

## China-Africa Trade and Investment Report

### I. Sino-Africa Trade

#### I.1 Trade Statistics

#### I.2 China's Import from Africa

#### I.3 China's Export to Africa

### II. Sino-Africa Investment

#### II.1 Chinese OFDI in Africa

#### II.2 Chinese IFDI from Africa

#### II.3 China's Major Supports on Promoting China-Africa Investment

#### Cooperations

#### II.4 2013 Chinese Major Projects in Africa

### III. Prospects

#### III.1 Trade

#### III.2 Investment

MEMBER OF THE CONFEDERATION OF EUROPEAN BUSINESS (BUSINESSEUROPE)

**Headquarters:** Meşrutiyet Cad. No: 46 Tepebaşı 34420 İstanbul – Turkey  
**Ankara:** İnan Cad. No: 39/4 Gaziosmanpaşa 06700 Ankara – Turkey  
**Brussels:** 13, Avenue des Gaulois, 1040 Brussels – Belgium  
**Washington D.C. :** 1250 24th Street, N.W., Suite Nr. 300, Washington D.C. 20037 - USA  
**Berlin:** Märkisches Ufer, 28 Berlin 10179 Germany  
**Paris:** 33, Rue de Galilée 75116 Paris – France  
**Beijing:** Beijing Lufthansa Centre, Office C-319, Beijing 100025, P. R. China

**Phone:** +90 (212) 249 19 29 **Fax:** +90 (212) 249 13 50  
**Phone:** +90 (312) 468 10 11 **Fax:** +90 (312) 428 86 76  
**Phone:** +32 (2) 736 40 47 **Fax:** +32 (2) 736 3993  
**Phone:** +1 (202) 776 77 70 **Fax:** +1 (202) 776 77 71  
**Phone:** +49 (30) 288 786 300 **Fax:** +49(30) 288 786 399  
**Phone:** +33 (1) 44 43 55 35 **Fax:** +33 (1) 44 43 55 46  
**Phone:** +86 (10) 6462 2066 **Fax:** +86 (10) 6462 3206

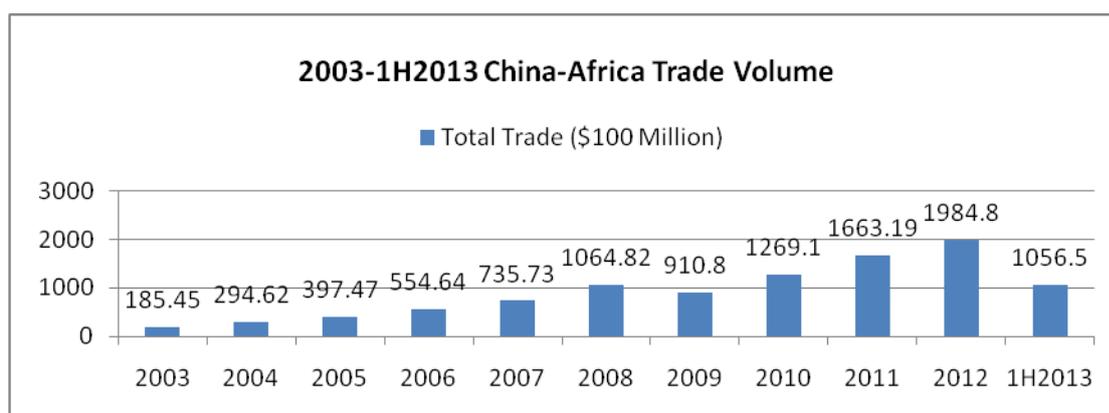
**e-mail:** tusiad@tusiad.org  
**e-mail:** ankoffice@tusiad.org  
**e-mail:** bxloffice@tusiad.org  
**e-mail:** usoffice@tusiad.us  
**e-mail:** berlinoffice@tusiad.org  
**e-mail:** parisoffice@tusiad.org  
**e-mail:** tusiad.china@euccc.com.cn

## I. China – Africa Trade

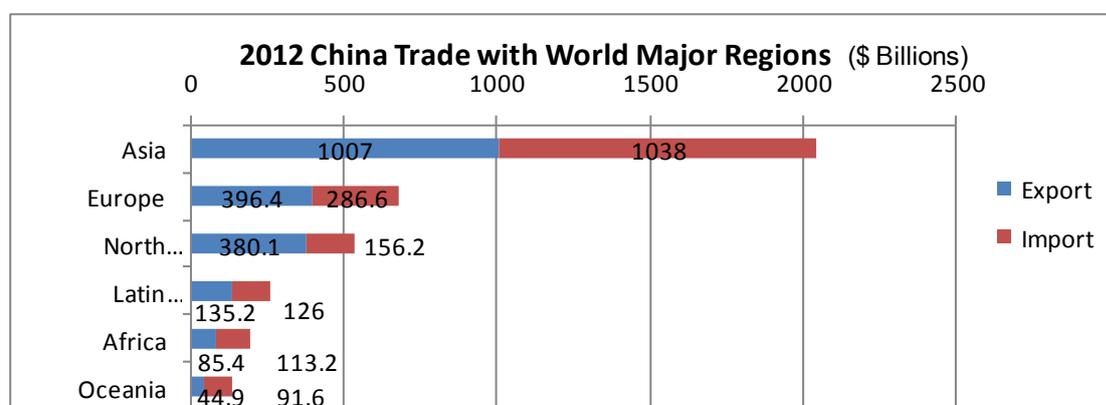
### I.1 Trade Statistics

The bilateral trade volume between China and Africa started at \$12.14 million in 1950 and jumped to \$198.48 billion in 2012. In 2009, China became Africa's 1<sup>st</sup> trade partner. At present, China is the largest business partner of Africa, and Africa is one of the most decisive import sources of China.

During the slack global economic recovery in 2012, the quantity jumped to \$198.48 billion, increased 19.3% year-on-year. While, the total export from China to Africa was \$85.319 billion, up by 16.7%, and \$113.171 billion worth of imports was contributed by China's to Africa, up by 21.4%. The total China-Africa trade volume, China's export volume to Africa and China's import volume from Africa all reached new highs.



Source: General Administration of Custom of China



Source: General Administration of Custom of China Statistics

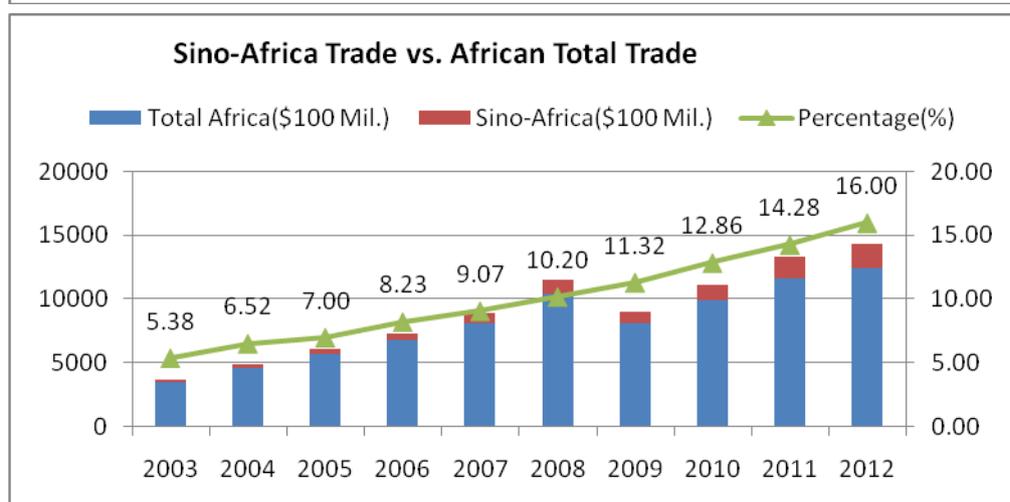
In the past 10 years, the percentage of China-Africa trade in total Chinese foreign trade grew from 2.2% to 5.3%, increased more than 2%. Specifically, the proportion consisting of China's imports from Africa was up from 2.47% to 6.23%, and that of China's exports to Africa from 2.02% to 4.16% from 2000 to 2012, according to

China-Africa Economic and Trade Cooperation (2013).

In Africa, from 2003 to 2012, the proportion of China-Africa trade volume as a part of Africa's total foreign trade volume increased from 5.38% to 16%, increasing more than 10%. According to China-Africa

Economic and Trade Cooperation (2013), from 2000 to 2012, the proportion contributed by Africa's

exports to China was up from 3.76% to 18.07%, and that by Africa's imports from China from 3.88% to 14.11%.



Source: China's National Bureau of Statistics; World Trade Organization Statistics.

## I.2 China's Import from Africa

generally sustained and steady.

### ➤ Imported Products from Africa to China

Resources and primary products dominate China's imports from Africa, and the commodities structure kept

The top products imported from Africa in 2012 were mineral fuel, ores, slag and ash, copper, noble metal, wood, cotton, steel, grains, and tobacco, accounted by 71.48% of all imports from Africa to China.

