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## Enfoque de China: Xi Jinping pide a China y EEUU respeto recíproco a intereses fundamentales

Xinhuanet - 25/7/2016

El presidente de China, Xi Jinping, pidió hoy a China y a Estados Unidos que gestionen de manera efectiva sus diferencias y respeten de forma recíproca sus intereses fundamentales.

Xi hizo estas declaraciones durante la reunión que tuvo con la asesora de Seguridad Nacional estadounidense, Susan Rice, en el Gran Palacio del Pueblo de Beijing.

Los intereses comunes de China y Estados Unidos superan sus diferencias, señaló Xi, quien hizo hincapié en que ambas partes necesitan más confianza y cooperación mutuas.

El objetivo del desarrollo de China es beneficiar a sus más de 1.300 millones de personas, aseguró el mandatario chino, quien reiteró que China no tiene ninguna intención de desafiar las actuales reglas y orden internacionales y jamás buscará la hegemonía.

Xi pidió a las dos partes que amplíen la cooperación económica, comercial y en inversión, así como la colaboración en materia de cambio climático y asuntos internacionales y regionales con el fin de convertir la cooperación pragmática en un sustento de los lazos chino-estadounidenses.

Por su parte, Rice declaró que su país está de acuerdo en trabajar con China para reforzar la confianza mutua, fortalecer la cooperación pragmática y abordar las diferencias a través de una estrecha comunicación.

Xi recordó sus encuentros con el presidente estadounidense, Barack Obama, durante los tres años pasados y los consensos acordados.

La decisión de las dos partes de construir un nuevo modelo de relaciones entre países importantes ha generado muchos logros sólidos en las relaciones bilaterales, indicó Xi.

Las relaciones chino-estadounidenses siempre deben adherirse al principio de no conflicto, no confrontación, respeto mutuo y cooperación de ganar-ganar, afirmó Xi.

Xi dijo que China valora las relaciones con Estados Unidos y desea hacer esfuerzos conjuntos para asegurar que la relación disfrute de un crecimiento sostenible y estable.

Rice declaró que su país considera a su relación con China como su vínculo más relevante en la actualidad y que el éxito de China beneficia a los intereses de Estados Unidos.

La asesora pidió una mayor cooperación para enfrentar los desafíos globales, tales como el cambio climático.

La cumbre del Grupo de los 20 (G20) de este año se llevará a cabo en la ciudad de Hangzhou, este de China, en septiembre.

El presidente indicó que espera con interés reunirse con el presidente Obama en Hangzhou y expresó su deseo de que el encuentro eleve las relaciones bilaterales y dirija el desarrollo estable de las relaciones bilaterales.

Xi pidió a China y Estados Unidos, como las dos mayores economías del mundo, que trabajen juntos y vuelvan un éxito a la cumbre, lo que enviará una señal de confianza al mundo e inyectará nueva vitalidad a la economía global.

Rice dijo que Obama también espera con interés la cumbre del G20 y la reunión con Xi.

Al reunirse con Rice hoy, el vicepresidente de la Comisión Militar Central de China, Fan Changlong, y el consejero de Estado chino Yang Jiechi reiteraron la posición china sobre el asunto del Mar Meridional de China y respecto al despliegue del sistema de defensa antimisiles estadounidense THAAD en la República de Corea.

El 12 de julio, el Tribunal de Arbitraje para el arbitraje del Mar Meridional de China emitió su llamado fallo, el cual intenta negar la soberanía territorial y los derechos e intereses marítimos de China en el Mar Meridional de China.

China seguirá salvaguardando con firmeza su soberanía territorial y derechos e intereses marítimos en el Mar Meridional de China, dijo Yang, quien indicó que China se opone al fallo del llamado tribunal arbitral en el Arbitraje del Mar Meridional de China.

La postura de China sobre el asunto del Mar Meridional de China es inquebrantable, aseveró Fan, quien reiteró la postura firme de China de no aceptación y no reconocimiento del fallo.

Fan dijo que el ejército chino seguirá brindando un fuerte apoyo a la salvaguardia de la soberanía territorial y seguridad nacionales de China.

A mediados de julio, el Ministerio de Defensa surcoreano anunció un acuerdo con Estados Unidos para desplegar el sistema de defensa antimisiles estadounidense en su región suroriental a pesar de la oposición de los países vecinos.

Fan declaró que el despliegue del THAAD dañará directamente la seguridad estratégica de China, agravará la tensión en la península coreana y socavará la confianza mutua chino-estadounidense.

Yang instó a Estados Unidos a que tome con seriedad las preocupaciones de China y a que detenga el despliegue del sistema antimisiles en la República de Corea.

