



**The China Monitor**








**November 2006**

Issue 13



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

**Editorial**

Few countries can host foreign guests like China can.



Three days before the Forum on China-Africa Co-operation (FOCAC) summit was held in Beijing the skies over the city were drab and polluted – typical in Chinese cities. Somewhat miraculously, they were sunny and blue when the forty-one African Heads of State arrived. The Chinese government did the same that it had done when the International Olympic Committee arrived in Beijing to evaluate the city as a contender to host the 2008 Olympics - it ordered half-a-million government-owned cars off the road and temporarily shut down all large polluting factories within a designated radius of Beijing.

Africa's geo-strategic relationship is rapidly shifting away from the West toward the East – focused on China. China's commercial engagement with Africa is challenging the vested interests of the former colonial powers. The burgeoning relationship holds out a great deal of opportunity for Africa.

China's engagement strategy toward Africa is a long-term one. But Africa's strategy toward China is *ad hoc* and fragmented. Even Africa's regional associations do not have common positions on how to engage China. It is imperative that African states gain an understanding of how to leverage China's commercial and political interests in the continent.

Europe regards Africa as a developmental burden whilst China sees Africa as a commercial opportunity. The strategies of engagement are different but the outcomes will be the same unless African governments and private sectors learn to better engage China and channel its attention in the continent toward development, not commercial exploitation.

A handwritten signature in black ink, appearing to read 'Martyn J. Davies'.

Dr Martyn J. Davies

Director, Centre for Chinese Studies

## Commentary

## Who was the Real Winner in China?

By Sanusha Naidu and Lucy Corkin

Following the conclusion of the third ministerial meeting and the first heads of state summit of the Forum on China-Africa Co-operation (FOCAC), analysts and commentators are asking one crucial question: who was the real winner?



With China pledging to a variety of commitments to cement trade and investment ties, mutual political interests and humanitarian benefits, Africa does look to have emerged victorious from the three-day deliberations. Clearly, if Africa is to pursue a path of sustainable development, then the words of Ethiopian Prime Minister, Meles Zenawi at the summit could not be truer: "Our main challenge now is not fighting colonialism but fighting poverty and backwardness and achieving economic independence."

No doubt, the outline of China's development assistance to the continent over the next three years, until the next FOCAC summit in Egypt in 2009, appears to be just the kind of injection the continent needs to reverse its development challenges. And Chinese President Hu Jintao's speech at the

**"..fighting poverty and backwardness and achieving economic independence is Africa's main challenge..."**

summit, unmistakably, provided the new impulse to Africa's development assistance needs.

The multibillion-dollar development package includes the following promises: US\$3 billion in preferential loans and US\$2 billion in preferential buyer's credits over the next three years; the doubling of its 2006 aid assistance by 2009; initiating a China-Africa development fund that will reach US\$5 billion to encourage Chinese companies to invest in Africa; increasing the preferential zero-tariff treatment of more than 440 from 190 products; the training of 15000 African professionals; the setting up of 10 agricultural technology

demonstration centres on the continent over the next three years; the building of 30 hospitals and US\$37.5 million in grants to help fight malaria; the dispatching of 100 senior agricultural experts, the building of 100 rural schools and to increase the number of Chinese government scholarships from 2000 to 4000 by 2009 for Africans to study in China.

In addition, Hu pledged that China would forgive all interest-free loans that matured at the end of last year owed by the most heavily indebted and underdeveloped African nations. While it was certain that FOCAC would broadly cover and expand on these issues, it is worth noting that a new dimension to the relations was added in order to strengthen co-operation between Africa and China.

In what could be interpreted as China's growing awareness of the risks associated with the negative image its companies are conveying on the continent with regard to environmental malpractices, the Chinese government committed, among other things, to step up co-operation in capacity building,

prevention of water pollution and desertification, maintenance of biodiversity and the development of environmental-protection and demonstration projects.

Moreover, Premier Wen Jiabao assured African entrepreneurs attending the summit that projects under the auspices of Chinese firms would be conducted in an “open, fair, just and transparent” manner — another reference to what has been a contentious issue in China’s engagement with Africa and the need to assuage such concerns.

