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La industria ferroviaria reactivará con una inversión de \$2.400 millones

El gobierno nacional renovará en total 1.600 km de vías que conectan las provincias del norte con los puertos del Gran Rosario.

Diario BAE

Septiembre 22 2017

El Ministerio de Transporte de la Nación informó que compró más de 1,7 millones de durmientes fabricados en Argentina para obras de renovación de vías, lo que implica una inversión total de \$2.400 millones.

Esta compra de Trenes Argentinos Infraestructura sirvió para reactivar las actividades de empresas nacionales de fabricación de insumos ferroviarios distribuidas en el conurbano bonaerense y en las localidades de Cardales, Dolores y Mar del Plata.

El ministro de Transporte, Guillermo Dietrich recorrió ayer las instalaciones de la empresa familiar "Premoldeados Argentina" en Cardales, que fabrica los durmientes para las vías del Belgrano Cargas.

"Fue una decisión de este gobierno dar de baja los durmientes comprados en China y reemplazarlos por producción nacional. Hicimos una licitación gigante sin precedentes de este insumo que es fundamental para la recuperación del tren de cargas que estamos encarando. Y hoy estamos viendo los frutos en esta planta: una empresa familiar, cuya actividad cayó en septiembre de 2015, hoy recuperada empleando cada vez más y más gente", dijo el ministro.

La empresa "Premoldeados Argentina" fabricó ya un total de 100.000 durmientes. Le restan fabricar otros 498.000 en un plazo de 2 años y medio, que es el tiempo que dura el contrato con Trenes Argentinos Infraestructura, se informó.

Además, dicho contrato incluye 5 empresas argentinas más para lograr un stock final de 1.7 millones de durmientes, que son Zonis, Frontera, Astori, Prear y DHASA. Esa compra busca reactivar la industria nacional de durmientes de hormigón, con una inversión total de \$2.400 millones.

Los durmientes serán destinados a las obras de renovación de vías del Belgrano Cargas.

Gracias a estas obras y a la incorporación de 3.500 nuevos vagones y más de 107 locomotoras, el tren duplicará la velocidad de 15 a 30 km/h y pasará de transportar 1 millón de toneladas por año a 4.4 millones por año en 2019.

El proyecto total, que comprende una inversión de 2.620 millones de dólares, está financiado por un crédito de la firma CMEC que fue ampliado en la última visita de la delegación del gobierno nacional a China para incluir obras fundamentales como los accesos a los puertos de Rosario, la circunvalación a Santa Fe y puentes, con componentes que serán en un 65% de origen argentino.

Como parte de la primera etapa de las obras en vías, ya se renovaron un total de 203 km en Santa Fe. Continúan en obra otros 332 kilómetros en las provincias de Santiago del Estero y Chaco. La segunda etapa por otros 500 km iniciará a fines de mes en Salta y Jujuy, mientras que la tercera etapa para completar los 1.600 km se encuentra en período de licitación.

[Venezuela bajo el signo del yuan](#)

Maduro logró sortear la ola de protestas. Pero ahora se enfrenta a problemas económicos graves y a una deuda que debe pagar. Su última apuesta es el abandono del dólar como referencia para la cotización de la cesta petrolera y su sustitución por el yuan.

Por Tomás Straka

Nueva Sociedad. Octubre 2017

Tras superar el último ciclo de protestas que tuvieron en vilo a Venezuela entre abril y julio, el gobierno de Nicolás Maduro enfrenta enormes dificultades económicas y una creciente presión internacional. Pero ninguna de ellas alcanzan para acabar con un régimen, menos con uno al que le quedan algunas cartas bajo la manga y que viene de triunfar sobre una rebelión. Sin embargo, tanto los problemas económicos como la presión externa podrían combinarse para socavar la unidad del bloque gubernamental que las manifestaciones de calle no lograron. Eso agudizaría las tensiones sociales que ya existen. Que la opositora Mesa de la Unidad Democrática (MUD) haya perdido protagonismo y aceptado participar en las venideras elecciones bajo las reglas del gobierno, representa un éxito para Maduro. Pero con una inflación que ya en agosto era del 248% y una devaluación de casi el 70% sólo en el último mes, el panorama sigue siendo complicado. Ante ello, el gobierno busca oxígeno en aliados extranjeros como China y Rusia. El

abandono del dólar como referencia para la cotización de la cesta petrolera y su sustitución por el yuan, puede ser sólo el inicio de una contraofensiva mucho más amplia para consolidarse en el poder.

