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China's Involvement in
Angola: Mutually beneficial
commercial pragmatism?

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Editorial

Beyond the usual political rhetoric, Angola has become a core strategic partner of China Inc. in Africa. It has also been amongst the largest recipients of Chinese investment on the continent. Despite the poor relationship between the Chinese Communist Party and the MPLA over most of the civil war period in Angola, their relationship is now grounded in commercial pragmatic realism.

Angola is strategically important to China for a number of reasons. First, its vast oil deposits tie in with China's national oil corporations' designs for pursuing oil assets to support its search for securing global energy security. Second, as an African west coast economy, Angola has great potential as a gateway to the region and most importantly to central Africa - in particular the DRC - where Chinese mining investment is currently being negotiated. Third, Angola is one of the most fertile agricultural regions in Africa offering great potential for commercial agricultural development. China Development Bank has already announced a US\$ 1 billion fund for investment in this sector.

Being a Lusophone economy, it is also less politically exigent for China to build a presence in Angola compared to Francophone and Anglophone African countries where the strategic interests of the former colonial powers are far more entrenched than in the Portugal-Angola case.

The keyword here is potential. Angola's economic progress will be underpinned by political stability and effective government management. China has recognized this potential and is investing accordingly. Due to its investment, Angola has become China's largest trading partner in Africa and its investment will continue to scale rapidly as a result.



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

Commentary

Angola's Relations with China in the context of the Economic Crisis

By Lucy Corkin

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“Despite Luanda’s determined policy to diversify both the Angolan economy and economic partners, in the wake of global financial uncertainty, China is considered a fallback in tougher times”

Angola is currently China’s largest African trading partner, with bilateral trade amounting to US\$ 25.3 billion in 2008, dwarfing even China’s trade with South Africa at US\$ 17.8 billion. Such strong trade figures are primarily on the back of previously high oil prices; currently more than 30% of Angola’s crude exports go to China. China has pledged to increase its oil exports from Angola, and it is hoped that an uptake in Chinese demand will mitigate flagging exports to other countries amid the global financial crisis. Indeed, it is widely believed that the Chinese government is taking advantage of the low oil prices to stock-pile commodities, and is increasingly looking to Angola as one of the larger and more reliable suppliers on the African continent. In April this year, China imported an additional 1.8 million barrels of crude oil for its strategic reserves, half of which it is believed came from Angola. This is part of a drive to increase the share of China’s oil imports sourced from Africa to 40% from its current standing at 30% in a bid to diversify away from Middle Eastern suppliers.

The plunge in oil market prices from a high of US\$ 147 to nearly a third of this figure has caused the Angolan government to consider revising the 2009 national budget’s oil benchmark from US\$ 65 to US\$ 45 per barrel. Angola needs an oil price of at least US\$ 46 per barrel to break even on its current account. As oil accounts for over 80% of exports and 57% of GDP, this may jeopardise the government’s plans to spend US\$ 42 billion on its reconstruction programme as government oil revenues are expected to drop 50% this year. The Ministry of Finance has stated rather ominously that it will cut 40% of all ‘running expenses’ in response to the global crisis, referring possibly to the extensive social projects initially planned. GDP growth predictions have been slashed from 11.8% to 3%.

In December 2008 President Dos Santos made a trip to China to ensure that Angola would still have access to Chinese funding despite the global financial crisis and the plummeting oil price. He managed to secure an additional US\$ 1 billion worth of financing from Beijing’s Exim Bank. This was during the second visit to China by the President in five months, despite his notable absence at the Forum on China-Africa Co-operation (FOCAC) in November 2006, which had



been widely interpreted as a political snub to the Chinese leadership. It may reflect the fact that despite Luanda's determined policy to diversify both the Angolan economy and economic partners, in the wake of global financial uncertainty, China is considered a fallback in tougher times. This is particularly as Angola's access to foreign capital is limited.

China Exim Bank has already extended US\$ 5.5 billion in concessional financing, although the World Bank has suggested that up to US\$ 8 billion in additional loans has gone unannounced. A new tranche of financing of US\$ 1 billion offered in March this year is a departure from previous loans as it is extended by China Development Bank. The size of the loans and the eagerness of several Chinese financial institutions to lend to Angola signify the strategic importance with which Beijing views Luanda as Chinese banks vie to engage with Angola to curry favour with the Chinese State Council. Furthermore, it is believed that China Development Bank's involvement is in part compensation for the fact that in late 2007 the Angolan Ministry of Finance had to bail out China International Fund Ltd (CIF) in the amount of approximately US\$ 3.5 billion by issuing treasury bonds. China International Fund had been involved in financing and constructing infrastructural projects under the National Office for Reconstruction. Refurbishment work on the Benguela Railway, CIF's erstwhile flagship project has since been resumed by China Railway 20 Bureau Group Corporation (CR-20) and is due to be completed in 2011.