Rice dijo que Estados Unidos está dispuesto a trabajar con China para abordar y controlar apropiadamente las diferencias para evitar malos entendidos y cálculos equivocados.

Rice se encuentra de visita en China del 24 al 27 de este mes.

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## China y América Latina en 2016

El debilitamiento económico en América Latina hace que la región sea menos favorable para China. Este país seguirá su política pragmática basada en el interés económico más allá de los cambios políticos en sus socios comerciales. En Argentina encuentra un sendero complicado por la decisión del nuevo gobierno de revisar acuerdos.

### [China and Latin America in 2016](#)

By Sam Wang\*

Council on Hemispheric Affairs (COHA) - 16/8/2016

In July 2014, Xi Jinping, the President of China, toured Brazil, Argentina, Venezuela, and Cuba, all of which had leftist governments at the time. In a meeting with then-President of Argentina Cristina Fernández de Kirchner, Xi declared that Chinese-Argentine relations would reach “unprecedented new horizons.” A year later, Premier Li Keqiang conducted a five-nation tour in South America, where he was welcomed by leaders such as Chilean President Michelle Bachelet and former Brazilian President Dilma Rousseff, and secured a multitude of investment deals. As of two years ago, it seemed that China and many countries in Latin America were moving unequivocally toward a future of closer cooperation and economic affinity.

Since then, however, the situation in Latin America has become less favorable for China. Brazil is suffering from a combination of political instability and economic recession. Recently, center-right, pro-trade governments have been elected in Argentina and Peru. These changes have already begun to show their effects. In April, Argentine President Mauricio Macri announced that he would revise and make adjustments to the contracts signed with China during the Kirchner administration, in which “the current administration found various irregularities.” However, despite the changes in Latin America that have taken place this year, Latin American countries, including those with center-right governments, are still interested in strengthening trade and investment ties with China. The new administrations in Argentina and Peru both expressed commitments to maintaining strong ties with Beijing, and additionally, the peace deal in Colombia will offer new business opportunities for Chinese companies.

From the Chinese perspective, the government has viewed the China-Latin America relationship as one based on economic benefits rather than an attempt to project political influence—an idea some pundits of international politics have advanced. China’s recent engagements with Argentina, Peru, and Colombia, in the context of their respective political changes, further corroborates this idea. China will continue to direct its foreign policy under this principle and work with governments across the political spectrum, provided that there is ongoing economic benefit.

## Background

In the past decade, China’s economic ties with Latin America have grown significantly. In 2013, the total volume of Chinese-Latin American trade was 24 times larger than it was in 2000. In 2014, China was the top destination of exports from Brazil, Chile, Peru, and Uruguay. China has also significantly increased its loans to Latin American countries; in 2015, China Development Bank and China ExIm Bank offered a total of \$29.1 billion USD in loans to Latin America, compared to the \$4.8 billion USD offered in 2007. Politically, China has befriended left-wing governments in Nicaragua, Ecuador, Bolivia, Venezuela, and previous ones in Argentina and Brazil. Furthermore, it has become a crucial financier of Venezuela, Ecuador, and Bolivia, whose governments rejected Western institutions such as the International Monetary Fund.

Chinese foreign policy has shifted from a principle of *tao guang yang hui* (roughly, “keep a low profile and bide your time”) in the era of Deng Xiaoping, the President in the 1980s who implemented reforms that lifted China out of poverty, to one of active engagement and power projection under Xi Jinping. In recent years, China has been much more active in the international arena. It has taken a more aggressive stance in territorial conflicts with its neighbors, created the Asian Infrastructure Investment Bank as an alternative to the World Bank and Asian Development Bank (both supported by the West), and started the One Belt, One Road initiative, which

consists of overland and coastal infrastructure projects, economic and financial cooperation, and cultural and academic exchanges across Central Asia, South Asia, and Europe.

Although Latin America is not as strategically important to China as East Asia or Europe, cooperation between the two has flourished in recent years. This is primarily propelled by two major factors. First, the sheer size of the Chinese economy generates a huge demand for commodities from abroad, and Latin America fulfills China's demand through the exportation of petroleum, copper, soybeans, gold, and other primary products. Second, Chinese construction companies, which have risen to the top of the field worldwide thanks to decades of economic boom in China, are suffering from an excess of capacity due to the slowing down of Chinese economic growth. Those companies have been expanding abroad to absorb their overcapacity, and Latin America is now becoming one of their major destinations.

