
The Great Green Wave From China: China Invests In MENAT Renewable Energy Market



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With its industry know-how and deep-pocketed conglomerates, the Asian economic powerhouse is helping regional economies unlock their clean energy potential

Countries across the Middle East, North Africa and Turkey (MENAT) region are pushing to raise the renewable energy sector's capacity, as they reduce their dependence on coal, crude oil and natural gas.

The Middle East alone requires investments of US\$ 260 billion, according to [Apicorp](#)¹. Combined that with an estimated US\$ 163 billion expected to be invested in Turkey's energy sector, as per estimates by the [Institute of Energy for South East Europe](#)², the region offers a huge opportunity to finance and lay the foundation for a brand new energy system.

China, as the world's largest renewable energy market, appears to be perfectly poised to support the development of the region's green energy sector.

Last year was a record for renewable installation in China, as its efforts to diversify its energy mix began to yield results. The Asian economic giant is estimated to have installed at least 50GW of solar-powered generation in 2017, and predicts a total of 54GW – compared to the 34.5GW the government forecast in 2016. Going forward, according to the [International Energy Agency](#) (IEA)³, China will continue to lead the world in renewable energy development.

"Internationally, China's Belt and Road Initiative (BRI) has continued to drive Chinese energy investments overseas," according to the [Institute for Energy Economics and Financial Analysis](#)⁴. "The initiative already has driven US\$ 8 billion of solar equipment exports from China and helped China become the number one exporter of environmental goods and services, overtaking the US and Germany."

MENAT Turns To China

It comes as no surprise that MENAT nations have tapped Chinese expertise to build their renewable energy capacity.

China's [State Grid](#)⁵ is close to completing the initial phase of power grid build-out in Egypt. Last year, it won a US\$ 1 billion contract for a second phase of Egyptian power transmission development.

In January of 2018, [Industrial and Commercial Bank of China](#)⁶ (ICBC) provided a 20-year US\$ 97.6 million loan as part of an investment in power plants with a combined capacity of up to 250MW, representing the first set of a total 12 projects approved by Multilateral Investment Guarantee Agency board, in support of Egypt's Solar Feed-in Tariff (FIT) programme.

In May, China's GCL Group also signed a memorandum of understanding (MOU) with Egypt's Ministry of Military Production to build a solar panel facility at a cost of up to USD 2 billion, according to [Thomson Reuters](#)⁷.

In the UAE, [Shanghai Electric](#)⁸ is collaborating with Dubai Electricity and Water Authority (DEWA) and Saudi Arabia's ACWA Power to build the 700 MW CSP project in Dubai, part of the fourth phase of the Mohammed bin Rashid Solar Park – the largest thermo-solar power plant in the world.

The project is in the process of concluding its financing package, according to a [statement](#)⁹ by the companies. ICBC is acting as the mandated lead arranger and targeting to approve US\$ 1.5 billion of senior loan.

"This project is a flagship project for ICBC in supporting the three major Chinese power equipment suppliers, namely Shanghai Electric, Dongfang Electric and Harbin Electric, to 'go abroad' and break through the sophisticated and established power market. ICBC, Bank of China and Agricultural Bank of China will play an important role in the financing of the project, providing almost 80% of senior debt," the [statement](#)¹⁰ said.

In Abu Dhabi, China's [JinkoSolar Holding Co. Ltd.](#)¹¹ and its Japanese partner Marubeni Corporation are building the US\$ 870 million Sweihan Solar PV Independent Power – a 1,177MW solar PV project with a 25-year purchasing power agreement signed with Abu Dhabi Water and Electricity Authority (ADWEA).

Meanwhile in Oman, Chinese firm [Ningxia Zhongke Jiaye New Energy and Technology Management Co.](#)¹² signed an MoU with Oman Investment Fund to build the

US\$ 94 million solar panels for power plants. Ningxia Zhongke will own a 51% stake, while the remaining ownership will be held by Oman Investment Fund.

More Deals Inked

The Chinese government also signed a slew of agreements valued at US\$ 65 billion with the Saudi government that includes co-operation and joint development in renewable energy sector.

Meanwhile, Saudi-owned [ACWA Power](#)¹³ recently signed an MoU with China Energy Engineering Corporation to explore joint investment opportunities and co-operate on power generation and water desalination projects across the Middle East and Asia where the company operates.

“With this agreement, we will strengthen the ties between China and the Middle East and unlock new potential power generation opportunities in the region,” said Paddy Padmanathan, president and CEO of ACWA Power.

Turkey is another country that is keen to reduce its energy import bill and pursue its renewable energy programme. The country plans to increase its wind

power capacity to 20,000MW, and install power plants with 1,000MW of geothermal and 5,000MW of solar energy.

Chinese companies including CSUN and HT Solar Energy already operate solar panel factories in Turkey for domestic and export purposes.

The China-led [Asian Infrastructure Investment Bank](#)¹⁴ approved a loan of up to US\$ 200 million to the Industrial Development Bank of Turkey (TSKB), backed by a guarantee from the Government of Turkey in September to support long-term financing, primarily for renewable energy and energy efficiency projects.

The loan seeks to finance projects associated with renewable energy, including solar, hydropower, wind, geothermal, biomass and energy efficiency.

China and MENAT countries offer complementary requirements when it comes to renewable energy. China has the expertise and funding muscle, and the region has an urgent need to diversify their energy sources and meet growing power demand.

Footnotes:

1 http://www.apicorp-arabia.com/Research/EnergyResearch/2018/APICORP_Energy_Research_V03_N07_2018.pdf

2 <http://ieefa.org/wp-content/uploads/2018/01/China-Review-2017.pdf>

3 <https://www.iea.org/newsroom/news/2018/october/modern-bioenergy-leads-the-growth-of-all-renewables-to-2023-according-to-latest.html>

4 <http://ieefa.org/ieefa-report-china-continues-position-global-clean-energy-dominance-2017/>

5 <http://www.egypttoday.com/Article/1/21070/Egypt-China-sign-second-phase-of-grid-power-agreement>

6 <https://www.miga.org/press-release/miga-supports-egyptian-effort-build-worlds-largest-solar-generation-park>

7 <https://www.reuters.com/article/us-egypt-solar-egypt-signs-mou-with-chinas-gcl-for-2-billion-solar-panel-factory-idUSKBN1IB1WI>

8 <https://www.prnewswire.com/news-releases/epc-contract-with-shanghai-electric-to-develop-700-mw-dewa-csp-project-signed-in-china-679802743.html>

9 <https://www.prnewswire.com/news-releases/epc-contract-with-shanghai-electric-to-develop-700-mw-dewa-csp-project-signed-in-china-679802743.html>

10 <https://www.prnewswire.com/news-releases/epc-contract-with-shanghai-electric-to-develop-700-mw-dewa-csp-project-signed-in-china-679802743.html>

11 <https://www.prnewswire.com/news-releases/financial-agreements-of-sweihaan-photovoltaic-independent-power-project-in-abu-dhabi-were-signed-300463061.html>

12 <https://timesofoman.com/article/108093>

13 <https://www.acwapower.com/en/newsroom/press-releases/latest-news/acwa-power-and-energy-china-sign-mou-for-power-and-water-desalination-cooperation/>

14 https://www.aiib.org/en/news-events/news/2018/20180928_003.html

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