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Unlocking Africa's Promise:
China & African Mining

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CENTRE FOR
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Editorial

Africa's trade with China, as it is with most trading economies, is heavily skewed toward resources. Almost eighty percent of Africa's export basket to China is made up of just four natural resource commodities. The continent's strong GDP growth performance in recent years has been underwritten by demand from China and high commodity and energy prices. But despite the dependence on resources, "trickle down" economics is a reality in China with the capital flows into recipient countries resulting in the growth of the African consumer class. There is no better example than this than the retail, mobile telecoms and retail banking sectors that have grown at stellar rates over the medium term.

But the slowdown in China's economy bodes ill for Africa's growth outlook. The IMF has recently downgraded for the second time Africa's growth outlook – down to 5.1% for 2009; Still a robust figure but not the original 7% plus that was forecast only a few months ago. With commodity prices having come off significantly in recent weeks, declining export orders from abroad and China's manufacturing capacity slowing, the pace of Africa's export growth to China will begin to slide in the coming months.

In the first nine months of this year, China-Africa trade grew at a rapid 58% to US\$83.4 billion compared to the same period last year. The continent is set to enjoy a trade surplus with China in 2008. This phenomenal trade growth will however, begin to cool as demand for commodities slackens in China. Africa's economies will be closely watching China's growth prospects in the coming months – Africa's growth destiny is increasingly linked to China's.



Dr Martyn J. Davies
Executive Director, Centre for Chinese Studies

Policy Watch

The Changing Face of Mining in Africa: New Chinese Mining

*By Nehru Pillay,
Chief Economist, MINTEK*

As the year 2008 draws to close, dark clouds have formed over the mining and minerals sector as a consequence of the global economic downturn and the fall in prices of commodities. It has no doubt been a year of many changes, it started out with great optimism for the sector, at mid-year there were still proclamations of a 'Bright Future for Industry' (Business Day 16 July 2008) to the more recent accounts of mine closures, mine employee layoffs and cutbacks in production. The mining sector, vulnerable to changes in internationally traded commodity prices, has always experienced accentuated cyclical performance, especially in recent times. The future of the mining sector will see a positive response to the revival in the world economy, however volatilities will persist. This precariousness is also reflected in the sea of changes that characterise the global mining sector, more so on the African continent.

Over the past few years Africa's rise to prominence as a resource-abundant continent was spurred by the flurry of Chinese and Indian participation in the African mining industry. The numbers of new mines (Chinese, Indian and multinational), and the lightning pace at which these become operational, have led many to regard this phase as the 'New Scramble for African Resources'. Notwithstanding the negative sentiments attached to the term, the 21st century is without doubt a new era with new terms of engagement for the mining sector as well as other extractive industries in Africa. China and other emerging markets, is helping Africa rid itself of the shackles of its past through more favourable economic growth and development.

Chinese mining companies do not dominate the African mining industry but the key factor that distinguishes them from other investors is that whilst many African and other mining companies have been pursuing traditional mining contracts Chinese resource companies (public and private) in conjunction with the Chinese Government have identified a unique way of minimising the risks associated with mining through an age old form of transacting, that is through the exchange of wants and needs. This exchange very simply takes the form of exchanging desperately needed infrastructure for mineral resources. It is to a large extent

"Over the past few years Africa's rise to prominence as a resource-abundant continent was spurred by the flurry of Chinese and Indian participation in the African mining industry."



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part of a 'win-win' situation where contracts address the development backlog of infrastructure and skills and simultaneously limit the revenue leakages from country coffers. This form of transacting was rolled out in Angola where in exchange for valuable oil, the state-owned Chinese oil company: Sinopec with the Chinese Government facilitated loans to the Angolan Government for the establishment of vital economic and social infrastructure. Similarly this model has also been applied in the DRC with copper and cobalt being the mineral exchanged.

State-owned and private Chinese companies have also engaged in 'traditional' mining and exploration contracts from gold mining in Eritrea to manganese in Cote d'Ivoire and Gabon, bauxite in Guinea, titanium in Kenya, uranium in Niger, chromium in South Africa, copper in Zambia, coal in Zimbabwe as well as many others. Chinese investment in the African mining sector is significant even though it's difficult to quantify given the nature of the contracts that include development aid and investment components.