It is clear that the global economic crisis has weakened the Angolan government's position financially, as the plummeting oil price has eroded foreign currency earnings. Luanda has thus lost substantial leverage against Beijing as Western oil majors and investors become more cautious. China's hand has thus been strengthening considerably as one of the few oil buyers in a position to increase its oil imports. Furthermore, China's considerable involvement in financing the Angolan government's projects places Beijing in a stronger bargaining position, particularly in the current economic climate and because the national reconstruction programme has been made a key political priority.

The Angolan government has always been fiercely protective of its sovereignty, eschewing an IMF structural adjustment package in 2004 for China's less conditional financing. Considered a 'quick-fix' at the time, Luanda was wary of allowing Chinese interests to hold too much sway in the economy. While the oil price was high, it was easy to play the newcomers off more traditional investors such as Brazil and Portugal, but as the financing has dried up in the past six months, so have the Angolan government's options.

"China Exim Bank has already extended US\$ 5.5 billion in concessional financing, although the World Bank has suggested that up to US\$ 8 billion in additional loans has gone unannounced."





Beijing on the other hand, has made known its intentions to facilitate further Chinese investments across the African continent. The US\$5 billion China-Africa Development Fund, which launched its Johannesburg offices in March this year, has released an additional US\$ 2 billion to finance Chinese ventures in Africa, particularly as other investors retreat. However, it is becoming clear that Chinese commercial actors are becoming more considered and restrained in their African investment choices. China's exposure to the cost and risks of investment in Angola has rendered the Asian country more cautious in its approach. Consequently, while Luanda is awash with Chinese capital, it is predominantly oil-backed loans, rather than green-field investments.

On the political front, relations between the two countries are pronounced as 'excellent' by diplomats from both sides, but there is a growing mutual wariness that the relationship which has burgeoned since 2004 is not without strings, for both parties. The hearty political posturing indicates that both China and Angola see each other as necessary strategic allies for the foreseeable future, but this may mask a marriage of convenience whose honey-moon period is decidedly over.

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Policy Watch

Chinese Construction in Angola: CITIC and the Kilamba Kiaxi Housing Project

By Carine Kiala

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Centre for Chinese Studies

On the suburban outskirts of Angola's capital Luanda, concrete structures are being erected in Kilamba Kiaxi. In August 2008, China International Trust and Investment Corporation (CITIC) and the Angolan government launched a US\$ 3.5 billion housing project spanning 880 hectares of land. In just eight weeks, two nine-storey buildings were erected - a record in Angola. Seven months later CITIC had erected nearly twenty structures, while simultaneously building an additional 200. The project reflects a sense of urgency that has strongly been emphasised at the top of Angola's agenda, that of national reconstruction.

There are currently over 5 million people living in Luanda – a city that was originally built to house only 500 000 people.¹ In the recent years, new suburbs such as Talatona have drawn some crowds out of the inner city, but nearly not enough. The Kilamba Kiaxi housing project will accommodate some 200,000 people. There are 10,000 workers on site who will see the construction of an entirely new district that contains 710 apartment buildings over 24 blocks – including 20,000 residential apartments and 246 business units. A total of 24 pre-schools, nine primary schools and eight high schools are planned around the town, all equipped with outdoor recreational sport fields. The area will gain two new electrical substations, 77 transformer stations, as well as water supply stations, a sewage treatment plant and infrastructure for drainage.

“CITIC has erected nearly twenty structures, while simultaneously building an additional 200”

Such an enormous project should offer an incredible opportunity for Angola to curb some unemployment and harness new skills. On the contrary, Chinese construction companies are notorious for their highly criticised labour practices – recruiting their own professionals and labourers. Furthermore, the labourers are migrant workers even in China, floating indefinitely from one contract to the next. In spite of the irony, CITIC does recognise that it is also an expensive model of business practice. For each labourer it must bear the cost of his/her return ticket, accommodation, healthcare, insurance and nearly triple the average salary than back home. However, substituting the Chinese staff with locals comes with its

Language barriers present major problems. Local recruits go through CITIC's intense four week training programme. The courses are in Portuguese and the safety procedures, posters and hazards signs have been translated accordingly, but the modus operandi is still Mandarin. In the office, as in the training centre, there often are two sets of interpreters – from Portuguese to English, then from English to Mandarin and vice versa. However, on site one notices another form of interpreting, which consisted of a mixture of speech perception, facial expressions and volume. Instructions are therefore not always clearly understood, which is a source of great frustration for the locals because their Chinese supervisors are then reluctant to delegate specialised tasks.

