



# The China Monitor

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China's Involvement in  
African Infrastructure








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## Editorial



Poor infrastructure is a major impediment to economic development in sub-Saharan Africa. Even in Africa's leading economy South Africa, we are all too aware of the constraints to growth that result from a lack of investment in the country's infrastructure. Lack of rail capacity, poor port management and clogged roads all prevent sustainable growth potential from being unlocked.

Chinese construction firms are rapidly involving themselves in the development of infrastructure in sub-Saharan economies. With the exception of South Africa, Chinese firms dominate the construction sectors in the region. But with the massive infrastructural spend being rolled out in South Africa, China's state-owned construction players are moving into the market. This will have strategic consequences for South Africa's construction majors.

But Chinese firms are providing lesser cost infrastructure solutions to African economies. With the possible exception of the Tanzam Railway that was constructed in the 1970's, most of China's involvement in infrastructure development is unilateral and country-specific in approach. As China's commercial presence on the continent matures, it will begin to involve itself in regional projects, thus contributing to regional integration of infrastructure.

Currently, China's infrastructure projects are most often linked to investments in extractive industries. One should not criticize a state for pursuing its foreign commercial interests, but the challenge is to reconcile these interests with the developmental needs to the recipient economy.

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

## Commentary

# China's Special Economic Zone model comes to Africa

By Dr Martyn J. Davies

African governments have been welcoming of Chinese investment for a number of years, energy-endowed economies having been the recipients of the largest inflows. The nature of these economies – commodity rich, pervasive state economic, weak commercial law, and shaky public sector institutions – all lend themselves to rapid market entry. Chinese firms have rapidly been able to gain market traction in these economies.

**“...over recent months China has approached various African states seeking investment concessions.”**

Chinese firms are trailblazing across the continent acquiring mineral assets. There are now over 800 Chinese SOEs present in Africa mostly in the extractive industries – agents of China's foreign commercial policy toward the continent.

## China's growth model transplanted to Africa

China's reform programme began in the late 1970s with the creation of special economic zones (SEZs) – designated geographic areas with liberal policies and tax incentives to attract foreign companies. China embraced globalisation almost a generation ahead of most other developing nations. The SEZs were so successful they were rolled out across the country. China's capitalist experiments became the model for the country and have underwritten China's phenomenal growth experience over the last twenty-five years.

In November last year at the Forum on China Africa Co-operation (FOCAC) summit held in Beijing, the Chinese committed to establishing a number of SEZs in Africa. Ordinarily, these would be initiated by the governments themselves but over recent months China has approached various African states seeking investment concessions. Strategically, some key economies have been selected by Beijing that reflects its commercial priorities in Africa.

## Metals hub

China's first SEZ in Africa is to be in Chambishi, Zambia's copper belt region. The Chinese Government has committed US\$ 800 million in investment credit for its firms to tap



into. The zone's anchor investment will be a US\$ 250 million copper smelter for local beneficiation. Up to 60,000 jobs will be created in the SEZ that enjoys duty and tax incentives for Chinese firms. China's strategic supply line of copper will be secured through the investment. Other commodities that Chinese mining firms seek to secure in the region are cobalt, diamonds, tin, and uranium.

### Trading hub

The next Chinese SEZ was announced last month in Mauritius. The US\$ 500 million manufacturing zone will house 40 Chinese businesses, creating 5,000 jobs for locals and 8,000 for Chinese contractors. Manufacturers in the zone will enjoy market access to the COMESA area as well as exporting their goods to South Asian markets. China's strategic presence in the Indian Ocean rim will be boosted.

**“The rehabilitation of the Tanzam and Benguela lines across the continent will ... create a functioning east-west infrastructure corridor across the continent.”**

### Trans-shipment hub

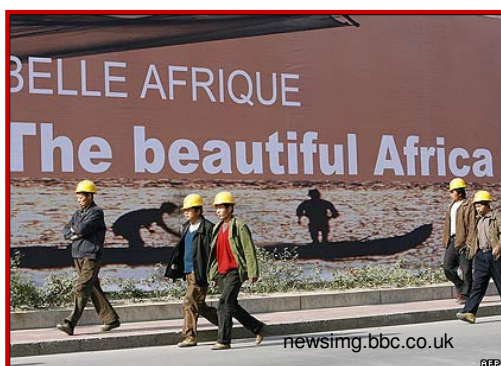
The third SEZ will be located in Dar es Salaam, Tanzania. Beginning in the copper belt region, this is where the Tanzam railway line, built by the Chinese in the 1970s, ends. The Chinese have already invested in the Dar es Salaam port and constructing the customs building. Greater investment in the capacity port can be expected. The Dar es Salaam SEZ will be a trans-shipment hub for commodities mined in the copperbelt. Some local beneficiation will take place in the zone

Chinese firms are currently in the process of rehabilitating the thirty year old Tanzam line which has fallen into a state of disrepair. Linking Zambia's mining regions to the coast, beginning in Kapiri Mposhi and ending in Dar, the Tanzam railway line is of high strategic importance to Zambia and Tanzania.

