

## Foreign direct investment projects

The [TIPS Foreign Direct Investment Tracker](#) monitors FDI projects on a quarterly basis, using published information. It captured a total of 30 projects in the second quarter of 2023, with an investment value of R259.71 billion recorded from 27 projects. Most of the projects added to the Tracker in the second quarter of 2023 were announced at the South African Investment Conference (SAIC) held in April of 2023. In addition to the conference, a further seven projects were announced during the quarter. (Table 2) Overall, at least half of the projects recorded are in the manufacturing industry, with others in mining services and utilities. Seven projects previously captured in the Tracker were updated this quarter.

**Table 2: FDI projects captured in the second quarter of 2023**

|                    | Announced   | Project preparation    | Construction/ Implementation | Complete                                    |
|--------------------|---|------------------------|------------------------------|---|
| Number of projects | 3   | 1                      | 1                            | 2   |
| Value (R billions) | 190.29  | 1.38                   | 0.048                        | Not reported                                |
| Industries         | 1 Manufacturing<br>1 Multiple<br>1 Wholesale and retail trade | Construction           | Mining                       | 1 Services<br>1 Wholesale and retail trade  |
| Type               | 1 Greenfield<br>1 Expansion<br>1 Not reported                 | Greenfield             | Brownfield                   | 2 Greenfield                                |
| Company            | UAE (government)<br>Bata South Africa<br>HySHiFT Consortium   | Citi Bank South Africa | URA Holdings PLC             | De Beers<br>Liquid Intelligent Technologies |

Source: TIPS FDI Tracker database.

## New and existing projects

### Multiple sectors

The President of the United Arab Emirates (UAE) pledged over US\$10 billion (~R190 billion) to invest in industries including energy, oil, tourism, and agriculture, among others. The investment will be directed to Eastern Cape province.

### Construction

Citibank South Africa plans to develop a new mixed-use infrastructure project, the Vaal River City Project in the Vaal area of Gauteng, with a R1.38 billion pledge. The company is planning to build an aerotropolis, featuring an international airport. The development would also include infrastructure for industrial usage, social housing and student accommodation and other services.

### Manufacturing

HyShiFT is a consortium comprising of chemicals company Linde (Ireland), renewable energy firm Enertrag (Germany) and South African companies Sasol and HydRegen Energy. HyShiFT aims to use green hydrogen to develop sustainable aviation fuel at Sasol's Secunda plant in Mpumalanga. The facility will also include a 200MW electrolyser powered by renewable energy. The German

government is funding the project's first phase – the construction of a 40MW electrolysis plant through a €15 million (~R275 million) grant.

### **Mining**

URA Holdings is a mineral exploration company based in the United Kingdom (UK). URA is rehabilitating the Gravelotte Emerald Mine in Limpopo, with plans to restart operations. Significant portions of the mine site have already been refurbished and upgraded ahead of the resuming operations. Gravelotte was first operated between 1929 to 2002. The current estimate of the total inferred emerald carats amounts to 29 million carats and a 29-year life-of-mine. The estimated investment value for the project is £2 million (~R47.5 million)

### **Services**

Liquid Intelligent Technologies, a subsidiary of UK-based Cassava Technologies, has installed and deployed the Mauritius Telecom T3 subsea cable connecting Mauritius to South Africa. The project aims to boost stability and redundancy around the connectivity between the two countries. The company completed the project for an undisclosed amount.

### **Wholesale retail and trade**

De Beers has relocated its sightholders sales activities in South Africa to a newly built facility in the Gauteng Industrial Development Zone, for an undisclosed sum. The move aims to position non-mining operations in proximity. De Beers Sightholder Sales South Africa (DBSSSA) sorts, conducts valuations and sales of rough diamonds. DBSSSA is part of the Global Sightholder Sales network that sells rough diamonds for beneficiation purposes in South Africa, Botswana, Namibia and Canada.

Bata South Africa is expanding its business in the local market and exports across Africa. Bata manufactures brands including Toughees school shoes and Bata Industrials safety footwear, among others. Bata is investing in various aspects of its business including logistics, marketing and human capital as well as launching an African warehouse management system and an e-commerce platform. The company is further introducing some of Bata's global brands to the local market. Bata is a Swiss company.

### **Investment conference projects**

Since the inaugural SAIC in 2018, when the President set a target to raise R1.2 trillion in investment over five years, the total pledge value over this period is reported to amount to about R1.51 trillion from 317 projects announced during this time. This quarter, the 5th SAIC garnered 86 pledges by local and foreign companies that amount to R366.78 billion worth of investment. An analysis of the companies identified 23 (Table 3) new and existing foreign investments announced at this year's SAIC. The pledged value from these companies totals about R67.99 billion. Notably with pledges from this kind of investment conference, some pledges represent projects already in the pipeline, while others are updates of existing projects, or they combine new and ongoing commitments. The full FDI Tracker quarterly report will provide more detail.

