



The China Monitor

Issue 19

China plays host to the African
Development Bank








June 2007



CENTRE FOR
CHINESE STUDIES

Contents

Page

<p> Editorial</p> <p>Dr Martyn J. Davies, Executive Director, Centre for Chinese Studies</p>	<p>3</p>
<p> Letter from China</p> <p><i>Africa meets Wall Street in Shanghai</i> Thomas Orr, Beijing Representative, Centre for Chinese Studies</p>	<p>4</p>
<p> Commentary</p> <p><i>China and the West in Africa: Shared Interests?</i> Dr Peter Bosshard, Director, International Rivers Network</p>	<p>8</p>
<p> Business Briefs</p> <p>A round-up of China's business news from the past month</p>	<p>11</p>
<p> China & Africa</p> <p>News briefs highlighting Chinese relations with Africa</p>	<p>15</p>
<p> The China Forum</p> <p>Recent events</p>	<p>21</p>
<p> Contact Us</p>	<p>23</p>



A Publication of:
The Centre for Chinese Studies
Faculty of Arts, University of Stellenbosch

Editorial



Last month, China played host to the African Development Bank's annual general meeting that was held in Shanghai. After last year's Africa summit in Beijing, it is not an exaggeration to say that the best place to network with Africans – outside of Addis Ababa – is China!

The result from China's "constructive engagement" strategy of Africa and the impact it has had on the continent has even surprised the architects of China's Africa policy. When Beijing launched the first Forum on China-Africa Co-operation summit in October 2000, its Ministry of Foreign Affairs could not have predicted the positive manner in which the African leaderships have responded to the Chinese. Perhaps this is indicative of the declining political and economic allegiance that Africa has traditionally had towards Europe.

The AfDB summit is significant as it indicates the shifting direction of Africa's foreign policy away from Europe to Asia. China's emphasis is commercial whereas Europe's is through the vehicle of aid. It also holds out a new model for development. The combination of aid, business and the provision of finance from Chinese firms coming to Africa – as well as its sheer intensity – is realigning the continent's strategic ties.

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

Letter from China

Africa meets Wall Street in Shanghai

By Thomas Orr

I was surprised at how many Wall Street bankers were attending the African Development Bank AGM in Shanghai. They were there to exchange cards with the African bankers, Western development agency officials, and forty odd African Finance Ministers. Looking around at all the foreigners, it was hard to imagine we were in China.

Holding the 2007 AfDB meetings in China was certainly symbolic of the strong and growing ties between the country and the African continent. But perhaps more significant was the message this sent to the West: China sees its partnership with Africa as a new opportunity rather than a “developmental burden”.

Most delegates came to Shanghai trying to understand two distinct questions: What is behind the recent rise in foreign investment inflows into Africa? And, how do we understand China’s renewed interest in Africa? We all left Shanghai knowing that these two questions are more integrated than we had initially appreciated.

“Foreign investors say there is finally a strong business case for investing in Africa. This positive outlook dominated the mood at the AfDB meetings.”



Africa has never been a more attractive investment destination. Commodity prices are high, Ghana has relaxed its exchange controls, Obasanjo’s reforms are opening up the Nigerian economy, and for once there is arguably no major civil war on the continent. The recent debt write-offs have allowed African Governments to present healthy balance sheets to potential new lenders. A number of delegates even highlighted the rise of democracy in Africa a driving factor. The booming stock markets in Nigeria and South Africa are proof of this new investment boom. Foreign investors say there is finally a strong business case for investing in Africa. This positive outlook dominated the mood at the AfDB meetings. African bankers and Finance Ministers could not resist congratulating each other as they quoted the impressive figures of this 5-year old growth story.

Other delegates were less optimistic. Have the investment inflows been driven more by push factors than by pull factors? Global markets are awash with cheap capital in search of yield. Africa’s resources and infrastructure development needs offer a high-yield alternative to more mature markets. Money managers are now prepared to overlook the high risks normally associated with buying Cote D’Ivoire Government bonds or funding hydro electric schemes and cobalt mines in the DRC.

A reminder: the current situation of having both the commodities and global liquidity cycles at their respective peaks will not last forever. When commodity prices fall and global liquidity contracts, capital inflows into Africa may well turn around. It has happened before. Capital inflows during the 1990s were not utilised efficiently and Africa was left with mounting debt and little in the way of infrastructure or institutions to service this debt. African leaders need to ensure that export proceeds and investment inflows are channelled into projects that will give Africa a leg up into mainstream globalisation. We should not let this great opportunity pass us by, again.

How does China fit into this picture?



There is an argument that China's recent courting of African leaders has forced Wall Street bankers (and Western Governments) to wake up and realise the West is losing its control over Africa. The West is now rushing to try and re-claim what is historically its exclusive sphere of commercial and political influence, thus implying that this is some kind of new 'Cold War' commercial tussle over Africa. While there is a certain geo-strategic dynamic between the US and China over securing

Africa's oil reserves, the above argument hugely oversimplifies the picture.

“The West is now rushing to try and re-claim what is historically its exclusive sphere of commercial and political influence...”