### Bisecting the continent

Whilst the Tanzam line links Zambia to the east coast, the Benguela line links the copper belt straddling Zambia and the DRC to the west coast. Starting at Luanshya in Zambia and ending at the Angolan port of Benguela, the Benguela line is also under construction by Chinese firms. Together the Tanzam and Benguela lines bisect sub-Saharan Africa. The intent is to reduce supply-side risk for resource extraction.





The rehabilitation of the Tanzam and Benguela lines across the continent will – for the first time – create a functioning east-west infrastructure corridor across the continent. No longer dependent upon South Africa’s rail links, the transportation of commodities will be diverted away from Southern Africa. This will have some serious strategic repercussions for Transnet and South African ports such as Richards Bay.

The location of China’s SEZs has been chosen in light of these infrastructure corridors. Although of lesser strategic importance to China, it is expected that China will also invest in Benguela’s port in Angola. It is more convenient to ship the commodities out of Dar es Salaam than via Africa’s west coast.

Angola is already receiving over US\$ 6 billion in funding from China’s EXIM Bank to develop its infrastructure. Considering the large amounts of Chinese investment the country is receiving and President’s Dos Santos’ remark that up to 3 million Chinese could be immigrating to the country, Angola can be considered almost a Chinese economic protectorate. Its double digit growth rates certainly mimic those of China.

### Nigeria’s next

The fourth SEZ is likely to be located in Nigeria at one of its port cities. The country is Africa’s most populous having both vast energy deposits and a large consumer market. China Inc. has already made its largest foreign acquisition to date in Nigeria – CNOOC’s acquisition of an offshore energy block for over US\$ 2.2 billion. But China’s engagement of Nigeria goes beyond resource extraction.

**“China is now re-employing what it learnt from those exploitative colonists in Africa.”**

The SEZ will be a manufacturing and assembly operation for Chinese firms. Products will be sold domestically and re-exported to the West Africa region. Chinese firms are also investing over US\$ 2 billion into Nigeria’s infrastructure.

China’s SEZ strategy is lifted from its own economic reform experience. Indeed, the Chinese learnt from the European colonialists who carved out free trade concessions in China in the 19<sup>th</sup> century. These capitalist enclaves became the trading hubs of the region and to this day are still the wealthiest cities in China – Hong Kong, Guangzhou, Macao and Shanghai. China is now re-employing what it learnt from those exploitative colonists in Africa. It worked for China. Will Dar es Salaam, Port Louis, and Lagos be Africa’s leading cities in the future?

*Dr Martyn J. Davies is Executive Director at the Centre for Chinese Studies.*

*This article is based on “Chinas in Africa” which first appeared in Maverick Magazine, Volume 2, Issue 6, April/May 2007.*

## Policy Watch

## Evaluating China's involvement in Sudan's Merowe Dam Project

By Christopher Burke

The Merowe Dam project on the Nile River's fourth cataract, approximately 350 km north of Khartoum, is the largest hydropower project currently under construction in Africa. The dam is being constructed by a consortium of two Chinese companies and two European companies, and is being financed by a number of Middle Eastern entities in addition to the China Export Import Bank. Calculated to double Sudan's power generating capacity, producing 1,250 megawatts of power, the project is scheduled for completion in June 2008 and continues to present a number of serious environmental, social and political challenges.



The notion of a dam in the vicinity of the current project was originally conceived in the early 1900s to regulate the seasonal flow of the Nile, provide flood protection and facilitate agricultural development in the region.

Following Sudan's independence in 1956, Egypt went ahead to harness the Nile further downstream within its own territory and constructed the Aswan Dam and Nasser Lake. Planning for the Merowe Dam was again revived in 1979 when a series of feasibility studies were

initiated. However it was not until around 2000, following the development of Sudan's oil industry that investors could be attracted and sufficient funds mobilised to make the dam a reality.

Since the late 1990s, Omar al-Bashir's Government has made efforts to engage the international community placing faith in the development of a modern economy to maintain control. Increasingly weary of North America in the wake of 9/11 and US interventions in Afghanistan and Iraq, many Middle Eastern financial institutions have sought alternative investment opportunities closer to home. Interest in Sudan has grown as a result of the country's growing oil wealth and stability of the formal economic sector despite the serious political instability in Southern Sudan, Darfur, and Beja in the east along the border with Ethiopia.

