



Analysis of approvals for Chinese companies to invest in Africa's mining, agriculture and forestry sectors

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Ministry of Commerce (MOFCOM) complex on Chang'an Avenue in Beijing. MOFCOM serves Chinese business interests both at home and overseas and its support is behind many of China's recent international business expansion endeavors.

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Abbreviations

BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development), Germany
CIFOR	Center for International Forestry Research
DRC	Democratic Republic of Congo
GIZ	Gesellschaft für Internationale Zusammenarbeit, Germany
ICRAF	World Agroforestry Centre
M&A	Mergers and acquisitions
MOFCOM	Ministry of Commerce, PR China
MOFTEC	Ministry of Foreign Trade and Economic Cooperation, PR China
NPC	National Planning Commission
OFDI	Outward Foreign Direct Investment

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Summary

The impacts of Chinese investment in and trade with Africa have become the subject of much speculation. CIFOR's 'Chinese trade and investment in Africa' project seeks to understand the impacts of China's role in shifting global trade flows and investment patterns on forests in 2 African eco-regions, the Congo Basin and the southern African woodlands, with a focus on sectors with potential direct impacts on forests: mining, forestry and agriculture.

The lack of a comprehensive database of Chinese investments in Africa makes it difficult to build a picture and analyse trends and patterns. The analysis in this working paper draws on a database (spanning 1983 to 2010) of approvals by the Ministry of Commerce of the People's Republic of China (MOFCOM) for Chinese companies to engage in overseas investments. Records in the database indicate the companies' intent to invest overseas, but do not record actual investments that were completed. Additional sources are used to characterise trends in Chinese merger and acquisition activities in the sectors of concern in Africa.

The database contains 1346 records of approvals for Chinese companies to invest in Africa from 1988 to 2010, representing 8.47% of all approvals for overseas investment awarded to Chinese companies. Before 2002, fewer than 10 approvals were made per year. After 2002, approvals grew at an annual average rate of 250%, reaching 388 in 2010. Of these, 278 approvals were for the mining, forestry and agriculture sectors, of which 128 (44%) were in the 2 eco-regions of interest to the CIFOR project.

In the mining sector, there were 209 approvals, with 70% concentrated in 10 countries: Democratic Republic of Congo (DRC), Zambia, Nigeria, Algeria, South Africa, Sudan, Tanzania, Ethiopia, Ghana and Chad. More than half of the approvals were for mineral extraction and a third were for prospecting.

Approvals for mining investment in the 2 eco-regions accounted for 45% of all mining records for Africa. The DRC, Zambia and Tanzania accounted for 90% of mining sector approvals, the vast majority (86%) of which were for mineral extraction and prospecting activities.

In the forestry sector, there were 34 investment approvals in 14 countries. The top intended investment destinations for Chinese forestry companies in Africa are Gabon, Zambia, Ghana, Nigeria and Republic of Congo. Overall, Gabon accounts for almost 23% of forestry sector approvals. Eighteen of the 34 approvals were in the 2 eco-regions, and over 40% of these were in Gabon. Timber extraction and sawnwood manufacturing together account for most (84%) of the approval records.

For crop-based agriculture, there were 35 records. Zambia, Tanzania, Sudan, Ghana and Ethiopia accounted for almost 60% of approval records. Most (74%) approvals were for crop production, with smaller numbers for wholesale and retail (20%) and manufacturing (5.7%) activities. Overall, 43% of agricultural approvals were in the 2 eco-regions, almost half of which were for investment in Zambia.

Globally, mergers and acquisitions (M&A) by Chinese companies have been increasing in recent years. Africa is the second most frequent destination for mining M&A events, and research shows increased interest in M&A activity in Africa. Most M&A activity is in the oil and mining sectors.

Further research is required to produce a comprehensive database of actual Chinese investment activities in Africa. M&A as a growing form of overseas investment by Chinese companies also merits investigation.

摘要

中国对非洲投资和贸易的影响已成为国际上备受瞩目的焦点。在此背景下，国际林业研究中心启动了“中国在非洲的贸易和投资”项目。该项目以可能对森林有直接影响的矿业、林业和农业3个部门为重点，旨在通过在非洲两个生态区，即刚果盆地和非洲南部森林地区开展研究以了解中国对与森林有关的全球贸易流和投资模式的作用和影响。

由于相关数据的缺乏，使得全面了解中国在非洲的投资，分析发展趋势和模式比较困难。因此，本文以中国商务部的企业海外投资审批记录（1983年至2010年）为基础，建立了中国对非洲投资数据库。该数据库记录了计划从事海外投资活动的企业，但并不意味着投资活动已经实施。此外本文还使用了其他相关数据来源对中国在非洲上述领域的兼并和收购趋势进行了说明。

该数据库记录了1988年至2010年间所有被批准在非洲进行投资的中国企业，共计1346条，占所有中国海外投资记录的8.47%。在2002年之前，每年获得批准的企业不超过10个。而2002年以后，这一数字则以每年250%的速度递增。2010年，获得批准的投资企业达到了388个。在所有记录中，284个涉及矿业、林业和农业的投资，129个（约44%）位于本项目的研究区域。

同时，矿业共涉及209个投资记录，其中70%集中在刚果（金），赞比亚，尼日利亚，阿

尔及利亚，南非，苏丹，坦桑尼亚，埃塞俄比亚，加纳和乍得10个国家，45%位于项目关注的两个生态地区。在所有矿业投资中，超过50%的为矿业开发，另有超过30%为矿业勘探。在涉及2个生态区的矿业投资记录中，刚果（金），赞比亚和坦桑尼亚是主要的投资地，占了90%，其中绝大多数（86%）为矿产开采和勘探。

林业部门共有34个投资记录，涉及14个国家，主要的投资目的地为加蓬，赞比亚，加纳，尼日利亚和刚果（布），其中加蓬占了近23%。两个生态地区涉及了18个投资记录，其中40%位于加蓬，而木材采伐和锯材制造业占大多数（84%）。

以作物种植为基础的农业共有35条审批记录。赞比亚，坦桑尼亚，苏丹，加纳和埃塞俄比亚占了近60%。其中大多数（74%）为作物生产，小部分为批发及零售业（20%）和制造业（5.7%）的活动。总体而言，43%的农业批准记录位于2个生态区，其中近一半是在赞比亚。此外，在全球范围内，近年来由中国公司发起的兼并和收购活动也在逐渐增加。而非洲则是中国采掘业的第二大兼并和收购目的地。研究表明，中国在非洲进行并购活动的兴趣正在不断增加，并主要集中在石油和矿业部门。

今后的研究将集中在建立较为全面的中国对非洲投资数据库。同时作为一种的投资新形式，兼并和收购同样值得关注。

Résumé

Les conséquences des investissements et des échanges de la Chine avec l'Afrique font l'objet de nombreuses conjectures. Le projet du CIFOR intitulé « Chinese trade and investment in Africa » (Le commerce et les investissements chinois en Afrique) cherche à comprendre quel est le rôle de la Chine dans le fait que les flux d'échange mondiaux et les politiques d'investissement se déplacent vers les forêts dans deux régions écologiques de l'Afrique, à savoir le bassin du Congo et les forêts d'Afrique australe, en mettant l'accent sur les secteurs ayant un potentiel impact direct sur les forêts : l'exploitation minière, la foresterie et l'agriculture.

Dans la mesure où il n'existe pas de base de données complète sur les investissements chinois réalisés en Afrique, il est difficile de dresser un tableau et d'analyser les tendances et les caractéristiques. Dans ce document de travail, l'analyse repose sur l'enregistrement, dans une base de données (1983-2010), des autorisations accordées par le Ministère du commerce de la République populaire de Chine (MOFCOM) aux sociétés chinoises pour qu'elles investissent à l'étranger. Cette base de données enregistre les intentions d'investir à l'étranger des sociétés, mais pas les investissements réellement réalisés. D'autres sources sont utilisées pour caractériser les tendances en matière de fusions-acquisitions chinoises dans les secteurs considérés en Afrique.

La base de données contient 1 346 enregistrements d'autorisations à investir en Afrique délivrées aux sociétés chinoises entre 1988 et 2010, ce qui représente 8,47 % de l'ensemble des autorisations d'investissement à l'étranger accordées aux entreprises chinoises. Avant 2002, moins de 10 autorisations étaient délivrées chaque année. À partir de 2002, ce nombre a augmenté d'en moyenne 250 % par an, pour atteindre 388 autorisations en 2010. Sur ce nombre, 278 ont concerné les secteurs minier, forestier et agricole, dont 128 (44 %) dans les deux régions d'intérêt écologique pour le projet du CIFOR.

Dans le secteur minier, 209 autorisations ont été accordées, 70 % d'entre elles étant concentrées dans 10 pays : la République démocratique du Congo (RDC), la Zambie, le Nigeria, l'Algérie, l'Afrique du Sud, le Soudan, la Tanzanie, l'Éthiopie, le Ghana

et le Tchad. Plus de la moitié des autorisations ont concerné l'extraction minière, un tiers la prospection. Les autorisations d'investissement minier dans les deux régions écologiques ont représenté 45 % de tous les dossiers miniers pour l'Afrique. La RDC, la Zambie et la Tanzanie ont représenté 90 % des autorisations dans le secteur minier, dont une grande majorité (86 %) pour des activités d'extraction et de prospection.

Dans le secteur forestier, 34 autorisations d'investissement ont été accordées dans 14 pays. Les premières destinations d'investissement visées par les sociétés forestières chinoises en Afrique sont le Gabon, la Zambie, le Ghana, le Nigeria et la République du Congo. Dans l'ensemble, le Gabon représente presque 23 % des autorisations dans le secteur forestier. Dix-huit des 34 autorisations ont concerné les deux régions écologiques et plus de 40 % de celles-ci ont été attribuées au Gabon. L'extraction de bois et la fabrication de bois scié représentent à elles deux la majorité des autorisations enregistrées (84 %).

Dans le secteur de l'agriculture basée sur les cultures, on dénombre 35 enregistrements. La Zambie, la Tanzanie, le Soudan, le Ghana et l'Éthiopie ont représenté presque 60 % des autorisations enregistrées. La plupart d'entre elles (74 %) ont concerné la production de cultures, beaucoup moins les activités de gros et de détail (20 %) et les activités manufacturières (5,7 %). Au total, 43 % des autorisations agricoles ont été accordées dans les deux régions écologiques, dont presque la moitié pour des investissements en Zambie.

À l'échelle mondiale, le nombre de fusions-acquisitions (M&A) réalisées par des sociétés chinoises augmente ces dernières années. L'Afrique est la deuxième destination la plus fréquente en matière de fusions-acquisitions minières, et des études font état d'un intérêt accru dans l'activité de M&A en Afrique. La plus grande partie de celle-ci se produit dans les secteurs pétrolier et minier.

D'autres études sont nécessaires pour établir une base de données complète sur les investissements chinois réellement réalisés en Afrique. Les fusions-acquisitions, en tant que moyen de plus en plus utilisé par les sociétés chinoises pour investir à l'étranger, méritent également d'être étudiées.

