

FOOD CRISIS AND THE GLOBAL LAND GRAB

GOVERNMENTS AND CORPORATIONS ARE BUYING UP FARMLAND IN OTHER COUNTRIES TO GROW THEIR OWN FOOD - OR SIMPLY TO MAKE MONEY

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Ethiopia Sugar signs \$500 million deal with China's CDC Bank

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Bloomberg | 26 September 2012
By William Davison

Ethiopia Sugar Corp. said it's signed agreements with state-owned China Development Bank Corp. for \$500 million in loans to build two refineries, part of a plan to boost output of the sweetener almost tenfold by 2025.

Ethiopia's Finance Ministry and the state-run sugar company have signed memorandums of understanding with the Chinese lender for loans to build the plants in Ethiopia's South Omo Zone, Sugar Corp. spokesman Yilma Tibebe said in an e-mailed response to questions on Sept. 24.

China Development Bank has advanced \$123 million for a factory in the northeastern Afar region, he said. The factories will be built by the Ethiopian state-owned Metals and Engineering Corporation, an amalgam of former military companies. China Complant Group Inc. is also working on the Afar project, Yilma said.

Last year, Ethiopian Sugar started building 10 cane plantations and factories with the goal of making the sugar-importing Horn of Africa nation one of the world's 10 biggest exporters of the sweetener by 2025.

The building program will cost "close to 100 billion Ethiopian birr (\$5.5 billion)," with about half required in foreign currency, said Asfaw Dingamu, Ethiopian Sugar's deputy director-general for the legal and communications department.

Seeking Loans

"We're looking for loans," he said a Sept. 22 interview in the capital, Addis Ababa. "We're negotiating with Chinese banks."

Ethiopian Sugar plans to provide about 40 percent of the money through sugar sales, with the rest of funding to be equally split between Ethiopian state banks and external lenders, he said.

Sugar Corp. generated 3 billion birr in profit from existing factories and sales of imported sugar in the year to July 7, Asfaw said. The government plans to increase production to 2.3 million metric tons of cane by 2025, and the country produced 265,000 tons last year, he said.

It spent 12 billion birr over the past two years on design work, irrigation infrastructure, roads and worker housing, he said. Ethiopian Sugar will need 100,000 workers to operate six plantations being set up in South Omo, Asfaw said.

A delayed sugar project at Tendaho in the Afar region will be producing at 30 percent capacity in January, Asfaw said. The factory is being built by India's Overseas Infrastructure Alliance with a \$394 million loan from the Export-Import Bank of India.

Source: [Bloomberg](#)



Tang Jianguo (right) CEO of China's Complant Group, shaking hands with the Prime Minister of Jamaica. The China National Complete Import and Export Corporation Group (COMPLANT) functioned as a foreign-aid office for China until 1993, and while it now trades on the Shenzhen Stock Exchange, its controlling shareholder is the State Development & Investment Corporation, the largest state-owned investment holding company in China. The company is involved in a number of construction and infrastructure projects overseas and several agricultural projects. In 2010, COMPLANT's subsidiary Hua Lien International announced plans to establish a joint venture with COMPLANT and the US\$5-billion China-Africa Development Fund to set up ethanol projects in various African countries. The three companies plan to launch the venture in Benin and roll out to other countries in the coming years. The venture will draw on COMPLANT's numerous recent investments in sugar-cane and cassava production, including an 18,000-ha sugar-cane plantation in Jamaica, a proposed 4,800-ha sugar-cane and cassava venture in Benin, a 1,320-ha sugar-cane plantation and factory in Sierra Leone, where in 2006 it also announced plans to expand its holdings to 8,100 ha to begin production of cassava. In Madagascar COMPLANT has been running the SUCOMA sugar factory since 1997 and, in 2008, under a twenty-year management contract, it took over the state-owned sugar refinery SUCOCOMA, giving it control over 10,000 ha for sugar-cane production. (Source: [GRAIN](#))

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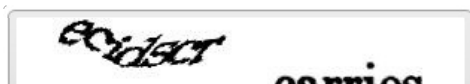
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