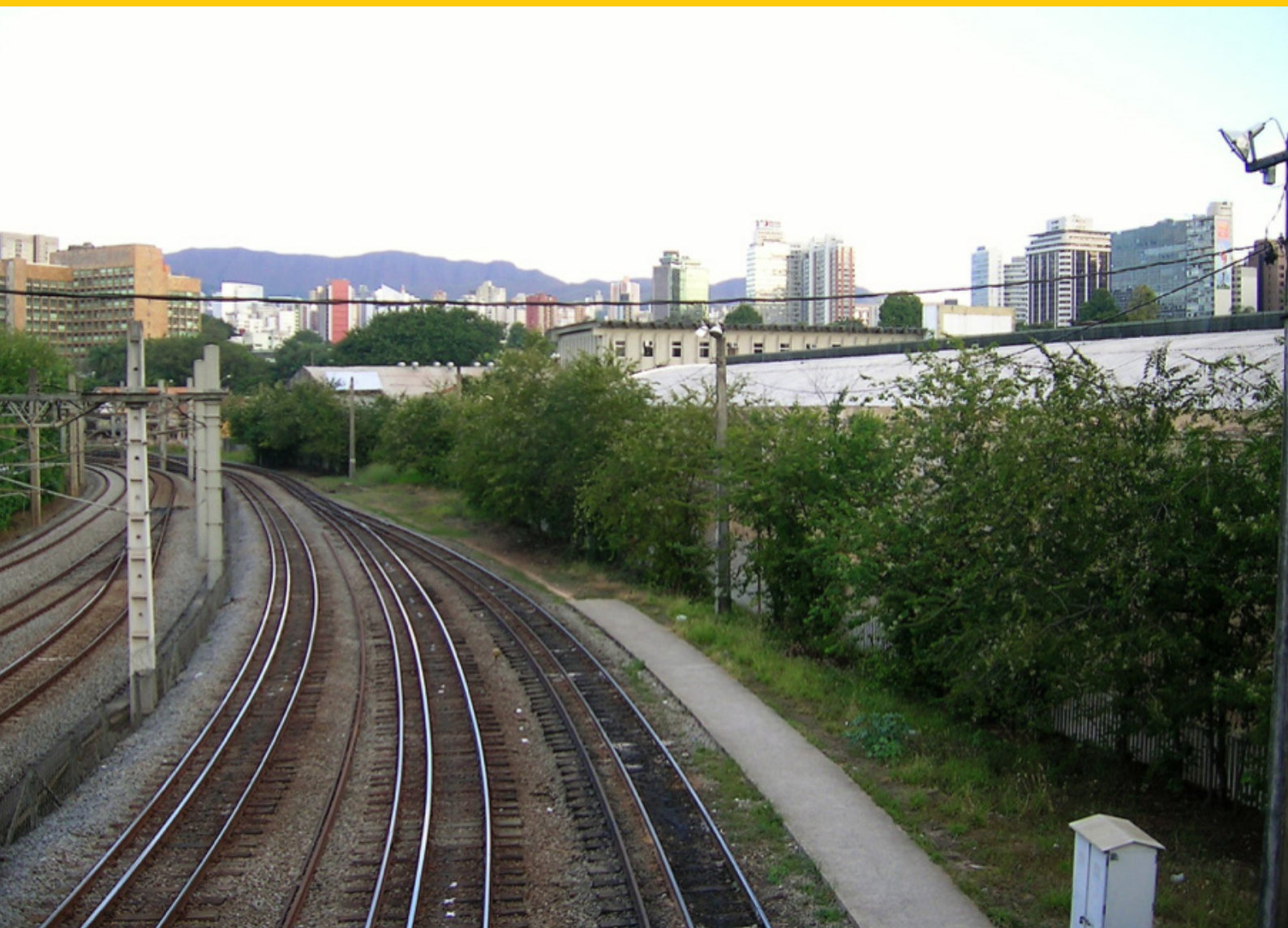


# China News Digest

December 09, 2017



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

## Contents

|  |           |
|--|-----------|
| <b>Latest news .....</b>   | <b>01</b> |
| China funds to boost Brazil infrastructure .....   | 01        |
| Petrobras inks US\$5bn loan with China Development Bank .....                            | 02        |
| Brazil stocks rise as China output cuts boost iron ore .....                             | 03        |
| China's CITIC closes \$1.1 billion Brazil takeover, sees more ahead .....                | 04        |
| China's State Grid is interested in Brazil's power line licensing round .....            | 05        |
| <b>Recent background .....</b>   | <b>06</b> |
| China submits case against U.S. to WTO .....   | 06        |
| China's 'Period of Strategic Opportunity' in Mexico .....                                | 07        |
| Lawsuit shows China losing patience with Venezuela .....                                 | 08        |
| China's growing international footprint is far more exploitative than many realize ..... | 09        |
| China's \$160 billion energy M&A binge was bad for most investors .....                  | 10        |
| China needs urgent oversight of investments .....  | 11        |
| Panamanian president Varela: China to accelerate its Latin American rise .....           | 12        |
| Brazil, China Work to strengthen oil, gas partnership .....                              | 13        |
| China, Chile expand relations by upgrading FTA .....                                     | 14        |
| Chinese FM welcomes Peru to jointly advance FTAAP .....                                  | 15        |

## LATEST NEWS

### China funds to boost Brazil infrastructure

<http://www.breakbulk.com/china-funds-to-boost-brazil-infrastructure/>

6 December 2017, *Breakbulk*

#### Abstract:

The Brazilian government has received several applications for money held in a new development fund, as the struggling South American country seeks to kick-start a series of infrastructure projects in a move that could aid project cargo shippers.