Una prueba de lo que esto representa son los 3,5 millardos de dólares que el gobierno venezolano, en especial la petrolera estatal PDVSA, debe pagar a los tenedores de sus bonos en el mes de noviembre. Si algo ha demostrado la administración chavista es su escrupuloso compromiso con los acreedores. En septiembre se manifestaron problemas con los desembolsos, corriéndose la voz de que finalmente se caería en default. Al final, fueron liquidados, demostrándose que el gobierno está dispuesto a hacer casi cualquier sacrificio para evitar la morosidad, cosa que fue vista con cierto alivio en los mercados. Esos sacrificios se le endosan finalmente a la población. Todo esto hace pensar en la sostenibilidad del modelo autoproclamado como «socialista» a mediano plazo, incluso con el férreo apoyo militar que hasta el momento ha demostrado tener. Aunque regímenes como cubano y o el de Zimbabwe lograron mantenerse en el poder en situaciones incluso peores, en los dos casos adelantaron reformas económicas e incluso políticas de algún tipo. Robert Mugabe dolarizó su país, resolviendo lo peor de la crisis de hiperinflación y escasez, e incorporó a la oposición a su régimen.

En cuanto lo político, tal vez el hecho de que no se haya disuelto –al menos no aún– a la Asamblea Nacional en manos opositoras permitiendo su coexistencia, incluso en el mismo edificio, con la Asamblea Nacional Constituyente en manos chavistas, y cierta pluralidad en las elecciones regionales, indique que se esté barajando un modelo como el de Zimbabwe. De las elecciones podrán salir gobernadores opositores con cuotas de poder pero proclamados por una autoridad electoral que esa misma oposición ha denunciado parcializada por el gobierno, y con la espada de Damocles de una Constituyente con poderes supraconstitucionales que en cualquier momento pueda destituirlos o cambiar drásticamente sus funciones. Abandonar los espacios en las regiones sería un error que haría del participar en los comicios un mal menor. Pero también es cierto que si no hay un cambio sustancial en la correlación de poder o en las estrategias de la MUD, tanto los gobernadores opositores electos como los parlamentarios que siguen en sus curules, corren el riesgo de tener un papel como el de la oposición zimbabuense. Es decir, de socios menores, o en el peor de los casos, el de los partidos del Frente Nacional de la República Democrática Alemana, es decir, de simples comparsas. Hay que recordar que ya en 2015 la oposición obtuvo un rutilante éxito electoral y eso no ha sido capaz de impulsar una transición.

Con respecto a las reformas económicas, la trama de intereses que se hay en Venezuela las pone cuesta arriba. Dentro del marco del férreo control cambiario –para ciertos rubros el cambio oficial es de diez bolívares por dólar–, el cambio paralelo se ha desplomado a alrededor de veinte mil bolívares. El mejor negocio del mundo es tener la manera de acceder a estos dólares a diez bolívares, porque basta vender uno de ellos a veinte mil, para comprar otros dos mil dólares a

diez. No obstante, las sanciones internacionales apuntan a cortar el chorro de petrodólares que le entra al Estado, dueño absoluto de la industria, espina dorsal de este sistema y, según muchos, de las lealtades tejidas en torno suyo. La orden ejecutiva firmada por Donald Trump el 25 de agosto, prohíbe a ciudadanos o empresas norteamericanas hacer transacciones en bonos del gobierno venezolano y de PDVSA, con lo que dinamita una de sus fuentes fundamentales de financiamiento. Pero hay más. También se le impide a Citgo, la refinadora de petróleo y expendedora de gasolina propiedad de PDVSA, la repatriación de sus dividendos. Citgo es la encargada de adquirir la mayor parte de los setecientos mil barriles de petróleo que Venezuela vende diariamente a EEUU. El otro millón (o un poco menos) de barriles que produce se envía a China, que los pagó por adelantado en un fondo de desarrollo que ya está casi vacío. Éste se reparte en convenios como Petrocaribe, en los que se cobra a largo plazo o en servicios y especie, o se manda a compradores menores. Es decir, para el flujo de caja Venezuela depende como nunca del denostado «imperio».

La respuesta ha sido la cotizar el petróleo en yuanes y la de impulsar el uso de esta moneda para las otras transacciones internacionales. En lo que parece ser un primer paso de liberalización, se ha anunciado que en dos regiones operen las casas de bolsa con ellos. Pero es difícil que esta «yuanización» tenga un efecto como los de la dolarización de Zimbabwe y la que parcialmente se aplicó en Cuba; entre otras cosas porque todo el que compre un yuan saldrá corriendo a cambiarlo por lo que pueda en dólares. Tal vez se logren honrar los pagos de noviembre, pero ya los del 2018 parecen ser más difíciles de cumplir. A ello hay que sumar otro conjunto de sanciones directas a figuras del régimen y sus familias, que coartan su capacidad de acción internacional y que pueden hacer temer a otros por sus destinos y sus bienes. Si no se resuelve de algún modo este aspecto económico, no parecerá posible replicar algo como lo de Mugabe, incluso con la connivencia de algunos opositores. El modo en que Maduro logre (o no) sortear esto, definirá en buena medida el futuro de su régimen y el de todo el país.

