



# The China Monitor

Issue 23

Outcomes of the South Africa-  
China Bi-National Commission

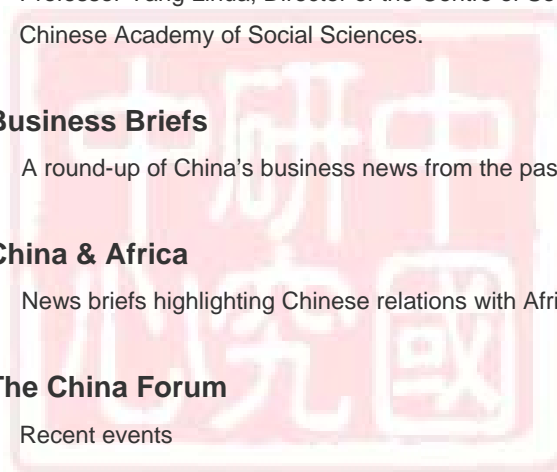
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CENTRE FOR  
CHINESE STUDIES

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## Editorial



In late September, the Bi-National Commission (BNC) between South Africa and China was held in Beijing. Both Governments describe each other as “strategic partners” but both sides have struggled to define exactly what the term “strategic” means. The BNC went some way to unpack the phrase strategic partner and elevate the relationship to a higher level.

Growing commercial ties between China and South Africa are contributing to the building of the strategic partnership. Some of South Africa’s leading multinationals have become major investors in the Chinese economy. Naspers is the dominant foreign player in China’s media sector; SAB Miller through its joint venture partner CRE is the largest brewer in China’s beer industry; and Sasol may become the largest single investor in China if it decides to progress its coal-to-liquid feasibility studies in China’s petrochemicals sector. South African firms have become shapers of their respective industries in China.

China has received some pressure from the South African Government for its relative low investment in the local economy in comparison to SA Inc.’s footprint in China. But this has changed dramatically after the Industrial Commercial Bank of China (ICBC) very recently bought a 20% equity stake for US\$5.6 billion in South Africa’s Standard Bank – the largest foreign investment foray by a Chinese firm to date.

South Africa has become the largest recipient of Chinese investment in Africa. It is not just the politicians that are promoting the strategic partnership – the market too is driving it.

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

## Policy Watch

## The 3rd China-SA Binational Commission: Outcomes for SA

By Thomas Orr

On 23-26 September 2007, Deputy President Phumzile Mlambo-Ngcuka paid an official visit to Beijing for the Third Session of the Binational Commission (BNC) between South Africa and China.



The Deputy President was joined by an impressive delegation of more than 120 government officials (including 3 Ministers and 3 Deputy Ministers) and 30 South African businesspeople. This show of face to their Chinese counterparts is an indication of how seriously the South African Government takes its strategic partnership with China.

The South African delegation came to Beijing with a number of key economic objectives; put forward various initiatives to facilitate greater sector-level cooperation; and re-affirmed the mutual political trust between the two governments.

The Deputy President sought continued Chinese support for Government's skills development and higher economic growth initiatives; JIPSA (Joint Initiative on Priority Skills Acquisition) and AsgiSA (Accelerated and Shared Growth Initiative). She encouraged China to use NEPAD as the main framework through which to engage the African continent. Both sides underlined their call for a greater role for the UN in international relations and South Africa re-affirmed its support for the 'One-China policy'.

**“It is hoped that Chinese investment, technology transfer and assistance in skills development will allow South Africa to promote labour intensive production of tradable goods and services”**

South Africa's economic objective at the Third Session of the BNC was twofold: firstly to promote a more balanced, bilateral trading relationship with China, focusing especially on increasing higher value added exports to China; and secondly to promote South Africa as a preferred investment destination for Chinese companies. It is hoped that Chinese investment, technology transfer and assistance in skills development will allow South Africa to promote labour intensive production of tradable goods and services, which will in turn rectify the trade imbalance between the two countries, leading to a more sustainable economic relationship.

As stated in the BNC Joint Communiqué: “Taking advantage of South Africa's rich resources base and China's dynamic growth, (both sides) will work for a Partnership for Growth and Development with the aim of establishing a structured and predictable framework for evolving complementarities into higher value added trade and investment sectors”. China agreed to use the new China-Africa Development Fund to advance this aim. This US\$1 billion fund (possibly growing to US\$5 billion later) will focus

investment in four areas on the African continent: agriculture and agro-food processing, infrastructure, natural resources and the development of Special Economic Zones (SEZs).

