



Economic Diplomacy

China/ Portuguese Language Countries

06/03/2020



Maria Sousa Galito

PHD Political Science and International Relations
Researcher at CESA-CSG ISEG University of Lisbon



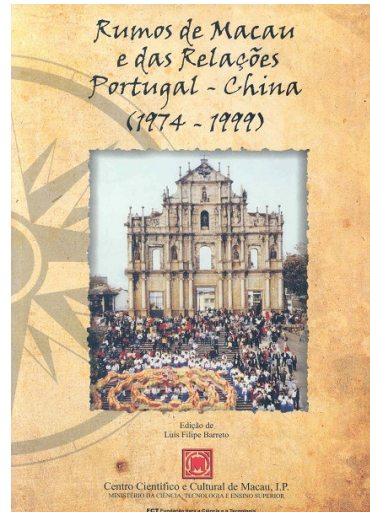
Economic Diplomacy





An anachronous map of the Portuguese Empire (1415-1999).

- Red - actual possessions
- Olive - explorations
- Orange - areas of influence and trade
- Pink - claims of sovereignty
- Green - trading posts
- Blue - main sea explorations, routes and areas of influence.

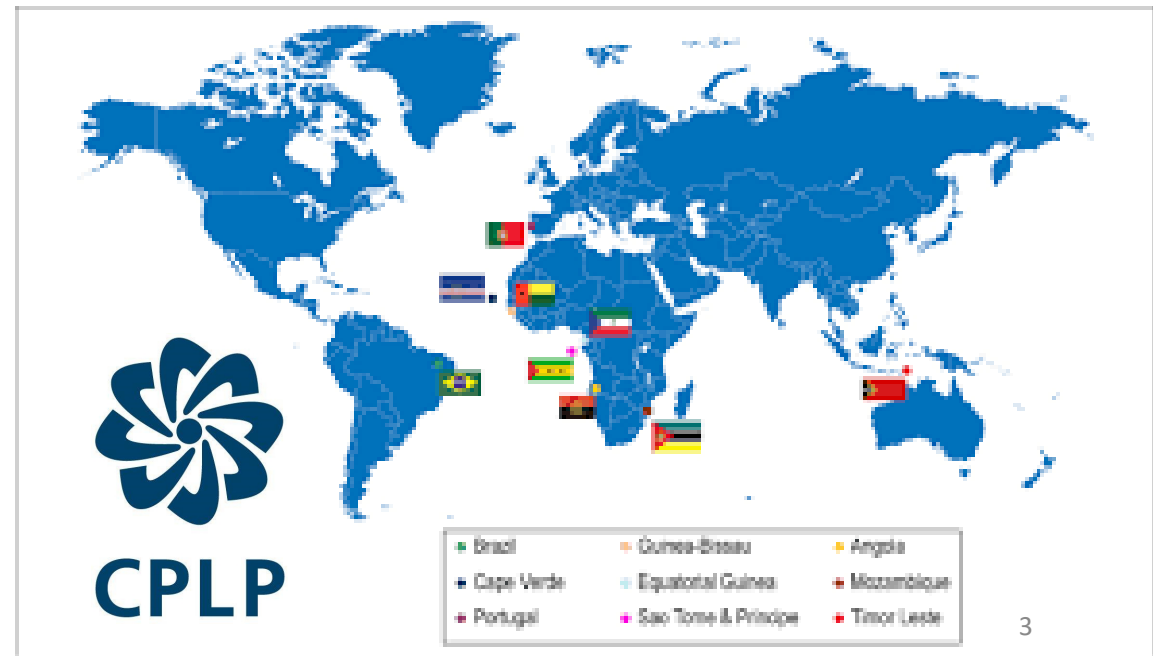


- Portuguese Empire (1415-1999)
- Revolution (April 25th 1974)
- Decolonization (1974-1975)
- Portugal in the European Economic Community (1986) later European Union
- CPLP (1996) – Community of the Portuguese Language Countries
- Macau returned to China (1999)

Portuguese Foreign Policy

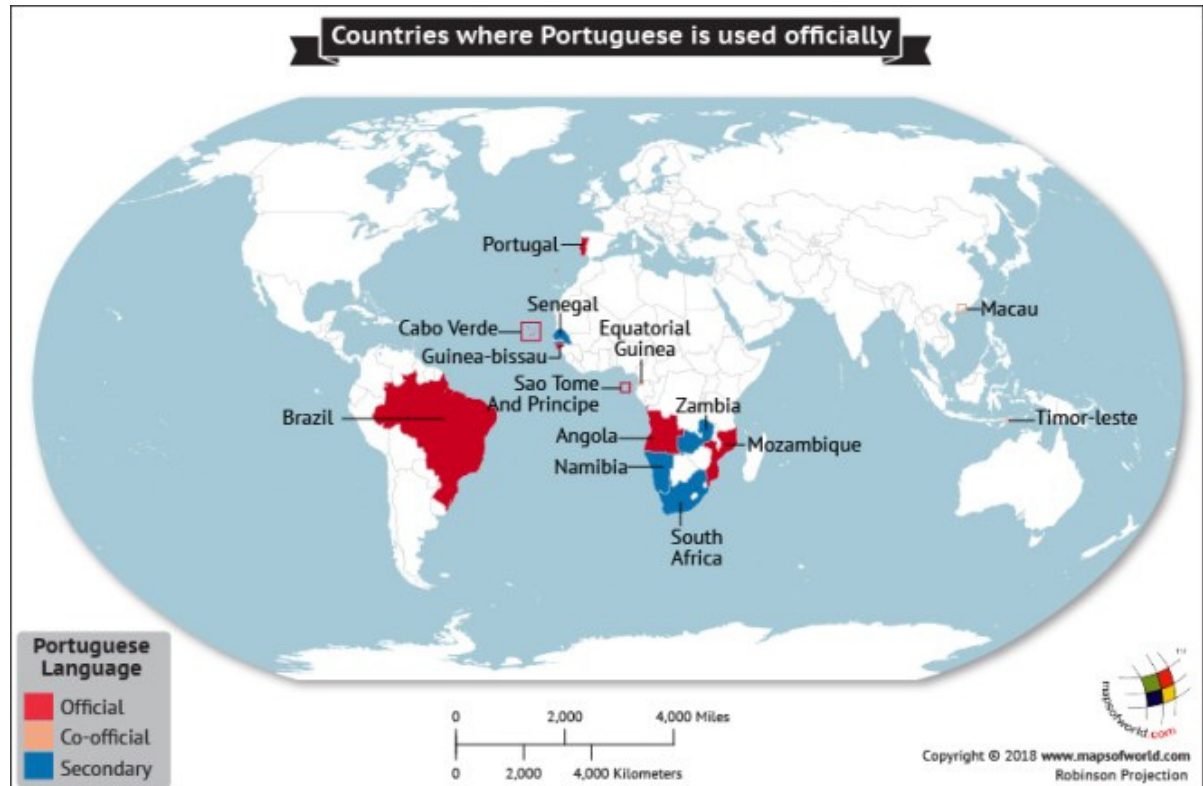
Six pillars (Santos Silva, 2018):

- Europe
- Transatlantic relations
- Lusophony (CPLP)
- Portuguese Communities (Diaspora)
- Internationalization (Economic Diplomacy)
- Multilateralism



Economic Diplomacy

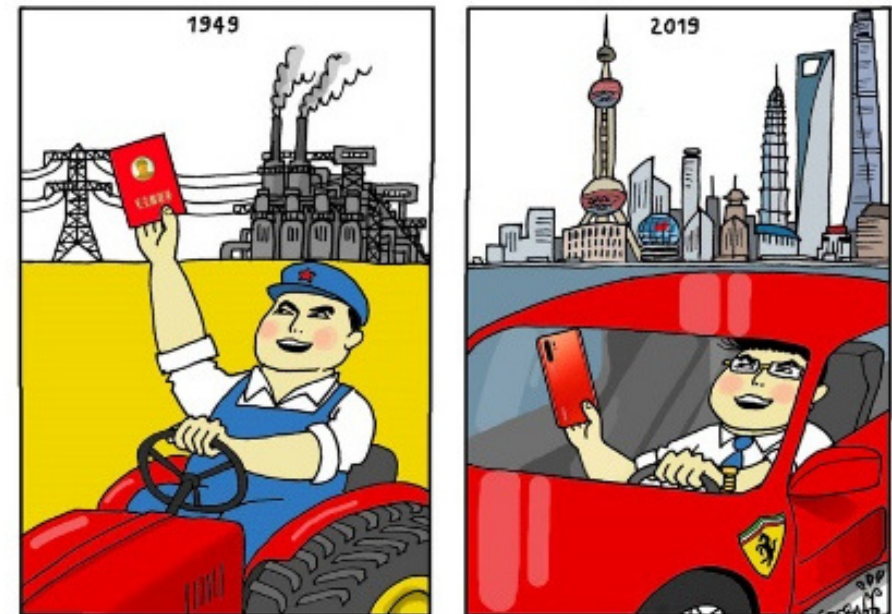
- Portuguese speakers stands at 260 million (sixth place, world).
- Portuguese is the official language of Portugal, Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe.
- Portuguese has co-official language status in Equatorial Guinea (with Spanish), and Macau (with Cantonese), Timor-Leste (with Tetum).
- Portuguese is a secondary language in Senegal, Namibia, South Africa, and Zambia.
- Portuguese can be found in the state of Goa, and the Union Territory of Daman and Diu in India; Batticaloa in Sri Lanka, Flores in Indonesia, and Malacca in Malaysia.