So what does this all mean for the future of China-Africa co-operation? Undoubtedly, at the summit the Chinese government sent out a clear message as to where relations between itself and the continent are heading. Of course, for African governments it means that its developmental landscape has been broadened to include an important global partner who has the capacity to treat Africa as an equal partner.



But, this is not to overlook the caveats. Whether FOCAC affords Africa real benefits can be determined only over time. Important in this regard is that African governments and continental

**“..the onus rests upon African leaders to push the development agenda..”**

institutions set up the appropriate mechanisms and instruments to differentiate the real gains from the promises. It is for African governments to ensure that these gains are translated into viable development practices on the ground. At a cursory glance, it is very easy to become heady with the emergence of a complementary development partner but if Zenawi’s words are to be realised, then the onus rests upon African leaders to push the development agenda to the next level.

If there is to be a real winner from FOCAC 2006, then it should definitely be the people of Africa, especially with regard to uplifting their livelihoods. But only time can be the judge of that and success will be measured at FOCAC 2009.

*Sanusha Naidu and Lucy Corkin are Research Fellow and Projects Director respectively at the Centre for Chinese Studies, Stellenbosch University. This article first appeared in Business Day on 9<sup>th</sup> November, 2006.*

## Letter from China

### FOCAC 2006

*By Thomas Orr*

‘China-Africa meeting is very important occasion in Chinese history’, said my cab-driver as we drove to the opening function of the Forum on China Africa Cooperation (FOCAC) 2006. He went on to point out how there were so few cars on the road (800, 000 of Beijing’s 3 million cars were kept off Beijing’s streets during FOCAC); that the sidewalks were unusually clean (a product of the municipal

government's campaign to give the city a face-lift); and that the air was clear and the sky blue (reportedly, Beijing's larger factories had been ordered to close down for the duration of the Summit.) In my two years living in Beijing I had never seen the city look so attractive – a very important occasion in Chinese history indeed!



On the 4-5 November 2006, 41 African Heads of State and 7 high-level African representatives met with the Chinese leadership to take China-Africa relations to a higher level. At the end of the Summit, China and Africa adopted the sector-specific Beijing Action Plan (2007-2009), based on the shared imperative to 'promote friendship, peace, cooperation and development', and to 'advance the new type of strategic partnership between China and Africa'. Although this auspicious occasion was dominated by the usual focus on high-level protocol, the Chinese did make a strong show of how seriously they take this new type of strategic partnership with Africa. In his opening address, Chinese President Hu Jintao announced eight concrete goals which were generous and ambitious and underlined the growing role China envisions playing on the African continent.

This role certainly has the potential to be mutually beneficial. President Hu Jintao highlighted how China aimed to quadruple its own GDP between 2000 and 2020. In the light of this unprecedented economic growth story, the renewed China-Africa relationship is significant as China will of course rely increasingly on Africa for its energy and raw material needs. It could also mean that Africa will see increased inward investment and growing non-mining exports.



**“..it emerged that some African and Chinese leaders had differing views...”**

However, during FOCAC it also emerged that some African and Chinese leaders appeared to have differing views about China's role in Africa. Chinese leaders spoke of building schools, hospitals and bridges, while African leaders spoke of investment in developing oilfields and copper deposits and building airports and ports. No Chinese speaker mentioned China's appetite for African oil.

Other pertinent questions were raised by members of the South African business delegation attending the Summit: What is the Union of African Chambers of Commerce, Industry, Agriculture, and Professions (UACCIAP)? Is the newly formed China-Africa Joint Chamber of Commerce going to serve as an appropriate channel through which to promote China-Africa economic linkages? Why didn't the NEPAD Secretariat play a more central role in representing a united African front at FOCAC 2006? Why was Spanish one of the languages which Chinese speeches were translated into while Swahili was not even available? Why was there a massive billboard along the highway showing a Papua New Guinea man in traditional attire with the words: 'Africa – land of myth and mystique'?

Despite all the 'equal partners' rhetoric from both sides during the Summit, China's leaders spoke only of how China can help Africa's development, neglecting to mention how African countries can help China with its own development.