Accompanying the trend of growing commodity trade volumes and infrastructure projects, China has been more proactive in engaging with Latin America through both official and unofficial platforms. In January 2015, China hosted the first ministerial meeting between China and the countries of the Community of Latin American and Caribbean States (CELAC) in Beijing, which Xi Jinping hailed as "a new starting point for a new phase of the China-CELAC comprehensive partnership." The China-CELAC forum has also organized talks among young politicians, infrastructure developers, and regional government officials from China and Latin America. New opportunities for facilitating academic exchange have also emerged. The Community of Chinese and Latin American Studies (Comunidad de Estudios Chinos y Latinoamericanos, CECLA), a private organization based in Beijing, was founded in 2015 to promote dialogue among young researchers and academics in Latin American studies. Its members consist of Chinese and Latin American scholars, entrepreneurs, students, and cultural activists. It has also established a fund for youth exchange. As Chinese interest in Latin America continues to increase, Chinese professionals specializing in Latin America will become more knowledgeable about the region and more motivated to engage with their peers in Latin America.

China's policies toward Latin America will have to adapt to new political realities in the region that have been exhibited in the past year. In order to understand the new dynamics of China-Latin America relations, it is crucial to perform country-specific analyses. The following sections will look at Argentina and Peru, where center-right governments recently came to power, as well as Colombia, where the introduction of a peace agreement that could potentially end 50 years of guerrilla conflict.

### **China and Argentina: A Delicate Path Forward**

Last November, the center-right government of Mauricio Macri replaced the eight-year presidency of Cristina Fernández de Kirchner, whose leftist government had developed an amicable

relationship with China. Before his victory, Macri said that he would review and possibly veto the multimillion-dollar contracts that were signed by the Kirchner administration with China in the same year, expressing his concerns that “the technical details” of the contracts were unknown. The contracts included the construction of two nuclear power plants and a space station in Neuquén, which China claimed it would use to track satellites. Argentines have legitimate concerns about several Chinese development projects in Argentina; contracts of such scale deserve scrutiny and meticulous study regarding their social and environmental impacts. Many Argentines, including President Macri, believed that the space station would be operated by the Chinese military and used for military purposes, and questioned the “secret clauses” that were supposedly part of the contract but were never publicly revealed. The contract for the two nuclear plants would give China the exclusive right to find providers to supply uranium, the fuel for nuclear reactors. Previous Chinese projects in Argentina have also generated environmental concerns. In 2013, a consortium led by a Chinese corporation was granted the contract to build the Jorge Cepernic-Néstor Kirchner hydroelectric complex in the Province of Santa Cruz in southern Patagonia. Critics of the project asserted that the complex could damage the wildlife and fragile ecosystem in the Santa Cruz valley, as well as lead to the loss of indigenous archeological sites and fossils.[20] They also doubted whether such a project in the sparsely populated southern Patagonia would effectively deliver electricity to the cities in the north.

Despite his caution regarding the contracts signed with China, Macri’s administration is not anti-China; instead, it seems that Macri is keeping a delicate balance between maintaining economic connections and establishing a new dynamic in its relations with China. In April, Macri met with Xi Jinping and persuaded Xi to agree to review the contracts signed last year with the Kirchner administration, particularly regarding the nuclear plants and hydroelectric stations. Macri also called for diversification of trade and investment with China, encouraged “a greater equilibrium in trade balance,” and invited Chinese businesses to “come to the country, not only in the energy sector, but also to build bridges, trains, and roads.” Macri in no way wants to sever ties with China; he acknowledged that “support (from China) is key to Argentina’s return to the world.” China echoed his statement: “The two countries should fully tap their cooperation potential and expand cooperation,” said Xi Jinping after the meeting.

On May 19, shortly after the meeting between Macri and Xi, Argentine Foreign Minister Susana Malcorra ratified the nuclear plant and space station contracts in a meeting with her Chinese counterpart, after five months of review by the Argentine government. China assured Malcorra that the space station would be exclusively for civilian use. Malcorra also indicated that China had agreed to reduce the number of turbines installed in the Cepernic-Kirchner complex from eleven to eight, which would reduce potential environmental damages of the project. The budget would also be cut by 18 percent. Although these adjustments could not completely assuage the concerns of national security and the environment, they represent the first steps toward transitioning to a more mature and transparent relationship between China and Argentina. Despite



the Macri administration's close ties with Washington and its clear policy departure from the Kirchner administration, Macri still seems to regard China as a crucial partner. Chinese businesses will not receive the same warm welcome as they did under the Kirchner administration, but they have little reason to worry.

