

GLOBAL BUSINESS WORLD

MEMORIES OF ANNUAL PARTNERS CONFERENCE 2020

NUMBER 6

**THINKING ABOUT
THE MEETING OF TWO WORLDS.**

**IS CHINA READY TO BECOME
A HEGEMONIC POWER?**

**ONLINE LEGAL SERVICES EXPERIENCE
IN SPAIN**



AMERICA EUROPE ASIA AFRICA OCEANIA

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FOREWORD



Mauricio Mobarak

It is an honor for me to present to you these memories of our XXI ANNUAL PARTNERS CONFERENCE of our international network, UC&CS Global, in which we had the participation of more than 30 speakers from all over the world and they touched on topics as important as INTERNATIONAL FINANCIAL REPORTING STANDARDS-IFRS, THE INTERNATIONAL STANDARD OF QUALITY MANAGEMENT-ISQM 1 & 2 AND THE INTERNATIONAL STANDARDS OF AUDIT-ISA's, all this in the technical part and in the directive and managerial part the WORLDECONOMY influenced a lot by the big players who are the United States and China and by the different economic blocs such as the USMEC, the trans-Pacific agreement or renewed TPP, the EUROPEAN UNION, the BREXIT, THE SILK ROUTE TODAY ONE BELT ONE ROAD, as well as many others; also the theme of GLOBAL CORPORATE FINANCE and GLOBAL CORPORATE LEGAL SERVICES and finally with the theme of WORLD LEADERSHIP in all its facets, greatly influenced now by precisely this pandemic that we are experiencing from COVID-19 and by the robotization and digitization that is now no longer future but that the pandemic made it present.

This is our first annual meeting and congress that we hold digitally remotely in which more than 100 partners from the five continents of our global firm in America, Asia,

Europe, the Middle East, Africa and Oceania have been connected and where technology helped us carry out this very important event which is our most important event of each year

As it was impossible to prepare an article for each of the countless conferences and workshops we had, we selected those that we considered most relevant at the time and are the ones we presented in this magazine that constitute the memories of our first digital board that was our XXI ANNUAL PARTNERS CONFERENCE and all within our celebration of the XXV ANNIVERSARY of UC&CS America and UC&CS Global.

We wish all our partners around the world and all our readers, many of you clients of our firm, that 2021 will be a year where above all we recover the health, freedom and the possibility of continuing to enrich ourselves through the knowledge that we all have on this planet

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Mauricio Mobarak González

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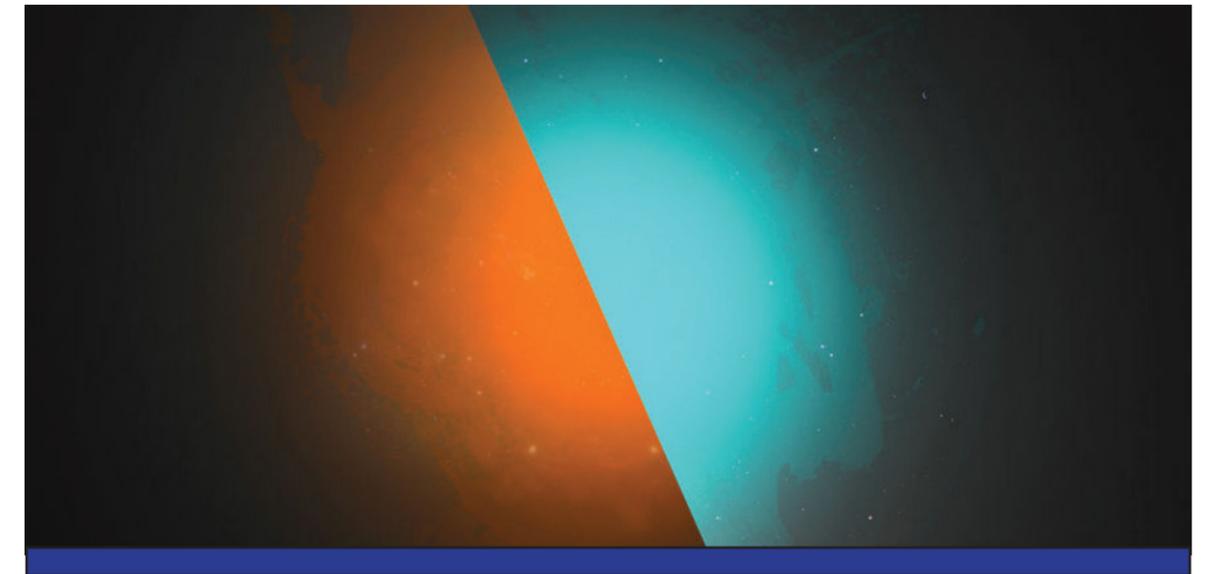
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Thinking About The Meeting of Two Worlds.



Erika Pani

These are unsettled and uncertain times. Christopher Columbus' landing in the Antilles has been both an event of enormous significance and a source of controversy and discord. Although throughout the Twentieth Century October 12 was a national holiday in various Spanish-speaking countries on

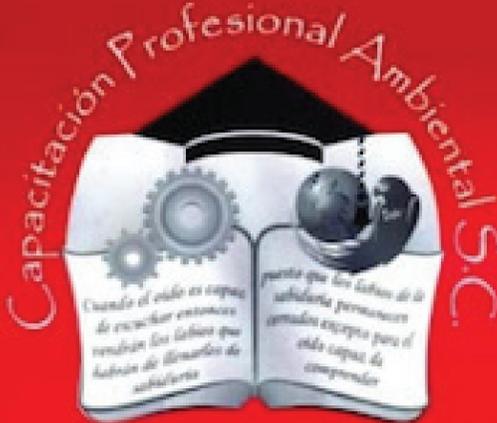
both sides of the Atlantic, we have not even been able to agree on what we should call it. To speak of the "Discovery of America" is incorrect –until 1507, seamen continued to think they had reached the shores of Asia—and Eurocentric. The strange, confusing term "Día de la Raza" reflects contradictory political impulses: the desire to found the idea of a Hispanic family on a supposed racial community; the aspiration to exalt indigenous American nations.

In 1992, in an effort to legitimize the celebration of the passing of a momentous five hundred years, the focus was put on the powerful "cultural mestizaje" that resulted from what was called the "Meeting of Two Worlds." This euphemism seems, as Edmundo O'Gorman pointed out, hackneyed and childish and, like the other labels, overshadowed violence, stultification of indigenous culture and the establishment of a regime that was often cruel and exploitative. In the midst of global pandemic and economic crisis, the sometimes confusing, byzantine historians discussion has become a source of anger, conflict and even violence in the public sphere on both sides of the Atlantic, which have led to taking down of monuments to Columbus, the Conquistadores and the missionaries who took on the evangelization of the New World.

After over 500 years, how should we think about this critical moment in world history. It might be worth stating that history should perhaps be thought-provoking rather than inspire admiration or condemnation. In this sense, there is much to learn from the historical process set off by the arrival of the caravels to the Caribbean at the end of the Fifteenth Century. This process –irreversible, extensive, contradictory– united the world. The “New World,” between the Atlantic and Pacific oceans became a bridge between East and West, a space of dense and intense interchange of people –American, Asian, European and the Africans who had been kidnapped and enslaved–, goods –plants, animals, virus and microbes– and ideas. It is almost impossible to imagine the world's material culture without the products of America: tomatoes, potatoes, hot peppers, to mention only a few, which is a testament to the reach and transcendence this first globalization.

The routes and networks that crisscrossed the world enabled the circulation of information and knowledge. Geography, territory, population would become known through empirical observation, and this

information would become known through documents that enabled those who had no direct access to these realities. It is no coincidence that Martin Behaim assembled the first terrestrial globe –accurate, except for the absence of America– on the same year that Columbus sailed from Puerto de Palos. On the other hand, despite the differences between the Old and New Worlds, with the latter being often described as exotic, even fantastical, people realized, after some intense discussions such as the one between Ginés de Sepúlveda and Bartolomé de las Casas, which took place in Valladolid in the mid-Sixteenth century, that humanity was one. The America that we describe as “Latin” played an important part in this construction. As it became part of extensive, complicated commercial circuits, of a system of empire, of a Church that claimed to be universal, it also engendered a shared language and a shared sense of history, which enabled its inhabitants to engage with key actors on four different continents. Its acting as a bridge, as a place to meet and exchange, is something which “Our America,” as José Martí described it, could do once again.



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Is China Ready to Become a Hegemonic Power?