These subtle elements were not missed by the eyes and ears of African participants and journalists. The current China-Africa trading profile has many of the characteristics of a colonial-era North-South relationship. And despite the charm and friendly rhetoric employed by the Chinese during FOCAC, African leaders do well to remember that there is no such thing as a free lunch. Perhaps African leaders should shoulder some of the blame for not being pro-active enough in asserting Africa's position at FOCAC 2006 and in the broader China-Africa relationship. History has shown that both African and Chinese leaders employ a good degree of pragmatism in their foreign policy. The Chinese are masters of using a combination of well-directed rhetoric and pressure to assert their national interests. African leaders should be brave enough to do the same in this context.

South Africans and Africans alike should be proud of President Thabo Mbeki. During his FOCAC address he underlined how South Africa was prepared to help China in its own development challenges by investing and transferring technologies to China. South African companies are playing important roles in developing China's mine safety framework; satellite television infrastructure; and coal-to-liquid capacity. South African companies are also significant investors in China, having invested twice as much in China as Chinese companies in South Africa.



Was FOCAC a success? On a political level, it was a huge success. The Chinese turned on the charm to reinforce the strong Sino-African friendship at a time when some African countries have started to question the 'mutually beneficial' basis of the relationship. African leaders, for their part, were able to extract some tangible benefits according to President Hu Jintao's eight goals listed above. Both sides are also adamant that the Summit reinforces a shift away from dependence on the unequal North-South relationships both sides historically have had with the West. But on a broader level, FOCAC's success depends on how strongly African governments and business leaders leverage this political rhetoric.

FOCAC 2006 would have been a success if it facilitated increased economic, social and cultural linkages over and above those which would otherwise have taken place, and that are directly beneficial to the impoverished peoples of both sides. If FOCAC 2006 facilitated investment deals over and above the US\$1.9 billion worth of deals signed at the Summit; if participating entrepreneurs from both sides sets up small manufacturing, services and trading businesses in each others countries; if more students from African countries have an opportunity to study in China; if tariff reductions lead to a real increase in Africa's non-mining exports; then only would FOCAC 2006 have been an African success. Otherwise my cabdriver will merely remember FOCAC 2006 as the time when the streets were empty and the sky

**“FOCAC’s success depends on the strength of African governments and Business leaders”**

was blue and Beijing's citizens practised their routine for hosting a high-level international gathering before the next very important occasion in Chinese history in 2009.

*Thomas Orr is the China Representative for the Centre for Chinese Studies. He is based in Beijing and is currently reading for a Masters in Finance at Peking University. Thomas is a recipient of a Chinese Government Scholarship.*

**Business Briefs**

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

**China, EU cooperation on SMEs vital**

European Union Trade Commissioner, Peter Mandelson, has called for greater cooperation between Chinese and European Small and Medium-sized Enterprises (SMEs). He said that this will strengthen both China and the EU. SMEs make up 99% and 75% of firms in the EU and China respectively.



Mandelson expressed interest in gaining greater access into the Chinese market for the EU's financial-service providers and SMEs. Good communication channels were essential in establishing and developing economic relations between Europe and China according to Wan Jifei, Chairman of China International Trade Promotion Committee.

Pollution Control of Electronic Information Products, will be implemented in March next year. EU regulations place legal responsibility for demonstrating compliance on the producers of finished electrical or electronic devices.

**China raises reserve ratio to curb investment boom**

China's Central Bank has raised the amount banks must keep as reserves for the third time this year from 8.5 to 9% in an effort to curtail a credit-fuelled investment boom. The move will reduce the amount banks have available for lending. Premier Wen Jiabao stated in October that China would control lending to cool growth that has led to overcapacity in the steel and car industries.

