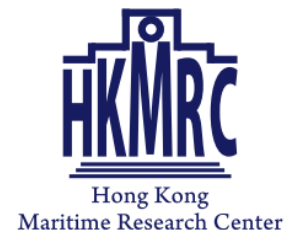


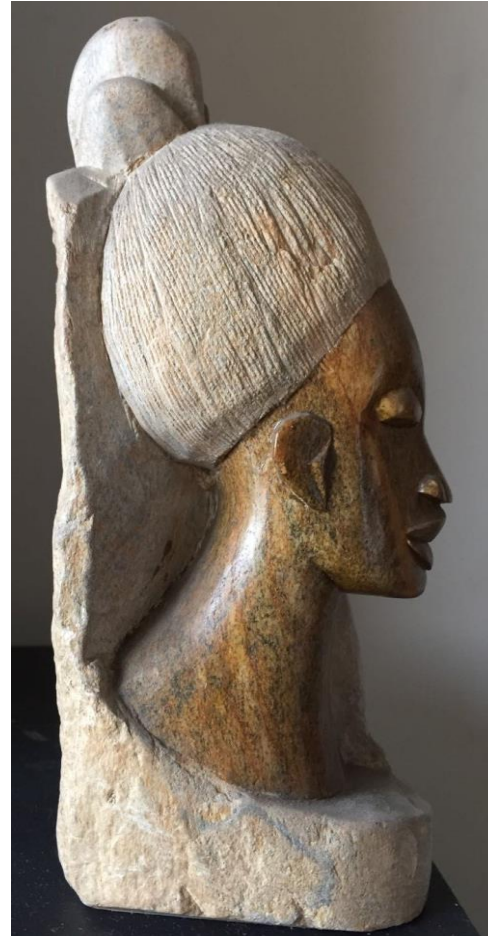
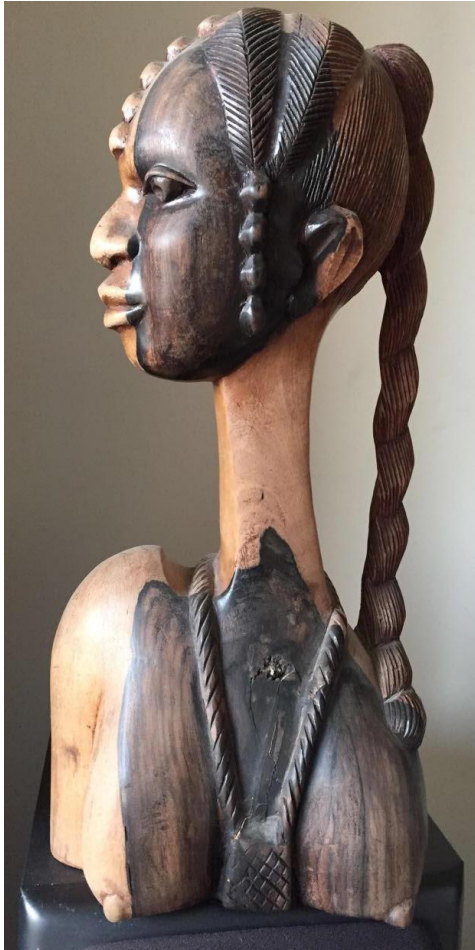
# Connectivity between Africa and the Belt and Road as well as maritime links

Nov. 30, 2016

HONGKONG



# My personal experience of Africa



# My Classmate in IMD



# The OBOR Routes



# The OBOR initiative

- The “Belt and Road” initiative: The Silk Road Economic Belt and 21st Century Maritime Silk Road. (Strategy, policy, plan)
- In 2013, When [Chinese President Xi Jinping](#) first introduced the initiative, he said: “The economic belt along the Silk Road is home to almost 3 billion people, and represents the biggest market in the world with unparalleled potential.”

## It has five pillars:

- Enhancing monetary circulation
- Improving road connectivity
- Promoting unimpeded trade
- Stepping up policy communication
- Increasing understanding between people and nations



## A Stimulus, Catalyst

To be fair, with or without the “One Belt, One Road” initiative, China’s plan to pursue infrastructure development and industry transfer in Africa will continue to be carried out, so the initiative is somewhat a strong stimulus, or catalyst sometimes to China’s strategy in Africa.

# 10 cooperation plans

The release of the “Vision and Actions of OBOR ” by China’s National Development and Reform Commission in March last year reinforces the initiative as a programme of cooperation and inclusiveness that abides with “market rules and international norms.

- The Chinese government announced that it will roll out 10 cooperation plans that will strengthen cooperation with Africa in the coming three years which cover the areas of industrialization, agricultural modernization, infrastructure, financial services, green development, trade and investment facilitation, poverty reduction and public welfare, public health, people-to-people exchanges, and peace and security.
- China is of the view that accelerating industrialisation is a foundation for Africa’s economic independence as well as self-reliance which will bring about sustainable development.

# Comments on the Chinese Engagement with Africa

- The large-scale nature of the one belt, one road initiative “could stimulate Asian and global economic growth” ----Bert Hofman, country director, China, Mongolia and Korea, East Asia and Pacific region, World Bank
- *“That way what is buried in the belly of the soil will translate into benefit for the bellies of our citizens”.- South Africa President, Mr. Jacob Zuma, commented on the support of the Chinese to help African countries process their abundant natural resources, and deliver prosperity to their citizens.*
- The country(China)’s engagement in the African telecommunications infrastructure has accelerated general development “to a degree that would otherwise have been impossible”.--- A report of the Columbia School of International and Public Affairs (2008)
- According to the Africa Infrastructure Country Diagnostic, a World Bank programme, telecom improvements have contributed as much as one per cent to per capita GDP growth – a bigger role than changes in monetary or fiscal policies.