### China and Peru: A Closer Relation with Environmental Sacrifices

On July 28, Pedro Pablo Kuczynski, a center-right former banker and World Bank economist, was sworn in as the President of Peru. He has yet to implement any concrete policy, but his rhetoric has been swinging between the left and right. Supported in the election by the center-left party Frente Amplio, Kuczynski speaks of sparking a “social revolution,” which includes delivering drinkable water to every citizen, increasing the rate of vaccinations, and boosting education. However, he has also proposed tax cuts and welcomed the expansion of the mining sector in Peru. In a speech to farmers before his inauguration, Kuczynski called Peru's air quality standards “unrealistic” and proposed lowering them to spur investments in smelters that would upgrade the country's mineral exports on the value chain.

China has been a key importer of minerals and a major investor in the mining industry of Peru. In 2014, 58 percent of Peru's copper, 48 percent of its gold, and 29 percent of its zinc were exported to China. Chinese corporations have invested in three large-scale mining complexes in Peru—Río Blanco in the northern Piura region, Toromocho in the Central Andes, and Las Bambas in the Apurímac region. Given the mutual interests of Chinese investors and Kuczynski's administration to further develop the mining sector, it is unsurprising to see that Kuczynski has sought rapprochement with China immediately since he came to power. The Peruvian president is set to travel to China on September 13 as his first state visit, which will celebrate the 45th anniversary of the establishment of diplomatic relations between the two countries. He said that “China is our principal commercial partner” and that “in order to industrialize we will have to collaborate with the big purchasers of our exports, which in a large part is China.”

Kuczynski's willingness to attract more Chinese investment in the mining sector will undoubtedly lead to further environmental damages. Although Chinese corporations do not have a significantly worse environmental record than other foreign companies, Chinese mining projects have caused detrimental effects on the environment. Shougang Hierro Peru, a Chinese company that has been mining iron ore in Peru since the 1990s, has been widely denounced for its environmental and social record. In March 2014, the Chinese-operated Toromocho mine was revealed to be releasing contaminated acidic water to lakes in the Andes. Kuczynski's trip to China will likely result in the signing of several more deals with Chinese corporations in the mining sector and a major injection of Chinese investment in Peru. While future mining projects can provide a boost to the economy, they will contribute to more damages to the environment, as



well as more disputes with local communities. So far, Kuczynski has not proposed any measure that would mitigate the environmental impacts of mining activities, and his previous statement on lowering air quality standards is indeed worrisome. Interestingly, the Chinese government seems to be aware of the environmental repercussions of mining and is willing to address it in a more proactive way. Chen Jining, the Minister of Environmental Protection, was sent to attend the inauguration ceremony of Kuczynski as the special envoy of Xi Jinping. It is very likely that China sent Chen, rather than a generic high-level official, in order to discuss environmental topics with Peruvian officials and demonstrate China's readiness to take a more active role in addressing environmental concerns abroad.

### China and Colombia: New Opportunities Ahead

In the past, China has invested primarily in countries with left-leaning governments that tend to be amicable toward China. Chinese companies in those countries also faced less competition from their Western counterparts. Colombia, a free-market economy with a government close to Washington, has not attracted much of China's attention. Up to May 2015, Colombia had only received \$75 million USD in investment from China. In comparison, Ecuador, which has a much smaller economy but a leftist government, received \$7 billion USD in 2015. However, this neglect of engagement with Colombia is very likely to change.

The historic ceasefire between the Colombian government and the FARC will likely attract more Chinese investment to Colombia. Security has been a top concern among Chinese professionals who work in Latin America. Their perception is that the region is a terribly dangerous place, especially in contrast to China, where street crime is almost nonexistent. Colombia, with its headlines of kidnappings, extortions, drug cartels, and guerrilla activities, is considered to be a particularly dangerous place by Chinese professionals. However, the ceasefire signed in July and the decline of guerrilla activity will lead to a more positive image of Colombia, which may in turn persuade more Chinese companies to conduct business and invest in the country. In the context of enhanced security in Colombia, both countries have expressed interest in furthering economic exchange. In April, Sun Zhengcai, a senior official of the Communist Party of China, met with the Colombian President Juan Manuel Santos, and stated that China supported the peace process and hoped to strengthen economic and trade ties. Santos welcomed more Chinese investment, particularly in agriculture and infrastructure. Chinese interests in Colombia have already increased. For example, China Development Bank will take part in financing the construction of an industrial mega-park in Buenaventura, Colombia's only commercial port on the Pacific Coast.

Despite these promising economic ventures, Chinese companies should be mindful of environmental and societal impacts of the projects in which they are involved. In the past, Sinochem, a

Chinese state-owned enterprise, has faced fierce resistance from local residents in Caquetá, who were concerned about possible water contamination due to oil drilling concessions. The ceasefire will undoubtedly draw interests of foreign companies, including Chinese ones, to areas that were once inaccessible due to guerrilla activity. Increased development and resource extraction in those areas will have inevitable consequences for the environment and local communities.