Marisela Connelly

development and economy liberalization as engines of growth. For several decades, the economy grew 9.5% annually. Agricultural reform was based on the family responsibility system, where each family had a contract to work the land and market its products, taking care to give the State its share. Also, rural collective enterprises were established that for many years achieved a high performance. The urban economy also grew at accelerated paces driven by autonomy given to business managers, improved worker productivity, and attention given to light industry. It is a process in which, as Barry Naughton says, the economy follows a process in which it gradually leaves the plan to follow market forces.

In the 1990s, the Chinese government focused its efforts on establishing the market-oriented regulatory legal framework. The legislative body is responsible for passing laws such as companies and labor. The exchange rate is unified and the parameters in which local government spending should move are set. In the countryside, the government decides to invest more, with the aim of increasing grain production, but the city is a magnet that attracts rural labor, and therefore a significant number migrate from the countryside to the cities.

The 21st century is important for a number of reasons. China's economic growth and its presence in international markets make it

The People's Republic of China began its economic reform in 1978 with the aim of modernizing the country and raising the standard of living of the population. Deng Xiaoping was the architect of this reform, aided by leaders such as Zhao Ziyang and Hu Yaobang. The reform plan aimed to use foreign investment, foreign trade

imperative that leadership follow a new foreign policy. Until that point, they had followed Deng Xiaoping's slogan of having a low profile in the world, so that they could concentrate on economic development. Hu Jintao, the president and Secretary-General of the Chinese Communist Party understands that China is a rising power that is the axis of Asian trade dynamism and has also managed to have a greater presence in international organizations, in 2001 entered the World Trade Organization. For this reason, Hu encourages Chinese companies to follow the "go out" policy, to become companies with international experience and prestige. This will cause the suspicion of the leaders of the United States who are beginning to declare that China has taken advantage of the advantages offered by the international system, without having a greater responsibility in solving the problems that arise. China is criticized for having an undervalued currency, which has allowed her to increase her earnings.

For the second decade of the 21st century, Chinese leadership changes and comes to power Xi Jinping, a politician who at the same time, wants economic development to continue, realizes that the model followed up to that point no longer meets the country's needs. This also relates to the process of maturation of the economy that slows growth. They adopt a new model based on domestic consumption and service sector, the continuation of the process of urbanization, tax reform, restructuring of state-owned enterprises, and the construction of a social network that allows adequate attention to the population, especially older adults.

The goal of improving the standard of living of the population has been achieved. China went from being a low-income, to low-middle-income country in 1997. By 2010, China became a high middle-income country. GDP per capita in 2017 was USD 8,690. Wages in the country have improved, labor is no longer cheap as in previous decades. Chinese wages are higher than those in

Mexico and Vietnam. Leaders understand that increasingly, the workforce must have more skills, be more skilled and specialized, and are working to achieve this with training and training programs, hiring highly specialized business leaders. In addition, the Chinese government has made innovation a number one priority, with the "Made in China 2025" initiative released in 2015, which aims to modernize the manufacturing sector in ten sectors, to make them more internationally competitive. In addition to developing their technological capabilities independently and ascending global value chains.

China's economic power has led it to the implementation of infrastructure projects such as One Road, One Belt, launching in 2013, and which represents a great strategy for financing infrastructure projects in Europe, Asia, Africa, Latin America and Pacific Islands. Achieve connectivity and economic integration, strengthen coordination in economic policies and complementarity in development strategies.

One of the problems facing China is convergence with developed countries, by adopting foreign technology, level of productivity gains. Countries in Europe and the United States think it is time for China to adopt policies that are more in line with its level of economic growth and allow these countries to have a greater presence in their market. What Europeans call it, putting the relationship on a more even floor.

China relies on foreign technology and, with the problems generated by president Donald Trump's impositions on Chinese companies, has seen a need to develop its own technology and supply chains, but it will take years to achieve its goal.

On the military, the Chinese government has also made significant progress in the modernization process, aimed at strengthening its army and navy. Military strategy has become more offensive and recognized the importance of power projection with modern military technology. Chinese military spending is \$250 billion, while the U.S. is \$620

billion, the latter remains the country that plays a decisive role anywhere in the world. The United States has 25% of global wealth, 35% of global innovation, and 40% of global military spending. In recent years, however, its global power has eroded, accelerating during the Trump administration.

China is preparing to become the super-power of the 21st century. Patiently continues to develop his ascent strategy, trying

to dodge the obstacles put in her way by developed powers, especially the United States. Know her strengths and weaknesses, continue to prepare, following a precise, detailed plan, with set deadlines that allow her to advance science and technology, key to achieving her goals.

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The New Geopolitics of China and The United States



José Ignacio Martínez

with his two North American partners was reconsidered.

Therefore, it is significantly the process that began on May 16, 2017 in Washington, based on the Trade Promotion Authority, when the Office of the White House Trade Representative (USTR, 2019) announced to its Congress, under the protection of article 1, section 8 of its Constitution, which would begin public hearings to know the feelings of the various sectors on the renegotiation of NAFTA. One month after the consultations began, on July 17 the directions for Mexico's commercial future were established, where the US commercial representative presented the interests of his government on commercial policy.

On August 16 of that same year, the renegotiation of the Treaty began and the Laboratory of Analysis in Commerce, Economy and Business (LACEN, 2017) proposed to the Ministry of Economy to negotiate the new treaty under four large groups: 1) Traditional, 2) Opportunity, 3) Sensitive and, 4) Critical. Let's see the approach.

The NAFTA negotiation and transformation process coincided with a second term in power for Chinese President Xi Jinping.

I.

On January 1, 1994, they began new paths for Mexico as NAFTA began that day, a pact that would change the country's economic course and increase our commercial relationship with the United States of America (USA). With the arrival of Trump to the White House, the commercial relationship

II.

1. From October 18 to 24, the XIX National Congress of the Communist Party of China (CPC) was held and its relevance lay in the fifth generation of Princes, Li Keqiang, Zhang Dejiang, Yu Zhengsheng,

Liu Yunshan, Wang Qishan and Zhang Gaoli, led by President Xi Jinping, who would inherit to the next generation of the Central Committee the policies to generate the internal economic, political and social changes that should be promoted in China from 2030.

2. In addition, the foundations were laid for a second term for President Xi.
3. During his report to the 19th CPC National Congress, Xi outlined China's guidelines for the next 15 years, namely:
 1. Start a new era with new thinking.
 2. By 2020 China will transition in two stages towards a "great modern socialist country". In the first, which spans from 2020 to 2035, the culmination of the integral construction of a modestly well-off society will materialize. In the second stage, which will last from 2035 to the middle of the century, China will become a powerful modern, prosperous, democratic, civilized and harmonious socialist country.
 3. Use the real economy as a foothold for development and create competitive world-class companies and deepen the reform aimed at marketing interest and exchange rates.
 4. Regarding openness, China's doors abroad will not close, but will open more and more. In matters of Law, China will promote the work of verification of constitutionality and safeguard the authority of the Magna Carta.
 5. Regarding ecological progress, China will establish regulatory agencies that will be in charge of managing state assets in natural resources and supervising natural ecosystems and will implement a system of nature reserves, made up mostly of national parks.
 6. Regarding the armed forces, until the year 2020 their modernization will be achieved.
 7. Xi points out that China will never aspire

to hegemony or practice expansion, whatever its degree of development.

III.

It is important to note that every March 1 the USTR presents the Report and Agenda on US International Trade Policy. The two 2017 documents coincided with the NAFTA renegotiation. The USTR in its 2018 Presidential Trade Policy Agenda proposed raising tariffs (based on Section 301 and Super 301 and Article VI and XIX of GATT 94). The Report noted the following in April 2017, at the request of the President, the Department of Commerce opened an investigation under Section 232 on the effect of steel and aluminum imports on US national security. This is due to the high prices paid by its national industry to the large producers and main suppliers of these minerals, among which Brazil, China, Japan, South Korea and Canada stand out. According to the Report, this damages strategic sectors such as the construction of vehicles, airplanes, ships or semiconductors.

IV.

Washington's imposition of tariffs impacted China's production. In 2019, China's exports to the US decreased 12.04%, compared to the same period in 2018. The reduction in Chinese exports was also reflected in the decrease in imports of goods from the US by 28.43%.

Trump argued that the trade disadvantage with the Asian giant had generated imbalances in the US economy, mainly the loss of jobs in the manufacturing sector. Although an agreement has been reached in both cases, the uncertainty remains latent, mainly for the Asian giant.