1. Introduction

The ‘Chinese trade and investment in Africa: Assessing and governing trade-offs to national economies, local livelihoods and forest ecosystems’ project, launched in March 2010, aims to advance understanding of the social, economic and environmental impacts of Chinese investment in commodities or sectors affecting forests and livelihoods in Africa (e.g. timber, mining, agriculture), and to strengthen the capacity of decision-makers in government, civil society and the private sector to enact reforms to maximise social and economic benefits while minimising adverse effects.

This project seeks to understand China’s role in shifting global trade flows and investment patterns; to understand what is unique about Africa’s trade with China (relative to other development partners) in the forestry sector; and to identify how trends in forest-related trade and investment are playing out in the Congo Basin and the southern African woodlands. These regions were selected because of the importance of their forests. The countries of concern in these eco-regions are Republic of Congo, Cameroon, Democratic Republic of Congo (DRC), Equatorial Guinea, Gabon, Mozambique, Tanzania, Zambia and Zimbabwe. Together these countries have a total area of 6.3 million km², spanning more than a fifth of the total African land mass. The project is identifying the economic, social and environmental trade-offs (positive and negative impacts) for a selection of Chinese investments that have an impact on forests on the continent (e.g. timber, agricultural cash crops, biofuels, mining).

In recent years, in line with China’s ‘Going Out’ strategy announced in 2000 (MOFCOM 2001), many Chinese companies have begun exploring and making investments in Africa. The impacts of this trend – both positive and negative – have generated a great deal of speculation worldwide. A growing number of reports from academics and civil society organisations document some of these activities and, in some cases, the specific impacts on the local ecology, livelihoods and economy. However, nowhere have specific investment events been systematically collated, making it difficult to build a picture and analyse trends and patterns from the available scattered documentation. One part of this project is to develop systematic documentation of

investment events in the Congo Basin and southern African woodlands.

In the absence of a complete database, the analysis in this working paper draws on a database of applications by Chinese companies for permission to invest overseas. The database is the China Companies Overseas Investment Database of the Ministry of Commerce of the People’s Republic of China (MOFCOM). The MOFCOM database contains a list of Chinese companies that received approval to make overseas green land investments during the period 1983–2010. The database was built to comply with Chinese government regulations, first issued in 1983 and subsequently updated several times, that require Chinese companies intending to make non-trade investments overseas to apply to MOFCOM for approval to invest (State Council 1983, MOFTEC 1984, 1985, 1992, 1999, NPC 1991, MOFCOM, 2003, 2007, 2009). Listing in the database can only be taken as an indication of a company’s intent to invest overseas. Listing does not imply that all these companies eventually made the actual investments either in Africa or in the sectors under which they applied. There are 2 other caveats to note. First, the database does not include merger and acquisition (M&A) or other minority equity investments. Since the database does not include companies solely involved in M&A investment, this working paper describes some trends in Chinese M&A (see Section 5). Second, the database does not record the value of intended investments. The relevant Chinese government agencies record outward foreign direct investment (OFDI) value data separately and report them using other systems.

Drawing primarily on the MOFCOM database, this working paper examines trends in intended investment and the major intended investment destinations of Chinese companies in 3 important land use sectors that may have direct environmental and social impacts: forestry, mining and agriculture. The analysis focuses on data for companies intending to invest in these sectors in countries of the Congo Basin and southern African woodlands (Congo, Cameroon, DRC, Equatorial Guinea, Gabon, Mozambique, Tanzania, Zambia and Zimbabwe). Section 5 analyses available data on M&A investments in these sectors drawing on other data sources. The final section elaborates on some questions for further research raised by the analysis.

2. Approvals for investment by Chinese companies in Africa

2.1 Trends in investment approvals

Examination of the MOFCOM database identified 1346 records of Chinese companies declaring their intention to invest in Africa, covering the period from 1988 to 2010. This accounts for 8.47% of the total number (15 895) of records in the MOFCOM database. Although the first record in the database dates back to 1983, the first investment record in Africa is in 1988, when Jiangxi International Economy and Technology Cooperation Corporation, a state-owned company, applied to set up a representative office in Zambia.

To help understand trends in investment approvals, the period 1988–2010 can be divided into 2 phases. The first phase is from 1988 to 2001, during which time fewer than 10 companies obtained approval from MOFCOM each year. The second phase is from 2002 to 2010, during which time the record of investment applications grew dramatically, with an average annual growth rate of 250%. In 2010, there were 388 records of approvals, which is nearly 40 times as many as in 2002.

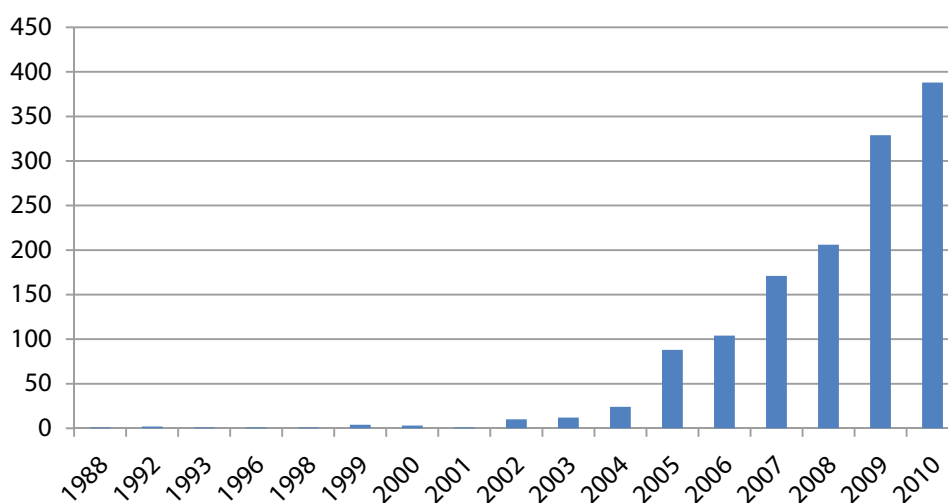


Figure 1. Number of companies receiving approval to invest in Africa (1988–2010)

Source: MOFCOM China Overseas Investment Database. Compiled by the authors

2.2 Investment destinations of approvals for Africa

The 1346 investment records found referred to 45 African countries, or around 85% of the continent. The top 10 intended investment destinations for Chinese companies are Nigeria, South Africa, Zambia, Egypt, Ethiopia, Angola, Tanzania, DRC, Algeria and Ghana. Records

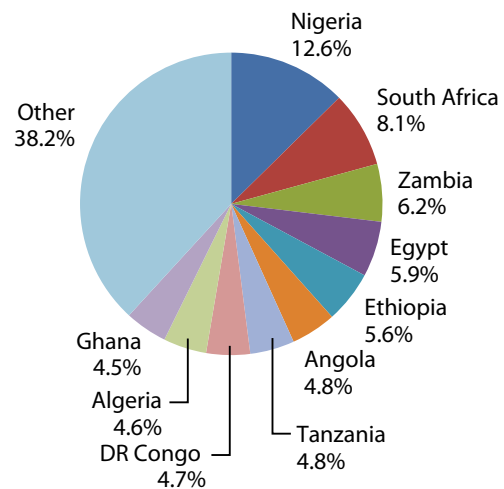


Figure 2. Top 10 Chinese intended investment destinations in Africa

Source: MOFCOM China Overseas Investment Database, compiled by the authors

referring to these 10 countries account for 61.8% of the total number of companies approved to invest in Africa.

2.3 Intended investments by type and sector

To analyse the intended investments by sector, we adopted the classification in the Chinese National Economy Industry Classification and Code (GB/T 4754–2002), a national standard applied in China. Application of this classification method reveals that Chinese companies mainly intend to invest in 8 economic sectors: manufacturing; leasing and business services; wholesale and retail; construction; mining; research, technical services and geological prospecting; farming, forestry, animal husbandry and fisheries; and real estate¹ (Figure 3).

Amongst these sectors, manufacturing is the most frequent investment target, accounting for around 27.6% of all approvals. This industry category covers manufacturing across all industries, including textiles, chemicals, mining, wood processing and food processing. The leasing and business services sector is the second largest intended investment sector for Chinese companies, accounting for more than 21% of the total number of records. This sector includes a large number of representative offices intending to make investments or to expand marketing of their products, many of which have the purpose of searching for potential business opportunities and clients in Africa. Companies engaging in international trade are categorised as being in the wholesale and retail industry, which accounts for almost 14% of all investment records. The construction industry, which includes construction activities such as housing, roads, railways and bridges, accounts for just over 12% of records. The mining sector is also an important investment field for Chinese companies, accounting for over 9% of records. It should be noted, however, that in this method of classification, mining only includes mineral extraction activities, such as extraction of oil, natural gas, metal and non-metal ores. Other mining-related activities are classified into other sectors, such as research, technical services and geological

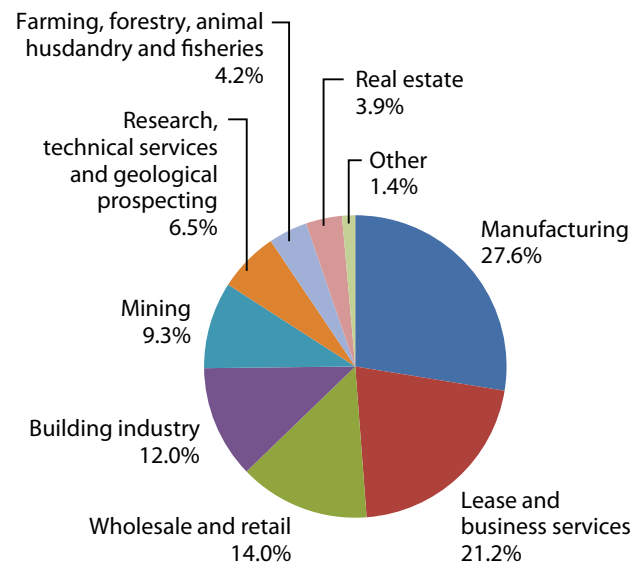


Figure 3. Composition of investment approvals in Africa by economic sector (1988–2010)

Note: To better understand the composition of investments from China in Africa, the analysis in this figure draws on the first level of 'Classification and Code'.

Source: MOFCOM China Overseas Investment Database, compiled by the authors

prospecting. The classification that includes agriculture, animal husbandry, fisheries and forestry in one category can be considered 'agriculture' in its broadest sense. This sector accounts for just over 4% of the total number of records.

3. Approvals for Chinese companies investing in Africa's mining, forestry and agriculture sectors

3.1 Overview

As mentioned above, many mining, forestry and agriculture companies' approvals to invest in Africa are classified under other economic sectors, such as manufacturing, wholesale and retail, and geological prospecting. In this section, we separate mining, forestry and agriculture out of the general 'agriculture' category, and include records relating to these 3 sectors that are allocated to other sectors using the standard classification presented above. In the mining sector, records referring to metal and non-metal ores (e.g. quarries) are sometimes difficult to distinguish, and some non-metal mining

¹ The China National Economy Industry Classification and Code (GB/T 4754–2002) is a 3-tier hierarchical list, with more detailed items under each main level.