The Deputy President used the opportunity of the China-South Africa Business Forum to promote South Africa as an investment destination for Chinese companies.

The Deputy President furthermore highlighted recent developments in South Africa's industrial policy and its US\$60billion infrastructure spend as opportunities for Chinese companies to invest in South Africa. She encouraged Chinese companies to lower industrial input costs by establishing production facilities in South Africa. Calling on Chinese



companies to take note of the commercial case for beneficiating resources at their source in South Africa, the Deputy President stated: 'This will help lower production and transport costs and help reduce the environmental impact of these processing industries in China.' Chinese companies should also make use of South Africa's preferential access to many third markets, using South Africa as a value-adding base from which to enter global markets. The Deputy President emphasized that this investment should be long-term, increase value domestically and adhere to the principles of BEE.

The Business Forum also facilitated meetings between Chinese and South African companies. These included high-level meetings between SINOPEC and PETROSA (joint cooperation in oil exploration and surveying in SA and in the rest of Africa) and between Sentech and Stelcom, China's 3rd largest ICT company behind well-known ICT giants Huawei and ZTE. Stelcom is currently expanding rapidly overseas and views Africa as a key market.

Representatives from a number of South African fruit and wine exporters and government parastatals were also present.

**“The onus is on South Africa’s government and companies to leverage this strategic partnership for tangible economic benefits for South Africans”**



The Sasol CEO, Pat Davies, was also part of the business delegation that accompanied the Deputy President. For the past few years, Sasol has been locked in talks with various Chinese partners about applying its Coal-to-Liquids (CTL) technology in the Chinese market. Although no breakthrough has yet been announced, it is hoped that the BNC was able to lend some political leverage to Sasol's initiatives in China. Shortly after the BNC, Sasol announced that it would establish an office in Shanghai to market its chemical solvents in China under the banner Sasol Chemicals Shanghai Co Ltd.

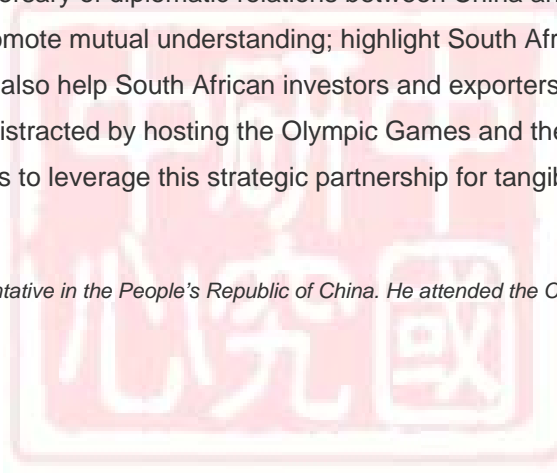
During the BNC, South Africa proposed increased inter-organizational and sector-level interaction, showing an appreciation of the decentralized nature of economic activities in China. A Technical Committee, consisting of representatives from the South African Departments of Trade and Industry, Minerals and Energy, Agriculture, and the Industrial Development Corporation visited Sichuan

Province, Beijing and Shanghai on a fact-finding mission. Sichuan, a large, poor province in Western China, is a future economic powerhouse as wage inflation forces manufacturing capacity inland from the coastal regions. Sichuan is also a major mining hub and the Technical Committee signed a number of agreements in the areas of geological surveying and mining exploration.

A number of sector-level agreements were signed during the BNC, including on Education, Human Resources, Public Administration, Minerals and Energy, Water, Forestry, Traditional Medicine, Science and Technology and Training. The Chinese Government agreed to invest RMB20million (R18million) in various education and skills initiatives; supplying teachers to the establishment of Mandarin Chinese language teaching in 50 South African high schools, increasing the number of scholarships for South African students to study in China, and the opening of a vocational training centre. In her speech at the Business Forum, the Deputy President highlighted the role of the Centre for Chinese Studies and the Confucius Institutes in building greater cultural understanding of China in South Africa and on the African continent.

2008 will be the 10th anniversary of diplomatic relations between China and South Africa. This is an excellent opportunity to promote mutual understanding; highlight South Africa's potential to Chinese investors and tourists, and also help South African investors and exporters to access the Chinese market. But China will be distracted by hosting the Olympic Games and the onus is on South Africa's government and companies to leverage this strategic partnership for tangible economic benefits for South Africans.

