

UNREVISED

ORAL ANSWER TO QUESTION

JIN FEI ECONOMIC ZONE PROJECT

The Leader of the Opposition (Mr P. Bérenger) (*by Private Notice*) asked the Minister of Finance and Economic Development whether, in regard to the Jin Fei Economic Zone Project at Riche Terre, he will state where matters stand, indicating as at to date –

- (a) the names of the present shareholders thereof and the involvement of the Government of the People's Republic of China therein;
- (b) the sums spent on infrastructure by the Mauritian side;
- (c) the foreign investment received and the number of jobs created;
- (d) the details of the –
 - (i) subleases granted;
 - (ii) Memoranda of Understanding signed, and
 - (iii) completed and forthcoming projects respectively;
- (e) what is being proposed to the displaced planters, and
- (f) if the Culture House project still stands.

Mr Lutchmeenaraidoo: Madam Speaker, the Jin Fei project is yet another resounding failure of the previous Government. The previous Government signed an initial lease agreement in July 2007 with the Tianli Enterprise Group. Subsequently, a new Lease Agreement and Framework Agreement were signed with a new company, namely the Mauritius Jin Fei Economic Trade and Cooperation Zone Ltd on 16 September 2009. Both documents have already been tabled on 10 February 2015.

As regards part (a) of the question, the present shareholder of the Mauritius Jin Fei Economic Trade and Cooperation Zone Ltd is the Shanxi Investment Group Co. Ltd. The Chinese Government is not involved directly in the Mauritius Jin Fei Economic Trade and Cooperation Zone Ltd.

The Lease Agreement was for a plot of land covering an area of 211 hectares, that is, 500 *arpents*, which was leased to the company for a period of 99 years.

Concerning part (b) of the question, I am informed that the previous Government had invested some Rs525 m. on offsite infrastructure of which -

- Rs115 m. for water infrastructure;
- Rs236 m. for electricity supply;
- Rs92 m. for road development, and
- Rs82 m. for sewerage infrastructure

In addition, an investment estimated at Rs1 billion is still required to meet the water needs for the Jin Fei project.

Concerning part (c) of the question, according to information provided by the Jin Fei Group, the total foreign investment - foreign direct investment - amounted to Rs1.7 billion with a breakdown as follows -

- Rs765 m. for on-site infrastructure works, and
- Rs920 m. for three projects, namely a Business Centre for an investment of Rs580 m.; an apartment block for an investment of Rs235 m., and a warehouse for an investment of Rs105 m.

The figure of Rs920 m. is way below the commitment taken by JinFei Group to invest a minimum of Rs18 billion by end of next year.

An estimated 80 jobs have been created as opposed to the 5,000 direct jobs which the Company undertook to generate during the first phase period from 2009 to 2012.

Concerning part (d) (i) of the question, there are four subleases granted by JinFei, on a total land area of 3.5 hectares.

As regards part (d) (ii) of the question, no MOU has been signed outside those four sublease agreements. I shall table a copy of those sublease agreements by this afternoon.

As regards part (d) (iii) of the question, as I pointed out earlier, in reply to PQ No. B/16, during the last electoral campaign, we took the commitment to revive this project and give it a new impulse. Ever since we assumed office, we started intensive discussions with the promoters.

A high-level delegation from the People's Republic of China comprising the representatives of the shareholders of Jinfei visited Mauritius from 23 January to 05 February 2015 to hold discussions with Government. In the light of those discussions, Government made the following proposals to JinFei Group -

- (a) to set up a joint venture company in which Government of Mauritius will hold 80 percent shares and the Mauritius Jinfei Economic Trade and Cooperation Zone Ltd will hold 20 percent shares in joint venture company;
- (b) to replace the lease agreement signed on 16 September 2009 between Jinfei and the Ministry of Housing and Lands with a revised lease agreement, to be entered between the joint venture company and the Ministry of Housing and Lands;
- (c) to allocate the 20 percent shares to Jinfei for the contribution made by the latter with respect to onsite infrastructure, and
- (d) option for the Government of the Republic of Mauritius of acquiring the business centre, the warehouse and an apartment building developed by Jinfei on leased land at a price to be mutually agreed.

A full-fledged delegation from JinFei is now presently in Mauritius to finalise the discussion. I am pleased to inform the House that the Chinese Group has already agreed in principle to our proposal to set up a joint venture company with 80 percent Government of Mauritius and 20 percent of Jinfei.