Chinese foreign policy since the founding of the People's Republic in 1949, two phases become quite clear.

- Firstly, until the late 1970s, ideology, politics and security were ranked the top priorities for Chinese foreign policy.
- Secondly, after 1978, the country gave up on the isolationist policies of Mao Zedong, in favor of Deng Xiaoping's pragmatic foreign policy and the economy became the priority.
 - Major economic reforms were implemented, opening up the market and instigating steady economic expansion.
 - Role of high savings, and consequently of investments to increase and improve production
 - Deep integration into the world economy through trade and foreign direct investment
 - And since the middle of the 1990s, a preference for a stable currency from the international perspective.
- International financial crisis of 2007–2008
- BRICS – Brazil, Russia, India, China, South Africa
 - Emerging Economies.
- China became the world's largest exporter of goods in 2011; and overtook Japan as the world's second largest economy in 2009, and the USA as the world's largest manufacturer in 2008.

Chinese Foreign Policy



Chinese Foreign Policy

President Hu Jintao (2003-2013)

- China has remained highly competitive, gaining market share worldwide and becoming the main trading partner to many countries.
- An economy-focused diplomacy of reassurance was undertaken to counter any idea that China might be too powerful in the Asia-Pacific region or even pose some global political threat.
- **Hu Jintao maintained some of Deng Xiaoping's ideas, including "hide our capacities and bide our time" while also striving to calm concerns among neighboring countries over China holding expansionist tendencies.**

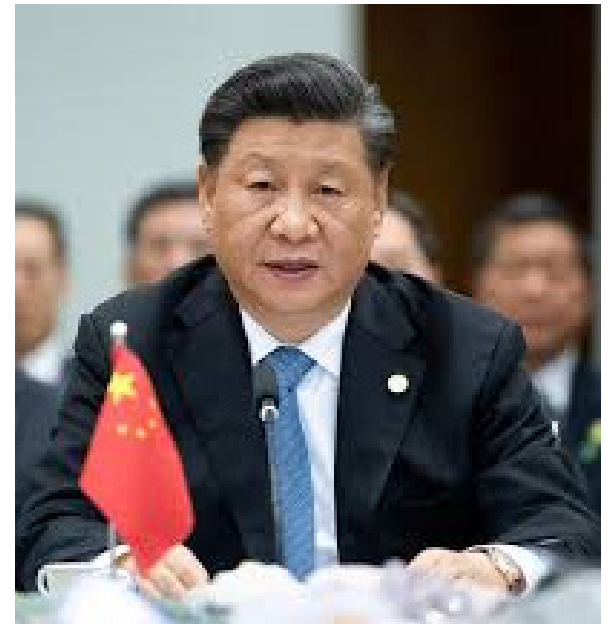


Hu Jintao

Chinese Foreign Policy

President Xi Jinping (2013 until now)

- China seeks to defend its national interests, working within the framework of a multipolar world order, pursuing strategic partnerships.
- China emphasizes shared benefits within the context of the desired economic development goals.
- Avoiding sanctions and trade tensions.
- Avoiding politicization of trade issues.
- Setting up consultative mechanisms while advancing high level government-to-government dialogues to prevent problems and disputes.
- China strives to play an active role in the international system and is deploying the means to enlarge its sphere of influence even while not wanting to be perceived as a threat and more as a country promoting a peaceful world through recourse to its privileged relationships.
- China's economic targets are linked up with its political objectives.
- China identifies a non-violent and stable world as facilitating its development and establishing its role as a new superpower.



Xi Jinping

Chinese Foreign Policy

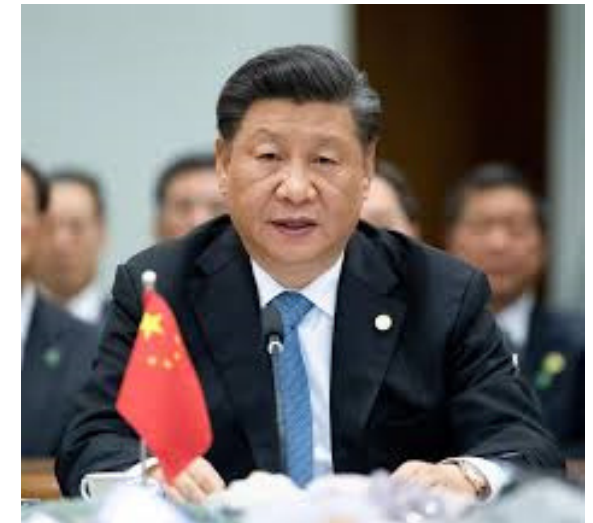
President Xi Jinping (2013 until now):

- Beijing's **human rights diplomacy** is as pragmatic as its economic diplomacy
- While affirming sovereignty in multilateral forums, good and mutually beneficial bilateral deals, China tries to stay away from difficult and politically sensitive topics; and acts elastically in specific situations.

“China has developed a multi-strategy in its human rights diplomacy. 3 aspects:

1. in the multilateral international human rights arena, China's approach is dominated by the sovereignty principle and organizing like-minded countries into a coalition;
2. in bilateral diplomatic channels, China follows a combined policy of dialogue, negotiation, bargaining and supplementary economic incentives;
3. And on certain international human rights issues such as in the case of Darfur, China mainly applies ad hoc and flexible policies.

The core of China's approach is to protect its sovereignty as it continues to insist that human rights are a domestic matter.” [Zhu, (2011), p.1]

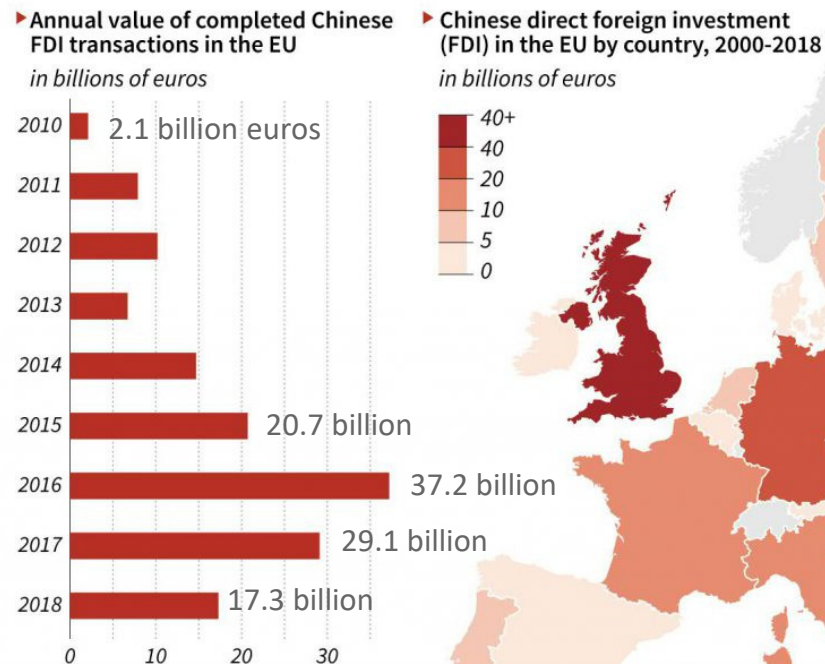


Xi Jinping

- Sweden's Volvo Cars, Italian tyre-maker Pirelli, French holiday group Club Med and German machine tool firms Kuka and KraussMaffei have all passed into Chinese hands this decade (2010-2018).
- Athens ceded its key port of Piraeus to China's freight giant Cosco, which also controls container ports in Valencia and Bilbao in Spain.
- Portugal strengthened its ties with China during the financial crisis, with Chinese investment rising to 6 billion euros, as Chinese firms made investments into its leading private bank, an insurance firm and the electricity network operator.
- In the Czech Republic, a visit by Xi in 2016 sealed massive investments from energy firm CEFC, media firms, an airline and a football club.
- Since then, the European Parliament gave its green light to new powers to screen/supervise foreign takeovers in Europe's strategic sectors and limit them if necessary