Further, like most companies that have not fully anticipated the impact of new competition an array of responses have emerged from suspicion and criticism of the inferior technologies used by the Chinese through to embracing them by the pursuit of joint ventures. In the long term the mining multinationals will respond to the new competition by finding new ways of engaging their competitors or ultimately relocating their mining focus. Thus far indications are that African and other multi-national mining companies operating in Africa are willing to engage their Chinese counterparts in the pursuit not only of joint ventures but also in cooperation on all other aspects that involve mining.

Current issues pertinent to the African mining sector are numerous. African governments, recognising the importance of minerals and mining in development, are placing greater premiums on mining companies to ensure that mining contributes far more to domestic economic development than before. New investments in the mining industry must demonstrate greater commitment to community development and mining companies are expected to be more socially responsible citizens. Large mining companies like Anglo American amongst others have taken on greater responsibility in the provision of healthcare services and housing to their workers and families.

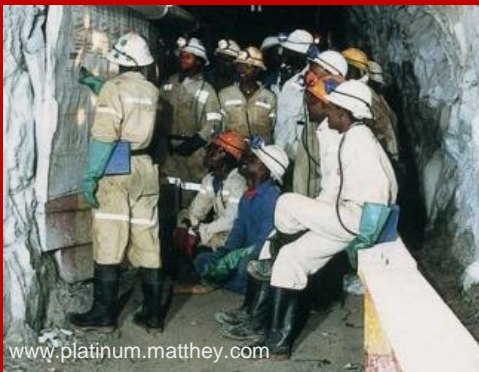
The safety of workers in mining operations in general has increased in importance and new regulations in line with international mining standards are being implemented across the continent. Compliance with international environmental standards and norms and mining companies assuming the responsibility and costs associated with rehabilitation of mining areas are soon to

"The traditional mining multinational companies operating in Africa now have a new competitor on their doorstep."

www.budget.gov.nl.ca



“The future of mining in Africa, despite the temporary dark clouds, is still bright, prices will adjust and fundamentals will continue to drive the performance of the mining sector.”



*Nehru Pillay is the Chief
Economist at MINTEK*

be prerequisites for the granting of mining licenses. Many African countries are undergoing mining policy and legislative reforms placing greater emphasis on local employment and local empowerment. This is an area where Chinese mining companies are attracting significant criticism as it is widely held that Chinese mining companies prefer Chinese labour instead of local labour. Another area where change is evident is in the need for greater value addition of minerals prior to export and the strengthening of economic linkages with the domestic economy.

This has and will continue to be a contentious issue although Chinese mining companies are willing to extend their mining or extractive activities to include the first phase of beneficiation within the Special Economic Zones and other competitor mining companies will have to follow suit or relinquish their mining activities in favour of their Chinese competitors. Mining fiscal regimes are no longer static for extended periods of time; unprecedented rises in prices have contributed to governments adopting greater control in terms of renegotiating mining contracts or reviewing fiscal terms like royalty rates in pursuit of increasing mining fiscal revenues.

The future of mining in Africa, despite the temporary dark clouds, is still bright, prices will adjust and fundamentals will continue to drive the performance of the mining sector. Continued rises in physical demand for minerals from China and other emerging markets underpin the optimism for the long-term future of the African mining industry. The Chinese have emerged as new partners that tend to see mining as a component of greater development and this bodes well for African countries with a multiplicity of needs.

Commentary

The New Coupling between China and Africa

By Dr. Martyn J. Davies,

Executive Director, Centre for Chinese Studies

Much has been said of a “*de-coupling*” in the global economy between slow growth recessionary western economies and relatively high growth eastern economies. With sudden slow downs in growth in China, India and Southeast Asia, it is clear that in a global economy, the notion of de-coupling is invalid. I would argue that the more accurate economic reality is an emerging trend of “*new coupling*” – coupled economic growth destinies of China and Africa.