Reviewing the progress thus far, this housing project has already made quite an impression. The country's new National Urbanisation and Housing Programme was launched on April 13, 2009. It targeted the building of one million houses over the next four years. A few days later Angola's Minister of Public Works, Higinio Carneiro, led a delegation to China to reinforce bilateral cooperation¹. There is a growing list of Chinese firms providing services in favour of Angola's national reconstruction process. In early May, it was reported that Pan-China Construction Ltd was developing the new Dundo City, in the north-east of Lunda Norte Province. The new city will have nearly 200,000 new residences, over an area of five million square kilometres and 500 hectares. Like CITIC, Pan-China will also benefit from Angola's commanding and critically acclaimed *Gabinete de Reconstrução Nacional* (GRN).

All major projects rely on imported material, which in this case enter the country through Luanda's congested port. The city's port handles 1,500 tonnes per day, which is daunting considering most Chinese vessels carry nearly 20 times more tonnage¹. Over 30 ships are anchored outside the Luanda's port and the Chinese ones each take an average of 7-10 days to offload. With the help of the GRN, CITIC's experience at the harbour has been smoother than most. The GRN commands immediate submission and full access to all resources within the limits of the project. Therefore, in spite of the 5 month backlog at the Luanda port¹, CITIC has managed to offload 11 vessels over a six month period – an average of two per month. Even so, they have also resorted to sourcing and purchasing steel and gravel from local suppliers as well as from other projects when there are delays. Port officials forecast Luanda's port to process 6.6 million tonnes of cargo this year, a 10% increase from 2008¹. The GRN was established in 2005, during a period when institutional bottlenecks impeded on the delivery of services and execution of projects. Nowadays, the GRN also manages the country's large investment projects, reporting exclusively to the Presidency.



“Importing all of one's input products is a logistical nightmare with the added factor that Luanda's port is extremely congested”



The Kilamba Kiaxi Housing Project is the first phase of three for this contract signed between CITIC and Angola's government. The project shall be completed in 38 months, by October 2011. The details of the other two phases are still under negotiation.

- ¹ Interview with *Centro de Estudos Estrategicos de Angola* (CEEA – Strategic Studies Centre of Angola); March 2009, Luanda.
- ² *Agência AngolaPress* (2009), "Angolan delegation ends visit to China". Available on 19 May: <http://www.portalangop.co.ao>
- ³ See 'China's Engagement of Africa: Preliminary Scoping of African case studies. Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia. November 2007, Centre for Chinese Studies, <http://www.ccs.org.za>.
- ⁴ Interview, March 2009, Luanda.
- ⁵ *Africa Research Bulletin* (2009) 'Luanda port is to be revamped', Volume 45, Number 12.

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Business Briefs

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

China, Brazil seen as safer bets than U.S. stocks

Chinese and Brazilian stocks are likely to emerge as strong performers in 2009, bolstered by aggressive government stimulus plans, even as the global financial crisis mauls equity markets worldwide. They have, in fact, already become one of the biggest surprises so far this year, significantly outperforming the main U.S. stock indexes, a performance that underscores the shift in sentiment surrounding these once very risky markets. "The case for optimism comes from the fact that these countries entered today's global crisis with better initial conditions," according to Mohamed El-Erian, chief executive at Pacific Investment Management Co, or Pimco, the world's biggest bond fund manager.

Commerce Minister says China expects bigger overseas investment

China has doubled overseas investment in recent years and will make great efforts towards trade and investment facilitation by offering more financial support, simplifying the approving process and signing agreements with more countries. This is according to Mr. Chen Deming, China's Minister of Commerce at a press conference in Beijing on March 10 during the annual "two sessions" of NPC and CPPCC. He hopes that further progress on the "going international" strategy will boost external demand and China's exports, which will in turn boost the employment and demand at home.

China adds deflation threat to economic woes

China's consumer prices fell in February, adding the threat of deflation to the nation's economic woes, and officials warned the next few



months look grim as the global downturn worsens. The 1.6% year-on-year fall in the consumer price index, highlighted weakness in the world's third-largest economy, as exports and consumer demand cool. Such a decline, if it continues, can drag down growth if consumers put off purchases in expectation of lower prices, forcing companies to cut wages and investment.

