

Foreign direct investment projects

The *TIPS Foreign Direct Investment Tracker* monitors FDI projects, on a quarterly basis, using published information. In the first quarter of 2021 it identified 18 projects. For 16 projects that provided estimates, the value came to R65 billion. Most of the new initiatives were in utilities, dominated by projects selected as preferred bidders in the Risk Mitigation Independent Power Producer Procurement Programme. In addition, the Tracker captures changes in the status of 10 previously reported projects.

Table 2: FDI projects captured in Q1, 2021

	ANNOUNCED	PROJECT PREPARATION	EXPLORATION	CONSTRUCTION/ IMPLEMENTATION
Number of projects	11	2	1	4
Value (R bns)	45.5	1.5	Not Reported	17.5
Industries	8 Utilities 2 Services 1 Mining	2 Mining	1 Mining	1 Utilities 1 Manufacturing 1 Services 1 Transport
Type	8 Greenfield 2 Brownfield 1 Upgrade	2 Brownfield	1 Greenfield	2 Expansion 2 Upgrade
Company	DHL Global Forwarding Hisense Netflix Karpowership SA/Karadeniz Energy Group Acwa Power EDF Renewables (South Africa) Total Gaz/Mulilo Kumba Iron Ore	Pan African Resources MC Mining	MC Mining	Ford Motor Company South Africa (FMCSA/Ford) Apis Growth Fund II and JG Summit Holdings DiDi Chuxing Technology Co

Source: TIPS FDI Tracker database

New projects

The Department of Mineral Resources and Energy initiated the Risk Mitigation Independent Power Producer Procurement Programme to supply 2 000MW of emergency energy in light of the shortfalls in Eskom generation. It announced eight successful preferred bidders with seven foreign investors. The projects have a combined value of R45 billion. They include a fleet of floating power stations, supplied by Karpowership, that will be docked at the ports of Coega, Saldanha, and Richards Bay. They will supply 1 220MW of energy based on liquid natural gas. Karpowership is a member of the Karadeniz Energy Group based in Turkey. In addition, Total Gaz and South African renewables company Mulilo will be implementing projects in the Eastern and Northern Cape. The Mulilo Total Coega project combines solar photovoltaic (PV) and reciprocating gas engines to supply 197.76MW contracted capacity. The 75MW Mulilo Total hydra storage combines solar PV technology, a battery energy storage system (BESS) and emergency backup diesel or gas generators. The Acwa Power DAO project will supply 150MW of power from a technology mix comprising PV, BESS and diesel. Finally, EDF Renewables' 75MW

Umoyilanga Energy project combines liquefied petroleum gas (LPG), wind, solar and BESS technologies at two sites in the Eastern and Northern Cape. EDF Renewables is a subsidiary of EDF Energies Nouvelles, the renewable energy arm of global French firm EDF.

Hisense plans to install over 2 500 solar panels at its Atlantis appliance manufacturing plant. The solar installation will be able to produce over 1.9 million kWh of renewable energy annually. Once complete, the factory will be completely off-grid and able to fulfil its own power needs. The R20 million project will be implemented over five years.

Kumba Iron Ore announced a R3.6 billion project to enhance the product and extend the life of its Sishen mine to 2039. Its ultra-high dense media separation technology puts ore through a bath of ferrosilicon, removing waste and improving beneficiation.

Ford is modernising the Silverton Assembly plant and expanding production of the new Ranger model. The estimated project value is US\$1.05 billion (R15.8 billion). Over half of the investment, US\$686 million (R10.3 billion), will go towards extensive upgrades of the assembly plant. The balance of the investment US\$365 million (R5.5 billion) will upgrade tooling at major supplier factories.

German freight forwarding company DHL Global Forwarding is investing R126.5 million in a new office and warehouse facility. The larger warehouse enables the consolidation of DHL Global's warehousing requirements. The property will be leased at the Skyparks Business Estate in Gauteng next to the OR Tambo International Airport.

