

# China Investment Research

## BRI Q2 Pulse

The COI BRI pulse has been designed to monitor all Chinese government officials meetings with foreign government officials, with a focus on G2G agreements either signed or discussed in Q2.

In our opinion, the highlight of the quarter was the development of the future China/Nepal/India economic corridor. This new corridor saw bilateral meetings between President Xi and Prime Minister Modi as well as a bilateral meeting between President Xi and Prime Minister Oli (\$2.4bn). This new corridor, once formally announced, will someday re-link the two countries which have dominated the world's economy for 1,600 of the past 2,000 years.

While the world media was transfixed on G7 meetings in Canada, the SCO meetings in China saw considerable progress. The SCO meetings saw members China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, as well as first time attendees- India and Pakistan. The observer states of Afghanistan, Belarus, Iran, and Mongolia also attended. Just prior to actual SCO meetings, Russia signed \$4.1 billion of new G2G agreements including constructing the next generation nuclear power plants in China, increased cooperation between Russian and China Railways in Europe and raising foreign capital to acquire Russia's 5<sup>th</sup> largest private bank.

Developments across Central and Latin America, the end point of the proposed Pacific Maritime Silk Road (PMSR) were also considerable this quarter. New G2G agreements were signed with Peru (\$10bn), Dominican Republic (\$3.1bn), Bolivia (\$0.03bn) and Trinidad and Tobago. Other PMSR/LAC meetings were held with Argentina and Brazil and Chile, which proposed to be gateway for China to enter Latin America. The proposed \$10 billion, 3,800 km Bi-Ocean railway connecting the Pacific and Atlantic Oceans through Bolivia, Brazil and Paraguay saw a feasibility study agreed in June by all 3 countries. The focus continues to be in future cargo flows.

In Oceania, a strategic partnership was signed between China and Papua New Guinea, the first of its kind between China and a Pacific island nation. Papua New Guinea has the largest population and land territory in the region and this is seen to have significant regional impact.

In Africa, there were meetings with Ethiopia, with a focus on *the Addis Ababa-Djibouti railway as an economic "main artery,"* Algeria and Zimbabwe, but no new major G2G agreements announced.

In MENA, there were BRI related meetings with Oman and Kuwait, where a number of major possible G2G infrastructure projects were discussed.

In Q2, fifteen Chinese companies signed agreements to invest in Abu Dhabi's Khalifa Port Free Trade Zone (KPFTZ), totaling \$1 billion. CSCE also signed a new Mou for another major construction project. China has invested circa \$7 billion in the UAE within the past 12 months, \$4 billion via projects led by CSCE.

In North Asia, there were meetings in both April and May with Prime Minister Abe in Japan discussing BRI collaboration.

EU meetings included Austria (\$1.85bn), which saw increasing CEEC responsibility, Germany (Merkel visit), Portugal (which is being discussed as a BRI hub for African and Latin American countries), Netherlands and France (meetings both in France and in China).

Dominican Republic and Burkina Faso both recognized a one China policy in Q2, in the process severing ties with Taiwan. China and Panama celebrated a one year anniversary of a similar decision by Panama in 2017. This leaves only 18 countries with ties to Taiwan.

© Grisons Peak 2018. All rights reserved. Reproduction by permission only of the Author of this document, Grisons Peak.

Copyright and Intellectual Property Right Ownership: This document and all Information therein, contains material owned by either Grisons Peak or its Information Providers which is protected under copyright, trademark and other intellectual property laws. Neither this report nor any part of it may be reproduced, stored in a retrieval place or transmitted by any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of Grisons Peak. Grisons Peak and its Information Providers, as applicable, own the copyright to all Information and works of authorship. All trademarks, service marks, and logos used on the document are the trademarks, service marks, or logos of Grisons Peak or its Information Providers, as applicable.