Despite all the friendly rhetoric, China's investment strategy in Africa is based on the self-interested business case rather than on handouts (Western Governments) or ideology (Cold War era). China's construction, telecoms and mining companies are showing that there is good

money to be made in Africa. And in most cases, these Chinese-led projects are creating much needed infrastructure, boosting economic development and benefiting local communities. Wall Street bankers and Western NGOs are warming to the idea that, by joining hands with Chinese construction companies, they can build a new road to the copper deposit, mine and beneficiate the ore for export, and create sustainable employment in the local communities. In theory, the synergies from this co-operation could create win-win opportunities, based on the business case for socio-economic development in Africa.

China's main showpiece at the AfDB meeting was the announcement of a US\$ 5 billion Africa infrastructure fund by China Development Bank. This figure is in addition to large investment promises made by China's leaders during the FOCAC Summit in Beijing last year, and China Exim Bank's plan to spend US\$ 20 billion on infrastructure and trade financing in Africa over the next 3 years.

China is investing in African commercial projects but it is also lending heavily to a number of African Governments. Undoubtedly the Multilateral Debt Relief Initiative (MDRI) debt write-off over the past few years has played a major role in coercing new foreign lending into Africa. While it is important that African Government's use the opportunity to borrow new money, it is essential that this money be used to develop the capacity to service the debt, to avoid the old cycle of debt and dependency. This was a heated topic in the sideline seminars of the AfDB meetings in Shanghai.



At the recent G8 Summit in Germany, the US criticised China for its 'no-strings-attached' loans to African Governments. Critics claim that China is holding up the process of democratisation in Africa. China responds by arguing that economic development and poverty alleviation are more pressing needs. The politics of this debate aside, the jury is still out on whether China's investment in Africa is being less efficiently spent than traditional concessional loans from Western lenders. In addition, it is largely OECD capital and not Chinese capital which is rapidly filling the borrowing balance-sheet space created by MDRI.

It was encouraging to hear African bankers, businessmen and Finance Ministers address the above issues in terms of risk and return and not in terms of politics. Too often, the contemporary China-Africa dynamic is spoken of in the highly politicised context of anti-colonialism and win-win-only friendship. Although this friendship-talk lays the foundation on which to build economic co-operation, I don't believe that African or Chinese leaders actually let the rosy rhetoric cloud the real motivations of self-interest and risk/return.

In Shanghai, African speakers asked how we should engage this new Chinese interest in Africa (as well as the renewed interest of Western Governments that the Chinese arguably have triggered). South African Finance Minister, Trevor Manuel, was candid about the challenges facing the Sino-African relationship. "This is a negotiation. China knows what it wants from Africa but Africa is not clear on what its wants from China". Minister Manuel also spoke about the need to promote African regional integration in negotiating with Beijing and Western Governments. "It is important that Africa should own the process" of foreign involvement in Africa's development. These ideas are not new, but there seems to be a greater urgency in pushing forward their implementation.

"There are moves to establish an African FOCAC Secretariat within the AU to present a unified African stance in the China-African relationship."

There are moves to establish an African FOCAC Secretariat within the AU to present a unified African stance in the China-African relationship. African leaders have agreed to establish a new African

Investment Bank, based in Tripoli, to channel global capital into African infrastructure projects. The African Development Bank is also playing an increasingly important role in facilitating foreign investment and helping African financial markets develop the capacity to utilise this investment.

Although the AfDB meetings did raise the profile of Chinese involvement in Africa on Wall Street, all sides should be careful not to view this in terms of zero-sum competition. Globalisation has allowed us to move into the win-win zone. Global capital is searching for higher yields, Africa's resources and infrastructure needs offer great investment opportunities, and Chinese companies have a competitive advantage in completing infrastructure projects within budget. The AfDB meeting in Shanghai was a great opportunity for African policy-makers to discuss with Western lenders and Chinese companies how to build the telecoms networks, irrigation systems, power stations, and mines that Africa so desperately needs.

“Although the AfDB meetings did raise the profile of Chinese involvement in Africa on Wall Street, all sides should be careful not to view this in terms of zero-sum competition.”

Africa now has an excellent opportunity to lift itself into a position to benefit sustainably from the forces of globalisation. But neither Western Governments nor China nor all the Wall Street bankers at the AfDB meetings in Shanghai can be relied upon to look after Africa's self interest. Africa needs to own the process. It's up to our leaders to make use of this opportunity.

Thomas Orr is Beijing Representative of the Centre for Chinese Studies.



Commentary

China and the West in Africa: Shared Interests?

By Dr Peter Bosshard

China currently enjoys a honeymoon in Africa because its aid policies differ from the Western approach in several ways. The Chinese government can offer comprehensive package deals that range from arms exports and peace keepers to infrastructure investments by state-owned enterprises. Unlike most Western governments, China has so far delivered on its aid promises. And as long as they do not recognise Taiwan, Beijing does not interfere with the policies of its partner governments. “Chinese assistance to Africa is sincere, unselfish and has no strings attached”, Premier Wen Jiabao declared in November 2006.

Western critics argue that China’s hands-off approach undermines international standards on good governance and the environment. In November 2006, Philippe Maystadt, the President of the European Investment Bank, claimed that Chinese banks had snatched projects from under his bank’s nose in Africa by undercutting the conditions it imposed on labour standards and environmental protection. “The competition of the Chinese banks is clear”, Maystadt said. “They don’t bother about social or human rights conditions.”