#### Top Products Imported from Africa to China

Products	Export (\$100 Mil.)		Percentage (%)		Growth (%)
	2011	2012	2011	2012	2011/2012
All African Products	931.40	1130.87	100	100	21.42
Mineral Fuel	490.73	560.84	52.69	49.59	14.29
Ores, Slag and Ash	126.20	113.20	13.55	10.01	-10.30
Copper	45.24	49.24	4.86	4.35	8.83
Noble Metal	34.72	38.90	3.73	3.44	12.04
Wood	11.50	14.48	1.24	1.28	25.90
Cotton	8.17	12.48	0.88	1.10	52.64

Steel	14.22	9.68	1.53	0.86	-31.95
Grains	5.02	5.16	0.54	0.46	2.71
Tobacco	3.33	4.42	0.36	0.39	32.53
Total	739.15	808.39	79.38	71.48	9.37

Source: General Administration of Custom of China

In 2012, mineral fuel, mainly crude oil, contributed 49.59% of all the imports from Africa. Crude oil imported from Africa valued \$53.8 billion, accounted 24.41% of China's total crude oil imports. China overtook America to become the 1<sup>st</sup> oil export destination of Africa in 2012.

On the other hand, China-African trade in agricultural products has grown quickly in recent years. From 2009 to 2012, China's agricultural imports from Africa grew from \$1.16 billion to \$2.86 billion, up by 146%. Major imported agricultural products are non-food items, such as cotton, hemp, silk, and oilseeds.

A major reason for the rapid increase on African agricultural imports to China is the zero-tariff policy that the Chinese government adopted on 2005 for some African imported products, and agricultural products are major category benefiting from this policy. According to the Ministry of Commerce, in order to expand imports from Africa and promote the bilateral trade between China and Africa, China started to provide

### Zero-tariff policy

In order to promote bilateral trade between China and Africa, China

started to exempt tariff for 190 items of imported products from 25 less developed African countries in 1<sup>st</sup> January, 2005.

According to the white paper on "China-Africa Economic and Trade Cooperation" published by the State Council on 29th August, 2013, from January 2012, 30 less developed countries in Africa that had established diplomatic relationship with China satisfied the zero tariff policy on 60% of total imported products. Until the end of 2012, the total value of imported products with zero-tariff was \$1.46 billion from 22 African countries. In 2011, China established Africa Products Exhibition and Sales Center in Yiwu city, Zhejiang Province and attracted more than 2000 products from over 20 African countries to trade in the center.

### ➤ African Exporters to China

In 2012, top 10 African exporters to China were South Africa, Angola, Libya, Congo (Brazzaville), Congo (DRC), Zambia, Algeria, Sudan, Equatorial Guinea and Mauritania, accounted 90.89% of total African exports to China, which indicated a high level of geographical concentration.

### Top10 African Export Countries to China in 2012

Rank	Country	Share of Trade (%)	Year-on-year Growth (%)
1	South Africa	39.42	39.14
2	Angola	29.56	34.43
3	Libya	5.63	209.69
4	Congo (Brazzaville)	4.02	-2.5
3	Congo (DRC)	3.1	10.66
6	Zambia	2.38	-3.61
7	Algeria	2.05	19.18
8	Sudan	1.8	-78.53

9	Equatorial Guinea	1.61	8.57
10	Mauritania	1.31	-4.37
	Total	90.89	21.89

Chinese trading partners in Africa are highly concentrated on a few countries richly endowed with crude oil and mineral resources.

Angola, Sudan, Congo (Brazzaville), Libya, Algeria, and Equatorial Guinea are China's main suppliers of crude oil; South Africa mainly provides China with iron ore; Congo (DRC) and Zambia are major exporters of copper ore to China.

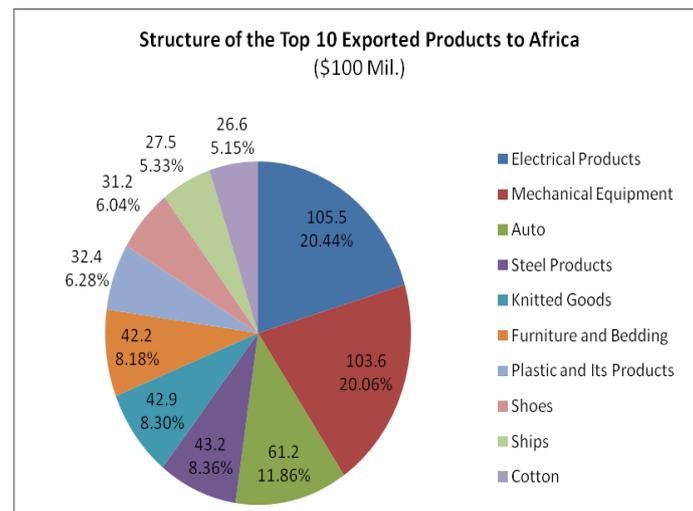
Libyan exports to China surged sharply increased 209.5% in 2012 partly due to the recovery of its oil production. Meanwhile, the reconstruction after Libyan civil war brought great demand for light industry products, mechanical and electrical products, which were mainly imported from China.

### I.3 China's Exports to Africa

#### ➤ Exported Products from China to Africa

The major products exported to Africa are based on finished and semi-finished manufactured goods, mainly concentrating on electronic products,

mechanical equipment, auto and steel products.



Source: General Administration of Custom of China

In 2012, the top 10 Chinese export products to Africa were electrical products, mechanical equipment, auto, steel products, knitted goods, furniture and bedding, plastic and its products, shoes, ships and cotton, accounting for 60.57% of total Chinese exports to Africa.

Among the top 10 products, furniture and bedding had the fastest growing rate of 121.75% year on year. The next was knitted goods with a year-on-year growth rate of 41.41%.

#### Top 10 Chinese Products Exported to Africa

Products	Export (\$100 Mil.)		Percentage (%)		Growth (%)
	2011	2012	2011	2012	2012/2011
<b>All Products</b>	729.41	852.39	3.84	4.16	16.86
<b>Electrical Products</b>	103.49	105.52	14.19	12.38	1.96
<b>Mechanical Equipment</b>	86.91	103.56	11.92	12.15	19.16
<b>Auto</b>	53.46	61.23	7.33	7.18	14.52
<b>Steel Products</b>	36.64	43.17	5.02	5.07	17.83
<b>Knitted Goods</b>	30.31	42.87	4.16	5.03	41.41

<b>Furniture &amp; Bedding</b>	19.04	42.22	2.61	4.95	121.75
<b>Plastic &amp; relevant Products</b>	21.53	32.40	2.95	3.80	50.51
<b>Shoes</b>	23.30	31.20	3.19	3.66	33.93
<b>Ships</b>	43.18	27.49	5.92	3.23	-36.34
<b>Cotton</b>	26.42	26.57	3.62	3.12	0.57
<b>Total</b>	444.28	516.23	60.19	60.57	16.19

Source: General Administration of Custom of China

### ➤ China's Export Destinations in Africa

In 2012, China's top ten exporting destination countries in Africa were South Africa, Nigeria, Egypt, Algeria, Ghana, Angola, Liberia, Togo, Morocco and Kenya, accounting for 70.21% of all the African imports from China.

African countries' import capability has a direct correlation with their development. According to African GDP data in 2010, the top countries in order are South Africa, Egypt, Nigeria, Algeria, Morocco, Angola, Sudan, Libya, Tunisia, Ghana and Kenya. Generally, the top 10 African trade partners with China all head the list of African GDP rank.

### 2012 Top10 China's Export Destinations in Africa

Rank	Country	Percentage (%)	Year-on-year Growth (%)
1	South Africa	17.97	14.7
2	Nigeria	10.91	1.16
3	Egypt	9.64	12.93
4	Algeria	6.35	21.11
5	Ghana	5.61	53.89
6	Angola	4.74	45.39
7	Liberia	4.08	-29.91
8	Togo	3.97	84.73
9	Morocco	3.67	2.84
10	Kenya	3.27	17.72
	Total	70.21	8.08

Source: General Administration of Custom of China.

In the first half of 2012, among the Top 20 export companies, there are 12 SOEs, 7 private enterprises and 1

Joint Venture. The industries involved are mainly high-tech, manufacture and metal trade.

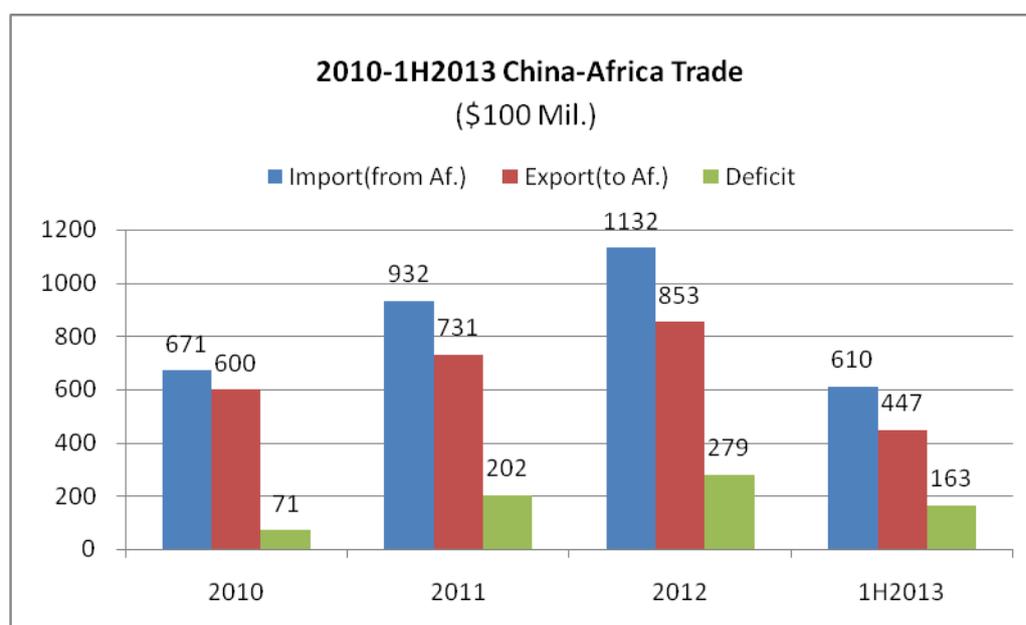
### Top 20 Chinese Exporters to Africa in the first half of 2012