**China to raise green bar to meet EU mark**

China will enact new standards to help Chinese electrical and electronic product exporters meet strict environmental regulations set by the European Union that have become a barrier for Chinese manufacturers looking to



extend their overseas business. The General Disassembly Requirements for

Testing Hazardous Substances in Electrical and Electronic Products standard will go into effect next month and the Regulation for

**Canadian banks make haste slowly in China market**

China's banking sector has to be deregulated by 11<sup>th</sup> December 2006 as part of its World Trade



Organisation commitment. Canadian business leaders are concerned that China will not fully open its banking sector to foreign banks by the deadline because certain issues, in particular, the final criteria of foreign licences for retail banking in China remain unresolved by the Chinese government. The Chinese banking sector has been approached by foreign

investors with a total amount of US\$23 billion. However, China has restricted them to minority holdings. Foreign investors are looking forward to a comprehensive deregulation of Chinese banking sector.

**China approves rules on foreign banks** The China State Council approved draft rules on foreign banks operating in the country. According to state media, citing the China Banking Regulatory Commission, the final rules are likely to keep a draft requirement that foreign banks cannot take any deposit smaller than 1 million yuan, or US\$125,000. The rules are also likely to stipulate that overall lending cannot exceed 75% of deposits. Foreign bankers are concerned that this will hinder business but the regulatory commission says the rules were meant to encourage foreign banks to register as local corporations within China, rather than establishing branches to deal with Yuan business.

**China to raise consumption tax on some luxury goods** Mr.

Wang Li, Vice Director of China's state administration of taxation indicated its intention to raise taxes



on certain luxury goods as well as implement new taxes on other goods. Taxes will be imposed on luxury products such as golf equipment, yachts and some brand-watches. The administration felt that this would ensure the successful completion of the country's reform in consumption tax system. Tax collection in the first 9 months of this year (142.85 billion Yuan) was a little lower than that last year (163.43 billion Yuan).

**China's Zijin may bid for copper deposit in**

**Peru** Peru's fourth largest copper deposit has the interest of Chinese Zinjin Mining Group Co. which if they successfully bid for the Michiquillay deposit, will cost US\$700 million to develop according to Peruvian state agency promoting the country's private investment. Zijin's stock is currently estimated at a market value of HK 50.1 billion owing to domestic and overseas investments. However, some obstacles remain the company's lack of experience in merger and acquisitions as well as complex government approval procedures associated with international investments.

**GM investing in China plants to rev up sales** China is home to the world's third largest car market and US Company, General Motors (GM) is turning to China as sales in the US

and other western markets decline. Sales on their newly introduced models are progressing well



among Chinese consumers and more than 645,000 cars alone were sold in the first 9 months of the year. GM is looking to expand its Chinese market and plans to spend US\$3 billion as part of its business strategy. Sales by GM and local joint ventures were estimated at 36.7% in the first three quarters of this year.

**Wen urges closer relations with ASEAN countries** During the Sino-ASEAN meeting

Premier Wen Jiabao called for speedy progress on the establishment of a free trade area (FTA) planned for 2010 but is expected to be ahead of schedule. Until then, cooperation would be enhanced in areas of agriculture, information industry, Mekong River Basin

development, transport, energy, culture, tourism and public health. Premier Jiabao, indicated China's contribution of US\$2 million to ASEAN, as well as US\$1 million to the ASEAN Development Fund and to projects under the Initiative for ASEAN Integration respectively. The ASEAN region is China's fourth largest trading partner.



**Lenovo net profit falls in first half**



Lenovo Group, the biggest personal-computer maker in China has reported a drop of 53% in its first-half profit. The company faces stiffer competition in China, where Dell and Hewlett-Packard are cutting prices and raising production. Lenovo has expanded into mobile phones to try to increase profit as it integrates the PC unit the company bought in May 2005 from IBM for US\$1.25 billion. The purchase made the Chinese company the world's third-largest computer maker and increased its distribution and sales network to 160 countries. It also has the right to use the IBM brand for five years. Lenovo introduced its own branded computers outside China in February.

**Central bank admits buying yen**

The People's Bank of China, which holds US\$1 trillion in currency reserves, has



been buying yen, according to Deputy Governor Wu Xiaoling. She said China has been holding Japanese yen in its foreign exchange reserves for many years but would not say whether buying had increased. China

is diversifying its reserves, about two-thirds of which are in dollars. The nation's investors own US\$339 billion of Treasuries, the second-largest overseas holding after Japan. "China may also diversify into Euros, South Korea's Won and the British pound, which are the currencies of the mainland's biggest trading partners," according to Ha Jiming, Chief Economist in Beijing at one of the nation's largest investment bank.