“Western critics argue that China’s hands-off approach undermines international standards on good governance and the environment.”



Numerous projects and practices seem to support Philippe Maystadt’s concern. In 2003, the Sudanese government sought financial support for the Merowe Dam, a large hydropower project on the Nile. The dam will more than double Sudan’s electricity generation, but has no officially approved environmental impact assessment. It will displace 70,000 people from the Nile Valley to arid desert locations. Western export credit agencies declined support for the dam because of its likely

social and environmental impacts. China Exim Bank approved loans to the tune of US\$ 520 million. In 2006, China expressed interest in funding the Mphanda Nkuwa Dam in Mozambique. Once China announced its interest, Mozambique’s government stopped consulting the communities affected by the project.

China has also been accused of boosting illegal logging in many African countries. Global Timber, a UK-based website, estimates that 80-100% of China’s timber imports from Cameroon, Congo

Brazzaville, Equatorial Guinea and Gabon are illegal. China is the world's largest importer of timber, but eventually re-exports up to 70% of its imports as processed goods.

Interest in long-term stability

The report of the World Commission on Dams demonstrated in 2000 that integrating social and environmental concerns in infrastructure projects is in the long-term self-interest of developers. Chinese investors recently experienced a disturbing string of protests against oil, mining, hydropower and manufacturing projects in Africa. There are indications that China is strengthening the guidelines under which its companies invest abroad as they expand their long-term presence around the world.

China Exim Bank, today the most important financier of African infrastructure projects, adopted an environmental policy in 2004. It stipulates the review of environmental impacts before, during and after project implementation. These principles are stricter than the policies of many Western export credit agencies. They would however greatly benefit from guidelines which clarify their practical implementation. China Exim Bank has expressed an interest in trainings and joint projects with World Bank institutions to learn more about the implementation of international environmental standards. China is however not prepared to accept obligations regarding export credits which the OECD, of which it is not a member, has developed.

“In 2005, China’s Ministry of Commerce suggested that the OECD and China cooperate on issues of corporate social responsibility...”

In 2005, China’s Ministry of Commerce suggested that the OECD and China cooperate on issues of corporate social responsibility, and that OECD explain its Guidelines for Multinational Enterprises to Chinese companies. The following year, the Ministry issued recommendations for improving the safety of workers in Chinese overseas investments. It urged Chinese companies to hire local workers, respect local customs and adhere to international safety standards in their projects. Interestingly, the recommendations argue that doing so will serve China’s national interest.



A manager of a large Chinese construction company which builds roads in Ethiopia shares the Ministry’s perspective. “We used to think that we only need to be friends with the government”, the manager says. “We now realise we also need to be friends with the communities where we operate”. His company recently began supporting local services such as schools and sports grounds in the areas where it is active.

Obligations for China and the West

The careful integration of social and environmental concerns into the planning of projects is particularly important because China's investments in Africa focus on sectors such as oil, mining, hydropower and timber. These sectors are prone to environmental degradation, corruption, and human rights abuses. The protests against the Merowe Dam in Sudan and the Chambishi Mine in Zambia, the violent attacks on Chinese installations in Nigeria and Ethiopia are a dire warning about the risks of such projects.



In the oil sector, discoveries of new reserves have remained below global consumption since the early 1980s. Around the world, dwindling reserves are pushing exploration into politically, socially or environmentally vulnerable areas – from Canada's tar sands to Gabon's tropical forests and war-ravaged Southern Sudan. This trend affects newcomers such as China more than companies with a long-established presence in producing regions.

China's explosive economic growth adds to the social and environmental cost of resource extraction around the world. Yet while China's economic surge and international expansion are making headlines, they have not caused this problem. China and other countries have the same right to extract resources and grow their economies as Europe and North America. Yet in 2005, China consumed almost fourteen times less oil per capita than the US – and much of it for products exported to the rest of the world.

“China and other countries have the same right to extract resources and grow their economies as Europe and North America.”

African governments should invite foreign investment under conditions that promote economic development without plundering the continent's resources. They could learn from China's growing concern for the environment, and from the country's experience in ensuring a vital know-how transfer in inward investments. Chinese investors should strengthen the social and environmental guidelines under which they operate overseas, in their own long-term interest and the interest of host populations. Western societies, in the meantime, should move away from their wasteful development model so that poor countries can grow without infringing on the world's ecological limits.

Dr Peter Bosshard is Policy Director of International Rivers Network. He recently published a new report about China's role in financing African infrastructure.

Business Briefs

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

China 'starts procedures' to open bank card market to foreign banks The banking regulator has 'started relevant procedures to allow foreign banks to conduct bank card operations,' according to *Xinhua News Agency*. Foreign banks can now reportedly apply to operate bank card business in accordance with the regulator's requirements and technical standards. Under China's WTO commitments, foreign banks must be allowed to operate a bank card business in the country. Mainland China opened its retail banking sector to foreign banks at the end of last year.

Chinese economy will not slow down after 2008 Olympics Lu Zheng, chief of the Institute of Industrial Economics which is attached to the Chinese Academy of Social Sciences, said that fears of an economic slowdown in Beijing after 2008 are unwarranted. Japan took



advantage of the Tokyo Olympics in 1964 to boost its economy and has become the world's second-largest economy since then. South Korea too joined the Organization of Economic and Cooperative Development, a club of developed nations, after Seoul Olympics in 1988, according to Lu.