	Company	Enterprise Nature	Sector	Headquarter
1	Shenzhen Huawei Communication Technologies Co., Ltd	Private	Communication Technology	Guangdong
2	ZTE Corporation	SOE	Communication Technology	Guangdong
3	China Electronics Shenzhen Company	SOE	IT	Guangdong
4	Gree Electric Appliances, Inc	SOE	Manufacturing	Guangdong
5	Baoshan Iron & Steel Co., Ltd	SOE	Metal	Shanghai
6	Jiangsu Shagang Co., Ltd.	Private	Metal	Jiangsu

7	Guangdong Refrigeration Equipment Co., Ltd.	Meidi Private	Private	Manufacturing	Guangdong
8	Benxi Iron And Steel ( Group ) International Economic And Trading Co., Ltd	SOE	SOE	Metal	Liaoning
9	Angang Group International Trade Corpotation	SOE	SOE	Metal	Liaoning
10	China Brilliant Supply Chain Service Co., Ltd	Private	Private	Trade	Guangdong
11	China Petroleum Technology And Development Corporation	SOE	SOE	Manufacturing	Beijing
12	Shenzhen One Touch Business Services Co. Ltd.	Private	Private	Trade	Shenzhen
13	Chery Automobile Co., Ltd	SOE	SOE	Manufacturing	Anhui
14	Xugong Science & Technology Co., Ltd.	SOE	SOE	Manufacturing	Jiangsu
15	Benxi Beiyong Iron & Steel Group Imp.& Exp.Co., Ltd.	SOE	SOE	Metal	Liaoning
16	Great Wall Motor Company Limited	Private	Private	Manufacturing	Hebei
17	Xinlikang Co., Ltd	Private	Private	Trade	Shenzhen
18	China Shougang International Trade & Engineering Co.Ltd	SOE	SOE	Manufacturing	Beijing
19	Nokia Telecommunications Ltd	Joint Venture	Joint Venture	Communication Technology	Beijing
20	Tangshan Steel Group Cooperation Ltd	SOE	SOE	Metal	Hebei

Source: China Market Research Report.com

#### 1.4 Africa's Trade Surplus and Deficit Countries with China



Source: General Administration of Custom of China

The African trade deficit with China has been expanding during the last 3 years. During the last 3 years, the deficit jumped from \$7.138 billion to \$278.50 billion from 2010 to 2012, nearly a fourfold rise. In 2013, China exported \$44.65 billion to Africa and imported \$60.99 from Africa, leading to a deficit of \$16.34 billion.

In the future, the adverse balance will grow since China has a massive demand for African energy and mineral resources and other primary products. Besides, Chinese government has carried out promoting measures, like zero tariff and trade fairs, to promote imports from Africa.

In general, the occurrence of crude oil and metallic ore has decisive influence on trade balance of African countries. China's African partners with trade surpluses generally are main exporting countries of crude oil and mineral. While deficit partners with China are countries with much less natural resources endowment.

In 2012, the top 10 African countries that have trade surplus with China, were (in order) Angola, South Africa, Congo (Brazzaville), Liberia, Congo (DRC), Zambia, Guinea-Bissau, Mauritania, Sierra Leone and Gabon. Their trade surplus volumes were \$29.414 billion, \$29.281 billion, \$4.034 billion, \$3.976 billion, \$2.67 billion,

\$1.992 billion, \$1.46 billion, \$1.029 billion, \$0.257 billion and \$0.191 billion respectively.

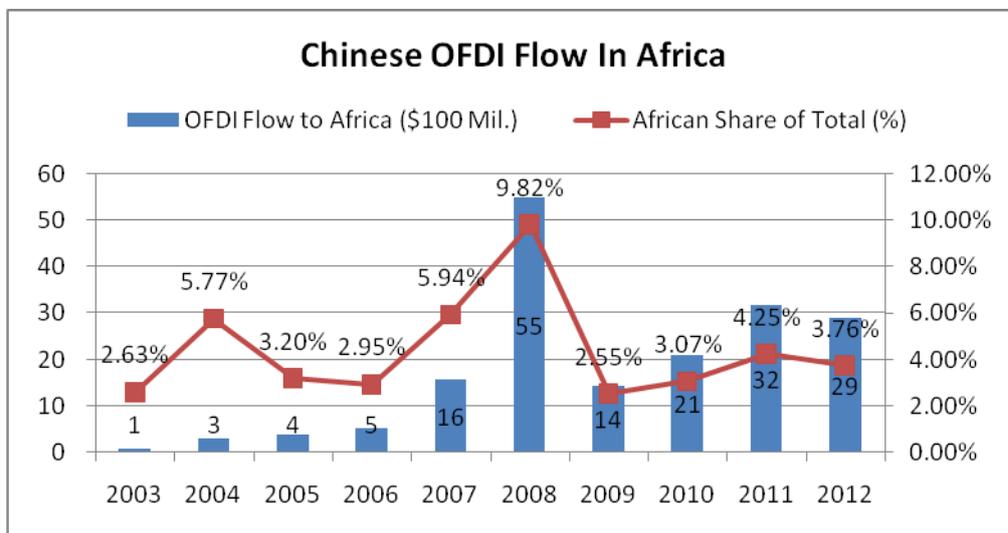
While the top 10 African countries that have trade deficit with China, were (in order) Nigeria, Egypt, Ghana, Togo, Libya, Algeria, Kenya, Morocco, Benin and Tanzania. Their trade deficit volumes were \$8.041 billion, \$6.904 billion, \$4.147 billion, \$3.299 billion, \$3.251 billion, \$3.098 billion, \$2.737 billion, \$2.568 billion, \$2.152 billion and \$1.709 billion respectively.

## **II. Sino-Africa Investment**

### **II.1 Chinese OFDI in Africa**

From 2003 to 2012, Chinese non-financial outward foreign direct investment (OFDI) to Africa grew from less than \$100 million to \$2.9 billion, enjoying an upward trend. At present, Africa is China's major import source country, the second largest overseas construction project market and the fourth largest investment destination.

However, by influencing from the global financial crisis, it dropped to \$1.44 billion in 2009 and slowly rebounded in the following 2 years to \$1.07 billion and \$3.17 billion. In 2012, the non-financial OFDI flow reduced moderately to \$2.9 billion. Until the end of 2012, Chinese stocked investment value in Africa was about \$20 billion.



Source: China's Foreign Direct Investment Statistical Bulletin

China invested \$77.22 billion in 4,425 overseas enterprises in 141 overseas countries and regions in 2012, mainly in Asia, Latin America and Europe.

However, the proportion of Chinese non-financial OFDI to Africa was between 2% and 6% in Chinese total OFDI to the world from 2003 to 2012, and an exception of nearly 10% in 2008.

In 2012, China contributed non-financial OFDI of \$2.9 billion to Africa, accounted 3.76% of China's total outbound direct investment.

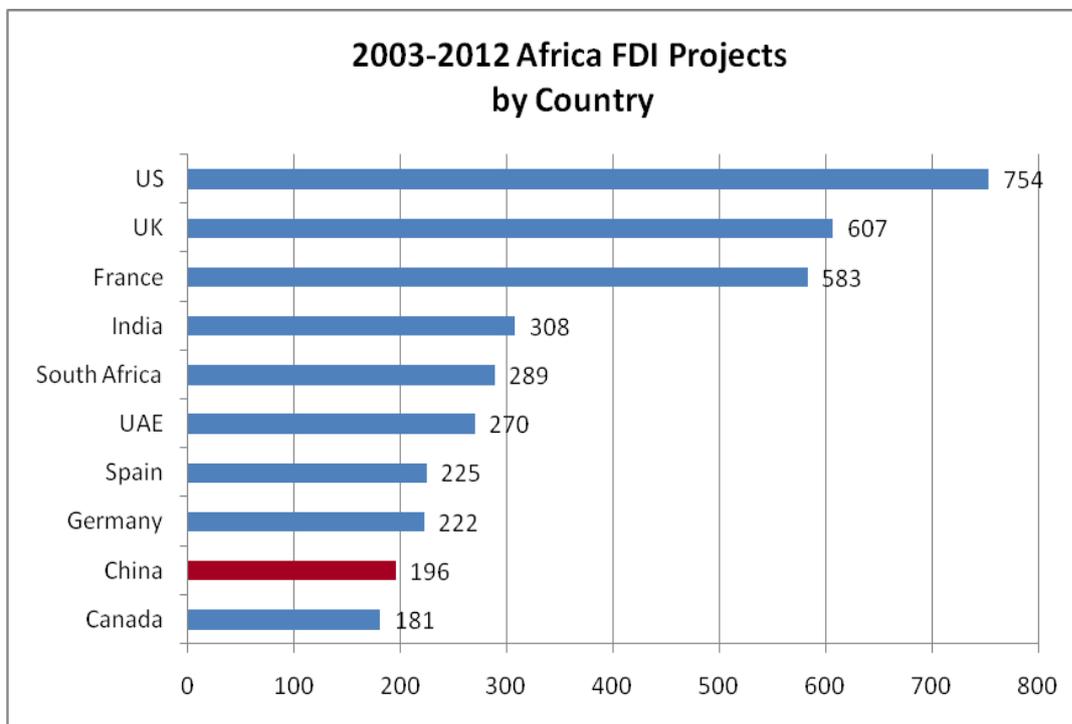
However, it is difficult to be accurately certain about the level of China's non-financial OFDI flow, as estimates from different sources vary widely and Chinese investments are often channeled through off-shore entities registered in places such as Hong Kong, Cayman Island and others.