The US\$20 billion China-Brazil Cooperation Fund for the Expansion of Production Capacity opened for applications in June 2017 and is largely being financed by China. Better Brazilian ports, roads and railways will help the Asian powerhouse economy secure the raw materials it needs at home at a lower cost, as well as facilitating the return of manufactured goods.

## **Petrobras inks US\$5bn loan with China Development Bank**

<https://www.bnamericas.com/en/news/oilandgas/petrobras-inks-us5bn-loan-with-china-development-bank/>

5 December 2017, *BNamericas*

### **Abstract:**

Brazil's Petrobras on Tuesday announced it has signed a US\$5bn loan with China Development Bank (CDB), set to mature in 2027.

The state-run oil company also signed a commercial contract with Unipecc Asia Company for a preferential supply of 100,000boe/d during 10 years.

## **Brazil stocks rise as China output cuts boost iron ore**

<https://www.brecorder.com/2017/12/05/384583/brazil-stocks-rise-as-china-output-cuts-boost-iron-ore/>

5 December 2017, *Business Recorder*

### **Abstract:**

Brazilian stocks rose on Monday after the Chinese government ordered cutbacks to steel production, leading to tight supplies for some mill products and lifting shares of miner Vale SA.

Steel mills are expected to resume normal production from around mid-March, after the end of the ordered output cuts, about the time when steel demand seasonally picks up. That is raising expectations that steel mills will restock iron ore early next year.

## China's CITIC closes \$1.1 billion Brazil takeover, sees more ahead

<https://www.reuters.com/article/us-brazil-grains-citic/chinas-citic-closes-1-1-billion-brazil-takeover-sees-more-ahead-idUSKBN1DV4MX>

1 December 2017, *Reuters*

### Abstract:

China's CITIC Agri Fund said on Friday it had completed its \$1.1 billion acquisition of Dow Chemical Co.'s corn seed business in Brazil, a potential vehicle for future purchases in Latin America.

CITIC plans to rename the business LP Sementes Ltda and have its Yuan LongPing High-tech Agriculture Co (000998.SZ) run it.

CITIC Agri Fund, which is partly owned by Chinese conglomerate CITIC Ltd (0267.HK), has about \$2.65 billion available for takeovers after paying \$1.1 billion to Dow, General Manager Shi Liang told Reuters after a news conference in Ribeirão Preto, Sao Paulo state.

## China's State Grid is interested in Brazil's power line licensing round

<http://www.nasdaq.com/article/chinas-state-grid-says-interested-in-brazils-power-line-licensing-round-20171130-00737>

30 November 2017, *Nasdaq*

### Abstract:

State Grid Corp of China on Thursday said it is interested in taking part in Brazil's power transmission line licensing round to be held next month, according to a statement released by the firm's Brazil unit.

## RECENT BACKGROUND

### China submits case against U.S. to WTO

<https://www.ecns.cn/business/2017/12-08/283687.shtml>

8 December 2017, *China News Service*

#### Abstract:

China has submitted a case to the World Trade Organization seeking fair treatment, after the United States rejected the nation's demand to be treated as a market economy under global trading rules, the Ministry of Commerce announced on Thursday.

The U.S. recently launched a number of trade remedy investigations into Chinese goods, which has had negative implications for companies in both countries, particularly for U.S. firms that are eager to either work with local partners or enlarge their presence in China, ministry spokesman Gao Feng said.



## China's 'Period of Strategic Opportunity' in Mexico

<http://nationalinterest.org/feature/chinas-period-strategic-opportunity-mexico-23558>

7 December 2017, *The National Interest*

### Abstract:

As the Trump administration contemplates border wall prototypes and dissolving the decades-old North American Free Trade Agreement (NAFTA), China is taking a decidedly different approach to relations with Mexico. In recent months, Beijing has launched an unprecedented charm offensive south of the Rio Grande. In addition to a series of new investments, and renewed talk of a bilateral trade pact, China invited Mexico as one of five nations to consider a “BRICS plus” arrangement, which would add new members of the global South to the now five-country grouping.

## Lawsuit shows China losing patience with Venezuela

<https://www.ft.com/content/d627460a-da8e-11e7-a039-c64b1c09b482>

6 December 2017, *Financial Times*

### Abstract:

A subsidiary of state-owned Sinopec files case against PDVSA over unpaid debt.