Chinese Economic Diplomacy Europe – by Countries

Chinese investment in the EU

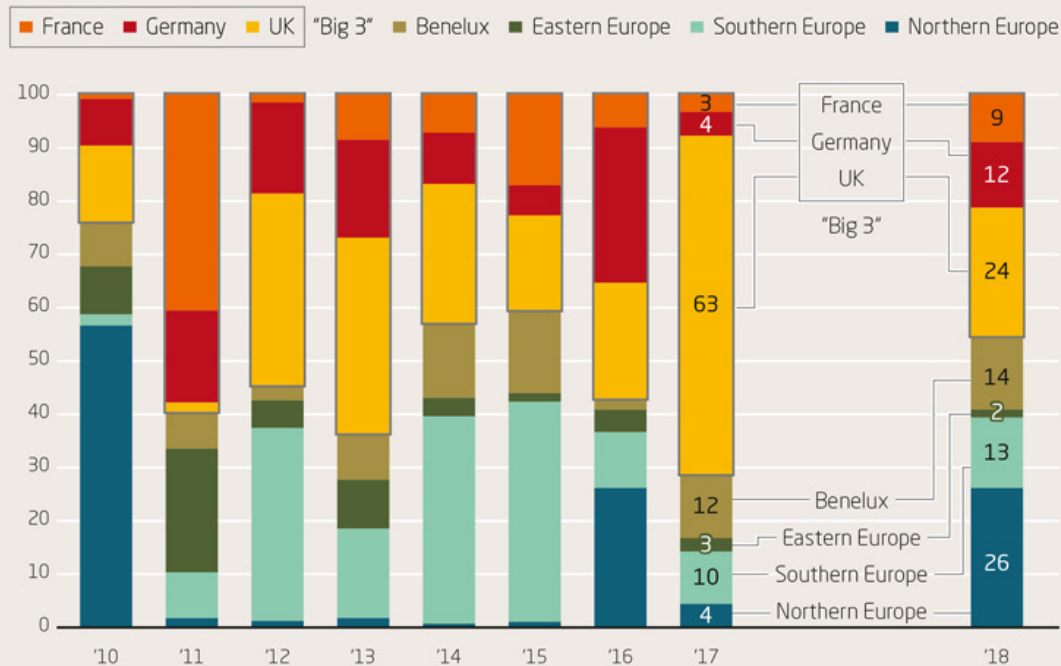


© AFP Sources: merics.org, European Commission, Khartis

Chinese Economic Diplomacy – Europe

Chinese FDI remains concentrated in Europe's largest economies

Chinese FDI in the EU-28 by country group 2010-2018, percentage



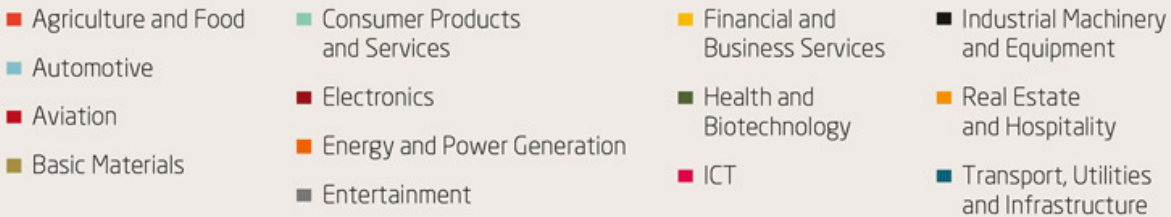
Source: Rhodium Group. The "Big 3" includes France, Germany, and the UK. "Benelux" includes Belgium, Netherlands, and Luxembourg. "Eastern Europe" includes Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia. "Southern Europe" includes Croatia, Cyprus, Greece, Italy, Malta, Portugal, Slovenia, and Spain. "Northern Europe" includes Estonia, Denmark, Finland, Ireland, Latvia, Lithuania, and Sweden.

© MERICS/RHG

- The "Big Three" economies (UK, Germany, France) continued to receive most capital, but their share declined from 71 % (2017) to 45 % (2018).
- 1st: UK: EUR 4.2 billion of completed transactions (driven by Chinese consortium Strategic IDC's investment in Global Switch and Huadong Medicine's acquisition of Sinclair Pharma).
- 2nd: Sweden: EUR 3.4 billion of total investment (driven by Zhejiang Geely's EUR 3 billion investment in Volvo AB).
- 3rd: Germany: EUR 2.1 billion of investment (including Kerui Tiancheng's takeover of Biotest, and Ningbo Jifeng's acquisition of Grammer).
- 4th: Luxembourg at EUR 1.6 billion (mostly attributable to Legend's acquisition of Banque Internationale à Luxembourg).
- 5th: France: EUR 1.6 billion in Chinese investment (including Beijing Sanyuan Foods' acquisition of St Hubert, and CITIC's acquisition of Axilone Plastique).

Total investment dropped but spanned across a wider range of sectors

Chinese FDI transactions in the EU by sector, EUR billion



Source: Rhodium Group.

© MERICS/RHG

Chinese Economic Diplomacy – Europe

Among the top sectors, those that saw strong growth:

- automotive (EUR 3.1 billion, driven by Geely's investment in Volvo AB)
- financial and business services (EUR 2.8 billion, driven by Legend's EUR 1.5 billion acquisition of Banque Internationale à Luxembourg, and Geely's EUR 1.0 billion acquisition of Saxo Bank)
- health and biotech (EUR 2 billion, driven by Kerui Tiancheng's acquisition of Biotest).
- In contrast, utilities and infrastructure dropped 96 percent from EUR 13.9 billion in 2017 to EUR 0.5 billion in 2018
- Real estate also continued to drop, to EUR 0.9 billion, from a peak of EUR 6.8 billion in 2015.

Brazil/China – Economic Diplomacy

- 13/06/2019: Vice President Hamilton Mourão claims that Brazil wants Chinese investment in infrastructure projects as long as investors create local jobs and play by Brazilian rules.
- Mourão described Brazil's position as "pragmatic and flexible," seeking to make decisions in the Brazilian interest without taking sides regarding the trade war between the United States and China.
- Mourão also reiterated that Chinese telecom company Huawei Technologies Co Ltd would not be excluded from operating a 5G mobile telecoms network in Latin America's largest economy, but would be expected to play fair. Mourão, who met with Huawei Chief Executive Ren Zhengfei said: "I have spoke clearly with the CEO of Huawei, and told him they have to give us confidence that ... the data they have will not be put in the hands of the Chinese (government)."
- Mourão met with Chinese leader Xi Jinping in China back in May, as part of efforts to maintain warm relations with Brazil's top trading partner.
- While campaigning last year, President Jair Bolsonaro had warned that China was trying to "buy Brazil". But he has since taken a more pragmatic approach.

<https://www.reuters.com/article/us-brazil-china/brazil-wants-china-to-invest-in-its-infrastructure-vice-president-idUSKCN1TEZYH>

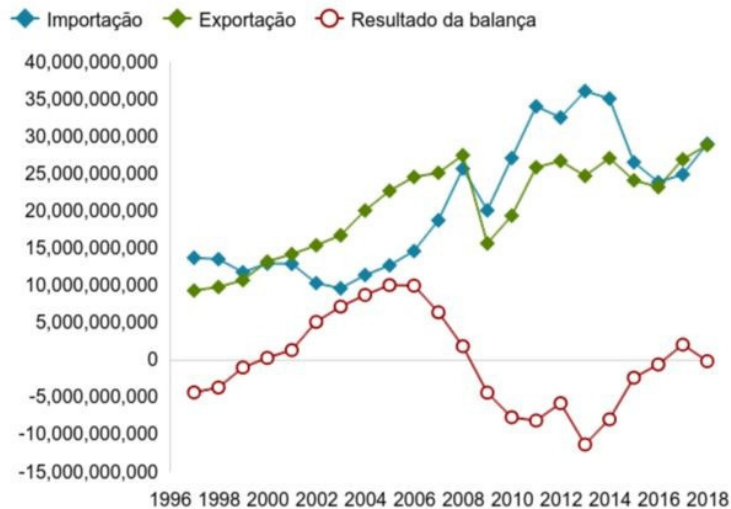
China will make a billion-dollar investment in the Brazilian port of Sao Luis via China Communications Construction Company

13/11/2019: Economy Minister Paulo Guedes said that Brazil is seeking closer integration with China, its largest trading partner, involving not only trade but also investments.

