



# China Reform Monitor No. 1364

March 22, 2019 **Joshua Eisenman**

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## DELAYS IN RUSSIAN MISSILE DELIVERIES TO CHINA

More than a year ago, Russian-made missile interceptors destined for delivery to China for use with its S-400 systems (also acquired from Russia) were "damaged by heavy storm during transportation through the English Channel." New missiles are now being manufactured for China to replace those that were lost, said Rostec General Director Sergey Chemezov. But the timeline on the delivery is uncertain. "The contract was signed a long time ago," Chemezov says. "We should have supplied everything by now. Unfortunately, an accident occurred. The vessel carrying those missiles was caught in a storm. They had to be destroyed, and we are now making new ones." Russia is now scheduled to deliver the missile interceptors to China before the end of 2020, according to Dmitry Shugayev, director of Russia's Federal Service for Military-Technical Cooperation. (Moscow Itar-TASS, February 19, 2019)

## CHINA'S EX-MILITARY CHIEF OF STAFF SENTENCED TO LIFE IN PRISON

A military court has sentenced Fang Fenghui, the former chief of staff of China's Central Military Commission (CMC) Joint Staff Department, to life imprisonment for "accepting and offering bribes, as well as holding a huge amount of property from unidentified sources." Feng was stripped of his political rights and forfeited all his properties and money to the state. Feng, the youngest ever PLA regional commander, led an August 2017 meeting with General Joseph Dunford, the Chairman of the U.S. Joint Chiefs of Staff, which strengthening bilateral military exchanges. Under CMC Chairman Xi Jinping, dozens of high-ranking military officers have been removed for corruption, including Xu Caihou and Guo Boxiong, both former CMC vice chairmen. In October, former Interpol chief Meng Wenghe was also arrested for accepting bribes. (EFE News Service, February 20, 2019; Xinhua, February 20, 2019)

## CHINA TIGHTENS ITS GRIP ON DJIBOUTI

China's Merchants Port Holdings is increasingly asserting control over Djibouti's Doraleh Container Terminal, and the PRC's state-owned China Civil Engineering Construction Corp. and China State Construction Engineering Corp. have built a multipurpose cargo facility there. Last year, the Djiboutian government nationalized the terminal and cancelled Dubai-based DP World's 33% ownership stake, in the facility along with its 25-year concession to run it. Djibouti then sold a 25% ownership stake in the port to China Merchants and brought in other Chinese state enterprises to run it in return for nontransparent investments and soft loans. "We are baffled by the U.S. inaction. All supplies for their base come through the port, and if it falls in Chinese hands, there could be significant problems," lamented one DP World official. (*Wall Street Journal*, February 21, 2019)

## NEPAL POISED TO SIGN ON TO BRI

Nepalese officials are preparing to ink a multi-billion dollar Belt and Road (BRI) deal during meetings in Beijing next month. The north-south rail line connecting the country with China will cost an estimated \$2.6 billion, and the east-west line will cost about \$7 billion, said Raghuraj Mahaseth, Nepal's Minister of Infrastructure and Transport. "Within six months," a construction plan supported with Chinese financing, "maybe in loan, maybe in grant, maybe in both," will be complete, according to Mahaseth. Nepal will use China's rail gauge standards (1435mm) for the planned rail network, rather than those of India (1676mm), which will only be used along the Indian border. But some are voicing concerns about the rail network's viability. "Someone has to foot the bill – either you purchase the railway tickets or you purchase the freight volume," said Srikanth Kondapalli at Jawaharlal Nehru University. Mahaseth, for his part, is adamant that BRI loans will not be unduly burdensome for Kathmandu. (*Nikkei Asian Review*, February 22, 2019)

[EDITOR'S NOTE: The news is indicative of a larger political shift. Since taking power in February 2018, new Nepali Prime Minister K.P. Sharma Oli has been cozying up to Beijing.]

## **CHINA RECRUITS AMERICANS TO SELL ITS "DEMOCRACY"**

China's state media and obscure Western news outlets that channel Beijing's propaganda employ Americans to plant questions at press conferences and provide comments in state media outlets lauding China's "democratic" political system. Colin Linneweber from Chicago appears to be one such recruit. Strolling around the heavily policed Tiananmen Square he comments that the "key to China's success is its system of democracy," and praises the country's "stability." China's official news agency this year put out a video entitled "Chinese democracy in the eyes of an American." According to Chairman Xi Jinping, China is a socialist, consultative democracy, where "orderly participation" is encouraged under the party's control. (*The Economist*, March 7, 2019)