This trade war between these two powers was focused on the imposition of tariffs, so that as of August 2019, China announced tariffs of up to 10% on US imports worth \$ 75.000 million; Later, the United States

reacted with the same response, although at first a 10% tariff was announced, later it was increased to 15% on the value of \$ 300.00 million dollars to Chinese goods; As of October 1, 2019, a 25% duty was again announced on the value of \$ 250,000 million in Chinese goods.

After the conflicts between the two powers, negotiations began to reach a trade agreement to avoid the rise in tariff rates on Chinese products and goods. After eight rounds of meetings,

on December 13, 2019, the USTR announced the results of the first phase of negotiation that was considered feasible as China committed to making various changes in the areas of intellectual property, technology transfer, agriculture, financial services and foreign exchange. While the United States agreed to modify its Section 301 tariff actions.

The United States and China announced the conclusion of the first phase towards a pact that ends the ostensible trade war, where the main objective is to cease trade disputes from the cancellation of tariffs imposed on Chinese and American products. Three important perspectives underlie the field of international trade. The first of them on agricultural goods, the second is the subject of intellectual property, and finally the access of foreign companies to the Chinese economy.

The agricultural issue is important in the bilateral relationship between the two countries, and as it is a condition of the US government to cancel some imposed tariffs, there is no clarity on the amount of agricultural products that Beijing is obliged to buy from Washington. In other words, the agreement represents a growth opportunity for the Washington economy. China imported 137 billion dollars in agricultural goods in 2018, of which only 25.9 137 billion dollars correspond to those imported from the United States.

Intellectual property and the fight against piracy on electronic commerce platforms

are among the most sensitive issues negotiated, including issues of forced technology transfer, subsidies and the behavior of Chinese state companies. Beijing will introduce more US financial services, based on questions about blocking US companies' access to key sectors.

It must be considered that, despite the cessation of the trade tariff disputes, the damage caused for two years cannot be reversed, not to mention that uncertainty will continue to prevail in commercial and consumer activity in the next year. Tariffs have affected both the United States and China, contributing to the slowdown in both economies. The International Monetary Fund estimated that the tariffs would reduce growth in the United States by 0.6% and in China an estimated growth of 2% is estimated for 2020.

While the first phase is heading in the right direction to end trade disputes, the agreement does not herald the resurgence of US-China relations, as it does not suspend the trade dispute.

The deal could give China time to stabilize the economy and for the United States it means winning the support of Donald Trump for his presidential election campaign, but some points of contention are likely to resurface in subsequent talks, along with the unpredictability of the president of the United States.

The first phase of the trade agreement between China and the United States was signed on January 15, 2020, achieving benefits for both parties. Despite this triumph, the biggest trade problems between the United States and China continue to weigh on world markets, and it will not be until Phase Two of the agreement that the root of the trade problem is discussed in depth.

The second phase of the agreement will depend on how much the Chinese government commits to following what was agreed in Phase I, therefore the tariffs for 360 billion dollars are the motive for the negotiation by Trump.

The phase one agreement includes concrete provisions, among them is the increase of agricultural products by China and a greater commitment to some reforms from Beijing. According to the provisions, China plans to buy US \$ 200 billion, including US \$ 77.7 billion will be allocated to manufactured products, US \$ 52.4 billion will be used in energy purchases and finally US \$ 37.9 billion in services.

Undoubtedly, this first phase of negotiation translates into great benefits, mainly for the United States since China would be buying manufactured products, energy supplies, American services, agricultural products, so this would generate 197,000 million dollars for the next two years. Within these four sectors, the most benefited would be the agricultural sector since, in tariff terms, it was the one that had the greatest impact on the part of the Chinese government.

For its part, the United States is committed to suspending tariffs, worth 160 million dollars and in the same way, reducing tariffs by up to 7.5% to 15% of Chinese imports.

However, the success in the implementation of the agreement is not assured and there is uncertainty about the fulfillment of the phase one commitments by China. Since the commercial relationship between the countries is full of systoles and diastoles. The United States provokes to win and China contracts to stabilize.

It is important to note that China did not compromise its strategic sector, which is technological development, which is the basis for triggering its goal of being the first power to export knowledge by 2050. Therefore, the national technological development of Beijing is assured, since it is a strategic sector, on the contrary, China does not allow these strategies to change course by 2025

If China hesitates to commit to the specific amount or schedule imposed by the United States, it is highly likely that the Trump administration will impose the tariffs again. This

is why China has to be prepared for Trump's bipolarity.

However, failure to break the agreement would stall trade negotiations and trigger new "mirror" tariffs worsening the already worrying US-China relations, impacting the Chinese industrial complex, as Chinese consumer goods will rise in price and compete with protectionist measures in the domestic market of the United States.

China has in its legislation a governance system whose objectives are set out in the Harmonious Society, a goal to be consolidated in 2049, but with Phase I of the agreement negotiated with Washington, its governance could change and with it modify its "Economy with Social Equality".

On January 15, 2020, Phase 1 of the agreement was signed between President Donald Trump and Chinese Vice Premier Liu He, thereby ending the trade conflict between the two nations, which is expected to have positive effects on the world economy, since they are the main engines of growth. While the second phase of the negotiation is still pending the issue of subsidies to state industries.

The easiest part of the trade dispute between the United States and China occurred with the Phase I agreement, however, the difficult part that will cover issues of intellectual property infringement, subsidies to Chinese industries and forced transfer of technology by part of China will enter Phase II. In this phase, the United States seeks to stop China from subsidizing its state-owned companies to put a stop to what the United States considers cyber theft and in the same way seeks to stop the flow of illicit fentanyl. Likewise, tariffs will be reduced in the phase two agreement with China, as a tactic by the United States to pressure China on these issues (LACEN, 2020).

V.

The new trade agreement between Mexico, the United States and Canada will provide a

modernization in the legal norms of the contracting countries because the treaty assimilates extremely important issues that are not currently considered in the respective national laws. This agreement covers provisions related to caring for the environment, people's labor rights, digital commerce and the treatment of the most favored nation. However, one of the core points that must be analyzed in greater detail is article 32.10 (numerals 1 to 7) of chapter 32, which determines the type of relationship that will originate when one of the signatories of the agreement establishes a Treaty of Free Trade with a country that does not have a market economy, a situation that will shape Mexico's trade relations with China.

Without a doubt, with the TMEC we have a new commercial security ecosystem in North America, however, article 32.10 will outline the new directions of the relationship between Mexico and China, which represents our second commercial partner.

The 32.10 truncates the long-awaited commercial diversification with the Chinese market, which will only be present in the speech of the next administration.

In the new trade agreement between Mexico, the United States and Canada, article 32.10 (numbers 1 to 17) of Chapter 32 specifically highlights Section B: General provisions. Point 10 of this article refers to possible Trade Agreements (CA) with countries that do not have market economy status. At this point, it is stated that if one of the Parties intends to initiate negotiations to establish a CA with a country that does not have market economy status, it must inform the other Parties, with an anticipation period of at least 3 months.

According to the text, a non-market country is one that, as of the signing of the Agreement, at least one Party has determined that it is a non-market economy, for the purposes of its trade remedy laws. ; Furthermore, it is a country with which neither party has a trade agreement.

If there is an interest in establishing a trade

agreement with a non-market economy, the Party in question shall provide as much information as possible on the objectives of these negotiations; and as soon as possible, not to exceed 30 days before the date of signature, that Party shall provide the other Parties the opportunity to review the full text of the AC, including annexes and complementary instruments, to carry out an evaluation of the impact that would be generated for the TMEC.

In addition to this, it is contemplated that if one of the Parties establishes a trade agreement with a non-market country, the other Parties are allowed to terminate the TMEC, with a notification period of 6 months, and replace it with a bilateral agreement, subject to relevant negotiations and reviews.

It is important to highlight that when China entered the WTO (2001), in the matter of dumping, a non-market economy status (Non-Market Economy) was established, derived from the economic conditions under which the Chinese market operated. The foregoing was established in Article 15-a on price comparability to determine subsidies and dumping.

Based on article 15-ii of the Accession Protocol to the WTO, China has a new status since the non-market economy principle is no longer applied under the assumptions of section a- ii, since as of 2016 they expired the indications of this numeral and with this the use of "market economy" is recognized as a tool for China in situations of unfair practice.

However, there are actors who refuse this recognition (in particular the United States and the European Union) pointing out characteristics of China's economic model, mainly government intervention in the economy. Likewise, these actors affirm that what is stipulated in China's Protocol of Accession to the WTO may be subject to interpretation; and that taking into account the importance of the national legislation of the importing WTO Member when considering whether the country complies, or not, with what is necessary to acquire market

economy status, they can refuse to accept such condition.

