

Brics Summit ushers in new era as IDC and Bank of China sign historic MOU



By Katja Hamilton

22 Aug 2023

The Brics Summit has kicked off with momentum in Johannesburg, with the announcement that the Industrial Development Corporation (IDC) and Bank of China (BOC) have signed a Memorandum of Understanding (MOU) to strengthen regional trade and investment.



Source: IDC. Bank of China chief executive officer, Longjian Chen seen here with SA's minister of trade and industry, Ebrahim Patel signing in the new framework agreement.

As part of the MOU, the IDC and BOC are in the process of concluding a R10bn funding package over five years. This capital support will go into tangible projects spread across, energy, infrastructure, manufacturing, agriculture, and mining sectors, and highlights BOC's resolution in partnering with South Africa in Sustainability, Just Energy Transformation and other funding initiatives.

The agreement's key objectives are to explore opportunities for joint financing of potential future business ventures, with the Bank of China's Johannesburg branch focusing on debt financing; and to identify and collaborate on various business sectors, including but not limited to mining, agriculture, telecommunications, and infrastructure development, particularly in China/Africa investment projects.

The agreement also aims to formalise and strengthen the relationship between the IDC and the Bank of China, particularly in supporting Chinese foreign direct investment (FDI) into South Africa.

Recognising the challenge posed by limited access to capital in advancing regional industrial development, IDC chief executive officer TP Nchocho expressed a positive outlook on the regional economic landscape in light of this landmark agreement.

"Lack of access to capital remains one of the biggest challenges affecting entrepreneurs across the continent. This framework agreement therefore will bring to fruition capital mobilisation and technology co-operation among other benefits which should ultimately lead to integration of regional economic and industrial development across the continent," he said.

Minister Ebrahim Patel and chairman of the China-Africa Development Fund, Song Lei were present at the signing of the MOU as were deputy minister Fikile Majola, deputy minister Nomalungelo Gina and acting director-general Malebo Mabitje-Thompson.

This framework agreement mirrors similar agreements the IDC has established with international partners on the African continent, fostering long-term co-operation and co-funding initiatives.

Katja Hamilton is at the Brics Summit this week in Johannesburg, reporting live for Bizcommunity.

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