<https://www.reuters.com/article/us-brazil-brics-china-investment/china-to-announce-billion-dollar-investment-in-brazilian-port-of-sao-luis-sources-idUSKBN1XN2NM>

Balança comercial Brasil-EUA

Em US\$ FOB



Fonte: Ministério da Economia

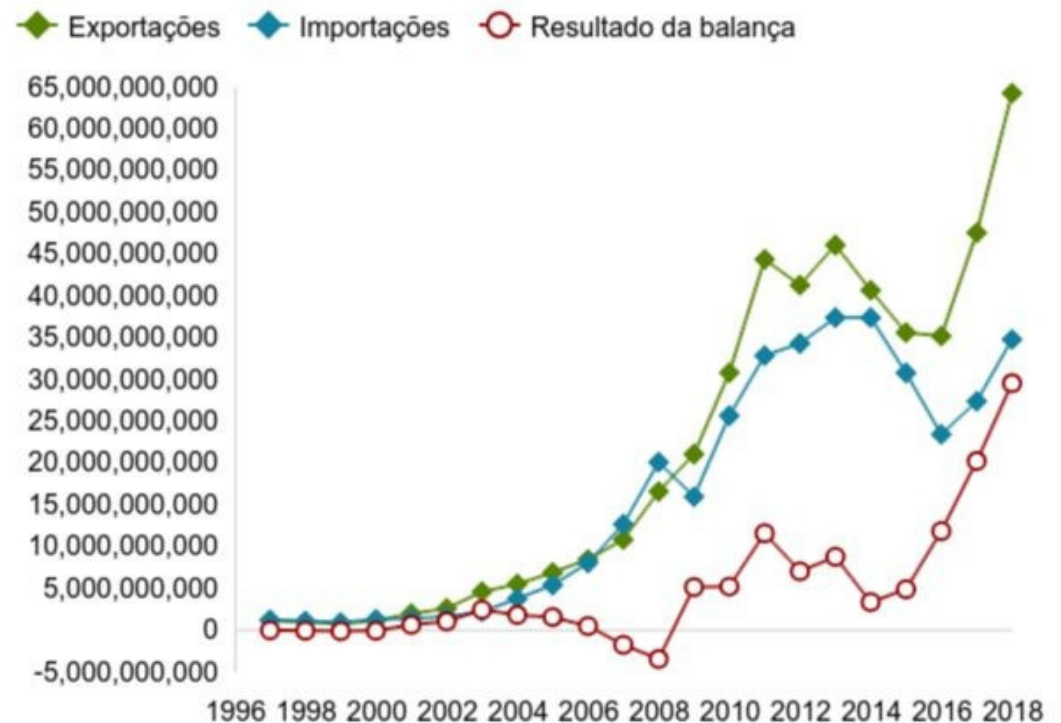
BBC

- Brazil exports to US: sugar, cotton, aluminum, beef, chicken, ethanol, soy, tobacco, and steel.
- Brazil exports to China are double than to the United States.
- Exports to China (in 2018, US\$ 64,2 billions, +35% in 2017), with surplus of US\$ 29,4 billions in trade balance.
- Brazil exports to China are less diversified than to US. Soy (43%), oil (22%), ore and iron (17%).

Brazil Economic Diplomacy

Balança comercial Brasil-China

Em US\$ FOB



Fonte: Ministério da Economia

BBC

<https://epocanegocios.globo.com/Brasil/noticia/2019/03/o-que-o-brasil-compra-e-o-que-vende-para-os-eua-e-o-que-daria-para-fazer-mais.html>

Chinese Transport Infrastructure Development in Latin America

Planned and Completed Projects, 2002 - 2018



	Completed or Under Construction	Announced or Planned
Airports	✈️	✈️
Bridges	🌉	🌉
Bus Terminals	🚌	🚌
Canals	🌊	🌊
Dredging	⚓	⚓
Metro	🚇	🚇
Ports	⚓	⚓
Tunnels	🚇	🚇
Railways	🚂	🚂
Roads	🛣️	🛣️



Image Credit: Ruiyang Huang / Inter-American Dialogue

*Where several routes are proposed, we have selected one as representative of the project.

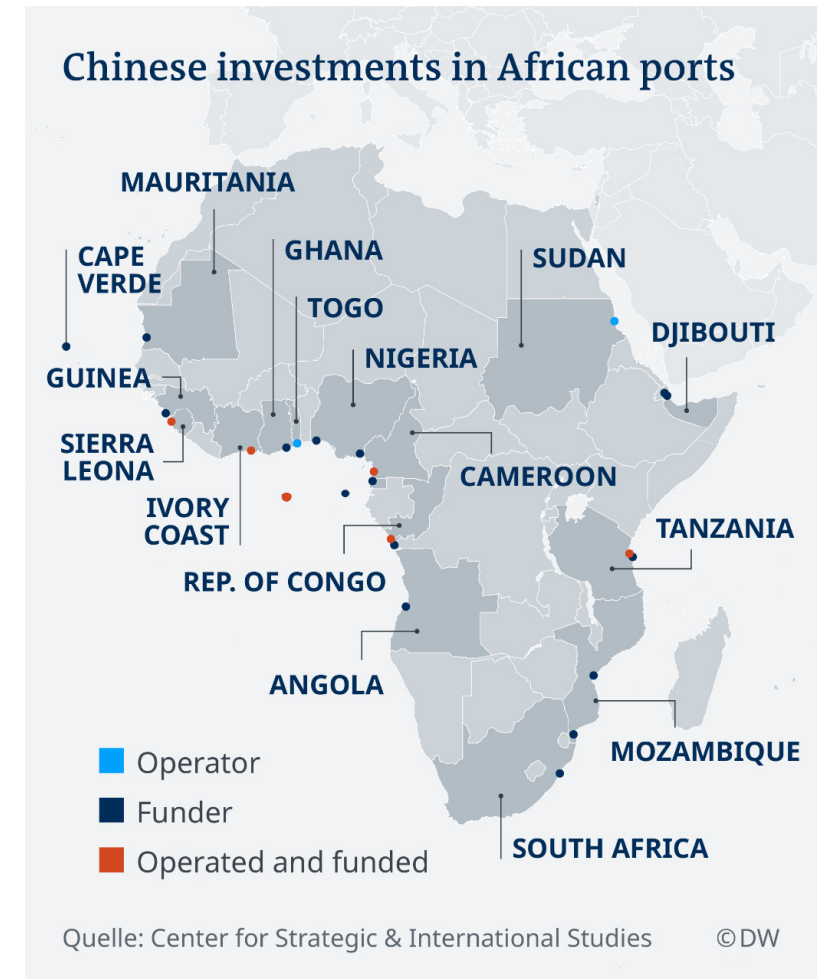
To date, Chinese companies and banks have indicated interest in approximately 150 transport infrastructure projects in LAC - Latin American and Caribbean region. And about half of these projects had entered some phase of construction by 2018.

China has been most successful in acquiring and building port facilities in LAC. With particular focus on Bolivia, Brazil, and Jamaica

Chinese Economic Diplomacy Africa

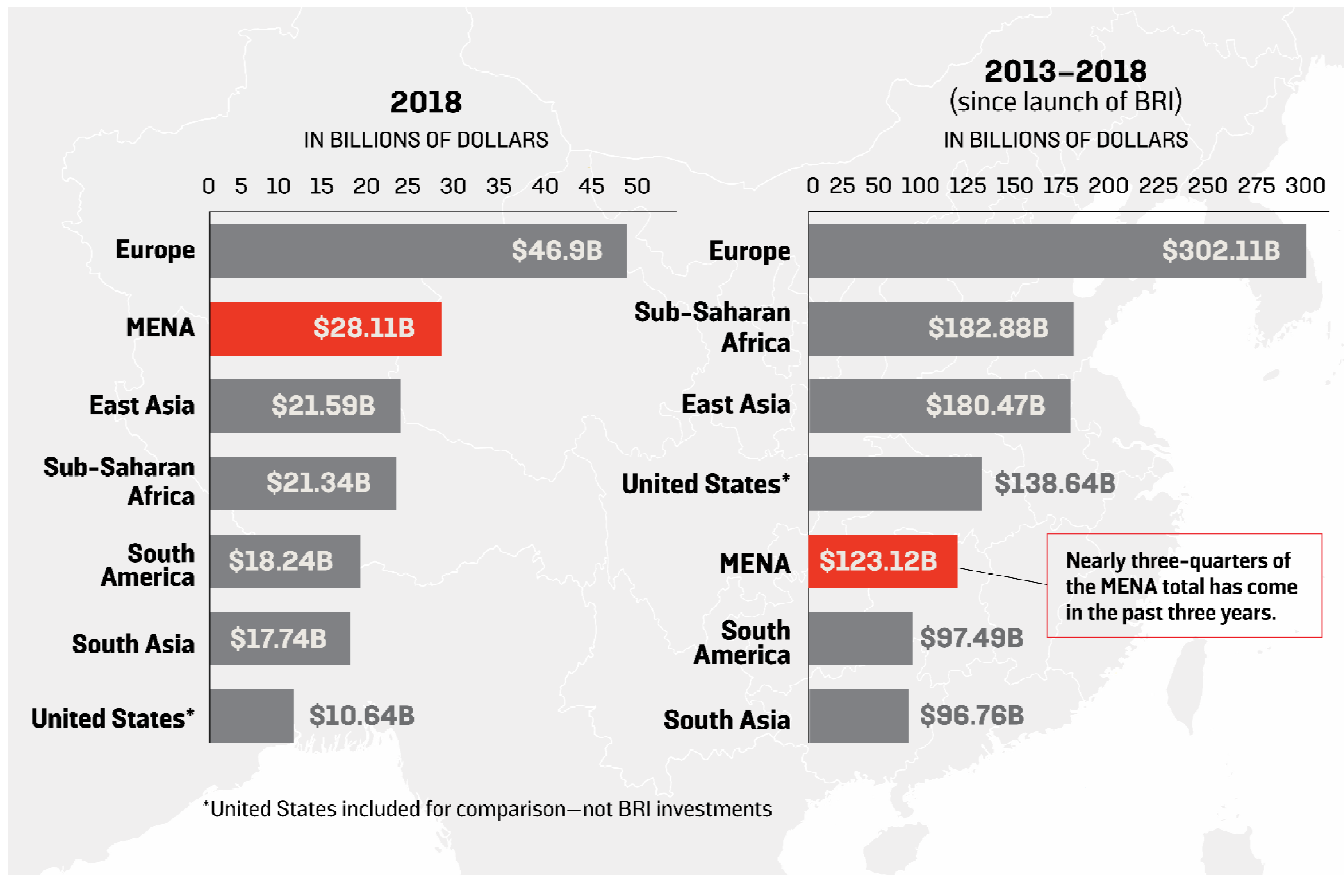
- 21-06-2019: the value of goods exchanged between China and Africa exceeded more than \$200 billion (€177 billion) in value last year, making it the continent's largest trading partner. The vast majority of these were shipped — more than 90% of Africa's exports travel by sea.
- More than half of the 46 coastal port projects were financed by Chinese entities and 11 are operated by them, according to the CSIS – Africa Program at the Center for Strategic & International Studies.
- Chinese investments in Africa are usually multifaceted. They can have political objectives, military and security objectives, and they can have commercial objectives.