The Russian Hydro-project Institute completed the design of the Merowe Dam project and prepared the bills of quantity and tender documents in 2001. These were then reviewed by the consultant Lahmeyer International of Germany and interested companies were invited to apply for qualification. Five of the 47 companies which submitted applications were short-listed and invited to submit tenders.

**“The contract awarded to CCMD accounts for around US\$ 660 million of the total value of the project estimated at US\$ 1.97 billion...”**



The Chinese Consortium CCMD comprised of China International Water & Electric (CWE), and China National Water Resources & Hydropower Engineering Corporation (CWHEC) known as Sinohydro reportedly undercut their competitors by approximately 10 percent. The consortium was selected in mid 2003 along with Alstom Power of France and ABB from Switzerland which are supplying the turbines and transmission lines

respectively. Work started in November 2003. However, ABB recently suspended operations stating that the political and economic risks associated with their operations in Sudan have become too great.

The contract awarded to CCMD accounts for around US\$ 660 million of the total value of the project estimated at US\$ 1.97 billion including substations and transmission lines. The China Export Import Bank is funding approximately 26 percent of the project while a consortium of regional institutions including the Arab Fund for Economic and Social Development, Saudi Fund for Development, Abu Dhabi Fund for Development, Kuwaiti Fund for Arab Economic Development, Oman Fund for Development, and the State of Qatar are to contribute around 44 percent of the funding with the Government of Sudan contributing the remaining 30 percent.

Concerns have been raised in relation to the viability and environmental impact of the dam, the effect on archaeological sites in the region, the health implications for the surrounding population and problems with the compensation to approximately 50,000 people who will be displaced by the dam. Funds have allegedly been misappropriated and diverted to infrastructural developments in more politically powerful areas outside the affected areas. There have already been several outbreaks of violence resulting in reported deaths and extrajudicial detention of community members.

A committee established by the effected community and two UK based NGO's, International Rivers Network and The Corner House, issued the following statement:

*"As affected people we said to ourselves; well, if this project is really beneficial to the Sudan and there is no other alternative option, then let us accept the idea but on the condition that our full rights in just compensation for our property and resettlement in areas which we willingly propose and accept are fully honoured by the government. This implies that we should fully participate in planning, decision making and implementation of this project particularly in all matters pertaining to affected people."*

How best might the relevant authorities be spurred to revise their dealings with the community? Former President Bill Clinton issued an executive order imposing comprehensive sanctions with the notable exception of gum arabic, a crucial ingredient in Coca Cola, on Sudan in November 1997 and the order was renewed by President George Bush in 2005. As the debate over the effectiveness of

sanctions vis-à-vis constructive engagement for fostering democracy, human rights and sustainable economic development continues, it is unlikely that the Chinese will suspend their operations in Sudan as ABB has done.



China clearly values its relationship with Sudan. The two countries established diplomatic relations in 1959. While relations were minimal for much of the first 40 years, trade between the two countries has increased considerably in recent years. Beijing provided support to Sudan at the UN Security Council on the issue of Darfur and bilateral trade reached US\$ 3.9 billion and US\$ 3.36 billion in 2005 and 2006 respectively.

Sudan's oil exports accounted for about two thirds of this. It is interesting to note that Sudan's imports from China have balanced at 50 percent of its oil exports.

Although China is not a signatory to Common Approaches to the Environment stipulated by OECD states, the Merowe Dam project presents an excellent opportunity for Beijing to intervene by encouraging the Merowe Dam authorities to work more effectively in addressing the needs of the community.

**“The Chinese are currently exploring possibilities for several more hydro-electric projects...”**

The Chinese are currently exploring possibilities for several more hydro-electric projects further upstream in Southern Sudan and have recently secured at least one 10 megawatt hydro-electric project worth US\$ 20 million on the Kagera river flowing into Lake Victoria in southern Uganda. They are already involved in

numerous dam construction projects elsewhere on the continent such as the Mphanda Nkuwa Dam in Mozambique, the Gangelas Dam in Angola, the Adjarala Dam between Togo and Benin, the Imboulou Dam in Congo Brazzaville, and have demonstrated serious interest in the construction of the Inga Dam in the DRC.

Although Chinese President Hu Jintao reportedly urged Sudanese President Omar Hassan al-Bashir to find a peaceful solution to the Darfur crisis in a closed-door meeting during his February 2007 visit to Khartoum, there was no public mention of China's involvement in addressing the considerably less protracted challenges associated with the Merowe Dam.