China's stocks decline on concern more taxes will be imposed China's share index declined this month, erasing earlier gains, on

concerns that the Government may impose more taxes to cool the market after a tripling of the duty on securities trades failed to deter new investors. China's finance ministry declined to comment on the speculation that the government will impose a tax on share-trading profits. China's government is trying to curb speculation in a market that more than tripled in a year, luring investors and boosting the number of accounts at brokerages to more than 100 million for the first time.

China mainland markets should be open to Hong Kong foreign stocks The China Securities Regulatory Commission (CSRC) has said in a research note that China should start looking into developing its capital markets to permit the listing of overseas companies, including those from Hong Kong. "On top of deepening multilateral cooperation and regulation, China should also encourage Hong Kong companies to list on the mainland [...] to form a unified regional capital market," the CSRC said.

China's ICBC applies for banking licences in the US and in Russia Industrial



and Commercial Bank of China (ICBC) has applied for banking licences in the US and Russia, the *Financial Times* reported. 'We have applied to regulatory authorities in the US, in Russia and in other places to set up

operations,' the newspaper quoted Jiang Jianqing as saying. The bank, China's largest, is likely to make acquisitions as it looks to go global, but it will face opposition in the US because of concerns regarding its regulatory standards.

IMF says China's limited currency flexibility is hurting Asia China's limited currency flexibility is preventing Asian countries from strengthening their currencies and is also contributing to a build-up of reserves that is disrupting regional growth, the IMF has stated. Domestically, China needs to allow greater exchange-rate flexibility to curb rapid credit growth and excessive investment. "The need in China, therefore, is to reduce reliance on rapid investment growth as well as net exports, and to encourage consumption," the bank said.



EU urges China to further open up market After Beijing had agreed to launch talks on a

WTO government procurement agreement, the EU stated that China needs to speed up the opening of its market and find a solution to trade frictions. "The Chinese trade surplus with Europe is increasing daily", the European Commissioner for the Internal Market and Services said. "It is wholly fair to everybody that if there is access to the European markets for Chinese goods, products and services, then the same should apply over a period of time to European goods, products and services," he 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.

China emerging as one major source of overseas fund The relevance to the global economy of the entire international economic edifices established after World War II has been noted by New York Times as questionable. The World Bank, the IMF and the WTO are reportedly buckling under the weight of globalisation, trade disputes and the ambitions of rising economic powers. China is an export superpower, and is sitting on more than US\$ 1 trillion in reserves. China will provide US\$ 20 billion in soft loans to Africa.

Wuhan Steel says US allegations of dumping unfair Wuhan Iron & Steel Co., China's third-biggest steelmaker by market value, has said that allegations that Chinese companies dump products in the US are unfair. "Chinese steel exports have soared because of higher global prices and demand," according to Company Secretary Zhao Hao. "Most of the Chinese steel products were sold in China, and only a small proportion are sold overseas, so it's unfair for the US to say China is dumping steel products," Wuhan's Zhao said.

Russia considers gas pipeline to China

Russia is in talks to build a gas pipeline to China that should be partly completed in the next five to six years and is interested in investing further in the country's energy sector. Russia is also interested in investing in oil production, refining and marketing in China in addition to gas distribution.

China excavates methane hydrate

China has successfully excavated samples of methane hydrate, which is seen as a new energy source, from the seabed of the South China Sea. The success made China the fourth nation after the United States, Japan and India to succeed in the extraction, and a preliminary survey shows that the volume of the gas hydrate in the researched area could reach the energy equivalent of 10 billion tons of oil. China has spent nine years and 500 million yuan for the excavation in the South China Sea.

China Effects New Energy and Environmental Rules

Strict regulations for energy efficiency and reduction of environmental pollution have been implemented by the Chinese State Council, as part of a working plan until 2010. Energy consumption will have to decrease from 1.22 tons of standard carbon in 2005 per each US\$ 250 of the Gross Domestic Product to less than one ton. The working plan also established a 10% reduction in the emission of pollutant agents.



China to develop 133.3 billion square meters of forests for bio-energy by 2020 China is to develop

133.3 billion square meters of forests by 2020 to provide raw materials for bio-energy. This will account for 50% of the country's total biomass energy by 2020. A key advantage of these forests is to absorb carbon dioxide, reducing carbon emission in the future.

Nuclear Energy to Power China

To ensure energy supply diversity, China has set an aim to cut reliance on oil and gas that will offer vast opportunities for renewables. Although conventional sources of energy made up 74% of combined electricity generation in 2004, hydropower and nuclear energy are currently being investigated as alternative sources of energy by the government of China.

U.S. optimistic about its defence ties with China and military hot line likely soon



US Defence Secretary Robert Gates has expressed optimism about improving

military ties with China, while a senior Chinese general said that the two nations will soon set up a long-awaited defence hot line. The conciliatory comments marked a significant step towards warmer relations between the two countries' militaries that have long been suspicious of each other. Gates said that while Washington is concerned about Beijing's military spending and modernisation, it recognises the difference between China's capacity to inflict harm and the intention to do so.