*Thomas Orr is the CCS Representative in the People's Republic of China. He attended the China-South Africa Business Forum in Beijing.*



## Commentary

**Building a Balanced and Sustainable Strategic Partnership***By Professor Yang Lihua*

Nearly ten years have passed since China and South Africa established diplomatic relations in 1998. The past decade has witnessed the rapid, broad and ever-deepening development of bilateral co-operation between the two countries, and the cooperation has been defined as a strategic partnership. During the South African Deputy President Phumzile Mlambo-



Ngcuka's official visit to China on 23-26 September this year, both sides expressed satisfaction with the progress made in the friendly cooperation. The Joint Communiqué of the Third Session of the Binational Commission (BNC) was issued in Beijing on the 27th of September. It emphasizes the joint

commitment, as well as highlights ways and efforts to enrich the partnership.

**“The adherence to the principles of equality and sovereignty will be even more crucial when dealing with divergence in various areas”**

Certain conditions are necessary for a strategic partnership to be successful, and these need to be nurtured by both sides. The first and foremost of these conditions is the enhancement of mutual political trust. This trust is based on mutual respect for each other's national goals and strategies in their respective political, economic

and social developments. The adherence to the principles of equality and sovereignty will be even more crucial when dealing with divergence in various areas. The trust is also based on common understanding and on a vision of the world that both parties are striving for. According to the BNC Joint Communiqué, “both sides agreed to strengthen strategic dialogue and consultation, work together to promote democracy in international relations and uphold the legitimate rights and interests of developing countries”. The commitment to promote Africa's peace and development is an important aspect of political solidarity in China-South Africa co-operation.

Secondly, in order for bilateral cooperation to be balanced and sustainable both for short term gains and for long term interests, it is important that the partnership is mutually beneficial. Hu Jintao, the Chinese President and General Secretary of the Communist Party of China, indicated in his report to the 17th Communist Party Congress in October this year that "China will never seek benefits for itself at the expense of other countries or shift its troubles onto others." The BNC Joint Communiqué further stated that “the two sides agree on the need to work together toward shared growth and development”.



It is encouraging to see that bilateral trade is growing and that the efforts undertaken to address the trade imbalance have had effect. According to statistics from the Chinese Ministry of Commerce, bilateral trade in the first 8 months of 2007 showed a 52.6% increase (to US\$8.97 billion) compared

with the same period in 2006. Chinese exports increased by 38.4% and South Africa's exports increased by a remarkable 71.3%. It is expected that bilateral trade will reach US\$13 billion for 2007. Two-way investment flows are also increasing and have contributed substantially to job creation on both sides.

**“We can take note of recent efforts by the Mozambican Government to translate its new labour law from Portuguese into Chinese”**

Thirdly, for the strategic partnership to be successful, initiatives from the business sector have to be brought into full play. The BNC Joint Communiqué states that “South Africa's rich resources base and China's dynamic growth” shall be utilized at its full capacity. In this regard, structures to improve sector-to-sector engagement are crucial. During the Third Session of the BNC the two sides resolved to strengthen the mechanisms of the sectoral committees and enhance interdepartmental coordination; “The two sides agreed to develop a concrete work programme that will use, amongst other things, the China-Africa Development Fund to encourage companies from both countries to promote trade and investment in such areas as minerals, energy, infrastructure development, machinery, clothing, home appliances, agro-processing, tourism and finance.” Furthermore, deeper understanding of each other's cultures and legal systems is necessary for the business communities on both sides. We can take note of recent efforts by the Mozambican Government to translate its new labour law from Portuguese into Chinese for the benefit of Chinese firms in that country. This concrete action is a step forward to promote understanding and to regulate the practices of new Chinese investors in Africa.



Fourthly, mutual understanding and exchanges on the civil society-level are the grass-roots foundation for a sustainable partnership. It is essential that regular exchanges take place between trade unions, youth and women's organisations as well as academic groups, so as to build a broader understanding and to learn from each other. It is encouraging to note that the number of exchange students is increasing and that fifty South African high schools will soon teach Mandarin (Business Day, 3 October 2007). The 10th anniversary of China-South Africa diplomatic relations in 2008 will see events such as “cultural performances, film weeks, art exhibitions, commodity fairs, a cultural relics exhibition, sports events, and exchange of visits between press, academic groups and youth and women” take place in both South Africa and China.

