires, Abe called on Xi to restart talks about joint gas development in the waters. (*Kyodo News*, December 3, 2018)

THE DOWNSIDE OF CHINA'S "NATIONALIST BUBBLE"

Nationalism and China's official media are partly responsible for exaggerated perceptions of the country's geopolitical strength, Beijing's number-two diplomat in the U.S. has said in remarks at the U.S.-China Policy Foundation's annual gala dinner. Li Kexin, deputy chief of mission at China's embassy in Washington, blamed a "nationalist bubble we've created by ourselves," and said the media had played a "very bad role" in raising foreign concerns. In an attack on Trump advisor Dr. Michael Pillsbury, Li said Americans should not waste their time reading books by "no-sense scholars" who used sporadic evidence and superficial knowledge of Chinese philosophy "to weave an imagined plot of deception: China taking over the U.S. by a hundred-year marathon." (*South China Morning Post*, December 7, 2018)

PENALIZING CHINA'S VETERANS

Ten people have been charged with various offenses connected to rioting at a military veterans' protest for better benefits which was held October 4-7 in Pingdu, Shandong. At the time, Beijing refused to confirm the riot, and censored reports about it. Tensions between the authorities and ex-servicemen have continued despite extensive reforms and the establishment of a new government bureau to oversee veterans' affairs. Numerous protests have been staged around the country in recent years demanding better pensions and health care. Municipalities are now collecting veterans' whereabouts and close family relations, ostensibly to honor them. (Associated Press, December 9, 2018)

CHINA MOVES AGAINST \$15 BILLION "PYRAMID SCHEME"

Shuangpai County People's Court in Hunan has imprisoned Zhang Tianming for 17 years for his role in running a 100 billion yuan (\$14.48 billion) "pyramid scheme" and organizing a street protest in Beijing. The businessman and nine staff from a firm called Shan Xin Hui were found guilty of running a multi-level marketing company and disturbing social order, and handed a range of prison sentences. The court found that Zhang had lured investors with promises of high returns on projects to help the poor, but instead had paid out early members using funds from new joiners. When police began investigating him, Zhang used social media to organize a protest in Beijing in July 2017 involving more than 600 investors. They took to the streets in support of Zhang's company, holding banners and shouting slogans, and 67 were detained for obstructing police work. Protesters interviewed said they were there because the company, which they called a charity, was treated unjustly and that it had helped a lot of poor people. (Reuters, December 15, 2018)

BEIJING PROFITS FROM DETAINEE LABOR

China is forcing detainees in Xinjiang to work in manufacturing and food industries and exporting the products around the world, including to Badger Sportswear in North Carolina. By some estimates, one million Muslims in the country's western Xinjiang region have now been detained by authorities, forced to give up their language and religion, and subjected to constant political indoctrination. One county has an estimated 10,000 detainees and between 10 to 20 percent of them are working in factories – many without pay. Internment camps often have relations with privately-owned, state-subsidized factories where detainees are sent once they are released. Beijing claims the camps, which they call training centers, offer free vocational training for Muslims to help eliminate poverty and bring them into "a modern civilized" world. (*Time*, December 17, 2018)