

China News Digest

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

Contents

Latest news 01

China firms, foreign funds seen likely bidders for Brazil's Eletrobras, Cemig assets 01

Emerging Markets Today: Qatar Downgrade, India Rates, China Reserves, Brazil & Alibaba 02

Chile, China moving ahead with underwater fiber optic cable connection 03

China, Brazil launch new investment fund 04

Brazil signs agreement with China and others to obtain 5G technology 05

Brazil seeks OECD membership to impress investors 06

Recent background 07

Four BRICs don't quite make a wall 07

China leads growth in global investment - UN 08

China Makes a Power Play in Brazil and Argentina09

Latin America should not be left out of B&R initiative10

Why China is EM and vice versa 11

LATEST NEWS

China firms, foreign funds seen likely bidders for Brazil's Eletrobras, Cemig assets

<https://www.dealstreetasia.com/stories/china-firms-foreign-funds-seen-bidders-eletrobras-cemig-assets-74598/>

8 June 2017, *DealStreetAsia*

Abstract:

Chinese power utilities and foreign investment funds are seen as the likely bidders in upcoming asset sales in Brazil's electricity industry, as debt-laden state utilities seek to root out years of political mismanagement and balance sheet overstretching, according to lawyers familiar with the market.

Emerging Markets Today: Qatar Downgrade, India Rates, China Reserves, Brazil & Alibaba

<http://www.barrons.com/articles/emerging-markets-today-qatar-downgraded-india-rates-static-china-reserves-rise-then-theres-brazil-1496874085>

8 June 2017, *Barron's*

Abstract:

China stocks got a rise on positive foreign reserve data. The iShares MSCI China Large-Cap ETF (FXI) was lower but other China ETFs moved higher.

As for Brazil: the iShares MSCI Brazil Capped ETF (EWZ) was up 0.2% Wednesday after a judge delayed the vote that could unseat President Michel Temer on allegations of using illegal campaign donations, the BBC reports and the court is split, Reuters reports. Brazil may roll back environmental protections after the United States stepped away from climate change targets in the Paris Accord, AP reports via *U.S. News & World Report*.

Chile, China moving ahead with underwater fiber optic cable connection

http://news.xinhuanet.com/english/2017-06/08/c_136349897.htm

8 June 2017, *Xinhuanet*

Abstract:

The Chilean government announced Wednesday that it is working with China to install an underwater fiber optic cable between the two countries.

At a press conference, Under-Secretary for Telecommunications Rodrigo Ramirez said the project shows China views Chile as a bridge to Latin America. “Through here, the largest flow of information and data will be passed.”

It would be the first underwater fiber optic cable to directly connect Asia with Latin America and would help drive interconnectivity, trade, investment, as well as scientific and cultural exchanges between two continents.

China, Brazil launch new investment fund

http://usa.chinadaily.com.cn/world/2017-06/05/content_29627252.htm

6 June 2017, *China Daily*

Abstract:

Brazilian and Chinese officials have launched a joint Brazil-China investment promotion fund to increase productive capacity.

Representatives from Brazil's Ministry of Planning and the China Latin American Industrial Cooperation Investment Fund made the announcement on May 30, at the 2017 Brazil Investment Forum in Sao Paulo.

The fund, now in operation, will have an initial sum of \$20 billion to finance investment projects in Brazil that are of interest to both countries.

Brazil signs agreement with China and others to obtain 5G technology

http://www.chinadaily.com.cn/bizchina/tech/2017-06/09/content_29681904.htm

6 June 2017, *China Daily*

Abstract:

The Brazilian government has signed an agreement with China, the EU, the US, Japan and South Korea to bring 5G cellphone technology to the country, official sources announced Thursday.

In a statement, the Ministry of Science and Technology said the agreement had been signed by Project 5G Brazil, made up of 18 government entities, companies and research centers, with the participation of the Ministry.

Brazil seeks OECD membership to impress investors

<http://plus55.com/brazil-business/2017/05/brazil-oecd-membership-investors>

30 May 2017, *plus55*

Abstract:

On Monday, Brazil has entered with a formal request seeking membership at the Organization for Economic Co-operation and Development (OECD). In a letter to Secretary-General Angel Gurría, Brazil said that joining the organization “is part of a wider strategy of the Brazilian government to consolidate a path for sustainable and inclusive development.”