*Christopher Burke is Research Fellow at the Centre for Chinese Studies.*

## Business Briefs

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



**AMSC to Develop and Deploy 2.5-MW Wind**

**Energy Systems** At the recent China Wind Energy Exhibition and Symposium held in Shanghai AMSC Windtec, a subsidiary of American Superconductor Corporation (AMSC) announced it had secured a multi-million dollar contract to develop a 2.5 MW wind energy system for the Chinese company Dongfang Steam Turbine Corporation (DTC). As China's energy demand escalates alternative methods of electricity generation such as wind energy systems free of emissions are hailed.

**China Coal Company Moves Forward on Mine Methane Degasification** After announcing a mine degasification contract with China's largest coal miner Pacific Asia China Energy is currently discussing additional 'methane degasification serves' with more than 25 Chinese coal companies.

**China oil find could be largest domestic source in years** PetroChina oil refinery in Jilin, northeast China, has discovered an offshore oil field holding 2.2 billion barrels which could be the largest domestic source in years,



according to state news media. For 15 years, China's oil companies

have scoured its territory for new oil sources,

drilling in Central Asian deserts and the floor of the Pacific, hoping to reduce rising dependence on imports.

**China, Myanmar oil pipeline projects to start soon** China outmanoeuvred India in the shoring up of an energy deal with Myanmar and will offer US\$ 83 million loan to the Myanmar government and invest billions of dollars to construct strategic Sino-Myanmar oil and gas pipelines. The construction of the oil pipeline is expected to start this year and will provide an alternative route for the energy-hungry country's crude imports from Middle East and Africa. The pipeline will transport 170 billion cubic meters of natural gas from the Middle East to southwest China in the next 30 years.

**China calls for more aid to low-income countries** Li Yong, Vice Minister of China's Ministry of Finance, said in a statement at the 75<sup>th</sup> Development Committee Meeting of the World Bank and the International Monetary Fund that China notes with pleasure the progress towards the Millennium Development Goals and the slight poverty decline in the low-income developing countries. In terms of the overall Overseas Development Assistance (ODA) volumes, Li stated that the current tendency of the traditional donors' withdrawing from the infrastructure and productive sectors should be rectified, promoting growth and development in a more direct and effective way.

**Private firm setting up China's first private trade & economic zone in Russia** China's first private overseas trade and economic cooperation zone developed by a private enterprise, Russian Ussuriysk Trade and Economic Cooperation Zone, has been initiated. Kangnai Group Co in Zhejiang is the originator with an investment of 2 billion yuan. The zone will after completion in 2010 cover 2 square kilometres and be divided into four parts; production, commercial, logistics, and residential areas. More than 60 Chinese enterprises in the businesses of footwear, apparel, home furniture, wood, building materials, automobiles, home appliances, smoking set and leather will settle in the zone.



**Beijing Games to contribute to change in China** Next year's Beijing Olympic Games should help to foster change in China, International Olympic Committee (IOC) President Jacques Rogge believes. China has provided guarantees of media freedom for the duration of the Games. Rogge said he would not be surprised if Beijing chose to extend these looser press rules. "The 20,000 journalists who come to the Games will show China as it is. It speaks for itself that that will accelerate the social evolution," the Belgian said.

**China's trade surplus doubles adding to US friction** China's trade surplus almost doubled in the first quarter of 2007, adding to friction as the US filed a case at the World Trade Organisation (WTO), alleging a Chinese failure to curb copyright violations. In February, the US filed a WTO complaint arguing that China uses an undervalued currency and illegal

subsidies to help spur the nation's booming exports. China's government has resisted calls to allow the yuan to strengthen faster on concerns that higher-priced exports will lead to failed businesses and more unemployment at home. China's Ministry of Commerce said that the WTO case will "severely damage" trade relations.



**Net profit of China's ZTE Corp falls 40% as mainland sales drop** Chinese

telecoms equipment maker ZTE Corp said its 2006 net profit fell 40% mainly due to higher costs and a drop in sales in China and Africa. The drop in sales in China was due in part to the decision of telecom operators to shift their focus and investments to third-generation (3G) services from CDMA. Meanwhile, the group positioned itself favourably for the future 3G market in China. Some media reports earlier claimed that ZTE is likely to win the largest share of the 26.7 billion yuan worth of 3G-related equipment supply contracts that China Mobile is contracting out to telecom equipment suppliers.

**China steps up efforts to cool roaring economy** The People's Bank of China has requested China's top commercial banks to implement tighter measures in attempt to slow-down the country's booming economy. China registered higher-than expected GDP growth during the first quarter of 2007 at 11.1%, with a surge in inflation, loans growth and investment. Reserve requirements will be upped by 50 basis points to 11% on 15<sup>th</sup> May.