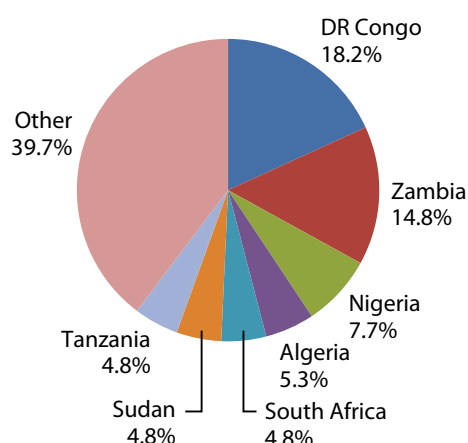


Figure 4. Major Chinese mining investment approval destinations in Africa

Source: MOFCOM China Overseas Investment Database, compiled by the authors

investment approvals may be included in the mining sector.

This re-categorisation results in 278 records relating to the mining, forestry and agriculture sectors, accounting for more than one-fifth of the total investment application records. There are 209, 34 and 35 records in the mining, forestry and agriculture sectors, respectively, or around 15%, 2.6% and 2.6% of all investment application records.

3.2 Mining investment approvals in Africa

Country distribution

The re-categorised database shows a total of 209 records in the mining sector, distributed across 33 African countries. The top 10 intended investment destinations of these companies are DR Congo, Zambia, Nigeria, Algeria, South Africa, Sudan, Tanzania, Ethiopia, Ghana and Chad. Records referring to these 10 countries account for just under 70% of all mining sector records.

Sector distribution

Mining-related records are mainly distributed across five sectors of the standard classification: mineral extraction, geological prospecting, manufacturing, leasing and business services and wholesale and retail. Mineral extraction is the most common of these, accounting for 55% of all mining-related records.

Geological prospecting is also an important intended activity, accounting for around 31% of records. Some of these records refer to companies that provide mineral prospecting services to other enterprises, while others are for companies intending ultimately to extract the ores discovered through prospecting. Manufacturing and leasing and business services each account for around 6% of total mining records, and the wholesale and retail industry accounts for just under 2% of records (Figure 5).

The mining industry also includes 14 oil companies, of which 12 obtained approvals to engage in oil extraction and 2 in manufacturing (Table 1).

3.3 Forestry investment approvals in Africa

Thirty-four forestry investment records distributed across 14 African countries cover forest management, logging, wood processing, paper and furniture and wooden floor materials manufacturing.

Country distribution

The top investment destinations for Chinese forestry companies in Africa are Gabon, Zambia, Ghana, Nigeria and Republic of Congo, among which Gabon is the most important, accounting for almost 40% of the total records. Gabon is an important African timber provider to China; its rich forest resources and a comparatively stable political environment, have attracted Chinese

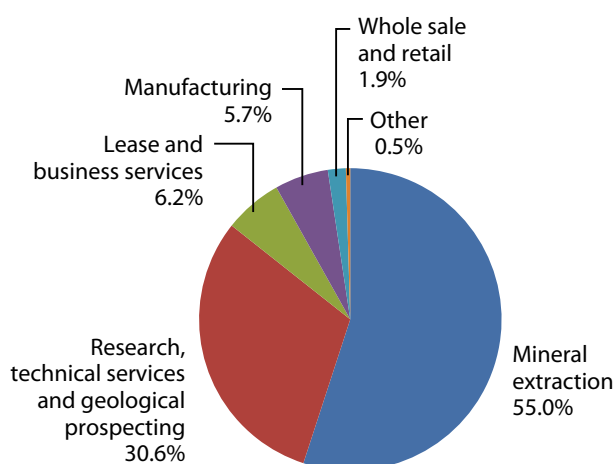


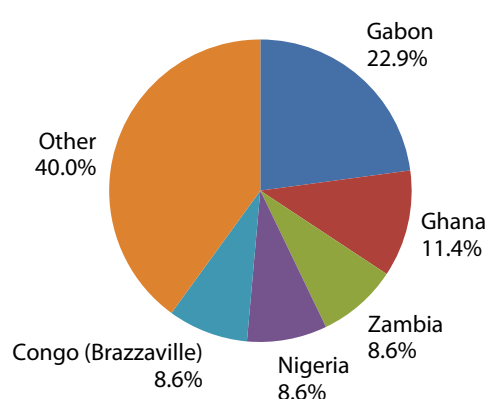
Figure 5. Sectoral distribution of Chinese mining investment approvals

Source: MOFCOM China Overseas Investment Database, compiled by the authors

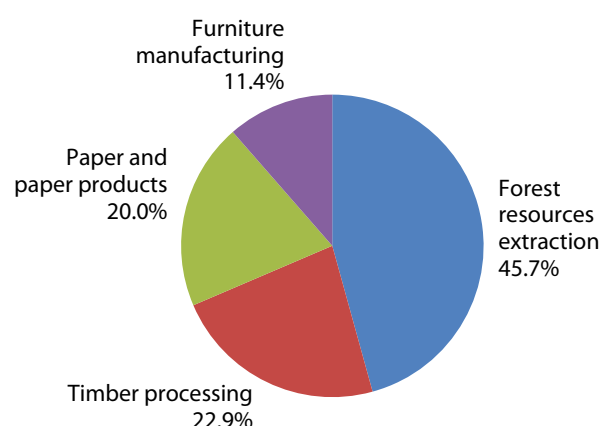
Table 1. Sectoral distribution of Chinese mining investment approvals

Sector	Investment records	No. of which are oil investment records
Mineral extraction	115	12
Research, technical services and geological prospecting	64	0
Leasing and business services	13	0
Manufacturing	12	2
Wholesale and retail	4	0
Other	1	0
Total	209	14

Source: MOFCOM China Overseas Investment Database, compiled by the authors

**Figure 6. Top five destinations in Africa for intended forestry investments by Chinese companies**

Source: MOFCOM China Overseas Investment Database, compiled by the authors

**Figure 7. Sectoral distribution of Chinese forestry investment approvals**

Source: MOFCOM China Overseas Investment Database, compiled by the authors

forestry companies (Forest Trends 2007). Exports of roundwood from Gabon to China have accounted for around 40% of African roundwood exports to China in recent years.

Sectoral distribution

Within the forestry sector, about 45.7% of investment approvals were for forest resources extraction (forest management and logging). Other activities included processing of wood products (wood-based panelling, etc.), paper and paper products and furniture manufacturing, which account for around 22.9%, 20.0% and 11.4%, respectively (Figure 7).

When logging and sawnwood processing are categorised as ‘primary processing’ and other

activities as ‘secondary processing’, 18 records (52.9%) fall into the primary processing sector and 16 (47.1%) into the secondary processing sector.

3.4 Agricultural investment approvals in Africa

In this section, we consider agriculture only narrowly defined as cropping, i.e. excluding forestry, animal husbandry and fisheries. Applying this narrow definition, 35 records are found in this sector.

Country distribution

The 35 investment records are distributed across 17 African countries. Zambia, Sudan, Tanzania, Ethiopia and Ghana are the major investment destinations, accounting for almost 60% of the total

investment approval records. Amongst these five countries, Zambia is the most frequently represented, accounting for almost 20% of the total number of records.

Sectoral distribution

Most approvals in the agriculture sector are in crop production. The other sectors recorded are wholesale and retail and manufacturing, accounting for 20.0% and 5.7%, respectively (Figure 9).

4. Chinese mining, forestry and agriculture investment approvals in the eco-regions

4.1 Overview

This research project focuses on the Congo Basin and southern African woodlands because of the importance of their remaining forests. The countries of concern in these two eco-regions are Cameroon, DR Congo, Equatorial Guinea, Gabon, Mozambique, Republic of Congo, Tanzania, Zambia and Zimbabwe. Together, these countries cover 6.3 million km², more than one-fifth of the total African land area.

The MOFCOM database includes 293 investment records in these countries, which, at less than 22%, is not a very large share of the total records for Africa. However, of these, 44% (128 records) relate to mining, forestry and agriculture. This indicates that these sectors in these investment destinations are relatively significant for Chinese companies.

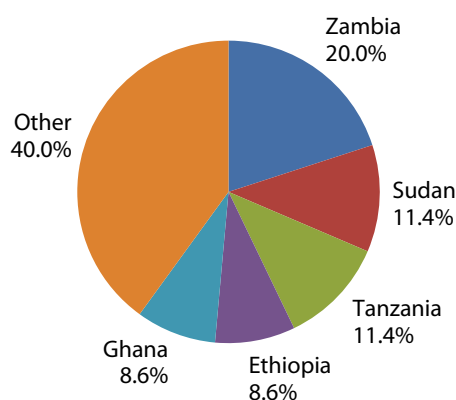


Figure 8. Major Chinese agriculture investment approval destinations in Africa

Source: MOFCOM China Overseas Investment Database, compiled by the authors

4.2 Mining investment approvals in the eco-regions

Country distribution

A total of 95 records for the mining sector in these countries account for over 45% of the total mining records for the African continent. The major destinations for mining investment are DR Congo, Zambia and Tanzania. These three countries combined account for over 90% of mining investment records in the eco-regions (Figure 10).

Sectoral distribution

When records are analysed by economic sector, mineral extraction is seen to account for a large share (64%). Extraction and geological prospecting together account for 86% of the total mining sector investment records. No oil-related records were found in the target eco-regions.

4.3 Forestry investment approvals in the eco-regions

Country distribution

There are a total of 18 investment approval records for the forestry sector in the Congo Basin and southern woodlands eco-regions, accounting for almost 53% of the total forestry records in Africa. Gabon is the most frequent intended investment destination, accounting for more than 40% of the total investment records in the eco-regions.