### Conclusion

China's recent engagements with Argentina, Peru, and Colombia provide further evidence that China sees its relationship with Latin America as primarily economic instead of political or ideological. Center-right governments that are on good terms with the West also welcome Chinese investment and seem unconcerned about China trying to assert global hegemony in Latin America, as some in Washington fear. Chinese corporations will have to face more scrutiny in Argentina, while at the same time Peru and Colombia have become attractive new fronts. Increasing Chinese investment, particularly in sectors such as mining and petroleum, will potentially lead to more environmental damages and more confrontations between China, Latin American governments, and local communities. In the future, Latin America will witness an increasing Chinese presence and engagement in the region; therefore, it is essential that the respective governments work together to create a mutually beneficial relationship, which will guarantee environmental protections and achieve equitable economic growth.

*\*Research Associate at the Council on Hemispheric Affairs*

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## Aumento de las ventas de armas de China a América Latina

Antes de 2005 China no vendía armas a la región. Ahora es un proveedor clave, especialmente en Venezuela y otros miembros del ALBA. En el último tramo de su gobierno Cristina Kirchner anunció que se comprarían varios tipos de armas.

### [China's Growing Arms Sales to Latin America](#)

What does Beijing stand to gain from its new defense deals in the Western hemisphere?

By Allan Nixon\*

The Diplomat - 24/8/2016

In recent years China has asserted itself as a key player in the global arms trade. Not only have both export volume and weapons quality increased rapidly, the range of customers China has been supplying has also expanded greatly over the course of the past decade. Latin America is one of the key regions into which Chinese arms have begun to pour. Yet while commentators of the past have doubted the strategic significance of China's arms sales to this region – pointing to their relatively meager quantity and the fact that most Latin American states still rely on more established suppliers for their most important military hardware (see here, for instance) – there are signs that things may be changing.

With next to no arms sales to the region before 2005, China is now a key supplier to Latin America. Venezuela continues to lead in China's Latin American arms sales, with the Stockholm International Peace Research Institute (SIPRI) estimating that between 2011 and 2015 Venezuela purchased \$373 million of Chinese weaponry. A \$500 million deal in 2012 for weaponry including armored personnel carriers and self-propelled artillery ensures that this arms relationship is set to continue flourishing into the future.

Yet China has also made significant inroads into many other countries in the region. The socialist-leaning “ALBA” states (Alianza Bolivariana para los Pueblos de Nuestra América, or “Bolivarian Alliance for the Peoples of Our America”) have shown a particular interest in Chinese military hardware. Bolivia, for example, has secured deals worth \$58 million and \$108-113 million in 2009 and 2012, respectively, for China's Karakorum trainer jets and Panther helicopters. Non-ALBA states, too, have been increasingly interested in procuring Chinese armaments in recent years. Interestingly, in 2009, Peru – a key economic partner for the United States in the region and supporter of the U.S.-led Trans-Pacific Partnership – purchased 15 of China's FN-6 portable surface-to-air missiles (SAMs) in a \$1.1 million deal, along with ten more of its SAMs. Then, in 2013, it bought 27 multiple rocket launchers in a \$39 million deal.

While the upward trend in sales to the region may suggest a growing trust in Chinese military hardware in the region, sales outside of the well-established Venezuelan arms sales relationship have still been made up of mostly small deals for secondary equipment, such as radars and trainer jets. Yet a crucial juncture came early last year, when then-President of Argentina Cristina Fernández de Kirchner announced that her government intended to purchase almost \$1 billion in Chinese weapon systems during her visit to China in February 2015. The equipment the Kirchner administration intended to buy included 110 armored personnel carriers, five Malvinas-class ocean patrol vessels, and 14 JF-17 Thunder multi-role fighters – a stark change in the volume and quality of equipment normally sought by China's Latin American buyers. However, with Kirchner's defeat in the November 2015 election to Mauricio Macri and the likelihood that Macri will want to pull Argentina away from his predecessor's geopolitical alignment with Russia, China, and the ALBA alliance, the status of these and other potential orders is currently unknown and perhaps now unlikely to go through.

While these sales to Argentina may not come into fruition, they may nevertheless signal a turning point. There is little doubt that China remains behind its competitors in a couple of key military production areas – an indigenously-produced turbo fan engine for its fighter jets constituting a notable persisting failure. Yet this Argentinian interest in China's premium military equipment suggests that Chinese equipment is nonetheless reaching a level of sufficient quality to draw bigger and more lucrative Latin American deals in the future. Further, with their low prices and the fact that arms deals with Chinese defense companies notoriously come with very few strings attached (unlike their American counterparts), purchasing arms from China could prove an increasingly enticing prospect for countries in the region.