Overseas investors spur Chinese railway reform The Ministry of Railways announced this month that it had found five overseas firms to invest in 18 railway container-distribution centres in China, representing a major step forward for the financial reform of the country's railway sector. The ministry said it hoped having overseas investors on board would help introduce new management concepts and sharpen railways' competitiveness in the container transport market.

China and India eyeing Sri Lanka's phosphate deposit China and India have expressed interest in Sri Lanka's rock phosphate deposits from which the Sri Lankan government itself cannot afford to make high grade fertilizer, a government minister told an economic forum in Colombo. Sri Lanka's phosphate deposit in the north central region of Eppawela, has been a political hot potato for years, and attempts to develop it with a Western mining firm ran into stiff opposition.

China launches SinoSat-3 communications satellite China has launched its SinoSat-3 communications satellite to relay radio and

television broadcasts. China's 12.6 million digital television subscribers and 400 million television sets give it a huge potential market for satellite television broadcasts.



Many of China's satellites are believed to have dual civilian and military uses. Broadcast satellite SinoSat-2 was launched last October but malfunctioned and will reportedly not be replaced for at least three years.

China establishes new Confucius Centres Beijing has announced it plans to spend a whopping US\$ 10 billion to build 100 Confucius Centres across the world by 2010, to spread the message of 'cultural harmony'. The phenomenon is not new: the United States has very successfully exported the USIS, Britain the British Council, France the Alliance Française, Germany the Goethe Institute, Russia its cultural centres and Japan the Japan Foundation. All of these organs of 'soft diplomacy' are almost entirely funded by government funds by the Foreign Policy departments of those countries.

Sourced from: AFP, AP, Bloomberg, China Daily, Daily India.com, DPA, Daily Yomiuri online, Forbes, Hindustan Times, Interfax China, Investor Ideas.com, LBO, NWI Times, Presna Latina, Reuters News Agency, The Financial Express, XFN Asia, Xinhua News Agency.

China & Africa

The latest updates on Chinese activity on the African continent.

Angola and China discuss cooperation in various fields A Chinese delegation from the Communist Party of China (CPC) visited Angola for a three-day visit this month at the invitation of the ruling Popular Movement for Liberation of Angola (MPLA). The Angolan Prime Minister dos Santos discussed with the delegation on further expanding two-way cooperation in various fields and reaffirmed Angolan support for China's One-China policy. Angola is currently benefiting from China's credits that are being used in the construction and rehabilitation of basic infrastructures that include railways, roads, bridges and projects in the domains of education, health and others of the national affairs.

China and Portugal to build four stadiums



in Angola for the African Football Cup Portuguese, Chinese and other companies are to build four soccer

stadiums in the provinces of Luanda, Benguela, Huila and Cabinda to host the African Football Cup in 2010 in Angola. Construction of the Benguela provincial stadium was the one handed over to China National Electronics Import & Export Corporation. The secretary-general of the Angolan Football Federation, Augusto Silva "Alvarito" said he estimated that the stadium would be concluded in July or August 2009.

Angolan state airline wants flights to China

Angola has presented a proposal by state

airline Taag to carry out scheduled flights to China due to increased demand for this route, said Gaspar Santos of Angola's aviation regulator, Inavic, in Luanda. Passengers currently travelling from Angola to China use flights operated by Ethiopian Airlines, and stop over in the Ethiopian capital of Addis-Ababa. The governments of Angola and China may sign, this year, an agreement to open up an air route between the two countries and added that new agreements between Angola and other countries, namely Germany, the Netherlands, Botswana, Benin, the Central African Republic and Gabon, were being analysed.

China SA delegation in Botswana A joint

China/South Africa business delegation visited Botswana to explore areas of possible investment earlier this month. The delegation was headed by Mr William Wu who is also the Chief Executive of the China-Africa Trade and Industry Development Corporation with interest in glass manufacturing.



Barclays SME Customers Ghana Explore Business

in China 43 members of the Small and Medium-scale Enterprises (SME) Business Club of Barclays Bank of Ghana Limited have returned from a business trip to China, having attended the Canton Fair in Guangzhou and been introduced to the Chinese business culture. Organised by the bank, the trip was to help develop partnerships and other private business relationships between Ghana's SME

sector and its counterpart in China. It also served as a platform to introduce the club members to the business culture, practices and processes of China.

Banks offer to offset \$200 million loan on NigComSat-1 Following the successful launch of the Nigeria Satellite (NigComSat-1), some Nigerian banks have offered to offset the N25.6 billion (US\$ 200 million) loan obtained from the EXIM Bank of China. Hamed Rufai, Managing Director of NigComSat-1, said before taking the loan that the federal government was convinced that Nigeria could pay it back within few years from the sale of the satellite services. He disclosed that some companies and government agencies from China, Rwanda, Ghana, Kenya, Uganda, Cameroon, have joined the list of those who have indicated interest in buying channels from the satellite.

China's Haier Group opens electrical appliances exhibition hall in Nigeria China's Haier Group and its partner PZ Cussons have opened their biggest electrical appliances exhibition hall in Lagos, Nigeria: HTCool World. Covering an area of about 500 square meters, HTCool World exhibition hall on Victoria Island exhibits a series of products of Haier-Thermocool brand, including more than 10 categories developed especially for Nigerian consumers. Diao Yunfeng, managing director of Haier Group's Overseas Business Division, said Nigeria is a big market with great potential for domestic electrical appliances.