According to the Organisation of Economic Cooperation and Development (OECD), Africa’s GDP grew at 6.8% in 2007. This figure is robust by any standard and was largely achievable due to buoyant commodity prices and strong demand from the Chinese economy. China demand for resources has thus underwritten African growth in recent years.

From the other perspective, for China to continue to achieve high rates of GDP growth into the future, its manufacturing economy requires key commodities and energy imports. Considering China’s growing investment presence and influence on the continent, Africa will increasingly be the supplier of these resources. Chinese roll out of infrastructure in Africa is partly designed to facilitate this process - that is to alleviate supply side transportation constraints. Thus China’s growth prospects will increasingly become more dependent upon African economies abilities to supply raw materials. This is the new coupling where China and Africa’s growth trajectories become intertwined.

Stimulus to boost economy

China’s post Olympics slowdown is of global concern. In October, China’s industrial growth slowed quite dramatically dropping 9.7% year-on-year from 2007. The reason for the drop is attributed to cancelled orders for Chinese manufactured exports.

The drop in demand for Chinese manufactured goods has been sudden. In October, Chinese exports of steel fell over 31% from the previous month. Already over-capacitated, many smaller steel manufacturers will be facing closure in the coming months as supply far exceeds demand. This painful process will force much needed consolidation and increased competitiveness for the steel sector.

“China demand for resources has thus underwritten African growth in recent years.”



www.impactlab.org

With western economies heading toward recession, China is the only major economy that continues to grow at a decent figure. To reinvigorate slackening growth, the PRC Government has announced a large RMB4 trillion (US\$586 billion) stimulus package. The stimulus will boost spending by 1-1.5% of GDP with most of the spend not new but will be focused on accelerating spending on existing projects. Most spending will come from provincial rather than central government funds.

The challenge lies not in a lack of capital but in the implementation of the infrastructure projects. As the increased spend comes on line from March next year, it will begin to boost metals demand in China. But it is arguable whether the increased infrastructure spending will offset losses being suffered by China's export oriented sector. It is to be expected that Chinese firms will seek to offset their declining exports to traditional western markets by seeking new export destinations in the growing emerging economies, including Africa.

Declining African growth

The International Monetary Fund (IMF) has recently downgraded the growth prospects of Africa for 2009 to 5.1%. In light of plunging commodity and energy prices, this figure may be reduced further in the coming quarter. Reflective of the lack of ability to benefit from its resources, approx. 80% of Africa's exports to China are just four commodities – oil, iron ore, wood and diamonds.

It is expected that global demand for metals will reach its trough in the first quarter of 2009 and begin to pick up thereafter. An effective role out of the stimulus package will begin to boost commodity prices and lead to China being the primary driver of global growth – perhaps accounting for over one-third. The global economy is looking to China to once again kick start growth both through infrastructure and consumer spending.

An emerging trend that may emerge in 2009 could be the counter-cyclical practice of Chinese mining firms to make acquisitions in Africa's mining sector. Ignoring suppressed commodity prices and taking a longer term view of investment in the sector, Chinese mining firms backed by sovereign wealth fund capital may be more bullish to acquire African mining assets in the coming year. These investments could centre around the special economic zones that the Chinese government is establishing in conjunction with African economies on the continent.

With its lack of diversified economies and over reliance on resource exports, Africa is the region most at risk to China's economic slowdown. However, what it may lose on the export side, it may well gain in inbound investment from China. Chinese state-owned mining firms could well increase their footprint in Africa over the short term.

Business Week



“With its lack of diversified economies and over reliance on resource exports, Africa is the region most at risk to China's economic slowdown.”

Dr Martyn Davies is the Executive Director of the Centre for Chinese Studies and recently attended and presented at the annual China Mining conference in Beijing.

Business Briefs

The Business Briefs section summarises key events regarding China's economy during the month of October



China and Taiwan in landmark deal

China and Taiwan have signed landmark agreements to improve

direct trade and transport links, following the highest-level Chinese visit in decades. The agreements are set to triple the number of weekly direct passenger flights and allow cargo shipments between ports in China and Taiwan. They also aim to improve the postal service and food safety. China claims sovereignty over Taiwan though they have been separately governed since 1949. The agreements were announced on the second day of a five-day visit to Taiwan by Chen Yunlin, China's top official for handling relations with Taiwan.