Why China's defense companies are so vehemently seeking to expand into this region is not readily apparent. Of course, the prestige of being a "top tier" arms supplier aids China's long-term goal of securing great power status. The goal of boosting sales revenue certainly play a part, too. Yet with Latin America making up only around 6 percent of the total global arms transfers from 2011–2015, it is unlikely that sales revenue is the central motivating factor, here. Instead, the attainment of strategic economic goals and building Chinese influence through "soft power" image-building are more likely the key motivating factors behind these sales.

Looking at China's arms sales relationship with sub-Saharan Africa, a number of striking similarities are evident. Like Latin America, sub-Saharan Africa is a relatively new market for Chinese arms; both regions, until recently, have historically played a relatively minor role in Chinese foreign policy considerations due to their geographical remoteness to China. Also, at under 8 percent of total global arms sales, sales revenue from sub-Saharan African nations is inevitably limited, too. Nevertheless, these factors have not stopped Chinese defense companies from embarking on a mammoth campaign of scattering its weaponry across sub-Saharan Africa in recent years.

Indeed, SIPRI estimates that Chinese sales in the region from 2011–2015 made up 22 percent of the total arms sales to the region during that period. Further, the Aviation Corporation of China (AVIC), one of China's largest state-owned defense enterprises, stated last year that at least 80 percent of the trainer aircraft fleet operated by African air forces now are Chinese-made. And while the vast majority of these sales have been for less sophisticated equipment (such as its armored personnel carriers and trainer aircraft), these sales have nevertheless helped China secure a key strategic goal in the region of developing and diversifying its energy imports from many resource-rich nations in the region. These sales have also helped China's successful attainment of another strategic goal of building influence in the region through "soft power" image-building (a poll in 2014 showed that China's favorability among sub-Saharan nations is higher than in any other region in the world, with no surveyed country in the region having less than 65 percent of respondents reporting positive views).

Accordingly, in light of China's strategic interests in Latin America of enhancing its economic ties and building its soft power to boost its political influence, a similar arms sales strategy seems to be in operation in Latin America. However, with Latin American states generally having larger defense budgets than those in sub-Saharan Africa, China's defense companies will have to sell more than simply trainer jets and armored personnel carriers if Beijing is to build a similar level of influence over its Latin American partners.

If Chinese defense companies are able to convince more Latin American leaders like Kirchner that even their most advanced export hardware is of a sufficient quality, their low prices and unobtrusive arms deal conditions may help them pry a number of key deals out of the grasp of the United States, Russia, and other key suppliers in the region, allowing China to take even greater chunks of the market share. In the long run, this could pave the way for China to reap the benefits of enhanced diplomatic relations and economic ties, such as helping secure the lucrative energy deals it so doggedly seeks. Perhaps more worryingly for the United States, China's influence-building endeavors through these sales would likely negatively impact U.S. influence over the long term in the process.

With Chinese officials typically tight-lipped over their arms sales activities and goals, it remains unclear the extent to which these sales to Latin America are a product of calculated Chinese strategy, or merely a highly advantageous byproduct of their defense companies' successful engagement with the global arms trade. Nevertheless, whether these trends are out of strategy or serendipity, what is clear is that the sizable benefits to both China and its defense companies suggest that China is set to continue eating its way into the Latin American arms market – and into the United States' influence in the region – into the future.

*\*Allan Nixon has a master's in International Relations from the International University of Japan, specializing in East Asian security studies and arms proliferation.*

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## El desafío de la deuda corporativa china

La deuda de las empresas crece mucho más rápido que el PBI. Para evitar problemas el gobierno chino debe tomar medidas para aliviar y garantizar la deuda de las empresas. La proporción de los préstamos con problemas es baja y una eventual crisis, manejable.

[China's Corporate-Debt Challenge](#)

By David Lipton

Project Syndicate - 18/6/2016

The Chinese economy has slowed in recent years, but it is still a strong performer, contributing about one-third of total economic growth worldwide. It is also becoming more sustainable, in line with the shift in its growth model away from investment and exports and toward domestic demand and services.

In the run-up to next month's G20 summit in Hangzhou, China has been calling loudly for new commitments to structural reforms to stimulate growth in advanced and emerging-market economies. But China faces serious risks at home. Above all, domestic credit continues to expand at an unsustainable pace, with corporate debt accumulating to dangerous levels.

