



CHINA REFORM MONITOR

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CHINA FACES CALLS FOR BRI DEBT RELIEF

China is facing calls for debt relief from crisis-hit countries along the "Belt and Road." "We understand a lot of countries are looking to renegotiate loan terms," said a researcher at the China Development Bank (CDB), which has loaned hundreds of billions of dollars for BRI projects around the world. "[But] BRI loans are not foreign aid. We need to at least recoup principal and a moderate interest. It is OK for 20 percent of our portfolio projects to have problems. But we can't tolerate half of them going under." According to Mei Guanqun of the China Center for International Economic Exchanges, "China's commercial banks are unlikely to forgive loans because they are under pressure from Beijing to meet financial targets." CDB and the Export-Import Bank of China, commonly known as China ExIm, prefer to deal with debt relief requests by suspending interest payments on loans, and may allow some "friendly" borrowers to reschedule their loans. Debt forgiveness, however, is a last option. (*Financial Times*, April 31, 2020)

PAKISTAN ORDERS THE RESUMPTION OF BRI PROJECTS

Pakistan will resume all infrastructure and energy projects related to China's Belt and Road Initiative (BRI). Work on the China-Pakistan Economic Corridor, a major piece of the BRI, was halted in February when COVID19 began spreading in Pakistan. "Mechanisms have been established to complete all corridor projects on time," Pakistan's Ambassador to China, Naghmana Hashmi, has vowed. Still, amid the virus crisis some in Pakistan have begun questioning the economic viability of some BRI projects. The Planning Commission of Pakistan, for instance, has asked Pakistan Railways to reevaluate a nearly \$9 billion Chinese loan for the expansion and reconstruction of the ML-1, as the Karachi-Peshawar Railway Line is commonly known. Ninety percent of the ML-1's funding will come from the Chinese loan, which the commission fears will saddle Islamabad with debt that the government can ill-afford to repay. Pakistan recently secured a \$1.39 billion disbursement from the International Monetary Fund to fight COVID19. (*Nikkei Asian Review*, April 22, 2020)

CHINA'S EMBASSY TO TWITTER: UPHOLD "FREEDOM OF SPEECH"

On April 13th, social media platform Twitter suspended the official account of China's Embassy in Sri Lanka (@ChinaEmbSL) without notice. The next day, Twitter apologized, characterized the service suspension as a "systematic mistake," and restored the Embassy's account. Still, in a subsequent tweet the Chinese Embassy accused Twitter of a "double standard" and demanded that it uphold "freedom of speech." Twitter is banned in China. (*TechDirt*, April 21, 2020)

NETHERLANDS CHANGES NAME OF REPRESENTATIVE OFFICE IN TAIWAN

The Netherlands Trade and Investment Office in Taiwan has changed its name to the Netherlands Office Taipei, prompting Beijing to demand clarification and claiming the office's renaming "affected the country's core interests." The name change, along with thousands of tulips and stroopwafels, came as a gesture of gratitude to Taiwan for donating face masks to help the country's fight against COVID19. (*Taiwan News*, April 28, 2020)

INDIA IMPLEMENTS NEW RULE TO DETER CHINA'S CORPORATE TAKEOVERS

To protect Indian companies that have been hit financially by COVID19, New Delhi is implementing new foreign investment rules to guard against corporate takeovers by state-backed Chinese investors. The new rules, which require any entity with a "beneficial ownership" linked to Beijing to receive New Delhi's approval before investing in an Indian company, was introduced after the People's Bank of China increased its share in Indian mortgage company Housing Development Finance Corp. Chinese tech groups Alibaba and Tencent have stakes in many of India's biggest start-ups, including payments platform Paytm and ride-sharing platform Ola. Out of India's 30 "unicorn" – private companies that are valued at \$1 billion – 18 are funded either by big Chinese tech companies or venture capital funds. (*Financial Times*, April 29, 2020)