#### ➤ Chinese Greenfield Investment in Africa

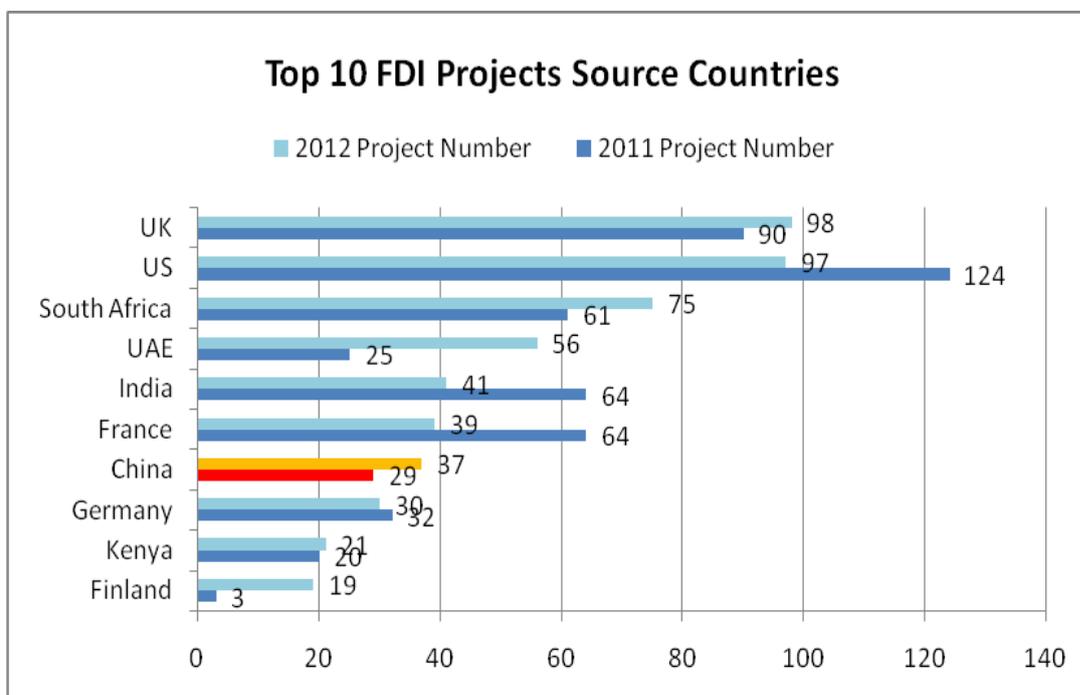
From 2003 to 2012, Africa's overall inflow of Greenfield investment has increased from \$18.2 billion to \$45.8 billion.

In general, among the top 10 new Greenfield investment project source countries investing in Africa during the same period, China ranked 9th with 196 projects, accounted 3.3% of total foreign projects in Africa.

Despite a fall in African Greenfield project numbers from 867 in 2011 to 764 in 2012 — in line with the global trend — new projects from China grew with acceleration in the latest two years. As one of the leading emerging markets, China ranked 7th with the yearly project number of 37 in 2012, increasing 27.59% compared with 29 in 2011.



Source: *Ernest and Young Analysis, Attractiveness Survey Africa 2013*

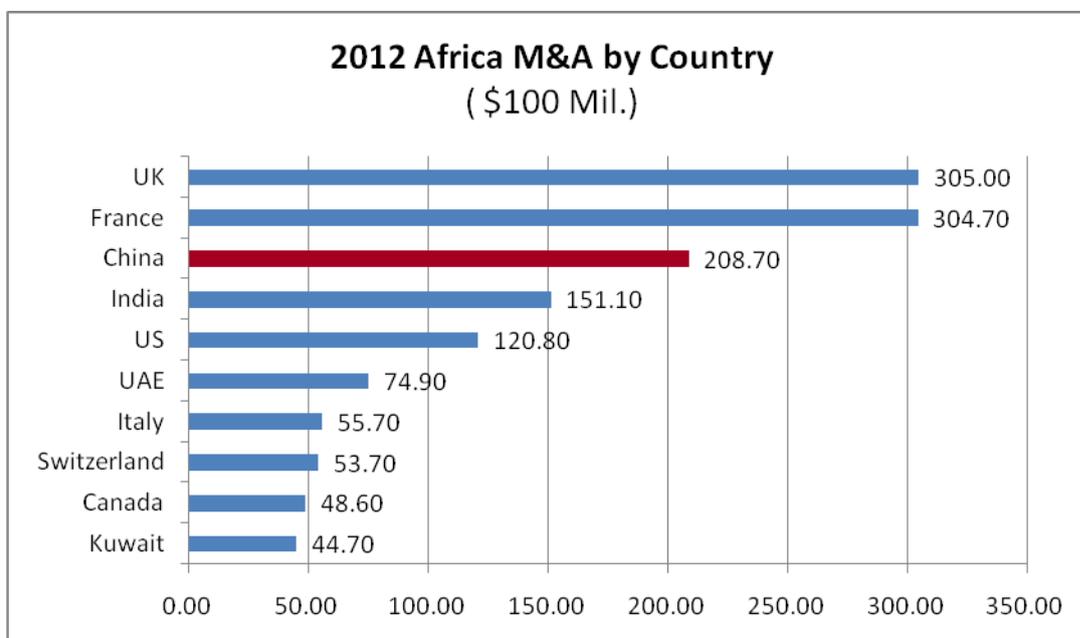


Source: *FDI markets; Ernest and Young analysis*

#### ➤ **Chinese Brownfield investment in Africa (M&A)**

From 2003 to 2012, there were 1,190 M&A deals totaling \$87.6 billion done in Africa, according to research from international law firm *Freshfields Bruckhaus Deringer*.

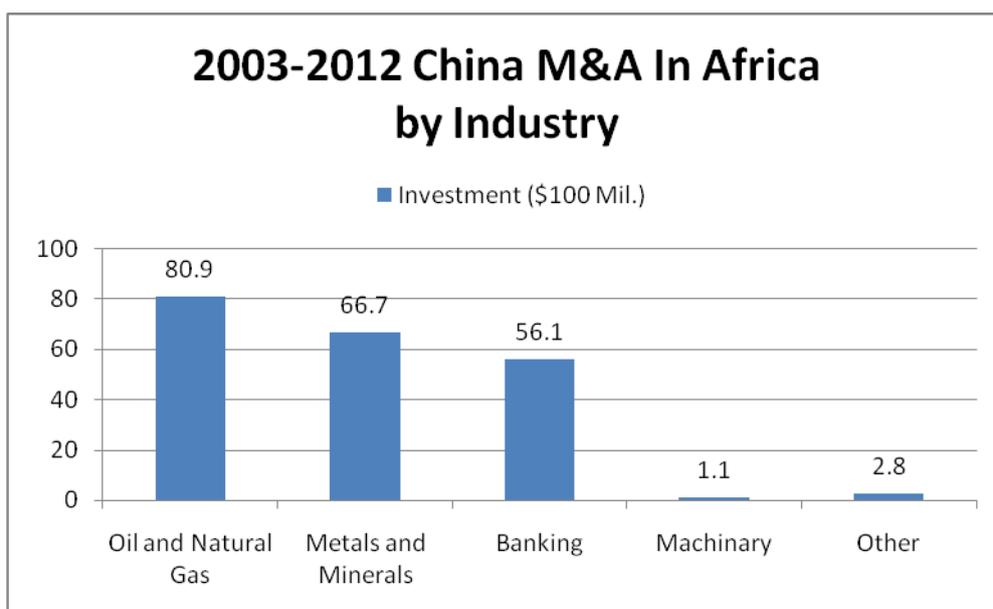
Favoring the oil and gas sector, China made 49 M&A deals totaling \$20.8 billion in Africa, following the United Kingdom with \$30.5 billion and France with \$30.47 billion, becoming the world's third-largest country doing mergers and acquisitions in Africa.



Source: Freshfields Bruckhaus Deringer

Chinese investment favors the natural resources sector, 3 deals with value of \$8.1 billion invested in oil and gas and

19 deals with value of \$6.7 billion invested in metals and mining over the last 10 years.