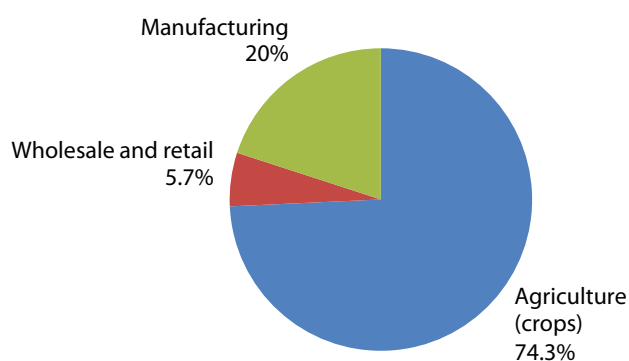


Figure 9. Sectoral distribution of Chinese agriculture investment approvals

Source: MOFCOM China Overseas Investment Database, compiled by the authors

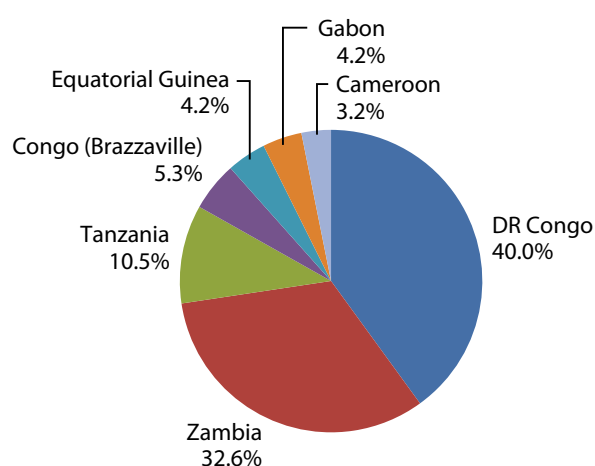


Figure 10. Major Chinese mining investment destinations in the eco-regions

Source: MOFCOM China Overseas Investment Database, compiled by the authors

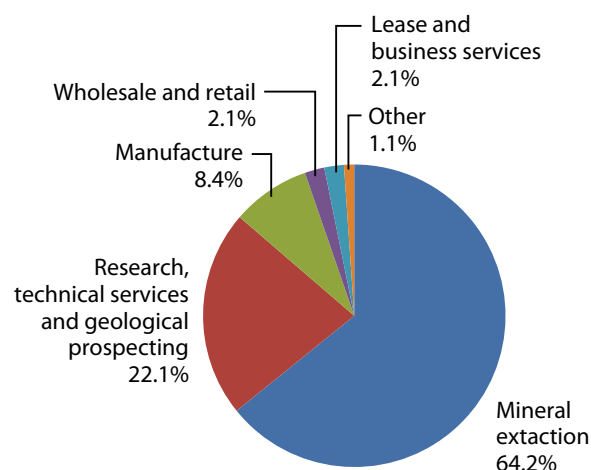


Figure 11. Sectoral distribution of Chinese mining investment approvals in the eco-region

Source: MOFCOM China Overseas Investment Database, compiled by the authors

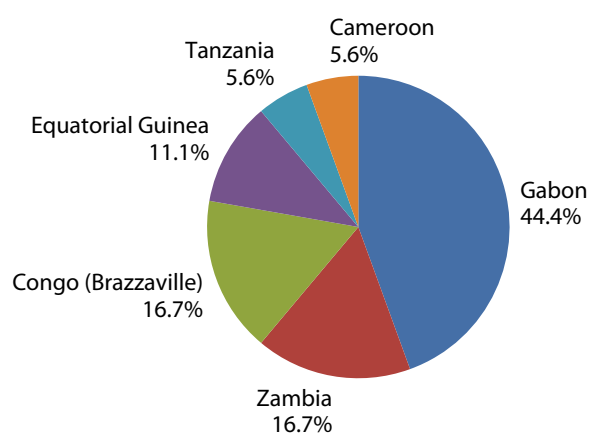


Figure 12. Major Chinese forestry investment destinations in the eco-regions

Source: MOFCOM China Overseas Investment Database, compiled by the authors

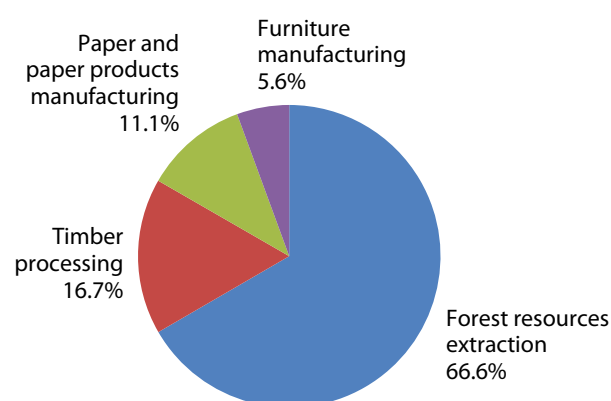


Figure 13. Sectoral distribution of Chinese forestry investment in the eco-regions

Source: MOFCOM China Overseas Investment Database, compiled by the authors

Sectoral distribution

When we look at the sectoral distribution of Chinese forestry investment in the study countries, we find that primary processing (i.e. timber extraction and sawnwood manufacturing) accounts for most (84%) of the records (Figure 13).

4.4 Agricultural investment approvals in the eco-regions

For agriculture, the MOFCOM database includes 15 records in the eco-regions, accounting for over

42% of the total agricultural records for Africa. This indicates that these regions are important Chinese agricultural investment destinations.

Amongst the countries in the two eco-regions, Zambia is the most frequent intended investment destination, accounting for nearly half of all records. The potential for investment in Zambia makes southern Africa an important agricultural investment destination; together with Tanzania this sub-region accounted for over 73% of all investments in the two eco-regions.

Of these, 13 records (87%) are for intended investment in crop production, and two records are for manufacturing.

5. Chinese companies' merger and acquisition activities in Africa

In addition to the green land investments recorded in the MOFCOM database, Chinese companies have been engaged in a large number of overseas M&A activities in recent years, many of which are in Africa. M&A approvals are not included in the MOFCOM database. For insights into trends in this area, we rely on two reports compiled by Deloitte (2010a, 2010b). Deloitte's reports include only completed M&A activity, and do not account for the likely large number of M&A initiatives that are not followed through to completion.

From 2003 to mid-2010, Chinese overseas M&A activity increased greatly in terms of both value and number (Figure 15).

Amongst these mergers and acquisitions, a large number (in terms of both quantity and value) were in the oil and mining sectors. These M&A activities account for 39% of the total records Deloitte collated.

Amongst Chinese mining companies' M&A target markets, Australasia is the most important destination, accounting for a quarter of total M&A events. Africa is the second most important continent, accounting for 15% of the total records. It should be noted that some Australasian and other companies may have been taken over or purchased by Chinese companies that are also operating in Africa.

Deloitte (2010b) presents an analysis of possible future trends in Chinese outward M&A activity in the mining sector. Using data from interviews with 26 Chinese mining companies with prior involvement in outward M&A, Deloitte identified

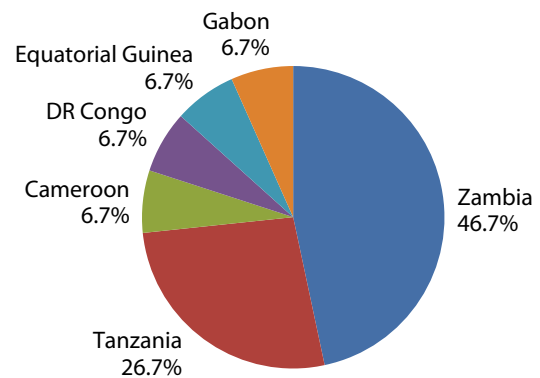


Figure 14. Major Chinese agricultural investment destinations in the eco-regions

Source: MOFCOM China Overseas Investment Database, compiled by the authors

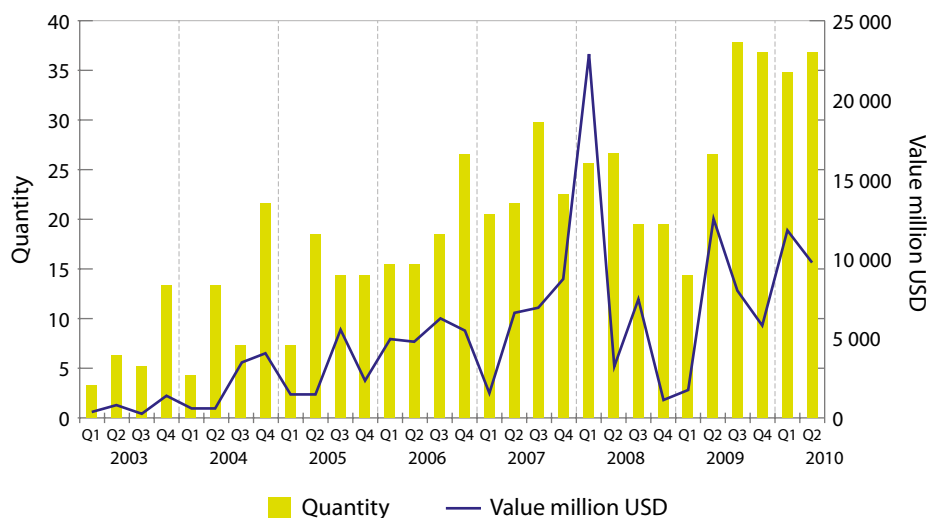


Figure 15. Chinese overseas merger and acquisition events (2003 to mid-2010)

Source: Deloitte (2010a)

33 Chinese outward M&A events in the mining sector in 2009, representing US\$9.2 billion of investment. Most of the M&A events involved the purchase of majority or minority stakes in the overseas company. Most interviewed respondents revealed that they expected Chinese outward M&A activity to increase in 2010–2011. The most commonly cited driver of this anticipated trend was the goal of securing resources supply. Increasing market share, achieving economies of scale and price bargaining power were also frequently mentioned drivers. Environmental protection concerns were the third most commonly mentioned obstacle to M&A deals, after currency regulations and financial market instability. Africa was by far the most frequently cited potential future destination for outward M&A. Reasons given for this include the complementarity between Africa's abundant resources and Chinese companies' ability to invest, low labour costs and the then (pre-July 2010) threatened imposition of a super-profits tax in Australia that made acquisitions in other countries relatively more attractive. Drivers explaining Chinese companies' need to secure raw materials supply in the mining sector are reviewed in Zhang (2011).

6. Discussion

The analysis of records of Chinese government approvals for participation in overseas investment by Chinese companies shows 1346 investment records of intent to invest in Africa. This is equivalent to less than 8.5% of the total number of approvals for Chinese companies to invest overseas. Amongst the specific sectors of concern to this research project, mining investment in Africa is an important field for Chinese companies investing in Africa, accounting for 15% of the total number of investment records. DR Congo, Zambia, Nigeria, Algeria and South Africa are important mining investment destinations, accounting for nearly half of all investment approval records. The shares of forestry and agriculture are much smaller (about 2.6% each). The central and southern African eco-region countries are important mining, forestry and agriculture investment destinations for Chinese companies – a large part of all investment records for these three sectors across the African continent are concentrated in countries in these two eco-regions. Africa also accounts for

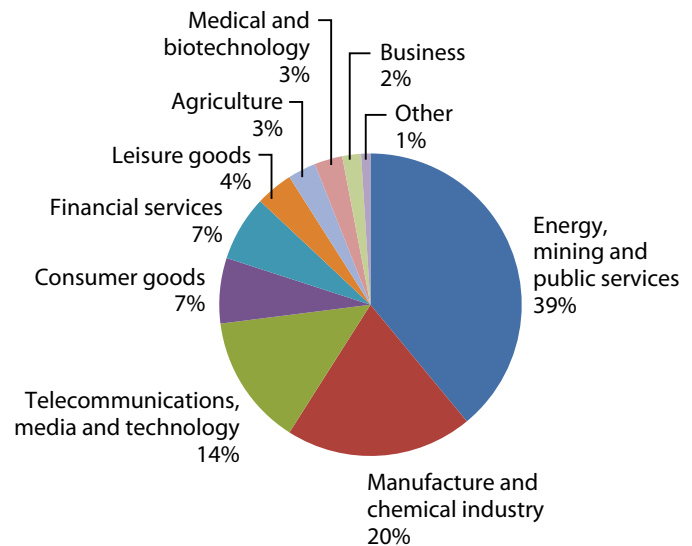


Figure 16. Sectoral composition of Chinese overseas merger and acquisitions by number of M&A events (2003 to mid-2010)

Source: Deloitte (2010a)

a reasonable share of overseas M&A activities by Chinese companies, being the second most frequent investment destination. By sector, energy, oil and mining are important target industries for Chinese companies' M&A activities.