The JinFei Company is prepared to acquire the plot of land on which they have constructed the Business Centre and the Apartment block and other projects up to a maximum of 75 *arpents*, as compensation for the total investment in on-site infrastructure amounting to Rs765 m. The land to be allocated to JinFei will be subject to an independent valuation and any difference between the Rs765 m. and the actual land value will be paid in cash by JinFei to the Government of Mauritius.

Madam Speaker, we have finally succeeded to take back, at no cost to Government, 425 *arpents* of the land leased to JinFei Group, which I have to inform the House is now fully serviced with all amenities. These lands will be used to develop a smart city project dedicated to port logistics activities.

As regards part (e) of the question, the previous Government refused to compensate the small planters who were evicted from the JinFei site. It was only after a strike and a court case that the previous Government was compelled to pay a total amount of Rs73 m. as compensation to 227 planters who were occupying plots of land in the Riche Terre/Terre Rouge land settlement area. Furthermore, some 106 planters were leased land to the extent of 10 perches each for residential purposes and 34 planters were granted one *Arpent* each for vegetable plantation.

Following the meeting I had with the small planters at Solitude we agreed -

- First, to sell the plot of 10 perches of land being leased to those small planters concerned for a nominal price of one rupee.
- Second, to provide the small planters concerned, grouped in a Cooperative Society, with a plot of land of 100 *arpents* to set up a bio-farm project. Government will also provide all necessary support for the Cooperative Society to successfully implement the project.

As regards part (f) of the question, Government has decided that the Culture House project will not be implemented in the JinFei site but rather in Réduit.

Madam Speaker, I am pleased to say that we are on the point of finally unlocking the JinFei saga.

Mr Bérenger: I heard the hon. Minister say that, JinFei, through representatives who are at present in Mauritius, have agreed in principle to becoming the minority 20% shareholder in a new entity to be set up and, therefore, to take back the 425 *arpents* that were with JinFei. Can I know whether in principle, and then, has the value of the 80% that they are going to lose in a way, a 100% shareholders they were - now they are going to become shareholders at 20%? Can we know whether a value has been placed on what they will ask from the Government of Mauritius to become minority shareholders?

Mr Lutchmeenaraidoo: On the basis of discussions we have had those past few days, the 425 acres will return to the Ministry of Housing and Lands. So, the company, the new joint venture 80 to 20 is being set up mainly for the management of the site, for the management of the whole smart city and it is in this management that JinFei will have 20% and Government of Mauritius will have 80% and the 425 acres of land will stay probably with the Ministry of Housing and Lands or in a separate company. So, we are not adding those 45 acres in the joint venture itself.

Mr Bérenger: My question is: is the JinFei site so generous that they are saying, ok, we hand back these 425 *Arpents*, we become a minority shareholder in a management company and you do not compensate 'us' in anyway? Is that what they are saying or will we have to pay JinFei for returning that land and becoming a minority shareholder in a management company?

Mr Lutchmeenaraidoo: Well, I need to say that there has been a lot of arm-twisting and we told the JinFei people that this is a highly politically explosive joint venture, which has not given any result after five years, inspite of the commitment they have taken. So, we were in a strong position to tell them that we have waited for so long, there has been no result and that we now want to take back the 500 acres. It is from this point, when we said we will take back the total area that negotiations started and, as yesterday, they are proposing and, I think, we will go with it. There are 75 acres comprising of the apartment block of the warehouse and another building and they want to purchase this plot of land.

We have made a counter-proposal that the land be leased rather to them 99 years...

(Interruptions)

Yes, but there is strong objection. So, they have reverted back to China and we are still insisting that the 75 acres of land that we upkeep will remain as lease lands for 99 years which means, therefore, that we have taken back the 425 acres.

Mr Bérenger: I take that to mean that there will be no compensation for them to handing back that land, except that part over which we are discussing lease or ownership as they are requesting and I am glad to note that the hon. Prime Minister insists that it should be a lease. Do I take it that the nature of the project at Riche Terre is changing completely because before JinFei was to come in big with 40,000 employment created, Rs20 billion of investment and so on, now they are out I take it that, now, they are going to have the land on lease where they have already built, hand over everything else, be a minority partner in a management company and that the rest will be returned to the Ministry of Housing and Lands with the main thing in mind, from what I understand, being port development.

