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Global Food Update

Food and India were Africa's keywords this past fortnight. The World Bank reported global food prices up by 83% in the past three years causing riots in Egypt, Cameroon, Ivory Coast, Senegal and Ethiopia while South Africa's Cosatu has warned of riots over food price hikes there. US\$ 200 million more in US emergency food aid is to be made available to help alleviate food shortages in Africa and elsewhere. Egypt has restricted food exports and many African governments have lowered import tariffs. The Ukraine and Libya are close to a deal on wheat, while Egypt and Syria have signed a rice-for-wheat exchange agreement. Although India's actions on the global food crisis won it newspaper headlines everywhere, more important for Africa was the Africa-India Summit where India promised to double financial credit to Africa to US\$ 5.4 billion in the next five years and provide preferential market access for exports from all 50 least developed countries, including 34 of Africa. India-Africa trade has increased by 285% percent to US\$ 25 billion in the last four years and Africa's share in India's global trade rose from 5.8% in 2002-03 to 8% in 2006-07.

Business and Trade Update

On the general business and trade front, Safmarine named two new ships in six days. Standard Bank Group Ltd.'s takeover of Kenya's CFC Bank Ltd., the biggest acquisition of a lender in the country, has been approved by South Africa's Central Bank. The Rwanda Stock Exchange has been established. Rwanda lifted its ban on poultry imports from Uganda. Rwanda launched an online trade information center. Mozambique's national airline, LAM, will invest US\$ 150 million over the next three years to upgrade its service and expand its fleet of aircraft. Lonrho acquired 51% of African fresh

produce group Rollex. Three large Indian companies have expressed interest in investing in the Coega Industrial Development Zone. The Kenya Ports Authority has overcome the congestion crisis at the Mombasa container terminal. Air Uganda is to launch flights to Zanzibar and Khartoum. Rwanda is planning to introduce a number of reforms to reduce the administrative procedures of, the time spent on and the costs of cross-border trading.

Mining Update

In mining, South Africa's Palabora Mining Company is planning a pipeline to pump magnetite to a port in Mozambique. NWT Uranium acquired an interest in Kalahari Minerals. Pan African is to be acquired by Asia Thai Mining. India plans to strengthen its ties with Angola in the field of diamond production. India's state-owned National Aluminum Company is looking at investing US\$ 4 billion in building an aluminum smelter in Richards Bay, South Africa, as well as a coal-fired power plant. Metorex commenced copper cathode production at Ruashi, DRC. Zambezi Resources provided several updates on its Zambian mining projects. Great Basin Gold completed its Rusaf acquisition. PMI Gold announced a positive scoping study on its Kubi Gold Project in Ghana; renegotiated the terms of the fiscal advisory agreement with D&D Securities and published the Khandaker report.

Oil and Chemicals Update

On oil and chemicals, Russia's Gazprom is considering energy assets in Libya as part of its asset exchange with Italy's Eni. Enel is to explore for gas in Egypt which will be sold

jointly with Egyptian Natural Gas Holding Co. Nigeria and Cameroon are to explore for oil on their common water border in the Gulf of Guinea. Uganda expects to reach oil production by 2013. Royal Dutch Shell reached a basic agreement with Nigeria's state-owned oil company on resolving chronic funding shortfalls at their joint venture. AECI plans to spend R 670 million on capacity expansion projects of its speciality chemicals business Chemserve and to dispose of its interest in SANS Fibres. Grindrod bought the remaining stake in Cockett Marine Oil.

African Projects Update

Heritage Oil (Tanzania), Tower Resources (Uganda), Sintezneftegaz (Kunene #1, Block 1711, offshore Namibia), TGS-NOPEC (Somaliland), Providence (AJE Field, OML113, offshore Nigeria), Peak / Pan African (Ashburton, Tanzania), Saber / Capital City Energy / Eastern Well Services (Botswana), Total / Qatar Petroleum (Taoudenni Ta7 and Ta8, Mauritania), Shell (Gabon), Roc Oil (Mauritania and Angola), Elixir Petroleum (Block SL-4, offshore Sierra Leone), Hardy / Emerald (Oza, onshore Nigeria), Addax (Iroko, offshore Cameroon), Oando / Shell / Agip (OML 125 and 134, offshore Nigeria), Eurogas (Sfax, offshore Tunisia), Gasol (LNG: Gulf Of Guinea) and Devon Energy (Equatorial Guinea) also provided updates on their African projects.

Electrical Power and Telecommunications Update

Turning to electrical power and telecommunications, South Africa's electricity generated and available for distribution for quarter ended February

2008 was up 0,7% on same quarter in 2007. Eskom concluded a five-year agreement to receive an additional 250 MW of power from Mozambique's Cahora Bassa hydro-electric power plant. South Africa's Minerals and Energy Department was unable to conclude a R 5 billion agreement with AES-led consortium to build two open-cycle turbine gas generation plants. Still on projects, Angola is to asphalt over 4,000 kilometers of road during 2008. The deepest port in Africa is to be constructed at Ibeju-Lekki, Lagos in Nigeria. Rwanda and Tanzania have agreed that a railway be constructed between Kigali and Isaka. Eritrea is building a water diversion scheme in the She'ib sub-zone. The Walvis Bay Corridor Group plans to improve infrastructure on all the corridors that link to Walvis Bay.

Finance Update

On the subject of finance, The Industrial Development Corporation of South Africa (IDC) injected R 15, 4 million the Northern Cape goat farming industry. The International Development Association provided Malawi with a US\$ 25 million grant to improve water supply and sanitation services; provided US\$ 60 million for a Nigerian rural access and mobility project and approved a grant for US\$ 308 million to Côte d'Ivoire to clear its arrears. The World Bank is also providing US\$ 6 million to increase low income household access to water in Mozambique cities and US\$ 6 million for Madagascar's railways. The World Bank announced a package of proposals to help African countries address rising food and commodity prices. The Global Partnership on Output-Based Aid granted US\$ 5.25 million to improve access to water in Cameroon. The IMF approved US\$ 66.2 million in emergency post-conflict assistance for Côte d'Ivoire. Ethiopia and the World Food Program signed a Letter of Understanding for the provision of food assistance worth US\$ 448.5 million. Africare invested over US\$ 300,000 in an Angolan malnutrition programme.

African Political Update

Turning to the African political front, South Africa's President Mbeki has been derided from all sides for saying there is no crisis in Zimbabwe where presidential election results have still not been announced after three weeks. Kenya has appointed a 42-member power-sharing cabinet to help restore stability. Cameroon's parliament controversially approved a constitutional amendment overriding limitations on the number of presidential terms. Isn't it funny how Africa's political bad news always gets the international headlines while the business good news is seldom printed?