However, mutual understanding is never enough. Academics and experts from both countries have a responsibility to provide both the public and policymakers with up-to-date and in-depth knowledge of our respective societies and peoples. Our vision of a harmonious and inclusive world needs joint efforts from both China and South Africa.

*Professor Yang Lihua is the Director of the Centre of Southern African Studies, Institute of West Asian and African Studies, Chinese Academy of Social Sciences.*

## Business Briefs

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

**U.S. says its ties with China "central" in foreign policy** U.S. Deputy Secretary of State, John D. Negroponte, has stated



that the smooth development of U.S. – China ties, a cooperation that is now being built in third areas of the world, from Iran to western Sudan, is important to the success of U.S. foreign policy. Negroponte expressed satisfaction with the regular and close contacts between leaders of the two countries. Elaborating on challenges that will require Sino-U.S. cooperation "now and in the generation to come," he said that both countries should strengthen cooperation in such areas as the enforcement of non-proliferation norms, the fight against terrorism, energy security, climate change and threats from so called "failed states".

### **Six-Party Talks on Korean Peninsula nuclear issue reach tentative agreement**

China announced the tentative deal that had been met by the negotiators at the Six-Party Talks on the Korean Peninsula nuclear issue. In the deal, North Korea agreed to a timetable whereby it will disable some of its key nuclear facilities by the end of 2007, and also give a full account of its nuclear capabilities. The DPRK furthermore reaffirmed its commitment not to transfer nuclear materials, technology, or know-how. As a part of the agreement, the DPRK and the United States stated that they

remain committed to improving their bilateral relations, to increase bilateral exchanges and enhance mutual trust, thus moving towards a full diplomatic relationship.

### **Saudi Arabia to raise oil exports to China by 9% as demand rises**

The world's largest oil company, Saudi Aramco, has announced its plans to increase oil exports to China by at least 9 percent this year to meet rising demand from refiners in China. Shipments to China may climb to more than 26 million metric tons of crude this year. Saudi Aramco increased oil exports to China by 7.6 percent last year to 23.87 million tons,



and this year from January to August it has shipped almost 17 million tons of crude oil to China, an 8 percent increase from a year earlier. The Chinese state oil companies are presently building units known as hydro crackers and cokers to process cheaper varieties of oil from the Middle East with higher sulphur content to cut costs.

### **London invites business from China wealth fund**

The head of London's financial centre has lobbied China's new sovereign wealth fund, China Investment Corp (CIC), a \$200 billion fund formally unveiled a month ago by Beijing to invest a portion of the country's foreign exchange reserves, to set up a base of operations in the British capital. John Stuttard, Lord Mayor of the City of London, has

discussed the idea with Lou Jiwei, chairman of the CIC. Stuttard stated that he hopes for the CIC to draw on the UK's expertise in asset management and use the investment channel for its sovereign wealth fund.

**ITC to keep duties on some imported steel**

In a decision that is likely to cheer U.S. domestic steel producers but



Usitc.gov

disappoint steel purchasers in the U.S. manufacturing sector, the U.S. International Trade Commission has voted to continue anti-dumping duties on hot-rolled steel imported from China and five other countries. The commission has been conducting a "sunset review" on whether or not to end existing duties on hot-rolled steel imports from ten countries. The government agency decided to end duties on imports from Argentina, Kazakhstan, Romania and South Africa, leaving in place duties for imports from the leading import producer China, as well as India, Indonesia, Taiwan, Thailand and Ukraine.

**ICBC leads China banks looking for overseas buys**

China's largest banks, led by Industrial & Commercial Bank of China (ICBC), are in talks to make acquisitions overseas. They are thereby treading a path that proved painful to Japan's big lenders two decades ago. Beijing-run ICBC, that has surpassed Citigroup as the world's biggest bank by market value, is now looking for small acquisitions in Asia, Europe, the United States, South Africa and the Middle East. ICBC is reportedly in talks for a controlling stake in ACL Bank, a small Thai lender. ICBC, which

raised \$21.9 billion in the largest-ever initial public offering last year, is also reviewing potential deals in South Africa and the Middle East, as Chinese companies step up their presence in both regions to secure natural resources.