China's leading oil producers start cutting prices



China's two largest oil producers have started cutting retail prices in some parts of the country in response to

weakening demand brought about by the economic slowdown, state media reported Thursday. PetroChina and Sinopec have lowered the cost of gasoline and diesel by around one percent at some filling stations in central Hubei province and Shandong province in the east, the China Business News said. The move came after private oil retailers took similar action amid softening demand, it said.

China considering US\$ 730 billion transport investment: report

China is considering a plan to invest US\$730 billion in the transport sector in the next three to five years, state media reported Wednesday. The investments would include roads, waterways and ports, drastically boosting previous plans for investment, the China Business News reported, citing an unnamed source. The plan partly overlaps with a previously announced proposal to spend about US\$292 billion in the sector between 2006 and 2020, the report said. China is ramping up construction to stimulate the domestic economy and create jobs amid a slowdown in overall economic growth.

China to spend US\$145 billion on quake reconstruction



China will spend US\$145-billion over the next three years to rebuild areas ravaged by the

Sichuan earthquake, local media reported on Thursday, citing the country's top planning agency. The May 12 quake killed 80 000 people and left about 10-million homeless as whole villages were razed across a broad swath of southwest China. The funds would have the goal of making "basic living standards and economic development match or exceed pre-quake levels", the Beijing News said, citing the National Development and Reform Commission (NDRC).

China destroys tons of tainted animal feed

Chinese regulators said over the weekend that they had confiscated and destroyed more than 3,600 tons of animal feed tainted with melamine, an industrial

chemical that has been blamed for contaminating food supplies in China and for leading to global recalls of Chinese dairy products. In what appears to be the biggest food safety crackdown in years, the government also said Saturday that it had closed 238 illegal feed makers in a series of nationwide sweeps that involved more than 369,000 government inspectors. The aggressive moves come amid growing worries that the Chinese animal feed industry could be contaminated by melamine, endangering the national food supply and posing a health threat to consumers.

Chinese jumbos cleared for takeoff



China has set a timetable for its large aircraft plan, and the first homemade

jumbo jet will take to the skies by no later than the start of the 13th Five-Year Plan Period (2015-20), a senior official said recently. This is the first time a timetable for the trunk liner project has been made public, since the Commercial Aircraft Corp of China Ltd was set up in May 2008. The company is in charge of the large plane's assembly, marketing and after-sales service with an initial investment of US\$2.8 billion. Even though the domestic passenger transport volume has been dropping recently amid the global economic slowdown, Miao said he had confidence in China's vast demand for new planes. "In the next 10 years, China will need at least 1,000 new planes," he said. The corporation is currently studying a feasibility plan for the large plane, Jin Zhuanglong, its general manager said.

China May Revise VAT System in 2009

A senior government official says China may revise its value-added tax (VAT) system in 2009 to help lower business costs and help firms cope with the global downturn. According to China Daily, the government could allow companies to deduct the tax incurred when

buying machinery and other capital assets from their VAT bills. If this pushes through, it would decrease business costs by as much as US\$29 billion. "We are quite likely to launch the overhaul of a VAT system next year," said Han Yongwen, chief secretary of the National Development and Reform Commission, reports China Daily.

China overtakes United States to become world's largest copper producer and consumer



China has overtaken the United States to become the world's largest copper producer and consumer. The country

consumed more than 4 million tons of copper in 2007, compared to 1.48 million tons in 1999. In addition, Chinese companies have taken control of or taken an interest in more than a dozen world's major copper mines and projects, including the Chambishi Copper Mine in Zambia and the Aynak Copper Mine in Afghanistan.