China can lead world out of slump: U.N. adviser

China can lead the world out of the economic crisis thanks to its healthy foreign exchange reserves, robust trade surplus and massive investments round the globe, an adviser to the U.N. secretary general said. China has so far withstood the economic downturn better than Europe or the United States, though the slump in the United States and Europe has hurt its export sector hard, causing factory shutdowns and job losses. "They did not have as big a bubble as in the United States or Europe. China has got lots of foreign exchange reserves, it's got a trade surplus, it's got lots of investment. China has the wherewithal to start the recovery first. If that succeeds in this year, then that would spread to other economies."

China February Auto Sales Rise 25% After Tax Cuts

China vehicle sales surged 25% in February, the first gain in four months, after the government cut taxes on some models, helping the country extend its lead as the world's largest auto market this year. Sales of passenger cars, buses and trucks climbed to



827,600, the China Association of Automobile Manufacturers said today in Beijing. The tally in the first two months rose 2.7% to 1.56 million, compared with a 39% decline to 1.35 million in the U.S.

China has halved retail taxes on small cars and drawn up plans to give out vehicle subsidies in rural areas to revive demand after auto sales rose at the slowest pace in a decade last year.

China Shipping Dev may buy LNG business from parent

The parent of China Shipping Development Co may sell its LNG business with the parent of PetroChina to the listed vehicle, analysts said. The energy shipping firm would set up a joint venture to ship liquefied natural gas (LNG) with the parent of PetroChina. China Shipping (Group) Co, the state-owned parent of China Shipping Development, and PetroChina Co Ltd, Asia's largest oil and gas producer, have been in talks to form a joint venture to ship LNG, furthering Beijing's campaign to boost use of the fuel.



China mills demand 2007 iron ore prices

Shougang Iron & Steel, China's sixth-largest steel maker, said Chinese steel mills would only accept global iron ore prices close to the 2007 level, which would give both miners and steel firms reasonable profit margins. Chinese steel mills and big global miners are in annual talks to set term iron ore prices. Chinese steelmakers say the miners are dragging their feet, hoping for demand to recover.

China's Investment Surges 26.5% as Exports Plunge

China's investment spending surged as the nation poured money into roads, railways and power grids to counter a plunge in exports, which a separate report showed fell by a record in February. Urban fixed-asset investment climbed a more-than-estimated 26.5% in January and February combined to 1.03 trillion yuan (US\$ 150 billion) from a year earlier, according to the statistics bureau in Beijing. Exports tumbled 25.7%.



Chief energy official: New energy "a must" for China

Development of new energy should be established as an important strategy for China to address energy shortage and environmental woes, according to Zhang Guobao, head of the National Energy Administration. To develop new sources of energy has become an important strategy for many countries to fight for a dominance in the combat against climate change, and China should closely follow global developments in this area, beef up R&D of new energy technologies, and invest more in the industry, said Zhang.

China stocks up on bargain oil

China is forging ahead with an overseas spending splurge, snapping up resources especially oil at bargain prices and strengthening its long-term prospects for growth before Western



economies can bounce back. A series of high-profile energy deals and mining bids in the past month marked an end to the nervousness that appeared to impinge on Communist Party leaders at the outset of the global financial crisis. Attention has turned from hoarding foreign exchange reserves worth close to US\$ 2 trillion to locking up future supplies. Oil has emerged at the top of China's shopping list.

China to increase financial support for exporters, firms

China will increase financial support for exporters and companies investing overseas in a bid to minimize the impact of the global downturn on its economy, Prime Minister Wen Jiabao said. The country is facing its toughest economic prospects in years, said Wen in an annual address to parliament. "This economic slow-down has resulted in excess production capacity in some industries, caused some enterprises to experience operating difficulties and exerted severe pressure on employment," he said. An estimated 20 million workers in China's factories have lost their jobs as thousands of factories have shut down in response to weak demand for consumer goods in the West. GDP growth fell to 9% last year, down from 13% in 2007, and many analysts expect it to fall further in 2009.

Air China hopes for govt funds, pursues East Star

China's flag carrier Air China said it continues to hope for a government capital injection, as it vowed to press ahead with an acquisition despite being rebuffed. "We're still financially healthy, but of course we hope for government help," Air China Chairman Kong Dong told reporters during a ceremony to open its first office in Taiwan. "But even if we don't get any help, we'll still be able to weather the current crisis."



China issues new rules to promote, regulate outbound investment

The Chinese Ministry of Commerce issued regulations of overseas investment in a bid to encourage Chinese companies to be more ambitious on "going international" and improve their compliance with laws of host countries and their performance on corporate social responsibility. According to the rules, the Ministry of Commerce will only review applications for overseas investment at or above US\$ 100 million or investment in particular countries, including those without diplomatic relationship with China and other countries on a list to be issued. Investment involving more than one country or region or investment with special purposes is also subject to the approval of the Ministry of Commerce.