Source: Freshfields Bruckhaus Deringer

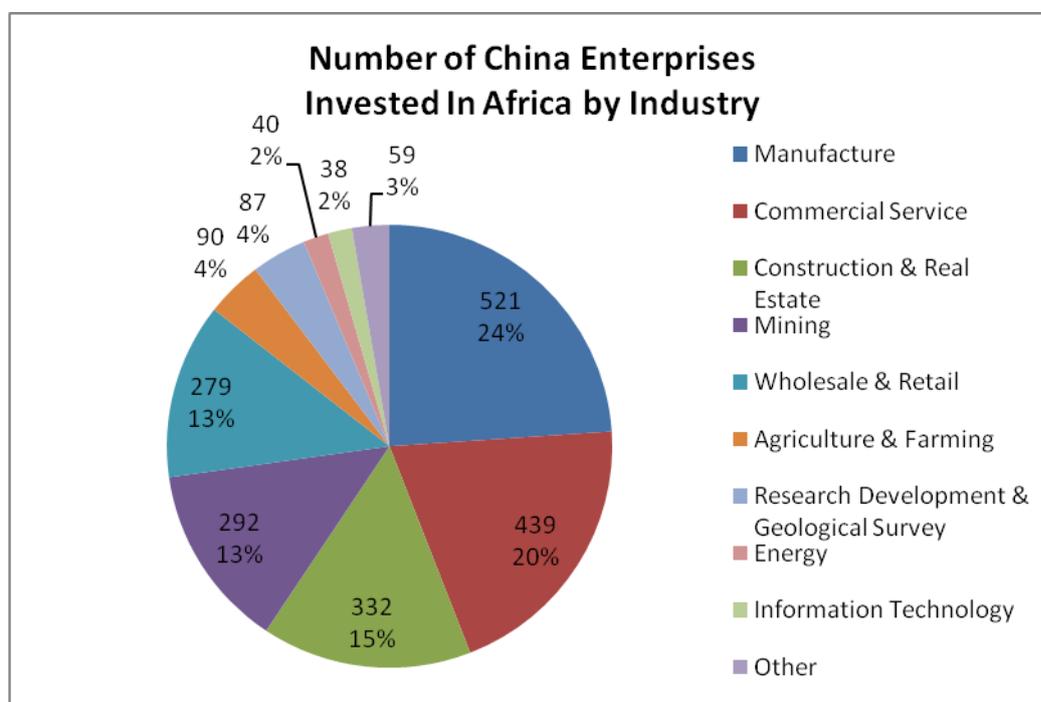
#### ➤ Chinese OFDI in Africa by Industry

Traditionally, China's overseas investments mainly concentrated on acquiring natural resources, energy products and advanced technology, as well as building up its overseas sales network. Infrastructure generally dominated China's investments in Africa.

By September 2012, the Chinese companies invested in Africa on manufacturing (24%), business services (20%), construction and real estate (16.4%), mining sector (13%), wholesale and retail trade (6.57%), agriculture and farming (4%), research development and geological survey (4%), energy (2%), information technology (2%) and other (3%) sectors.

The investment value on top 5 industries accounted more than 85% of total Chinese investment volume. Manufacturing is the most active sector with 521 Chinese companies, including agriculture, forestry, animal

husbandry and fishery processing, textile and garment, metalwork and transportation equipment manufacturing.



Source: Overseas Investment Enterprises Directory from Ministry of Commerce of China

Moreover, in 2012, Chinese enterprises completed construction contracts worth \$40.83 billion by building numerous city roads, expressways, flyovers, railways and ports in Africa, up by 45% than the year of 2009, accounted 35.02% of China's overseas completed contract. Africa has been China's second largest overseas contract market for four successive years.

At the same time, the Chinese government and Chinese financial institutions have offered a great number of concessional and commercial loans to Africa for its infrastructure construction. From 2010 to May 2012, China approved concessional loans worth a total of \$11.3 billion for 92 African projects.

### ➤ Chinese OFDI in Africa by Countries

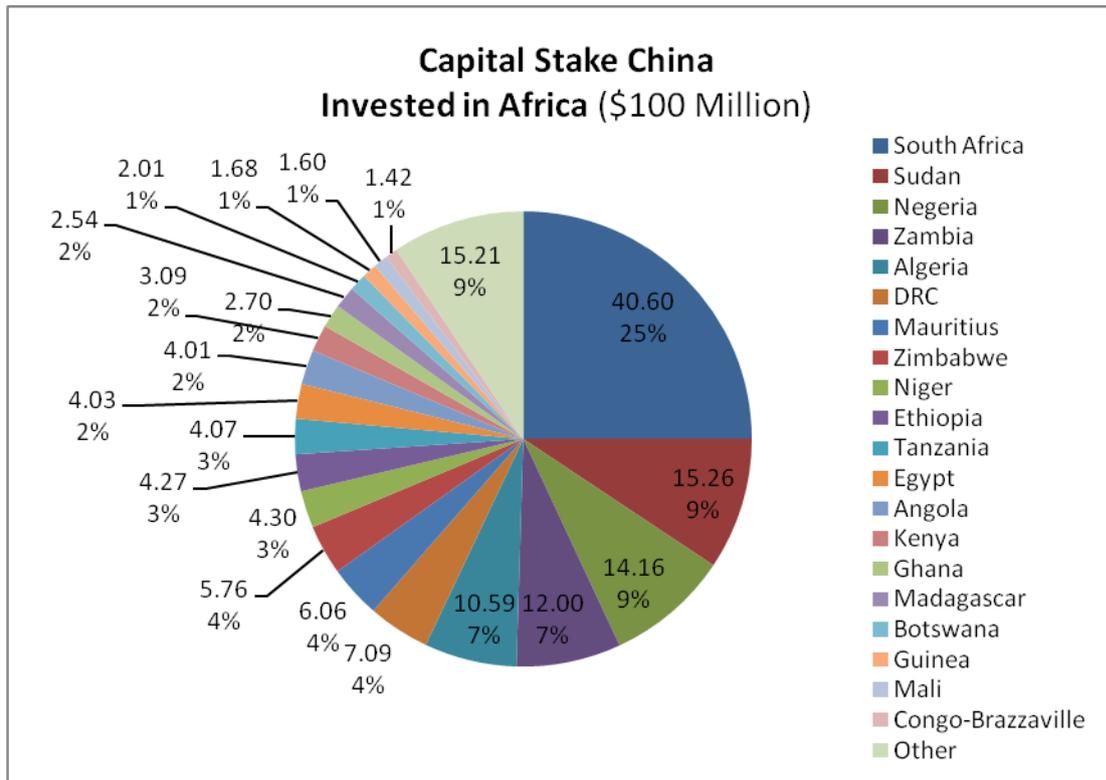
The unbalanced situation of Chinese investment in African Countries still exists. From the view of investment stock, the top 20 African countries China invested possessed 90% of gross Chinese OFDI. From the view of company number, the top 20 African countries China invested attracted more than 80% of total Chinese overseas institutional investors.

The top 10 African countries China invested in order were South Africa (\$4.06 billion), Sudan (\$1.526 billion), Nigeria (\$1.416 billion), Zambia (\$1.2 billion), Algeria (\$1.059 billion), DRC (\$709 million), Mauritius (\$606 million), Zimbabwe (\$576 million), Niger (\$430 million), Ethiopia (\$427 million), in which China investment accounts for almost three quarter of total China

OFDI stake.

China's OFDI to Africa is dominated by a few resource-rich countries, and relevant developed region, such as

South Africa. About half of Chinese OFDI stake in Africa were absorbed by four countries: South Africa (25%), Sudan (9%), Nigeria (9%) and Zambia (7%).



Source: China's Foreign Direct Investment Statistical Bulletin

Chinese OFDI location choices are based on companies' business nature, domestic development and international competitiveness.

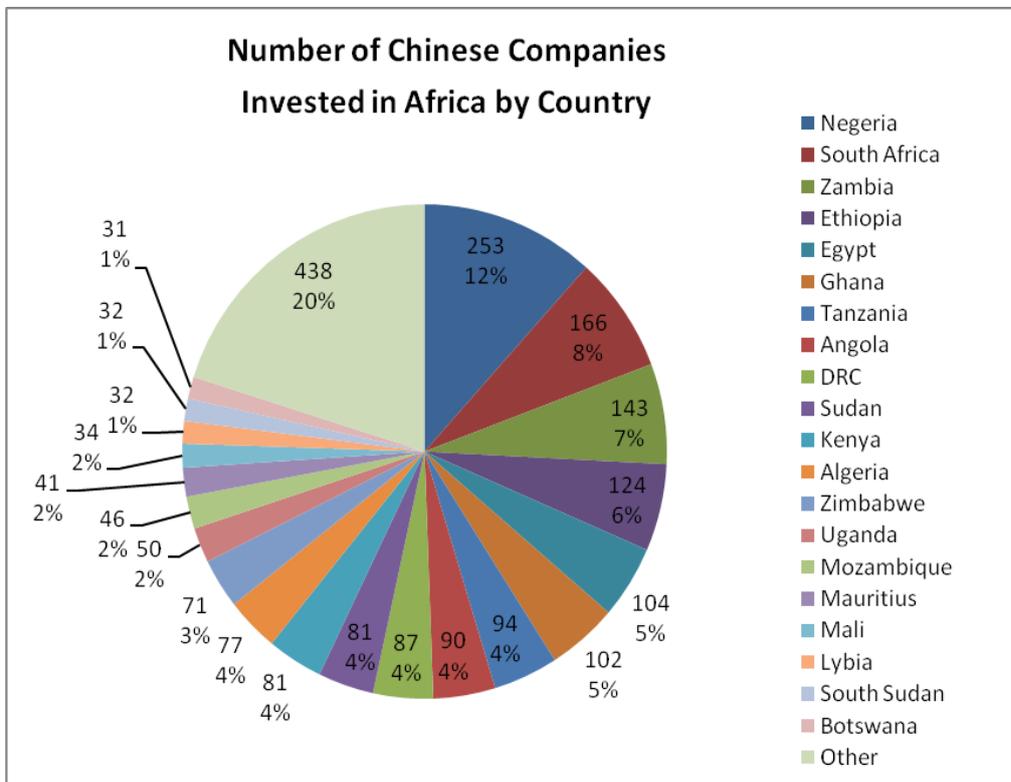
Resource-development investors, like exploiting crude oil, natural gas and mineral resource, inclined to focus on resource-rich countries like Nigeria, Zambia and DRC.