The analysis in this working paper draws mostly on a database recording approvals by MOFCOM for Chinese companies to invest overseas. The database does not record which of these companies subsequently went on to make the actual investments. Furthermore, since the database records only companies' intentions to invest overseas, it is possible that some companies with approval to invest overseas subsequently changed the country or sector of investment based on their original scoping and planning activities. The database cannot therefore be taken to indicate actual investments by Chinese companies. This can be illustrated with reference to the forestry sector. The MOFCOM database records 18 companies intending to invest in the forestry sector in the central and southern African eco-regions. Using the list of companies obtained from the MOFCOM database and cross-referencing against the list of companies recorded by China Customs as importing roundwood from Africa to China in 2008 and 2009 to search for online and media reports of investment events, 10 companies

reported or claimed in their own media products to have made investments in forest management, and four companies reported that they made investments in wood product processing in Africa (Huang *et al.* 2011). However, in-country investigations (e.g. Putzel and Kabuyaya 2011) sometimes find that some claimed investments are in fact not operational, as occurs when concessions are subsequently withdrawn or when other factors impede investment activities. Further research would be required to identify which companies have gone on to undertake actual investments. Investigation of the reasons for success or failure in following through with investment intentions would increase understanding of the factors affecting investment decisions by Chinese firms.

Industry actors forecast that Chinese M&A activities in Africa will increase in the short term. Another issue arising from the increased M&A activity is whether international but Chinese-owned or partly owned companies are also active in the target sectors in Africa.

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Annex 1. List of Chinese companies approved to invest in African mining, forestry and agriculture

Note: Transliteration and translation of company names was done by the authors.

Source: MOFCOM Overseas Investment Database

Table 1. Chinese companies approved to invest in African mining

Country/region	Parent company (China)	Company name	Business	Approval date
Tanzania	Anhui Geoscientific Investment Co. Ltd	Fucheng Mining Co. Ltd	Mining exploration, production and processing	10 December 2010
Algeria	Anhui Shuangcheng Electric Wire and Electric Cable Co. Ltd	Uncertain	Mining exploration and trade	7 September 2009
South Africa	Baosteel Resources Co. Ltd	Baosteel Resources South Africa Co. Ltd	Mining exploration and trade	26 March 2010
Zambia	Beijing Huayihuisheng Trade Co. Ltd	Huayi Zambia Co. Ltd	Mining exploration and extraction	22 June 2007
DR Congo	Beijing Huayihuisheng Trade Co. Ltd	Uncertain	Mining exploration, production and processing	25 December 2009
Zambia	Beijing Yongtongchang Mining Co. Ltd	Zambia Yongtongchang Mining Co. Ltd	Mining exploration and extraction	28 September 2009
Sudan	Beijing Yongxinghongsheng Co. Ltd	Huatuo Mining Co. Ltd	Mining exploration and extraction	29 July 2009
Nigeria	Beijing Yuhongxing Co. Ltd	Zhongni Gold Stat Mining Co. Ltd	Mining exploration and extraction	5 December 2008
Nigeria	Changzhou Pangu Economy and Technology Development Co. Ltd	Changzhou Pangu Nigeria Co. Ltd	Mining exploration and trade	28 February 2006
DR Congo	Chenzhou Jinshan Metallurgy Chemical Co. Ltd	Jinshan Africa Mining Co. Ltd	Mining exploration	3 June 2010
Tanzania	Diying Tian Mining Development Co. Ltd	Diying Mining Co. Ltd	Mining exploration, production and processing	23 November 2010
Nigeria	Dongguan Zhongzhan Mining Co. Ltd	Kenyang Industry	Mining exploration, production and processing	17 November 2009
Madagascar	Foshan Ruima Mining Investment	Hi Dam Resources	Mining investment	12 June 2010
DR Congo	Fujian Benyuan Metal Material Co. Ltd	Benyuan DRC Co. Ltd	Mining exploration and trade	27 January 2008
Botswana	Fujian Zhongyu Investment Development Co. Ltd	Botswana Zhongyu Mining Development Co. Ltd	Mining exploration and trade	15 December 2009
DR Congo	Fuyang Shenneng	Uncertain	Mining exploration, production and processing	27 June 2008

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
Zambia	Guangdong Chemical Industry Geology Exploration Institute	Yuedi Zambia Mining Co. Ltd	Mining exploration	11 February 2010
DR Congo	Guangzhou Longyuan Metal Co. Ltd	JMT Mining Co. Ltd	Mining exploration and trade	17 December 2007
Tanzania	Guizhou Geo-mineral Resource Development Co. Ltd	Guishan Tanzania Mining Co. Ltd	Mining exploration and trade	1 September 2010
Cameroon	Harbin Long Engineer Co. Ltd	C&K	Mining exploration, production and processing	27 March 2007
DR Congo	Han International Resources Group	Kingrui Mining Investment Co. Ltd	Mining exploration, production and processing	29 June 2010
Madagascar	Hainan Non-ferrous Mining Development Co. Ltd	Hainan Mining Madagascar Co. Ltd	Mining exploration	11 June 2010
DR Congo	Haining Droin Imp & Exp. Co. Ltd	DRC Chenfei Mining Co. Ltd	Processing	23 June 2008
Nigeria	Wuhan Industrial Co. Ltd	Wuhan Global Mining Nigeria Company	Mining exploration, production and processing	6 September 2010
Zambia	Hebei Jidong Construction	Uncertain	Mining exploration and trade	21 June 2010
DR Congo	Henan Qianli Machinery Co. Ltd	Jinjucheng Mining Co. Ltd	Mining exploration and trade	24 January 2008
DR Congo	Henan Rebecca Holding Co. Ltd	Uncertain	Mining exploration, production and processing	8 January 2008
DR Congo	Henan Rebecca Holding Co. Ltd	Rebecca DRC Mining Co. Ltd	Mining exploration	15 October 2008
Tanzania	Henan Geology and Mapping General Institute	Henan International Mining Co. Ltd	Mining exploration	2 August 2010
Namibia	Henan Bureau of Geo-exploration and Mineral Development	Henan Asia-Africa Geology Engineer Namibia Co. Ltd	Mining exploration	27 October 2006
Tanzania	Henan Bureau of Geo-exploration and Mineral Development	Henan Asia-Africa Geology Engineer Tanzania Co. Ltd	Mining exploration	9 August 2007
Tanzania	Henan Coal Field Geology Institute	Sushan Geological Engineer Tanzania Co. Ltd	Mining exploration	9 December 2010
Nigeria	Henan Coal Field Geology Institute	Sushan Geological Engineer Co. Ltd	Mining exploration	17 August 2007
Algeria	Henan Hydrogeology Geology Exploration Institute	Uncertain	Mining exploration, production and processing	15 January 2009
Sudan	Henan Hydrogeology Geology Exploration Institute	Uncertain	Mining exploration	27 September 2008
Algeria	Henan Bureau of Geo-exploration and Mineral Development	Sarl Shaolin Mines	Mining exploration and trade	10 May 2010

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
Ethiopia	Henan Zhengzhou Geology & Mineral Exploration Institute	Henan Zhengzhou Geology & Mineral Exploration Institute Ethiopia Office	Extraction	2 August 2010
Ghana	Henan Geologi av Asia-afrikanske teknisk samarbeid med International Ltd	Henan Geologi av Asia-afrikanske teknisk samarbeid med International Ltd	Mining exploration	11 June 2008
Botswana	Henan Zhonglian Mining Co. Ltd	Zhonglian Mining Co. Ltd	Mining exploration	23 January 2009
Nigeria	Hegang City DiMei Co. Ltd	Uncertain	Mining exploration and trade	19 December 2008
Zambia		Longjiang Non-ferrous Zambia Mining Co. Ltd	Mining exploration	10 May 2010
Ethiopia	Hubei Geo-mineral Exploration Co. Ltd	Zhonge Mining Investment Co. Ltd	Mining exploration	22 February 2008
DR Congo	Hunan Jiahe Mining Investment Co. Ltd	Uncertain	Processing	23 August 2010
DR Congo	Hunan Jiahe Mining Investment Co. Ltd	Ruixiang DRC Co. Ltd	Mining exploration and trade	23 August 2010
Ghana	JUSSK	Ghana JUSSK Geo-mineral Resource Co. Ltd	Mining exploration and processing	9 February 2010
DR Congo	Hunan Kaitong Metal Co. Ltd	DRC Kaixin Smelt Co. Ltd	Mining exploration and trade	15 September 2009
South Africa	Hunan Ruixiang New Material Co. Ltd	Ruixiang Mining Resources South Africa Co. Ltd	Processing	23 December 2009
DR Congo	Hunan Shanshan New Material Co. Ltd	Shanshan Congo Co. Ltd	Mining exploration and trade	17 September 2010
Zambia	Hunan Geological & Mining Organization for Non-Ferrous Metals	Zhong Xiang Zambia Mining Co. Ltd	Mining exploration, production and processing	7 June 2010
DR Congo	Liaoning Nonferrous Geological Exploration Institute	Xinxiang Ruixiang Congo Mining Co. Ltd	Mining exploration	3 June 2010
Zambia	Hunan Tianxiong Industry	Tianxiong Mining Investment Co. Ltd	Mining exploration, production and processing	9 August 2010
South Africa	Hunan Zexin Imp & Exp Co. Ltd	ZERO-BITS CC	Processing	4 December 2008
Zambia	Jilin Nonferrous Metal Geological Exploration Bureau	Jilin Nonferrous Zambia Mining Co. Ltd	Mining exploration	22 February 2010
Nigeria	Jiangsu Pan Pacific Development Co. Ltd	KEPXING NIG LTD	Mining exploration and trade	24 September 2009
Namibia	East China Mineral Exploration and Development Bureau	Namibia China East China Mineral Exploration Co. Ltd	Mining exploration, production, processing and trade	19 August 2009
Namibia	East China Mineral Exploration and Development Bureau	Namibia China East China Mineral Exploration Investment Co. Ltd	Mining exploration and trade	25 August 2009