China Must Do More to 'Rebalance' Economy, World Bank Says

China should do more to rebalance its economy from investment, exports and industry to consumption and services as it rolls out a US\$586 billion stimulus package, the World Bank said. "Additional measures are necessary to make headway with rebalancing the pattern of growth," the Washington-based lender said today. The World Bank cut its forecast for China's economic growth next year to 7.5% from 9.2% in the previous quarterly report after the global financial crisis deepened. More than half of the expansion will come from "government-influenced spending," after the State Council this month announced measures including infrastructure projects, the report said.

China Okays US\$586 billion stimulus to boost economy

China's cabinet has approved a massive stimulus package worth US\$ 586 billion through 2010 to boost domestic demand, the official Xinhua news agency said on Sunday. Investments will be targeted at infrastructure, social welfare and other key sectors as part of an "active" fiscal policy, Xinhua said. It did not say how the extra spending would be financed. China ran a consolidated budget surplus in the first half of the year of more than US\$170 billion, but tax revenue growth is slowing sharply as the economy reels under the impact of the global credit crunch. The People's Bank of China has already cut interest rates three times since mid-September and scrapped lending quotas in a bid to support the economy.



China sets a green standard

China's efforts to green its financial sector have earned a thumbs-up from US environmentalists, who say regulators in the US could learn from Beijing's recent success in stimulating investments that don't despoil

the planet. Friends of the Earth-US, highlighted in a recent report Chinese financial sector policies designed to limit pollution and climate change and to encourage lenders and investors to take a longer-term and broader view of risk, one that factors in the risk of losses stemming from potential environmental problems. The study, "The Green Evolution: Environmental Policies and Practice in China's Banking Sector", hailed regulations that it says are working to prohibit Chinese banks from lending to companies not in compliance with environmental laws.

Markets cheer Chinese investment plan



Asian stocks surged in early deals Monday, lifted by a Wall Street rally, a Chinese economic stimulus plan

and a pledge by major economies to do what it takes to fight the financial crisis. Hopes were growing that world leaders would take further steps to ward off a deep global recession and calm months of market turmoil when they meet in Washington for an emergency summit at the weekend. Investors took heart from a Chinese fiscal stimulus package totalling US\$586 billion aimed at ensuring continued brisk economic growth in the Asian powerhouse in the face of flagging exports. Google

China Central Government Pledges US\$ 146 Billion for Stimulus

China's central government will contribute just over a quarter of the US\$ 586 billion economic stimulus package aimed at sustaining growth amid the global financial crisis. China's economy, which has expanded by more than 10% a year since 2003, grew by 9% in the three months from July to September, the fifth straight quarterly slowdown. Bloomberg

Oil rises above US\$52 as Chinese demand seen boosted

Oil prices rose above US\$52 a barrel Wednesday as a large interest rate cut in China was seen



boosting its oil demand. News that Russia could join OPEC in cutting output also propped up prices, although more bad news about the U.S. economy kept the rise in check. China's biggest interest rate cut in 11 years — and the fourth in three months — was expected to lead to increased demand for oil.

China Slashes Lending Rate to Support Slowing Economy

China lowered its key lending rate by the most in 11 years, extending efforts to prevent an economic slump less than three weeks after unveiling a US\$ 586 billion stimulus plan. The key one-year lending rate will drop 108 basis points to 5.58%, the People's Bank of China said on its Web site. The deposit rate will fall by the same amount to 2.52%. China's economy, the biggest contributor to global growth, will expand at the slowest pace in almost two decades next year, the World Bank forecast yesterday.

Shell & PetroChina set 20-year gas deal

Shell.com



Royal Dutch Shell PLC and PetroChina have signed an agreement for China to buy up to 40 million tons of liquefied natural gas over 20 years, Shell said

Tuesday. The deal, signed in Beijing on Monday, stems from a conditional agreement by the two companies last year. Prices for the LNG and the amount of investment involved were not disclosed. China has continued to lock in energy supplies to help meet long-term demand even as the global financial crisis crimps demand for resources. The agreement calls for Shell to sell up to 2 million tons of LNG a year, for 20 years, to PetroChina International Co., a wholly owned subsidiary of oil and gas producer PetroChina Co. Ltd., Shell said in the statement.

