

Foreign direct investment projects

The TIPS FDI Tracker tracks foreign direct investment projects, analysing new and updated projects quarterly. Based on media monitoring, it added 14 new projects in the past quarter. Ten of these were in manufacturing, and five were greenfield projects. Six projects previously captured in the Tracker have been updated, with two reaching completion.

Table 1: New FDI projects captured in Quarter 1, 2019

	Announced	Construction	Exploration	Complete
Number of projects	7	2	1	5
Value(R bns)	R 139.7 Billion	R3.1 Billion	R2.3 Billion	R1.7 Billion
Industries	2 Services 4 Manufacturing 1 Mining	2 Services	Manufacturing	5 Manufacturing 1 Mining
Type	2 Brownfield 1 Upgrade 3 Expansion 1 Greenfield	2 Greenfield	1 Brownfield	3 Greenfield 1 Expansion 2 Upgrade
Companies	Royal Dutch Shell Weir Minerals Africa Helios Towers Handa Mining Komatsu Africa (2 Projects) Saudi Aramco	Jaguar SA/Grid Cars Nxuba Wind Farm	Total South Africa	Cummins Komatsu Africa Hisense Afarak Group Christian Hansen Weir Minerals Africa

New projects

The largest project announced this quarter is by Saudi Aramco. The oil company, which is owned by the Saudi Kingdom, pledged US\$10 billion (R138 billion) for a new crude oil refinery and petrochemical plant. Saudi Aramco and the Central Energy Fund will jointly conduct studies to inform the next steps. The location of the project was not reported.

The second largest project was Helios Towers, a UK-based network infrastructure group that announced plans to build about 500 cellphone towers across South Africa for a pledged value of US\$100 million (R1.4 billion). The company entered the South African market through a joint venture with local telecommunications firm, Vulatel, creating Helios Towers South Africa. It also acquired a controlling stake in SA Towers, a South African network infrastructure company. The project will be rolled out over a period of three years.

Following the launch of the Komatsu Industrial Campus in Germiston last year in November, the Japanese company Komatsu announced further investment in two projects for a total of R320 million. Its plans include a component remanufacturing centre that will cost an estimated R280 million. It will be based in Germiston with construction expected to be complete in 2020. The facility will be the final phase of the Komatsu Campus.

In addition, Komatsu has submitted plans to its board for an under-carriage repair and rebuild centre for an estimated R40 million. If approved, it will start construction in 2021.

Engineering solutions provider Weir Minerals Africa received capital expenditure approval of R30 million to upgrade its foundry in Port Elizabeth. The foundry supplies castings globally to Weir Minerals operations and direct customers. The investment will allow the firm to open its fourth moulding bay and enable the foundry to reach 100% capacity from the current level of between 60% and 70% in manufacturing metal castings. The moulding bay will be able to produce four castings of 18 tons a month. The company plans to commission the moulding bay at the end of June this year. The announcement of this project follows a R10 million investment completed last year in which Weir installed a Giesserei Umwelt Technik secondary sand reclamation plant, discussed below.

Shell South Africa and Canadian Handa Mining also announced new projects, but did not report on the anticipated value. Shell South Africa plans to launch electric vehicle charging stations in its retail network this year as part of its roadmap to 2025. Charging stations will be installed incrementally depending on demand. This investment follows an announcement last year by Shell of plans to invest about R1 billion in filling stations at 22 new locations as well as refurbishing existing stations and upgrading convenience stores across South Africa.

The final major project announced is a copper processing plant planned by Handa Mining. The company has signed a joint venture with O'okiep Copper and SHIP Copper, under which it will construct and fund the facility. The proposed plant will be in the Northern Cape. It will recover copper from broken rock on the surface of properties owned by O'okiep and SHIP. Handa will determine whether to go ahead with the project in the coming 60 days.

Jaguar and Enel Green Power South Africa account for the two projects under construction added to the Tracker. Jaguar is partnering with GridCars, a South African electric vehicle charging service equipment provider, on a R30 million infrastructure project. It plans to roll out around 82 public electric vehicle charging stations across the country. Stations will be located at every Jaguar Land Rover retailer and 30 designated key points including shopping centres in Johannesburg, Pretoria, Durban, Cape Town, Port Elizabeth, East London and Bloemfontein. South Africa's cities will also be connected through the Jaguar Powerway, a network of 22 charging stations along major highways. The project was initiated in September 2018 and is scheduled for completion in November 2019.

