

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 2024, 20 projects were added to the Tracker. Only a handful of projects published investment values this quarter. This resulted in a substantial underestimate in the amount recorded for the quarter – R3.74 billion derived from five projects. Monitoring updated 15 pre-existing projects this quarter.

New and existing projects

Investment was recorded in four industries, notably energy related activity. Among the projects that reported a value, the highest recorded was Sylvania Metals, which proposed a R2.5 billion platinum group metals (PGM) mine. Sylvania Metals announced two mining projects, both under exploration, with the Far Northern Limb PGM project. Investment values were also recorded in services (R1.04 billion) and electricity (R0.21 billion). Services recorded the greatest number of projects with eight announcements. Most notable was the R1 billion Zululand Energy Terminal for liquid natural gas that will be developed by Vopak Terminal Durban and Transnet Pipelines Consortium. The tracker also noted Energiequelle's entry into the South African market. Its operations relate to solar and wind generation projects.

The Tracker identified one project in manufacturing. This project was the capital investment recommended by the Competition Commission in the acquisition of Engen by Vitol Group from the Netherlands. Specifically, the conditions require Engen to undertake a substantial capital investment to maintain and grow Engen's operations in South Africa.

By province, Limpopo was the recipient of the highest investment, followed by KwaZulu-Natal. Investment was not identified for Mpumalanga and Free State. In terms number of projects, Europe was the top contributor, mainly represented by Germany and the Netherlands.

Table 2: FDI projects captured in Q1, 2024

COMPANY	ORIGIN	VALUE (R bns)	LOCATION	PROJECT SUMMARY
Mining: R2.5 billion				
Volspruit PGM projects	Bermuda	2.5	Limpopo	Open-cast PGM resource exploration
Far Northern Limb PGM projects	Bermuda	Not reported	Limpopo	Two contiguous PGM projects
Jacomynspan battery metals project	Australia	Not reported	Northern Cape	Proposed nickel-copper-cobalt-PGE-gold underground and open pit mining operation
Services: R1.04 billion				
Zululand Energy terminal	Netherlands	1	KwaZulu-Natal	Warehouse for refrigerated cargo
Medlog MSC cold storage facility	Switzerland	0.035	KwaZulu-Natal	Proposed new liquid natural gas terminal
Rhenus SA warehouse network expansion	Germany	Not reported	Multiple locations	Opened two new warehouses

COMPANY	ORIGIN	VALUE (R bns)	LOCATION	PROJECT SUMMARY
Rhenus warehouse modernisation	Germany	Not reported	Eastern Cape	Modernising and extending facility
Microsoft data centre	US	Not reported	Gauteng	Building a new datacentre
Equinix Africa expansion	United States of America	Not reported	Not reported	Expanding existing operations and new data centres
TTEC customer experience delivery centre	United States of America	Not reported	Western Cape	Set up new customer experience centre
Haval parts distribution centre	Netherlands	Not reported	Gauteng	Proposed new liquid natural gas terminal
Chery parts warehouse	China	Not reported	Gauteng	New parts distribution centre
Electricity: 205 million				
DSV solar PV and battery systems	Germany	0.15	Multiple locations	Installing battery storage and solar photovoltaic panels at three logistics parks
VWA sustainability projects: Solar 2	Denmark	0.055	Eastern Cape	Adding 3MW of solar energy at the Kariega assembly plant
Neosun South Africa market entry	China	Not reported	Not reported	Establishing operations in South Africa
Epping facility solar installation	United States	Not reported	Western Cape	Roof top 2.2MW solar PV installation
Rhovan facility solar power plant	Switzerland	Not reported	North West	25MW solar PV power plant
Energiequelle South Africa operations	Germany	Not reported	Western Cape	Established local subsidiary, opened offices
Manufacturing: Not reported				
Vitol capital investment	Netherlands	Not reported	Multiple locations	Capital investment condition post- merger pending Competition Tribunal approval of Engen acquisition

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Source: TIPS FDI Tracker database

Greenfield projects make up the majority by both value and number. Most projects are still at the announced stage.

Table 3: Value of projects by investment stage and type, Q1 2024, in billions of rand

Investment	Announced	Exploration	Project preparation	Construction/Implementation	Complete	Value	Number
Greenfield	N/a	2.5	1	N/a	0.35	3.5	10
Upgrade	N/a	–	N/a	–	–	0.205	6
Expansion	N/a	–	–	–	N/a	N/a	4
Total value	0.2	2.5	1	N/a	N/a		
Number of projects	8	3	2	1	3		

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Source: TIPS FDI Tracker database

Updates

The Tracker updated 15 pre-existing projects. Progress was noted with projects involving the development of data centres and associated infrastructure, including Google’s first cloud region in Africa launched in Gauteng. The other project completed this quarter was Lotus Bakeries’ new snack manufacturing facility. Most of the projects updated this quarter are in the construction phase.

Enel Green Power began construction of three renewable energy facilities under long-term power purchase agreements with Sasol and Air-Liquide. The quarter also saw another investment under the 2020 Risk Mitigation Independent Power Producer Programme (RMIPPP) entering construction. Also noted was Equinix and Africa Data Centres respective data centres.

Another significant private renewable electricity generation project has made headway. Envusa – Anglo American and EDF Renewables – has concluded the project financing process. All three of the proposed Karpowership projects initially contracted to supply the national grid under the RMIPPP remain at early-stage development and are facing issues around grid access, pricing and legal challenges.

Table 4: Project updates, first quarter of 2024

PROJECT	COMPANY	VALUE (R bns)	INDUSTRY	UPDATE
Complete				
Lotus Bakeries manufacturing plant	Lotus Bakeries	0.17	Manufacturing	Opened new production facility
Google South Africa cloud region	Google	Not reported	Services	Completed Johannesburg cloud data centre
Construction/implementation				
Sasol and Air Liquide renewable-energy project	Enel Green Power South Africa	9	Utilities	Signed an additional PPA (total 3) for 110 MW renewable electricity, started construction on three facilities
Anglo American Operations Investment (Kapstevl South Project (Kolomela mine))	Kumba Iron Ore	7	Mining	Majority of project completed; first ore expected in 2024

PROJECT	COMPANY	VALUE (R bns)	INDUSTRY	UPDATE
Equinix SA data centre	Equinix	2.8	Services	Development progressing, plan to launch in June 2024
Mulilo Total Hybrid renewable project	Total Energies	1.8	Utilities	Under construction, expected to be operational in 2025
Witwatersrand Basin project: Qala Shallows Stage 1	West Wits Mining	0.767	Mining	IDC conducting due diligence as potential funder; Decision pending for additional mining prospecting right
SKA MeerKAT telescope expansion – German investment	German and South African Government	0.4	Research and development	The first antenna of the MeerKAT extension project was handed over.
Africa Data Centre – Cape Town facilities	Africa Data Centres	Not reported	Services	Commenced construction, completion target is mid 2024
Project preparation				
Envusa - Anglo American and EDF renewable energy business	Envusa	Not reported	Utilities	Completed project financing, entered offtake agreement with Anglo American Platinum
Teraco power generation infrastructure	Teraco	1.1	Services	Secured grid capacity allocation from Eskom
Early stage developments: regulatory approvals, studies and exploration				
Karpowerships SA Richards Bay, Saldanha and Coega	Karpowerships	29.6	Utilities	Eskom withdraws grid access allocation for all three Powerships