The Chinese Follow-up Action Committee of the FOCAC Gives a Dinner in Honor of Diplomatic Envoys to China from African Countries

On the evening of November 19, 2008, Vice Minister of Commerce Gao Hucheng and Assistant Foreign Minister Zhai Jun, on behalf of the Chinese Follow-up Action Committee of the Forum on China-Africa Cooperation (FOCAC), gave a dinner in honor of diplomatic envoys to China from African countries in

Diaoyutai State Guesthouse. The Chinese side thanked for the envoys' positive contributions to China-Africa relations, especially to the FOCAC's development over the past year. The Secretariat of the Chinese Follow-up Action Committee also briefed the envoys on the sixth senior officials meeting of the FOCAC.

Base metals rocket on China stimulus news

London copper prices jumped 8% in November, while nickel rose more than 11% and Shanghai copper hit its upside limit in the wake of China's plans to pump almost US\$600 billion into the economy to support growth. Other industrial metals also gained, with lead and zinc both up 4 to 5% and aluminium 3% firmer after China launched a stimulus plan, kicking off what could be another round of big spending or interest rate cuts by leading economies to stave off a recession..

China Development Bank Co. Ltd. to debut soon

China Development Bank Co., Ltd. (CDB) is expected to debut on November 10, China Business News quoted a well-informed source as saying. It is regarded as



a crucial step for the state-owned policy bank to become commercialized. The bank will dedicate itself to mid and long-term credit business and investment banking business. The Ministry of Finance (MOF) and China Central Huijin Investment Co., Ltd. will each take half of the stake. As one of China's three policy banks, CDB received US\$20 billion of capital injection from China Central Huijin Investment Co., Ltd. on December 31, 2007.

Sourced from: Xinhua News, BBC News, China Daily, China Briefing, Business Week, Google, Mail & Guardian Online, Iht.com, China Real News, Bloomberg, Yahoo News, Mining Weekly, Tradingmarkets.com, Xinhua News

China and Africa

The latest updates on China's involvement on the African continent.

Nigeria suspends Chinese deal

Nigeria has suspended a railway deal with China in the latest move by President Umaru Yar'Adua to review contracts signed by the last administration. The



Xinhua News

authorities suspended the rail contract with one of China's biggest engineering firms because the cost was inflated and there were no funds for the project, meant to modernize Nigeria's century-old rail system, according to a presidential spokesperson.

Mpumalanga Donates US\$99 000 to China's Reconstruction Fund

The Mpumalanga Provincial Government has pledged US\$99 000 towards the reconstruction fund aimed at assisting the victims of the earthquake that hit the Sichuan province in China earlier this year. The earthquake left more than 12 000 people dead and 18 000 people missing. The US\$99 000 donation forms part of a Memorandum of Understanding signed by the Mpumalanga Premier, Thabang Makwetla and his counterpart.

China's Ceramic and Aluminium Companies to Build Plants in Ogun, Nigeria

Ogun State may soon play host to the biggest aluminium and ceramic producing companies in Asia. The two outfits, Asia Aluminium



Insulcon.org

Company Limited and the New Zhongyuan Ceramics Limited have indicated their interest to build and operate

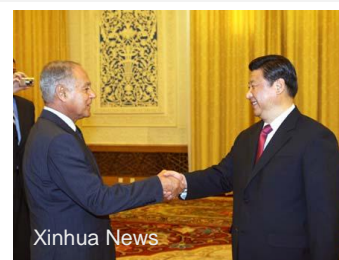
their manufacturing plants in Igbesa. This fact was disclosed when a delegation of entrepreneurs from the Guangdong Province of China visited Ogun State recently.

China prepares to increase special cooperation zones in Africa to ten

China is preparing to double from five to ten the number of special cooperation zones to be set up in Africa, according to diplomatic sources. If Beijing's confirms this, Cape Verde resides at the top of the list to receive one of these zones, which Chinese president Hu Jintao promised to establish in Africa by 2010.