## China's growing international footprint is far more exploitative than many realize

<https://www.businessinsider.com.au/china-international-agenda-2017-12>

6 December 2017, *Business Insider Australia*

### Abstract:

Many observers of China's escalating global program of foreign investment and infrastructure development are crossing their fingers and hoping for the best. In an ideal world, China's unbridled ambitions will improve economic growth, food security and social development in many poor nations, as well as enriching itself.

Such hopes are certainly timely, given the isolationism of the US Trump administration, which has created an international leadership vacuum that China is eager to fill.

But a close look reveals that China's international agenda is far more exploitative than many realize, especially for the global environment. And the Chinese leadership's claims to be embracing "green development" are in many cases more propaganda than fact.

## China's \$160 billion energy M&A binge was bad for most investors

<https://www.bloomberg.com/news/articles/2017-12-06/china-s-160-billion-energy-m-a-binge-was-bad-for-most-investors>

6 December 2017, *Bloomberg Markets*

### Abstract:

If history is any guide, investors in China's biggest oil companies may lose out as a record \$35 billion in cash is tapped for a fresh round of deals, according to Sanford C. Bernstein & Co. LLC.

Most of their \$160 billion-plus worth of M&A during the past two decades has destroyed rather than added to shareholder value, Bernstein analysts including Neil Beveridge said in a report Wednesday. The likely next targets for acquisitive Chinese majors include European exploration and production companies and assets in Russia, Brazil and Africa, they said.

## China needs urgent oversight of investments

<https://www.chinadialogue.net/article/show/single/en/10258-China-needs-urgent-oversight-of-investments>

1 December 2017, *chinadialogue*

### Abstract:

With the advent of the Belt and Road Initiative, China's ever-increasing overseas investments have been attracting more attention. In Latin America alone, China has direct investments worth over US\$110 billion, and in countries such as Brazil, China's investments rank alongside those of the US and Spain.

Accompanying this, and due to weak environmental and social awareness, there have been frequent failures in how Chinese companies deal with communities in the host countries. Recent years have seen various government bodies publish guidance on environmental and social performance in overseas investment, but the international image of Chinese companies has not improved.

## **Panamanian president Varela: China to accelerate its Latin American rise**

<http://www.ticotimes.net/2017/11/28/panamanian-president-varela-china-to-accelerate-its-latin-american-rise>

28 November 2017, *The Tico Times*

### **Abstract:**

China is taking steps to increase its presence in Panama in order to expand its influence throughout Latin America, according to Panamanian president Juan Carlos Varela.

Varela made the comments upon returning home from a historic visit to China and meetings with President Xi Jinping. The two presidents signed 19 accords ranging from trade and investment to immigration, tourism and energy. Panama also opened its first embassy in China.

## **Brazil, China Work to strengthen oil, gas partnership**

<https://www.epmag.com/brazil-china-work-strengthen-oil-gas-partnership-1670611>

27 November 2017, *E&P Magazine*

### **Abstract:**

Traditionally business relations between Brazil and China have been based predominantly on trade. The South American country is an important seller of natural resources such as iron ore and soybeans to China. On the other hand, Brazil imports many manufactured goods from the Asian country.

Over the past 10 years, the trade balance between these two countries increased, and in 2016, China registered a trade deficit of \$11.8 billion, an increase of 114% compared to the previous year.

Both countries face the challenge of reforming policies, aiming to boost their economies. Brazil dove into a severe economic recession, while China's economy keeps growing, though at a slower pace. China and Brazil are designing strategies around mutual interests, and one of these strategies is to attract more Chinese investments to Brazil.

## China, Chile expand relations by upgrading FTA

[http://www.chinadaily.com.cn/business/2017-11/14/content\\_34521754.htm](http://www.chinadaily.com.cn/business/2017-11/14/content_34521754.htm)

14 November 2017, *China Daily*

### Abstract:

China and Chile expanded their bilateral business ties by upgrading the Free Trade Agreement (FTA) during the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Da Nang, Vietnam.

The upgraded FTA covers protocol dealing with government procurement, competition policy and e-commerce businesses.

The agreement will be China's first FTA upgrade with a Latin American country, and will lead to a further diversification of Chilean exports, from both goods to services.



## Chinese FM welcomes Peru to jointly advance FTAAP

[http://news.xinhuanet.com/english/2017-11/12/c\\_136745300.htm](http://news.xinhuanet.com/english/2017-11/12/c_136745300.htm)

12 November 2017, *Xinhuanet*

### Abstract:

Chinese Foreign Minister Wang Yi met with his Peruvian counterpart Ricardo Luna Mendoza here on Saturday, welcoming Peru to jointly advance the process of the Free Trade Area of the Asia-Pacific (FTAAP).

Chinese President Xi Jinping and Peruvian President Pedro Pablo Kuczynski charted out the direction for bilateral ties when they met on Friday, said Wang, adding that the two countries should continue to strengthen strategic mutual trust, as well as communication and cooperation in all fields, so as to further deepen bilateral ties.