

# MORGAN CREEK

## CAPITAL MANAGEMENT

ALTERNATIVE THINKING ABOUT INVESTMENTS

### *New Asia Perspectives*



Welcome to Morgan Creek's New Asia Perspectives, an open forum where we share our proprietary research together with curated articles of interest. We seek to offer a variant interpretation of important political and economic events through an Asian lens by leveraging our team's "on the ground" insights and decades-long experience in covering the region. We disseminate our research through newsletters, webinars and periodic whitepapers. Feel free to forward our research to colleagues you think might be interested and please share any interesting research you come across as well. To offer comments, share research, or learn more about our team and investment offerings, please email [chinateam@morgancreekc.com](mailto:chinateam@morgancreekc.com).

Best Regards,

A handwritten signature in black ink that reads "Mark W. Yusko". The signature is written in a cursive, slightly slanted style.

Mark W. Yusko  
CEO & CIO

### **NOTES FROM THE BUND<sup>1</sup>**

Taiwan held its elections on January 13, 2024. This election was closely watched because Taiwan is increasingly viewed as an important piece within the geopolitical contest between the United States and China.

While William Lai, the Democratic Progressive Party ("DPP") candidate won the presidential election as expected, his party's lead narrowed significantly from the prior election. In 2020, the DPP won an absolute majority (57%) compared to 40% in this election. The DPP also lost its majority in the national legislature to the opposition Kuomintang ("KMT"), who also won a legislative veto this time. This gradual erosion of the DPP's mandate continues after the mayoral and county elections held in November 2023, where the KMT also won the majority of the seats.

The DPP is Taiwan's pro-independence party, and the KMT is the pro-unification party.

We believe these results reflect the Taiwanese's desire to maintain the status quo. In a 2023 poll by Taiwan's National Chengchi University's Election Study, the vast majority (~88%) opted to maintain the status quo, with only 1.6% voting either

“unification as soon as possible” or “independence as soon as possible” (4.5%).

### Changes in the Unification – Independence Stances of Taiwanese as Tracked in Surveys by Election Study Center, NCCU (1994 – 2023.06)

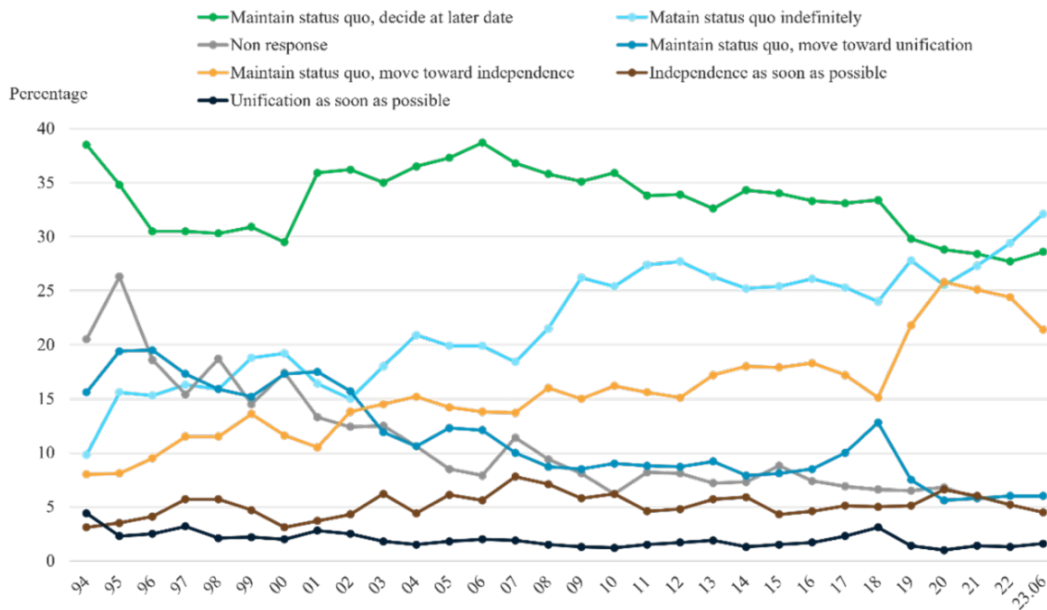


Figure 1: Taiwanese want to maintain the status quo<sup>2</sup>

Given China’s foremost redline in Taiwan is the latter’s proclamation of independence, we think this trend bodes well for continued cross straits and regional stability.

Our interpretation is a little different and more nuanced from the mainstream western press, which views this result as a potential challenge to the mainland authorities.