China and Egypt to enhance bilateral ties

Chinese senior officials met with visiting Egyptian Minister of Foreign Affairs Ahmed Ali About Gheit in Cairo, and the two sides expressed the hope to



Xinhua News

enhance relationship and cooperation. "Egypt is China's important partner in developing countries," said Vice President Xi Jinping, who remarked on the cooperation the two countries conducted in such fields as politics, economy and culture, as well as the China-Africa Cooperation Forum.

China starts construction of housing project in Angola's capital

A Chinese construction company China Nantong Holding Corporation, has started construction of a US\$ 300 million housing project for Angola's Ministry of Defence, to mark the 33rd anniversary of the country's Independence Day.

Sinopec to Cut Refining 10% from July as Demand Drops

China Petroleum and Chemical Corp., Asia's biggest oil refiner, will reduce crude processing by 10% in November from July's record, as the nation's economic slowdown cuts fuel demand.

Ghanaian Government and Chinese company partner in large scale fish farming



Ghanamining.com

The government in collaboration with a Chinese company is investing in large scale fish farming in the Western Region. The Minister of Fisheries Mrs Gladys said over 2,000 acres of land have been acquired at Asemasa near Beposo to start the project.

Direct flights between Luanda and Beijing begin next weekend

Angolan airline Taag started regular flights from Luanda to Beijing in November, in order to attract the increasing number of travellers between the two capitals, an Angolan diplomatic source said in Beijing.

Chinese company to finish bridge of river Cunene in January

According to China Roads and Bridges Corporation (CBRC) construction of the bridge over the river Cunene, in the Ombadja



Centuruscolleges.co.za

municipality, may be concluded in January of 2009. The project that is expected to cost US\$ 30 million was granted to CRBC in September 2006, and was scheduled to be built over 18 months.

Soroti Lira road in Uganda to be upgraded

Works and transport minister John Nasasira has launched a project to upgrade and tarmac the Soroti-Lira road. Nasasira said the Government had borrowed the money to implement the project from the World Bank and that it would be repaid in 40 years. A Chinese company, China Road and Bridge Construction, was awarded the contract.

Mozambique Signs Agreements with China

The Mozambican and Chinese governments signed three agreements in Maputo recently, under which China is to provide a total of US\$ 43 million in



loans and grant finance. The largest sum is a loan of US\$ 22 million for the fourth funding phase in the construction of Mozambique's new national sports stadium.

Chinese Firm & Nigerian Bank Sign US\$ 2.4 Billion Power Deal

China's Shenzhen Energy Group plans to build a 3,000 megawatt (MW) power plant in a joint venture with Nigeria's First Bank FBNP.LG at an estimated cost of US\$ 2.4 billion. The plant should help provide relief to the country's power crisis, considered one of the main brakes on economic development in Africa's top oil producing nation.

Chinese Top Legislator Wraps Up Five Nation African Tour

Chinese top legislator Wu Bangguo concluded his official visit to Seychelles and returned to China last week. The Seychelles was the final leg of his five-nation Africa tour that also took him to Algeria, Gabon and Ethiopia.

MTN in China to Scout for Cheap and Reliable Cellphones



Nextnature.net

Communications giant MTN has sent a team of engineers to China to assess cell phone handsets that could retail for about US\$ 10 each,

which it believes is crucial if cellular services are to spread throughout Africa. Cell phone penetration is highly dependent on cheaper equipment as well as cheaper call fees.

Nigeria; China National Oil Invests US\$ 2.3 Billion in SAPETRO

China National Oil Corporation (CNOOC), one of China's largest state-run oil and gas producers, has agreed to buy a stake in South Atlantic Petroleum (SAPETRO), an offshore oil and gas field owned by former Nigerian defense minister, Lt.-Gen Theophilus Danjuma, for US\$2.3 billion, reported the Nigerian Leadership newspaper recently. Information available to Leadership indicates that the company will buy a 45 % stake in the license covering the OML 130 field, which is owned by SAPETRO in deep waters near the Niger Delta.

Botswana partners China in power deal



Creamermedia.co.za

Botswana has signed a power deal with China to construct a 600 megawatt power station. The country's state-owned energy

company signed the deal with the CNEEC-SBW Consortium. Project funding is being arranged and secured by government, with US\$ 183 million being made available to facilitate early mobilisation of the project.