<https://www.dw.com/en/making-chinese-investment-in-african-ports-work-despite-risks/a-49282176>



The poor performance of African ports in global rankings (South Africa's Durban is 66th, Morocco's Tangier Med is 46th and Egypt's Port Said is 56th) is partly due to the low level of regional trade. Intra-Africa trade only accounts for 17% of exports, according to the Brookings Institution. That is significantly lower than Asia's 59% and Europe's 69%.

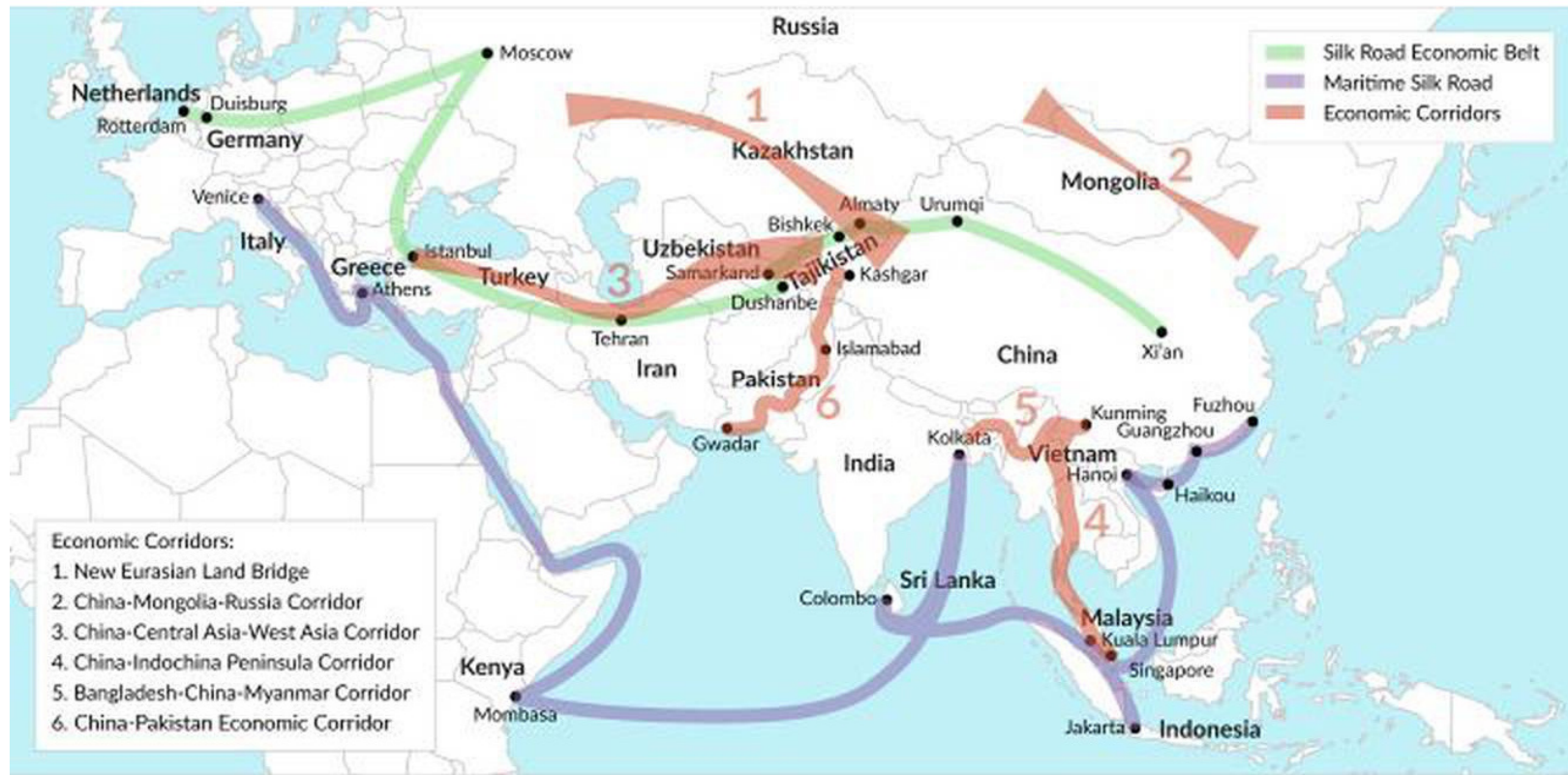
Chinese Economic Diplomacy



- The total value of China’s global investments and construction contracts actually fell by \$100 billion in 2018, according to data analyzed from the American Enterprise Institute’s China Global Investment Tracker.
- All regions saw a significant decline in Chinese investment or construction projects except, MENA (Middle East and North Africa).
- The MENA region ranked as the second-largest recipient of investment and Chinese construction projects worldwide after Europe in 2018.

Chinese One Belt One Road

China's Belt and Road Initiative



Chinese One Belt One Road



China's **Belt and Road Initiative (BRI)** infrastructure project:

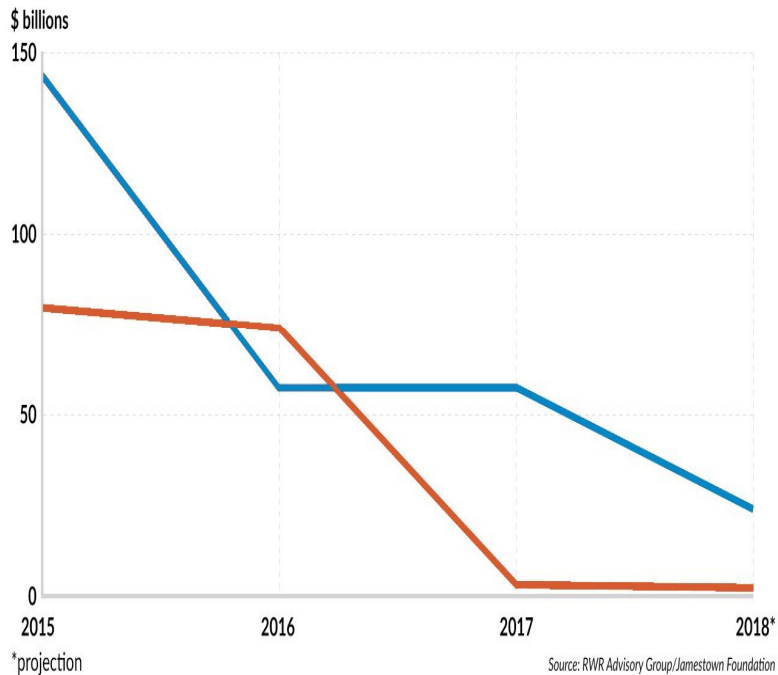
- **India:** Beijing promoted the BRI as a global public good. So, back in 2017, India was alone in arguing that the BRI could entrap smaller countries in debt to further China's geopolitical interests. India's goal now is to push the Chinese toward accepting global norms of transparency and sustainability when building overseas infrastructure. It wants the BRI to be guided more by commercial considerations than strategic ones. Chinese diplomats have privately told their Indian counterparts that they had “underestimated [India's] opposition to the BRI's impact on the rest of the world.”
- By the summer of 2017, the tide had changed, in part because of **Sri Lanka's** huge debt to China.
- Chinese interference in the domestic affairs of countries that had received BRI funding, whether Hungary, Zimbabwe, Laos or Cambodia, began to ring alarm bells. Beijing did not help by ensuring contracts went exclusively to Chinese firms.
- In September 2018, **Malaysia's** government canceled three key parts of the BRI's Southeast Asia corridor.
- **United States:** The U.S. first argued that the \$65 billion China-Pakistan Economic Corridor (CPEC), the BRI's flagship project, would help stabilize Pakistan. Since, then, there's US hostility to the initiative. At the APEC summit in November 2018, U.S. Vice President Mike Pence took a swipe at the BRI in a speech that was marked by strong criticism of China: “The United States deals openly, fairly. We do not offer a constricting belt or a one-way road.” U.S. Secretary of State Mike Pompeo described the BRI as a “predatory economic activity.” A senior State Department official said the projects were “made in China, made for China.”