Mr Lutchmeenaraidoo: Yes, and I have to add also that the 75 acres of land that they are proposing to buy is in compensation for the infrastructural work they have done there which is about Rs765 m. So, we have suggested that we balance; we have an official evaluation of the 75 acres, and if it is more than what we owe them - because we owe them the work that they have done on the site: road, electricity, and water. So, they have invested Rs765 m. directly for which we have to compensate them. Probably we will come to an arrangement whereby the land, the 75 acres, will be some form of part compensation for the investment in infrastructure. It is a management project which we propose to have with them and, yes, also, as you know, the smart cities will all have a theme and the theme for the smart

city of Jin Fei is Port logistics. Why? Because the Port project we have, extending from Grand River North West through Bain des Dames down to Baie du Tombeau, this huge project might also integrate the Port logistics project which will then give us a huge smart city for Port logistics plus the infrastructure for Port development.

Mr Bérenger: Do I take it that this Jin Fei is represented by top management from the other company in China, and can I know whether the hon. Minister, himself, or Ministers have been involved in those discussions with those representatives of Jin Fei?

Mr Lutchmeenaraidoo: No. This is a Technical Committee of the Ministry of Finance and Economic Development headed by the Financial Secretary. My role is mainly to do PR with them. So, I am inviting them for dinner tomorrow with the Chinese Embassy and try to find a solution for this main issue which stays now; they want to buy and we want to give them a lease. So, we are there, there is some form of deadlock which might stay for a few days and I hope, hopefully, that, at the end of the day, they will accept the 75 acres of leased lands.

(Interruptions)

Mr Bérenger: It's good to see negotiations taking place in front of us. Can I know whether the hon. Minister has information because the whole Jin Fei project was supposed to include - well, included, in fact - granting of passports. Can I know within the Jin Fei context, how many passports have been granted?

Mr Lutchmeenaraidoo: Well, I think, the hon. Leader of the Opposition should come with a substantive question because this goes outside the purview of my Ministry.

Mr Bérenger: If I can move on to the subleases, can I know whether all of those subleases were approved by Government and for what duration those subleases were agreed to?

Mr Lutchmeenaraidoo: Well, I don't have the information. This is why I am submitting this afternoon the four subleases signed by Jin Fei with four Chinese groups.

Mr Bérenger: I understand that, that land will be extracted from what has been handed back to be subleased and what is the intention of Government - the 99-year lease?

Mr Lutchmeenaraidoo: Yes, I have the information that the sublease was approved by the Ministry of Housing and Lands.

Mr Bérenger: If I can move on to the subject of the planters. At one point, the hon. Minister himself said that - let me quote the article concerned from what has been reported –

“Les terres seront restituées aux planteurs.”

Then, another statement was made to the effect that a cooperative would be set up on 100 *arpents* for those planters. Have the planters, through their representatives, agreed to what the hon. Minister is proposing now, that is, a 100 cooperative on a 100 *arpents* piece of land?

Mr Lutchmeenaraidoo: Yes. In fact, they are very indebted to the Government if we go ahead with both projects. That is -

- (1) that they be given the 10 perches of land against payment of a symbolical R1, and
- (2) that we start a bio farm project at a cooperative level where they all will be involved on 100 acres of land. Naturally, we will have to help Government also.

Mr Bérenger: As far as the culture project is concerned, I am very happy because it was my suggestion to the former Government. I insisted that it is out of this world for a Culture House to be placed in the Jin Fei area, whereas the 2000-2005 Government had already decided that it would be at Réduit. We had already placed the land for that which was later on given by the previous Government to MBC. So, do I take it that the Rs250 m. interest-free loan that China had offered still stands or is it going away with Jin Fei?

Mr Lutchmeenaraidoo: I was made to understand that it is a direct grant from the Chinese Government. Then, I need notice of this question. Yes, the Financial Secretary told me that this is a grant. Therefore, this money would be used for the construction of the Cultural Centre, but in Réduit.

Mr Bérenger: I take it that this grant is still on the table, it is still offered by China?

Mr Lutchmeenaraidoo: Yes. It is still on the table.

Madam Speaker: Hon. Ameer Meea!

Mr Ameer Meea: Thank you, Madam Speaker. Under the previous Government - and it was discussed in this House through a PQ - there was a project of a company to be set up in

the Jin Fei economic zone project for the production of electricity. Can I ask the hon. Minister if this is still on the cards?

Mr Lutchmeenaraidoo: I am not aware. There must have been quite a few projects, none of them materialised. So, you might be right, but I don't know.

Madam Speaker: Hon. Ganoo!