**China emerges as fourth largest business travel market**

A survey released by American Express points out that China became the fourth biggest business travel market in the world after the US, Japan and Germany. While salaries head the list of corporation costs, travel and entertainment became the second largest controllable expenditure. Growth is mainly driven by the domestic market need to acquire new clients and maintain networks. In 2005, Chinese Corporations spent US\$7.41 billion on air travel. Manufacturing, in particular, has been the sector with the largest business travel spending and growth.



**China's trade surplus hits new high in October**

China's trade surplus reached US\$ 23.8 billion last month, up from US\$15.3 billion in September according to the General Administration of Customs statistics. Exports for October amounted to US\$88.1 billion, over US\$64.3 billion of imports. Total trade surplus has reached US\$133.6 billion in the first 10 months of 2006.

**Sinosteel predicts US\$8.9 billion sales in 2007**

State-owned Sinosteel hopes to increase

its annual sales revenue to US\$8.9 billion in 2007 based on rapid growth of sales income, which is expected to reach US\$6.3 billion this year according to Huang Tianwen, President of Sinosteel. Sinosteel is the only enterprise so far in China with a complete industrial chain capable of providing all services for every process of the steel industry. During FOCAC Sinosteel reached an agreement with South Africa on a chrome ore mining project. The company now operates a joint venture with South Africa Limpopo Province Development Corporation, ASA Metals, which includes a mine with an annual output of 400,000 tons of chrome ore and a smelting plant producing 120,000 tons of ferrochrome a year.

**Chinese energy companies record higher profit**

Top energy companies in China are posting strong earnings. CNOOC says its oil wells are producing more crude oil, especially from its South China Sea projects, contributing to greater revenues. CNOOC Chairman Fu

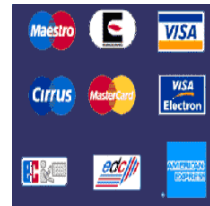


Chengyu says oil and gas revenue increased by 36.4% in the first nine months of 2006 from the same period last year. Profit rose 25% to US\$2.3 billion in the three months ending in

September compared to the same period last year. Sinopec, Asia's biggest oil refiner, says year-on-year profit jumped more than 50%, to US\$1.6 billion, for the three months ending in September. Malaysia's Petronas, has reached a 25-year deal to supply three million metric tons of liquefied natural gas to Shanghai LNG Company.

**First Data to launch ATM services**

The US electronic payment processing company, First Data Corporation, is planning to launch its first ATMs in China in a major expansion of its services in the country. The first card will provide banks and other financial institutions with card issuing and outsourcing services and it plans to launch ATM



service within the next 6 to 12 months. At present the company only provides a card-processing service in China. Its clients include the Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China International and China Everbright Bank. China's total bank card transaction volume amounted US\$595 billion in 2005.

Sourced from: Reuters, Bloomberg, FEC, Beacon Journal, Forbes, International Herald Tribune, Globe and Mail, Shanghai Daily, The Hindu, Xinhua, China Daily, VOA News

## China & Africa

The latest updates on Chinese activity on the African continent.

**Winning friends and influence in Africa** As China hosted the Forum on China Africa Cooperation (FOCAC), it hoped to assure critics of its good intentions when dealing with Africa. The two day Beijing summit was aimed at highlighting China's role of benefactor in Africa, thereby promoting the country's development model and foreign policy doctrine. Although diplomatic ties date back 50 years ago, the last six years have been significant in promoting bilateral trade and intensifying cooperation with Africa, developments which provided a background for this years meeting. As of last year, investments in Africa totalled US\$6.72 billion, while bilateral trade stood at US\$40 million.



**Chinese president guarantees permanent assistance to African countries** During the opening of the Sino-African summit in Beijing earlier this month, President Hu Jintao spoke to some of Africa's top delegates on China's availability to strengthen cooperation relations with the countries. Hu Jintao stressed that as much as it was important for China to reinforce its solidarity with the African countries, it was even more important for African economies to ensure that solidarity and cooperation between them was harmonized. President Jintao viewed this as a major contributor to the establishment of a new, political, economic and social order for the Sino-African relations.