El diálogo sobre aplicación de la ley y ciberseguridad fortalece la cooperación China-US

Funcionarios de China y Estados Unidos mantuvieron su primer diálogo sobre temas de aplicación de leyes y ciberseguridad. La agencia oficial china sostiene que se avanza en la cooperación bilateral.

[Law enforcement, cybersecurity dialogue strengthens China-U.S. cooperation](#)

Xinhua | 2017-10-07 03:10:14 | Editor: huaxia

WASHINGTON, Oct. 6 (Xinhua) -- In their first Law Enforcement and Cybersecurity Dialogue earlier this week, China and the United States pledged to produce stronger and closer bilateral cooperation in counter-narcotics, cybersecurity, repatriation and other fields.

FOCUS ON COOPERATION

The one-day meeting was co-chaired on Wednesday by visiting Chinese State Councilor Guo Shengkun, and U.S. Attorney General Jeff Sessions and Acting Secretary for Homeland Security Elaine Duke.

At the meeting, the two sides agreed to commit to mutual respect, equity, frankness and pragmatism, make a full use of the dialogue mechanism and further strengthen bilateral communication and cooperation in law enforcement and cybersecurity.

Guo, also China's public security minister, called on the two sides to focus on cooperation and manage their differences so as to make bilateral cooperation in law enforcement and cybersecurity a new highlight in China-U.S. ties, and work relentlessly to promote global security governance and build a universal and secure community of shared destiny for mankind.

The meeting has proved to be very fruitful as demonstrated in an intergovernmental joint statement.

In the statement released on Friday outlining the fruitful outcomes of the meeting, the two sides expressed their intention to enhance cooperation on narcotics control and enforcement and gave a nod to continue their implementation of the consensus reached by the Chinese and U.S. presidents in 2015 on China-U.S. cybersecurity cooperation.

China and the United States also consented to develop a repeatable process to verify the identity of illegal immigrants in a timely manner.

The two sides also intended to make a full use of the established hotline mechanism for addressing urgent cyber-crime and network protection issues and to communicate timely at the leadership and working levels.

The two sides will continue to push forward pragmatic cooperation, guaranteeing mutual benefit and promote a peaceful, safe, open, cooperative and orderly cyberspace, Guo said.

The meeting is one of four high-level communication mechanisms established during the Mar-a-Lago meeting between Chinese President Xi Jinping and his U.S. counterpart Donald Trump at Palm Beach in the southeastern U.S. state of Florida on April 6-7, 2017.

WELL-PREPARED DIALOGUE

The two sides attached high importance to the dialogue and already showed intention for cooperation in the preparatory stage leading up to the meeting, according to the Chinese officials who attended the event.

Since June, the U.S. law enforcement has handed over two criminal suspects to Chinese police, while the Chinese side has repatriated two wanted suspects listed on an Interpol red notice to the United States.

The two sides also conducted several rounds of talks on anti-terrorism, counter-narcotics, cybersecurity and immigration ahead of their gathering in Washington.

The Chinese officials described the bilateral cooperation on cases of mutual concern as "smooth, positive and pragmatic."

The U.S. side stressed the importance of bilateral cooperation in law enforcement and cybersecurity, saying that the two sides face common threats as well as interests in these areas.

The United States also agreed to work with China to use the dialogue mechanism to strengthen bilateral cooperation in related areas, promote specific cases through dialogue with the Chinese side and work to yield more outcomes to benefit both countries and their peoples.

EE.UU. pide a China no implementar su ley de ciberseguridad

La ley es parte de la política de soberanía cibernética de China y restringe flujos de información.

[US Asks China Not to Implement Cybersecurity Law, NEV Production Quotas Released](#) –

China Regulatory Brief

Posted on October 6, 2017 by China BriefingWebsite

US requests China not to implement Cybersecurity Law

The US has requested China not to implement its controversial new Cybersecurity Law, according to a document published by the World Trade Organization (WTO) on September 26. Many foreign governments and business organizations have also expressed unease at the law, in force since June 1 this year, due to its data localization provisions, restrictions on the cross-border flow of information, and government security reviews.

While the Cyberspace Administration of China (CAC) did not delay implementation of the law, it gave businesses a grace period lasting until December 31, 2018 to comply with the cross-border data flow requirements.

