

Chinese loan to Eskom granted without conditions

President Cyril Ramaphosa says the recent Chinese loan that was given to state-owned entity, Eskom comes with no conditions.



Responding to oral questions at the National Council of Provinces (NCOP), the president also said that it is not unusual for state owned entities to raise funding in the market for capital investment or operating costs.

He said about the Eskom loan: “There are no specific conditions for this loan.

“Eskom has indicated it will not be able to make the loan agreement public since it contains information that may put Eskom at a disadvantage when negotiating in the market.

“The China Development Bank facility is more competitive than the global market rate.

“The loan is government guaranteed under the existing Government Guarantee Framework Agreement”.

Cathleen Labuschagne, a DA whip in the NCOP, had asked the president if any conditions were attached to the loans from the Chinese Development Bank, and what they would be spent on and also asked for a breakdown of the payback agreements for both the credit facilities.

The President said Eskom recently entered into a loan agreement with the China Development Bank for \$2.5bn – or R33bn – which will be used to fund the construction of Kusile Power Station.

He said this is the third tranche of a \$5bn facility that was approved by the ministers of finance and public enterprises in 2015.

“The facility has a grace period of five years and thereafter the principal amount is repayable by Eskom in 20 installments over a period of 10 years,” he said.

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