**Action plan outlines closer China-Africa cooperation in education** One of the outcomes of the Beijing summit was an action plan focused on promoting cooperation in education between China and Africa. Proposals poured in to establish more Confucius institutes to meet local demand in the Chinese language; while similarly, China would encourage its universities to teach more African languages. Expanding Sino-African relations have highlighted the importance of language for both regions and China has since pledged to assist in the construction of schools in Africa's in rural areas in the next three years and double the number of Chinese scholarships by 2009.

**China wants more Africans in UN agencies** African leaders called for increased representation in UN agencies, this was the declaration released at the end of their Forum in Beijing. They urged the UN to strengthen its role through reform and pay greater attention to development issues that affected the continent. President Jintao expressed China support towards this cause and conveyed to the international community that there was more encouragement and support required to enable a peaceful and developing Africa. Increased official development assistance, market access and debt relief were essential in achieving this objective, the declaration stated.

**First repair phase of Gangelas Dam ends January** Chinese contractor, Sinohydro will complete the rehabilitation work at the Angolan Gangelas Dam in January 2007. The project is estimated at US\$28 million and located in the Southern province of Huíla .The completion will pave way for the second phase which involves the installation of a small hydraulic system with a capacity of two megawatts. The water supply will serve the country's municipality and surrounding areas.



**Angolan Planning Minister says China cooperation strengthened** The visit by Angolan Prime Minister to China was seen as a factor that led to the strengthening of relations between the two countries, Planning Minister, Ana Dias Lourenco said. It followed that a high level delegation met during the Sino-African summit on issues pertaining to the strengthening of bilateral cooperation and Angola's participation in the Sino-African Cooperation Forum. The Angolan delegation visited the cities of Shanghai, Beijing and Shenzhen known for their cosmopolitan attributes and business opportunities.

**China finances cotton production project in Angola** China will finance a cotton project worth US\$40 million and expected to benefit over a thousand Angolan families residing in the province of Kwanza Sul. The project is being re-launched to take effect next year. More than 5,000 hectares will be utilised for this purpose and other companies such as



Samsung Corporation and Hanil Engineering & Construction from South Korea will participate. Kwanza Sul was the second largest producer of cotton after the Malange region in Angola during the colonial period.

**China writes off Zambia's US\$211 million debt** China had pledged to write off US\$211 million owed by Zambia. This was announced by President Levy Mwanawasa in Beijing after private talks with Chinese President Hu Jintao. This includes the debt Zambia incurred to build the Tazara railway line that China built in the 1970s to link Zambia's mineral-rich Copperbelt region and the port of Dar-es-Salaam to ease the transportation of Zambia's copper to the markets in the West and China. Chinese investors also signed an agreement with Zambian authorities to construct a new US\$200 million copper smelter capable of producing 800,000 tons of copper.

**China to invest further in African copper production** China Non-Ferrous Metals Mining (CNMC) Company will invest US\$500 million over the next three years to construct a non-ferrous industrial zone in Zambia's mining town of Chambishi on the copper belt. Construction of a US\$220 million (revised) smelter with a production capacity of 150,000 tons of blister copper per year and said to create 1,000 new jobs has already began. This development will increase Zambian blister copper exports by US\$450 million and increase annual output to 800,000 tons with a goal of one million tons per year by 2010. Some of the other CNMC investments in Zambia include a copper concentrate company and a leach and acid plant also in Chambishi.



**China to Give Uganda US\$120 million for ICT Dev't** The realisation of developing infrastructure for Uganda's national information communication technology (ICT) will



materialise after China conveyed a US\$120 million loan for the project during the FOCAC conference in Beijing. This is just one

of the 2,500 deals that were signed with other African countries. Uganda's ICT development will ensure efficiency and competitiveness in the provision of the services. The Ugandan government also wants to ease communication within the population and the rest of the world, which may in turn boost trade relations between the countries.

