

# China News Digest

June 06, 2017



Leite, Tosto e Barros  
A D V O G A D O S

## Contents

<b>Latest news .....</b>	<b>01</b>
Trade between China and Portuguese-speaking countries grows 43% in Q1 .....	01
EMERGING MARKETS - Emerging assets weaker with eye on China and Brazil .....	02
Brazil/China Fund to start operating next week .....	03
China defends tariffs on sugar imports, says will maintain fairer trade .....	04
China downgrade shows emerging market ratings stuck in reverse .....	05
<b>Recent background .....</b>	<b>06</b>
ICC expands in Brazil .....	06
Argentina Sheds Brazil Contagion, Woos China .....	07
Brazil's Economy: Canary in the Global Economy Coalmine? .....	08
Chinese firms should prepare to deal with fallout from mounting crisis in Brazil .....	09
China Proposes Yoking Together Silk Road Project with EU's Juncker Plan .....	10
Which countries are the best picks for Latin America investors? .....	11
What China is Working On Behind the Scenes In Latin America .....	12
China set to invest massively in Latin America and the Caribbean .....	13
Why Argentina's Macri Switched Gears on China, Now His Favorite Business Partner .....	14
China's "Belt and Road": The Recreation of the Ancient Silk Road .....	15
Moving on from China in Latin America .....	16

## LATEST NEWS

### Trade between China and Portuguese-speaking countries grows 43% in Q1

<https://macauhub.com.mo/2017/05/17/comercio-entre-china-e-paises-de-lingua-portuguesa-cresce-43-no-1-o-trimestre/>

17 May 2017, *Macauhub*

#### Abstract:

Trade between China and Portuguese-speaking countries reached US\$23.97 billion in the first quarter of the year, an increase of 43.33% compared to US\$ 16.72 billion in the same period of 2016, according to figures from Forum Macau.

With Brazil, China's largest trading partner in the world, trade reached US\$16.77 billion (+44.61%), with China selling US\$5.62 billion's worth of goods (+32.42%) and buying Brazilian products worth US\$11.15 billion (+51.64%).

## **EMERGING MARKETS - Emerging assets weaker with eye on China and Brazil**

<https://www.reuters.com/article/emerging-markets-idUSL8N1IP1MG>

23 May 2017, *Reuters*

### **Abstract:**

Emerging markets slipped on Tuesday after weaker Chinese import data hinted at economic slowdown in the world's second-largest economy and Brazil, in political turmoil, was threatened with a credit ratings downgrade.

MSCI's benchmark emerging market stocks index eased 0.2 percent after two days of gains, and major emerging currencies such as the Turkish lira and South African rand weakened against the dollar.

"One thing we are keeping an eye on is what's happening in China where the recovery seems to have peaked. We expect the slower data to continue in coming quarters and that could have repercussions on emerging markets as a whole," said William Jackson, senior emerging markets economist at Capital Economics.

## **Brazil/China Fund to start operating next week**

<https://macauhub.com.mo/2017/05/25/pt-fundo-brasilchina-comeca-a-funcionar-na-proxima-semana/>

25 May 2017, *Macauhub*

### **Abstract:**

The Brazil/China Cooperation Fund for the Expansion of Productive Capacity with a budget of US\$20 billion, announced in Brasilia on 26 June, 2015, will start operating next week, according to a statement from the Brazilian federal government.

The agreement to establish the fund was reached during the meeting of the Sino-Brazilian High Level Committee for Coordination and Cooperation (Cosban), which established that China would be responsible for US\$15 billion and Brazil the remaining US\$5 billion.

## China defends tariffs on sugar imports, says will maintain fairer trade

<http://www.reuters.com/article/us-china-sugar-imports-idUSKBN18LOER>

25 May 2017, *Reuters*

### Abstract:

China's recent decision to impose extra tariffs on sugar imports would help maintain a fairer market and trade, the Chinese commerce ministry said on Thursday, its first comment on the safeguards announced earlier this week.

The comments followed criticism of the decision by major sugar exporter Brazil, which an industry group said is set to suffer a sharp reduction in exports because of the Chinese tariffs.