(Interruptions)

Mr Ganoo: *Bizin casse ene coco!*

Can the hon. Minister of Finance and Economic Development inform the House if nearly Rs1 billion, Rs925 m., have been invested in utilities by our Government in terms of utilities and road development? I am sure the hon. Minister will take this into consideration when negotiating with our Chinese counterparts because they also have been making use of this offsite infrastructure for the apartments, the warehouse, the business centre which they have built, and will Government allow them to sell these apartments after their construction?

Mr Lutchmeenaraidoo: There are two parts in the question. One is, I have to tell the House that we have squeezed them a lot. We have squeezed the Jin Fei group a lot to come to this basic arrangement where they are returning 425 acres back to Government. So, the question is whether what we have invested should get in the negotiations now. I think we have got a fairly extraordinary deal with the Jin Fei. I never thought that this would go through. It is going through. Now, as for the apartments that they want to purchase, I don't know whether they want to sell it or keep it.

Madam Speaker: Hon. Bhagwan!

Mr Bhagwan: I am informed that 100 *arpents* have been earmarked for the planters. Has there been a site visit with the planters to specify which area and whether a preliminary study has started for that bio farm?

Mr Lutchmeenaraidoo: Yes. In fact, the Minister of Agro-Industry and Food Security is earmarking these plots of land which might be used and which we will visit just after the Budget, once we are a little free.

Madam Speaker: Hon. Jhuboo!

Mr Jhuboo: Madam Speaker, since Government has taken 80% of the joint venture, can we know from the hon. Minister *quel organisme de l'État va gérer cette participation dans le nouveau joint-venture?*

Mr Lutchmeenaraidoo: Je n'ai pas bien compris la question. Excusez-moi.

Mr Jhuboo: Since Government has taken a participation of 80% in the joint venture, can we know *quel organisme de l'État va gérer cette participation dans ce nouveau projet?*

Mr Lutchmeenaraidoo: Well, the joint venture will manage. It is a management company. So, the joint venture needs to be set up and when we come to the bridge, we will cross it. But, for the time being, we have agreed to the principle that the joint venture, Jin Fei and Government of Mauritius, will be on the basis of 20 and 80.

Madam Speaker: Hon. Jhugroo!

Mr Jhugroo: Madam Speaker, can the hon. Minister inform the House whether a feasibility has been done before starting this project and, if so, for what reason this has failed?

Mr Lutchmeenaraidoo: The other initial project – no, we all know that the circumstances surrounding the Jin Fei, ex-Tianli project, were done in very dubious circumstances. We have said it so often. Even now I am not satisfied and I still don't understand how the former Prime Minister could have kicked out 250 small planters from his own Constituency, take back this land to give it to a Chinese company in the EPZ. I am still perplexed on this.

(Interruptions)

That's true! I am not just saying it. I am also quite perplexed that the hon. Minister of Finance also got the lease agreement signed and delivered it in China. So, it is very difficult not to doubt that there is more than meets the eyes in the Tianli project.

Madam Speaker: Hon. Mahomed!

Mr Mahomed: Thank you, Madam Speaker. From what I understand from the hon. Minister, 80% of the development that is going to occur there will be from Government funding, and if so, whether a feasibility study will be done in that case?

Mr Lutchmeenaraidoo: No, it is a management company. The management company will develop the smart city on those plots of lands which are there and we are going to use extensive investment from abroad and Mauritius also.

Madam Speaker: Hon. Bhagwan!

Mr Bhagwan: Thank you, Madam Speaker. I don't know if the hon. Minister has made a site visit recently in this area. It is a shame for Mauritius. This area has been converted into a dumping ground. Can I make a request, in the interest of the country, of our reputation, that the hon. Minister of Environment put some order, that is, to prevent the illegal dumping?

(Interruptions)

This is a case where there is a lot of illegal dumping and at least immediate action should be taken by the Ministry of Environment and the Environmental Police to prevent such cases of degradation.

Mr Lutchmeenaraidoo: The Jin Fei land is a great land for the marriage of dogs presently. I have been there recently and there are hundreds of dogs there, and there is undoubtedly an environment issue there. The joint venture will have to look into it in consultation probably with the hon. Minister of Environment.

Mr Bérenger: Can I put a request to the hon. Minister that the House be kept informed of how discussions are finalised with Jin Fei and the final conditions both in terms of money, but also of the lease conditions. Once the discussions are completed with Jin Fei, we will be fully informed.

Mr Lutchmeenaraidoo: Yes, Madam Speaker, I will make a statement as soon as the negotiations are completed with the Jin Fei group and giving full details on the whole project.

Madam Speaker: Any more questions! Hon. Leader of the Opposition, you don't have any more questions!