**US Congress forbids IT from working with repressive regimes**

The Global Online Freedom Act of 2007, approved in a unanimous voice vote by the Foreign Affairs Committee late October, implies that internet companies can face criminal penalties for turning over personal data to governments that use the information to suppress political dissent. The legislation comes two weeks before the same panel plans to grill Yahoo officials about the company's role in providing the Chinese government with information that sent journalist Shi Tao to jail for a decade. The bill would prohibit companies such as Yahoo, Google and Microsoft from cooperating with repressive regimes that restrict information about human rights and democracy on the Internet and use personally identifiable information to track down and punish democracy activists.

**CNOOC builds China's first LNG cold energy-use plant**

China's top offshore oil producer, China National Offshore Oil Corp (CNOOC), has started



constructing China's first plant to use cold energy from liquefied natural gas (LNG). The Fujian plant, a 300 million yuan (\$40 million) joint venture between CNOOC's Oil Base Group Ltd and the U.S. firm Air Products, is expected to churn out more than 600 tonnes of liquid oxygen, nitrogen and other industrial gas products a day when it is operational in the first

half of 2009. Cold energy released in LNG regasification can help to liquefy air and produce industrial gases such as oxygen and nitrogen.

### Chinese blockade on Brazilian meat stalls bilateral trade, says Brazil-China business council

The Brazil-China Business Council has said that the



Chinese restriction on Brazilian meat is one of the main obstacles to increased trade between the two countries. In 2005 Brazil sold US\$2.3 million in beef to the Chinese, which accounted for a 72.5 percent rise on the previous year. In January 2006 however, China announced a blockade on beef from all regions of Brazil after a foot and mouth disease breakout. At the World Economic Forum in Dalian, the blocks on entry of Brazilian meat into the Chinese market were pointed to as important obstacles that need to be overcome. The other big obstacle to the advance of bilateral trade would be the difficulty in obtaining licenses for logistics projects in China.

**China's coal industry urged to speed up energy saving** China's coal mining industry has been urged to be more efficient in energy consumption so as to realize the goal of saving 60 million tons of standard coal set in the government's 11th Five-Year Plan (2006-2010). Coal firms should enhance the use of solid waste, coal mine water and coal bed methane. By 2010, 70 percent of solid waste such as coal gangue and flurry is reportedly to be used in electricity production. The installed capacity of power plants fueled by coal gangue should reach 30 million kilowatts by 2010,

which may help save 52 million tons of standard coal. More than 40 percent of mine gas shall be extracted and utilized during the 11th Five-Year Plan period.

**China's overseas investment rises 60% annually** China's net overseas investment hit \$21.16 billion in 2006, with an annual average growth rate of 60 percent over the past five years, according to a newly-issued government statistical gazette. Overseas investment by Chinese enterprises has reportedly developed from setting up offices and opening "window" branches only to building factories, purchasing and acquisition, the latter accounting for approximately 40 percent of total overseas investment in 2006. Major acquisition cases include the acquisition of South African mines and British mining companies by China's Zijin Kuangye, Lenovo's acquisition of IBM's PC business, CITIC Group's acquisition of Kazakhstan oil fields, and China Mobile's acquisition of Pakistan telecommunications company.

### China to switch to energy-efficient

**light bulbs** China, which makes 70 percent of the world's light bulbs,



has agreed to phase out incandescent bulbs in favour of more energy-efficient ones, as part of a push by the Global Environment Facility. China's program will reportedly be formally announced in December at a meeting of climate negotiators in Bali, Indonesia, and the transition will be made in the next 10 years. The switch to more efficient bulbs from traditional incandescent ones could mitigate 500 million tonnes of the greenhouse gas

carbon dioxide annually, equal to about half the climate-warming emissions of Germany

### Steelmakers Institute says China has become top steel polluter

The International Iron and Steel Institute, funded by the world's biggest steel producers, has stated that China has become the biggest polluter among steelmaking nations as its output of the metal surges, now producing about 51 percent of all carbon emissions from steelmakers worldwide. The steel industry is the world's biggest polluter after the chemical and cement industries, and it has come under pressure from governments and environmental groups to reduce emissions of greenhouse gases in a bid to slow global warming. China emits more greenhouse gases than other nations because it uses less scrap to make steel, so it burns more coal in the process. About 2 tons of carbon dioxide are emitted for every ton of steel produced in a blast furnace.

### Beijing blasts off into the superpower stratosphere

In late October China launched its first mission to the moon, firing a spacecraft toward a planned lunar orbit in what has been called "a spectacular symbol of its rise to superpower status". The successful launch was the first step in the country's ambitious drive to send astronauts to the moon and China's lunar exploration program has reportedly accelerated so fast that it could put a human on the moon by 2020. The launch, broadcast live on Chinese television, is being celebrated



with massive coverage in the Chinese news media, which are portraying it as a political triumph for the Chinese Communist Party. The mission was apparently timed to begin just after the end of the party's 17th congress, its biggest meeting in five years.