The law is a key component of China's campaign for "cyberspace sovereignty" [1], a concept that allows Beijing to govern, monitor, and regulate the internet within the country's borders. Other controversial measures introduced by the law include real-name recognition for online commenting and restrictions on celebrity gossip reporting.

The CAC has already punished leading Chinese tech firms such as Tencent, Baidu, and Weibo for failing to comply with aspects of the law while the US tech giant Apple has announced plans to establish a data center in Guizhou province to comply with the law's data localization requirements

[Para competir con Estados Unidos, China prepara su Silicon Valley](#)

El gigante asiático terminará en tres años un nuevo polo científico-tecnológico en Shangai. La ciudad tiene unos 30 millones de habitantes, y en la símil Silicon Valley habrá unos 700.000 residentes, además de que se emplearán a casi 900.000 personas para la construcción de sus 94 kilómetros cuadrados.

Cronista Comercial 09/08/2017

En un escalón más de la competencia entre China y Estados Unidos por el dominio de la economía mundial, los asiáticos preparan una "ciudad de la ciencia" en el distrito de Shangai, que tendrían lista para dentro de tres años. Así, buscarán competirle a la Silicon Valley de los norteamericanos.

La "ciudad de la ciencia" contará con alrededor de 700.000 residentes entre los que habrá científicos, empresarios y profesionales que trabajarán en los centros de investigación.

Según informó el diario chino Shanghái Daily, ese plan se llevará a cabo en el actual Parque Zhangjiang Hi-Tech de Pudong, que será ampliado y se convertirá en la Zhangjiang Science City. De esta manera, se cubrirán 94 kilómetros cuadrados en el sureste de la urbe. La construcción creará cerca de 880.000 empleos, de acuerdo con un plan de construcción aprobado por el gobierno de la ciudad.

La ciudad de la ciencia pretende estar a la par del Silicon Valley en California (Estados Unidos), del Parque Científico One North en Singapur y de la ciudad científica japonesa de Tsukuba. Está previsto que sea completada en 2020.

”Para lograr ese objetivo, se reunirá a los mejores profesionales innovadores del mundo, centros científicos nacionales, universidades líderes, institutos de investigación y centros de I+D de empresas multinacionales”, apuntó el diario.

Según el plan, en la ciudad de Zhangjiang se construirán decenas de laboratorios para proyectos científicos así como una serie de centros de investigación de universidades de renombre, entre otros proyectos.

Por ejemplo, el Centro de Investigación Tsung-Dao Lee, que lleva el nombre del científico de Shangai que ganó el Premio Nobel de Física en 1957, se centrará en la física de partículas y en la astrofísica, así como en la ciencia y la tecnología cuánticas.

Según un reciente estudio publicado por la consultora KPMG en base a opiniones de directivos del sector, Shangai se convertirá en los próximos años en el líder del desarrollo tecnológico y superará incluso a Silicon Valley en un plazo de cuatro años.

El informe se realizó con entrevistas a 841 ejecutivos de la industria de alta tecnología en todo el mundo. China es el país con más posibilidades de presentar avances tecnológicos de impacto global para el 25% de los encuestados.

Shangai, cuya zona metropolitana tiene más de 30 millones de habitantes, lidera por delante de Nueva York, Tokio, Pekín y Londres la lista de las cinco ciudades que, según los encuestados, serán líderes en la innovación de alta tecnología.

Por las limitaciones del régimen comunista, tal vez Baidu sea a la Silicon Valley china lo que Google es a la californiana.

No habrá un Mark Zuckerberg sonriente con Facebook y WhatsApp en China, sino que Tencent y WeChat cumplen funciones similares al otro lado del Océano Pacífico. A su vez, Twitter tiene su paralelo en Weibo.

Lejos de la posición dominante de Samsung y Apple en el mundo, los asiáticos tienen a Huawei como la principal fabricante de teléfonos móviles. La empresa china es la tercera del planeta, con un market-share de 9,3% en 2016 (138,8 millones de unidades vendidas el año pasado) y va ganando mercados de a poco. En la Argentina, se hizo conocida mediante campañas publicitarias con el futbolista Lionel Messi y en la camiseta de Boca Juniors.

Alibaba, la equivalente a Amazon en lo que es el comercio electrónico, es otra de las compañías que podrían instalarse.

Uber encuentra su parecido asiático en Didi Chuxing, donde Apple invirtió u\$s 1000 millones en 2016.

Aún con restricciones a la libertad de expresión, China se posiciona para ganarle una simbólica batalla a su rival comercial.