Nigerian Federal Government secures \$ 100 million loan from China Exim Bank The Nigerian Ministry of Science and Technology has announced it will be given a loan of US\$

100 million from the Chinese Exim Bank to finance the Nigerian National Information Communication and Education Programme (NICEP). The programme is expected to provide Internet connectivity to rural and under served areas nationwide. It would also provide Internet access to 32 unity schools, 24 universities, 1,500 post offices and all local government headquarters.

Shaoxing Textile Company plans first overseas park in Nigeria Yue Mei Group, a private enterprise in Shaoxing, Zhejiang Province, is planning to establish a textile industry park in Nigeria with a total investment of US\$ 49.8 million. The park will be China's first overseas. Yue Mei Group has total assets of over 2 billion yuan and seven companies in spinning, weaving, embroidery, clothing and real estate. Currently Yue Mei Group has six offshore trading enterprises as well as two overseas production and processing units in *inter alia* Nigeria and Dubai. Total sales of Yue Mei Group exceeded 1 billion yuan last year.



Chinese and Nigerian presidents satisfied with bilateral ties During the G8 meeting in Germany, Chinese President Hu Jintao and his Nigerian counterpart Umaru Yar'Adua met and expressed satisfaction with the development of bilateral relations between their countries. Since China and Nigeria established diplomatic relations in 1971, bilateral ties have witnessed smooth development and have demonstrated new momentum in recent years, Hu said, adding that the two countries have established a strategic partnership based on

political mutual trust, economic mutual benefit and cooperation in international affairs.

Chinese and Senegalese leaders vow to enhance cooperation Chinese President Hu Jintao met with his Senegalese counterpart Abdoulaye Wade on the sidelines of the outreach session of the G8 summit and vowed to further strengthen cooperation between the two countries that resumed diplomatic ties in October 2005. Senegal is 'an important partner' of China on the continent of Africa, Hu said, adding that China is willing to have more cooperation with Senegal to jointly promote full implementation of decisions made at the Forum on China-Africa Cooperation Summit, which was held in Beijing last year.



© Press & Information Office of the Federal Government

Chinese and South African leaders vow to enrich partnership Chinese President Hu Jintao and South African President Thabo Mbeki met at the outreach session of the G8 meeting and agreed to continue to enrich the strategic partnership between the two countries. China and South Africa are due to celebrate the 10th anniversary of the establishment of diplomatic relations in January 2008. "We hope to use this opportunity to further boost the relations," Hu said and stressed that China has heeded trade issues that concern South Africa and taken measures to increase imports from the country.

Business leaders say U.S. sanctions on Sudan will have little effect due to Chinese influence Business leaders in Sudan have said that they expect little effect on the new US sanctions that has been imposed on Sudan because of the violence in the Darfur region. The country's booming oil-driven economy will take limited notice of the sanctions, mostly because the measures undertaken are not supported by key Chinese interests. Only Sudanese oil-drilling companies are on the new sanctions list, not Chinese or other foreign corporations – some of which pay huge royalties to Sudan's government.

China says strongly opposed to US House resolution on Darfur China has rejected a US House of Representatives resolution urging Chinese pressure on Sudan to resolve the Darfur crisis, saying the American move wrongly links the issue to next year's Summer Olympic Games in Beijing. "Disregarding China's constructive efforts over the Darfur issue, the resolution condemned China without reason, tries to link the issue with the Beijing Olympics and wantonly interfered into China's internal affairs," Chinese Foreign Ministry spokeswoman Jiang Yu said in a statement posted on the ministry's website.



Tanzania and China to form economic partnership

A Chinese delegation led by the Chinese deputy minister for Commerce, Huang Hai, has visited Tanzania following an invitation by the Tanzanian government during the last Sino-Africa meeting in China. In a bid to promote trade between the two countries, Tanzania and China during the visit announced that they will

form a preferential economic partnership. In relation to this development, China recently allowed 442 commodities from Africa to be sold in the country. Basil Mramba, Tanzania's Minister for Industry, Trade and Marketing, said Tanzania will fully exploit the fact that it had signed business contracts with China to sell agricultural produce, minerals and livestock products.

China holds business seminar in Tanzania

A large-scale business seminar was held in Dar es Salaam by the government of China's Guangdong Province on 12th of June. Representatives from 192 Guangdong enterprises were present at the seminar for investment and cooperation consultations and negotiations. Thirteen contracts were signed within the framework of the one-day seminar, with a total signed contracting amount of US\$ 71.41 million in the fields of exports-imports of light industrial products, building material, raw material of contractual projects, and tourism.

Chinese team in Dar to study business prospects

A delegation from the Chinese Communist People's Congress (CPC) that recently visited Tanzania to study current policies and laws governing investment in Tanzania before convincing Chinese businessmen and women to come and invest in the country. The delegation concluded that Tanzania has a comparative advantage as it is endowed with abundant natural resources, but that it would attract more foreign direct investment if it was to vigilantly revamp its communications and transport networks. The Chinese delegation also visited the Tanzania-Zambia Railways Authority (TAZARA) and the Chinese Martyr in Dar es Salaam.