### Wen Jiabao visits Japan and signs energy accords during 'ice-melting' visit

Chinese Premier Wen Jiabao arrived in Tokyo on the 11<sup>th</sup> of April and met with Prime Minister Shinzo Abe. The visit described by Wen as "a



trip to melt the ice" between the two Asian powers, was the first by a

Chinese premier in more than six years. Beijing is thus highlighting the importance of economic cooperation, particularly in addressing energy and environmental problems confronting China. Six deals on the energy area were signed just a day after China and Japan agreed to accelerate talks on the dispute over who has the right to drill in oil and gas field in a region of the East China Sea that both sides claim.

### Iran to enhance energy cooperation with

**China** China has always been an excellent energy cooperation partner of Iran, and hopefully both sides would further expand and deepen their collaboration in the oil and natural gas industries, Iranian Oil Minister Kazem Vaziri Hamaneh said when attending the 6<sup>th</sup> Gas Exporting Countries Forum (GECF) in Doha earlier this month. Speaking of Iran's failure to have its proposal for setting up a natural gas equivalent of oil cartel OPEC listed on the forum's agenda, Hamaneh said he also believed that the opportunity is not ripe yet for gas exporters to form such an organisation.

### China Imports 13.89 million tonnes of crude oil in March, up 8.9%

China imported 13.86 million tonnes of crude oil in March, a year-on-year increase of 8.9% according to preliminary

statistics released by the General Administration of Customs. The country's top economic planner said crude oil is targeted to account for 20.5% of total energy consumption while natural gas will take up 5.3%. Coal will remain as China's dominant energy supplier in 2010 with 66.1% in energy use. China has seen natural gas as an ideal alternative to fossil fuels, but limited domestic production and reserves as well as the soaring global natural gas prices following crude oil price surge have hindered its development.

### China to Overtake US in Greenhouse Gas Emissions

Faith Birol, the chief economist of the International Energy Agency, has told the Wall Street Journal that China is set to overtake the United States in 2007 as the world's biggest source of greenhouse gasses. Chinese officials have stated that developed nations rather than China should take the lead in cutting greenhouse gas emissions, since China is a developing nation lacking the resources to cut emissions and switch to cleaner forms of energy such as water, wind and solar power.

### Thermal Energy and China sign development agreement on nitrogen oxides removal

The Canadian firm Thermal Energy International Inc. announces that it has signed an agreement with the South China University of Technology (SCUT), with Chinese government backing, to research and develop industrial applications for Thermal Energy's nitrogen oxides removal technology. China has 562 new coal-fired power plants slated to come on line in the next eight years, equalling half of the entire world's new planned capacity. More than 80% of all China's power comes from coal. Without reduction of nitrogen

oxides, China and other Asian countries will account for almost 75% of the total world pollution from coal-fired power plants.

**China's government approves rules it says will improve transparency** Chinese Premier Wen Jiabao has signed a decree ordering government bodies to be more open in giving out information of interest to the public and to explain administrative procedures. The decree declares also that state secrets and public safety still have to be safeguarded and social stability preserved. The official Xinhua News Agency called the rules "a milestone" and said that they are likely to become the country's most specific and progressive rules encouraging the publicity of government information when they take effect on 1<sup>st</sup> May 2008.

**Microsoft and Lenovo develop joint Research and Development Centre in China**

Microsoft and the Chinese computer maker Lenovo Group Ltd. have struck a deal to set up a technology centre in China to promote research and development (R&D). Microsoft and Lenovo plan to share a technology center



on Lenovo's corporate campus in Beijing to develop new technologies in mobile devices and other applications that will make Chinese citizens who purchase

technology "more productive," the companies said in a press release. With nearly 1.3 billion potential customers, China is of great interest for Microsoft.



**Volkswagen to make Chinese cars more energy efficient**  
German

automaker Volkswagen AG is planning to reduce oil consumption and emissions by 20% in all its Chinese-made cars by 2010. This was announced at the production launch of an engine plant in Dalian, northeast China's Liaoning Province this month. Volkswagen is also planning to introduce the latest technology for automatic gearboxes and light auto parts into the country. China became Volkswagen's fastest growing market last year with annual sales soaring 24.3% to 711,000 units.

**BMW woos Chinese support for hydrogen**

BMW AG says it is talking with the Chinese government about hydrogen-powered vehicles, trying to win Chinese support to promote hydrogen as a mainstream new energy solution. China is an important stop for the new car model BMW Hydrogen 7's world tour, as the nation encourages new energy sources such as bio petroleum, hydrogen and electricity to reduce reliance on crude oil. More than 3,000 hydrogen passenger cars and 100 buses will roll on Beijing streets during the 2008 Beijing Olympics.