Los fabricantes de autos chinos reducen la brecha de calidad con sus rivales globales

Mejoran la calidad como estrategia para competir en los mercados de EE.UU. y Europa

[Chinese carmakers close quality gap on global rivals](#)

Charles Clover in Beijing

Financial Times, 28/09/2017

The quality of Chinese domestic car brands is likely to catch or even surpass global marques in China by 2020, as local carmakers close what was once a yawning quality gap, according to a survey by JD Power.

When the US automotive industry consultant began its quality surveys in China in 2000, the gulf between foreign and domestic brands was large. Chinese cars, measured in problems per 100 vehicles, hit 834 in 2000 – more than eight problems per vehicle, double the international average. However, the result of the 2017 survey released on Thursday showed Chinese brands

averaging 112 problems per vehicle – just 13 higher than the mainstream, including cars sold by the global groups in China.

The Chinese are the world's largest car producers, making 30 per cent of the passenger cars and commercial vehicles in the world last year. But so far it has been unable to develop its own competitive car industry, with foreign brands – mostly produced in China by joint ventures – producing about 60 per cent of the country's 24m passenger cars. But that may be changing.

Jacob George, JD Power's Asia Pacific vice-president, said the quality difference between foreign and domestic carmakers in China had dropped “dramatically” due to quality improvements by the Chinese but that initial estimates that they would converge in 2018 now seem premature. “It's hard to improve when you're better,” he said, projecting the convergence in 2020.

This improvement in quality is taking place against a backdrop of big plans to export Chinese brands such as Geely, GAC Trumpchi and Great Wall, which have announced plans to target European and US markets.

GAC Trumpchi was the top-rated Chinese brand in the 2017 study, beating foreign joint ventures such as SAIC Volkswagen and FAW Toyota. However, the scores received by Geely and Great Wall were disappointing – both were below average, although JD Power declined to publish the precise rank.

“We would not recommend any company consider going external unless they are in the first quartile or second quartile,” said Mr George. Neither Geely nor Great Wall responded to a request for comment.

Michael Dunne, a Hong Kong-based automotive consultant and author of *American Wheels, Chinese Roads*, said the quality improvement by some brands in China was “the beginning of the end of Detroit in China”. He said that some Chinese plants such as the Shanghai-GM factory that builds the Buick Envision already have higher internal quality standards than some GM plants in the US.

He added that the rise in quality had triggered a change in the dynamics between foreign and domestic carmakers – formerly domestic carmakers made more revenue by selling foreign joint venture partners' cars and showed little interest in developing their own. This had shifted, he said.

“Previously the logic was, ‘Why invest billions in creating an all-new Chinese product when you can make fat profits – right now – selling Buicks?’

“But now the new thinking is, ‘Why work hard to sell a Chevy when I can offer our own brand and keep 100% of the revenues?’” he said.

Las relaciones de negocios entre China e India son robustas a pesar de las exageraciones sobre problemas fronterizos

El comercio entre los dos países aumenta y las inversiones chinas en India crecen y se diversifican, impulsadas por la mejora en el clima de negocios en este país.

[China – India Business Relations Robust Despite Border Hype](#)

China Briefing September 14, 2017

By Melissa Cyrill

Less than three months after a border standoff began at Doklam, China and India agreed to de-escalate the situation in favor of talks and military disengagement.

The standoff caused some strain in bilateral trade and business relations. Yet, eventually, economic and commercial interests trumped geopolitical concerns, leading to the relatively swift resolution of border tensions.

Indeed, a week after the disengagement, India’s Prime Minister Narendra Modi attended the ninth BRICS Summit in Xiamen, and met separately with Chinese President Xi Jinping for bilateral talks.

Chinese exports to India surge in upscale segments

China is India’s largest trade partner, though the balance is heavily in favor of China. In 2016-17, China’s goods exports to India valued at a whopping US\$61.3 billion against India’s shipments worth US\$10.2 billion

Chinese goods dominate India's homes, marketplaces, and factories. India imports a wide range of high-value added goods from China: mobile phones and electronic equipment to solar modules and machinery parts, besides cheap and mass manufactured items.

China's Exports to India: 2012-13 to 2016-17

Unit: US\$ Billion



Source: tradingeconomics.com

Graphic © Asia Briefing Ltd.

Meanwhile, India exports mainly raw materials like cotton, ore, slag and ash, mineral fuels, organic chemicals, as well as copper and related articles. China's trade restrictions may have something to do with this – Indian agricultural and pharmaceutical products, for instance, are prevented from reaching the country.

On the other hand, China wants India to remove its anti-dumping duty on 93 products covering broad groups of chemicals and petrochemicals, products of steel and other metals, fibers and yarn, machinery items, plastic items, and electronic items, among others.