During the time that China was considered a non market economy, Mexico in its national legislation made use of article 33 of the Foreign Trade Law, which specifies that if there are imports from a country with a planned economy, the normal value of the goods it will be the price of identical or similar merchandise in a third country with a market economy, which allowed Mexico to obtain the value of the normal price of the product from a methodology closer to what it really cost.

It is important to note that the express measure in Article 32.10 does not limit the relations of the three countries with China because these will be governed under the legal instruments of the WTO. However, Mexico must be careful in using the aforementioned article because China is recognized by the Mexican State as a market economy, while the United States does not conceptualize it that way. Consequently, the Mexican legal regime for foreign trade should detail the considerations that guarantee that a State is a market economy, a situation that will lead to a great debate among the corresponding authorities.

Although there is no FTA with China on the horizon, article 32.10 does restrict Mexico's commercial diversification strategy (c.fr, article 34.7, Review and Extension of the Term), by further concentrating our dependence on the United States, whose market represents (in exports) 26.5% of GDP.

For example, China is becoming a technological-digital powerhouse. Since 2005, China has been the main exporter of high-tech products, so Mexico could bet on increasing its industry of high-value-added intermediate products that are part of the Chinese production process, or take advantage of Chinese intermediate production to produce its own final products of high technology.

Another consequence of 10.32 is that Mexico enters the new US commercial security ecosystem to stop China's technological

dominance and not consolidate its goal for 2050. This is what three of the most important members of Trump's cabinet make it look like:

Lawrence Kudlow, director of the National Economic Council of the White House, specifies that the TMEC gives way to a commercial coalition and sends a message to China about "its unfair commercial practices, its barriers and its theft of intellectual property." For his part, Trump's Secretary of State. Mike Pompeo, specified that with the EUMCA: "We are going to stop China from becoming a global power. In the same vein. Secretary of Commerce Wilbur Ross stated that" the provision of protection (article 32.10) will commercially isolate to China, so it could be repeated in future treaties, such as those with Japan and the EU".

Article 32.10 will outline the new directions of the relationship between Mexico and China, which represents our second commercial partner. EUMCA truncates the long-awaited commercial diversification with the Chinese market, which will only be present in the speech of the next administration (LACEN 2018c).

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Online legal services Experience in Spain

UC&CS GLOBAL General Meeting, México 2020



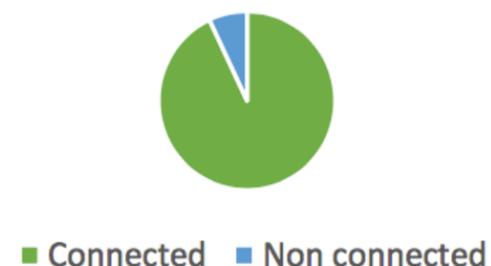
Aquilino Pérez Puga

- Since the democratization of the internet, there have been changes in consumption that, although less quickly, affect legal services.
- New consumers, more familiar with new technologies, demand more efficient services that can meet their expectations, that is, they claim to have everything within reach of a "click".
- This means that law firms must adapt to this new environment and be available by eliminating physical barriers. Users are used to a reality in which processes are faster and faster and reactions are more immediate

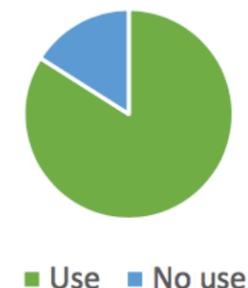
Introduction

- 93% of the Spanish population is connected to the internet. 84% of network users have searched online to purchase a product or service and 51% are already an electronic banking user

Population connected to the internet



Online searches



The most common online legal services in Spain:

1. Communication with the administration of justice.
2. Communication with the administrative register.
3. Other communications: Tax Agency, General Treasury of Social Security, Ministry of Labor, Ministry of Justice, etc.
4. Online legal services companies

Future trends for legal services

Communication with the Courts through an exclusive digital platform for lawyers and solicitors: Lexnet.

Must usage. Refusal to submit physical documents.

Indirect communication:

- Through the attorney, representative of the client before the courts and tribunals of justice.

Direct communication:

- Presentación de escritos instantes de ciertoPresentation of briefs instants of certain judicial procedures in which the intervention of a solicitor, person is not required.

- Exercise of the function of insolvency administrator: Receipt of judicial notifications and presentation of procedural documents and reports.

2. Communication with administrative register.

Civil registration:

- Access to certificates of facts that have to do with the marital status of any person: birth, family, death, nationality, criminal record, etc.

Commercial register:

- Request for information notes on companies: share capital, social representation, deposited accounts, legalized books, etc.

- Deposit of accounts, keeping of minute books, partners, administrative bodies.

- Certifications of charges and their validity.

• **Property registration:**

- Request for informative notes on real estate: ownership, registered rights, extension, nature, limitations, etc.

- Issuance of certifications.

3. Other communications: Tax Agency, General Treasury of Social Security, Ministry of Labor, Ministry of Justice, etc.

Tax Agency, state and autonomous:

- Presentation of taxes.

- Receipt of notifications.

General Treasury of the Social Security, state and autonomous:

- Management of unemployment benefits.

- Processing and management of pensions: disability, retirement, widowhood.

Ministry of Labor:

- Processing of Employment Regulation Files.

Ministry of Justice:

- Online granting of powers for lawsuits

- Request for certificates: Last wills, criminal record, etc.

4. Online legal services companies.

United States: the first online law firm initiatives have arisen from reputable lawyers who have used their prestige to establish themselves on the Internet.

Spain: it is the youngest lawyers who are willing to use the Internet as a professional opportunity, or entrepreneurs from outside the world of law who invest in a new business model.

These online firms arise from the need to offer legal advice in a simple and cheap way in standardized cases:

- Online advice (email or videoconference) and by phone, legaltech.

- Drafting and review of contracts and legal documents, etc.

- Claims to insurance company.

- Reports and expert opinions.

Advantages of using digital services

• Agile and immediate service.

• Saving of resources: trips, procedures, meetings.

• Access to highly specialized professionals.

• Economic prices.

Problems of legal advice online or by phone

• Provision of advice by workers not trained in law who solve basic queries using databases as support.

• Impersonality in dealing with the client. Very important to AOS.

• Impossibility of accessing services to people without computer resources.

Future trends for legal services

Clients' needs have changed drastically, demand is increasing from clients who are looking for professionals who have a better understanding of their needs and who can offer multidisciplinary and cross-border services that make better use of technology, being more efficient and reducing presence in the negotiations.

Vigo, Spain, 28th October, 2020.

En Vigo, España a 28 de octubre de 2020.

AOS Abogados, Asesores Tributarios y Auditores



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6
Latin American countries where we are present

+255
Innovation projects in which we have participated

4
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ETHICS: Origins and Development



the environment according to the place where a community resides.

When man became sedentary, he created great cultures in different regions of the planet, like the Chinese, the Indian, the Egyptian, the Persian, the Greek, the Roman, the Nordic, and the American (Mexican and Andean.) In each of those cultures, we appreciate different degrees of development in all areas of human endeavor.

We can also observe that each one of them had times of splendor, of dominance of other cultures, and finally the fall of empires. All cultures created knowledge that allowed them to regulate relationships between members of a community or other communities and regions. As we focus on the subject at hand, this knowledge allows us to look at law, religion, morality, ethics and quality. We will briefly discuss each of them in this presentation.



Reynaldo León

Introduction

"... Ignorance of ethics is only dispelled with the teaching of ethics ..." - Dalai Lama

The purpose of this essay is to promote and increase the prestige of public accountants through the dissemination of the standards that regulate their professional activity. It was prepared through documentary research and in accordance with the provisions of the Code of Ethics for Professional Accountants (IESBA Code), of the International Council of Ethical Standards for Accountants of the International Federation of Accountants

History allows us to learn the evolution of humanity. With the help of other scientific disciplines, we learn the customs, religions, habits, ways of associating and transforming

(IFAC), and the International Quality Control Standards (ISQC1), prepared by the IFAC to promote within its membership the highest quality standards, models of professional ethics, social responsibility, objectivity and integrity.

In addition, it has the purpose of inviting public accountants to reflect on the subject of ethics. This serves as support for those interested in providing professional services to satisfactorily meet the needs of clients, and promoting continuous improvement to be competitive and productive in their performance.