Sourced from: AFX News Limited, AP, Bloomberg, China Daily, Daily Yomiuri Online, IGD News Service, Interfax China, Renewable Energy Access, Reuters, The Japan Times, The Times of India, Thermal Energy International Inc., Shanghai Daily, VOA News, Xinhua News Agency.

## China & Africa

The latest updates on Chinese activity on the African continent.

### Chinese Military Delegation Ends Visit to Angola

A Chinese military delegation recently completed an official four-day visit to Angola. During their stay in Luanda, delegations of both Angola and China discussed matters relating to the implementation of technical-military co-operation between the two governmental institutions. The interlocutors also discussed the project that foresees the signing of a technical co-operation agreement viewing the supply, by the Asian country, of military equipment for the Angolan Armed Forces (FAA), in the framework of bilateral relations in the Defence field.

### Chinese specialists prepare agricultural development program in Angola

China plans to train 10,000 agricultural technicians



for Africa over the next four years, Professor Heping Jiang from the Chinese Academy

of Agricultural Sciences said during his visit to the Angolan province of Moxico. Of the total Angola would have 60 technicians trained. The mission of specialists from the Chinese Academy of Agricultural Sciences has been gathering opinions and technical information from those responsible for local Agricultural and Rural Development Directorates, in order to prepare an agrarian development plan for the region.

### China to ratify extradition treaty with Angola

China's top lawmakers are expected to ratify an extradition treaty with Angola. The

treaty was signed in Luanda last June. Its 22 articles cover the reliability of extradition procedures, types of criminal suspects that can and should be extradited, and exemption clauses. China forged diplomatic relations with Angola in January 1983. Angola has since 1983 become a strategic partner for China and also one of the country's top trade partners in Africa. Bilateral cooperation in military, cultural and educational sectors has boomed in recent years.

### Chinese Firm to Explore First Ethiopian Private Coal Mining

The recent joint venture formed between Derba-MIDROC and East Africa Holdings has begun negotiations with the Chinese firm Shenyang Design for the extraction work of a coal mining project that will be launched outside of Addis Ababa by September 2007. The two local companies are investing around US\$ 60-70 million dollars for surface coal mining in the first phase. Subsequently underground coal mining work will be introduced to be used in the companies respective cement factories at an investment cost of US\$ 200 million. Once completed, the factory will be the largest Ethiopian cement producer. The endeavour is highly encouraged by the Ethiopian government.



**74 dead in attack on Chinese oil field in Ethiopia** Rebels

stormed a Chinese-run oil field at dawn in eastern Ethiopia on Tuesday the 23<sup>rd</sup> of April, killing 74 people, destroying the exploration facility and kidnapping seven Chinese workers

in the first such attack against a foreign company in the Horn of Africa nation. The attack by more than 200 rebel fighters lasted about an hour and followed a warning made by the rebel Ogaden National Liberation Front last year against any investment in eastern Ethiopia's Ogaden area. The rebels themselves described the attack as "military operations against units of the Ethiopian armed forces guarding an oil exploration site," in the east of the country.

#### **Kenya: China-Funded Road Project Kicks Off**

On the 26<sup>th</sup> of April President Mwai Kibaki formally launched a Sh 1.52 billion road project expected to ease traffic congestion in Nairobi. The undertaking, funded by the Chinese Government, will cover expansion and repair works on roads linking Embakasi to Gigiri. China and Kenya agreed on the road project during bilateral talks at the Great Hall of the People in Beijing last year as part of a Sh 5.9 billion package that included rehabilitation of the Moi International Sports Centre, Kasarani and a the construction of a maize meal plant in Bomet.

#### **China's Jinchuan gives \$9.34m to Canadian Tiomin's Titanium project**

Canadian mining company Tiomin Resources Incorporation has signed a Memorandum of Understanding with Chinese mining company Jinchuan Group,



China's largest producer of nickel, cobalt and platinum with an output of nickel and platinum of 88% and 90% respectively, of the total

Chinese production. The joint venture of the two companies will be to finance and expedite the development of the Kwale mineral sands project in Kenya.

#### **Chinese business association to be set up in Madagascar**

The Chinese business community of Madagascar has decided to set up a business association in Antananarivo with the aim to further consolidate a mutual benefit relationship between China and Madagascar. The association will work to strengthen cooperation between Chinese business persons, safeguard the rights and interests of the Chinese community in Madagascar, to seek mutual development with their counterparts in Madagascar and to strengthen exchanges between the over 900 Chinese enterprises registered in Madagascar and their counterparts in China.