### Agricultural Bank of China plans to overhaul rural branches to counter bad loans

Agricultural Bank of China is the fourth-largest bank in the country, established in 1979 to serve China's 800 million farmers. The bank now has \$100 billion of bad loans and may move those of its



14,500 rural branches that are unprofitable to independent companies in order to speed up a government bailout, trim delinquent debt and also sell shares for the first time.

### Two Chinese firms tap building equipment biz in India

Two prominent Chinese construction equipment companies, Sany and Liugong, have ventured out of China for the first time, setting up facilities in India to capitalise on the infrastructure boom here. Both companies will manufacture and distribute construction equipment which is used in road building, mining and earth-moving. The \$1 billion Sany group will invest \$70 million for its manufacturing facility in Pune. The plant will have a capacity of 15,000 units per annum. Liugong will set up a facility in New Delhi for wheel-loaders, rollers, and such equipment. It will also carry out research and development activities there.

Sourced from: *Business Standard, Bloomberg, The Globe and Mail, China Daily, Xinhua News Agency, Reuters News Agency, MacaHub, EWeek.com, Chicago Tribune, Chinaview.com*

## China & Africa

The latest updates on Chinese activity on the African continent.

### China sends 5 peacekeepers

### to Darfur in advance

On Thursday the 11<sup>th</sup> of October the Chinese Foreign Ministry announced that China had sent a five-men team in advance to Sudan's Darfur, to prepare equipment of a scheduled 315-men engineering unit. Another 135-men advance troop was also schedule to leave for Sudan in the coming days, the exact departure date to be set by the United Nations.



### China reiterates support for African countries on trade

Yi Xiaozhun, deputy minister of commerce from China, told participants at the World Trade Organization (WTO) Aid for Trade Conference that China reiterates its firm support for African countries to develop trade so as to improve their economies. As a developing country itself, China shares the feelings of other developing countries, especially the countries in Africa, said the deputy minister, citing a traditional Chinese saying to pinpoint that the sustainability of showing others how to fish is better than simply feeding them with fish.

### China's CNPC to invest in refinery in Chad

The CNPC Service and Engineering Ltd, a wholly-owned subsidiary of China's largest oil producer CNPC, the China National Petroleum Corporation (CNPC), is to invest in a joint venture refinery to the north of N'Djamena, the capital of Chad. The CNPC has signed an agreement with the Chadian government to

jointly invest in a refinery company. The subsidiary will take charge of all engineering construction and will adopt Chinese design specifications, manufacturing standards and mechanical equipments, said the announcement. The CNPC has not revealed how much it will invest or when the project will start.

### Eritrea grants more exploration licences to China



Eritrea has granted two exploration licences for mining in the country. For iron and base metals to Beijing Donia Resources Ltd, a Chinese base metal company, and for gold and base metals to Eritrea-China Exploration and Mining Share Company, a joint Chinese-Eritrean gold and base metal business. Analysts mean that Eritrea for the next few years will rely on mine operations for gold and other minerals to reverse the country's economic problems. Some investors remain suspicious of Eritrea after the Horn of Africa nation unexpectedly ordered a halt to foreign mining work in September 2004, saying it needed to review its mining laws. The ban was however lifted in April 2005. Last year, China loaned Eritrea \$23-million to develop telephone systems. In January, China's Foreign Minister Li Zhaoxing partially cancelled Eritrea's foreign debt during a visit.

### IMF worried over China's \$5 billion loan to Congo

The International Monetary Fund has warned Congo to beware of the macroeconomic



effects of a planned \$5 billion loan from China to modernise the vast African country's decrepit infrastructure and mining industry. President Joseph Kabila's government announced plans last month for the huge loan from China, which would be paid back partly in mining concessions and tolls from road and railways. The IMF country the in Democratic Republic of Congo stated that since the loan is of substantial proportions, it will have not insignificant macroeconomic impacts on imports, exports, on the exchange rate and also in budgetary terms.

