



CHINA REFORM MONITOR

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February 27, 2019 **Joshua Eisenman**

Related Categories: Democracy and Governance; Human Rights and Humanitarian Issues; International Economics and Trade; Missile Defense; China ; Latin America

CHINA'S ECONOMY SHOWS SIGNS OF STRESS

China's economy appears to be slowing faster than analysts anticipated. Both China's exports and its imports were unexpectedly down in December. Exports fell 4.4 percent from a year earlier, while imports – which analysts had expected to rise 5% – instead fell by 7.6%. Meanwhile, the U.S.-China trade deficit continued to expand, with China enjoying a record \$324 billion surplus in 2018. In China, domestic prices are barely rising, up only 0.9% – which is also slower than expected. In early January, tech titan Apple announced declining Chinese demand, and Jaguar Land Rover said it was cutting jobs in China. To stimulate the economy, the People's Bank of China continues to ease capital requirements for banks, a move which could release as much as \$117 billion in lending – but only if there is demand. Debt as a percentage of GDP has soared from 140% of GDP in 2007 to nearly 260% today. (BBC, January 15, 2019)

CHINESE MISSILES CAN SINK AMERICAN CARRIERS

By 2020, China will deploy Dongfeng-17 midrange ballistic missiles capable of destroying U.S. aircraft carriers. China's Dongfeng-17 is armed with a hypersonic gliding warhead that experts say can penetrate all existing U.S. missile defenses. The Dongfeng-17, which was first tested in late 2017, is capable of carrying nuclear warheads and striking any target in the world within an hour. (UPI, January 22, 2019)

NEW MINISTRY OF EMERGENCY MANAGEMENT

China's newly created Ministry of Emergency Management has centralized the disaster-related work previously spread across thirteen separate government departments. It has taken over the duties of the China Earthquake Administration, geological disaster prevention from the Ministry of Land Resources, disaster relief from the Ministry of Civil Affairs, drought and flood control from the Ministry of Water Resources, and firefighting from the military and public security fire departments. The new mega-ministry is now in the process of setting up of 31 province-level emergency management bureaus. (*Singapore Straits Times*, January 23, 2019)

THE PRC'S ARGENTINE SPACE STATION STOKES FEARS OF SECRET OPS

In April, China opened a 200-hectare military-run space station compound with a 16-storey antenna in Patagonia, Argentina. The installation, which has thirty Chinese employees working and living on the site and is surrounded by an 8-foot barbed wire fence, operates without the supervision of the Argentine authorities. In 2016, former foreign minister Susana Malcorra travelled to Beijing to revise the agreement to stipulate that the installation is only for civilian use, but the deal still lacks oversight mechanisms. The facility has prompted suspicion in Washington. A White House spokesman has said: "The Patagonia ground station, agreed to in secret by a corrupt and financially vulnerable government a decade ago, is another example of opaque and predatory Chinese dealings that undermine the sovereignty of host nations." (*South China Morning Post*, January 31, 2019)

U.S. ARRESTS CHINESE "BIRTH TOURISM" OPERATORS

The U.S. Department of Justice has unsealed criminal indictments against 19 people for "conspiracy to commit immigration fraud, international money laundering and identity theft," for running "birth tourism" companies catering to Chinese clients in California. The charges stem from a 2015 raid on dozens of so-called "maternity hotels," where mothers-to-be paid \$15,000 to \$50,000 to give birth in the U.S. so their children can be U.S. citizens. Three Chinese have been arrested, including Li Dongyuan – who the DOJ claims received \$3 million from more than 500 birth tourism customers. Also arrested were Michael Wei Yueh Liu and Jing Dong, whose company, USA Happy Baby Inc. made over \$3.4 million by charging up to \$100,000 per birth. The other 16 people are now fugitives.

Chinese birth tourism operations advertised access to "the most attractive nationality," "better air and less pollution," "priority for jobs in US government," "superior educational resources, including 'free education from junior high school to public high school,'" "a more stable political situation," and the potential to "receive your senior benefits when you are living overseas." The indictments allege that companies instructed women to wear "loose clothing that would conceal their pregnancies" while entering through U.S. immigration. "Some of the wealthy clients of these businesses also showed blatant contempt for the U.S. by ignoring court orders directing them to stay in the country to assist with the investigation and by skipping out on their unpaid hospital bills," said U.S. Attorney Nick Hanna. (CNN, February 2, 2019)