# Promotion of China's Domestic Development

- By implementation of the OBOR with infrastructure plans to connect with other relevant countries, China is to accelerate the development of its west and central provinces, the plan divides the nation into 5 regions:
  - the northwest (eg, Xinjiang),
  - the southwest (eg, Guangxi),
  - the northeast (eg, Inner Mongolia),
  - the inland zone (eg, Chongqing),
  - the coastal zone (eg, Pearl River Delta, Hong Kong)

# Funds For OBOR

China backed and promised to provide funds to the implementation of OBOR initiative with:

- \$40 billion: Silk Road Infrastructure Fund, established in February 2014;
- \$100 billion: Asian Infrastructure Investment Bank(AIIB), established in October 2014;
- \$100 billion: New Development Bank (also known as the BRICS Bank), established in July 2014;
- US\$1 billion of initial funding by the China Development Bank, The China-Africa Development Fund, which was established in June 2007.



# Why Africa for China?

- Africa is a marketplace with huge potential for China's products and an important alternative for diversifying its source of supply of energy, minerals and resources to the country.
- In other words, China's increased activity in Africa is mainly a response to business opportunity and an intention to ensure the supply security of its Energy and raw materials import.

# China's GDP growth rate (2008-2016)

CHINA GDP ANNUAL GROWTH RATE



# Diversified Supply: Iron Ore from Africa

- The largest exporter of iron ore to China during the first nine months of 2016 was Australia. The imports from Australia totaled 476.95 million tons, valued at \$25.205 billion. The import prices averaged at \$52.8 per ton.
- Brazil exported 157.90 million tons of iron ore to China during this period. The imports from Brazil were valued at \$8.786 billion. The average price of import stood at \$55.6 per ton.
- In third place was South Africa with 33.805 million tons. The total value of imports from the country amounted to \$2.050 billion. The imports from the country averaged at \$60.7 per ton.

# China's SPR Goal: 100 days



# Angola mode

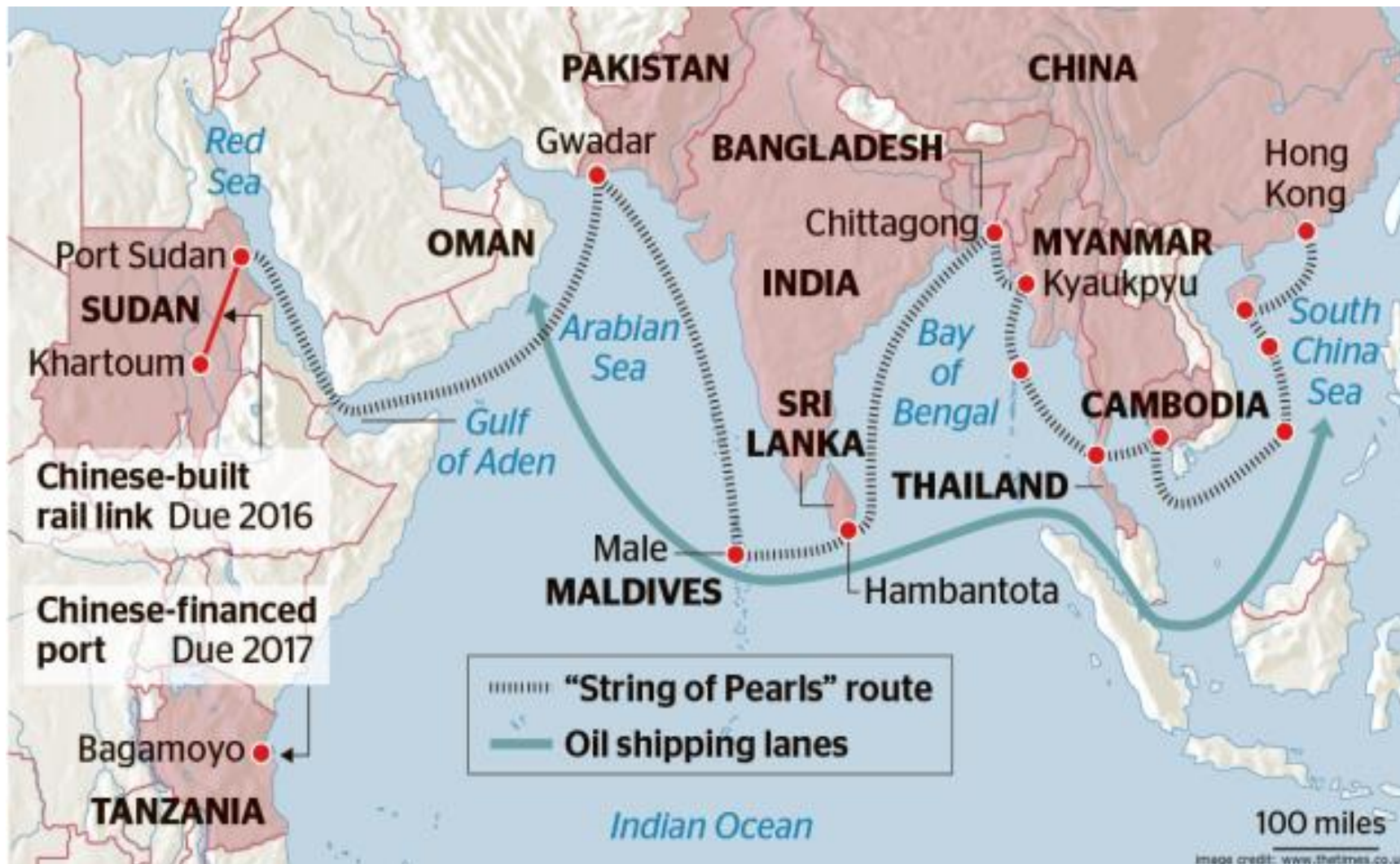
- Chinese NOCs have gained somewhat of a foothold in Angola. China's oil deals with Angola are characterized by loans and credit lines in connection with infrastructure projects, China imported crude oil from Angola worth US\$32.6 billion during 2015. While from Nigeria: \$38 billion dollar.
- It is no easy for Chinese NOCs in Africa, Western international oil companies are still the dominant foreign players in Africa, both in terms of asset holdings and production quantities. Some of the major plays are Royal Dutch Shell (UK/Netherlands), BP (UK), Eni (Italy), ChevronTexaco (U.S.), Exxon Mobil (U.S.), and Total (France).
- Furthermore African NOCs enjoy significant power as well, and many African countries remain open to investment from Western companies.
- The exceptions are projects in Sudan and Nigeria, for example, where China has a larger stake.