### Mozambique translates new labour law into Chinese

Mozambique is translating its new labour law from Portuguese into Chinese for the benefit of Chinese firms operating in the country. The new labour law will come into operation at the end of this month. The Labour Department of Mozambique announced that from now on Chinese firms can no longer find an excuse of not understanding the law if they fail to apply it. China's biggest construction company in Mozambique, La Sogecoa, has guaranteed that it is prepared to apply the new law and to take steps to avoid conflicts in work places.

### Mandarin to be taught in 50 South African schools

It has been announced that 50 South African high schools soon will teach Mandarin, after an agreement reached during Deputy President Phumzile Mlambo-Ngcuka's recent

visit to China. Mlambo-Ngcuka's spokesperson said that China's growing global influence makes learning the language a sensible thing to do. Under the agreement, China will provide with the teachers while the education department decides on the logistics, including the selection on the schools that will offer Mandarin.

### The Ghanaian President Challenges African Economists

The Ghanaian President John Agyekum Kufuor, who is also the chairman of the African Union, has charged African leaders to strategically negotiate agreements with China that will favour the continent.

According to the President, the intimidating presence of



China in Ghana and other parts of the world was a force to reckon with, stressing that African countries should always strategize to compete with the Asian Tigers on both local and international markets.

### Nigerian consultant says Nigeria has no strategy to deal with China

A China-based Nigerian engineer and management consultant, Busty Okundaye, says Nigeria has no strategy in place to deal with the nation's newly-found business relationship with China meaning that Nigeria must be careful so that the same things that happened to us with the West would not happen again with the recent Chinese influx in the economy. Okundaye said that Nigeria "must develop the strategy, so that we can maximise our benefit from our relationship with the Chinese. I do not think that

a strategy to deal with the Chinese is available today”.

**SA in talks to swap minerals for new factories with China** The South African and Chinese governments are in talks to move some Chinese manufacturing to South Africa in return for greater Chinese access to South Africa’s minerals. Deputy president Phumzile Mlambo-Ngcuka made the talks public yesterday, saying the pollution problem in China would give added impetus to the talks. However, she stressed that stricter environmental regulation here would address harmful emissions. The talks focused primarily on iron ore, but also included manganese and platinum group metals.

**Chinese firm gives Zimbabwe US\$ 4.5 million for fertilizer**

China National Machinery and Equipment Import and



Export Corporation has provided US\$ 4.5 million to Zimbabwe for the importation of 10 000 tonnes of ammonium. It will be supplied by South African Sasol and is convertible to 20 000 tonnes of ammonium nitrate. About 800 000 tonnes of both ammonium nitrate and basal fertilizers are required for the 2007/08 farming season. The Zimbabwean Agriculture Minister has announced that the government is targeting to import 800 000 tonnes of basal and top dressing fertilizers to avert the looming shortage of the critical farming input.

**Zimbabwe unhappy with Chinese progress on renovations** Government has urged Harare City Council and the Chinese company contracted to refurbish Rufaro and the National Sports Stadium to ensure that the two jobs are completed before the end of this October. The

National Sports Stadium is having structural repairs and being painted, while Rufaro Stadium is being fitted with an artificial turf. All the material and equipment needed to complete the two jobs are reportedly in stock.

**ICBC pays \$5.5bn for Standard Bank stake**



Industrial and Commercial Bank of China (ICBC) is to acquire a 20 per cent stake in Standard Bank, the largest bank in Africa by assets, in a dramatic step-up in China’s investment ambitions on the continent. Standard Bank announced on the 25<sup>th</sup> October that it is selling the stake for a total of R36.7bn (\$5.56bn), of which R20.7bn would go to shareholders, and the remainder to Standard Bank Group. ICBC, the world’s largest bank by market value, will get two non-executive directors on the South African group’s board, one of whom would be vice-chairman.

**China’s CDB seals Nigerian deal** China’s Development Bank (CDB) has entered a partnership with United Bank for Africa, one of Nigeria’s biggest lenders. The deal, sealed in September but not officially announced until now, expands the Chinese bank’s ability to finance infrastructure projects in Africa. CDB provides much of the financial muscle for infrastructure developments in China. Tony Elumelu, UBA’s chief executive said that the deal “provides us [with] an almost infinite amount of capital to execute projects.” Mr Elumelu said he hoped by the end of March to strike an agreement with CDB to finance a power project that would help to tackle Nigeria’s chronic electricity shortages.