Chinese One Belt One Road



Funding drop

BRI lending: policy banks vs. major Chinese commercial banks

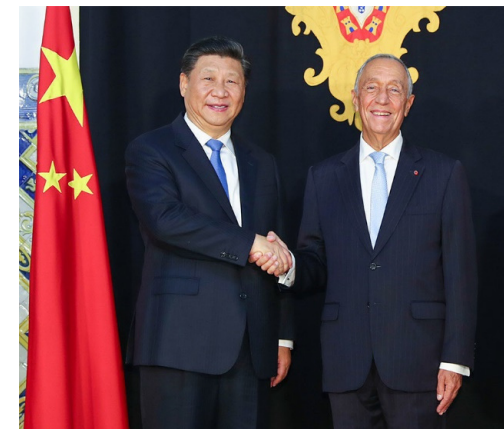
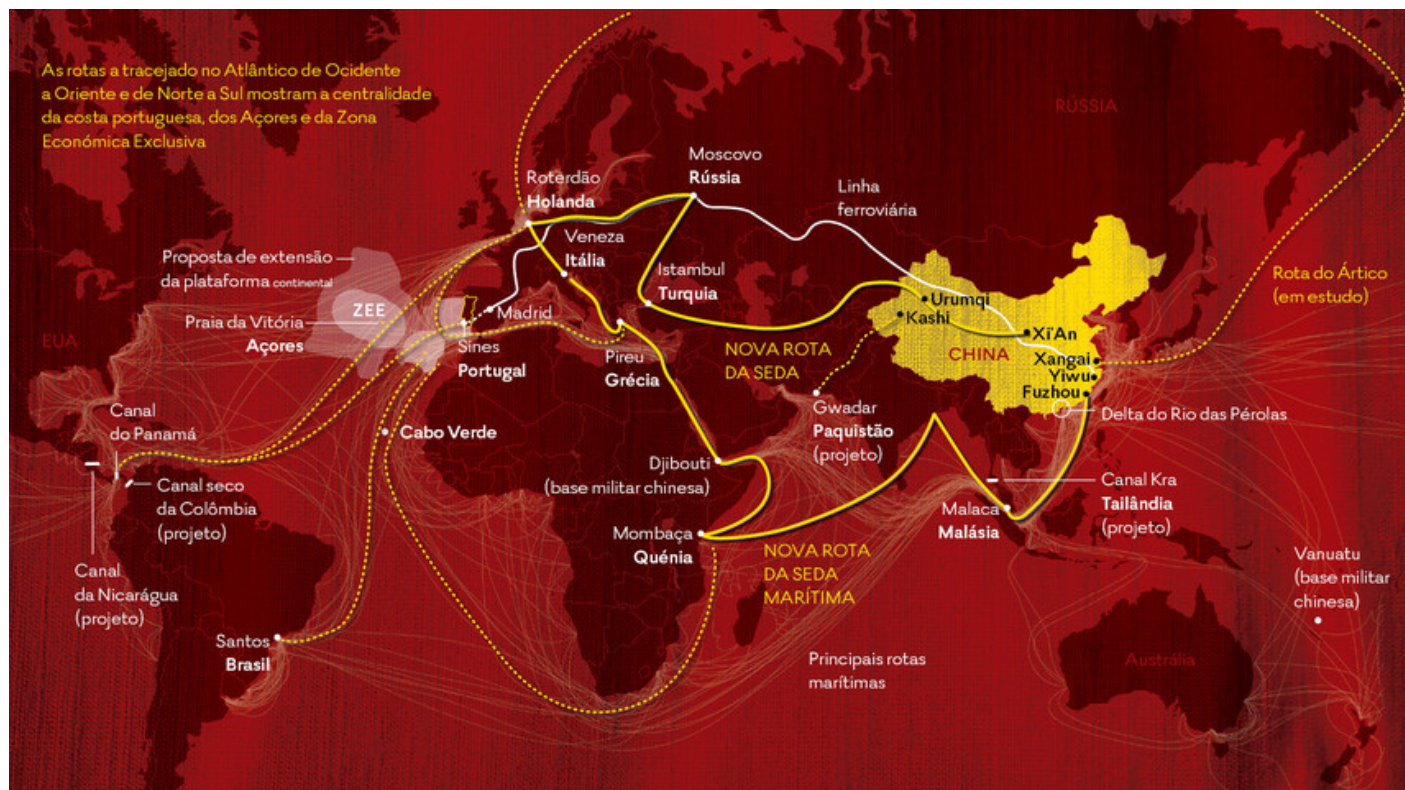


www.GISreportsonline.com

China's Belt and Road Initiative (BRI) infrastructure project:

- When Chinese President Xi Jinping announced billions of dollars for developing countries, the reaction on Chinese social media was negative. In a radio interview, retired professor Sun Wenguang said, "Regular people are poor, let's not throw our money away in Africa." Just as he was saying those words, Chinese police entered his home and arrested him."
- The BRI is becoming increasingly unaffordable. China is experiencing remarkable capital flight, about \$3.8 trillion over the past decade, and has seen its enormous foreign exchange reserves fall by nearly a quarter over the past four years. More worrying has been the enormous debt built up within the Chinese economy.
- Beijing no longer has as much cash to spend overseas, especially when it is not generating a profit.
- Chinese funding for BRI projects has fallen by between a third and a half over the past two years.

Economic Diplomacy



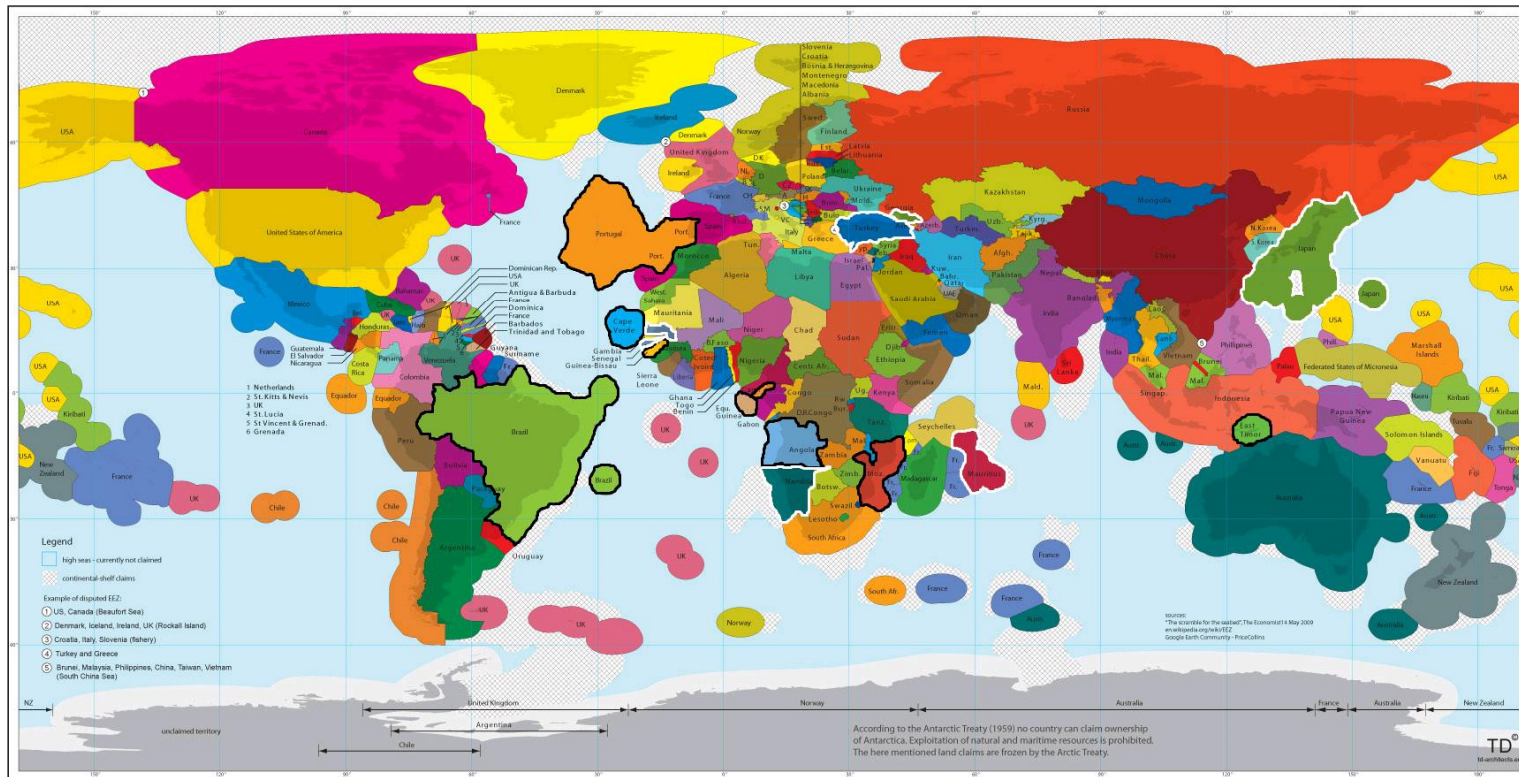
<https://expresso.pt/economia/2018-05-31-Portugal-na-nova-rota-da-seda-da-China>