## China downgrade shows emerging market ratings stuck in reverse

<http://economictimes.indiatimes.com/news/economy/indicators/china-downgrade-shows-emerging-market-ratings-stuck-in-reverse/articleshow/58830050.cms>

24 May 2017, *The Economics Times*

### Abstract:

A Moody's downgrade on China on Wednesday and the likelihood that Brazil and South Africa face further rating cuts in the coming months is highlighting how emerging market credit quality remains stuck in reverse.

Since the start of 2014, Reuters analysis shows that the big three rating agencies - S&P Global, Moody's and Fitch - have racked up more than 150 emerging market downgrades between them.

## RECENT BACKGROUND

### ICC expands in Brazil

<https://www.cdr-news.com/categories/people-and-firms/featured/7286-icc-expands-in-brazil>

17 May 2017, *CDR News*

#### Abstract:

The ICC International Court of Arbitration has expanded its presence in Brazil with the establishment of a case management team located in São Paulo.

According to the World Bank's 2017 Doing Business Report, which ranks global economies on drivers such as their legal systems, investor protections and trade, Brazil placed 124th out of the 190 countries surveyed, and was noted for its efforts in expanding its ADR framework with a view to making it easier to enforce contracts.

In recent ICC International Court of Arbitration statistics, Brazil ranked third in the court's top-10 list of parties involved in ICC arbitrations – equating to 30% of all parties in the Latin American and Caribbean region.

## Argentina Sheds Brazil Contagion, Woos China

<http://www.barrons.com/articles/argentina-sheds-brazil-contagion-woos-china-1495206013>

19 May 2017, *Barron's*

### Abstract:

Argentina's companies, with end markets in the United States and Brazil, may face heightened political risk from widening corruption investigations in Brazil.

But Latin American equities are on the rebound today after Brazil's big selloff Thursday after President Michel Temer's tenure was called into question by a wire tap that allegedly records him condoning hush money payments. Temer denied the charges and balked at the suggestion that he step down.

## Brazil's Economy: Canary in the Global Economy Coalmine?

<http://www.telesurtv.net/english/opinion/Brazils-Economy-Canary-in-the-Global-Economy-Coalmine-20170522-0002.html>

22 May 2017, *telesur*

### Abstract:

No country reflects the condition and fate of emerging market economies, EME, better perhaps than Brazil.

It's both a major commodity and manufactured goods exporting EME. It's also recently become a player in the oil commodity production ranks of EMEs. Its biggest trading partner is China, to which it sells commodities of all types – soybeans, iron ore, beef, oil and more.

With nearly 10 percent inflation thus far in 2015, and with unemployment almost doubling, from a January 4.4 percent to 8.3 percent at latest estimate for July, Brazil has become mired in a swamp of stagflation – i.e. rising unemployment and rising inflation. With more than 500,000 workers laid off in just the first half of 2015, it is not surprising that social and political unrest has been rising fast in Brazil.

## **Chinese firms should prepare to deal with fallout from mounting crisis in Brazil**

<http://www.globaltimes.cn/content/1048737.shtml>

25 May 2017, *Global Times*

### **Abstract:**

Brazil's political crisis is escalating, affecting the country's economic and social stability, and Chinese companies and investors should be prepared to guard against potential risks in the country.

The Chinese Embassy in Brazil recently issued a safety warning, advising Chinese citizens and firms to pay attention to the situation, raise their security awareness and avoid crowded places in the coming six months. The warning was released amid rising security concerns and large-scale street protests demanding the resignation of Brazilian President Michel Temer.

## China Proposes Yoking Together Silk Road Project with EU's Juncker Plan

<http://www.laht.com/article.asp?ArticleId=2436475&CategoryId=12396>

18 May 2017, *Latin American Herald Tribune*

### Abstract:

China's President Xi Jinping proposed aligning the New Silk Road initiative with a European Union infrastructure investment plan in order to infuse fresh momentum into the country's ties with the EU, state media reported on Tuesday.