*Sourced from: Reuters News Agency, Xinhua News Agency, IOL, Modern Ghana, Business Day, The News, Business Report, The Herald Harare, Financial Times*

## The China Forum

### Recent Events

#### IBSA Workshop – 2<sup>nd</sup>- 3<sup>rd</sup> October

Sanusha Naidu took part in a workshop entitled, *IBSA: The Foreign Policies of India, Brazil & South Africa: Emerging Powers in a Changing World Order*. She presented a discussion 'The China Factor in IBSA', presentation to workshop on, co-hosted by the Centre for Policy Studies and the Friedrich Erbert Stiftung (SA), Johannesburg, South Africa.

#### China Month – 17<sup>th</sup>-24<sup>th</sup> October

The Centre for Chinese Studies and the Department for Modern Foreign Languages hosted *China Month* in October 2007. Five seminars were presented in Stellenbosch, including "The African Noodle Bowl – China's Commercial Relations with Africa" by Chris Burke, Research Fellow at the CCS, "Chinese Calligraphy Lesson" by Amy Yu, Mandarin Lecturer at Stellenbosch University, and "Introduction to the Mandarin Programme" by Lei Feng, Mandarin Lecturer at Stellenbosch University.

#### OECD seminar in Paris – 22<sup>nd</sup> October

On the 22<sup>nd</sup> October, Dr Martyn Davies presented at the OECD's conference entitled "International Economic Co-operation with



Africa: Views from Emerging Economies" that was held in Paris. The event brought together the OECD, Government, diplomatic representatives and academia to discuss the growing south-south political-economy dynamic between China, Brazil and Africa. The OECD event followed closely after the second IBSA summit was held in South Africa, and provided a timely forum to discuss its outcomes.

#### China Study Tour by the PRC Embassy – 21st-28th October

Sanusha Naidu took part in the Delegation of the China Study Tour organized by the PRC Embassy in South Africa from the 21st – 28th October 2007. The tour visited three cities, namely Beijing, X'ian, and Shanghai. The tour was part of the Embassy's programme to promote academic awareness of China's domestic and foreign policies as well as to deepen linkages between South African and Chinese academics.

#### Business for Social Responsibility Conference, San Francisco – 23<sup>rd</sup>-26<sup>th</sup> October

From 23-26 October 2007 Lucy Corkin, Projects Director at the CCS, participated in the Business for Social Responsibility (BSR) Conference: "Designing a Sustainable Future" in San Francisco, USA. She was a panelist in the session entitled: Chinese Visions for African Growth: Is there room for CSR? The session was well-attended and stimulated a lively debate. The BS conference examined how issues of corporate social responsibility and environmental concern in can be incorporated into contemporary business practice. Other panelists included Mr Phillip Idro, former Ugandan Ambassador to China, Witney Schneider, Study Director at the Sullivan Foundation for Africa-China-US trilateral dialogue, and Chief US Secretary of State for African Affairs, and Jacob Wood, a Chinese businessman with holdings in Nigeria, who serves on the China-Africa Business Council.

**🇨🇳 “My China” Photo Exhibition opening – 24<sup>th</sup> October**

Hannah Edinger, Research Manager at the CCS, introduced the Consul General Mr Shi WeiQiang to open the photo exhibition entitled “My China” in the Sasol Art Museum, Stellenbosch, on the 24<sup>th</sup> of October. The exhibition features photos taken by Mandarin students from Stellenbosch University during their study trip to Beijing. The exhibition also includes a photo series entitled “Beijing Welcomes You” from the Chinese Consulate General in Cape Town and will be open until the 24<sup>th</sup> of November 2007.

**🇨🇳 HF Guggenheim Foundation/CCS “China in Africa” conference – 25<sup>th</sup>-27<sup>th</sup> October**

The Centre for Chinese studies together with the Harry Frank Guggenheim Foundation hosted a three-day conference at the Lord Charles Hotel in Somerset West, Western Cape, South Africa, on the 25<sup>th</sup>-27<sup>th</sup> October. The conference brought together scholars from across the world to discuss case studies put forward by the conference participants on China’s role in Africa, assessing possible conflict scenarios arising from the Chinese engagement. The Centre for Chinese Studies was represented by Christopher Burke, Nastasya Tay and Hannah Edinger.

**🇨🇳 Centre for Chinese Studies, Los Angeles – 29<sup>th</sup> October**

On 29 October 2007 Lucy Corkin made a presentation entitled: “China’s strategic infrastructural investments in Africa” at UCLA’s Centre for Chinese Studies in Los Angeles, USA.

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