



## China Reform Monitor No. 1381

August 20, 2019 **Joshua Eisenman**

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### PAKISTAN'S ECONOMIC PROBLEMS...AND CHINA

Seeking to avert a debt crisis and secure a \$6 billion bailout from the International Monetary Fund, Pakistani Prime Minister Imran Khan has unveiled an austerity budget. "Pakistan is facing significant economic challenges on the back of large fiscal and financial needs, and weak and unbalanced growth," notes IMF acting managing director David Lipton. Economic growth is expected to fall to 2.4 percent this year, and recovery is unlikely given the country's weak manufacturing sector. Khan's austerity budget set a tax revenue target of \$37.7 billion – an increase of more than 30 percent over 2018. "Their target is Herculean; it just doesn't seem realistic," says economist Asad Sayeed. Islamabad, however, denies that the country's massive debt burden is connected to China's \$62 billion in BRI loan-for-infrastructure deals. (*Financial Times*, July 5, 2019)

### ONLINE PLATFORMS FINED FOR PUBLISHING "ILLEGAL" NEWS

The Cyberspace Administration of China (CAC), China's top Internet regulator, has fined two online platforms for unauthorized news and "illegal" news-gathering. One English-listening skills app and website is said to have "set up a comprehensive news section without authorization and reposted a large amount of overseas political news in violation of regulations." The second offender, financial news portal Laohucaijing.com, was cited for "exposing inside information, rehashing old news and automatically retrieving news in violation of regulations." The Shanghai CAC Office summoned leaders from the two online platforms and ordered them to "stop violating laws and regulations immediately and carry out comprehensive and in-depth rectification." The two websites paid the fines, and promised to strictly implement the CAC's guidelines. (*The Paper*, July 15, 2019)

### CHINA'S XI LEANS ON LOCAL CONGRESSES

Communist Party of China (CPC) Chairman Xi Jinping has called on local People's Congresses and their Standing Committees to "do a good job of legislative and supervisory work." Wang Chen, a member of the CPC Central Committee Political Bureau, conveyed Xi's "important written instructions" at a symposium held to commemorate the 40th anniversary of the establishment of the Standing Committee of local People's Congresses in Beijing. Li Zhanshu, a member of the Standing Committee of the CPC Central Committee Political Bureau, exhorted attendees at the meeting to "deeply study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era." (Xinhua, July 18, 2019)

### ZIMBABWE DANGLES LAND TO LURE CHINESE INVESTORS, TOURISTS

To attract Chinese investors and tourists, the African nation of Zimbabwe is offering thousands of hectares of land in Victoria Falls and the country's north. Government incentives include a five-year tax holiday, duty free capital equipment importation, and "flexible registration procedures" for Chinese to enter the area. "The nature of investments that we are looking for are ranging from a golf course, hotels, financial services hub, boat cruising and a convention center among other things," said Tongoono Chitando of the Zimbabwe Special Economic Zones Authority. A delegation of political leaders and investors from Zhejiang province is visiting the country and has reportedly shown interest. (*New Zimbabwe*, July 29, 2019)

### MALAYSIA RECOVERS MILLIONS FOR CANCELLED PIPELINE

Malaysia has ordered HSBC to return 1 billion Ringgit (\$238 million) in unused funds held by the China Petroleum Engineering Ltd. for a cancelled pipeline project. The seized monies had yet to be spent for the controversial pipeline project, which was scrapped on suspicion of fraud after Prime Minister Mahathir Mohamad took power in July 2018. "For the part that they have not delivered the government is claiming back the money... When a contract is given and the contractor does not use the money given to them for constructing the whole project and if the rest is not constructed then the government is entitled to get back the money," affirmed the Prime Minister. (*Malay Mail*, July 15, 2019)