

NOTES FOR MEC: INTERVIEW WITH CHINA DAILY

1. Challenges facing South Africa and Mpumalanga

- Triple challenges of **unemployment, poverty and inequality**.
- Most affected are the youth – given that the recently released 2011 Census results indicate that Mpumalanga is a youthful province. Approximately 64% of Mpumalanga's population of just over 4 million people consists of economically active people between the ages of 15 to 34 years of age.
- This provides significant human resources for future economic growth and sustainability
- We must therefore exploit all economic sectors, including emerging ones, to create the much needed job opportunities.

2. Our intervention

- Mpumalanga has followed on the footsteps of the national government and crafted Provincial Growth Path – the *Mpumalanga Economic Growth and Development Path (the MEGDP)*, which is in line with the National Growth Path;
- Like the New Growth Path, *the MEGDP* lays out a dynamic vision for how we can collectively achieve a more developed, democratic, cohesive and inequitable economy and society over a medium term to long term in the context of sustained growth.
- It proposes specific focus on sectors which have a potential to produce the much needed job opportunities in order to deal with the social ills inflicted by the these triple challenges.
- In implementing *the MEGDP*, we aim as a Province, to facilitate **720 000** jobs by 2020 in order to half unemployment and thus deal with poverty and inequality.

In a nutshell, *the MEGDP* amongst others proposes focus on:

- ✓ Strategic sectors with a potential to create more jobs in the Province, with a special focus on co-operatives and SMMEs (wherein women, the youth and people with disabilities will be prioritised);

- ✓ Prioritising skills development as a pre-requisite for sustainable growth;
 - ✓ Promoting regional and international economic co-operation;
 - ✓ Crafting a strategy that will contribute in reducing the carbon footprint or greenhouse gas emissions. This exercise is all about the management of our environmental assets for sustainable development.
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- In order to active *the MEGDP*, we have developed the Programme of Action (POA) which has since been approved by the Executive Council under the capable leadership of Honourable Premier DD Mabuza
 - The POA has identified at least 14 high impact projects, which have the potential to create more jobs and stimulate sustainable economic growth and development in the Province.

3. Job Drivers in the Province

- Infrastructure for Employment and Development (Economic and Social Infrastructure)
- Spatial Development: Rural Development, Regional and International Co-operation
- Job Creation in Strategic Economic Sectors: Agriculture and Forestry Value Chain, Mining and Mineral beneficiation, Manufacturing, Tourism and Cultural Industries
- Investing in Social Capital and Public Service: the social economy and the public sector
- Seizing the Potential for New economies: Green Economy and ICT

4. Principles Underpinning Developmental Initiatives: the Principles of *the MEGDP*

- Youth focused jobs and development
- SMMEs
- Co-operatives
- Beneficiation and agro-processing
- BBBEE
- Community driven development

5. Sectors

- Agriculture
- Forestry
- Manufacturing
- Mining
- Energy and Green Economy
- Tourism

6. Provincial Key/Priority Projects for 2013/2014

- Fresh Produce Market (Agriculture/ Agro-processing)
- Lowveld Food Technology Centre (Agriculture/ Agro-processing)
- Forestry Technical Training (Forestry)
- Wood SMME Incubator (Forestry)
- Mathematics and Science Academy (Mining – for Skills Development and Capacity Building)
- Entrepreneur Development Centre (Mining – for skills Development and Capacity building)
- Water Infrastructure (Mining/ Energy – for Infrastructure and rural development)
- Water Reclamation (Mining/ Energy – for infrastructure development)
- Energy Efficiency- retrofitting (Energy and Green Economy)
- Tourism Infrastructure (Tourism – for infrastructure, rural development, production and beneficiation)
- ICC and Tourism Development Node (Tourism – for infrastructure development)
- High Altitude Training Centre (Cultural Industries – for infrastructure development)
- Mpumalanga University (All Sectors – for infrastructure development)

7. Top five (5) National Exports to China

- Mineral products;
- Base metals and articles of base metal;
- Natural or cultured pearls, precious or semi-precious stones, precious metals;

- Textiles and textile articles; and
- Products of the chemical or allied industries.

8. Top five (5) Chinese Imports to South Africa

- Machinery and mechanical appliances electrical equipment;
- Textiles and textile articles;
- Base metals and articles of base metal;
- Products of the chemical or allied industries; and
- Miscellaneous manufactured articles.