The World Bank rejects Chinese \$ 47.9 million road tender in Uganda The bid of China Road & Bridge Construction Company for the construction of the 60 km Dokolo-Lira road in Uganda has been rejected by the World Bank despite the fact that the bid at \$ 47.9 million had been evaluated as the lowest. The Chinese firm has reportedly records of poor performance on the Pakwach-Nebbi Road.

Zambia Penalizes Chinese Investors for Pollution

The Zambian government has penalized a Chinese-owned mine for violating pollution laws. Health experts stated that the lives of more than 60,000 children and adults are at risk of lead poisoning by the Chinese-owned mine in Kabwe, a town situated some 150km north of Zambia's capital, Lusaka. Officials said that high traces of lead content have been found in blood samples taken from nearby residents, mostly in children under age six that contract the toxic substance mostly through inhaling the polluted air and by playing in dust contaminated by lead particles.

Zambian leader challenges West over investment

Zambian President Levy Mwanawasa has challenged the West to match Chinese investment in his country, meaning that Western countries have let Zambia down. He stated that Chinese



investment, credit and loans will continue to be welcomed despite unease in the West over the pace of China's drive to boost economic ties with Africa. "Those who oppose Chinese investment [...] all they need to do is to equal

the help we are getting from China. We only turned to the East when you people in the West let us down," Mwanawasa told Reuters on the sidelines of an African business forum.

Jinhuan Group to Undertake Feasibility Study for Nickel Smelter in Zambia

The Chinese Jinchuan Group has announced that it is conducting a feasibility study for the construction of a nickel smelter to treat concentrates from Albidon's Munali Nickel Project in Zambia. The smelter feasibility study is scheduled for completion in the second half of 2007 and if the project proceeds it would significantly benefit all stakeholders in the Munali Nickel Project as well as bringing benefits to Albidon, Jinchuan and to the local and national economy.

Zambia welcomes volunteer activities promoting China's peaceful reunification

One year after the Zambia Council for the Promotion of Peaceful National Reunification of China (ZCPPNRC) was established Zambia has said it will encourage volunteer activities to promote China's peaceful reunification. The Zambian information minister Mike Mulongoti has stated that a powerful China poses no threat to the world and that in addition, China's growing economy will bring prosperity to the whole world.

Zambians require benefit from copper boom

The Zambian government is under increasing pressure from business and labour to increase its mineral taxes in the wake of surging copper prices on the world market fuelled by strong demand from China and India. At present the Zambian government continues to charge insignificant mineral royalties and offers lengthy tax holidays to

foreign investors, resulting in poor earnings from the copper export that is crucial to the Zambian economy. Analysts say that with reasonable mineral royalties, the country could raise enough revenue required for national development, as has been the case with Chile, the world's largest copper producer.

China approves China-Africa Development Fund

The establishment of China-Africa Development Fund has been approved by the Chinese State Council, the China Development Bank (CDB) has announced. According to the draft plan, the fund will start from one billion US dollars, and then add up to three billion US dollars in the second phase, until eventually amount to five billion dollars. The fund will be used to support African countries' agriculture, manufacture, energy sector, transportation, telecommunications, urban infrastructure, resource exploration and the development of Chinese enterprises in Africa.

China's engagement with Africa to boost Kenyan, Ghanaian,



Nigerian, Zambian currencies Standard Bank Group Ltd has announced it foresees a 3 percent appreciation of Kenya's shilling and Ghana's cedi as China increases its spending on oil fields, roads and telephone networks in Africa. Nigeria's naira, the Zambian kwacha and Angola's kwanza have all gained this year as China sought to sustain the world's fastest-expanding major economy by strengthening ties with Africa.

German building firms worried by China policy in Africa

German building firms are concerned about China's efforts to secure raw

materials in Africa to sustain its booming economy, the managing director of the German HDB construction industry association has said in an interview. The industry is therefore mulling its options on how to do more to secure the supply of raw materials abroad to avoid their costs spiralling as a result of the increased Chinese demand. One of the options for them is to buy up local producers in Africa. Though Chinese trade and investment are helping Africa to grow at the briskest pace in 30 years, some critics say China is acting no differently from former colonial powers in sucking up raw materials instead of developing indigenous industries.

Indian and Chinese Tyre makers to target African Mining Market



The influence of Chinese and Indian tyre manufacturers on the southern African market for OTR, mining

and quarrying tyres is set to grow substantially, according to the organisers of the Tyrexpo Africa 2008 exhibition. Major suppliers including Apollo International and Balkrishna from India and Shanghai Yadong, Shifeng Double Star and Techking Tires from China have already confirmed their presence as exhibitors at the next show in March 2008.

Mbeki says China has every right to access African resources The South African President Thabo Mbeki has defended China's growing involvement in Africa. He said suggestions that China was developing a neo-colonialist relationship with Africa were 'quite unfair' and that Beijing had as much right as any country to seek access to the continent's natural resources such as oil. However the president also stressed that the economic relationship between China and Africa has to produce "mutual results" and be a "win-win" situation.