According to the International Monetary Fund's recently published annual report on the Chinese economy, credit is growing about twice as fast as output. It is rising rapidly in both the non-financial private sector and in an expanding, interconnected financial sector that remains opaque. Moreover, while credit growth is high by international standards – a key indicator of a potential crisis – its ability to spur further growth is diminishing.

Warning signs are flashing, and the Chinese government has acknowledged the overall problem. But, to avoid a crisis, it should immediately implement comprehensive reforms to address the root causes of the corporate debt problem. These include soft budget constraints for state-owned enterprises (SOEs) and local governments, implicit and explicit government guarantees of debt, and excessive risk taking in the financial sector – all of which have been perpetuated by unsustainable official growth targets.

To tackle the problem, the Chinese government must, in the words of Premier Li Keqiang, “ruthlessly bring down the knife [on] zombie enterprises.” This culling should be combined with a concrete strategy to restructure salvageable firms; recognize and allocate creditor losses; account for displaced workers and other social costs; and further open private-sector markets. More fundamentally, the government must accept the inevitability of lower near-term growth.

It is especially important to restructure SOEs. Many are essentially on life support, contributing only one-fifth of total industrial output but accounting for about half of all corporate debt. A serious restructuring effort – including stricter budget constraints and an end to lending to non-viable firms and government guarantees on debt, along with other supply-side reforms already underway – will create space for more dynamic companies to emerge and contribute to growth.

China is unique in many respects, but it is not the first country to experience corporate-debt difficulties. Its leaders should heed three broad lessons from other countries' experience.

First, the authorities should act quickly and effectively, lest today's corporate-debt problem become tomorrow's systemic debt problem. Second, they should deal with both creditors and debt-



ors – some countries' solutions address only one or the other, sowing the seeds for future problems. Finally, the governance structures that permitted the problem to arise must be identified and reformed. At a minimum, China needs an effective system to deal with insolvency; strict regulation of risk pricing and assessment; and robust accounting, loan-loss provisioning, and financial disclosure rules.

Influential voices in China are quick to draw the lesson from international experience that tackling corporate debt can limit short-term growth and impose social costs, such as unemployment. These are valid concerns, but the alternatives – half measures or no reform at all – would only make a bad situation worse.

China should begin by restructuring unviable companies in its fastest-growing regions, where workers will find new jobs more quickly and reforms are not likely to hurt growth. Policymakers can then be more selective when it comes to restructuring in slower-growing regions and cities where a single company dominates the local economy.

Moreover, structural unemployment and worker resettlement costs can be mitigated with a strong social safety net that includes funds for targeted labor redeployment so that workers can get back on their feet. This approach would show the government's commitment to those at risk of displacement.

To its credit, China has already made some efforts to solve its debt problem and begin deleveraging. The current Five-Year Plan aims to reduce excess capacity in the coal and steel sectors, identify and restructure nonviable “zombie” SOEs, and fund programs to support affected workers.

Now is the time for China to push for far-reaching reforms. Banks' balance sheets still have a relatively low volume of non-performing loans (and high provisioning). The costs of potential losses on corporate loans – estimated at 7% of GDP in the IMF's latest Global Financial Stability Report – are manageable. Furthermore, the government maintains high buffers: debt is relatively low, and foreign-exchange reserves are relatively high.

The question is whether China will manage to deleverage enough before these buffers are exhausted. Given its record of economic success and the government's strong commitment to an ambitious reform agenda, China can rise to the challenge. But it must start now.

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## La recuperación de la Ruta de la Seda orienta las inversiones chinas

OBOR crea oportunidades de inversión para las industrias pesadas y la construcción y contribuye a compensar la sobreinversión en el mercado interno.

[Silk Road revival drives Chinese investment push](#)['One Belt, One Road' policy increasingly guides capital projects](#)

By Jacopo Dettoni\*

Financial Times - 18/8/2016

Beijing's ambition of reviving trade along the ancient Silk Road is rapidly opening up new markets to Chinese investors looking for opportunities away from their slowing domestic economy.

Chinese outbound direct investment in the dozens of countries in Asia and eastern Europe that joined the "One Belt, One Road" initiative has soared since President Xi Jinping first hinted at the Silk Road narrative in 2013.

Chinese investors announced 315 greenfield investments with a combined value of \$75.9bn across Belt and Road countries in the 18 months to June 2016, twice as much as in the previous 18 months, according to figures from greenfield investment monitor fDi Markets.

In the same period, Chinese investment in other countries fell by nearly 29 per cent to \$36.5bn. Overall, 56 per cent of Chinese ODI has ended up in Belt and Road countries since Mr Xi's speech at Nazarbayev University in Astana, Kazakhstan in September 2013.

