

## China in the shadow of Trump: What could go wrong?

Remarks by Roberto Teixeira da Costa

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I had spent the last four months of 2016 in New York City as a visiting scholar of the Columbia University.

It is easy to imagine how many issues had attracted my attention during that period from September to December in and out of the University, particularly having the privilege of following very closely the pre and post electoral process that finished in November 8<sup>th</sup> with the surprising election of Donald Trump.

Among many interesting aspects in such period in Columbia, one of them was the strong presence of Chinese students. As a matter of fact, in the first day in the campus on 116 street, I had imagined that I was in Peking or Shanghai . The School of International and Public Affairs (SIPA) where I was assigned, on the elevators there were one always one or two (or even more) Chinese students, which most of the time, they are in groups speaking, I imagine, mandarim.

One Sunday I decided to visit the library at SIPA, where Arthur teaches, which on Sundays used to open from 11am to 11 pm. For my surprise at 6 am there were many chineses there! As a matter of fact, during the initial introduction to the University on September 6<sup>th</sup>, more than 70% of 70 participants were Chinese students.

I will leave to Arthur in his comments if could also elaborate about that, which as I informed is verified in many other American universities, which I think, personally, it is very positive.

Our distinguished speaker is head of research at Gavekal, a financial-services firm based in Hong Kong, founder of the China-focused Gavekal Dragonomics research service, and editor of China Economic Quarterly. He divides his time between Beijing and New York. Before founding Dragonomics in 2002, he spent fifteen years as a financial and economic journalist in China and South Asia. He is a senior non-resident fellow of the Brookings-Tsinghua Center, an adjunct professor at the Columbia University School of International and Public Affairs, as mentioned before, and a member of the National Committee on US-China Relations. His book China's Economy: What Everyone Needs to Know was published by Oxford University Press in April 2016.

I would also register some information about Chinese finance to Latin America in 2016: The Inter-American Dialogue in a recent paper estimates that China Development Bank and China Eximbank issued approximately \$21 billion in loans to LAC governments and state-owned companies in 2016.

Their report also sums interesting findings:

- That year was the third highest on record for Chinese state-to-state finance in Latin America. Many of these deals were announced during high-level meetings between Chinese and Latin American leaders.
- In that year, Chinese finance to Latin America surpassed the World Bank's and the Inter-American Development Bank's individual lending to the region.
- Brazil, Ecuador, and Venezuela accounted for 92 percent of total lending to the region in 2016, with approximately 72 percent—or \$15.2 billion—issued to Brazil alone. Petrobras received the vast majority of Brazil's share.
- Bolivia also received considerable attention from Chinese policy banks in both 2015 and 2016. China announced a \$7 billion credit line to Bolivia in 2015, which was extended to \$10 billion in 2016. Chinese Foreign Minister Wang Yi promised the delivery of \$4.8 billion in mostly infrastructure projects during his October 2016 visit to the Andean nation.
- Chinese banks continue to focus on LAC's extractive and infrastructure sectors. From 2005 to the present, Chinese policy banks financed \$24 billion in infrastructure projects (e.g., highway and facility construction), as well as approximately \$100 billion in energy projects, some of which included energy infrastructure development.
- As China's financial sector grows, a wider range of lenders is issuing finance in LAC. In addition to policy bank lending, China's commercial banks are increasingly active in Latin America (have participation in 3 institutions in Brazil) and in other regions, often in cooperation with other international banks.

My last remarks refers to the recall importance of China in the international soccer market. Recent numbers indicate that in the 3 more important soccer teams of China, brazilian players are leading the number of athletes in the Chinese league. Out of 82 foreigners (505 in total), 24 are from Brazil.

Behind the large amount of money invested in soccer, large industrial conglomerates from different parts of China are making available for their teams the resource to pay record salaries and very significant sums for athletes transferences.

That certainty in a matter of time, will make China a relevant factor in world soccer.

Let's now give the floor to Arthur, but before, I would like, in behalf of CEBRI, to thank the partnership with CEBC , the sponsorship from GAVEKAL Dragonomics and the support of the Casa do Saber, well known for the qualities of their services.