9. Trade statistics between Mpumalanga and China (2009 – 2011)

- In 2009, export totaled R828 million, 106 thousand and 468 whereas imports totaled R253 million, 657 thousand, and 583;
- In 2011, export totaled R1 billion, 26 million, 707 thousand and 153 whereas import totaled R442 million, 889 thousand and 902.

10. Top five (5) Mpumalanga Exports to China

- Mineral products
- Products of the chemical or allied industries
- Base metals and articles of base metal
- Works of art
- Vegetable products

11. Top five (5) Chinese Imports to Mpumalanga

- Machinery and mechanical appliances electrical equipment;
- Base metals and articles of base metal;
- Articles of stone, plaster, cement;

- Plastics and articles thereof; rubber and articles thereof and;
- Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes.

12. Bilateral Trade Relations Agreements

Title	Status
Agreement concerning the Reciprocal Encouragement and Protection of investment	Signed 30 December 1997. Uncertain whether it was ratified or not.
MoU on Promoting Bilateral Trade and Economic Cooperation	Signed August 2006. Tabled in Parliament
Agreement on the Establishment of the Joint Economic Trade Committee	Signed 2 February 1999. Tabled in Parliament

13. Mpumalanga's total Exports to BRIC (Brazil, Russia, India China) – All commodities (2009)

Country	Exports
Brazil	R50,750,442
Russia	R195,926
India	R517,568,803
China	R804,264,212
Total Trade	R1,372,779,383

14. Top Five Exports by Mpumalanga Province to Brazil (2009)

Product Category	Value
Base metals & articles of base metal	R36358591
Products of the chemical or allied industries	R13667316
Machinery & mechanical appliances; electrical equipment; parts thereof; sound recorders an reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	R692441
Works of art, collectors' pieces and antiques	R14067
Textiles & textile articles	R13039

15. Top Exports from Mpumalanga Province to Russia 2009

Product Category	Value
Works of art, collectors' pieces & antiques	R176480
Raw hides & skins, leather, furskins & articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)	R14940
Live animals, animal products	R3388
: Vegetable products	R1118

Project Profiles

March 2012 - Shantui Equipment Southern Africa, a subsidiary of Shantui Construction Machinery into South Africa

Shantui Equipment Southern Africa, a subsidiary of Shantui Construction Machinery (Jining, China) is investing in the city of Middelburg, South Africa in the Industrial Machinery, Equipment and Tools sector in a Maintenance and Servicing project. Shantui Equipment Southern Africa, which operates as a subsidiary of China-based mining and construction machinery manufacturer Shantui Construction Machinery, plans to open a new maintenance and servicing branch in Middelburg, South Africa. The new presence will house a parts depot and a number of technicians who will serve the company's clients, including those from the coal mining industry, in the local area.

Jobs Created: 24 (est)
 Investment: USD 5.2 million (est)
 FDI project type: New

February 2012 - Fenchem Enterprises into South Africa

Fenchem Enterprises (Nanjing, China) is investing in South Africa in the Chemicals sector in a Sales, Marketing & Support project. China-based food supplements company Fenchem is to open an office in South Africa in 2012 as part of its expansion plans for Africa. This will be the company's fourth overseas office, and will include a warehouse to ensure prompt delivery service for local customers.

Jobs Created: 16 (est)
 Investment: USD 2.80 million (est)
 FDI project type: New

January 2012 - Powerway Renewable Energy into South Africa

Powerway Renewable Energy (Foshan, China) is investing in the city of Kimberley, South Africa in the Metals sector in a Manufacturing project. China-based Powerway Renewable Energy, a manufacturer of mounting structures for utility-scale solar farm installations, is to establish a production and galvanising facility for steel structures of solar farms in Kimberley, South Africa. This is part of the company's strategy to invest R10m in six production facilities in the country in the first half of 2012. Local citizens will have co-ownership of the facilities, and create a total of 2000 jobs in the country.

Jobs Created: 333
Investment: USD 0.02 million
FDI project type: New

January 2012 - Powerway Renewable Energy into South Africa

Powerway Renewable Energy (Foshan, China) is investing in South Africa in the Metals sector in a Manufacturing project. China-based Powerway Renewable Energy, a manufacturer of mounting structures for utility-scale solar farm installations, is to establish a production base in De Aar, South Africa, as part of the company's strategy to invest R10m in six production facilities in the country in the first half of 2012. Local citizens will have co-ownership of the facilities, and create a total of 2000 jobs in the country.