Halt of preferential electricity price to affect China's energy-thirst listed companies High energy-consuming Chinese companies listed on the Shanghai and Shenzhen bourses are expected to feel pains from the Chinese government's move to scrap preferential electricity price policies implemented by local governments. The National Development and Reform Commission (NDRC), the top planner, recently requested local governments to stop applying preferential electricity prices to high energy-consuming industries because such actions run against the country's goal in adjusting industrial structure and promoting technological upgrading. Since end-2008, some provinces in the central and western parts of China have trimmed their local electricity prices for high energy-consuming companies in a bid to shore up local economy.

Foreign Direct Investment in China Falls 15.8% on Global Crisis Foreign direct investment in China fell for a fifth month in February as companies trimmed spending to weather the worst financial crisis since the Great Depression. Investment dropped 15.8% to US\$ 5.83 billion from a year earlier, the commerce ministry said at a briefing in Beijing. That compared with a 32.6% decline in January.

Iran, China sign US\$ 3.2 billion gas deal State TV says Iran and China have signed a US\$ 3.2 billion gas deal to produce more than 10 tons of liquid natural gas. The deal was signed in Tehran between Iran LNG Company and a Chinese-led consortium, the report said. The Chinese company will build a line to liquefy gas in Phase 12 of the giant South Pars Gas Field in southern Iran.

China presses G20 reform plans China has increased the pressure on world leaders by calling for an overhaul of the global financial system. Chinese officials want a new global reserve currency and reforms of international financial institutions to give developing nations more power. The economic crisis has not affected China as badly as most Western nations, and analysts say this has given the country the confidence to push for change. World leaders will meet in April in London to discuss measures to tackle the downturn.

China's move to global standards damps protectionism China's gradual acceptance of global standards is improving and that transformation can help lower protectionism, U.S. product safety group Underwriters Laboratories Inc (UL) said. Keith Williams, UL's chief executive, said that China's product safety regulatory regime was improving, while the growth of Chinese brands globally was also raising awareness of the importance of product safety. India imposed last month a six-month ban on imports of Chinese toys due to safety concerns, but later relaxed the ban. India now allows such imports if they are certified by global safety agencies.

China steel prices drop

Chinese steelmakers chasing business from China's US\$ 585-billion stimulus package may have upped production too quickly and undercut their prices. Chinese steel prices are sliding since capacity



utilization increased from 75% to 90% over the last few months. China's largest steelmakers, Baosteel and Angang Steel, have restarted idle mills or plan to increase production, the newspaper said.

Sourced from: Xinhua News, Bloomberg.com, Reuters, Associated Press, Forbes.com, Reuters, People's Daily, CNN, Business Daily, Washington Times, Breakbulk, Istockanalyst.com.

China and Africa

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

South Africa sends first journalist covering China's "two sessions" South African Broadcasting Corporation (SABC) correspondent John Bailey received his first press card for the annual sessions of China's parliament and top political advisory body. It is the first time for South Africa to send a journalist to cover the "two sessions". "The two sessions will help me know China comprehensively, and I can cover China from an African perspective," Bailey told Xinhua. Bailey came to China last April and has been working as the first SABC correspondent based in Beijing.



China pledges to build Ndola stadium

The Chinese government has assured Zambia it will construct the 50,000-seater Ndola Stadium. The Chinese President Hu Jintao said his country is committed to improving sports infrastructure in Africa and will soon commence construction of a modern stadium in Zambia. Hu said that the Beijing Construction and Engineering Group Company would soon start constructing the stadium in Ndola. The US\$ 56 million stadium was largely funded with a grant from the Chinese government. Late Zambian President Levy Mwanawasa negotiated for the construction of a 45,000 capacity modern stadium in Ndola when he visited China in 2007.

Stanbic boosts China-Uganda trade Stanbic Bank has partnered with the Chinese businessperson in Uganda to boost trade between Uganda and China. The partnership resulted into the formation of the China Enterprises Chamber of Commerce in Uganda (CECCU), aimed at promoting trade and economic ties between the two countries. CECCU, which was launched last week, brings together over thirty Chinese firms operating in Uganda. "Stanbic already has a strategic partnership with the Industrial and Commercial Bank of China (ICBC), the largest bank by capitalization in the world. This puts us in a unique position to offer a number of products that make trading between Uganda and China easier, thereby saving time and money," he said.