**China's Sinosteel to buy 50% stake in South Africa chrome mine**



China's biggest chrome importer, Sinosteel Corp, has signed a deal worth over US\$200 million to buy a 50% stake in a chrome mine and a chromite processing plant held by South Africa's Samancor Chrome Co. The deal, signed during FOCAC, would have to be approved by the National Development Reform Commission (NDRC). According to Samancor Chrome's Chairman, Danko Konchar, the two parties will set up a joint venture, Tubatse Chrome Co. that will have annual chrome production capacity of 280,000 tons.

**Sasol's China plants scheduled for 2012** As a substitute to China's increasing appetite for oil imports, two coal-to-liquid (CTL) plants will be developed in Shaanxi province and Ningxia Hui autonomous region, by South African chemical



and fuels giant, Sasol and could be operationally already by 2012. By producing synthetic fuels from coal these will trim down China's annual imported oil consumption by some 55 million barrels. At present imported crude oil volumes stood at 803million barrels for this year until September. At the going rate this will top 1 billion barrels by the end of the year. Increased coal utilisation in coal-rich nations is forecast for the future. These include India, China and the United States, all of which are in discussions with Sasol at present to lessen their energy dependence on oil imports.

**China buys Oppenheims' 1.1% Anglo stake**

China Vision Resources, controlled by Chinese tycoon



Larry Yung has bought a third of the Oppenheimer family's shareholdings in mining giant Anglo American. The sale of the 1.13% stake by the company's founding family was estimated to be worth US\$806 million. The Oppenheims will retain 2%. Mr Yung is Chairman of Hong Kong-based conglomerate CITIC Pacific and is one of the richest men in China.

**Africa benefits from Asia's fast-growing giants China and India, World Bank says**

A World Bank study states that Africa is "reaping the fruits of a new silk road" through its interaction with the Asian giants. Statistics show an increase in the amount of African exports destined for Asia 27% now, compared with 14% in 2000 and even triple when compared to 1990. This is a development that is seeing the share of exports to European Union member countries



decline. African imports also increased to 18% between 2000 and 2005 compared to 13% in 1990 and 1995. While investment on the continent was concentrated on raw materials, mining and oil sectors, the giants were diversifying to other areas notably, apparel, food processing and commercial real estate.

**Nigeria proposes Africa-China bank** In the aftermath of FOCAC, Nigerian President Olusegun Obasanjo proposed the foundation of a new regional institution, the Africa-China Bank, to enhance investment between both Africa and China. Thus, Nigeria considers hosting a meeting on this issue so as to make the proposal realistic Obasanjo said.

**Nigeria, China ink US\$8.3 billion rail contract** China and Nigeria have signed a US\$8.3 billion agreement to develop and modernise Nigeria's railway. A high speed railway is planned to link Lagos and Kano, two economic centres of the north and south of the country. The deal was signed by the Deputy Transport Minister, Muhammad Aliyu, Chinese Construction Company, CCECC and an Italian consultancy firm. A substantial amount of a US\$2.5 billion loan facility provided by China would be used on the rail project, which according to the president of the CCECC, Lin Rongxin would employ about 50 000 Nigerians during construction.



**Telecom Company looks to Africa** Alcatel Shanghai Bell (ASB), a Chinese telecom equipment maker which is supervised by China's State-owned Assets Supervision and Administration Commission, regards Africa as future market in terms of telecom investments

as Zhou Tao, executive vice-president of ASB said in an interview. Zhou claims, thus, that Chinese banks, agencies and government should step in supporting African operators to set up telecom infrastructure in Africa. Africa's telecom market has experienced an increase of mobile phone subscribers in recent years; however, this development is mainly located in a few African emerging markets such as South Africa and Egypt.

alcatel.com.cn



**China's CNPC mulls oil pipeline projects in north, West Africa** China National Petroleum Corporation (CNPC) thinks about several pipeline projects in parts of Africa to upgrade infrastructure making transport of African oil easier. The projects considered by the Chinese become urgent due to China's growth and, thus, China's rise regarding oil demand. In September, oil imports of China reached 3.29 million barrels a day.