East African lead battery producers cry foul over Chinese imports

Battery manufacturers in East Africa have said they want regional governments to protect them and consumers from what they are calling 'a Chinese onslaught'. The recent collapse of the region's biggest battery maker, Kenya-based Associated Battery Manufacturers (ABM), has been attributed by industry players to cheap imports from China. The manufacturers – Associated Battery Manufacturers, Uganda Battery Manufacturers, Tanzania's Yuasa Ltd, AIBM and AP Batteries – claim imports from China do not meet the required local standards.

Sourced from: AFP, AP, Bloomberg, BOPA, Business Day, cctv.com, China Daily, Daily Graphic, Daily Monitor, Daily News Tanzania, Fibre2fashion News Desk, Macauhub, People's Daily, Resource Investor, Reuters News Agency, San Francisco Chronicle, Somalinet, The Daily Champion, Tirereview.com, Voice of America, Xinhua News Agency.

The China Forum

Recent Events

CCS welcomes Christopher Burke

At the end of May Christopher Burke joined the team at CCS as a Research Fellow. Mr Burke has worked on a number of projects for the CCS examining the political, economic and social implications of China's engagement in Africa. Mr Burke has spent the last 8 years in east Africa working in the Humanitarian industry. Prior to this he spent almost 10 years in northeast Asia focusing on Chinese foreign policy in that part of the world. He has held numerous academic positions including Research Associate at Faculty of Social Sciences, Makerere University, Uganda, and Visiting Research Fellow at the Centre for Defence Studies, School of Australian and International Studies, Deakin University, Australia. Mr Burke is an invaluable addition to the CCS research team.



CCS co-hosts 9th Annual Africa Day Conference with UNISA – 1st June 2007

On 1st June 2007 the Centre for Chinese Studies, University of Stellenbosch together with the Political Science Department at the University of South Africa (UNISA) co-hosted the 9th Annual Africa Day in Pretoria. The CCS team was represented by Ms Lucy Corkin, Projects Director, Mr Christopher Burke, Research Fellow, Ms Sanusha Naidu, Research Fellow and Hannah Edinger, Research Manager. Under the title “*New impulses from the South: China's engagement of Africa*” the conference was a platform for the CCS to launch the research report entitled: “*China's Interest and Activity in Africa's Construction and Infrastructure Sectors*”. A summary document of the Africa Day conference will be made available on the CCS website and a book publication under the same title with single chapters structured around the presentations made by the speakers at Africa Day will be published later this year.



CCS at Scramble for Africa Workshop – 10th-12th June 2007

Sanusha Naidu and Hannah Edinger attended *The New Scramble for Africa* workshop hosted by the Dag Hammarskjold Foundation (Uppsala), the Nordic Africa Institute (Uppsala) and the Institute of Security Studies (Pretoria) in collaboration with the Friedrich Ebert Stiftung (South Africa). The workshop, which took place from the 10th-12th June 2007 on the south coast of Durban (South Africa) was a roundtable discussion based on a book publication that seeks to develop new conceptual and empirical understanding of the current trends and implications underpinning the resurgence of interest in Africa's resources, its position in the global economy and engagements with emergent powers from the South. As part of the Centre's contribution towards this important volume of work, Ms Naidu is

contributing a chapter on India's growing linkages with Africa while Dr Martyn Davies is co-authoring the China-Africa chapter with Elijah Ntuli.

CCS hosts PRC Deputy Minister of Education – 12th June 2007

On 12th June the Vice Minister of the Ministry of Education of the People's Republic of China (PRC) Prof Yuan Guiren visited Stellenbosch University as head of a delegation of eight senior Chinese government officials. The delegation was received by Vice-Principal for Research Prof Walter Claassen and the Executive Director of the Centre for Chinese Studies Dr Martyn Davies. The delegation visited South Africa to examine the country's education facilities, identify potential areas of cooperation, and to increase understanding and strengthen relations between the PRC and the Republic of South Africa.



CCS meets Chinese delegation at Cape Town Book Fair – 17th June 2007

Ms Hannah Edinger and Ms Sanusha Naidu met with a Chinese delegation from China Book International at the International Book Fair held at the Cape Town International Convention Centre on Sunday, 17th June. The delegation donated 150 books to the Centre for Chinese Studies to be used for knowledge building on China's history, language and culture. The CCS would like to thank Ms Anna Chen and Mr Bruce Gu (South Africa-China Economic & Cultural Exchange) for facilitating this meeting.



CCS hosts Dr Rizal Sukma – 21st June 2007

On Thursday, 21st June the CCS in association with the Embassy of the Republic of Indonesia hosted a lecture by Dr Rizal Sukma on "ASEAN and the New Emerging Regional Order in East Asia". Dr Sukma is Deputy Executive at the Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia. The CCS would like to thank Dr Sukma for delivering a very informative lecture and would also like to thank Justice Rubin, High Commissioner of Singapore for delivering a welcome note. A brief presentation by the Museum of the Asian-African Conference followed the lecture. For more information on the Museum please visit www.asianafrican-museum.org.



Contact Us

Centre for Chinese Studies
University of Stellenbosch

Editorial Team:
Hannah Edinger
Johanna Jansson

Tel: +27 21 808 2840

Fax: +27 21 808 2841

Email: ccsinfo@sun.ac.za

Website: www.ccs.org.za

© 2007 Centre for Chinese Studies, University of Stellenbosch