Chinese FM discusses Darfur issue with UN chief over phone

Chinese Foreign Minister Yang Jiechi had a telephone conversation with UN Secretary General Ban Ki-moon on Darfur and other issues. The Chinese Foreign Ministry expressed its regret and worry about an arrest warrant issued by the International Criminal Court (ICC) for Sudanese President Omar al-Bashir on war crime charges. The ICC issued the warrant on Wednesday, accusing Bashir of orchestrating a campaign of genocide starting in 2003 in Darfur, a troubled region in western Sudan.



Angola is China's main partner in Africa in 2008

Angola has become China's main partner in Africa, with US\$ 25.3 billion invested in 2008, said Chinese professor Liu Haifang of the Institute of African Studies at the Chinese Academy of Social Sciences in Luanda. At the international conference "China in Africa", Liu Haifang said that the Chinese government has US\$ 42 billion available to help with development, just under half of the amount of trade between China and African countries in 2007, which reached US\$ 72 billion, according to Chris Alden of the South African Institute for International Relations.



Cnooc rises most in two months on Nigerian oil field

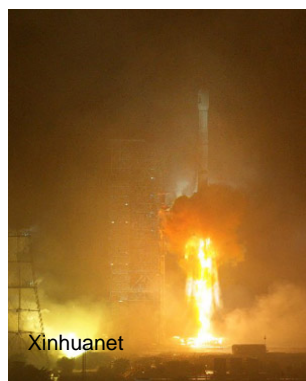
Cnooc Ltd., China's largest offshore oil explorer, rose the most in more than two months in Hong Kong trading after one of its oil fields in Nigeria started production ahead of schedule. The shares gained 7.4% to close at HK\$ 6.69, the most since 5 January, outpacing the 3% increase in the benchmark Hang Seng Index. Cnooc was also the biggest gainer on the 39-member MSCI Asia-Pacific Energy Index. The Akpo field, 200 kilometers off Nigeria's coast, has begun production and has estimated reserves of 620 million barrels of condensate and more than 1 trillion cubic feet of gas, according to Total SA, the operator of the field. Cnooc has a 45% stake in Block OML 130 in which Akpo is located.

Chinese investors to keep Zambian mining sector afloat: Minister Chinese investors will keep Zambia's mining sector afloat despite the global economic downturn, the Minister of Mines and Minerals development said in remarks published by the state news agency Zambia News and Information Services, or Zanis. Maxwell Mwale said Chinese companies continue to operate normally and have maintained their workforce despite massive layoffs at other copper mines in the country. Mwale also called upon Zambians to stop demonizing Chinese investors, who are accused by unions of having poor labor policies.

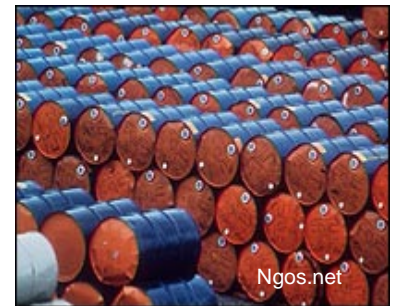
China deepens relationship with Africa More opportunities for Chinese investment into Africa are to open up soon, with the announcement that China is to bolster its China-Africa Development Fund by an additional US\$2 billion. The state-run equity fund has already invested in 20 projects, totaling a massive US\$ 400 million, in Africa since it was established in June 2007. The latest development will give Chinese enterprises added impetus to sink their funds into the continent, particularly in light of the withdrawal of Western investors, many of whom find themselves under financial pressure because of the global recession.

Angola: Chinese businesspeople plan to invest in Malanje Businesspeople associated to state Chinese investment group CITIC plan to invest in the Angolan Province of Malanje in the agri-livestock and industrial sectors, Angolan news agency Angop reported. Angop said that the delegation made up of businesspeople and officials from the CITIC and the China Development Bank, which funds projects, had met in the city of Malanje with provincial officials in order to obtain information about the province's potential, including its water resources, arable land, soil fertility and most important crops.

China to replace Nigerian satellite China agreed to launch a satellite for Nigeria in 2011 to replace the African country's defunct communications satellite. China Great Wall Industry Corporation (CGWIC) president Yin Liming said the new Nigerian Communication Satellite 1R (NIGCOMSAT-1R) will be launched from a Long March 3B vehicle at the Xichang Satellite Launch Center in Sichuan province in the fourth quarter of 2011. China will not charge Nigeria for the replacement satellite, which is designed to remain operational for 15 years.