Enel Green Power has started constructing the Nxuba wind farm in the Eastern Cape, investing over €200 million (R3.1 billion) in the project. The 140 MW wind farm is expected to generate over 460 GWh annually, preventing the emission of 500 000 tonnes of carbon dioxide per year. The project falls under Round 4 of the Renewable Energy Independent Power Producer Programme awarded in 2015. It has a 20-year power purchasing agreement with Eskom. It should be completed by September 2020.

French oil and gas company Total South Africa announced a major gas discovery about 275 kilometres south of Mossel Bay. The Brulpadda well spans about 19 000 square kilometres with water depths between 200 to 1800 metres. It is said to have a potential one billion barrels of gas condensate, which can be used as petrol. The gas condensate is a "wet" gas that contains small amounts of oil. Total owns 45% of the Brulpadda licensing rights in partnership with Qatar Petroleum (25%), Canadian Natural Resources (20%), and South African company Main Street (10%). Total and partners invested US\$160 million (R2.3 billion) on the exploration. Total first attempted to drill in 2014 and abandoned that effort due to mechanical failures caused by the rough environment. The company intends to resume drilling in December 2019.

Existing projects

Of the complete projects added to the Tracker, the Komatsu Industrial Campus is the largest, worth R985 million. It will serve as the central hub for Komatsu's operation across South Africa and the region. It comprises head offices, a technical training centre, an equipment workshop and a parts distribution centre.

Cummins, a US power company, has also consolidated its operations in South Africa in a central hub. It launched its new R350 million premises at the Midrand Waterfall Logistics Precinct. The investment consolidates the company's expertise around mining, power systems, automotive and technical training. It will house the Cummins Southern Africa Regional Headquarters, the Master Rebuild Centre, Africa Learning Centre and Gauteng Operations.

Hisense has also expanded its Atlantis plant this quarter for an investment value of R72 million, creating around 150 job opportunities.

As indicated, Weir Minerals Africa completed the installation of a R10 million Giesserei Umwelt Technik secondary sand reclamation plant. The plant is a pneumatic conveyor system that operates at 14 tonnes per hour. It consists of three 70-tonne silos that store the facing sand, reclaimed sand and new sand, cooler-classifiers, rotary scrubber and magnetic separator. The investment aims to improve the reclamation and reusability of the sand used in the moulding process. As a result, it reduces the impact on the environment while improving the quality of the product at reduced production costs.

The Tracker added an investment by alloys producer Afarak, which is owned by a Finnish company. It has upgraded the Mogale Alloys processing plant in Krugersdorp by installing a system to convert industrial residual and flare gases into electricity, reducing energy costs and improving the plant's environmental footprint. This is the first such system introduced in South Africa. There was no investment value reported for the investment.

Finally, the Lake Foods dairy application centre in Cape Town is a partnership between Christian Hansen and Lake Foods. Christian Hansen is a bioscience company headquartered in Denmark that supplies inputs to Lake Foods, which is the food and beverage division of chemical group AECI. Lake Foods manufactures and supplies specialty ingredients for bakery, dairy, nutrition and meat processing, among others. The value of the project, which will be financed by Christian Hansen in its first African project, was not reported.

Updated projects

Ford SA officially started building the Raptor in Silverton this quarter, in the official culmination of its R3 billion investment programme to expand the Silverton facility's capacity to build the Ford Ranger and Raptor.

Microsoft officially launched two Azure cloud data centres in Cape Town and Johannesburg to power cloud, artificial intelligence and edge computing innovations across Africa.

Tyme Bank, a digital bank that is a partnership between Australia's Commonwealth Bank and African Rainbow Capital (ARC), is now operational. It received its banking licence in 2017, the first issued by the Reserve Bank since 1999.

In mining there are updates for two projects.

Vedanta Zinc International officially opened the US\$400 million (R5.5billion) first phase of its Northern Cape Gamsberg mine. With a 13-year expected life, this phase will produce four million

tonnes of ore annually from the open pit and 250 000 tonnes a year of concentrate. Investigations into two further phases are underway that could lead to additional investment of at least US\$350 million.

MC Mining has revealed a plan to develop the Makhado hard coking and thermal coal project. The project was initiated in 2012 but progress was delayed by lack of access to the key properties required to complete geotechnical drilling and confirm the positioning of the processing plant infrastructure. Title to the properties was transferred to an MC subsidiary in January 2019.