



## CHINA REFORM MONITOR

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September 20, 2019 **Joshua Eisenman**

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### **MASSIVE DRUG BUST UNCOVERS ENOUGH CHINESE FENTANYL TO KILL 14 MILLION**

Law enforcement officials in Virginia have taken down a vast drug ring and seized 30 kg of Chinese fentanyl. More than 120 officers from 30 federal, state and local agencies in Virginia, North Carolina and Texas also seized 24 guns, large quantities of heroin and cocaine and more than \$700,000. One of the 39 people charged is accused of ordering the fentanyl from a vendor in Shanghai and then "mailing through the US Postal Service to Newport News," said G. Zachary Terwilliger, the U.S. Attorney for the Eastern District of Virginia. "We have to get the Chinese to stop doing this [and] we also have to get really good at detecting it in the [mail]." Last year, bipartisan legislation approved a measure to get the post office to screen overseas packages for fentanyl. U.S. lawmakers are now backing additional legislation that would "hold China accountable" by sanctioning its laboratories and fentanyl dealers. The synthetic opioid is responsible for tens of thousands of American deaths each year. (*South China Morning Post*, August 30, 2019)

### **CHINA CLAIMS IT WILL CRACKDOWN ON FENTANYL**

China will crackdown on fentanyl production across twelve provinces over the next three months, stepping up patrols and increasing border checks of international mailing, announced. Liu Yuejin, vice-commissioner of the Ministry of Public Security's drugs control commission. Liu said China was working with the U.S. to curb the illicit fentanyl flow, but that "the US has not properly solved the abuse of fentanyl in the United States, and never done a proper investigation on the origin of fentanyl. Instead, it throws mud at us. This is not the right way to solve the problem, and it should not be mixed with the China-U.S. trade negotiations – it's a totally unrelated issue." Liu also denied that Chinese firms are transshipping fentanyl through Mexico to obscure the drug's origin. (*South China Morning Post*, September 3, 2019)

### **CHINA FACES WORLD'S LARGEST HEP C EPIDEMIC: WHO**

In June, China recorded 21,419 new cases of Hepatitis C and 14 deaths related to the disease, which can lead to cirrhosis and liver cancer if left untreated. The nation is home to more than half of the world's hep C-related liver cancer fatalities – with rural areas particularly hard hit. In 2018, China had 219,375 new cases, a 43% increase over 2010, and the country now has an 8.9 million people with hep C. The disease is spread by needles and a major contributor is "unsterile medical injections which are often administered for unnecessary reasons." Injecting crystal meth, which has spread rapidly in recent years, is also to blame. Three new drugs were approved by China's Food and Drug Administration in 2017 to treat hep C, but they are not covered under China's basic medical coverage. Last year, just 3.5% of infected people received treatment. (CNN, September 6, 2019)

### **CHINA TO DROP ALL DUTIES AT SHANGHAI FREE TRADE ZONE**

China will drop all duties and cut red tape at the Shanghai Free Trade Zone (FTZ) in order to reinject enthusiasm into the initiative, which was hailed as one of China's boldest reforms when it was launched in 2013. The new plan was discussed during Premier Li Keqiang's visit to Shanghai in late July, and last month at the annual Beidaihe gathering. Under the plan, foreign firms will not pay customs duties for goods transiting the zone, can store merchandise temporarily without customs clearance and enjoy simplified customs procedures. If successful, the measures could be rolled out to other FTZs around the country. But critics remain doubtful whether FTZs can resolve longstanding complaints from foreign businesses that they face an uneven playing field in China. (Reuters, August 5, 2019)

### **NEW PILOT FTZs CHRISTENED IN YUNNAN AND GUANGXI**

Two new pilot FTZs have been launched in Yunnan and Guangxi and six more are being built in Shandong, Jiangsu, Guangxi, Hebei, Yunnan and Heilongjiang, bringing the total number of new free trade zones erected in China since 2013 to 18. Yunnan's FTZ covers parts of Kunming, Honghe Hani and Yi Autonomous Prefecture, which neighbors Vietnam, and Dehong Dai and Jingpo Autonomous Prefecture, which borders Myanmar. The goal to increase cross-border business with South Asia and Southeast Asia. Guangxi's pilot FTZ will focus on financial services, logistics, the digital economy, emerging manufacturing industries, port shipping logistics, international trade, components of new energy vehicles and cross-border tourism. "A prominent feature of the new round of development is balanced opening-up, which will be extended to the central and western regions," said Ge Hongliang of the Guangxi University for Nationalities. (*China Daily*, September 2, 2019)