Companies in deep sea fishing business mainly located in West Africa, while overseas trade manufacturing enterprises, like spinning, light industry, household appliance and machinery etc., widely set their factories in South Africa, Nigeria, Egypt, Ethiopia,

Tanzania and Zimbabwe, taking advantage of their board market potential and low labor cost.

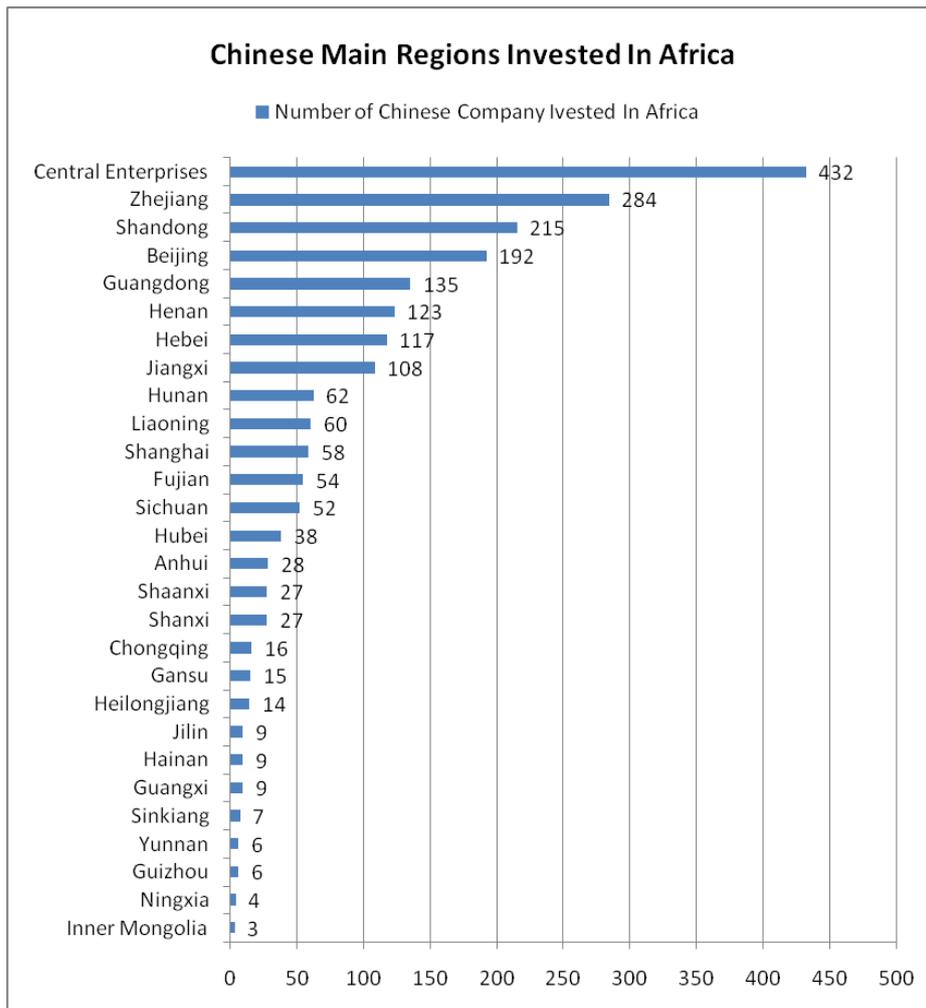
Traditionally Chinese OFDI focused on North Africa (Egypt and Sudan), South Africa and Zambia. Now it is gradually spreading to the whole continent, covering 85% of all African countries, though investment unbalance still exists.

In general, the top 20 Africa nations attracted about 80% of all Chinese companies and they correspondently enjoyed the biggest volume of Chinese investment.



Source: China's Commerce Ministry Overseas Investment Enterprises Directory

### ➤ Chinese Regions Invest in Africa



Source: China's Commerce Ministry Overseas Investment Enterprises Directory

By the end of September 2012, there were 2177 officially registered China enterprises which have invested non-financially in Africa.

SOEs from central government invested in Africa the most by 432(19.84%) companies. 28 provincial and municipal owned enterprises also invested in Africa substantially. Specifically China provincial overseas investment with the value of \$28.19 billion, increased 38.9% year-on-year, accounted 36.5% of total Chinese OFDI in Africa.

The top 10 Chinese provinces and regions investing in Africa were (in order) Zhejiang, Shandong, Jiangsu, Beijing, Guangdong, Henan, Hebei, Jiangxi, Hunan and Liaoning, accounting for 62.61% of total Chinese domestic investors to Africa.

The traditional large scaled SOEs, such as PetroChina Co Ltd. and Aluminum Corp of China, are significant investors in the energy and mining sectors in the region. They receive government grants or loans from state-owned banks, often managing large investment projects.

Medium and upper scaled enterprises were found mainly in the manufactured goods, telecommunications and wholesale trade sectors. Small firms were found mostly in the light industry and retail sectors.

Since China-Africa Cooperation Forum started from 2000, except more than 100 SOEs dominating Chinese investment in Africa, more and more private enterprises become a non-negligible driving force of Chinese investment in Africa recently.

#### ➤ **China-Africa Economic and Trade Cooperation Zone**

In 2006, the promotion of Chinese

Economic and Trade Cooperation Zones (ETCZ) at the Beijing Summit signaled a shift away from a trade and investment focus, dominated by China's drive for resource security, to a more diversified form of engagement with Africa. These zones are located in Zambia, Mauritius, Egypt, Ethiopia, Nigeria (two), and Algeria, which have diversified business models. Generally, ETCZs were formed in 4 models:

1. The Chambishi ETCZ is the only one focused on exploiting natural resources, establishing the value chain of copper and cobalt: mining, processing, recycling, machinery, and service.

2. While some ETCZs are established depending on their pillar industries, like Algeria-China Jiangling ETCZ (on automotive and construction materials sector) and Ethiopia Eastern Industrial Park (on construction materials, steel plates and pipes products).

3. Depending on the geographical advantage, the Mauritius Jinfei ETCZ was developed as the Sino-African trade, exhibition and logistics centers.

4. Benefited from export superiority under international agreement and domestic market potential, the three ETCZs of Egypt Suez, Nigeria Ogun-Guangdong and Nigeria Lekki boosted their export-oriented industry and consuming goods business.

By the end of 2009, thousands of jobs opportunities, especially for local residents, have been created in China-Africa ETCZs, mainly concentrating on manufacturing industry and other labor-intensive industries. For instance, Chambishi ETCZ in Zambia hired nearly 4000 local employees while Egypt Suez ETCZ created 1800 jobs for local residents. Moreover, African workers, gained concrete operational knowledge through training and

practice in ETCZ developments.

### China-Africa Economic and Trade Cooperation Zones

ETCZ	Investment	Model	Developers & Shares	Sectors
<b>JinFei (Mauritius)</b>	\$220 Million	100% Chinese	Taiyuan Iron & Steel Co. (50%); Shanxi Coking Coal Co., Ltd. (30%); Tianli Group (20%).	Hospitality, real estate, services, manufacture and logistics
<b>Ogun (Nigeria)</b>	\$720 Million	JV (82% Chinese; 18% local)	Chinese consortium (Guangdong Xinguang and South China Development Group) (82%); Nigeria State Government (18%)	Construction materials, wood processing, medicine, PCs and lighting
<b>Lekki (Nigeria)</b>	\$330 Million	JV (60% Chinese; 40% local)	CCECC-Beiya consortium (China Civil Engineering Construction Group & Jiangning development Corporation & Nanjing Beyond and China Railway) (60%); Nigeria Lagos state (20%) and Lekki Worldwide Investments Ltd. (20%).	Transport equipment, textile and light industries, home appliances, telecoms
<b>Chambishi (Zambia)</b>	\$410 Million	JV (95% Chinese; 5% local)	China Nonferrous Mining Co. (CNMC) (95%); NFC African Mining PLC (15%).	Copper and cobalt: mining, processing, recycling, machinery, and service
<b>Suez (Egypt)</b>	\$460 Million	JV (75% Chinese)	TEDA Investment Co. (Tianjin Economic-Technological Development Area) (45%), CADF (30%); Tianjin Suez International Cooperation Co. (5%), Egypt-Chinese Corporation for Investment (ECCI) (20%)	Textile and garments, petroleum equipment, automobile assembly, electrical equipment
<b>Eastern (Ethiopia)</b>	\$849 Million	100% Chinese	Yonggang Group; Qiyuan Group; Jianglian and Yangyang Asset Management	Electric machinery, steel and metallurgy, construction material
<b>Jiangling (Algeria)</b>	\$556 Million	100% Chinese	Jiangling Automobile Group; Zhongding International Group	Automobiles, construction materials

Source: Ministry of Commerce of the People's Republic of China

### II.2 Chinese IFDI from Africa (Inward Foreign Directed Investment)

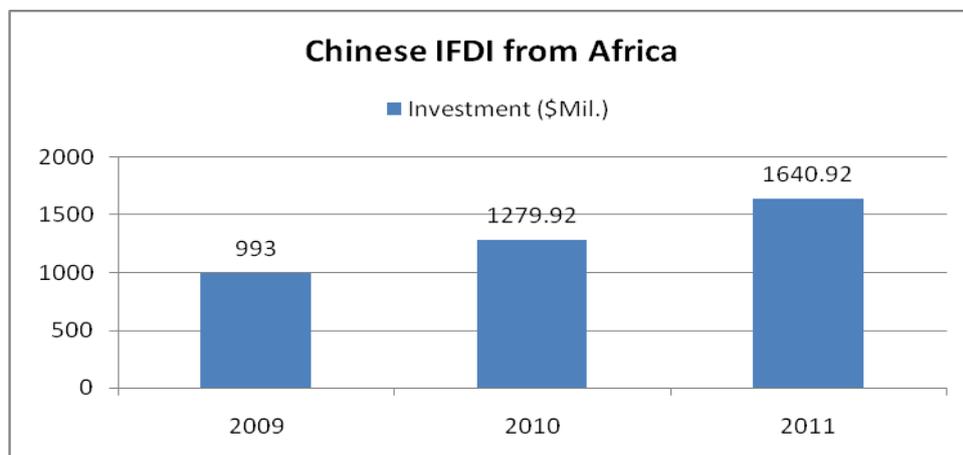
In 2005, Africa's investment in China was \$1.07 billion. Since the Forum on China–Africa Cooperation

(FOCAC) opened in Beijing in 2006, African countries have been more actively engaged in investing in China. In 2009, the non-financial IFDI in China from Africa was \$993 million. In 2010, the investment was \$1279.92 million, and by the end of 2011, the

stock of IFDI has reached \$1640.92 million from Africa.

