**NATIONAL ASSEMBLY**

**QUESTIONS FOR WRITTEN REPLY**

**FRIDAY, 6 MARCH 2020**

**DUE DATE: 20 MARCH 2020**

**295. Mr V Zungula (ATM) to ask the President of the Republic:**

(1) What total amount has been raised in pledges from various countries for the Republic since he became President on 15 February 2018;

(2) whether the money has been invested in the Republic already; if not, why not; if so, what are the relevant details;

(3) what are the details of the terms and conditions that he had to agree to in order for the pledges to be made? NW449E

**REPLY**

During my visits to the Kingdom of Saudi Arabia and the United Arab Emirates (UAE) in 2018, each of them pledged US$10 billion inward investment to South Africa. These investment pledges were premised on the presentation of projects by South Africa that would meet the requirements of each investor country.

Indications from Saudi Arabia were that its focus would be on the energy sector, specifically renewable and petrochemical infrastructure.

One of the projects identified as a major potential investment in South Africa by the government of the Kingdom of Saudi Arabia is a crude oil refinery and an associated petrochemical complex. This investment is expected to be in the order of $9 billion with Saudi Arabia committing to 50% of the estimated figure.

The Central Energy Fund and the National Oil Company of Saudi Arabia are developing the refinery project jointly. The Richards Bay Industrial Development Zone has been identified as the location for the refinery project by the investor, Saudi Aramco.

The project is currently at pre-feasibility stage, which is expected to be presented for approval by June 2020. This will be followed by a fully-fledged feasibility study.

The UAE had proposed a Joint Investment Fund to collectively decide on the allocation of investment toward mutually agreed projects. In order to ensure the investments were secured, government had established a Task Team to identify the applicable and specific projects for each investment pledge, in accordance with the relevant economic policies and strategies.

President Xi Jinping of the People’s Republic of China visited South Africa on a State Visit on 24 July 2018.

Pursuant to this visit, six government-to-government agreements were signed during the state visit, which are all accessible to the public on the website of the Department of International Relations and Cooperation ([www.dirco.gov.za)](http://www.dirco.gov.za)).

Two state owned enterprises – Eskom and Transnet – also entered into loan agreements with Chinese banks.

Eskom entered into a loan agreement with the China Development Bank for $2.5 billion to fund the construction of Kusile Power Station. The facility has a grace period of five years and thereafter the principal amount is repayable by Eskom in 20 instalments over a period of 10 years. There are no specific conditions for this loan.

Transnet entered into a R4 billion loan agreement with the Industrial and Commercial Bank of China to finance the general operating activities and certain capital expenditure of Transnet. The facility is a five-year, rand denominated, quarterly amortising loan, at a floating and competitive interest rate. The loan came with terms and conditions that are standard for this type of loan.

In addition, various commercial agreements were signed between Chinese entities and South African companies. The conditions attached to each of these agreements are a matter between the respective parties.

With regard to the China investments, the signatories are responsible for servicing the terms of the respective agreements.