#### **Mozambique hosts China trade meeting with Portuguese-speaking countries**

Mozambique hosted the two-day Forum for Economic and Trade Cooperation this month between fellow Portuguese-speaking countries (Brazil, Portugal, East Timor, Guinea Bissau, Cape Verde and Sao Tome and Principe) and Chinese officials to discuss how to deepen economic and commercial ties. Beijing has been striving hard to forge stronger ties with Portuguese-speaking countries in Africa, particularly Mozambique and Angola. The 4<sup>th</sup> edition of the meeting will be held in Cape Verde at the end of the first half of 2008.

#### **Namibian Government and China Sign Thirteen Agreements**

A Chinese economic delegation recently visited Namibia to cement the bilateral economic and trade agreement and the reciprocal protection of investment agreement signed during Chinese President Hu Jintao's 8-nation Africa tour. A business seminar was held in Windhoek with the Chinese delegation, the Namibian Ministry of Trade and Industry and various businesses,

culminating in the signing of 13 business MoUs. The agreements concern marble blocks, seal oil, wet-blue cattle hides, manganese ore, marble slabs, fishmeal, tuna as well as blister copper. Developmental projects in the areas of trade, partnership and cooperation were also agreed upon.

**Chinese firm wins bid for building \$1.46 billion hydropower station in Nigeria** China Gezhouba Group Corporation (CGGC) has announced that they had won a contract to build the 2600 MW Mambilla plateau hydropower station in Nigeria. Construction of the project is expected to last six years and cost a total of US\$ 2.5 billion. The project would be Nigeria's largest hydro-electric plant, as well as China's largest hydro-electric project in Africa.



**Two units of China-built gas turbine power station go into operation**

Two units of China-built gas turbine power station, Omotosho Power Plant, went into operation in the Nigerian southwest state of Ondo this month. Nigerian President Olusegun Obasanjo attended the official commissioning ceremony. He thanked Chinese contractor China National Machinery and Equipment Import and Export Corporation (CMEC) for building the gas station in the remote region. He said that Nigeria and China will continue and enhance their cooperation in power generation.

**Direct flights to S.Africa launched**



The first direct flight between China and South Africa was launched this month by China Eastern Airlines, to offer a more convenient

route for passengers travelling between the two countries. The new route is also expected to boost bilateral trade, cultural exchanges and tourism for the two countries.

**China inks US\$143m deal with S.A.** In April vice chief of the Chinese ministry of Commerce and Rob Davies, vice minister of South Africa's Department of Trade and Industry have signed a deal where 13 Chinese firms will conduct trade with South Africa worth US\$ 143 million. The deal involves the purchasing of agricultural products, wine, wool and copper mines from 82 South African companies. Representatives of the companies attended the signing ceremony.

**China states a crucial role in the Sudanese acceptance of peace plan** This month Chinese Assistant Foreign Minister Zhai Jun held a briefing after having concluded a four-day visit to Sudan as special envoy of the Chinese government. In the briefing he stated that China played a crucial role in persuading Sudan to accept the peace plan over the Darfur crisis – China's latest efforts to seek a peaceful solution to the Darfur issue through sanctions and the avoidance of sanctions or other pressures.

**China and Sudan vow to boost military exchanges** The Chinese Defense Minister, Cao Gangchuan and the Chief of Joint Staff of the Sudanese armed forces, Haj Ahmed El Gaili, invited by the Chief of the General Staff of the People's Liberation Army (PLA) met in Beijing this month. At the meeting China and Sudan vowed to boost military exchanges and cooperation in various sectors. Haj Ahmed El Gaili appreciated China's long-term support to Sudan. He said the Sudanese armed forces

want to maintain and strengthen cooperation with the Chinese side so as to lift bilateral ties to a new height.

#### **Chinese investors looking to develop new copper production in Zambia's Luapula Province**

Negotiations are said to be at a sensitive stage as an unnamed group of Chinese companies is reported to be planning a new copper mine in Zambia's Luapula Province, one of the country's poorest regions bordering the mineral rich Democratic Republic of the Congo (DRC). Luapula Province minister John Chinyanta told journalists that Chinese investors have already sent a team of experts to conduct an extensive geological survey of the area as part of the plans to open the mine. He said once the investment materialises, it would boost government's efforts in ensuring that mining activities in the province, which are dominated by small-scale miners, were transformed into large-scale mining.