**Table 3: New FDI projects announced at the 2023 SAIC**

| Investor company                 | Commitment (R bns) | Industry      | Country of origin | Project summary   |
|----------------------------------|--------------------|---------------|-------------------|---|
| South African Breweries          | 5.8                | Manufacturing | Belgium           | Production capacity expansion and infrastructure              |
| BMW                              | 4.2                | Manufacturing | Germany           | Electrification of Rosslyn plant                              |
| Alpla                            | 2.02               | Manufacturing | Austria           | Recycled PET packaging manufacturing facilities               |
| SGB-Smith Power Matla            | 0.500              | Manufacturing | Germany           | Reconstructing transformer manufacturing factory              |
| Defy/Arcelik                     | 0.288              | Manufacturing | Turkey            | White goods manufacturing plants                              |
| Yoa Holdings                     | 0.155              | Manufacturing | China             | Additional plant and machinery                                |
| Procter & Gamble                 | 0.130              | Manufacturing | US                | Manufacturing facilities expansion                            |
| Ener-G-Africa                    | 0.135              | Manufacturing | UK                | Small solar PV panels and solar cooking appliances production |
| Prism Group                      | 0.093              | Manufacturing | Multiple          | Automotive components manufacturing                           |
| Schnellecke Logistics            | 0.089              | Manufacturing | Germany           | Manufacturing Ford exhaust system                             |
| Futurelife Health Products       | 0.075              | Manufacturing | Multiple          | Food manufacturing  |
| M-Tec                            | 0.070              | Manufacturing | Multiple          | Production of electric cables and wires                       |
| Cipla                            | 0.055              | Manufacturing | India             | Facilities expansion  |
| Anglo American                   | 29                 | Mining        | UK                | Investing in local mining operations                          |
| Nkwe Platinum/Zijin Mining Group | 13                 | Mining        | Multiple          | New platinum mine   |
| Access bank                      | 1.42               | Services      | Nigeria           | Funding projects in local financial sector                    |
| PMG Mining                       | 1.25               | Mining        | Multiple          | Manganese mining  |
| Gold One Group                   | 0.520              | Mining        | China             | Gold mining   |
| Cassava Technologies             | 4.5                | Services      | UK                | Investment in business units                                  |
| Ascensos South Africa            | 0.08               | Services      | UK                | Operations expansion  |
| ArcelorMittal                    | 3                  | Utilities     | Luxembourg        | Solar power infrastructure                                    |
| Unigreen Energy                  | 1.35               | Utilities     | Russia            | Solar PV projects   |
| Rheinmetall Denel Munition       | 0.251              | Utilities     | Multiple          | Solar farm and a green hydrogen production unit               |

*Source: Adapted from South African Investment Conference announcements.*

## Updates

Hive Hydrogen has revised the value of the investment for the company's green ammonia project to R105 billion. This was announced at this year's SAIC. The revision of the original estimated project value – about R73 billion – was attributed to the anticipated high demand for green ammonia. The R105 billion will only fund Phase 1 of the project. About 60% of this funding will be dedicated towards wind and solar installations.

Heineken announced a R15.5 billion investment at the SAIC held in April. In addition to the R10 billion capital expenditure requirement for the acquisition of Distell, the company is further required to invest R3.8 billion in a new brewery and R1.7 billion for a maltery. This forms part of

the conditions set by The Competition Tribunal for the final approval of the acquisition, it was previously conditionally approved by the Competition Commission which referred the merger to the Tribunal.

Ivanplats has commenced with the construction of the Platreef Mine Phase 1 concentrator. The company further announced that it would invest an additional R6 billion for the development of Platreef project, at the 2023 SAIC.

Since the last update on the project in Q1 2023, Rainbow Rare Earths announced that the company has started operations at the pilot plant for the Phalaborwa rare earths project. The plant produces rare earth sulphate solids from historic gypsum stacks at the Phalaborwa site. The front-end process is situated at the Council for Mineral Technology (Mintek) in Johannesburg. The pilot plant has already produced a pliable product with 60% permeability. The project has a value of about US\$295,5 million (R5,3 billion).

Daimler Trucks & Buses Southern Africa has opened the company's new headquarters in Gauteng. The property also includes a training facility and a new and used vehicle retail space. It also includes sustainable features such as parking bays and roof areas that are used to generate electricity. It was completed for R200 million. The project was announced at the 2022 SAIC.

Wesizwe Platinum will be commissioning the process plant for the Bakubung Platinum Mine. Production at the platinum mine is expected to begin soon after the commissioning process of the processing plant is complete. Wesizwe Platinum is constructing a platinum group metals (PGMs) mine in the North West province. The company is developing the project for approximately R10.69 billion.

Theta Gold Mines has announced that the Department of Water and Sanitation has issued a water-use licence for the Theta gold project authorising all planned water use activities within the mining right area. The company is also in discussions with the Department of Mineral Resources and Energy regarding the environmental guarantee for the final life-of-mine rehabilitation. The estimated investment value for the project is US\$35 million (R529 million).