According to the Xinhua news agency, Xi unveiled the proposal during a meeting with Italian Prime Minister Paolo Gentiloni, who was in Beijing to attend the Belt and Road Forum that concluded on Monday.

"China hopes Italy can play a positive role within the European Union in order to safeguard the development of China-EU ties," said Xi.

## Which countries are the best picks for Latin America investors?

<https://www.fundstrategy.co.uk/countries-best-picks-latin-america-investors/>

16 May 2017, *Fund Strategy*

### Abstract:

While Latin America has enjoyed a recent period of growth, the political changes of the region's main trade and investment partner, the United States, has left many questioning whether the outlook for markets. In our view, there are still opportunities for investors to tap into Latin America's growth potential, so long as they keep two clear risks in mind.

## What China is Working On Behind the Scenes In Latin America

<https://fronteranews.com/news/latam/what-china-is-working-on-behind-the-scenes-in-latin-america/>

14 May 2017, *Frontera*

### Abstract:

Major countries like Russia, China, and Iran are seeing a golden opportunity for growth in Latin American countries. These countries view Latin America as a land full of abundant natural resources. All these countries have a large appetite for sourcing raw materials like iron, soybeans, copper and oil from this region. These raw materials make up nearly 75% of Latin America's (ILF) exports to China (FXI). For China, it's a double advantage to invest in this region as it also opens Latin American markets for Chinese manufactured goods.

## China set to invest massively in Latin America and the Caribbean

<http://www.caribbeannewsnow.com/topstory-China-set-to-invest-massively-in-Latin-America-and-the-Caribbean-34535.html>

25 May 2017, *Caribbean News Now*

### Abstract:

Historically, Latin America and the Caribbean have long looked to the US for support in terms of trade and investment, yet have often been left wanting. Now good times seem to be on the horizon, thanks to the promise of truly massive Chinese investment and trade that will completely overhaul and regenerate both regions in the coming years.

## Why Argentina's Macri Switched Gears on China, Now His Favorite Business Partner

<http://www.worldpoliticsreview.com/articles/22237/why-argentina-s-macri-switched-gears-on-china-now-his-favorite-business-partner>

23 May 2017, *World Politics Review*

### Abstract:

Argentina's president, Mauricio Macri, was in Beijing last week to attend China's enormous One Belt, One Road summit and sign several agreements with his Chinese counterpart, Xi Jinping. Nearly 30 heads of state and senior representatives of at least 20 other countries attended the summit, where Chinese officials presented their vision for building massive infrastructure projects in many parts of the globe.

The agreements between Macri and Xi covered more than \$30 billion of Chinese investments in Argentina on everything from energy and agriculture to transportation and mining, capped by a Chinese plan to build two nuclear power plants at a cost of \$12.5 billion. In his third meeting with Xi in just the past 13 months, Macri called China a "strategic partner" and said he wants to be a reliable friend.

## China's "Belt and Road": The Recreation of the Ancient Silk Road

<http://www.globalresearch.ca/chinas-belt-and-road-the-recreation-of-the-ancient-silk-road/5591070>

16 May 2017, *Global Research*

### Abstract:

This modern recreation of the Ancient Silk Road essentially traversed the route Marco Polo traveled centuries ago, and today includes arrangements for building highways, seaports and other infrastructure crucial for opening up trade throughout Central Asia and connecting that vast area through Central Europe into Western Europe - and beyond - as far as Latin America and Africa. The project will implement the construction of infrastructure crucial to facilitate modern trade, investment and economic-development, and will include other facilities indispensable for international commerce.

## Moving on from China in Latin America

<https://bluenotes.anz.com/posts/2017/05/moving-on-from-china-in-latin-america>

19 May 2017, *BlueNotes*

### Abstract:

With the world economy increasingly hitched to (or shunted by) the Chinese economic locomotive, it's notable China's trade with South America grew about 25 times between the year 2000 and 2013, almost hitting \$US100 billion.

In 2015, Chinese President Xi Jinping announced plans to invest \$US250 billion in Latin America over the coming decade. Soon after Donald Trump won last year's US Presidential election, Xi was back making his third visit to South America since taking office.