The numerous Beijing-sponsored bilateral agreements that are shaping the modern Silk Road narrative are giving Chinese companies, particularly those in the construction, energy and resources sectors, privileged access to Belt and Road countries. This represents a big opportunity to utilise some of the massive overcapacity built at home over the past 20 years.

In the construction sector alone, Chinese developers have pledged to invest \$25.6bn in infrastructure, property and logistics developments since September 2013. The Shenzhen Yantian Port Group hit the headlines in May when it teamed up with Indonesia's Lippo Cikarang to develop a 190tn rupiah (\$14.5bn) industrial zone in West Java, a key outpost along the maritime leg of the Belt and Road initiative looping around Southeast Asia and on to the Indian Ocean all the way to Europe through the Suez Canal.

At the same time, "made in China" thermal power plants are springing up all over the Eurasian continent, from Indonesia to the Middle East. In Pakistan alone Chinese investors have announced new power plants worth some \$8.5bn, potentially adding 5,260MW of installed capacity to the domestic grid, as the \$46bn China-Pakistan corridor has emerged as a key piece in the Belt and Road jigsaw.

## MAJOR RECIPIENTS OF CHINESE ODI FROM SEP 2013 TO JUN 2016

## Silk Road

Country	Projects	Capex (\$bn)*
Indonesia	Yes 39	33,466
US	No 203	20,471
India	Yes 96	15,759
Pakistan	Yes 22	12,094
Malaysia	Yes 29	10,428
Russia	Yes 42	10,024
UK	No 85	6,767
South Korea	No 22	6,028
Mozambique	No 1	4,000
Mexico	No 30	3,942
France	No 43	3,868
Peru	No 3	3,657
Australia	No 23	3,642
Algeria	No 5	3,502
Brazil	No 32	2,993
Thailand	Yes 23	2,617
Morocco	No 5	2,609
Myanmar	Yes 15	2,520
South Africa	No 21	2,498

Egypt Yes 10 2,252

Others N/A 648 2,040

Total N/A 1,397 155,174

*Source: fDi Markets \*includes estimates*

China's Silk Road foreign policy creates room for companies in construction and heavy industries to export their overcapacity, but it also accommodates the international ambitions of domestic heavyweights in other sectors.

Beyond Huawei, a technology company, and Bank of China, traditionally the country's largest outbound investors, Alibaba, the ecommerce group, and Haier, the consumer electronic specialist, are also emerging as big foreign investors as they shift production out of China and gear up to serve huge consumer markets like India.

As China raises the stakes along Belt and Road countries, the authorities in Beijing are reportedly becoming frustrated with the slow progress in a number of these countries, something that is pushing them to take on a more active role in the governance of the initiative.

In Pakistan, where many of the planned projects along the economic corridor have stalled because of a general lack of initiative on the Pakistani side, Chinese officials are reportedly urging the local army to take on a leadership role.

In Kazakhstan, where Chinese companies control about a quarter of the country's oil production, China Investment Corporation, a sovereign wealth fund, led a group of minority investors in KMG EP, the exploration arm of state oil company KazMunaiGas, to boycott a proposed buyout that would have resulted in large capital losses for the Chinese fund.

The Silk Road narrative may be a fascinating one, and a huge opportunity for the countries involved. However, to become the "win-win situation" often depicted by its enthusiasts, the investment channels it has to generate profits, or Chinese capital will eventually move elsewhere.

*\*Jacopo Dettoni is deputy editor of fDi Magazine, an FT publication*

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[La automotriz china Geely quiere desembarcar en Argentina](#)

La compañía traerá sus vehículos a partir de fin de año. Tiene previsto apertura de concesionarias en Córdoba.

La Voz - 18/8/2016

La automotriz china Geely comenzará a vender sus vehículos entre octubre y noviembre próximos, con tres modelos.

Entre sus planes está la apertura de concesionarios en diferentes plazas del país, incluido Córdoba.

Así lo publicó el sitio especializado en autos CarsDrive, según el cual la compañía estará a cargo del ejecutivo uruguayo Federico Mayora, quien tuvo la intención de desembarcar con esta marca en 2012, proyecto que finalmente no se dio.

Geely Argentina, un sitio web [www.geelyar.com.ar](http://www.geelyar.com.ar) presenta tres modelos con los que iniciaría sus operaciones en el país: el sedán Emgrand, el hatch LC y su versión crossover LC Cross.

Geely saltó a la consideración internacional cuando compró a Volvo en 2010.

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## La industria latinoamericana ¿Y el rol de China cuál es?

Por Jorge Guajardo, Manuel Molano y Dante Sica

[Link](#)

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Editor responsable del Boletín: Julio Sevares.