



## China Reform Monitor No. 1436

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### **CHEATING, PLAGIARISM TO BE PUNISHED UNDER SOCIAL CREDIT SYSTEM**

China will incorporate instances of cheating and plagiarism at universities into its national social credit system, which determines whether people can access public transport, mortgages, universities and promotions based on their behavior. "We will make any fraudulent acts involving degree papers part of one's credit to be included in the national information-sharing platform," read a joint statement issued by the National Development and Reform Commission and the ministries of education and finance. By the end of 2019, China's social credit system, which was rolled out in select regions beginning in 2009 and kicked off as a national pilot program in 2014, covered 1.02 billion people. By the end of this year, the system will blanket the whole of the country. Local systems, such as in Guangzhou, have already begun penalizing cheaters. By June 2019, those blacklisted as "untrustworthy" had been denied 26.82 million plane tickets and 5.96 million high-speed rail tickets. (*Business Insider*, September 24, 2020)

### **CHINA'S CORN CRISIS CONTINUES**

Corn prices have hit an eight-year high following typhoons and floods that flattened thousands of hectares in China's northeast corn belt. Last month, the official corn output forecast for 2020 was cut by 1.8 million metric tons, to 265 million metric tons. This month, the bidding price for corn in Heilongjiang, China's largest corn-producing region, was up 30 percent over last year. Although China has auctioned 560 million metric tons of corn reserves to calm supply concerns this year, only around 200 million metric tons had reached the market. The State Council has responded by banning all farmers from "irrationally hoarding" grain. (*South China Morning Post*, September 24, 2020)

### **CHINA'S FISHING FLOTILLA NEARS PERU'S WATERS**

For weeks, a fleet of "more than 300 Chinese-flagged vessels with a record of changing boat names and deactivating GPS trackers" logged more than 73,000 hours scouring the sea on the southern limit of the territorial waters of the Galápagos Islands. Having already pulled up thousands of tons of squid and fish, this week the armada sailed toward Peru's territorial waters. "Overfishing can cause huge ecological and economic damage. Peru cannot afford such a loss," the U.S. embassy in Lima's official Twitter account warned in Spanish. China's embassy responded with its own Tweet insisting that its fishing boats "strictly obeyed Peruvian laws and limited itself to operating in the high seas." For its part, Lima expressed "unease" at the U.S. embassy tweet because the Chinese fleet was outside the country's territorial waters, but added that Peru would "defend its sovereignty and natural resources, and equally firmly prevent, discourage and eradicate illegal fishing." (*Guardian*, September 25, 2020)

### **KENYA FACES FISCAL CRISIS DUE TO SGR LOAN**

Over the last three years (up to May 2020), Kenyan taxpayers have plugged the standard gauge railway's (SGR) \$200 million operating loss. Moreover, Kenya Railways Company was supposed to pay the China Road and Bridge Corp. \$1 million per month to run the SGR, but because it is unprofitable Nairobi has racked up another \$380 million in unpaid bills on the line. Further still, the five-year grace period on Kenya's \$3 billion loan from the China Exim Bank expired last year and the country is now repaying what it borrowed to build the SGR. The result is that, amid the COVID19 pandemic, Nairobi's payments to the China Exim Bank have more than doubled, from \$285 million last year to \$658 million in the current fiscal period. (*Business Daily Africa*, September 24, 2020)

### **KENYAN MPS URGE CHINA TO RENEGOTIATE DEB**

Kenya must renegotiate the \$4.5 billion loan it took from China to build the \$3.2 billion SGR railway between Mombasa and Nairobi, and cut its operating costs by half, a leading parliamentary committee has said. Kimani Ichung'wa, chair of the Parliamentary Budget Committee, said: "There are some investment decisions we have taken that are not in the best interest of the country, so it is time we start re-evaluating them and renegotiating. It is very easy to resolve this issue of loan repayment by just sitting down with the Chinese and telling them we made a mistake. We owe you all this money but you are also demanding so much from us in terms of repayment. This is a debt. Look, our economy is beaten and we are not able to pay. We are not saying the debt is not there, but we simply want to renegotiate what we owe you and the terms of payment." Kenya's Mombasa Port is the collateral on the SGR loan. (*Global Construction Review*, September 25, 2020)