Jobs Created: 333
Investment: USD 0.02 million
FDI project type: New

January 2012 - Powerway Renewable Energy into South Africa

Powerway Renewable Energy (Foshan, China) is investing in the city of Upington, South Africa in the Metals sector in a Manufacturing project. China-based Powerway Renewable Energy, a manufacturer of mounting structures for utility-scale solar farm installations, is to establish a production base in Upington, South Africa, as part of the company's strategy to invest R10m in six production facilities in the country in the first half of 2012. Local citizens will have co-ownership of the facilities, and create a total of 2000 jobs in the country. The company will need over 30,000 tonnes of steel, and over 500 tonnes of extruded aluminum material on an annual basis.

Jobs Created: 333
Investment: USD 0.02 million
FDI project type: New

January 2012 - Powerway Renewable Energy into South Africa

Powerway Renewable Energy (Foshan, China) is investing in the city of Kimberley, South Africa in the Metals sector in an Education & Training project. China-based Powerway Renewable Energy, a manufacturer of mounting structures for utility-scale solar farm installations, is to establish a training facility in Kimberley, South Africa as part of the company's plan to invest in local training centres to train local managers and workforce. The company is opening manufacturing plants in the country also.

Jobs Created: 63 (est)
Investment: USD 5.80 million (est)
FDI project type: New

November 2011 - Huawei Technologies into South Africa

Huawei Technologies (Shenzhen, China) is investing in the city of Cape Town, South Africa in the Communications sector in a Sales, Marketing & Support project. China-based Huawei Technologies, a telecommunications equipment manufacturer, plans to open an office in Cape Town, South Africa. The company is planning to roll-out its range of smart phones in South Africa in 2012 as part of its plans to grow its brand in Africa.

Jobs Created: 26 (est)
Investment: USD 9.40 million (est)
FDI project type: New

November 2011 - New Hope Group (NHG) into South Africa

New Hope Group (NHG) (Chengdu, China) is investing in the city of Johannesburg, South Africa in the Food & Tobacco sector in a Manufacturing project. New Hope Group, China's largest animal feed producer, has announced that it plans to set up plants and farms overseas, naming Johannesburg, South Africa as one of its identified locations. The company made the announcement as it set up an overseas investment centre in Singapore to organise its investments in south-east Asia where it has several animal feed and poultry facilities. New Hope Group is to open seven to eight new plants each year overseas and has also said that it is targeting the Middle East and central Europe.

Jobs Created: 259 (est)
Investment: USD 33.10 million (est)
FDI project type: New

November 2011 - Industrial and Commercial Bank of China (ICBC) into South Africa

Industrial and Commercial Bank of China (ICBC) (Beijing, China) is investing in the city of Cape Town, South Africa in the Financial Services sector in a Business Services project. The Industrial and Commercial Bank of China (ICBC) has officially opened its first representative office in Africa, in Cape Town, South Africa. The new office is aimed at deepening the ties between China and Africa and will focus on strengthening strategic co-operation between ICBC and Standard Bank Group, deepening the understanding of the African markets as well as facilitating economic development and trade. The banks are partnering to provide financing to Chinese small to medium enterprises in Africa.

Company contact: Jianqing Jiang (Chairman)
Jobs Created: 17 (est)
Investment: USD 9.40 million (est)
FDI project type: New

September 2011 - FAW South Africa, a subsidiary of China FAW Group (First Automotive Works) into South Africa

FAW South Africa, a subsidiary of China FAW Group (First Automotive Works) (Changchun, China) is investing in South Africa in the Automotive OEM sector in a Manufacturing project. FAW South Africa, part of the China FAW Group, plans to construct a \$100m truck and passenger car plant in Coega, in South Africa's Eastern Cape region, creating 450 jobs. The new 400,000 sq m facility, which is expected to commence production in 2015, will have an annual capacity of 5000 trucks and will also produce light commercial vehicles. It will serve the African market initially, and may expand this service to South America.

Jobs Created: 450
Investment: USD 100.00 million
FDI project type: New

July 2011 - Xinjiang Goldwind Science & Technology (Goldwind) into South Africa

Xinjiang Goldwind Science & Technology (Goldwind) (Urumqi, China) is investing in the city of Cape Town, South Africa in the Engines & Turbines sector in a Sales, Marketing & Support project. Goldwind Science and Technology Company, a leading Chinese wind turbine maker, has opened an office in Cape Town, South Africa. This forms part of the company's global expansion plans with additional offices opening recently in Ecuador and Canada.