**More Chinese firms eager to invest in telephony** At least seven Chinese firms have expressed interest to invest in Nigeria. Two firms are very eager to join another Chinese communication company already operational in the telecommunications industry. Two firms enquired about plans for the Mambilla hydro-electric plant, financed by a substantial loan from China. Chinese investment in the Nigerian rural telecommunications industry will further cement the economic ties between the two nations that have been strengthened over the past 18 months, especially in the fields of



power supply, cultural ties and space technology.

**Zimbabwe-China to Hwange Rescue** China North Industries Corporation (Norinco) granted reprieve to the Hwange Colliery Company (HCC) after US\$6.3 million debt had accrued after the purchase of equipment early this year. Hwange Colliery received machinery, including two drilling machines, from Sweden, two shuttle cars from Joy Mining in South Africa, 10 terex dump trucks, two Atlas excavators and one Terex water browser from Norinco in China. The mining company said that production had doubled in its opencast and underground mines due to the purchase of the equipment. HCC is a strategic company in Zimbabwe on which most of the industries rely for provision of coal.

**Nigeria promises more oil to China if peace comes to Delta** The Wall Street Journal reported that China will be allowed greater access to crude oil imports from Nigeria if output increases to four million barrels a day over two years according to Nigerian oil Minister Edmund Daukoru. Output depends on controlling sabotage and theft of resources by militants. The report said that China sees Nigeria as a key part of improving its energy security by reducing the need to buy oil from the Middle East, however in the first nine months of 2006 Nigeria supplied 2.28 million barrels of crude to China, 75% less than in the same period of 2005.

*Sourced from: All Africa, Angola Press, Macauhub, Xinhua, The Tide Online, Business Report, Business Report, BBC News, Reuters, Manufacturing.net, Mining Weekly Online, Forbes, China Daily, Deutsche Presse-Agentur, Mail and Guardian, Business Report*



**The China Forum****Recent Events****🇨🇳 Conferences/Seminars/Workshops****South Africa's Relations with People's Republic of China**

Sanusha Naidu presented a paper on South Africa's Relations with People's Republic of China at the 49<sup>th</sup> African Studies Association Annual Meeting on (Re) Thinking Africa and the World: Internal Reflections, External Responses on November 16th-19th, 2006 in San Francisco, USA.

**Africa's Silk Road**

On 13 November, Centre for Chinese Studies and Wesgro co-hosted a round-table discussion with Dr Harry Broadman, author of the World Bank Publication "Africa's Silk Road". The event was attended by academics and businessmen. Following a presentation by Dr Broadman, a lively debate regarding China and India's engagement on the African continent ensued.

**FOCAC Conference in Beijing**

Dr Martyn Davies and Mr Thomas Orr, the CCS Representative in China, attended the Third Ministerial and First Heads of Summit of the Forum on China-Africa Co-operation in Beijing from the 3rd – 5th November 2006. The Forum saw 48 African states participate in the three day deliberations and China commit to a multi-billion development package to Africa.

**🇨🇳 Institute for Futures Research, Stellenbosch University**

Dr Martyn Davies presented at the IFR's annual conference on "The new scramble for Africa but this time it's from Asia". The presentation mapped out scenarios of China's and India's engagement strategies toward the continent over the course of the coming decade.

**🇨🇳 Publications**

China-African Relations: A New Impulse in a Changing Continental Landscape, submitted to Futures: The Journal of Policy, Planning and Future Studies in Germany (Sanusha Naidu with Daisy Mbazima).

Red Alert or Green for Go, by Sanusha Naidu in the Mail & Guardian, 10/11/2006

Sanusha Naidu was the special guest editor for the special issue on China in Africa of the Inside AISA Newsletter, October-December 2006, published by the African Institute of South Africa.

**Contact Us**

**Centre for Chinese Studies**

**Tel: +27 21 808 2840**

**Fax: +27 21 808 2841**

**Email: [ccsinfo@sun.ac.za](mailto:ccsinfo@sun.ac.za)**

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**Editorial Team:**

**Daisy Mbazima**

**Hannah Edinger**

**Katrin Schulze**

**Ruth Roberts**