China's investments into India are diversifying

China's investment pattern in India is changing. After years of sluggish growth, the pace of out-bound investments from China has quickened.

Take a look at the numbers: foreign direct investment (FDI) from mainland China into India totaled US\$1.55 billion between April 2000 and December 2016 – 77.9 percent of this came after 2014, according to the Indian government.

China's Top Sectors for Investment into India from April 2000 to September 2015 (US\$ million)



Graphic © Asia Briefing Ltd.

Between June and August 2016, Chinese firms and investors pumped in approximately US\$2.3 billion into India – targeting technology startups and the electronics manufacturing sector.

This in itself is a break away from China's outbound investment patterns in other Asian markets, where infrastructure and extractive industries have dominated spending.

Economists explain this trend as a gradual shift from strategic to financial equity returns-focused investments. Chinese investors and industry leaders feel that India is where their country was ten years ago, and aim to replicate their homegrown successes.

Over the past year, new Chinese venture capital (VC) firms – including K2VC, Ping An Ventures, and Legend Capital – have visited India to scout for the next great idea.

As such, Chinese investors have paid special attention to India's digital ecosystem, especially its technology startups, and have invested hundreds of millions of dollars in the e-commerce, online payments, healthcare, and communication media sectors.

For instance, Alibaba, China's largest e-commerce company and its affiliates own 40 percent stake in India's largest digital payments company – Paytm. Alibaba plans to raise it to 62 percent.

Chinese investor	Indian startup	FDI (US million)	Year
Beijing Miteno Communication Technology	Media.net	900	2016
Alibaba	Paytm	680	2015
Alibaba (with Foxconn Technology and Softbank)	Snapdeal	500	2015
Ctrip	MakeMyTrip	180	2016
Tencent	Hike	175	2016
Tencent	Practo	90	2015
ByteDance	Dailyhunt	25	2016

Graphic © Asia Briefing Ltd.

Meanwhile, China's investments in India continue to flow into the more orthodox sectors. Chinese multinational corporations – like Harbin Electric, Dongfang Electronics, Shanghai Electric, and Sifang Automation either supply equipment or manage power distribution networks in 18 cities in India.

Chinese state-run firms – like China Harbour Engineering Co. Ltd and China Datang Corp – have shown interest in acquiring Indian companies in the engineering, procurement, construction (EPC), and power generation segments.

And, India needs these investments.

The consolidated FDI policy for 2017-18 indicates that India needs FDI inflows to fund its current account deficit, to improve the competitiveness of its manufacturing sector, and to make it an integral part of the global value chain.

China's own domestic plans involve moving towards an innovation-led model of higher value-added manufacturing, while at the same time finding consumer markets for its established manufacturers.

The two economic growth trajectories may just reinforce the other.

What China Wants From India – Manufacturing Capacity

China plus one model – Asian giants who need each other

China is trying to transition from a low-end manufacturer to a high-end manufacturer, sourcing cheap products from other places for increasingly wealthy Chinese consumers, and transitioning Chinese jobs to higher paid manufacturing and services.

At the same time, Chinese firms still need to maintain existing production capacity and expand market access for its goods to be able to invest in establishing a higher-end manufacturing ecosystem, with the benefits of value addition coming into China. India, on the other hand, is at an earlier stage – developing its manufacturing base and trying to create the supply chain infrastructure that China is renowned for.

Yet, with increasing labor costs, declining population trends, and reduction of preferential investment policies, China is gradually losing its cost advantage and competitiveness in comparison to other Asian countries. As a result, companies in China are looking to diversify their operations by adding another location in Asia.

This strategy is known as the “China plus one” model. Businesses adopt the China plus one model to reduce operating costs, diversify workforces and supply chains, as well as access new markets.

Companies in China traditionally looked to Southeast Asian countries for alternative manufacturing destinations. In addition to the many benefits of ASEAN as an investment destination, India's size, regulatory maze, and land acquisition represented more challenges than was viable to take on.

However, three years into Modi's business friendly government, India is considered a much more attractive location to do business. Chinese firms have taken note of this, and the number of Chinese firms has climbed from between 30 and 40 in 2010 to between 400 and 500 today.

Several firms have also invested in local manufacturing capacity in India, across sectors. Leading examples include: SAIC Motor Corp., China's largest automaker, which will start production in 2019 through a fully-owned facility in Halol, Gujarat state; Xiaomi, which assembles one phone every second in its second plant in Sri City, Andhra Pradesh state; and solar panel giant Trina Solar, which plans to build a US\$44 billion plant near the port of Visakhapatnam.

