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From South America to Southern Poland, China takes centre stage



Global markets showed some relief after the weekend's G20 summit in Argentina concluded with a glimmer of hope for multilateralism. The world's two superpowers, China and the US, who some have coined 'the G2' agreed a 90 day ceasefire after spending months on the brink of a full-blown trade war.

The US said it would not hike tariffs from 10% to 25% on some \$200bn of Chinese goods in January, as originally intended. In turn, according to a Tweet by Trump, China agreed to: "reduce and remove tariffs on cars coming into China from the US". Reports also mentioned measures to close a decades-old US trade deficit; to give US companies easier access to Chinese markets; and to curb imports of the opioid fentanyl into the US. The two behemoths now have 3 months to hash out issues such as Beijing's tech policies to avoid renewed escalation in the trade spat

that is already weighing on business confidence.

With the US taking a more isolationist stance, pursuing an 'America First' agenda, China is relishing the opportunity to reach out to the rest of the world. Xi presented a four-pronged proposal in Buenos Aires, urging G20 heads to steer the world economy responsibly, stay committed to openness and cooperation, and play a leading political role in nurturing benign conditions for international trade.

Xi also stated intentions for China to embark upon a new round of reforms and opening, with increased efforts in intellectual property protection and more imports, and insisted that climate change - a major challenge to the future and destiny of mankind - would require the joint G20 efforts. This is an area in which the US has gone against the grain, most notably by dropping out of the Paris accord. Where the US has stepped back, China has stepped forward. At the G20, China and France agreed to strengthen the Paris Climate Change Accord further, in view of the COP24 meeting in Katowice – a coal-mining city in southern Poland, which began on 2nd December. The main task of the summit will be to finalize rules on how to implement the 2015 Paris accord, that aims to limit global warming to well below 2°C.

China is already actively pursuing partnerships to help Poland achieve its ambition slashing its coal dependence from 78% today to 50% of its energy needs by 2040. The mutually beneficial relationship between the two countries began in 2014, when the China-CEE Fund invested \$400mn in a wind energy project in Poland. Since, a number of deals have sprung up: Last year, the China General Nuclear Power Group entered discussions to build Poland's first nuclear power plant and the two countries have signed a pact on nuclear cooperation for civil use.

Whilst China fosters cohesion, via green energy projects or otherwise, the US seems to be moving in the opposite direction, which should only create more opportunities for Beijing. Apparently, the world's great 20 nations hosted the COP24, the White House was organizing a side event promoting fossil fuels – such moves risk further isolating the US at a delicate geopolitical moment.

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