# China's Rivals





# Geopolitics?



# Gwadar Port /Nov 13, 2016



# Gwadar Port

- China has invested millions of dollars in developing the Gwadar port facility in the Arabian Sea, to secured itself a sea-lane to the Indian Ocean. The Gwadar port's strategic location connects China to the Arabian Sea and the Strait of Hormuz – a gateway for one third of the world's traded oil.
- It shortens the logistics distance by about 11,000km if cargoes from Xinjiang go to Gwadar via Shanghai port.
- It may also serve for transportation of crude oils overland from the port to Xinjiang and avoid going through Malacca Strait.

# Why infrastructure is priority in Africa

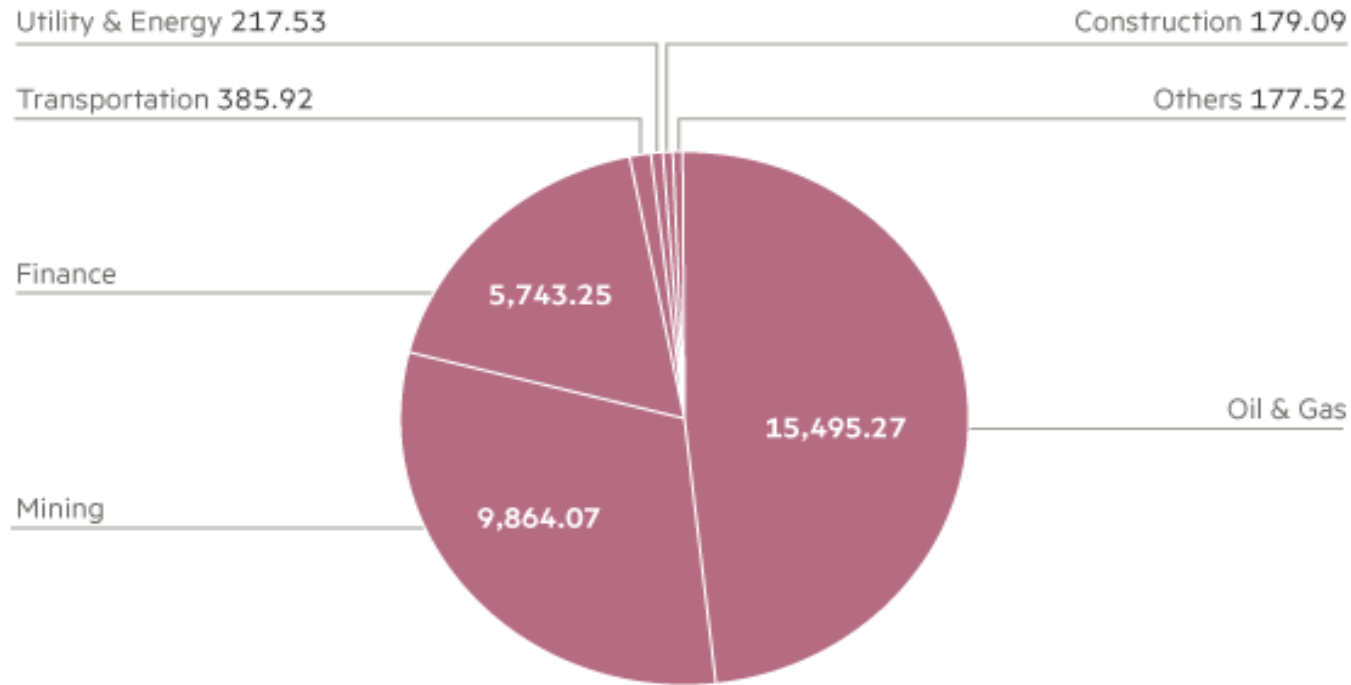
- Africa has labor cost advantage , BUT high logistics cost eroded the profit margin of its product. It is due to several reasons, such as absence of infrastructure and modern deep-water ports; bureaucratic port authorities, railway companies, Customs etc.
- The inadequacy of infrastructure has restricted Africa's sustainable development, preventing shipping lines and terminals from introduction of much larger container ships to meet the steadily expanding African trade, especially in West Africa.
- "It is difficult to think of rapid economic development, industrialization and international competitiveness without efficient, high quality and modern transport infrastructure," said Minister Workineh Gebeyehu at the 8th Ethio-Djibouti Railway Project Joint Commission meeting.