Finally, I want to invite the readers to make ethical principles and quality our core values in such a way that the interests of society are not negatively affected by our endeavors. The presentation includes the objectives a glossary of terms that explain central concepts, the fundamental principles of ethics, professional aspects in the practice of public accounting, and relevant conclusions to the current situation.

Objective

Ethics and the pursuit of professional quality allow the independent public accountant the recognition of society and the authorities responsible for validating his/her actions. In this way, public accountants become driving agents of the economy as advisors, experts, or other analogous activities. It is also necessary to ensure the application of these values, which underpin the competitiveness of our union and help us secure the trust of society as a whole.

Glossary

Quality: It is assured from the initial moment in which the necessary inputs or technical knowledge are obtained. Quality is not controlled, but produced from daily work in a responsible manner, which is based on forecasting and not on the detection of failures and errors. It is the set of benefits that the

customer expects, in addition to the product or the basic service. To give the best service, the set of benefits that the client wants must be considered.

Law: According to the Mexican Supreme Court of Justice, "[the] word comes from the Latin word *directum*, which means not to stray from the right path, to follow the path indicated by law, what is directed or is well directed. In general, law is understood to be the set of legal norms created by the State to regulate the external conduct of men and in case of non-compliance, a judicial sanction is prescribed."

"It is the set of rules that impose duties and that confer powers, that establish the basis of social coexistence and that has the purpose to provide all members of society with the minimum of security, certainty, equality, freedom and justice."

Ethics: It is the theory and practice of good and evil, in the sense of an aspiration and the knowledge to do good. "It is the set of rules that impose duties and that confer powers, that establish the basis of social coexistence and that has the purpose to provide all members of society with the minimum of security, certainty, equality, freedom and justice."

According to Aristotle, the classic goal of good action is happiness with the ultimate goal of increasing the common good regulated by rules of social coexistence. That is, ethics is social.

On the other hand, ethics is the study and reflection of morality (which for intellectualism is morality.) Moral perfection is a consequence of the perfection of the intellect or reason. We can conclude that to be fair it is necessary to know how to perform justice, but this word does not designate an explicit and theoretical knowledge of justice, but rather, the possession of an ability or disposition to carry out just actions.

Religion: Etymologically, the word comes from the Latin *religo, religiōnis*, which in turn comes from the verb *religāre*. This is formed

from the prefix *re*, which indicates repetition, and from the word *ligare*, which means 'to bind or tie.' Religion is the doctrine that strongly binds the human being with God or the gods. Religion can be understood, in this way, as the action and effect of re-binding God and human beings.

Approach to the World of Ethics

An approach to the concept of ethics refers to the conscience of each human being in which ethics is a guide of conduct to follow. It is the reflection of freedom, it is voluntary, and it is conscious and uses reason. It is not imposed; it is born from a people's self-reflection. It should be noted that all societies, religions, cultures and civilizations, have proposed codes of conduct or ethical codes, which generally coincide with "doing good" or acting with values and principles.

There are three levels of ethical reflection: Descriptive Ethics, Normative Ethics and Metaethics. Descriptive Ethics includes the study of the systems of moral norms and beliefs that different communities have built in the course of history. Normative Ethics identifies valid systems of norms and principles, and attempts to provide a reliable theoretical foundation.

Normative Ethics systems are classified as teleological and deontological. The teleological (which is the purpose of ethics) refers to the ends and the deontological (what ought to be) to the notion of duty.

Metaethics makes the analysis of the logical and semantic statements through which the evaluations, beliefs, or imperatives are expressed. As an example I will cite that Metaethics does not study, it asks What is good or what is evil? Moreover, it reflects on free will. Applied Ethics has as fields of interest Bioethics, Professional Ethics, Economic Ethics, Environmental Ethics, Political Ethics, among others (Valdez E. 2008, doctoral thesis)

Brief History of Ethics and Morals

Sócrates fue considerado como el sabio del Socrates was considered the wisest man of the world, the father of ethics. In several countries, there were great philosophers who dealt with ethics as well. However, I will focus on Immanuel Kant (1724-1804,) who is the author of the Categorical Imperative, and who is considered by European authors as the most important philosopher.

The categorical imperative of Kant's Ethics is a supreme principle of morality that claims to be an autonomous commandment, independent of any religion or ideology, self-sufficient, universal and capable of protecting human behavior. Kant proposed it in his book Foundations of the metaphysics of customs, published in 1785. He maintains that the foundation of the categorical imperative principle is implicit in the moral practices and reasoning of all individuals, and therefore, through it, the moral duties will be known unconditionally. The categorical imperative has the characteristic of being unconditional and absolute, without exceptions or need of external justification.

Formulas of Kant's categorical imperative

The five formulas referring to the categorical imperative are complementary to each other and not alternative, that is, they are linked together to form a consistent moral system.

Formula of Universal Law: "Act only according to that maxim by which you can at the same time will that it should become a universal law."

Humanity Formula: "We should never act in such a way that we treat humanity, whether in ourselves or in others, as a means only but always as an end in itself."

Autonomy Formula: "the Idea of the will of every rational being as a will that legislates universal law."

Kingdom of Ends Formula: "Act in accordance with the maxims of a member giving universal laws for a merely possible kingdom of ends."

Unity of the Formulas: Kant considers these entire formulas equivalent. Although not explaining in what sense, he says that there "are basically only so many formulations of precisely the same law, each one of them by itself uniting the other two within it," and that the discrepancies amongst them are "more subjectively than objectively practical."

The categorical imperatives carry with them two possibilities: I must comply with a certain moral maximum, or not. They must always come from our goodwill. Their purpose is to do good in favor of a better society until it becomes a universal law or a law of nature.

Finally, it is important to note that there are philosophers in all countries who emphasize the importance of ethics. Among them are St. Thomas, Fr. Luca Pacioli, Jürgen Habermas, the Mexican philosophers Leopoldo Zea Aguilar, Gabino Barreda, Antonio Caso and Luis Villoro. From Spain, Fernando Savater, from the United States, the philosopher, John Searle, and from France, the anthropologist Bruno Latour.

Fundamental Principles

A characteristic of public accounting is that it assumes the responsibility of acting in the public interest. Consequently, the responsibility of a public accounting professional does not consist exclusively in satisfying the needs of a certain client or of the entity for which s/he works. In its performance, the public interest must prevail, so it will apply and comply with the established rules of conduct.

When the legal and regulatory provisions prohibit the professional from complying with any rule, he will comply with all other applicable ones.

The Professional Ethics studies the binding norms collected by professional deontology, which suggest what is desirable and condemns what should not be done.

Professional quality of the work. In the provision of any service, the public accountant is expected to always keep in mind the legal and regulatory provisions of the profession that are applicable to the specific job s/he is performing. Likewise, the public accountant will act with the intention, care and diligence of a responsible person.

Preparation and quality of the professional. As a requirement for the public accountant to agree to render his services, he must have the technical training and the necessary capacity to perform professional activities satisfactorily.

Dignification of the professional image based on quality. To convey a positive image and professional prestige to society and to the users of her/his services, the public accountant will use professional and personal quality, relying on institutional promotion. When deemed appropriate, s/he can communicate and disseminate her/his own capabilities without demeaning colleagues or the profession in general.

ELEMENTS OF A QUALITY ASSURANCE SYSTEM

Integrity. Be frank and honest in all professional and business relationships. Integrity also implies fairness and sincerity in relationships and interactions.

Objectivity. Compels all public accountants not to compromise their professional or business judgment due to prejudice, conflicts of interest or undue influence of third parties.

Professional competence and diligence. Imposes the following obligations on all public accountants: a) maintain professional knowledge and skills at the necessary level to enable clients, or the entity for which they work, to receive competent professional

service, and b) act diligently, in accordance with the applicable legal, technical and professional standards when providing professional services.

Confidentiality. It obliges all public accounting professionals to refrain from:

a) disclosing outside the office, or the entity for which they work confidential information obtained as a result of professional and business relationships, unless authorized adequately and specifically (or if there is a legal or professional right or duty to disclose it;)

b) using confidential information obtained as a result of professional and business relationships for their own benefit or that of third parties. Therefore, a third well-informed party with judgment evaluates the facts and circumstances known to the public accountant. At that point, the individual will probably conclude that s/he could be in a position to affect negatively the good reputation of the profession.

Financial Crises

In 2001 and 2002, the firm of Accountants Arthur Andersen caused a financial earthquake that affected the stock market in several countries by failing to comply with professional standards and especially the standards that regulate professional conduct. The US Congress enacted the Sarbanes Oxley Act (SOX) in 2002 to protect the interests of the investing public. The crisis generated due to the fraudulent handling of accounting.