Mauritius, South Africa, Nigeria, Egypt, Namibia, Tunisia and Seychelles have considerable investment in China. Enterprises from Egypt, Mauritania, Ghana, and Nigeria have established their representative offices in China.

The investment from Africa covers a wide range of industries, mostly on petrochemicals, processing, manufacturing, and wholesaling and retailing industry. Moreover, they have also engaged in transportation, communications, light industry, home appliances, biopharmaceuticals, mineral development, entertainment, catering and real estate sector.



Source: China-Africa Trade and Economic Relationship Annual Report

### II.3 China's Major Support on Promoting China-Africa Investment Cooperation

The Forum on China–Africa Cooperation (FOCAC), China-Africa Development Fund(CADF) and the China Development Bank(CDB) Special Loan, are major tangible political institutions, have been set up to consolidate and promote China’s increasing commercial ties with Africa.

#### ➤ The Forum on China–Africa Cooperation (FOCAC)

In recent years, China has adopted several measures in the FOCAC ministerial conferences with Africa, which improved cooperation with Africa in areas relating to public amenities, medical and health care, climate change and environmental protection, humanitarian aid, and other fields.

FOCAC	Major Items
<b>October 2000 Beijing, China</b>	<ul style="list-style-type: none"> <li>Cancelled ¥10.9 billion (about \$1.7 billion) of debt for 31 heavily indebted less developed countries in Africa.</li> <li>Set up African Human Resources Development Fund, sponsoring nearly 7,000 Africans to take part in some 300 training courses on economic management, national defense, agriculture, medicine, education, diplomacy and science and technology.</li> </ul>
<b>December 2003 Addis Ababa, Ethiopia</b>	<ul style="list-style-type: none"> <li>Signed 382 new agreements on financial assistance to African countries and provided training to 12,600 African professional experts.</li> <li>Decided to provide zero-tariff treatment to exports under 190 tariff items from 28 least developed African countries</li> <li>Gave a further 17 states, including South Africa, the "approved destination status" to encourage Chinese tourists to visit the continent</li> </ul>
<b>December 2006 Beijing, China</b>	Chinese President Hu Jintao announced eight policy measures in support of Africa’s development, promised to double its 2006

	<p>assistance to Africa by 2009.</p> <ul style="list-style-type: none"> <li>• Provided \$3bn of concessional loans and \$2bn of preferential buyers' credit to Africa.</li> <li>• Established a China-Africa Development Fund (CADFund), valued at \$5bn, to encourage Chinese companies to invest in Africa.</li> <li>• Pledged to train an additional 15,000 African professionals.</li> <li>• Doubled the number of scholarships offered to African students.</li> </ul>
<p><b>November 2009</b> <b>Sharm el-Sheikh, Egypt</b></p>	<p>Chinese Premier Wen Jiabao announced eight new policy measures on China-Africa co-operation.</p> <ul style="list-style-type: none"> <li>• Establish a China-Africa partnership in addressing climate change, agriculture, science and technology, medical care and health, education and human resources.</li> <li>• Help Africa build up financing capacity by providing \$10bn concessional loans to African countries.</li> </ul>
<p><b>June 2012</b> <b>Beijing, China</b></p>	<ul style="list-style-type: none"> <li>• Provide 20 billion dollars of credit line to African countries.</li> <li>• Implement the "African talents program" to train 30,000 personnel in various sectors for Africa, offer 18,000 government scholarships.</li> <li>• Send 1,500 medical personnel to Africa, and continue to carry out the "brightness action" activities in Africa to provide free treatment for cataract patients.</li> <li>• Implement the China-Africa joint research and exchange plan to sponsor 100 programs for research, exchange and cooperation</li> </ul>

Source: Forum on China-Africa Cooperation

➤ **China-Africa Development Fund (CADF)**

in 61 projects in 30 African countries with the total value of \$2.385 billion. The final goal of the fund volume is \$5 billion.

China-Africa Development Fund, a subsidiary of China Development Bank (CDB), which is efficiently working as the main platform for Chinese enterprises to invest in Africa. It was funded in July 2007 with initial investment of \$1 billion by CDB. By the end of 2012, CADF has invested

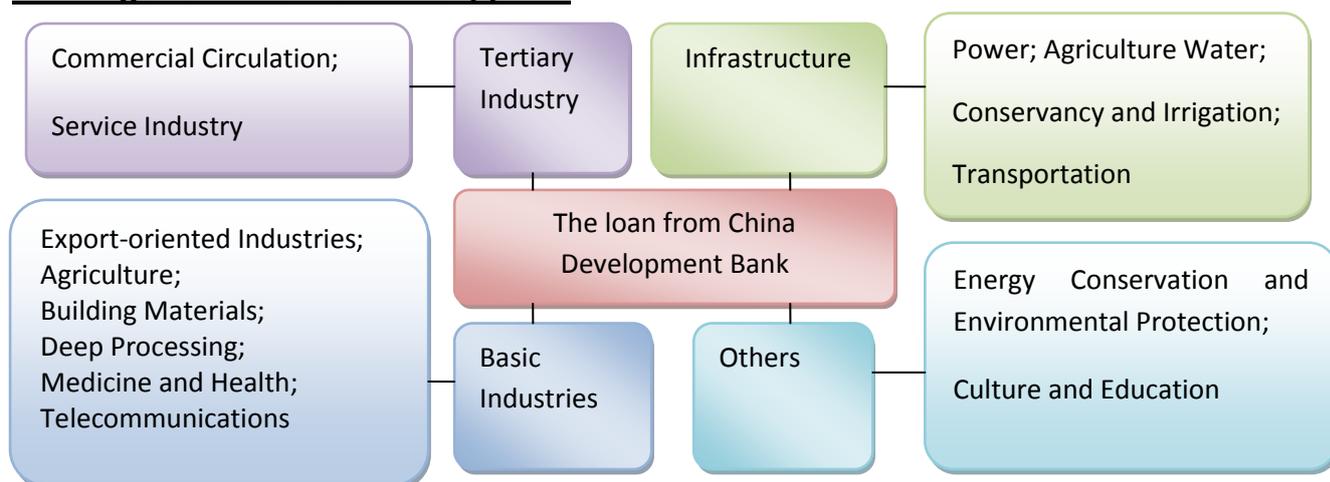
The major fields CADF supports includes agriculture, manufacturing and electricity industry, as well as ports, building materials, industrial zones and sources development. Major projects are shown below:

Project	Content
<b>Malawi Cotton Processing Project</b>	In 2008, by the request of the Malawi government, CADF established China - Africa Cotton Development Limited Cooperation together with Qingdao Hi Fortune Textile Co., Ltd and Qingdao Ruichang Cotton Industrial Co., Ltd. At present, t China - Africa Cotton Development Limited Cooperation has become the largest cotton processing enterprise in Malawi whose business has expanded to Mozambique and Zambia, employed more than 60,000 local people.
<b>Ghana Gas Fired Power Station</b>	In 2008, CADF invested in the Ghana Gas Fired Power Station with Shenzhen Energy Corporation.
<b>Suez Economic and Trade Cooperation Zone in Egypt</b>	In 2008, CADF signed co-investment contact with Tianjin Teda Group, another major investor to establish the Suez Economic and Trade Cooperation Zone.
<b>M&amp;A of TICT Port Project in Nigeria</b>	In 2010, CADF join the M&A of TICT Port Project with China Merchants Group.

<b>Startimes Digital Terrestrial Television (DTT) Network Building Project</b>	In 2011, CADF invested \$150 Million in the terrestrial wireless digital TV network building project in Africa launched by the StarTimes Communication Network Technology Co., LTD. According to the DTT project, over 70% population in Africa would be able to receive signals from China mainstream media in 3 to 5 years. The number of target multi-media users in Africa benefited from this project would be 16 Million.
<b>Leather Working Project in Ethiopia</b>	Launched in 2010, the yearly export value of the leather project funded by CADF reaches \$20 Million and provides jobs for 50 000 farmers.
<b>Airline Cooperation Project</b>	In 2012, CADF signed cooperation agreement with Ghana SAS Financial Group, Ghana Social Security Fund, and Hainan Airlines to establish the first local airline company in Accra, the capital of Ghana.
<b>Infrastructure Construction</b>	In 2012, CADF signed framework agreement with AFC, an Africa Finance Cooperation, aiming at enhancing the guidance for Chinese companies to invest in the infrastructure construction in Africa.

