



FOREIGN TRAVEL REPORT

Names of officials and designations and divisions:

1. Mr Siphon Zikode, DDG: SEZ & ET
2. Mr Maoto Molefane, Chief Director - SEZ
3. Mr Thami Klassen, Director: SEZ – Investment Projects Facilitation

Place and Organization(s) visited: Beijing, People's Republic of China. Belt & Road Forum and Meetings with 7-Chinese Enterprises (SEOs and private) for Musina Makhado SEZ Project (as potential investors). Meetings were held in various companies' city offices.

Date(s) travelled: 23 April – 1 May 2019

Purpose of travel: To attend the Belt & Road Forum (25-27 April 2019) under the theme "Jointly Building Economic Trade Cooperation Zones and Promoting International Investment Cooperation under the Belt and Road". The travel visit also undertook high level meeting discussions with Chinese investors / enterprises that are currently working on planning framework to develop the SEZ in Musina Makhado, Limpopo.

Description of trip (Trip analysis):

1. The BRF took place in Beijing, China as well as all the other parallel meetings which were conducted with the seven (7) SOEs and private Chinese enterprises (between the 25-30 April).

The BRF formalities took place from the 25-27 April, where the Thematic Forum discussions on Economic and Trade Cooperation Zone Promotion facilitated

communication for promoting consensus and sharing of learnt lessons / experiences - with the aim of strengthening Economic and Trade Cooperation Zones between China and host countries. The principle of hosting this event is to further create a platform for discussing collaboration for implementing Chinese and host countries investment driven Economic Zones that are under bilateral investment agreements for spurring local economic development in host countries.

Ministry of Commerce of the People's Republic of China (MOFCOM), as the hosting / organiser, organised different countries' presentations and panel discussions during the Conference Programme (from Asian, African and Middle East States Ministries of Trade & Economic, and their SEZs and IPs).

Other key highlight during the event was the official address by the President, HE XI Jinping, of the People's Republic of China, who gave an outline of the vision, performance review and strategic future action scope of the Belt and Road Forum program. He further emphasised the critical need for joint planned strategic milestones with partner countries in order to unlock potential resources, improve investments and solidify collaboration on SEZs and broader economic infrastructure development goals.

2. The seven (7) enterprises meetings started on the 25th April, parallel to the BRF formal proceedings, until the 30th April 2019.

On the 25th April, **the dti** and its SA Embassy (SA China FER official) were invited to a Launch by a Chinese based South African origin company, LandPAC. LandPAC is a South African company that has operations in China and uses a patented tyre recycling bitumen producing technology for durable road construction purposes. The year 2019 marks the company's 10th year establishment of its R&D Technology Centre in Beijing. This year also marks the 15th year celebration of the Africa China economic collaboration between LandPAC and Beijing Lusheng Asphalt Concrete company. The two enterprises have partnered on strategic implementation of infrastructure development projects using the said technology.

the dti was accompanied by the Limpopo Economic Development Environmental & Tourism (LEDET), its 2-agencies LEDA and the Corridor Mining Resources Company (CMR) during the meetings with all the seven (7) enterprises. All companies interacted with are currently conducting various conceptual, planning and designing frameworks for their perceived involvement in the energy & metallurgical production cluster, industrial plant construction/engineering and project investment finance / funding.

These discussion engagements are part of the on-going due diligence support and collaboration strategy aimed at expediting implementation for the ground breaking work at MMSEZ later in the current financial year. Part of the meeting also assessed progress on the plans of the SEZ Operator's obligations to address critical areas such as the securing of a SOE partnership and development of the SEZ Internal Master Plan. The meeting further addressed the challenges and shortcomings experienced by the different companies that have initiated some preliminary work in pursuit of initial due diligence / verification processes in South Africa.

The following list are the names of the planned MMSEZ investment companies that were met during the visit:

1. Metallurgical Chinese Company (MCC)
2. Taiyuan Iron & Steel Co. (TISCO)
3. China Huadian Corporation
4. Power China International Group Limited
5. ShaanXI CEI Investment Holdings
6. China Communication and Construction Company (CCCC)

Overall conclusion of these engagements noted the commendable progress made by the various enterprises. Parties also identified several gaps and agreed to take action steps to address them. Amongst those were the urgently required technical resource feasibility or verification studies; establishment of fully operational SA office of the Operating company and Visa approval delay challenges cited by the Chinese that seek to come and conduct various geotechnical exploration exercises/tests in the Musina Makhado designated mineral complex region.

3. Special achievements / milestones reached / targets:

- The SEZ Operator company will conclude a partnership agreement with the suitable SOE (MCC or CCCC) for the furtherance of strengthening capacity for delivery of the EPC (engineering design, planning, procurement and construction) bulk plans
- Technical Teams will be established by both the Operator and SEZ entity to finalise on the outstanding scope for completion of the both the Internal and External Master Plans
- SEZ Operator will finalise logistics and plans for the establishment of an operational office in Polokwane, Limpopo, to strengthen technical project implementation and coordination network on the ground
- Meeting/s with ESKOM, Department of Energy, Department of Water & Sanitation and IDC to be arranged to structure a more collaborative approach

4. Lessons learnt/ value added to the dti:

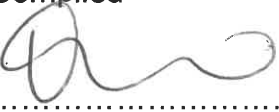


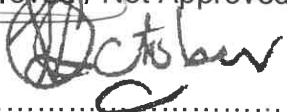
- Need to undertake an African States SEZ visits to establish learnings on China Africa SEZ Economic & Trade Cooperation implementation
- Build the capacity of all regional (SA host municipalities) to handle the massive economic development projects of regional planning and construction of new industrial cities development (SEZs)
- Establish a Technical Resources Reference Task Team that will give the South African State a comprehensive analysis, verification and guidance on minerals, mining, energy and water resources in Musina Makhado and its neighbouring regions for instituting a sustainable and responsible development methodology, in line with all applicable State policies - to safeguard SA's interests.

5. Accounting/ Reporting on sources of and disbursement of funds for the trip:

Kindly refer to the attached travel submission, as **annexure A** for financial implications.

6. Recommendations for and / follow-up required from the dti:

- Provide support and facilitate the establishment of Technical Task Teams for guiding the undertaking of a resources sufficiency (minerals / mining feedstock, water, etc.) verification process, in collaborations with all critical stakeholders.
- Prioritise Intergovernmental Task Team for collaboration on the critical infrastructure mandates of provision of services on planning, designing and implementation, and build the capacity thereof.

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| <p>Compiled</p>  <p>.....</p> <p>Thami Klassen</p> <p>Director - SEZ</p> <p>15 / 05 / 2019</p> | <p>Verified</p>  <p>.....</p> <p>Maoto Molefane</p> <p>Chief Director - SEZ</p> <p>15 / 05 / 2019</p> |
| <p>Signed</p>  <p>.....</p> <p>Siphon Zikode</p> <p>DDG – SEZ&ET</p> <p>15/ 05/ 2019</p> | <p>Approved / Not Approved</p>  <p>.....</p> <p>Lionel October</p> <p>DG – the dti</p> <p>15 / 05 / 2019</p> |