In 2007 and 2008, the international financial crisis was largely the product of the low-quality mortgage derivatives crisis in the US, which had a negative impact on the global economy. This crisis was also a consequence of the irregular handling of financial information.

The global audit company Ernst & Young (EY) was dragged down by the bankruptcy scandal of the German online payments company Wirecard due to its deficiency in the verification of accounts. The German shareholders' association, SDK, filed a

criminal action against two current auditors and a former EY auditor in Germany. Wirecard, which is listed on the Frankfurt Stock Exchange, filed for bankruptcy on June 25, 2020.

Wirecard is suspected of having inflated the accounts with fictitious funds in the Philippines amounting to 1.9 billion euros. As we can see, in some cases public accounting fails to comply with the regulations that govern the professional work, mainly in relation to ETHICS and QUALITY ASSURANCE.

Conclusions:

1. The accounting professional should comply with the rules of conduct established by the organized public accounting office. When the legal and regulatory provisions of the country prohibit the public accounting professional from complying with any standard, they will comply with all others.

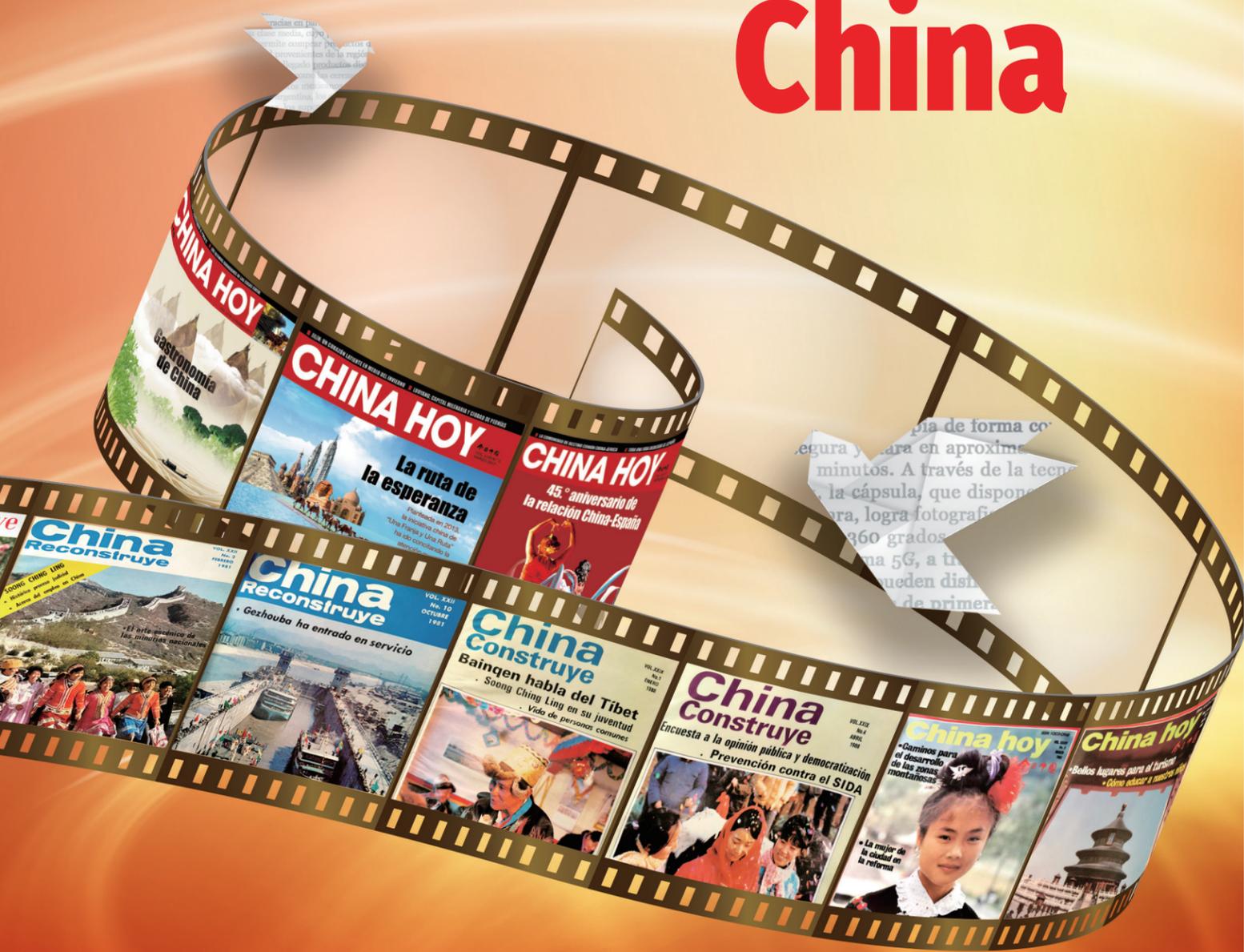
2. For the public accountant to obtain the recognition of the company, as well as of the authorities responsible for validating her/his actions and becoming a driving force behind the economy in her/his capacity as advisor, adjudicator or other similar activity, he must apply ethical values and professional quality in his activity.

3. Public accounting assumes responsibility for acting in the public interest. Consequently, the responsibility s/he assumes does not only consist in satisfying the requirements of a certain client or the entity for which a professional works for. The public interest must prevail in her/his performance. Therefore, the public accountant will apply and comply with the legal, regulatory and professional framework.



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The Value Trap



Mauro Mauleón

Within the value investing literature (a term coined in the late 20s of the last century, by Benjamin Graham), the emphasis is placed on identifying value assets that are undervalued. The objective is to develop a process of analysis that allows establishing metrics to recognize companies that the market does not value in its right dimension and that can become profitable investments in the long term.

The value trap is precisely when we erred in our analysis and determine a value that does not correspond; either because we omit information and raise expectations or because the company in question has more complex structural problems that we did not foresee or minimize. Falling into a value trap affects not only our portfolio but our success score and ego.

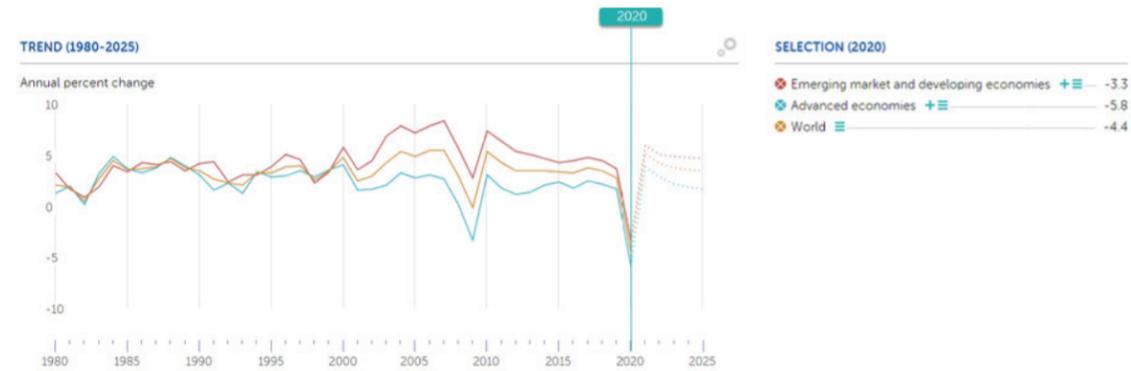
With this in mind, I think about the next year, what in economic and financial matters could be visualized. There are already clues so we can put together the first draft; for example, we know that economic growth will be less complicated, that the mobility of people and goods will increase and that technology will continue to be the pillar of communication and both financial and trade transactions. We hope to find a proven cure that will allow us to control and mitigate

COVID-19; and that the efforts of governments, businesses, and agencies will focus on providing liquidity, economic stimulus, and support. Anyway, the recipe's on, the machinery is on the move.

Beyond my vision as an investment strategist, looking for returns to the portfolios that I help manage and analyze trends in financial markets and assets, today I want to take advantage of this space, to share some reflections on this concept of "value trap", but with a more global view, of seeing the forest and not the tree, of proposing questions that I have not been able to answer, intending to provoke an exercise of dissection in topics that go beyond qualitative analysis, because they are superior in magnitude and transcendence.

In this article, I expose hard data and projections from different sources to which I have access, with the idea of drawing the picture and illustrating those contradictions; with the sole purpose of preventing or alerting of a possible value trap. I apologize in advance for copying images of presentations, but I justify it by wanting to analyze more the background than the form; although I point out the sources of those images, the relevant thing is to put together a puzzle with a global idea, a kind of map to

Graph 1. Estimated economic growth



Source: International Monetary Fund IMF

map out a path of development in balance and that each one addresses from his capacities, an effective solution and that assumes the commitment that as a human being owes to this planet.