What China-based businesses gain in India

The following factors make choosing India as your "China plus one" destination an easier decision today:

Economic reforms: The Modi government is keen to transform India's manufacturing ecosystem under its "Make in India" initiative. Other flagship initiatives, such as "Digital India" and "Startup India" have already caught the attention of the biggest Chinese technology companies and VC firms. Meanwhile, ease of doing business is an important target of government reforms in the regulatory and corporate establishment domains, as are tax, real estate, and bankruptcy regulation.

Market size: India is the world's third largest market after China and the US. Its economy posted a Gross National Income (PPP) of US\$8.59 trillion in 2016-17, growing at a rate of 7.1 percent. Foreign businesses entering India now are comparing their experiences to China in previous decades – and despite ASEAN's ambitions, none of the Southeast Asian economies offer a single, unified market this size. Analysts estimate that India's nominal year-on-year expenditure growth of 12 percent will result in India becoming the third largest consumer market by 2025. Maximum consumer spending is expected in food, housing, consumer durables, transport, and communication sectors.

Labor surplus: India's population was 1.32 billion in 2016, and there are more than 605 million people below the age of 25. What this translates into is a projected 115 million workers in the 20-24 age bracket, according to the International Labor Organization (ILO). This young workforce will make a significant contribution to India's consumer base, and contrast favorably to demographic changes in China.

Low labor costs: China is committed to developing high-end, value-added manufacturing to fuel the next stage of its economic development. Companies that want to manufacture cheap goods in Asia need to understand how lower labor costs in India can help them achieve their goals.

India has some of the lowest labor costs in Asia: a monthly minimum wage of US\$137 as compared to US\$155 in China at the end of 2016, at its lowest.

In 2017, 14 regions in China increased their minimum wage, including Shanghai, which raised it by five percent from RMB 2,190 (US\$335) to RMB 2,300 (US\$351) and Shenzhen, which raised it from RMB 2,030 (US\$310) to RMB 2,130 (US\$325). In 2016, nine provinces raised their minimum wages and in 2015, 19.

In India, social insurance benefits are available only to firms in the organized sector. This means they are legally registered under law and pay tax. Furthermore, provision of social security benefits are mandated for only those firms that have a minimum number of employees. In contrast, businesses in China have considerably higher social insurance commitments.

Government support for industry: The Indian government is making foreign investment easier in India, announcing a much more liberalized and streamlined FDI policy in 2017. Government initiatives to create smart cities, trade corridors, industrial clusters, special economic zones (SEZs), and advance port infrastructure offer various preferential policies for foreign firms and investors.

Beyond this, Modi's encouragement of "competitive federalism" has helped localize economic reforms and business incentives, adding a healthy dose of realism to the federal government's expansive vision.

An important relationship

Dezan Shira & Associates Chairman Chris Devonshire-Ellis said, "The media has a tendency to play up any hint of conflict between India and China. But in actual fact, a huge amount is being done behind the scenes to position both economies as complementary with each other rather than competitive. In reality, both countries, like growing siblings, occasionally squabble yet develop together. Both are concentrating on efforts towards development, and don't want to be distracted by other issues".

According to Devonshire-Ellis, "the future is bright for an Asian axis with Beijing and Delhi both taking major and powerful roles in the shaping of Asia's destiny."■

Analyzing China-India bilateral trade and investment data showcase the benefits of cooperation-based growth in the region. The policy of delinking economic objectives from geopolitical developments emerges from this understanding – evident in the resolution of the Doklam standoff.

Finally, the two countries are Asian giants, representing two of the three largest and fastest-growing economies in the world, and showing complementary development trajectories. They cannot be ignored by foreign investors on one hand, neither can they ignore each other.

Más allá de lo aceptable: los alegres racistas de China

Una profesora de inglés en China narra su experiencia sobre el racismo espontáneo de sus alumnos

[Beyond the pale: China's cheerful racists](#)

Ideas about racial hierarchies are not outdated -anathema here but unquestioned belief

The Spectator

Carola Binney

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Setting off to spend a year teaching English in Zhejiang province in south-eastern China, I expected plenty of surprises. But what struck me most was something they tend not to tell you about in the guidebooks: the racism.

It started when I went around the classroom, asking pupils which city they were from. When I got to a slightly darker-skinned boy, his classmates thought it was hilarious to shout 'Africa!' It's a theme. A girl with a similar complexion was taunted with monkey sounds; her peers refused to sit next to her, saying she smelt bad. I apparently erred when, teaching the word for wife, I showed my students a picture of Michelle Obama. The image of the then First Lady was greeted with exaggerated sounds of repulsion: 'So ugly!' they said. 'So black!'