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
DR Congo	Jiangsu Bureau of Coal Geology	ICAM	Processing	21 May 2010
DR Congo	Jiangxi Gold Fuda Mining Co. Ltd	Hai Lun Mining Co. Ltd	Mining exploration and trade	5 March 2009
Morocco	Jiangxi Kingan Hi-Tech Co. Ltd	Kingan Morocco Mining Co. Ltd	Mining exploration	16 September 2009
Nigeria	Jiangxi Baofeng Mining Industry Co. Ltd	Fengyuan Mining Nigeria Co. Ltd	Mining exploration and trade	23 November 2007
Tanzania	Jiangxi Geo-engineering (Group) Corporation	Jiangdi Africa	Mining exploration	9 July 2010
Namibia	Jiangxi Geo-mineral Development General Corporation	Uncertain	Mining exploration	5 May 2010
Nigeria	Jiangxi Western Africa Mining Development Co. Ltd	Bowang Mining Investment Co. Ltd	Mining exploration and trade	10 August 2009
Zambia	JCHX Mining Construction Group	JCHX Africa Development Co. Ltd	Mining exploration and trade	13 October 2009
South Africa	Jinchuan Group Limited (JNMC)	South Africa JNMC Resource Co. Ltd	Mining exploration and trade	30 June 2008
DR Congo	Jinchuan Group Limited (JNMC)	JNMC DRC Office	Mining exploration and trade	17 April 2006
DR Congo	Jinchuan Group Limited (JNMC)	Uncertain	Mining exploration and trade	7 December 2009
Sudan	Jinzhong Xintai trading Co. Ltd	Sudan JinYu International Investment and Trade Co. Ltd	Mining exploration, production and processing	20 August 2010
South Africa	Jiuquan Iron & Steel (Group) Co. Ltd	Uncertain	Mining exploration and processing	30 October 2007
Zambia	Liaoning Huazan Foreign Trade Co. Ltd	CHIMAN Manufacture Co. Ltd	Mining exploration and trade	2 March 2005
DR Congo	Liaoning Jinding Magnesite Group	Runding Industrial Congo Co. Ltd	Mining exploration, production and processing	29 September 2007
Zambia	Liaoning Sanhe Mining Investment Co. Ltd	Sanhe Mining Investment Co. Ltd Zambia Company	Mining exploration and trade	5 January 2010
Zambia	Liaoning Nonferrous Geological Exploration Institute	Liaoning Nonferrous Geological Exploration Institute Zambia Company	Mining exploration and extraction	22 December 2010
Zambia	Liaoning Xin Xing Mining Development Co. Ltd	Uncertain	Mining exploration and processing	20 December 2007
Zambia	Liaoning Non-ferrous Jubao Mining Co. Ltd	Liaoning Non-ferrous Zambia Company	Mining exploration	31 July 2009
Zambia	Liaoning Zhongrui Mining Co. Ltd	Zhongrui Mining Investment Co. Ltd	Mining exploration and extraction	20 December 2010
Nigeria	Linyi Jiuli Food Co. Ltd	Jiuli Nigeria Co. Ltd	Mining exploration and trade	27 November 2008
South Africa	Naijing Hairui Cobalt	South Africa Shengbao Mining Co. Ltd	Mineral extraction and trade	5 November 2007
DR Congo	Naijing Hairui Cobalt	Metal Mines SPRL	Mining exploration, production and processing	14 July 2009

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
DR Congo	Naijing Hairui Cobalt	Congo Shengbao Mining Co. Ltd	Mining exploration and trade	23 November 2006
DR Congo	Nantong Xiongfeng Metal Material Co. Ltd	ZHX International Metal Co. Ltd.	Mining exploration, production and processing	28 June 2006
Gabon	Hwazhou Group	Hwazhou Mining Gabon Co. Ltd	Mining exploration, production and processing	28 April 2006
Gabon	Hwazhou Group	Hwazhou Mining Gabon Trading Co. Ltd	Mining exploration, production and processing	8 November 2005
Gabon	Ningbo Mining Investment Co. Ltd	Zhoonghui Mining Investment Development Co. Ltd	Mining exploration and trade	20 March 2009
Gabon	Ningbo Mining Investment Co. Ltd	Zhoonghui Mining Industry and Trade Co. Ltd	Mining exploration and trade	22 December 2008
Congo	Ningbo Xinglong Vehicle Industry Co. Ltd	Ningbo Xinglong Vehicle Industry Co. Ltd Congo Company	Mining exploration and trade	29 November 2004
DR Congo	Ningbo Xinglong Investment Co. Ltd	Xinglong Africa Mining Co. Ltd	Mining exploration and trade	11 December 2007
Tanzania	Rizhao Jialin Trading Co. Ltd	Jialin Group Tanzania Co. Ltd	Mining exploration and trade	26 October 2009
Congo	Shandong Luyuan Investment Co. Ltd	Congo Luyuan Mining Co. Ltd	Mining exploration	26 October 2009
Tanzania	Shandong Sheng Stem Heavy Mining Equipment Ltd	Sheng Stem Investment Tanzania Co. Ltd	Mining exploration and trade	25 November 2010
Ethiopia	Shandong Geo-mineral Corporation	Joint Mining Industry Co. Ltd	Mining exploration	8 May 2009
Congo	Shandong Geo-mineral Institute	Congo Huadi Mining Co. Ltd	Mining exploration	2 June 2009
Namibia	Shandong Deep Base Construction Engineering Corporation	Namibia Huadi Mining Investment Co. Ltd	Mining exploration	20 July 2010
Eritrea	Shandong No. 4 Institute of Geological Mineral Survey	Eritrea Shandong Mining Co. Ltd	Mining exploration	12 November 2010
Zambia	Shandong Zheng Yuan Geology Resources Exploration Co. Ltd	Zambia Zheng Yuan Co. Ltd	Mining production and trade	24 June 2009
Algeria	Shaanxi Geological Engineering Corporation	Shaanxi Geological Engineering Corporation Overseas Company	Mining exploration and trade	4 March 2008
Ghana	Shaanxi Mining Development Co. Ltd	Shanxi Mining (Ghana) Co. Ltd	Mining exploration and trade	6 November 2009
DR Congo	Shanghai Overseas Company		Mining exploration and trade	7 April 2006
DR Congo	Shanghai Hongbang Development Co. Ltd	Hongbang Mining (DRC) Co. Ltd	Mining exploration	4 January 2006

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
DR Congo	Shanghai Huangpu Cereals, Oils and Foodstuffs Development Co. Ltd	Maofa Mining Co. Ltd	Mining exploration and trade	17 December 2007
DR Congo	Shanghai Jiachuang Group	Jia Cuang Mining Investment Co. Ltd	Mining exploration, production and processing	17 March 2008
DR Congo	Shanghai Kuntai Group	Kuntai Congo Mining Co. Ltd	Mining exploration and trade	5 November 2008
DR Congo	Shanghai Kuntai Group	Congo Union Mining Co. Ltd	Mining exploration and processing	27 October 2010
DR Congo	Shanghai Kuntai Group	China-Africa International Mining Co. Ltd	Processing	11 May 2010
Zambia	Shanghai Tongyi Steel Material Co. Ltd	Tongyi Lead-Zinc Mining Zambia Co. Ltd	Processing	24 May 2010
Tanzania	Sichuan Hongda Group	Hongda International Mining Resources Co. Ltd	Mining exploration, production and processing	14-Aug-07
Zambia	Sichuan Hua Suo Automation Information Engineering Co. Ltd	Sichuan Hua Suo (Zambia) Mining Co. Ltd	Mining exploration and trade	22 October 2007
South Africa	Suzhou Kaiyuan Group	South Africa De Feng Mining Co. Ltd	Mining exploration, production and processing	20 September 2010
Algeria	Tianjin Hua Kan	Hua Kan Mining Algeria Co. Ltd	Mining exploration	2 December 2009
Rwanda	Xiamen Tungsten Co. Ltd (XTC)	Lu Xiang Mining Co. Ltd	Mining exploration and trade	4 March 2009
Zambia	Xiangtan Hong Xin Investment Co. Ltd	Zambia Fu Xin Investment Co. Ltd	Mining exploration and processing	8 July 2008
Zambia	Xiangtan Liquefied Petroleum Gas (LPG) Co. Ltd	Xing Xiang Co. Ltd	Mining exploration and trade	31 December 2008
Zambia	Xinxing Ductile Iron Pipes Co Ltd	Zambia Maosheng Mining Co. Ltd	Trade	26 November 2010
Zambia	Xinxing Ductile Iron Pipes Co Ltd	Xinxing Mining Zambia Co. Ltd	Trade	26 November 2000
DR Congo	Yixing Mingyue Ceramics Co. Ltd	Ming Yue DRC Mining Co. Ltd	Mining exploration and extraction	16 May 2008
Zambia	Yinkou BL Mining Co. Ltd	Jia Xing Mining (Zambia) Co. Ltd	Processing	6 May 2009
DR Congo	Yinkou BL Mining Co. Ltd	Jia Xing Mining (Congo) Co. Ltd	Mining exploration, production and processing	6 March 2009
South Africa	Zhejiang Huayou Cobalt	Dong Fang International Mining Spr	Trade	19 August 2009
DR Congo	Zhejiang Huayou Cobalt	Congo Dong Fang International Mining Spr	Mining exploration, production and processing	5 May 2009
DR Congo	Zhejiang Jiu Lun Garment Co. Ltd.	Congo Jiu Lun Mining Co. Ltd	Mining exploration and trade	16 January 2007
Algeria	Zhejiang Qianjiang Group	Algeria Shao Lin Mining Co. Ltd	Mining exploration and trade	10-Feb-09

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
Zambia	Zhejiang Zi Hua Mining Co. Ltd	China-Africa Mining Co. Ltd	Mining exploration and trade	23 September 2009
Eritrea	Zhong Lu Resources Investment Co. Ltd	Zhong Lu Mining Development Co. Ltd	Mining exploration	21 October 2010
Zambia	CGCOC Hansom (Beijing) Trading Co. Ltd	TPI Industrial Co. Ltd	Mining exploration, production and processing	21 May 2008
Guinea	China Power Investment Corporation (CPI) International Mining Investment Co. Ltd	CPI International Mining Investment Co. Ltd Guinea Company	Market research	29 July 2010
Eritrea	China-Africa North China Geological Exploitation Investment Co. Ltd	China-Africa North China Geological Exploitation Investment Co. Ltd	Mining exploration, production and processing	8 February 2010
Sudan	China-Africa North China Geological Exploitation Investment Co. Ltd	HAMADI Resource Co. Ltd	Mining exploration and trade	23 September 2009
Sudan	China-Africa North China Geological Exploitation Investment Co. Ltd	Uncertain	Mining exploration	5 March 2010
Sudan	China-Africa Investment Development Co. Ltd	Uncertain	Mining exploration	14 September 2010
Zambia	China Geo-Engineering Corporation (CGC)	CGC Southern Africa Co. Ltd	Resource extraction	10 June 2009
Cote d'Ivoire	China National geological & Mining Corp.(CGM)	Bin Hai Mining Co. Ltd	Mining exploration and trade	23 March 2010
Namibia	China National Nuclear Corporation (CNNC)	CNNC Resource Extraction Co. Ltd	Mining exploration and trade	18 June 2009
DR Congo	China Overseas Engineering Group Co. Ltd	DRC Luishia Mining Co. Ltd	Mineral extraction and processing	25 June 2007
Namibia	China Henan International Cooperation Group Co. Ltd (CHICO)	China Henan International Cooperation Group Co. Ltd (CHICO) Namibia Company	Mining exploration and trade	6 March 2009
Sierra Leone	China Qing Hua Group	Sierra Leone Qing Hua Investment Co. Ltd	Mining exploration	26-Aug-10
DR Congo	Sinohydro	Sicomines Sarl	Mineral extraction	16 March 2009
Botswana	Central South China Bureau of Metallurgical Geology	Botswana Central-south Resource Co. Ltd	Mining exploration, production and processing	29 December 2009
Zambia	China Nonferrous Metal Mining (Group) Co. Ltd (CNMC)	Sino-Metals Leach (Zambia) Limited	Processing	12 December 2005
Zambia	China Nonferrous Metal Mining (Group) Co. Ltd (CNMC)	Uncertain	Processing	12 December 2005
Zambia	China Nonferrous Metal Mining (Group) Co. Ltd (CNMC)	Luanshya Copper Mines	Mining exploration, production and processing	7 September 2009