# Chinese investment in Africa totaled \$32.4 billion at the close of 2014-- BMI Research

Chinese merger and acquisition deals in Africa mainly target mining and oil & gas companies

2005-15 (\$m)



Source: Dealogic

# Investment and aid in Infrastructures in Africa



## Mauritania Friendship Harbour

Aided by Chinese government, the Harbour with 3 berths of 10,000 dwt was completed and put into operation in 1986.

## Port de l'Amitié en Mauritanie

Construit avec l'aide du Gouvernement chinois, il est entré en service en 1986 et compte trois postes d'amarrage capables de recevoir des navires de 10 000 tonnes.



The Friendship Harbour  
Port de l'Amitié



2016/11/30



## Kenya railway

- China Communications Construction Co has signed a framework agreement with the Kenyan government to build two more sections of the Mombasa-Malaba Standard Gauge Railway.

# Ethiopia and Djibouti—the first fully electrified cross-border railway line in Africa.





# Ethiopia and Djibouti Railway

- In Ethiopia currently containers from Hong Kong to Djibouti, it will take two, three weeks. But from Djibouti to Addis Ababa, It will now take one day or more above two, three weeks.
- Travelling at 120km/h, the new service cuts the journey time down from three days by road to about 12 hours.
- Djibouti is important to landlocked Ethiopia which currently imports and exports nearly 90% of its goods through its port. It links Ethiopia 's capital, Addis Ababa, to the Red Sea port of Djibouti - a stretch of more than 750km (466 miles).
- The \$3.4bn project was built with the help of funding from a Chinese bank and will have Chinese staff. 5-year Contract for Chinese.
- The railway is the first step in a vast 5,000km-long network of rail which Ethiopia hopes to build by 2020, connecting it to Kenya, Sudan and South Sudan.
- **The dream is that one day** the railway will extend from Djibouti's coast all the way across Africa to the Atlantic Ocean.

# Telecom-Huawei and ZTE

- In 2010, they were
- ---active in 50 African countries, providing communications services for over 300 million African users
- ---have established more than 40 third-generation telecom networks in more than 30 African countries---
- ----built national fiber-optic communications networks and e-government networks for more than 20 African countries.
- China Telecom companies announced to invest USD15 billion in the Africa continent to construct ICT and Fiber Optic cable which stretches 150,000 km through 48 countries and 82 big cities.



## WACT in Onne Port, Nigeria

- Onne Port in Rivers State, South-south Nigeria is seeing new heights in trade, with China leading with at least three vessels calling at the port weekly , West Africa Container Terminal invested N29 billion in port infrastructure.
- The investment increases the competitiveness of the port and making it attractive for shipping lines to sail directly from Asia, particularly China, America and Europe to Onne with vessels as large as 4000 containers capacity.
- “This has had a direct impact on the cost of goods as compared to past”. ---Mr Martin Jacob, managing director of WACT said.

# Shipping and Logistics

West Africa Container Terminal is determined to becoming the **new hub** of economic activities in **Nigeria**, being the **gateway to major markets** in Onitsha, Kano, Abuja, Nnewi, Enugu, Aba, Ogidi and Port Harcourt which will in-turn **boost** the nation's **economy**.

Managing Director,  
West Africa Container Terminal (WACT)



# Invest in Port in Togo,

- In Togo: \$380 million state-of-the-art deep-water container port in the Togolese capital of Lomé, will make it one of the biggest container ports in Africa. The port will be run by a company called Lomé Container Terminal (LCT), jointly owned by Dutch company Global Container Limited and China Merchant Holdings.
- In Kenya: The state-owned China Road and Bridge Corporation is upgrading a railway line from the port of Mombasa to Nairobi. Costing \$US4 billion and providing 30,000 local jobs. The project would also make Kenya, China's central technical training hub for railway experts in East and Central Africa.

## Invest in Suez Canal

- The Suez Canal in North Africa currently handles 7 percent of global maritime trade, to meet rising demand, a new project to construct a second Suez Canal waterway.
- It will double the capacity of the existing canal, and almost triple Egypt's revenues in fewer than 10 years; rising to \$13.2 billion in 2023. Moreover, the new parallel canal is expected to cut the average transit time for shipping vessels from 22 hours to 11 hours, and include six new shipping ports, as well as an industrial park.

