



## China Reform Monitor No. 1373

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### EU: CHINA TECH TRANSFER PROBLEM GROWING

Despite Beijing's vows to continue Reform and Opening Up, 72% of members of the European Union Chamber of Commerce in China said their outlook for the country's regulatory environment is "bleak" and they expected to face more or the same amount of obstacles in the next five years. The Chamber's annual survey showed 20% of members were compelled to transfer technology for market access, up from 10% two years ago. Nearly a quarter of those who reported tech transfers also said they were ongoing, while 39% said the transfers had occurred within the last two years. Those in "cutting edge" industries reported more forced tech transfers – 30% in chemicals and petroleum, 28% in medical devices, and 27% in pharmaceuticals. "Unfortunately, our members have reported that compelled technology transfers not only persist, but that they happen at double the rate of two years ago. It is unacceptable that this practice continues in a market as mature and innovative as China," said the Chamber's Vice President, Charlotte Roule. (Reuters, May 20, 2019)

### CHINA BACKS IRAN AGAINST THE U.S.

"China resolutely opposes the U.S. implementation of unilateral sanctions and so-called 'long arm jurisdiction,' understands the current situation and concerns of the Iranian side, and supports the Iranian side to safeguard its legitimate rights and interests," State Councilor Wang Yi told Iran's foreign minister Mohammad Javad Zarif in Beijing in May. He also said the two countries needed to strengthen their communication and coordination. Amid recent threats from Iran's Revolutionary Guards to close the Strait of Hormuz, through which a significant portion of the world's oil supply flows, Zarif reassured Wang that "the Strait of Hormuz maintains its status as an international transportation channel." (Reuters, May 17, 2019)

### NEPAL PROBES JOURNALISTS FOR DALAI LAMA POSTS

Three journalists with Nepal's national news agency Rastriya Samachar Samiti (RSS) are being probed for circulating a report in April about the Dalai Lama's discharge from a hospital and his return to Dharamshala at the same time that Nepal's president was visiting China and meeting with Chinese President Xi Jinping. The RSS has formed a committee that will report to management which will decide whether to take action against the three. "As the national news agency, we don't carry news that is against the foreign policy of our country and affects the relationship with our neighbors," said RSS Chairman Hari Adhikari. Despite repeated claims that it is committed to the one-China policy, Nepal, home to around 20,000 Tibetans, is under constant pressure from China to constraint and monitor its behavior vis-à-vis Tibet. (Agence France-Presse, May 14, 2019)

### NEPAL BANS CHINESE DIGITAL WALLET

Nepal has banned Alipay and WeChat to prevent foreign currency earnings from tens of thousands of Chinese tourists from flowing back to China. Over 150,000 Chinese holidaymakers visited Nepal last year, many using Alipay and WeChat to pay in Chinese-owned hotels, restaurants and shops in tourist areas. But when the actual transactions take place in China, Nepal loses out on badly needed foreign currency reserves. "We have enforced a ban on Alipay and WeChat Pay because the country is losing foreign currency earnings through its usage. Action will be taken if anyone is found using the platforms," said a spokesman for Nepal's central bank. (Agence France-Presse, May 22, 2019)

### FARMERS PROTEST KENYA-CHINA AVOCADO DEAL

Kenyan avocado farmers want a trade deal signed with China reviewed to redress onerous market entry rules imposed by Beijing. Under the deal, Kenyan farmers and traders must freeze their fruit to negative 30 degrees Celsius, then peel off the skin, and chill to negative 18 degrees for transit. "We wonder why they have put such stringent measures that many of us cannot meet. When the deal was signed we were very optimistic that we would finally get ample market for our produce. It seems we were wrong," said one avocado farmer. Another said the trade deal would be worthless if the rules were not changed: "President Kenyatta meant well when he signed the deal. We therefore as farmers are appealing to him to intervene so that the stringent rules can be relaxed." The Kenya Plant Health Inspectorate Service, the government bureau tasked with enforcing the conditions, agreed that it will limit small-scale farmers access to China's market. (*The Standard*, May 17, 2019)