China to add 1.8 mln barrels African crude to reserves China will import 1.8 million barrels of African crude in April for the government's strategic reserve, said a trade source familiar with the transaction, as it capitalises on low prices to add to already swollen state stockpiles. The purchase, news of which comes after an industry official said in early March that China's emergency tanks are already filled to the brim, may suggest that stock levels have begun to ease after two months of low crude imports.



China, France battle for the soul of Nigerian rail system Just as the Nigerian Government is still pondering on cancellation of the US\$ 8.3 billion contract for 1,315 kilometers Lagos-Kano rail project awarded to Chinese firm, CCECC, the French Government has indicated interest to participate in the rail modernization project. French Ambassador to Nigeria, Jean-Michel Dumond told the Minister of Transport, Alhaji Ibrahim Bio that his country was blessed with competent firms to undertake contracts for the construction of modern rail system and rehabilitations of the old gauges.



Chinese deputy minister heads delegation to Mozambique, Angola and Portugal China's Deputy Trade Minister, Jiang Zengwei, left for a trip to Mozambique, Angola and Portugal

to strengthen economic and trade relations between China and the three Portuguese-speaking countries. Rita Santos, Coordinator of the Supporting Office to the Permanent Secretariat of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking countries, stressed that "for the first time, a visit by an official of the Chinese Trade Ministry is supported by the logistical platform of Macau." Macau has been the link between China and the Portuguese-speaking world since 2003, hosting not only the permanent secretariat of the Forum, but also the ministerial meeting which takes place every three years.

Libya May Thwart China National's Takeover of Verenex Libya may exercise its right to buy Verenex Energy Inc., thwarting a proposed US\$ 394 million takeover of the Canadian explorer by China National Petroleum Corp. Libya is considering the acquisition of Calgary-based Verenex for "purely commercial reasons," Shokri Ghanem, chairman of Libya's state-run National Oil Corp., said in an interview in Vienna. The North African nation, which holds the continent's largest oil reserves, wants to increase its share of petroleum revenue as the budget is squeezed by oil's US\$ 100 decline from July's record. Verenex has assets in Libya that are worth "hundreds of millions" of dollars, according to Ghanem.

China-Africa Development Fund opens SA office The South African Department of Trade and Industry and the China-Africa Development Fund (CADF) signed a memorandum of understanding in Johannesburg recently. At the same time, the CADF opened its representative office in South Africa. South African deputy Trade and Industry Minister Elizabeth Thabethe stated that areas covered by the MoU included mining, energy, infrastructure and information and communications technology.



Zambia to raise stake in copper mines: report Zambia plans to raise its stake in all foreign-owned copper mines to 25% from 15% to have a bigger say in their running and prevent mine closures, Mines and Minerals Development Minister Maxwell Mwale said. Mwale did not give details of how the government would increase its stake. It was also unclear when the new rules would be enforced. Unions have urged the government to prevent job losses by taking a bigger stake in mining companies to exert influence and prevent mine closures. Mwale did not explain whether the government would compensate mining companies to boost its stake in mines, or if the state would enact a new law to increase its stake.



Angola/China Bilateral Commission meets The fourth session of the Angola-China Inter-governmental Bilateral Commission will gather in April in Luanda. According to a communiqué issued by the Foreign Affair Ministry, the meeting will be chaired by the Angolan deputy minister of Foreign Affairs, Exalgina Gâmbôa and by Chinese vice-minister of Trade, Jiang Zengwei. The meeting will assess bilateral relations between the two countries and draft future actions for the 2009-2010 period.

China appeals for comprehensive solution to Darfur issue "The issue of Darfur is multi-faceted and complex," Liu Zhenmin, China's deputy permanent representative to the United Nations (UN), told the council in a public meeting. He urged the UN Security Council to have "a comprehensive discussion on the issue of Darfur to develop an integrated strategy," and move ahead "in a balanced way in order to seek a comprehensive solution to the issue."

Over one hundred high-level visits boost relations with Portuguese-speaking countries Over one hundred high-level visits helped to boost relations between China and Portuguese-speaking countries in 2008, the best year ever for multilateral trade, with notable progress also made in cooperation and culture. Visits to Brazil and Angola by He Guoqiang, permanent member of the Politburo of the Communist Party of China were highlighted. As regards aid, China has strengthened its support within the framework of the Forum Macau and agreements have been signed for granting preferential loans to Cape Verde, for the state electrical grid project, and to the government of Mozambique for the purchase of agricultural equipment in the Zambezi Valley.

Sourced from: Xinhua News, Zambian Watchdog, NewVision, Bloomberg, Marketwatch.com, Financial Times, Yahoo News, Reuters, Southernafricadirect.com, China Daily, Vanguard.