# E.Africa infrastructure – Tanzania /Djibouti

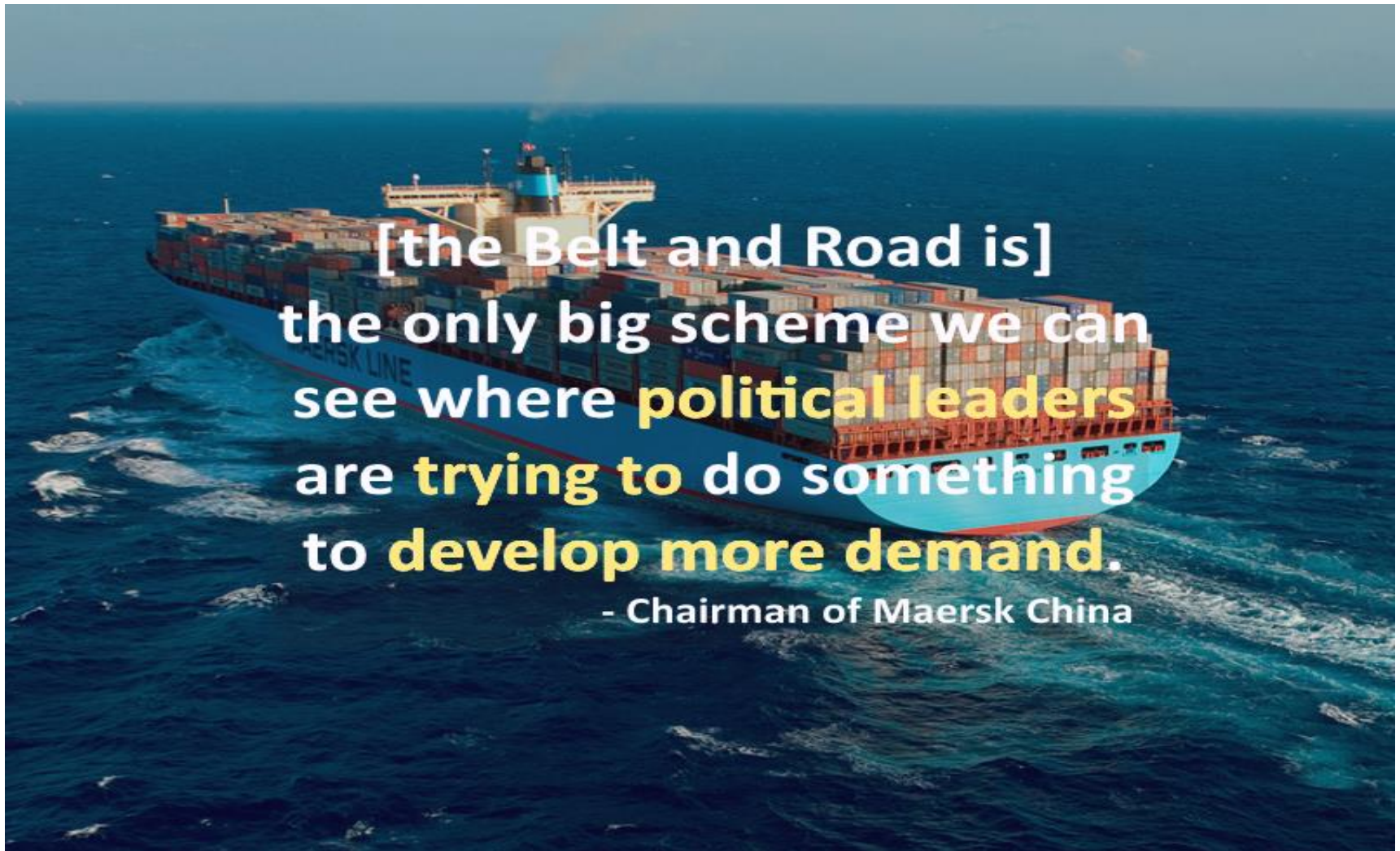
- In Tanzania, China Merchants Port Holdings is a key participant in a plan for a new trade zone around Bagamoyo, to be linked to landlocked countries like Burundi and Rwanda by another new railway.
- In Djibouti , China Merchants has bought into the Port de Djibouti on the Red Sea and a consortium led by China Railway has secured the rights to operate a railway linking Djibouti with Ethiopia.
- These projects could help capture more of the trans-shipment traffic heading for other destinations in the region, much of which is currently routed through Europe.

# SEZ s Set up by China

- **Six special economic zones setup by the PRC in Africa as of 2011:**
- 1: Chambishi, Zambia - copper and copper related industries.
- 2: Lusaka, Zambia - garments, food, appliances, tobacco and electronics. Is classified as a subzone of the Chambishi zone. Completed in 2009.
- 3: Jinfei, Mauritius - manufacturing (textiles, garments, machinery, high-tech), trade, tourism and finance.
- 4: Oriental, Ethiopia - electrical machinery, construction materials, steel and metallurgy.
- 5: Ogun, Nigeria, - construction materials, ceramics, ironware, furniture, wood processing, medicine, and computers.
- 6: Lekki, Nigeria - transportation equipment, textiles, home appliances, telecommunications, and light industry.
- 7: Suez, Egypt - petroleum equipment, electrical appliance, textile and automobile manufacturers. Completed in October 2010



**We're very keen to try to partner with Chinese companies in those new infrastructure projects ...**



# Investment in Mines

## Chambishi Copper Mine in Zambia

This is a joint venture between China Nonferrous Mining & Construction Corporation Ltd. and Zambia Consolidated Company of Copper Mines. The Chinese side holds 85% of the shares, and Zambia 15%. The Chinese side invested 150 million USD in the mine rehabilitation project which started on 28<sup>th</sup> Jul. 2000. The Mine is designed with a daily processing capability of 6,500 tons of ores and an annual output of 120,000 tons of copper concentrate (containing 50,000 tons copper). In Mar. 2003, the first batch of mineral products was shipped to South Africa.

## Mine de cuivre de Chambishi en Zambie

Entreprise à capitaux mixtes entre la Société anonyme de la Construction de l'Industrie minière non-ferreuse de Chine et l'Union des Mines de cuivre de Zambie, où la partie chinoise détient 85% des actions et la partie zambienne, 15%. La partie chinoise a investi 150 millions de dollars US dans ce projet. Les travaux pour relancer la production de la Mine ont commencé le 28 juillet 2000. L'Entreprise a une capacité prévue de 6 500 tonnes par jour pour l'exploitation et le triage de minerais et de 120 000 tonnes par an (comportant 50 000 tonnes de cuivre) pour la production de cuivre concentré. En mars 2003, les premiers lots de produits ont été livrés en Afrique du Sud.



The signing ceremony for Chambishi Copper Mine Joint Venture and Cooperation in Beijing.