The graph shows the IMF's estimated GDP growth in the following years, after the falls in 2020. It would be very simplistic to identify the economies with the fastest recovery and to invest in the regions, countries, sectors, industries, and companies that will benefit most directly. However, the conditions for recovery are due to factors that are not necessarily recurring and which are generating distortions and alerts in the markets; I refer to the liquidity injected by the central banks, accompanied by historically low or negative interest rates; and more indebted governments, entities, and individuals. Besides, economies with unemployment and a larger population migrating to urban areas and in an aging process.

Technological and educational gaps, which further open up inequalities and limit development opportunities to already depleted communities. Outbreaks of violence and insecurity that also undermine improvement and overcoming initiatives. In short, a list of factors (wicked problems) that under a SWOT approach, could be classified as threats and that, in that same line, there

are more weaknesses than strengths.

This is where I find the risk of a value trap; humanity today faces challenges that have already been described in the 2030 agenda of the United Nations, but I am concerned that as individuals we are blind, or worse yet, we turn our eyes to the other side, towards immediacy at no apparent cost. It is not a question of analyzing which style of investment will be better, or which factor will have the best performance in the coming years; it is a question of acting on a point reflection on how to recompose the balance and how to amortize the costs. A friend of mine, an aspiring doctor in economics, told me recently "as a society, we are optimistic with the will," and I quote this because it seems to me that will is all we have left and that it can be the difference of generating that change of vision. The point is not to sink growth capacity in the long run.

Graph 2. Interest rates developed countries

Interest Rates in the Developed World

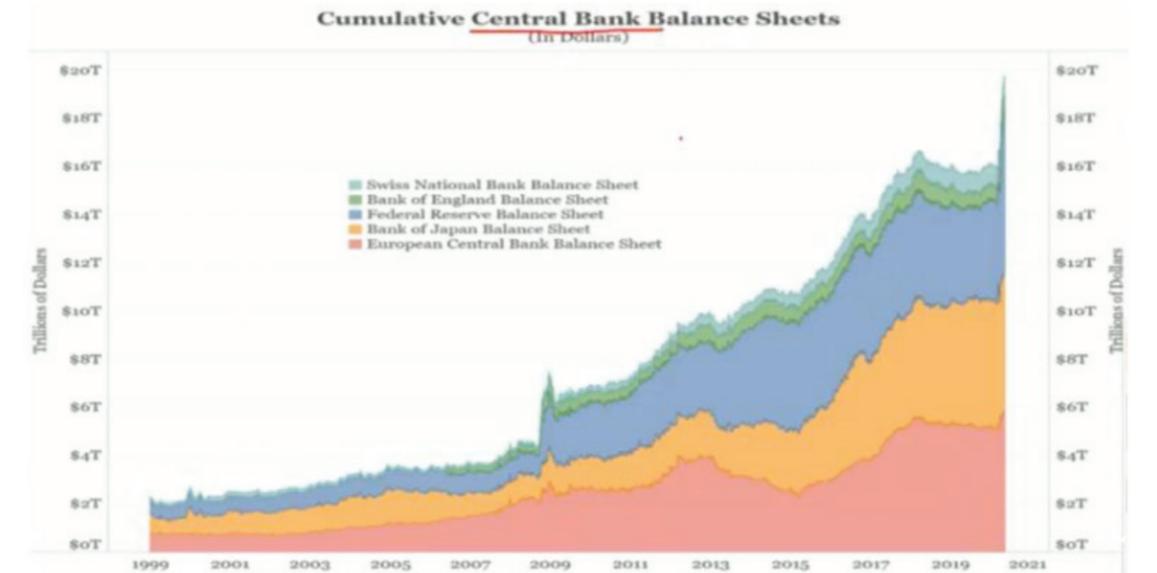
As of 10/15/2020

Country	Policy Rate	6-Month	1-Year	2-Year	3-Year	4-Year	5-Year	6-Year	7-Year	8-Year	9-Year	10-Year	15-Year	30-Year
Switzerland	-0.75	-0.86	-0.91	-0.85	-0.84	-0.81	-0.77	-0.74	-0.69	-0.66	-0.61	-0.57	-0.41	-0.35
Germany	-0.50	-0.70	-0.69	-0.77	-0.83	-0.81	-0.79	-0.80	-0.74	-0.72	-0.67	-0.61	-0.42	-0.20
Netherlands	-0.50	-0.69	-0.69	-0.73	-0.75	-0.74	-0.73	-0.69	-0.65	-0.61	-0.57	-0.51	-0.43	-0.11
Denmark	-0.60	-0.56		-0.68			-0.66			0.00		-0.50		
Finland	-0.50		-0.69	-0.74	-0.73	-0.73	-0.69	-0.67	-0.59	-0.55	-0.49	-0.42	-0.18	-0.05
Austria	-0.50		-0.65	-0.73	-0.73	-0.72	-0.71	-0.64	-0.62	-0.58	-0.53	-0.45	-0.19	0.08
Japan	-0.10	-0.11	-0.15	-0.14	-0.15	-0.14	-0.11	-0.11	-0.10	-0.07	-0.02	0.02	0.23	0.63
France	-0.50	-0.67	-0.64	-0.71	-0.72	-0.70	-0.68	-0.60	-0.57	-0.48	-0.40	-0.33	-0.17	0.34
Belgium	-0.50	-0.68	-0.64	-0.73	-0.71	-0.70	-0.67	-0.62	-0.53	-0.51	-0.45	-0.37	-0.15	0.32
Ireland	-0.50		-0.63		-0.65	-0.65	-0.62	-0.57	-0.49		0.00	-0.26	-0.04	0.34
Spain	-0.50	-0.55	-0.53	-0.56	-0.49	-0.44	-0.38	-0.29	-0.15	-0.09	0.01	0.15	0.44	0.92
Portugal	-0.50	-0.56	-0.54	-0.60	-0.47	-0.44	-0.33	-0.25	-0.13	-0.06	0.01	0.14	0.49	0.82
Italy	-0.50	-0.47	-0.40	-0.32	-0.22	-0.04	0.10	0.27	0.40	0.49	0.57	0.70	1.05	1.52
United Kingdom	0.10	-0.03	-0.02	-0.06	-0.11	-0.11	-0.08	-0.06	0.00	0.05	0.13	0.18	0.41	0.72
Australia	0.25	0.11	0.10	0.14	0.14	0.20	0.29	0.38	0.49	0.60	0.69	0.77	1.07	1.72
New Zealand	0.25		1.73	0.00			0.04					0.54	0.93	
Canada	0.25	0.13	0.17	0.24	0.23	0.27	0.34		0.37			0.56		1.14
United States	0.13	0.11	0.12	0.14	0.17		0.30		0.50			0.72		1.45

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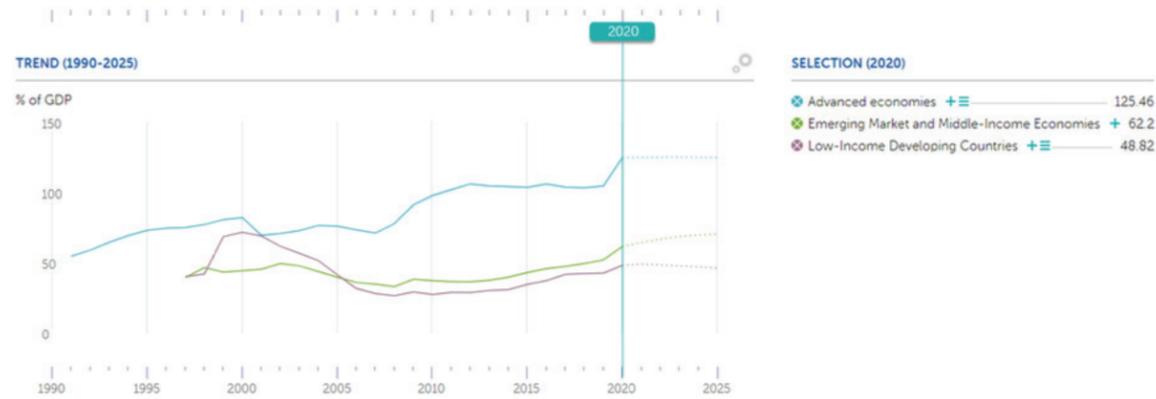
Source: Markets Experience Forum OnLine 2020, Rankia.