China-based Didi Chuxing (DiDi) is a mobility technology platform – competitor to Uber and Bolt. In addition to ride e-hailing services other app-based transportation services DiDi provides include bike-sharing; on-demand delivery services; and automobile services. Following a successful pilot launch of operations in Gqeberha, DiDi is expanding operations to Cape Town. The company has initiated the registration process for drivers in the city.

Existing projects

Pan African Resources is undertaking the Egoli gold project at the Evander gold mine in Mpumalanga. The US\$66 million (R1.05 billion) project will extend the life of the Evander operation. Egoli will be an underground operation with an initial life of nine years. It will leverage existing shaft and plant infrastructure. Pan African plans to implement the project in two phases over a 20-month construction period.

MC Mining plans to develop Makhado, a coking and thermal coal project close to the Musina-Makhado Special Economic Zone (SEZ) in Limpopo. The open pit operation with estimated reserves of 188 million tonnes will be the only producer of hard coking coal in South Africa. Makhado Phase 1 and Phase 2 already have domestic and export hard coking coal offtake agreements. The estimated investment value for the project is US\$32 million (R433 million).

Ford is launching its own off-grid renewable system with a 13MW solar installation and specially developed and locally manufactured solar installations on carports around the Silverton plant. Over 31 000 solar panels will cover parking bays that can accommodate about 4 200 vehicles. The solar installation will fulfil about 30% of the Silverton plant's annual power requirements. It has already embarked on implementing the R135-million project in partnership with SolarAfrica.

South Africa's Tyme Bank secured R1.6 billion in foreign investment to support its growth. According to the bank, the new investment will contribute to further expanding its range of

banking products and grow its lending portfolio. The investors are the Apis Growth Fund II, a private equity fund managed by Apis Partners in the United Kingdom and the Philippines-based JG Summit Holdings. About R500 million has already been utilised, with the balance being invested over the next 12 to 15 months.

Updates

The Musina-Makhado SEZ, an energy and metallurgical zone, submitted a final environmental impact assessment report to the Limpopo Economic Development, Environment and Tourism Department. The department, however, identified gaps in the report and halted the approval process until they are addressed. The SEZ has attracted a R40-billion commitment from a consortium led by the Hong Kong Mining Exchange. The current proposal includes a 3.5GW coal plant that falls outside of the Integrated Resource Plan for energy.

Platinum Group Metals was granted a mining right for the US\$1.06 billion (R18 billion) Waterberg palladium project located in the Bushveld Igneous Complex in Limpopo. However, the local community in Limpopo has lodged an appeal against its licence.

Toyota has announced that it will build the Toyota Corolla Cross in South Africa. This follows the company's announcement in 2019 of a R2.4 billion investment to upgrade local operations in preparation for a new passenger vehicle model.

The Kruisvallei 4.7 MW hydropower project is complete and operational. The project was granted preferred bidder status in the fourth round of the Renewable Energy Independent Power Producer Procurement Programme. The total investment value was about R370 million. It was developed by Red Rocket, which represents the Italian company Building Energy.

Menar's Kangra coal mine has resumed operations and is going ahead with expansion plans after being placed on care and maintenance due to COVID-19 and the resulting market conditions in 2020. Menar is undertaking the Kusipongo expansion, which is expected to extend Kangra's productive life by about 20 years. The estimated investment value for the expansion is R78.8 million.

Canyon Coal's De Wittekrans opencast and underground mine project has been issued a water use licence. This completes all legislative licensing requirements for the project to move ahead. The original water use licence did not include opencast and related activities. The project will be developed in two phases for an estimated R1.6 billion.

Komatsu Africa Holdings completed the construction of a new remanufacturing plant at the head office campus in Johannesburg. At the facility, Komatsu reconstructs components to a quality – in line with specifications – applicable to new components. The plant was developed for about JPY 2.2 billion (R283 million).

United Heavy Industries is undertaking a R17 billion investment programme. It had already completed upgrades to the Mandeni steel mill for R350 million at the end of 2020. The company is moving on to develop metallurgical laboratory.