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Table 1. continued

Country/region	Parent company (China)	Company name	Business	Approval date
Zambia	China Nonferrous Metal Mining (Group) Co. Ltd (CNMC)	NCFA Mining	Mining exploration and trade	20 April 2006
South Africa	Sinosteel Corporation	Tubatse Chrome Minerals Pty. Ltd	Mineral extraction and trade	31 March 2008
Cameroon	Sinosteel Corporation	Sinosteel Corporation Cameroon Co. Ltd	Mining exploration and processing	17 July 2008
Zambia	Hunan Geological Prospecting Institute of China Chemical Geology and Mine Bureau	China Chemical Geology and Mine Bureau (Zambia) Co, Ltd	Mining exploration	14 May 2010
Namibia	Shandong Geological Prospecting Institute of China Chemical Geology and Mine Bureau	China Chemical Geology and Mine Bureau (Namibia) Co, Ltd	Mining exploration	27 May 2010
Zambia	Sinomine Resource Exploration Co. Ltd (Beijing Sinomine Construction Engineering Co. Ltd)	Zambia Sinomine Mining Resource Co. Ltd	Mining exploration, production and processing	7 October 2008
Zambia	Sinomine Resource Exploration Co. Ltd (Beijing Sinomine Construction Engineering Co. Ltd)	Zambia Sinomine Construction Engineering Co. Ltd	Mining exploration, production and processing	30 October 2007
Zambia	Zhongrunhualong Group	Zambia Kun lun Gu Ming Co. Ltd	Mining exploration and trade	14 July 2010
Zambia	CNMC International Trade Co. Ltd	CNMC Africa Logistic and Trade Co. Ltd	Mining exploration and trade	17 September 2009
Angola	Beijing Donia Resources Co. Ltd	Angola Duo Li Mining Co. Ltd	Mining exploration	25 December 2008
Eritrea	Beijing Donia Resources Co. Ltd	Beijing Southeast Asia Resource and Technology Co. Ltd	Mining exploration, production and processing	22 May 2009
Ethiopia	Beijing Donia Resources Co. Ltd	Rui Feng Mining Co. Ltd	Mining exploration, production and processing	25 December 2008
Ethiopia	Beijing Donia Resources Co. Ltd	Ethiopia Southeast Mining Co. Ltd	Mining exploration, production and processing	27 July 2007
Zambia	Chongqing Bureau of Geology and Mineral Exploitation	Yu Zambia Mining Co. Ltd	Mining exploration	13 June 2010

Table 2. Chinese companies approved to invest in African forestry

Country/region	Parent company (China)	Company name	Business	Approval date
Angola	Jiangsu Kaitong Plastics Industry	Xun Tong International Industrial Co. Ltd	Timber processing	13 August 2009
Benin	Nanjing Mai Jie Kai Fei Trading Co. Ltd	Shunfeng Wood. Co. Ltd	Forest resource extraction	22 November 2010
Benin	Sehnzhen Yilin Wood Co. Ltd	Benin Yilin Wood Co. Ltd	Wood floor manufacture	20 November 2009
Cameroon	Hangzhou Sfeicom Imp & Export Co. Ltd	Cameroon Sfeicom Stock Co. Ltd	Forest project investment	17 September 2010
Congo	Zhejiang Jiashan Xianghua Wood Work Co. Ltd	Uncertain	Plywood	18 April 2008
Congo	Dejia Wood Co. Ltd	Congo Dejia Wood Co. Ltd	Timber logging and processing	22 January 2008
Congo	Bengbu Fuda Material Co. Ltd	Fareast Wood Congo Co. Ltd	Rare wood trade	22 May 2006
Equatorial Guinea	Jiangsu Shengyang Industry	Equator Sijifu Co. Ltd	Roundwood logging, plywood processing	9 August 2004
Ethiopia	Yongxing Cooperation Ltd	Yun Long Paper Mill	All kinds of paper	25 February 2009
Gabon	Jiangsu Shengyang Industry	Gabon Shengyang International Forestry Industry Co. Ltd	Forest management and plywood production	14 July 2010
Gabon	Shandong Longsheng Import & Export Co. Ltd	International Timber Transportation and Trade Corporation	Forest logging and timber processing	22 December 2009
Gabon	Xianju Jiade Arts & Crafts Co. Ltd	Gabon Jia De Timber Co. Ltd	Timber processing	10 December 2009
Gabon	Wenzhou Timber Group Co.	Gabon Forest Development Co. Ltd	Forest management	22 September 2008
Gabon	Guangzhou Dingtian Wood Co. Ltd	Uncertain	Forest management	9 May 2008
Gabon	Zhangjiagang Free Trade Zone Ganglin International Trade Co. Ltd	Gabon Loulin Co. Ltd	Forest logging and timber processing	4 January 2008
Gabon	Ahlers (Zhangjiagang Free Trade Zone) International Trading Co. Ltd	Merry Gabon Co. Ltd	Forest logging and timber processing	17 December 2007
Gabon	Shaoxing Wandu Wood Co. Ltd	Shaoxing Wandu Co. Ltd	Sales service	29 November 2006
Gabon	Shen Zhen Qiyang Industrial Development Co. Ltd	Hua Peng Wood. Co. Ltd	Timber production and trade	7 May 2003
Ghana	Xiangtan High-Tech Zone Zhi Yao Metallurgical Materials Co. Ltd	Hua Wei Furniture Co. Ltd	Furniture manufacture	23 December 2009
Ghana	Huasheng Jiangquan Group	Uncertain	Paper manufacture	19 August 2009
Guinea	Jiangsu Jiaya International Investment Group Co. Ltd	Jiangsu Jiaya International Investment Group Co. Ltd Guinea Company	Timber and timber products extraction	22 July 2008
Liberia	Ningbo Jujin Investment Co. Ltd	Yu Shi International Stock Co. Ltd	Timber logging and trade	19 January 2009

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Table 2. continued

Country/region	Parent company (China)	Company name	Business	Approval date
Liberia	Ningbo Ningdian Imp & Export Co. Ltd	The Atlantic International Investment Co. Ltd.	Timber logging and trade	2 December 2009
Mauritius	Shanxi Grain Trade Center	Uncertain	Paper manufacture	13 February 2004
Nigeria	Hongkong Longgang Furniture Ltd	Uncertain	Furniture manufacture	22 September 2009
Nigeria	Zhengzhou Redsun Furniture Company Ltd	Uncertain	Furniture manufacture	16 June 2009
Nigeria	Linyi Jiuli Food Co. Ltd	Jiu Li Wood (Nigeria) Co. Ltd	Plywood processing	28 November 2008
Nigeria	Linyi Millioner Bio-Industry Co, Ltd	Wanguo Wood (Nigeria) Co. Ltd	Plywood processing	7 November 2007
Nigeria	Linyi Zhongba Food Co. Ltd	Zhongyang Industrial (Nigeria) Co. Ltd	Plywood processing	27 November 2006
South Africa	Huaqiao Fenghuang Group	Uncertain	Forestry and landscape	14 September 2010
Zambia	Guangzhou Huiyu Trade Ltd	Zambia Hui Yu Paper Mill	Paper manufacture	24 November 2010
Zambia	Suzhou Golden Ocean Co. Ltd	Afrizam Timber Limited	Furniture manufacture	30 November 2009
Zambia	Suzhou Golden Ocean Co. Ltd	Uncertain	Timber and timber product sales	21 May 2009

Table 3. Chinese companies approved to invest in African agriculture

Country/region	Parent company (China)	Company name	Business	Approving time
Angola	Tanan Liren Imp & Export Co. Ltd	Angola Taishan Industrial Development Co. Ltd	Vegetable production and sale	11 July 2007
Cameroon	Shijiazhuang Lion Feed Group	Cameroon Lion Animal Husbandry Co. Ltd	Chicken farm	26 June 2002
Cameroon	Shanxi Construction Engineering Group (Co.)	Cameroon Huan Yu Animal Husbandry Company	Chicken farm	22 June 2009
Cameroon	Shanxi Land Reclamation Co. Ltd	Sino-Cameroon Iko Agriculture Development Co. Ltd	Rice cultivation	23 June 2010
Equatorial Guinea	Tian Jin Hai Xin Da Commercial Co. Ltd	China-Equatorial Guinea Agriculture Development Co. Ltd	Vegetable and fruit production and sale	31 August 2005
Ethiopia	Shenyang Jiang Hong Foreign Trade Corp. Ltd	North China Farm	Organic vegetable production	29 January 2007
Gabon	Guangzhou Shi Mao Scientific Industrial and Trading Co Ltd	Akok Farm Development Co. Ltd	Crop cultivation, animal husbandry and related processing	29 October 2007
Ghana	Yancheng County Si Kai Er Daily-Use Chemical Industry Co. Ltd	Ghana New Oriental High-Tech Agriculture Research and Development Center	Crop and plant cultivation	29 July 2008
Ghana	Sichuan Sanherb Biotech Inc.,	Ghana G.C. Bio-Tec Inc.	Medicine plant cultivation	23 December 2009
Kenya	Linying Fangyuan Foreign Trade Co. Ltd	Kenya Shun Mao Co. Ltd	Native products' production and sale	12 January 2010
Mauritius	Shanxi Tian Li Enterprises Co. Ltd	Tianli Spinning (Mauritius) Ltd	Cotton production	4 November 2005
Mauritius	Wuhan Xin Neng Group	Qianlima Investment Limited Company	Grape production	2 September 2004
Nigeria	CGCOC Group Co. Ltd	Green Agricultural Development Nigeria Limited	Farm	17 November 2009
Nigeria	CGCOC Group Co. Ltd	Green West Africa Limited	Farm	16 February 2007
Nigeria	Zhengzhou Cangxi Industry and Commerce Development Co. Ltd	Abia Palm Nigeria Limited	Palm oil	18 September 2008
South Africa	Jiangxi Yaxing Textile Industry Co. Ltd	Jiangxi Yaxing Textile Industry Co. Ltd (South Africa Subsidiary)	Cotton production	23 November 2009
South Africa	Anhui Wanling Rare Animal Breed Limited Liability Company	Elaborates Shen Investment Company	Crop cultivation, animal husbandry	27 November 2006
Sudan	Fujian Ude Electrical Machinery Co. Ltd	Sudan-China Joint Development Corporation	Agricultural products processing	18 November 2009