Economic Diplomacy

Exclusive Economic Zone – The Sea – An Opportunity

Exclusive Economic Zone

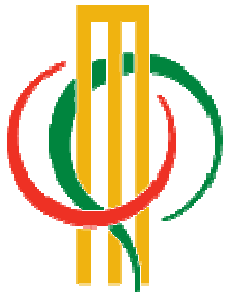
Text and Graphics Theo Deutinger



No matter the economical situation, natural resources are hot. Since many of the easy accessible resources on the main land are exhausted more and more afford is done for off-shore exploitation. Today a countries marine economic area is defined by its Exclusive Economic Zone (EEZ), a 200 nautical miles (370 km) wide offset from the countries national coast line. This regulation, which was installed by the "UN Convention on the Law of the Sea" in

1982 grants a state special rights to explore natural (e.g. oil) and marine (e.g. fish) resources, including scientific research and energy production (e.g. wind parks). Practically this means that if a country owns a minuscule rock somewhere in the ocean, this rocks exploitable surface increases from almost zero on-shore to 430.000km² off-shore. In the case EEZ's overlap, it is up to the involved states to delineate the actual boundary: a rule which led in certain case to

decennia's of dispute. Yet there is more underwater land to claim and more squabbles ahead, since the 200 nautical miles definition got supplemented by a clause which allows its expansion till the continental shelf. The first deadline for this so called 'continental shelf submissions' passed this year. May and land (seabed) allocation will start soon. If underwater land grabbing goes on like this the 'Freedom of the Seas' might soon shrink to the 'Freedom of the Ponds'.



PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

- Forum Macao, was launched in October 2003.
- It resulted from an initiative by China’s Central Government, in co-ordination with seven Portuguese-speaking Countries — Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and East Timor — and with the collaboration of the Government of the Macao Special Administrative Region (Macao SAR).
- São Tomé and Príncipe joined Forum Macao in March 2017, becoming the eighth Portuguese-speaking Country to join the organization.
- Forum Macao is a multilateral, intergovernmental co-operation mechanism aimed at promoting economic and trade exchanges between China and Portuguese-speaking Countries. Macao as a connecting platform.
- Up to now, five Forum Macao Ministerial Conferences have been held, all in Macao. They were in October 2003; September 2006; November 2010; November 2013; and October 2016. At each of those meetings, the respective participants approved an individual Strategic Plan for Economic and Trade Co-operation.
- During the 5th Ministerial Conference, the Participating Countries in Forum Macao signed the “Memorandum of Understanding on Promoting Co-operation in Production Capacity – Forum Macao”, paving the way for a new model for economic and trade co-operation between China and the Portuguese-speaking Countries.



PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

The China-Portuguese Speaking Countries Cooperation and Development Fund (CPDFund) is established by the China Development Bank Capital Corporation Limited (CDB Capital) and Macao Industrial and Commercial Development Fund as its cornerstone investors for its first phase. It is an important measure

Principles for Establishment & Operation

1. Investment Promotion

The investment of the CPDFund is to support the economic and trade exchanges between China (including Macau SAR) and the Portuguese-speaking countries, and to guide direct investment between companies of the member states so as to enhance the overall strength of the investing companies and promote the economic development of the member states.

2. Market-oriented

Following market principles, the CPDFund independently selects investment projects within the member states, makes investment decisions on its own, assumes corresponding investment risks while pursues steady investment returns, and exits within the duration of the CPDFund according to its investment procedures.

3. Mutual Benefit

Through direct investment, the CPDFund strives to meet the cooperation objectives of the companies and promote the social development of the member states while complying with the local environment protection regulations and social responsibility.

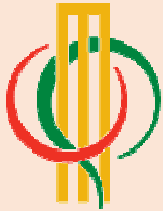




PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

- 2020: A meeting to review the external evaluation report on the past 15 years of the Forum for Economic and Trade Co-operation between China and Portuguese-speaking Countries (Macao) took place on January 16 and 17 in Macao.
- More than 30 participants attended the meeting.
- They included: the Secretary-General of Forum Macao, Ms Xu Yingzhen; staff from the Permanent Secretariat of Forum Macao; members of the diplomatic corps from Portuguese-speaking Countries based in Beijing; evaluation experts from various parties; and members of the research team of the Chinese Academy of Social Sciences.





PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION
BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

2019年1-12月中国与葡语国家进出口商品总值

As Trocas Comerciais entre a China e os Países de Língua Portuguesa entre Janeiro e Dezembro de 2019

金额单位：万美元 Unidade: 10 mil USD

序号 No.	国家 País	2019年1-12月 Janeiro a Dezembro de 2019						2018年1-12月 Janeiro a Dezembro de 2018
		进出口额 Trocas Comerciais	出口额 Exportações da China	进口额 Importações da China	同比 (%) Variação homóloga			进出口额 Trocas Comerciais
					进出口 Total	出口 Exportações	进口 Importações	
1	安哥拉 Angola	2,536,580.87 ↓	205,750.40	2,330,830.46	-8.61	-7.95	-8.67	2,775,523.47
2	巴西 Brasil	11,468,055.60 ↑	3,547,698.75	7,920,356.86	3.49	5.18	2.76	11,080,797.31
3	佛得角 Cabo Verde	6,344.53 ↓	6,341.67	2.86	-18.90	-18.64	-90.14	7,823.47
4	几内亚比绍 Guiné-Bissau	4,032.59 ↑	3,192.36	840.23	7.67	7.08	10.00	3,745.19
5	莫桑比克 Moçambique	266,854.71 ↑	195,682.84	71,171.87	6.06	4.94	9.28	251,603.02
6	葡萄牙 Portugal	664,338.20 ↑	432,549.16	231,789.04	10.43	14.77	3.14	601,606.79
7	圣多美和普林西比 São Tomé e Príncipe	893.54 ↑	892.17	1.36	22.43	23.08	-72.76	729.86
8	东帝汶 Timor-Leste	16,813.98 ↑	14,357.88	2,456.09	23.68	8.00	717.18	13,595.11
中国对葡语国家进出口合计Total		14,963,914.00	4,406,465.23	10,557,448.77	1.55	5.30	0.06	14,735,424.22

信息来源：中国海关总署统计数据

Fonte de Informações: Estatísticas dos Serviços da Alfândega da China

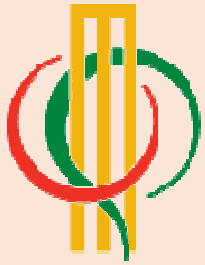


PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

November 8, 2019: Permanent Secretariat of Forum Macao Attends the 2nd International China Import Exhibition Strengthening Macao's Role as a Platform and Supporting the Construction of 'One Platform' –



- 04/03/2020: The **Macao Young Entrepreneur Incubation Centre** says it will give prizes for outstanding Portuguese and Brazilian entries in its Parafuturo de Macao innovation and entrepreneurship competition.
- The competition offers 300,000 patacas (about US\$37,400) of prize money.
- The winners will qualify for the China Internet Plus College Students Innovation and Entrepreneurship Competition, the Fosun Protechting Startup Accelerator Programme, and the Create@Alibaba Cloud Startup Contest.



PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)





PERMANENT SECRETARIAT OF FORUM FOR ECONOMIC AND TRADE CO-OPERATION
BETWEEN CHINA AND PORTUGUESE-SPEAKING COUNTRIES (MACAO)

Cultural Exchanges between China and Portuguese- speaking Countries



The “Cultural Week of China and Portuguese-speaking Countries”, the “Lusofonia Festival” and the “Macao, Latin City Parade” are three events that serve to enrich Macao’s existing cross-cultural atmosphere.