Tenue solennelle à Beijing de la cérémonie de signature pour la coopération à capitaux mixtes sur l'exploitation de la Mine de cuivre de Chambishi



Ball mill made in China  
Un broyeur à boulets fabriqué en Chine

Ceremony celebrating the first batch of the concentrate from Chambishi Mine to be shipped to South Africa

Cérémonie d'inauguration pour la livraison des premiers lots de produits de la Mine de cuivre de Chambishi en Afrique du Sud



# Housing and Refinery

## Friendship City in South Africa

This is a housing project in Edenvale of South Africa aided by China. The construction was completed and handed over to South Africa in Nov. 2001. The 644 apartments of this project occupies a total construction area of 33,901 M<sup>2</sup>. It is known as "Friendship City" of China and South Africa.

## Cité de l'Amitié en Afrique du Sud

Projet d'habitation réalisé avec l'aide du Gouvernement chinois à Edenvale, Afrique du Sud. Il a été livré à la partie sud-africaine en novembre 2001. Il couvre une surface bâtie de 33 901 M<sup>2</sup> et comprend 664 appartements. Il est considéré comme la « Cité de l'Amitié entre la Chine et l'Afrique du Sud ».



Panorama view of the Friendship City  
Vue panoramique de la Cité de l'Amitié

## Khartoum Refinery Co. (KRC)

This is a joint venture of the Sudanese government and China National Petroleum and Gas Corporation (CNPC) with a total investment of 640 million USD. Its construction was wholly contracted to the Chinese side. The project which commenced production in May 2000 is now in full operation with an annual handling capability of 2.5 million tons of crude oil.

## Raffinerie de Khartoum (KRC)

Coentreprise créée par le Gouvernement soudanais et la Société du Pétrole et du Gaz naturel de Chine, avec un investissement total de 640 millions de dollars US. Les travaux ont été pris en charge forfaitaire par la partie chinoise. Mise en service en mai 2000, avec une capacité de traitement annuelle de 2,5 millions de tonnes de pétrole brut, l'Entreprise fonctionne régulièrement.



Sudanese President Bashir visiting Khartoum Refinery Co.(KRC)  
Visite du Président du Soudan Bashir dans la Raffinerie de Khartoum



Exterior view of Khartoum Refinery Co.(KRC)

# China's Aid to Africa



A teacher from Nanjing Agricultural University chatting with Kenya graduates  
Conversation d'un enseignant de l'Université d'agronomie de Nanjing avec des diplômés kenyans



More than 20 master and doctoral students have graduated from the Micro-organism Lab at Yaounde I University, Cameroon, built under China's assistance. The picture shows some academic papers of these graduates

Le laboratoire micro-biologique à l'Université de Yaoundé I, mis sur pied avec l'aide de la Chine, a formé pour le Cameroun une vingtaine de titulaires de master et de docteurs dont quelques mémoires sont exposés ici



A Chinese doctor with local medical personnel in the nursery of Kabwe Central Hospital, Zambia

Une femme médecin de l'équipe médicale chinoise avec le personnel médical local soignant de la nursery de l'Hôpital central Kabwe en Zambie



In Jun, 2000, a Chinese doctor working in the Capital Hospital of Republic of Cape Verde performed an emergency caesarean section on a pregnant woman, who gave birth to a triplet

Juin 2000. Une gynécologue chinoise de l'Hôpital de la Capitale au Cap-Vert a pratiqué une césarienne urgente à une patiente qui a mis au monde des triplets