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### CHINA NEWS SPOTLIGHT

#### China Hopes to Synergize Development Strategies with Jamaica, Chinese FM:

China hopes to work with Jamaica to synergize development strategies, expand cooperation in various fields, enhance people-to-people and cultural exchanges, and consolidate the public opinion foundation for China-Jamaica friendship, Chinese Foreign Minister Wang Yi said Saturday. Wang, also a member of the Political Bureau of the Communist Party of China Central Committee, made the remarks in a meeting with Jamaican Prime Minister Andrew Holness, which was also attended by Jamaica's ministers of foreign affairs, finance, health and infrastructure. [Read More.](#)

#### Baidu and Huawei Forge Strategic Partnership for Advanced Navigation and Smart Cockpit Technologies:

Baidu (Google of China) and Huawei signed an ecological cooperation agreement focusing on navigation, Advanced Driver Assistance Systems (ADAS), and Huawei’s smart cockpit technology. The signing ceremony was attended by Huawei division General Manager Jin Yongfu and Baidu Vice President Shang Guobin. This news is on the heels of Baidu’s recent collaboration with Geely in the upcoming Jiyue O2 model. [Read More.](#)

#### Huawei Makes a Break from Android with Next Version of Harmony OS – Caixin:

China's Huawei Technologies (HWT.UL) will not support Android apps on the

latest iteration of its in-house Harmony operating system, domestic financial media Caixin reported, as the company looks to bolster its own software ecosystem. The company plans to roll out a developer version of its HarmonyOS Next platform in the second quarter of this year followed by a full commercial version in the fourth quarter, it said in a company statement highlighting the launch event for the platform in its home city of Shenzhen on Thursday. [Read More.](#)

**China's Chip Production Capacity Reportedly Set to Grow 60% in 3 Years, Doubling in 5 Years:** According to a report from IJWEI, research by Barclays analysts indicates that China's chip manufacturing capacity is expected to more than double within the next 5 to 7 years, surpassing market expectations significantly. The analysis of 48 chip manufacturers with production facilities in China suggests that 60% of the expected additional capacity may come online within the next 3 years. TrendForce statistics reveal that, excluding 7 dormant wafer fabs, China currently has 44 wafer fabs, with 25 of them being 12-inch facilities, 4 of them 6-inch, and 15 8-inch wafer fabs/lines. Additionally, there are 22 wafer fabs under construction, with 15 of them being 12-inch facilities and 8 being 8-inch wafer fabs. [Read More.](#)

**The Role of China in Brazil's Expansion of Green Energy:** This year's Cop28 UN climate summit in Dubai came right after the International Supply Chain Expo in Beijing, held to strengthen and showcase China's unbeatable manufacturing and logistics capabilities. Having attended both events, I see China's connecting role as more important than ever. Though the supply chain expo was largely hosted to bolster the Chinese economy, it also shows China's underappreciated role in addressing climate change. The good news out of Cop28 is a historic agreement to transition away from fossil fuels. This calls for the world to cut greenhouse gas emissions by 43 per cent by 2030 and by 60 per cent by 2035, relative to 2019 levels. [Read More.](#)

**Chinese Firm Wins Brazil Power Line Tender to Boost Green Energy:** Video - The State Grid Corporation of China has plans to be a key player as Brazil works to expand green energy across the country. Last month (December 2023), the Chinese company won a tender to build new electricity transmission lines, deemed critical to the government's renewable energy goals. CGTN's Paulo Cabral – had a chance to speak to State Grid's vice-president in Brazil about the company's plans. [Read More.](#)

**LONGi: China Takes Center Stage in Global Renewable Energy Transformation:** Video - CGTN's Zheng Junfeng spoke to She Haifeng, vice president of LONGi. They discussed topics of green development in climate change that were prominent at the annual event. [Read More.](#)

**China's Renewables Rollout Signals Future Peak in Coal:** China plans to generate an increasing share of electricity from renewables as part of its pathway to net zero emissions, with coal-fired and gas-fired power plants acting in a reserve capacity to ensure reliability. The transformation is already well underway, though the extent of the changes was masked by drought in 2022/23 that temporarily reduced hydroelectric generation. Thermal power plants (mostly fueled by coal) accounted for 2,853 gigawatts (GW) of generation capacity or 48% of the total at the end of November 2023, according to the China Electricity Council. [Read More.](#)

<sup>1</sup>The Bund is a historic waterfront area in central Shanghai, where Morgan Creek's office is located. From the 1860s to the 1930s, it was the rich and powerful center of the foreign establishment in Shanghai, operating as a legally protected treaty port. The picture above is part of the historical waterfront.

<sup>2</sup> Source: An American appeals to Taiwan: Don't vote to be Ukraine 2.0; <https://asiatimes.com>; Jan. 8th, 2024

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