Graph 3. Balance sheets central banks



Source: Markets Experience Forum OnLine 2020, Rankia.

Graph 4. Net debt vs GDP



Source: International Monetary Fund IMF

Graph 5. Net debt vs GDP

Comparing Debt-to-GDP by Sector

To see how COVID-19 has affected the global economy since Q3 2019, let's take a look at each sector's debt as a percentage of GDP.

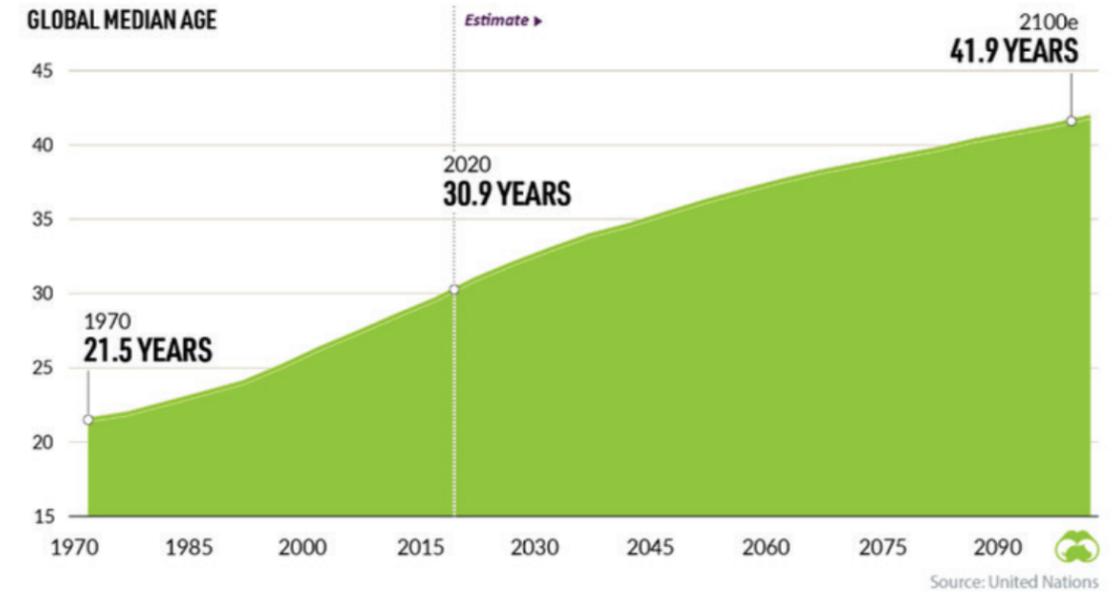
	Households (Q3 '19)	Households (Q3 '20)	Non-financials* (Q3 '19)	Non-financials* (Q3 '20)	Government (Q3 '19)	Government (Q3 '20)
Developed markets average	72%	78%	91%	102%	110%	131%
U.S.	74%	81%	75%	88%	102%	127%
Euro Area	58%	61%	108%	114%	102%	115%
UK	84%	88%	73%	78%	110%	130%
Emerging markets average	40%	44%	93%	104%	53%	60%
China	54%	60%	150%	166%	53%	63%
Russia	19%	23%	78%	91%	15%	18%
Global total	60%	65%	92%	103%	89%	105%

*Corporations that are not in the financial industry.
Source: IIF, BIS, Haver, National Sources

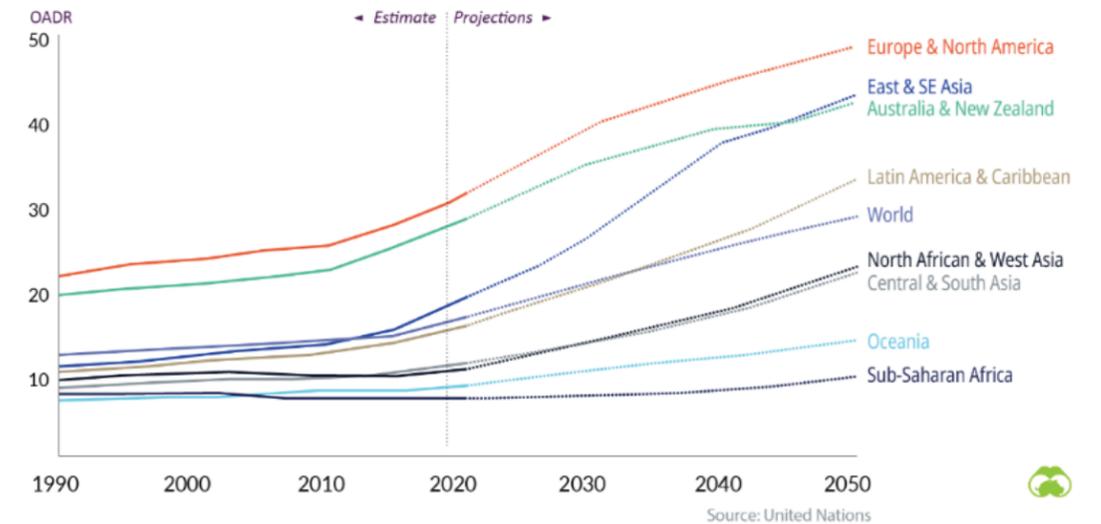
"The economic situation, on the other hand, is unlikely to improve anytime soon. Falling revenues combined with costly pandemic relief measures have increased global debt by \$20 trillion since the third quarter of 2019. By the end of 2020 economists expect global debt to reach \$277 trillion, or 365% of world GDP"

Source: Visual Capitalist.

Graph 6. Global median age

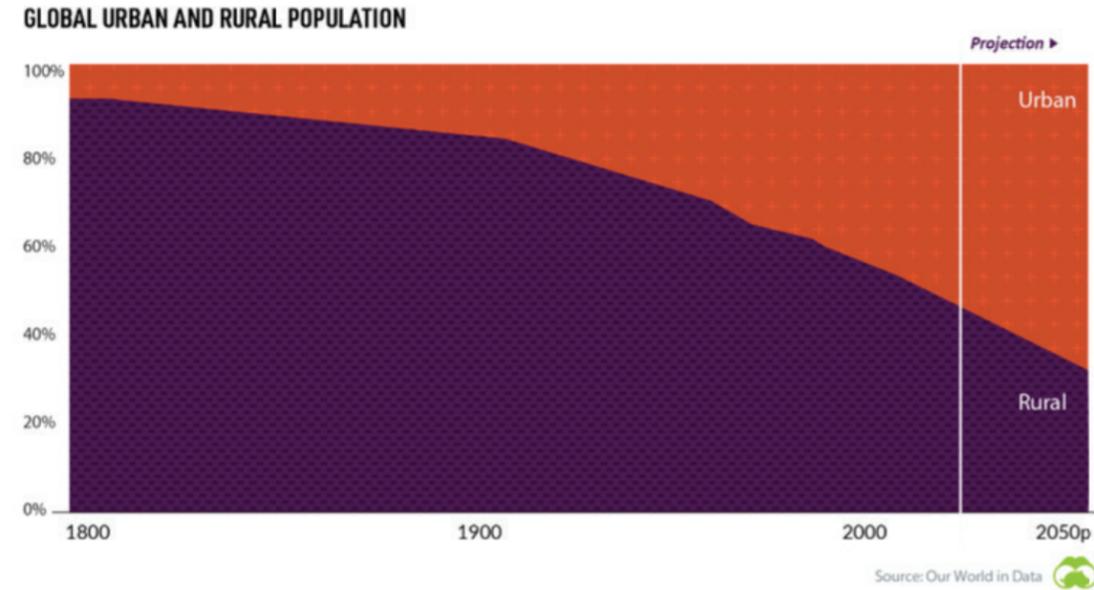


OLD-AGE DEPENDENCY RATIOS RATIOS BY REGION, 1990-2050



Source: Visual Capitalist.

Graph 7. Migration



Source: Visual Capitalist.



TRADE • TEACH • TRAVEL

We are a Mexican - Chinese business group that join forces to offer Trade Services, Commercial Advisory and Tourism.

We are one of the few companies with presence in Mexico and China

OUR SERVICES



- Business Entrepreneur Courses
- How to make business with China
- Training Courses for sales and purchase
- Basic and Advanced Mandarin Courses
- Translations and interpretations



- Business Trips for Trade Fairs
- Basic and Advanced Mandarin Courses
- Student's Trips to China (Summer and Winter Camps)
- Product Finders
- Safe Provider Finder
- Thematic & VIP Tourism



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