26 Ghanaian Small Scale Miners on Tour Of China

26 small scale miners from Ghana are undertaking a two-week study tour of China to enhance the efficiency and sustainability of their operations. The tour, under the sponsorship of the government, is designed principally at replacing the rudimentary technologies used by small scale miners through the adoption of modern, cost effective technologies.

Demand high for Africa-China trade facilitation services



The Standard Bank of South Africa reports that it has seen an upsurge in demand for trade facilitation services from

its customers who do business with Chinese firms. The increased interest, according to the bank, has been spurred by last month's purchase of a 20% stake in the continent's biggest lender by the Industrial and Commercial Bank of China.

Reconstruction works begins on Ghanaian Akatsi-Aflao highway

President John Agyekum Kufuor set off reconstruction works on the 58.8 kilometre Akatsi-Aflao section of the Tema-Aflao Highway at an official ceremony. The cost of the single carriage highway is estimated at US\$ 62 million and will take 24 months to complete. Chinese contractors China Geo-Engineering Corporation are undertaking the project.

Sourced from: Xinhua News, BBC News, China Daily, China Briefing, Business Week, Google, Mail & Guardian Online, allAfrica.com, MyJoy Online, New Vision, People Daily, People Online, Tribune.com, bdafrica.com, Reuters, China Real News, Bloomberg, Yahoo News, Mining Weekly, Tradingmarkets.com



Ms. Johanna Jansson outside IWAAS in Beijing



CCS visits the Daqing Oilfields:
L to R: Dr. Chris Burke, Ms Johanna Jansson,
Prof. Wenran Jiang



Dr. Peter Kragelund presents at the CCS

The China Forum - Recent Events

CCS Visiting Scholar at IWAAS in Beijing – 3rd-14th November 2008

During the month of November Johanna Jansson, Senior Analyst at the CCS, was hosted by the Institute of West Asian and African Studies (IWAAS) of the Chinese Academy of Social Sciences (CASS) in Beijing as a visiting scholar on an academic exchange programme.

CCS at 4th Canada-China Energy and Environment Forum, Beijing, 3rd-4th November 2008

Johanna Jansson, CCS Senior Analyst, participated in the 4th Canada-China Energy and Environment Forum at Shangri La's Kerry Centre in Beijing on the 3rd and 4th of November 2008. During the conference, Sino-Canadian bilateral ties as well as current energy and environment issues in the both countries were discussed.

CCS visit to Daqing oilfields and Daqing Petroleum Institute, 7th November 2008

Chris Burke, CCS Research Fellow; Prof. Wenran Jiang, Mactaggart Research Chair at the China Institute, University of Alberta, Canada; and CCS Senior Analyst and Johanna Jansson, CCS Senior Analyst visited the City of Daqing, China on the 7th of November 2008. On the invitation of the Vice-Mayor of Daqing, Mr Li Pilog, the CCS delegation visited the Daqing oil fields and the Daqing Petroleum Institute.

CCS at the South African Mining Seminar, Beijing, 10th of November 2008

Chris Burke, CCS Research Fellow, and Johanna Jansson, CCS Senior Analyst, participated in the South African Mining Seminar on the 10th of November 2008 entitled: "Tap into South Africa's mining and mineral beneficiation: Unlimited Opportunities". The seminar was arranged by the South African Embassy in Beijing and took place at the Beijing International Convention Centre.

CCS at China Mining 2009 in Beijing, 11-13 November 2008

Dr. Martyn Davies, Executive Director of the CCS, delivered a presentation entitled "*China Inc. in the African Mining Sector*" at the China Mining conference in Beijing in November.

Visiting Scholar to the CCS, 24th to 28th November 2008

Dr. Peter Kragelund, Project Researcher at the Danish Institute for International Studies, was a visiting scholar at the CCS from the 24th to the 28th November 2008. On November 26, Dr. Kragelund gave a presentation to the CCS staff on Chinese investment in Zambia as well as on China and India as donors in Africa.

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