



## China confirms cancellation of the Limpopo Musina-Makhado SEZ coal-fired power project and commits to supporting green economic development in South Africa

**Cape Town, 18 November:**– The Government of the People’s Republic of China has confirmed in correspondence with Fossil Free South Africa that China will no longer be funding a new 3GW coal-fired power plant in the planned Musina-Makhado Special Economic Zone (MM-SEZ) in Limpopo Province.

Chinese premier Xi Jinping announced China’s end to funding of overseas coal projects in an address at the United Nations on 21 September.

Various Chinese institutions have been linked to the contested MM-SEZ project, which was first announced by President Cyril Ramaphosa on his return from the Forum for Africa and China Cooperation (FOCAC) in September 2018. The two biggest lead investors, China Huadian Hong Kong Company and Power China International Group, which have jointly committed over US\$9 billion to the project, are Chinese state-owned enterprises.

But in a letter to Fossil Free SA on 9 November, China’s ambassador to South Africa, Chen Xiaodong, confirmed that China “will not build new coal-fired projects abroad”.

The ambassador said: “China is willing to work with all countries, South Africa included, to establish and improve a green and circular economic system development system [and] green and low-carbon energy.”

The MM-SEZ proposals had included at least 20 industrial plants for processes including coking, coal washing, a coking plant, ferrochrome and ferromanganese and stainless steel, and lime and cement plants, powered by a bespoke giant 3GW coal-fired power station. All these facilities would be very high emitters of greenhouse gases.

The dirty energy project was highly controversial from the start:

- The carbon emissions from a 3GW coal-fired plant and associated carbon-intensive industries have been omitted from South Africa’s IRP planning process, and will make it impossible for South Africa to meet its international commitments on greenhouse gas emissions reductions.
- It is the first SEZ that will be run by a foreign operator and not by a South African SEO, in what would be the largest of South Africa’s 11 special economic zones.
- The foreign operator is the Chinese company Shenzhen Hoi Mor Resources. Its chief

executive, Yat Hoi Ning, is on an Interpol watch list – but was somehow still approved by the SA Department of Trade and Industry.

- Public consultations have been limited and exclusive.
- SEZs are anti-labour, limiting labour's rights to organise and outlawing strikes. This makes them inherently unconstitutional, as the right to strike is constitutionally guaranteed in South Africa.
- The 8000 ha MMSEZ site, between Musina and Makhado municipalities, covers precious wetlands and baobab forests.
- The water demands of the project, in an already water-stressed and warming region, would profoundly threaten the water rights of vulnerable communities in the area.
- There are no viable proposals for the safe disposal of the massive amounts of toxic waste likely to be produced by these plants.
- Most jobs in the SEZ will be too specialised to immediately benefit locals, and the promised final job numbers have been highly inconsistent.

Fossil Free South Africa coordinator David Le Page said the group applauds the decision by China to withdraw funding from the project:

“We are delighted China is following through on its ground-breaking commitment to end overseas coal financing by cancelling plans for the ill-conceived Musina-Makhado SEZ coal-fired power station. We hope that proposals for development in the area will proceed in a way that honours the rights of local communities and of labour, protects biodiversity and water resources, and are in line with South Africa's Bill of Rights and international commitments to rapidly reduce and eliminate carbon emissions.”

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**Fossil Free South Africa** is a registered NGO that has been working in South Africa since 2014 as part of the global divestment movement. This movement urges that capital be moved from fossil fuels to reinvestment in companies and activities that uphold human rights and science-based commitments to ending climate breakdown. In 2021, our work resulted in the University of Cape Town's responsible investment panel recommending that the university divest from fossil fuels.