The China Forum - Recent Events

USA-China-Africa Development Dialogue: CCS invited to host Seminar to focus on development in Africa – 18th-19th March 2009

The Centre for Chinese Studies hosted a “United States-China- Africa Development Dialogue” from 18th-19th March. Together with researchers from the University of California, San Diego and Peking University, social scientists, economists, policy makers and diplomats from the United States, China and Africa gathered at the Wallenberg Research Centre at Stellenbosch University to participate in discussions around development policies in Africa, implications for the continent, as well as its growth and development trajectory. The event was generously sponsored by the Ford Foundation.

The aim of the dialogue was to identify new and innovative ideas for future research focusing on African development. These ideas would serve to foster and create future collaborative research projects amongst the participants present.

The programme included an innovative approach to discussions, placing emphasis on the importance of participants experiencing development projects first hand. Various site visits to urban townships in and around Stellenbosch were conducted, with presentations given by numerous community leaders and entrepreneurs, to provide a more comprehensive understanding of development challenges and problems. Discussions during these visits focused on the community involvement towards sustaining the projects, while greater insight was given into the struggles associated with living in informal settlements.

A substantive research programme will be developed as a result of this event to form collaborative research projects amongst African, American and Chinese scholars.





CCS Hosts Book Launch in Beijing - 24th March 2009

On the 24th of March 2009 the CCS hosted the launch of the book "South Africa's way ahead: looking east". Ms Tebogo Lefifi, CCS China Representative attended the event, and Prof Ron Sandrey, CCS Associate Fellow and senior author of the book delivered a presentation on the its key research findings. The event was held at the South African embassy in Beijing and was attended by Chinese agricultural specialists, private sector companies and officials from The Ministry of Agriculture.

CCS Organizes China-Africa Seminar for EAC Executives - 16th March 2009

On 16 March, the CCS organized a strategy seminar for Executives of the East African Community (EAC) on China-Africa Co-operation at the EAC Headquarters in Arusha, Tanzania. The seminar was conducted by Mr Chris Burke and Ms Tracy Hon and was attended by among others the EAC Secretary General, Amb. Juma Mwapachu, the Deputy Secretary General in charge of Political Federation, Ms. Beatrice Kiraso, the Deputy Secretary General (Finance and Administration), Dr. Julius Tangus Rotich, the Deputy Secretary General (Projects and Programmes), Amb. Julius Onen and the Counsel to the Community, Hon. Wilbert Kaahwa. The seminar was aimed at exchanging knowledge, ideas and experiences on China-Africa cooperation. It was noted that currently EAC has no specific program with China and yet there are abundant opportunities available in the region in areas of trade and investment, tourism, science and technology, industries and infrastructure.

CCS at Opening of CADFund Office, Johannesburg – 16th March 2009

On 16 March, the CCS, represented by Dr Martyn Davies, Executive Director and Hannah Edinger, Economist, attended the launch of the China-Africa Development Fund (CADFund) representative office at the Sandton Convention Centre in Johannesburg, South Africa. The event was hosted by the CEO of the CADFund, Mr Chi Jianxin, with special guests including His Excellency, Chinese Ambassador to South Africa, Zhong Jianhua, as well as the Chief Governor of the China Development Bank, Mr Chen Yuan. The opening of the Johannesburg office, the first representative office on the continent, is aimed at enhancing the increasing relationship between China and Africa.

Health Seminar organized for Chinese health practitioners – 14th March 2009

In early February, the CCS was approached by RYTD Consultancy, run by Dr. Taryn Young who is a medical practitioner in the Western Cape. The CCS was asked to provide information and assistance that would be relevant to a group of health practitioners and experts from China, visiting Cape Town for the first time. The aim of the visit was to provide a platform for the Chinese delegates to gain insight and deeper understanding of the status of primary health care and related concerns in South Africa. In partnership with the Faculty of Health Sciences, the CCS was able to organise a seminar at the Faculty of Health Sciences, where the situation of Infectious Diseases, by Prof Jean Nachega and Infection Prevention Control by Prof Shaheen Mehtar was discussed at length.

China Forum – 26th February 2009

On 26 February, the CCS organized a lunchtime seminar at the Faculty of Arts and Social Sciences. The theme of the seminar was "China-South African Relations: Political development in South Africa". The seminar was presented by Professor Yang Lihua, Associate Professor Liu Haifang and Assistant Professor Liu Zhongwei, all from the Institute of West Asian and African Studies of the Chinese Academy of Social Sciences and visiting scholars at the CCS.



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