Transnet, China Development Bank sign agreement

PRETORIA: Transnet and the China Development Bank have signed a cooperation agreement which will help to finance the construction and upgrade of railway and port infrastructure.

The agreement, which was signed on Tuesday, 26 March 2013, as the Brics Summit got underway in Durban, also includes - but is not limited to - cooperation on localising equipment manufacturing, especially in the rail and ports sectors.

Additionally, the parties agreed on future collaboration on research and development initiatives, manufacturing, marketing and the construction of cross border infrastructure throughout the continent.

"This historic agreement between two state-owned entities within Brics illustrates the opportunities inherent in such diplomatic ties.

"The agreement will enable us to explore innovative funding options as we pursue our borrowing plan, focusing on cost effective solutions and diversity," said Transnet group chief executive, Brian Molefe.

The agreement, signed during the Chinese President Xi Jinping's state visit to South Africa, is one of the various country-to-country collaboration agreements intended to strengthen economic and trade relations among the different Brics countries.

The Chinese President and President Jacob Zuma, as well as Public Enterprises Minister Malusi Gigaba, witnessed the signing of the agreement.

Zuma, in his remarks to the visiting President, said South Africa viewed China as a success and as a source of hope and inspiration as South Africa engages with the task of finding its own solutions for bringing about a better future.

"The rise of China, therefore, has lessons for us all as we seek to emulate your example," said the President.

China is South Africa's biggest trading partner and a significant investor in the South African economy.

The state-owned transport and logistics company announced a R300 billion investment programme, the Market Demand Strategy, to revamp and expand its ports, rail and pipelines infrastructure and equipment.

About two thirds of the required funding will be raised from internal resources, while the remainder will be raised through various sources in the debt capital markets.