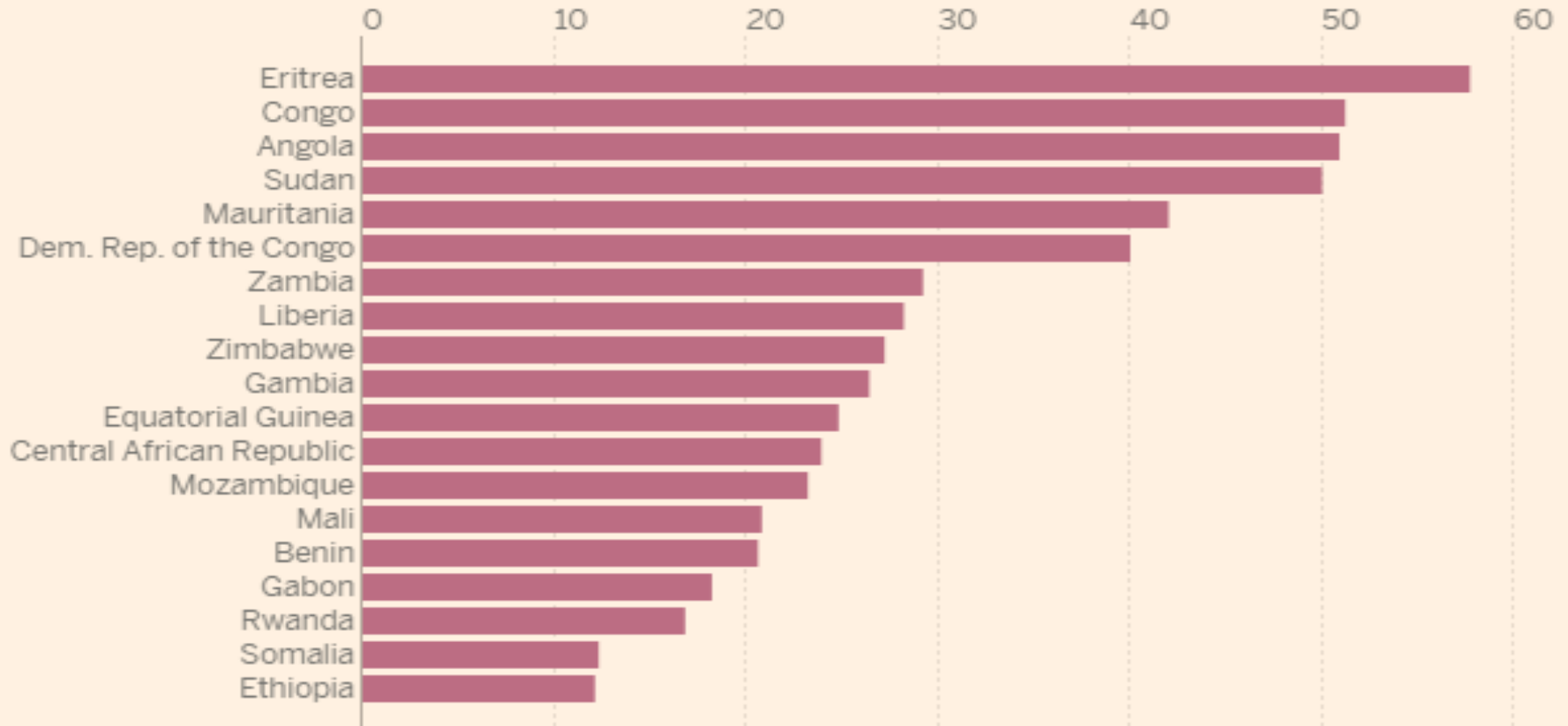
# Trade Statistics with Africa

- China is currently Africa's largest trading partner, in 2015, imports from Africa plummeted nearly 40 percent, but exports increased by 4% amounting to USD102.2 billion.
- In 2014, almost 80% of China's crude oil imports from Africa came from Angola, Republic of Congo, Sudan and South Sudan – with Angolan exports making up 61%. Crude oil exports from Equatorial Guinea and Nigeria account for 5% and 3% respectively.
- In iron ore, 95% of Chinese imports from Africa came from three countries in 2014 – South Africa (62%), Sierra Leone (21%) and Mauritania (12%). Around 73% of South Africa's total global iron ore exports were absorbed by China.
- And in copper, 87% of Chinese imports from Africa in 2014 originated from Zambia and the Democratic Republic of Congo (DRC), with a further 7% from South Africa. Roughly 40% of Zambia's total copper exports were absorbed by China, 42% for the DRC, and near 60% for South Africa.

# China: An important Trade Partner

China accounts for more than 20 per cent of exports for many African countries

Top countries by share of exports to China, 2014 %



Source: Unctad

FT

# Who are those Chinese residing in Africa?

- 第一批来非洲的中国人：中国为重返联合国，援助非洲
- 第二批来非洲的中国人：和台湾争邦交，援助了很多民生项目
- 第三批来非洲的中国人：国企和使馆的朋友，来非洲后，发现商机，就留下来，特别是国内改制，有些厂生产不下去，派驻非洲的人有资源就留下了。
- 第四批来非洲的中国人：一带一路后，国家鼓励企业去非洲投资。以前的资源型和贸易，现在开厂，办实业。在中国产能过剩，人工贵的情况下，进行劳动密集型转移，又可以利用非洲的资源、人力、以及欧美的网络，
- 另外一部分中国人是从迪拜来的，迪拜是非洲54个国家的采购中心，竞争激烈，所以生意不好做，就分散到非洲了—Mr. Yang rongchang, A Chinese business