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Table 3. continued

Country/region	Parent company (China)	Company name	Business	Approving time
Sudan	Binzhou Feng Hui Trading Co. Ltd	Sudan Agricultural Development Co. Ltd	Vegetable and crop production	12 December 2008
Sudan	Zhongneng Enterprise Development (Group) Co. Ltd	Sun Neng Co. Ltd	Agricultural products production	19 March 2010
Sudan	Shandong Tianyuan Home Textile Co. Ltd	Zhong Tian International Industrial Corporation	Cotton production	13 April 2010
Tanzania	Hainan Qi Lin Technology Co. Ltd	Qi Lin (Tanzania) Co. Ltd	Sisal hemp production	28 December 2010
Tanzania	Shijiazhuang Hui Heng Fu De Run Imp & Exp Co. Ltd	Fa Da Agriculture Development Co. Ltd	Agricultural products production	20 February 2008
Tanzania	China-Africa Agriculture Investment Co. Ltd	Tanzania China-Africa Agriculture Investment Co. Ltd	Sisal hemp production and processing	9 August 2010
Tanzania	China-Africa Agriculture Investment Co. Ltd	China Agricultural Reclamation (Group) Tanzania Limited	Sisal hemp production and processing	20 December 2010
Togo	Hunan Zhulu Ramie Textile Co. Ltd	Togo 5 Star Textile Co. Ltd	Ramie yam products production	20 December 2010
Uganda	Hebei Hanhe Investment Co. Ltd	Hanhe Uganda Hebei Farm	Crop cultivation, forestry and animal husbandry	20 November 2008
Zambia	Qingdao Textiles Group	Chipata Cotton Co. Ltd	Cotton and its products production	7 September 2009
Zambia	Qingdao Textiles Group	The Zambia China Mulungushi Textiles (ZCMT)	Cotton and edible oil production	9 May 2006
Zambia	Kaifeng China-Zambia Agriculture & Forestry Development Co. Ltd	Kaifeng Agriculture Investment Co. Ltd	Chicken farm	9 May 2006
Zambia	Huayong Overseas Agri-Scientific Technology (Beijing) Co. Ltd	Hua Feng Investment Co. Ltd	Crop and plant cultivation	9 October 2006
Zambia	Hangzhou Changrun Plastic Products Co. Ltd	Feng Run Investment Zambia Co. Ltd	Agricultural products production	7 December 2006
Zambia	Giant Hui Autonomous County Shuailin Comprehensive Farms	Hua Fei Livestock (Zambia) Co. Ltd	Animal husbandry and forage processing	15 August 2008
Zambia	Kaifeng The Shelter-Forest Virescence Management Co. Ltd	Daliang Agriculture Investment Co. Ltd	Animal husbandry and crop cultivation	20 August 2008
Zambia	Kaifeng Huazhong Wan Tou Cultivation Co. Ltd	Xinghua Agricultural Investment Company	Animal husbandry and crop cultivation	12 September 2008
Zambia	Huasheng Jiangquan Group	Jiang Quan International Corporation	Crop cultivation and processing	12 September 2008
Zambia	Zhongying Changjiang International Investment Guarantee Co. Ltd	Heidi Biomass Zambia Co. Ltd	Bio-energy production	12 December 2008

Annex 2. Major recent Chinese outward merger and acquisition events

Table 1. Top 20 Chinese overseas merger and acquisition events (2003 to mid-2010)

Announcement date	Target company	Target company location	Buyer	Vendor	Vendor country	Value (million USD)
1 February 2008	12% stock right of Rio Tinto PLC RTP	UK	Alcoa Inc & Aluminium Corporation of China			14 000
13 August 2009	Phoenix Resources Co. Ltd	Australia	Yanzhou Coal Mining Company Limited			2 568
3 July 2009	17.2% stock right of Tektronix Resources Co. Ltd	Canada	Fullbloom Investment			1 508
14 April 2009	OZ Mineral Co. Ltd (partly)	Australia	China Minmetals Non-ferrous Metals Co. Ltd	OZ Mineral Co. Ltd	Australia	1 386
14 March 2008	Midwest Corporation Ltd (80.31% stock right)	Australia	Sinosteel Group			879
10 November 2006	Anglo American Plc (1.01% stock right)	UK	China Vision Resources	E Oppenheimer & Son	South Africa	812
11 June 2007	Peru Copper Inc.	Canada	Aluminium Corporation of China			779
24 March 2006	Ashapura Minechem Ltd (50% stock right in one Alumina plant)	India	China Power Investment Corporation Ningxia Qingtongxia Energy Aluminum Group Co. Ltd.		China	651
29 August 2007	Bellavista Holding Group Ltd (60% stock right)	Chile	China Elegance Resources Ltd	Ceasers Development Ltd	Hong Kong	600
28 December 2009	Corriente Resources Inc.	Canada	China Railway Construction Corporation Limited			549
6 December 2007	Northern Peru Copper Company of Canada	Canada	China Minmetals Corp & Jiangxi Copper Corporation			411
24 February 2009	Ford Basescu Metals Group (9.07% stock right)	Australia	Hunan Valin Iron & Steel Group Co. Ltd.	Harbinger Capital Partners Special Situations Fund, L.P., Harbinger Capital Partners Master Fund I Ltd	USA	408

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Table 1. continued

Announcement date	Target company	Target company location	Buyer	Vendor	Vendor country	Value (million USD)
30 November 2009	MMX Mineracao e Metalicos SA (21.52% equity)	Brazil	Wuhan Iron and Steel Co. Ltd.			400
18 April 2010	Sul Americana de Metais S.A.	Brazil	Hongqiao Group	Votorantim Novos Negocios Ltda, Lit Mining Cooperatief U.A.	Brazil	390
24 February 2009	Ford Basescu Metals Group (42% stock right)	Australia	Hunan Valin Iron & Steel Group Co. Ltd.			363
27 October 2009	Krom Maden (50% stock right), Kop Krom (50% stock right), Guney Krom (50% stock right)	Turkey	Taiyuan Iron and Steel Group Co. Ltd	CVK Group Corporation	Turkey	300
26 September 2007	Zimasco (92% stock right)	Zimbabwe	Steel Trading Company			292
14 November 2008	Langfeld Enterprises Limited (90% stock right)	Cyprus	Grandvest International Ltd	Cordia Global Limited	Cyprus	253
6 January 2010	African Minerals Limited (12.5% stock right)	Channel Islands	China Railway Materials Corporation			244
28 August 2009	Aquila Resources Limited (15% stock right)	Australia	Baosteel Group			241

Source: Deloitte (2010a)

Table 2. Major mining sector outward M&A events

Announcement date	Target company	Target company location	Buyer	Vendor	Vendor country	Value (Million USD)
February 2008	Rio Tinto (12% stake)	UK	Alcoa Inc; Chinalco			14 000
August 2009	Felix Resources Ltd	Australia	Yangzhou Coal Mining Co Ltd			2 568
July 2009	Teck Resources Ltd (17.2% stake)	Canada	Fullbloom Investment Corp			1 508
April 2009	OZ Minerals (certain assets excluding prominent Hill & Martabe)	Australia	China Minmetals Non-Ferrous Metals Co Ltd	OZ Minerals Ltd	Australia	1 386
March 2008	Midwest Corp Ltd (80.31% stake)	Australia	Sinosteel Corp			879
November 2006	Anglo American Plc (1.01% stake)	UK	China Vision Resources	E Oppenheimer & Son	South Africa	812
June 2007	Peru Copper Inc.	Canada	Chinalco			779
March 2006	Ashapura Minecham Ltd (Alumina plant in Kutch, 50% stake)	India	Qingdongxia Aluminium Group Co Ltd	Sichuan Aostar Aluminium Co Ltd	China	651
August 2007	Bellavista Holding Group Ltd (60% stake)	Chile	China Elegance Resources Ltd	Ceasers Development Ltd	Hong Kong	600
December 2009	Corriente Resources Inc.	Canada	CRCC-Tongguan Investment Co Ltd			549
February 2009	Fortescue Metals Group Ltd (7.42% or 9.07% stake)	Australia	Hunan Valin Iron & Steel Group Co Ltd	Harbinger Capital Partners Master Fund, HCP Special Situations Fund	USA	363 or 408
November 2009	MMX Mineracao e Metalicos SA (21.52% stake)	Brazil	Wuhan Iron & Steel Co Ltd			400
April 2010	Sul Americana de Metais SA	Brazil	Honbridge Holdings Ltd	Lit Mining Cooperatief UA; Votorantim Novos Negocios Ltd	Brazil	390
March 2010	Spring Vast Ltd	Russia	FinTronics Holding Co Ltd	Truffle Rich Holdings Ltd	British Virgin Islands	300

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Table 2. continued

Announcement date	Target company	Target company location	Buyer	Vendor	Vendor country	Value (Million USD)
October 2009	Guney Krom (50% stake) Kop Krom (50% stake) Krom Maden (50% stake)	Turkey	Taiyuan Iron & Steel Group Co Ltd	CVK group Corp	Turkey	300
December 2007	Northern Peru Copper Corp	Canada	Northern Peru Acquisition Co			411
March 2009	Consolidated Thompson Iron Mines Ltd (19.9% stake)	Canada	Wuhan Iron & Steel Co Ltd			240
November 2008	Langfeld Enterprises Ltd (90% stake)	Cyprus	Grandvest International Ltd	Cordia Global Ltd	Cyprus	253
September 2007	Zimasco Consolidated Enterprises Ltd (92% stake)	Zimbabwe	Sinosteel Trading Co			292
November 2006	Samacor Chrome (chrome mine & metallurgical plant, 50% stake)	South Africa	Sinosteel Corp	Samacor Chrome Ltd	South Africa	200

Note: Some announced deals may not yet have been completed.

Source: Deloitte (2010b)

The impacts of Chinese investment in and trade with Africa have become the subject of much speculation. CIFOR's 'Chinese trade and investment in Africa' project seeks to understand the impacts of China's role in shifting global trade flows and investment patterns on forests in two African ecological regions, the Congo Basin and the southern African woodlands, with a focus on sectors with potential direct impacts on forests: mining, forestry and agriculture.

Globally, mergers and acquisitions (M&A) by Chinese companies have been increasing in recent years. Africa is the second most frequent destination for mining M&A events, and research shows increased interest in M&A activity in Africa. Most M&A activity is in the oil and mining sectors.

Further research is required to produce a comprehensive database of actual Chinese investment activities in Africa. M&A as a growing form of overseas investment by Chinese companies also merits investigation.

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