Jobs Created: 11 (est)
Investment: USD 9.80 million (est)
FDI project type: New

February 2011 - Huawei Symantec Technologies into South Africa

Huawei Symantec Technologies (Chengdu, China) is investing in the city of Johannesburg, South Africa in the Software & IT services sector in a Sales, Marketing & Support project. China-based Huawei Symantec Technologies, a leading provider of network security and storage appliance solutions, has opened a subsidiary office in Johannesburg, South Africa. It will allow the company to provide services to its growing base of customers in the country more effectively. The opening is part of the company's aggressive growth plans.

Jobs Created: 14 (est)
Investment: USD 7.70 million (est)
FDI project type: New

December 2010 - Guangxi Liugong Machinery into South Africa

Guangxi Liugong Machinery (Liuzhou, China) is investing in the city of Johannesburg, South Africa in the Industrial Machinery, Equipment & Tools sector in a Headquarters project. China-based construction equipment manufacturer Guangxi Liugong Machinery will invest \$4.7m in a 4500 sq m office and spare parts distribution centre in Johannesburg, South Africa. The facility, expected to open in early 2011, will act as the headquarters for a newly established subsidiary, LiuGong Machinery South Africa, which will serve seven sub-Saharan countries.

Jobs Created: 29 (est)
Investment: USD 4.70 million
FDI project type: New

September 2010 - Great Wall Motors (GWM) into South Africa

Great Wall Motors (GWM) (Baoding, China) is investing in South Africa in the Automotive OEM sector in a Manufacturing project. China-based Great Wall Motors is to build a manufacturing plant in South Africa by 2013. The company's product portfolio includes passenger cars, special utility vehicles, multi-purpose vehicles and pickups.

Jobs Created: 608 (est)
Investment: USD 102.00 million (est)
FDI project type: New

July 2010 - China Telecom, a subsidiary of China Telecommunications (China Telecom Group) into South Africa

China Telecom, a subsidiary of China Telecommunications (China Telecom Group) (Beijing, China) is investing in South Africa in the Communications sector in a Sales, Marketing & Support project. China Telecom, the leading telecommunications provider in China and owner of the world's largest fixed-line communications network, plans to set up a representative office in South Africa during 2011 as part of its plans to expand in the African continent.

Jobs Created: 26 (est)
Investment: USD 9.40 million (est)
FDI project type: New

June 2010 - Zhejiang Gonow Automobile, a subsidiary of GAIG Stock (Guangzhou Automobile) into South Africa

Zhejiang Gonow Automobile, a subsidiary of GAIG Stock (Guangzhou Automobile) (Guangzhou, China) is investing in South Africa in the Automotive OEM sector in a Manufacturing project. Zhejiang Gonow Automobile, a Chinese company specialised in producing sports utility vehicles, pickups, and minivans, plans to open another assembly plant in South Africa as part of its future international market expansion plans. The plant would become its second in the country, as it is set to invest \$10m to establish its first plant in the country by 2013, in either Durban or Pretoria.

Jobs Created: 608 (est)
Investment: USD 102.00 million (est)
FDI project type: New

June 2010 - Zhejiang Gonow Automobile, a subsidiary of GAIG Stock (Guangzhou Automobile) into South Africa

Zhejiang Gonow Automobile, a subsidiary of GAIG Stock (Guangzhou Automobile) (Guangzhou, China) is investing in South Africa in the Automotive OEM sector in a Manufacturing project. Zhejiang Gonow Automobile, a Chinese company specialised in producing sports utility vehicles, pickups, and minivans, plans to invest \$10m in South Africa to establish an assembly plant by 2013. The plant is likely to be located in either Durban or Pretoria. Zhejiang Gonow Automobile is a subsidiary of GAIG Stock. The company's future plans include the construction of three more assembly plants in South America, South Africa and Poland.

Jobs Created: 51 (est)
Investment: USD 10.00 million
FDI project type: New

May 2010 - Jidong Cement into South Africa

Jidong Cement (Tangshan, China) is investing in South Africa in the Building & Construction Materials sector in a Manufacturing project. Jidong Cement plans to construct a R1.65bn cement plant in South Africa as part of a joint venture with the China-Africa Development Fund, South Africa's Women Investment Portfolio Holdings and US-based Continental Cement. The two Chinese companies will hold 51% of the JV. Initially the facility will produce two tonnes of cement per day.

