

Quarterly Feature – “Back in Business”

In late March, Chinese President Xi Jinping visited Russia as his first foreign visit. This visit commenced only one week after he assumed his official duties as Chinese President. Russia is the world's largest energy producer while China remains a huge energy consumer. Not surprisingly, the talks centered around energy. China and Russia agreed on transactions involving Gazprom and Rosneft, both of which have the effect of diversifying Russian oil and gas exports away from Europe (in particular in Germany) and towards the higher growth markets of the Asia Pacific region. These partnerships also include the major Chinese energy companies of CNPC and Sinopec.

President Xi's first African stop was in Tanzania. The highlight of this visit was the agreement to build a 4th generation port in Bagamoyo, which will be able to handle 20 times the cargo of the existing port in Dar Es Salaam. The new port will facilitate shipments of minerals from Zambia, Zimbabwe and Congo via the Indian Ocean. It would also represent a cheaper option for the countries of Malawi, Burundi, Rwanda and Uganda for imports / exports. As part of the agreement, China also agreed to build both roads and railways links to the new port.

The next stop was South Africa. China is already South Africa's largest trading partner, purchasing 13% of its exports. Already nearly one third of China's trade across all of Africa is with South Africa hence the importance of South Africa to China. During this visit, President's Xi and Zuma agreed to jointly build a refinery near Port Elizabeth which would become Africa's largest refinery and double the existing capacity of all of South Africa's existing refineries. A loan from CDB will help fund's Transnet's (South Africa's state owned ports and rail operator) future growth both within South Africa and in increasingly important mineral rich neighbouring countries such as Mozambique.

President Xi's last leg in his African tour was the Republic of Congo. China has had ties with Congo, Africa's 2nd largest oil producer, for nearly 50 years. China is already Congo's largest trading partner. International trade between the two countries increased at a 33.2% CAGR during the past decade. The highlight of these talks centered around China's continued funding for large infrastructure projects for roads (500 kilometers into / out of Brazzaville) as well as ports.

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