➤ **China Development Bank (CDB) Special Loan**

**The target sectors the loan supports**



China Development Bank (CDB), the country's largest bank supporting Chinese overseas investment, has invested at least 2.4 billion U.S. dollars in African infrastructure and commercial projects

projects in 29 African countries, including provided loans of \$1,454 Million. 29 contracts were reached with the total value of \$633 million and 26 projects were approved with total received loan of \$278 million.

In 2009, as a member of Chinese Follow-up Committee of Forum on China-Africa Cooperation, CDB prepared and set up the special loan of \$1 Billion for the development of African SMEs.

Meanwhile, the CDB had signed Agreement and Memorandum of Understanding with Equity Bank of Kenya and Standard Bank of South Africa to develop the SMEs in Africa by the special loan.

By the end of January 2012, the special loan has launched 55 new

The funds have supported industries which are closely related to the

livelihood of the people, including planting and processing of agricultural products (cotton), animal husbandry breeding and processing (leather), light industrial machinery (motorcycle, air-conditioner and television) and small commodity trade. They created

10.2 thousand local job opportunities and benefited 390 thousand farmers, as well as boosted \$311 million trade volume.

*Their major projects are shown below:*

Project	Content
<b>Cooperation with EBK</b>	The Equity Bank of Kenya (EBK) is the leading micro-finance lender of the country and even the whole Africa. CDB has chosen IBK as platform-lender in Kenya. By the end of 2011, CDB had issued \$2.25 Million loans to EBK.
<b>Tea Industries in Kenya</b>	The loan supported Mataara Tea Factory Expansion Project and Kapkoros Tea Factory Project, created 170 jobs for local people and stimulated exportation volume of US \$11.5 million. Support in tea processing industry is significant to revitalizing Kenya's local economy, creating jobs and stimulating exportation.
<b>Cooperation with UEMOA (Union Economiqueet Monétaire Ouest - Africaine)</b>	West Africa Development Bank is UEMOA's sub-regional development financing institution, covering 8 western African countries. CDB provided 60 million euro of the Loan to support SMEs in the region of UEMOA.
<b>Cotton Industry in Malawi</b>	The cotton planting and purchasing project in Malawi brought benefits to more than 50 000 cotton farming households.
<b>Cotton Industry in Zimbabwe</b>	Sinotex United Cotton Planting, Purchasing and Processing Project in Zimbabwe directly created more than 300 jobs.
<b>Rice Planting Base in Cameroon</b>	Exemplary Modern Farm Project of Shaanxi State Farms Group in Cameroon
<b>Industry Processing Project in Egypt</b>	Wonder Lighting Egypt Co.'s annual production of fluorescent tubes reached 1.5 million, with 216 jobs created.
<b>Leather Processing Project in Ethiopia</b>	Together with investment from China-Africa Development Fund, the Loan supported China-Africa Overseas Leather Products Shave Company Project in Ethiopia, creating 500 jobs, benefiting more than 50 000 farming households.
<b>Manufacturing Project in Nigeria</b>	Skyrun International Air-Conditioner Manufacturing Factory in Nigeria is mainly involved in producing, assembling and selling air conditioners businesses, created 200 jobs for local people.

### III.4 2013 Chinese Major Projects in Africa

#### 1. Roseires Dam Heightening Project

On January 1st, 2013, Roseires Dam heightening project contracted to build by China Power Construction Corporation was fully completed in southeastern Sudan. It spent four years and seven months on building. The completion enlarges the reservoir capacity of 4 billion cubic meters,

enhances power generation capacity by 40%, and increases Irrigated land of 550 thousand hectares.

## **2. Libya Silphium Undersea Cable System**

On 7<sup>th</sup> January 2013, Libya Telecom International and Huawei Marine Networks co., Ltd., claimed that they have completed the construction of the first undersea cable system called Silphium which is wholly owned by Libya. It is 425 kilometers long and will create a new option for Libya entering internet, as well as business and employment opportunities for eastern Libya.

## **3. Ivory Coast Hydropower Station**

On 25<sup>th</sup> February 2013, the largest hydropower station in Ivory Coast will primarily be constructed by China Power Construction Corporation laid the foundation stone. The annual energy output of the hydropower station was 1038GWh, new created job opportunities were 5000 thousand, including hundreds of permanent job.

## **4. Tanzania Highroad Upgrading Project**

On March 4<sup>th</sup>, 2013, China Railway Group Seven Innings was contracted to build the 85.5 kilometers highroad upgrading project in Tanzania. The project aimed to upgrade the highroad from Mwanza/Mara Border to Musoma. The completion of the project would play a vital role in alleviating traffic pressure of Tanzania.

## **5. Ethiopia Sugar Mill Construction Projects**

On March 5<sup>th</sup>, 2013, China National Complete Plant Import & Export Corp. Ltd. sign 2 contracts of Sugar mill construction projects with Ethiopia. As general contractor, China National Complete Plant Import & Export Corp. Ltd. is responsible for building 2 sugar mills with capacity of 12,000 ton each, as well as 2\*3MW power station equipment and a part of agricultural

irrigation infrastructure. Total cost of the contracts amounted to RMB 4.23 billion.

## **6. Chad Iron Tower Project**

6 March, China Energy Engineering Group Co., Ltd. Anshan iron tower factory win the bid of Chad iron tower project. This project was contracted with China Petroleum Engineering Construction Corporation. Anshan iron tower factory was responsible for tower processing tasks amounted to 330 tons in weight.

## **7. Zambia Mamba Coal-fired Power Plants**

On 8<sup>th</sup> March 2013, China WuYe Group has undertaken the steel structure fabrication of cyclone separators with a processing capacity of 360 tons of Mamba Coal-fired Power Plants, the 1st coal-fired power plants in Zambia. This structural steel has been delivered at Shanghai Baoshan port and arrived at Zambia project site on March 10<sup>th</sup>.

## **8. Mozambique Natural Gas Project**

On 15 March 2013, PetroChina reported to purchase a 28.57% stake of ENI east Africa Corporation which was wholly-owned subsidiaries by ENI Group. This will allow PetroChina acquire 20% of the equity of 4 blocks project in Mozambique equaling \$4.21 billion.

## **9. Electric Station Project in Niger**

On April 4<sup>th</sup>, 2013, Power China was contracted to build the electric station project in Niger. The project was one of the key construction projects in Niger with an installed gross capacity of 100 MWE

## **10. Ethiopian Val Kate Sugar Project**

On June 10, 2013, China CAMC Engineering Co., Ltd. and Ethiopian Sugar Corporation signed a commercial contract on Val Kate sugar project. Its contract amount of

\$ 647 million and is located in northern Ethiopia's Tigray region, the content for the construction of a daily processing 24,000 tons of cane sugar, 4 \* 30MW bagasse power plant and supporting agricultural irrigation facilities total duration of the contract 36 months.

### **III. Prospects**

#### **III.1 Trade**

In the trade aspect of the Sino-African bilateral trade has great a potential due to the complementary conditions on both sides. Research from Standard Chartered estimates that trade between China and Africa will hit \$385 billion by 2015. China will take multiple measures to promote the healthy development of China-Africa trade, which includes:

- Implement the "Special Plan on Trade with Africa," which will expand the scope of zero tariff treatment for African products exported to China and increase China's imports from Africa.
- Improve the brand building, marketing channels and quality of China's commodities exported to Africa.
- Help African countries improve their customs and commodity inspection facilities by mobilizing aid for trade, provide support for African countries to promote trade facilitation, and push forward trade development within Africa.

#### **III.2 Investment**

In the investment aspect, China planed to provide \$20 billion credit loan to boost Africa's economic development, which was released on March 2013 during Chinese President Xi Jinping's visits to Africa.

Furthermore, more than 40 project agreements concern national welfare and the people's livelihood in Africa have been inked, and a series of construction measures, including vocational talents development, financial aid and cooperation, have been announced.

Besides, Priority Areas of China-Africa Cooperation for the Next Three Years was announced by the Chinese Government at the Fifth FOCAC Ministerial Conference.

- Provide African countries with a US\$20 billion credit loan to be spent on developing infrastructure, agriculture, manufacturing and small and medium-sized enterprises expanding cooperation in investment and financing.
- Implement the "African Talents Program" to train 30,000 African personnel in various sectors, offer 18,000 government scholarships, and build cultural and vocational skills training facilities in African countries. Send 1,500 medical workers to Africa, while continuing to run the "Brightness Action" campaign in Africa to provide free treatment for cataract patients.
- Establish a partnership with Africa and encourage established Chinese companies and financial institutions to take part in transnational and trans-regional infrastructure development in Africa.
- Carry out the "China-Africa people-to-people friendship action" to support and promote exchanges and cooperation between non-governmental organizations, women and youth from the two sides. Implement the China-Africa Joint Research and Exchange Plan by sponsoring 100 programs for research, exchange

and cooperation between academic institutions and scholars of the two sides.

- Launch the "Initiative on China-Africa Cooperative Partnership for Peace and Security," deepen cooperation with the AU and African countries, provide financial support for AU peacekeeping missions in Africa and the development for the African Standby Force.

For future stage, the business and cooperation between the two sides

should emphasis more on key fields like energy construction upon the basis of traditional trade and infrastructure construction. In this way we could boost the development of the both sides and realize win-win situation."

Over the next few years Chinese investment in Africa is expected to rise. SOEs will lead the way in services and manufacturing, to take advantage of low tariffs that some African nations enjoy when exporting to Western markets as protectionism rises against Chinese exports.