Jobs Created: 354 (est)
Investment: USD 221.00 million
FDI project type: New

November 2009 - Huawei Technologies into South Africa

Huawei Technologies (Shenzhen, China) is investing in the city of Johannesburg, South Africa in the Communications sector in a Design, Development & Testing project. China-based Huawei, a leader in providing next-generation telecommunications networks for operators around the world, has opened a research and development centre in the Woodmead area of Johannesburg, South Africa. The centre will enable software to be customised without it being sent back to China and it will allow Huawei to import global telecoms technology innovations to South Africa. Last year, Huawei formed a local training centre, which has already trained 300 people.

Jobs Created: 129 (est)
Investment: USD 28.80 million (est)
FDI project type: New

September 2009 - ASA Metals, a subsidiary of Sinosteel into South Africa

ASA Metals, a subsidiary of Sinosteel (Beijing, China) is investing in South Africa in the Metals sector in a Manufacturing project. ASA Metals has commissioned a new ferro-chrome furnace, which will more than double its current capacity in South Africa. The company is a subsidiary of Sinosteel.

Jobs Created: 413 (est)
Investment: USD 221.50 million (est)
FDI project type: New

July 2009 - Changan Automobile Group, a subsidiary of China South Industries Group (CSG) into South Africa

Changan Automobile Group, a subsidiary of China South Industries Group (CSG) (Beijing, China) is investing in South Africa in the Automotive OEM sector in a Manufacturing project.

Changan Automobile Group, the Chinese state-owned vehicle manufacturer, will invest \$80m in South Africa over five years in order to establish a production plant with an annual capacity of 50,000 units. Around 1000 jobs will be created by the project, which is expected to take place in three stages with the establishment of the plant being the final stage. This marks the first investment in a greenfields auto assembly operation in South Africa in 40 years.

Jobs Created: 1000

Investment: USD 80.00 million

FDI project type: New

March 2009 - The China-Africa Development Fund (CADFund) into South Africa

The China-Africa Development Fund (CADFund) (Beijing, China) is investing in the city of Johannesburg, South Africa in the Financial Services sector in a Business Services project.

The China-Africa Development Fund (CADFund) opened its first representative office in Johannesburg, Africa. It is perceived that the opening of the office will boost economic development in Africa by encouraging investment from Chinese enterprises, leading to an improved quality of life for residents throughout Africa.

Jobs Created: 17 (est)

Investment: USD 9.40 million (est)

FDI project type: New

October 2008 - Union Colours, a subsidiary of Longyu Pigments & Chemicals into South Africa

Union Colours, a subsidiary of Longyu Pigments & Chemicals (China) is investing in the city of Johannesburg, South Africa in the Chemicals sector in a Manufacturing project.

Union Colours Limited UK, a division of the Longyu Pigments and Chemicals Corporation of China has entered into a strategic alliance with Rolfes Color Pigments International (RCPI) to manufacture organic pigments at its facility in Johannesburg, South Africa. The strategic alliance details Union Colours designing new product technologies to be manufactured at RCPI's South African location for sale by Union Colours to their international client base. As part of the agreement, Union and RCPI have jointly established development and quality control laboratories in South Africa to continue product development and to facilitate client-tailored quality control for the local output.

Jobs Created: 104 (est)

Investment: USD 246.40 million (est)

FDI project type: New

August 2008 - Huawei Technologies into South Africa

Huawei Technologies (Shenzhen, China) is investing in the city of Johannesburg, South Africa in the Communications sector in a Education & Training project.

Huawei Technologies Co., Ltd, leader in providing next generation telecommunications network solutions for operators around the world has announced the opening of a training centre in South Africa. The facility aims to transfer skills and share expertise in next generation telecom technologies with employees, local partners and the industry. Located in Woodmead, this newest facility brings the number of Huawei training centers in Africa to five, with the other facilities located in Nigeria, Kenya, Egypt and Tunisia. A sixth training centre in Angola is under construction.

Jobs Created: 63 (est)

Investment: USD 4.20 million (est)

FDI project type: New

March 2012 - Shantui Equipment Southern Africa, a subsidiary of Shantui Construction Machinery into South Africa

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Shantui Equipment Southern Africa, which operates as a subsidiary of China-based mining and construction machinery manufacturer Shantui Construction Machinery, plans to open a new maintenance and servicing branch in Middelburg, South Africa. The new presence will house a parts depot and a number of technicians who will serve the company's clients, including those from the coal mining industry, in the local area.

Jobs Created: 24 (est)

Investment: USD 5.20 million (est)

FDI project type: New