# 21<sup>st</sup> Century Maritime Silk Road

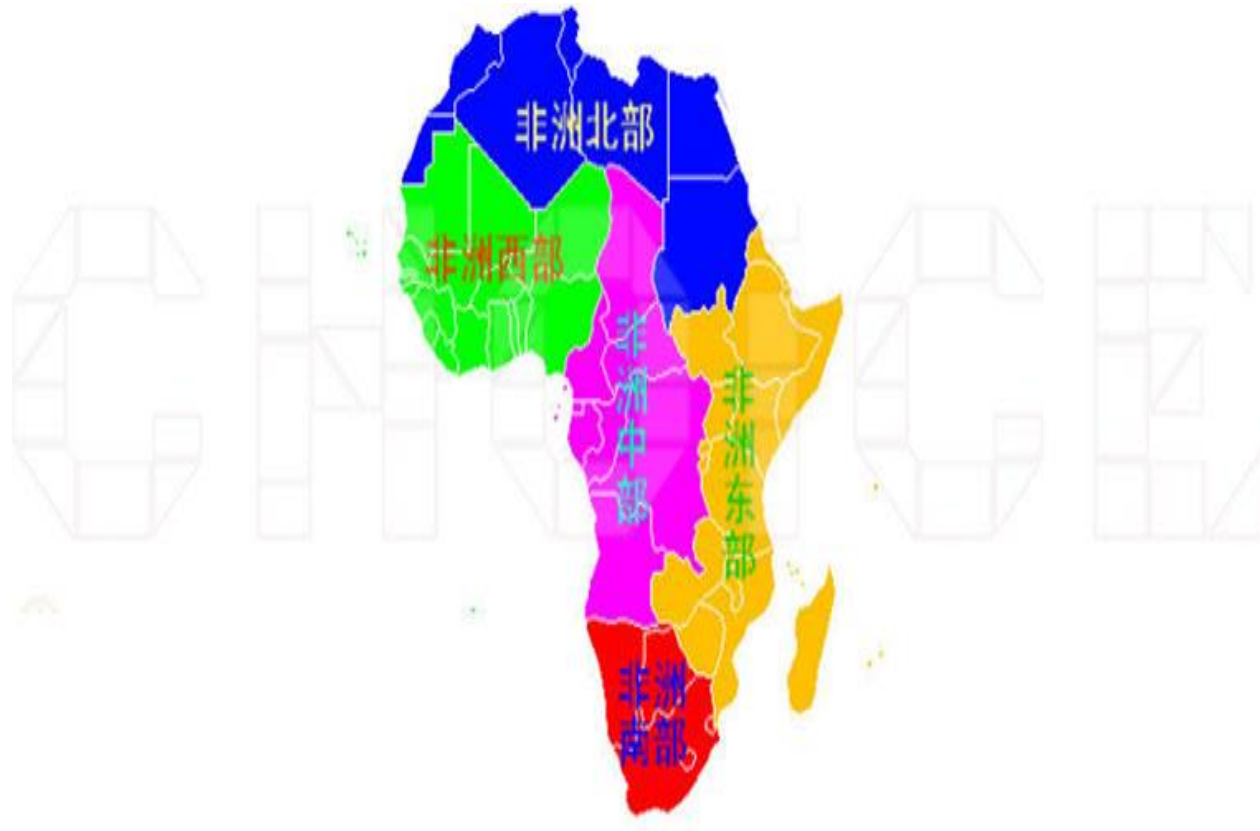




# Logistics to the inland African countries

- Many Chinese freight forwarding companies are offering International multi-modal transport service for cargoes with destination to those landlocked African Countries:
- Chinese ports - Mali (Bamako / Sikasso / Segou / Kaya, etc.)
- Chinese ports - Niger (Niamey / Randall / Azelike, etc.)
- Chinese ports - Chad (N'Djamena, etc.)
- Chinese ports - Burkina Faso (Ouagadougou, etc.)
- Chinese ports - Zambia (Lusaka), Rwanda, Burundi, Congo, Malawi, Uganda, etc)
- Chinese ports - Madagascar (Antananarivo, etc.)

# 5 Maritime Regions in Africa



# Main Ports in Africa

1. South Africa: DURBAN /CAPE TOWN /PORT ELIZABETH

Shipping Lines: MSK/SAF/EMC/MSC/COSCO/MOL/CSCL/KLINE/PIL /CMA/H-SUD/CSAV/NDS/NYK

2. Eastern Africa: MOMBASA(Kenya)/DAR ES SALAAM(Tanzania)

Shipping Lines: PIL/MSK/SAFMARINE/CMA&MOL&MSC, EMIRATES

3. Western Africa: ABIDJAN /LAGOS (LAGOS including APAPA and TINCAN)  
TEMA (加纳) LOME (多哥) COTONOU (贝宁) and other 15+non-main ports

Shipping Lines:

NYK&NDS/MSK/CMA/SAFMARINE/DELMAS/CSCL/MOL/PIL/COSCO

4. Northern Africa : ALGIERS (阿尔及利亚) CASABLANCA (摩洛哥) ORAN (阿尔及利亚) TUNIS (突尼西亚) BENGHAZI (利比亚) TRIPOLI (利比亚) ELKHOMS (利比亚) MISURATA (利比亚)

Shipping Lines: CMA/MSK/MSC/IRISL/NCL/EMC

# Maritime Links





# Sailing Schedule

## **MV SINOWAY TBN**

TYPE: BULK CARRIER / CLASS: NKK  
FLAG: HONGKONG / BLT: 2005 JAPAN  
DWT / DRAFT: 52358MT / ABT 12.024M  
LOA / BEAM: ABT 189.99M / ABT 32.26M  
HOLDS / HATCHES: 5/5  
CRANES 30MT X 4  
ADA WOG

**CHANGSHU + SH + TJ - DURBAN + SAO  
FRANSCISCO DO SUL + PECEM**

**CS : 20<sup>TH</sup> - 30<sup>TH</sup> NOV**

**SH : 25<sup>TH</sup> NOV - 5<sup>TH</sup> DEC**

**TJ : 1<sup>ST</sup> - 10<sup>TH</sup> DEC**

## **MV.MILESTONE**

TYPE: BULK CARRIER / CLASS: NKK  
FLAG: HONGKONG / BLT: 2005 JAPAN  
DWT / DRAFT: 52358MT / ABT 12.024M  
LOA / BEAM: ABT 189.99M / ABT 32.26M  
HOLDS / HATCHES: 5/5  
CRANES 30MT X 4  
ADA WOG

**TJ + LONG KOU + SH - DURBAN + LUANDA +  
MALABO + DOUALA + ABIDJAN**

**TJ : 22<sup>ND</sup> NOV**

**LK : 26<sup>TH</sup> NOV**

**SH : 30<sup>TH</sup> NOV**

## **MV IMPERIAL EAGLE**

FLAG: MARSHALL ISLANDS  
2010 JAPAN BUILD,NK CLASS  
DWAT: 55989MT ON 12.735M SSW  
LOA/BM: 190.0M/ 32.26M TPC 56.93  
5HO/5HA GT/NT 31,532/18,765  
CRANES 4 X 30MT  
ADA WOG

**TJ + BYQ + SH - DURBAN + BEIRA + MONTEVIDEO**

**TJ : 20<sup>TH</sup> NOV**

**BYQ : 24<sup>TH</sup> NOV**

**SH : 28<sup>TH</sup> NOV**

# Liberia-Flag Registration



The Liberian Registry is the second largest in the world, with over 3200 ships of more than 100 million gross tons, which represents 10 percent of the world's ocean-going fleet.

**Panama** now has the largest registry in the world, followed by **Liberia**, the **Marshall Islands**, Hong Kong and Singapore. By last year, almost three quarters of the world's fleet was registered under a flag of a country other than its own, known as FOC.

# Somali Pirates-A big threat