<https://www.forumchinaplp.org.mo/cultural-exchanges/>



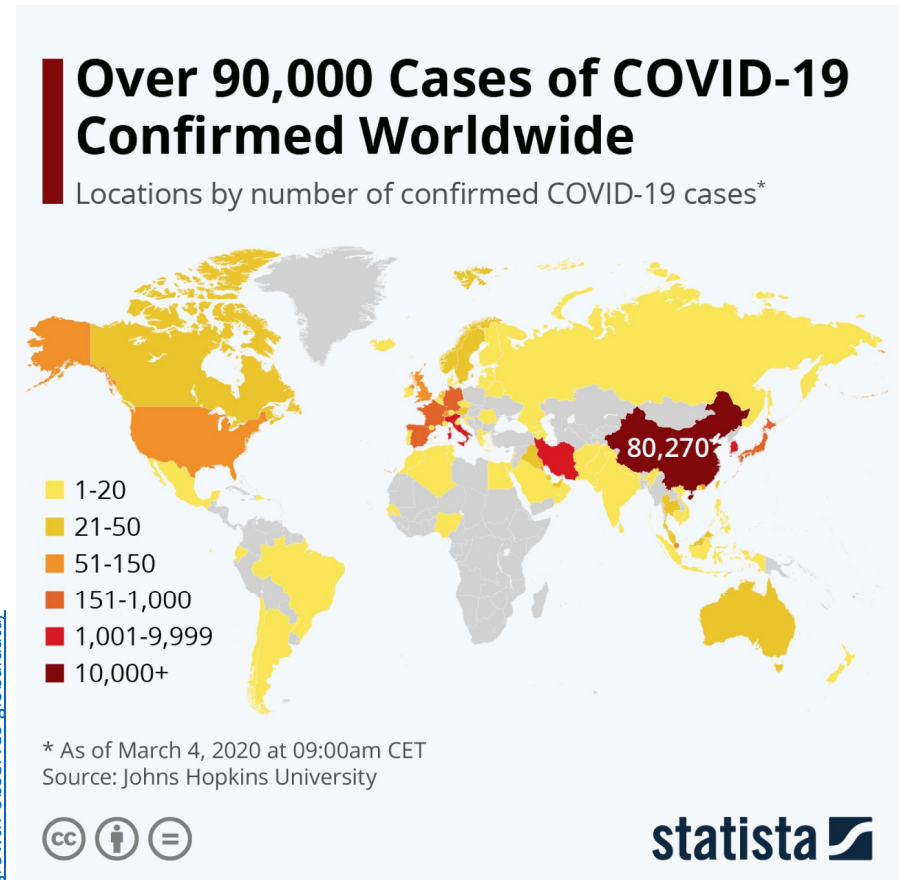
Global Economic Impact

- As China battles to contain the Covid-19 outbreak.
- Factories across several Chinese cities were shut down following the outbreak which is affecting the manufacturing industry of the country.

Scenarios (Global Data):

- If the country observes rapid recovery from virus by April, real GDP is anticipated to grow at 4.4% by Q1 2020.
- In the worst case scenario, if the containment of virus is blocked, the economy might witness a clobbered growth of 3.9% during the quarter.
- Considering the effect of deadly Covid-19 on various sectors, the stagnation of production processes along with quarantine restrictions had a considerable spillover effect on industries such as travel & tourism, retail & consumers, automobile, e-commerce, technology and transport.

<https://www.globaldata.com/coronavirus-outbreak-threatens-chinas-already-tepid-economic-growth-observes-globaldata/>



<https://www.newsweek.com/coronavirus-update-new-cases-death-toll-us-china-italy-south-korea-europe-1490434>

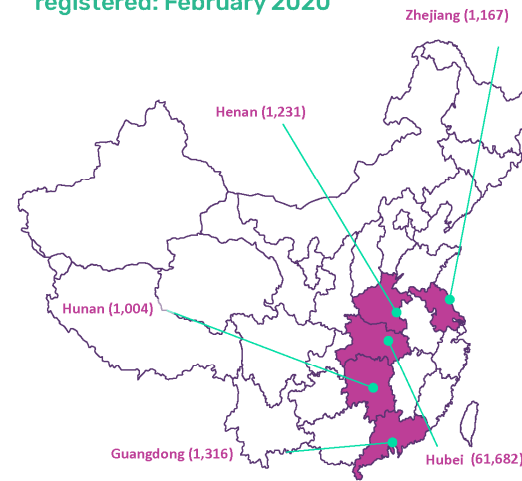
- The People's Bank of China (PBOC) injected US\$175bn into the economy and cut interest rates in February 2020 to tackle the situation. These steps may lead to hyperinflation as a result of lockdown and minimal supplies, consecutively leading to depreciation of Yuan.
- The outbreak is anticipated to essentially affect the country's ability to meet the purchasing agreement targets of importing US\$200bn of goods decided in the phase one deal signed between the US and China, apart from pre-trade war purchases
- The chances of China achieving the US\$1 trillion revenue target from tourism by 2020 as part of government five-year tourism plan seems difficult.
- **The epidemic is expected to have a positive effect on industries such as e-commerce and online food delivery, as people increasingly try to stay at home and opt for online shopping and online ordering. Industries such as medical supplies and pharmaceuticals are expected to thrive as a result of massive demand for protective clothing and gears required until the effects of Covid-19 have toned-down in the country.**

Global Economic Impact

Impact of Coronavirus Outbreak on the Chinese Economy



Number of Coronavirus cases registered: February 2020

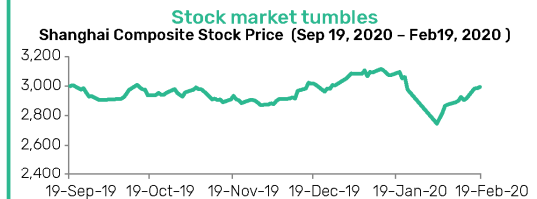
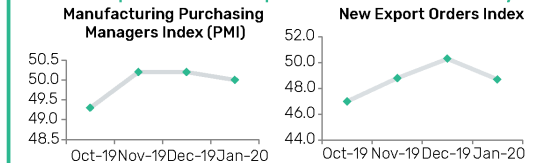


The above info graphic illustrates the top five provinces affected by Coronavirus outbreak. The total number of fatalities in China reached 2,000 plus deaths in 31- provincial levels as on Feb 18, 2020.

Possible Impact on the real GDP growth of China under three scenarios

Scenario	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020
Rapid recovery from virus by March	5.4%	5.9%	7.1%	5.6%	6.0%
Moderate recovery from virus till April	4.4%	5.9%	7.1%	5.6%	5.8%
Slow recovery from virus till May	3.9%	5.9%	7.2%	5.6%	5.7%

Lower export order to impact the economic activity



Source: National Health Commission of the People's Republic of China; National Bureau of Statistics of China; Shanghai Stock Exchange; and GlobalData, Business Fundamentals

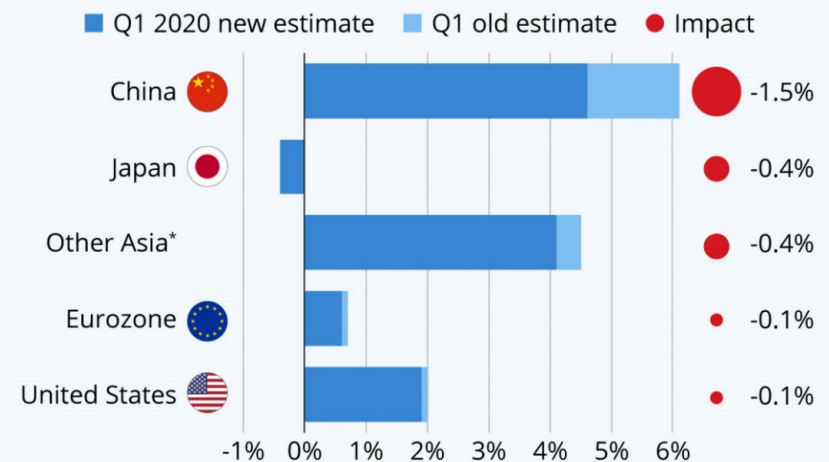
Global Economic Impact

According to an analysis by Deutsche Bank (Feb. 2020)

- the effects of the coronavirus will lower global GDP growth in 2020, setting back global growth forecasts by 0.2 percent.
- China, where the epicenter of the epidemic is located, will be hardest hit. Q1 GDP growth there is expected to be 1.5 percent lower at only 4.6 percent.
- Japan is expected to be about as hard hit as emerging economies in Asia. Since the country's economic motor is burning anyways, the virus is expected to push the country into negative growth territory in Q1 and 2020 as a whole.
- While the coronavirus has an obvious effect on commerce in Chinese cities which are heavily affected by it, it has also caused countless travel cancellations in Asia and beyond, the closing down of casinos in Macao, a prolonged new year's break for Chinese stock markets and the cancellation of important trade fairs and sporting events in the region, all contributing to money lost for local and global economies.

Coronavirus Expected to Put Damper on Global GDPs

Estimated impact of Wuhan coronavirus on the growth of global GDPs (2020 projections)



* emerging market economies other than China

Source: Deutsche Bank





“In the midst of chaos,
there is also opportunity”
Sun-Tzu, The Art of War

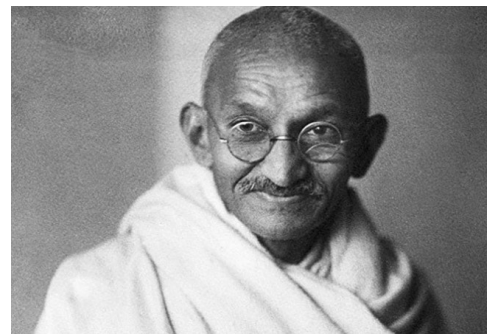


“Times change, as do our wills.
What we are - is ever changing.
All the world is made of change
And forever attaining new qualities.”
Camões, Sonnets



“If you are depressed
you are living in the
past. If you are
anxious you are living
in the future. If you
are at peace you are
living in the present.”
Lao Tzu

“The future depends on what
we do in the present.”
Mahatma Gandhi





Thank you

THE
LUSOPHONE WORLD
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