#### **Sino-Zimbabwe cooperation**



#### **enters new stage**

Fundamental changes have taken place in Sino-Zimbabwean relations in the wake of the Beijing Summit last year, according to the Chinese Ambassador to Zimbabwe Yuan Nansheng. China has become the second largest trade partner of Zimbabwe, after South Africa. To bring into reality the action plan of the Forum on China-

Africa Cooperation the Chinese government plans to focus on the agriculture sector in a bid to secure the food of local people against the sanctions by the Western countries and the droughts, Yuan explained. Zimbabwe recently received machinery worth US\$ 25 million from China, including 424 tractors and 50 trucks, in a bid to replace equipment that was damaged when President Robert Mugabe's government seized white-owned farms to resettle landless blacks in 2000.

#### **CNOOC, Sinochem eyes Devon's assets in West Africa**

CNOOC as well as Sinochem are preparing separate bids for the gas assets in West Africa of Devon Energy Corp. The deal is estimated at US\$ 1.5 billion and US\$ 2 billion. Among the bidders were London-based Tullow Oil, Oil and Natural Gas Corp from India and Canada's Addax Petroleum.



#### **China Mobile plans to buy companies in Africa, SE Asia**

China Mobile Communications Corp has announced plans to acquire companies in developing African countries and neighbouring Southeast Asia as potential growth rates in the communications markets in these regions are expected to overtake those in China. China Mobile has reported 316.1 million subscribers with 5.12 million subscribing last month alone.

*Sourced from: Addis Fortune, Angola Press Agency, AP, CCTV.com, China Daily, China Knowledge, domain-b.com, Macauhub, Reuters, Shanghai Daily, Sudanese Media Center, The East African Standard, The Namibian, Xinhua News Agency.*

## The China Forum

### Recent Events

#### CCS hosts Cape Town Land Exchange Centre – 2<sup>nd</sup> April 2007

Mr Daniel Yang from Cape Town Land Exchange Centre visited the Centre for Chinese Studies and met with Lucy Corkin and Dr Martyn Davies to discuss further co-operation between the two organisations.



*From left: Dr Martyn Davies, Lucy Corkin and Mr Daniel Yang*

#### CCS Welcomes Prof Zhang Yongpeng – 13<sup>th</sup> April 2007

On 13<sup>th</sup> April 2007 the Centre for Chinese Studies welcomed Prof Zhang Yongpeng from the Chinese Academy of Social Sciences to its team. Prof Zhang is on a 4-week academic exchange programme at the CCS. Prof Zhang has been engaged in African studies since 1997. His principle research interest and area cover the issues of ethnic regionalisms in Africa, China-Africa relations, China's foreign policy and the relations between Africa and Western states.

#### CCS at Afrodad Panel Session, 14<sup>th</sup>-15<sup>th</sup> April

Lucy Corkin, Projects Director at CCS, attended an expert panel session hosted by Afrodad in Harare, Zimbabwe to develop the terms of reference for a research undertaking entitled "A critical Assessment of Chinese development assistance in Africa".



#### PRC Government Scholarships, 18<sup>th</sup> & 26<sup>th</sup> April

Lucy Corkin formed part of the interview panel for the 2007 round of Chinese Government Scholarships held in Stellenbosch and Pretoria on 18<sup>th</sup> and 26<sup>th</sup> April respectively. Other interviewers included Mr Desmond Fillis, Department of Education, Angie Magabane, Department of Education, and Mr Wei, PRC Embassy.

#### CCS at UCLA – 24<sup>th</sup>-30<sup>th</sup> April

Sanusha Naidu, Research Fellow, CCS, attended a workshop on "Rethinking the China Factor: Identifying Players, Strategies and Practices", hosted by The Globalization Research Center-Africa, The Center for Chinese Studies, International Institute at UCLA as well as Institute on Global Conflict and Co-operation. Ms Naidu presented a paper on India's African Relations: Playing Catch up with the Dragon. The workshop, which was hosted on 27<sup>th</sup> April 2007 at the UCLA campus, debated issues on how the pending impact China's engagements in Africa have for the continent's development should be interpreted.

**CCS Panel Discussion – 26<sup>th</sup> April**

On Thursday, the 26<sup>th</sup> April, the Centre for Chinese Studies held a public panel discussion. The theme of the discussion was “China & Resource Governance in Africa”. The panel consisted of Mr Andre Standing from the Institute for Security Studies, Prof Willie Breytenbach from the Political Science Department of the University of Stellenbosch, and Prof Zhang Yongpeng, from the Chinese Academy of Social Sciences. A summary document of the discussion will be made available on the CCS website.



*From left: Prof Willie Breytenbach, SUN, Mr Andre Standing, ISS, Hannah Edinger, CCS and Prof Zhang Yongpeng, CASS*

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