Such comments would have been treated harshly in a British classroom a quarter-century ago, let alone today. But my own protestations were met with confused faces – crestfallen that they'd disappointed their teacher, but clueless as to the nature of their mistake. And this stretches far beyond the classroom. To many Chinese, ideas about racial hierarchies are not outdated anathema but unquestioned belief.

In Britain, a politician who uses a defunct idiom like 'nigger in the woodpile' loses the whip. In China, racism is a standard undercurrent of public debate. A few months ago, Pan Qinglin, a

Tianjin politician, announced to reporters that he had found out how to ‘solve the problem of the black population in Guangdong’ – a province with a small amount of African migration. Warning that the new arrivals brought drugs, sexual assault and infectious diseases, he urged local policy-makers to tighten controls to prevent China turning ‘from a yellow country to a black-and-yellow country’.

The Chinese don’t make a big deal about their racism: it’s so commonplace it can seem almost cheerful. An advert for a detergent shows a black man chatting up a Chinese woman, only for her to shove him in the washing machine until he emerges a fair-skinned Asian. The advert aired for months before it was picked up by an English-language website and caused uproar. The company, Qiaobi, apologised – to its non-customers. Its analogy of black skin and dirty laundry made perfect sense to the Chinese.

Chinese racism is, in part, the extension of a long-standing association of wealth and pale skin: a near-universal construct that is particularly acute in a country that was for centuries ruled by various subsections of its pallid northern population.

The history of China is also the history of proud isolationism: it has been keeping outsiders out-side for generations. China was long the most developed country in Asia, and just as the Greeks stigmatised their neighbours as barbarians, the Chinese scorned theirs. The turn of the 20th century brought the grudging acknowledgement of western technological superiority, and with it a shift from the general policy of viewing all foreigners as inferior: an exception was made for westerners.

The racism begins with the assumption that all westerners are white. In the words of my black Cameroonian colleague, the Chinese are prone to think that ‘all blacks are from Africa, and everyone in Africa has AIDS’.

The notion of a black Briton is puzzling, when to be Chinese is to be Han and vice versa: the Party believes itself to be the legitimate government not just of all the Han in China, but everywhere else as well. In 2015, five Hong Kong-based Han booksellers were arrested for allegedly selling seditious works. One man was a British citizen and another a Swede, but their foreign passports did nothing, in the government’s eyes, to counteract their Chinese blood: both men were denied consular support. The Swede announced on state television, probably under duress, that ‘I truly feel that I am still Chinese’.

Conversely, a non-Han Chinese person is considered a contradiction in terms, and the Chinese apply the same logic to the citizens of other countries. When I showed my class my own school photograph, I expected them to remark on how terrible my hair looked. Instead, their first response was ‘Why are there those black girls in England?’

China's government says it is 'a unified multi-ethnic country'. It is not. To a British visitor, China appears astonishingly ethnically homogeneous: the Han ethnic group make up 92 per cent of the population, but walk the streets of almost any city and you'll wonder where the other 8 per cent are hiding. The answer is: in ethnic minority enclaves on the fringes of some of the country's poorest provinces. China has almost no citizens of non-Chinese descent: it is extremely difficult for expats to secure Chinese citizenship, so most are forced to leave as soon as their employment visas expire. China's non-Han residents are members of the country's indigenous minorities, who are almost always darker-skinned than their Han neighbours.

Treated variously as a security risk or as purveyors of quaint cultural curiosities, China's minorities have been left behind by the economic progress of the last half century. Most work in the fields, and a few find employment performing folk dances to Han tourists. One study found that the per capita income gap between Han and minority Chinese increased by almost 17 percentage points between 1988 and 1995, when the Chinese economy began to skyrocket. While the incidence of poverty in China has decreased by a jaw-dropping 92 per cent in the past 40 years, almost half of those still living on less than \$1.50 per day reside in minority enclaves.

When development does come, it is often seen as centrally imposed Sinicisation. Efforts to ensure that Tibetan children speak fluent Mandarin, for example, have resulted in the arrest of those who promote the local language. The approach to minorities is cruel and contradictory: most Han Chinese don't see minority citizens as their fellow country-men, but still maintain that Beijing has a right to govern them.

My time in a Chinese classroom didn't instil much hope of an enlightened next generation, but there are a few signs that things might be starting to change. Chinese teenage boys idolise the African-American basketball star Kobe Bryant, for instance – posters of him festooned the dormitory walls.

If China wants to realise its aspiration of replacing America as the country the world looks up to, it will need to sort out its race problem. It is an issue which fuels unrest at home, and damages the country's reputation abroad. Xi Jinping has talked about a 'Chinese dream' – let's hope it exports tolerance, not racism.

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