



## China Reform Monitor No. 1437

October 6, 2020 Joshua Eisenman

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### **GAMBLING, CRYPTOCURRENCY SHIP \$145 BILLION OUT OF CHINA ANNUALLY**

Each year, at least 1 trillion RMB (\$145.5 billion) flows out of China via gambling, Liao Jinrong, a Ministry of Public Security official, has told a gathering in Beijing. Although casinos are illegal in mainland China, illicit gambling operations use digital currencies to pool and transfer funds, making it hard to trace the actual source. Liao said such transfers are a national security threat due to the possibility of collusion between gambling gangs and "foreign powers." He called for strict inspections and checks on payment services, including requiring account holders to use their real names, and closing gaps in the supervision of payment service providers, merchants, and e-commerce platforms. Mainland gamblers have long been a key revenue stream for Macao; the city's gaming revenue is expected to fall 80% in the third quarter of 2020. (*South China Morning Post*, September 25, 2020)

### **QUAD TACKLES CHINA'S DISINFORMATION**

Australia, the U.S., Japan and India will work together to fight Chinese disinformation and establish trusted supply chains for critical minerals and technologies, including 5G. The coordinated pushback against Beijing comes in response to the rapid expansion of fake news emanating from China in the COVID era. Australian Foreign Minister Marise Payne warned that Beijing is undermining democracy and sowing "fear and division," and formally requested that disinformation be added to the agenda at the upcoming foreign ministers Quadrilateral Security Dialogue in Tokyo. For its part, China has criticized the Quad as an "exclusive clique" that targets "third parties." (*The Australian*, October 2, 2020)

### **POMPEO URGES VATICAN TO CONDEMN CHINA'S HUMAN RIGHTS ABUSES**

Speaking with top Vatican officials in attendance, U.S. Secretary of State Mike Pompeo called on the Church to be at the forefront of the fight for human rights in China. "Nowhere is religious freedom under assault more than in China," Pompeo told a conference on religious freedom organized by the U.S. Embassy to the Holy See. He said Beijing is working "day and night to snuff out the lamp of freedom, especially religious freedom, on a horrifying scale." "To be a church 'permanently in a state of mission' has many meanings. Surely one of them is to be a church permanently in defense of basic human rights," he said. The visit occurred just as the Vatican is beginning negotiations with Beijing on extending their agreement on selecting bishops in China. Neither speaker from the Vatican mentioned China in his remarks. (Associated Press, September 30, 2020)

### **G7 MINISTERS PRESS BEIJING ON DEBT RELIEF FOR POOR NATIONS**

The G7 nations – Britain, Canada, France, Germany, Italy, Japan, and the U.S. – are criticizing China for not implementing the G20 Debt Service Suspension Initiative (DSSI) relief program for poor nations. In a thinly veiled swipe at China, G7 ministers released a joint statement that said they "strongly regret the decision by some countries to classify large state-owned, government-controlled financial institutions as commercial lenders and not as official bilateral creditors." Beijing did this "without providing comparable treatment nor transparency, thus significantly reducing the magnitude of the initiative and the benefits of the DSSI for developing countries." Japan's Finance Minister, Taro Aso, was more blunt: "China's participation in the DSSI is totally insufficient." Between May and December, 70%, or \$7.17 billion, of the total amount of debt payments from the 43 poor countries part taking part in the DSSI plan went to China. Next year, that figure will rise to 74% of that total, or \$10.51 billion. (*South China Morning Post*, September 29, 2020)

### **CHINA HOLDS SIMULTANEOUS NAVAL DRILLS**

Amid rising regional tensions, the PLA is holding a half-dozen simultaneous military exercises along different parts of its coast – two are near the disputed Paracel Islands, one is in the East China Sea, another is north in the Bohai Sea, and a live-fire exercise in the Yellow Sea. This is the second time in two months the PLA will hold concurrent drills, which had been rare. The U.S. military sent aircraft into China's "no-fly zone" during at least one of the live-fire military drills prompting "stern representations." Meanwhile, the U.S. Department of State accused China of "pursuing a reckless and provocative militarization" of the South China Sea and claimed Beijing "does not honor its words or commitments." (Al Jazeera, September 28, 2020)