

## Chinese investment policy changes

China's 12<sup>th</sup> five-year plan, announced in late 2010, introduced an easing of restrictions on Chinese foreign direct investment – a move that is likely to result in a significant increase in the number of investments with a value of USD100m or less into Africa's mineral sector.

This is according to Strategic African Minerals Investment principal Anthony Desir, whose investment fund includes Venmyn as a nominated project assessment advisor.

Desir, who is based in Hong Kong and a leading expert on Sino-African investment, notes that investment from China into Africa has largely been on a government-to-government basis in the past.

This has resulted in a focus by Chinese officials on relationships with African government officials and investment that targeted the energy sector and infrastructure deals as a means of securing resources.

However, the latest five-year plan should result in smaller Chinese foreign direct investors playing a more important investment role. These are better suited to address the needs of the resource sector, tells Desir, who notes that private-sector firms could be a source of an increased number of lower-value investment sums than the Chinese government normally dispenses.

Private Chinese investors are also more likely to invest in earlier stage projects than their more risk-adverse counterparts within the State sector, he says.

"Smaller investment amounts are better suited to earlier stage needs and it is the area where the African mining industry needs the most support," comments Desir.

At present, China's regional investment in sub-Saharan Africa stands at USD43.7m. China's investment in Africa is predicted to grow by 60% in the next four years, with 70% of the country's African investment eventually directed by private companies.

To find out more information on China's investment in the sub-Saharan African minerals sector, contact Anthony Desir at [anthonyd@samifunds.com](mailto:anthonyd@samifunds.com)