Still battling its worst recession in history, Brazil wants to send a positive message to investors. While previous administrations have focused on relations with developing nations, Michel Temer’s government wants to strengthen ties with the U.S. and Europe.

RECENT BACKGROUND

Four BRICs don't quite make a wall

<http://www.economist.com/news/finance-and-economics/21723133-brazil-russia-india-and-china-have-done-even-better-forecastthanks-mainly>

8 June 2017, *The Economist*

Abstract:

EMERGING markets have been through a lot over the past four years. The “taper tantrum” in 2013 (prompted by fears of a change in American monetary policy); the oil-price drop in 2014; China’s botched devaluation of its currency in 2015; and India’s botched “demonetisation” of much of its own currency in late 2016 (removing high-value banknotes from circulation). But 2017 has started more brightly. Indeed, for the first time in two and a half years, the world’s four biggest emerging economies (Brazil, Russia, India and China, known as the BRICs) are all growing at the same time.

China leads growth in global investment - UN

<http://www.dw.com/en/china-leads-growth-in-global-investment-un/a-39147639>

7 June 2017, *Deutsche Welle*

Abstract:

Chinese interest in snapping up investments abroad shows no sign of slowing down, according to the latest report by the United Nations Conference on Trade and Development (UNCTAD).

Chinese companies, in many cases led by state-owned enterprises, were responsible for some \$183 billion (163 billion euros) of foreign direct investment (FDI) in 2016, a 44 percent increase over the previous year, UNCTAD figures released on Wednesday said.

The rise saw China rise from fifth to second place in the ranking of the world's largest foreign investors, behind the US.

China Makes a Power Play in Brazil and Argentina

<https://worldview.stratfor.com/article/china-makes-power-play-brazil-and-argentina>

2 June 2017, *Stratfor*

Abstract:

The last two years have been hard on Argentina and Brazil. A sweeping corruption investigation and the impeachment of President Dilma Rousseff have sent Brazil's currency tumbling. The country's economy contracted by 3.8 percent in 2015 and by another 3.6 percent the following year. The Argentine peso, meanwhile, fell 40 percent against the U.S. dollar after the government lifted currency controls in late 2015. But for foreign investors, the two South American nations' economic hardship presents an opportunity. The depreciated currencies in both countries, combined with their governments' need for investment, has enabled Chinese companies to buy up cheap assets and launch major infrastructure projects in Argentina and Brazil alike. The electricity sector, in particular, has been a focus of their activities.

Latin America should not be left out of B&R initiative

<http://www.globaltimes.cn/content/1049414.shtml>

31 May 2017, *Global Times*

Abstract:

A look at the map of the regions covered by the Belt and Road (B&R) initiative shows it will extend across Asia, Europe, Africa and the Middle-East. Officially, it will snake across four continents but another corner of the world is keen to get in on the action. Latin America had two presidents present at the Belt and Road Forum for International Cooperation in Beijing - Michelle Bachelet of Chile and Mauricio Macri of Argentina - while other countries sent low-level delegations. Chile and Bolivia also formally joined the Asian Infrastructure Investment Bank (AIIB) last month.

At first glance, it seems logical that Latin America is not playing a more prominent role in the B&R initiative, given that the plan essentially traces the route of the ancient Silk Road. But the B&R could come to see Latin America as a more vital component.

Why China is EM and vice versa

<https://www.macrobusiness.com.au/2017/05/china-em-vice-versa/>

29 May 2017, *Macrobusiness*

Abstract:

'China-dependence' is not an emerging market specific phenomenon, of course. The rise in the world economy's dependence on China is captured in Figure 1, which shows the relative contributions to global growth that come from China and the US. China contributed 43% of global GDP growth last year; the US, 17%. It has been almost 20 years since the US had the same relative contribution GDP growth that China has today: in 1998-99, in the wake of the Asian crisis, the US contribution to global GDP growth was 45%, but has never regained that level in the years since then. And given all the attention that investors devote to China's credit markets, it is worth highlighting that China's contribution to global GDP growth is actually more substantial than China's contribution to global credit extension to the non-financial sector (according to BIS data, Figure 2). So, it's not just emerging markets that have a China dependence problem, but the world.