

Foreign Direct Investment Projects

The TIPS Foreign Direct Investment Monitor tracks FDI projects, analysing new and updated projects on a quarterly basis. For the third quarter of 2017, the monitor tracked changes in 11 projects (see Table 1). Two projects were newly announced, another two were in feasibility stage, a further five were under construction, and one was recently completed, while the stage of one project is unspecified.

Table 1. FDI Projects as of third quarter 2017

	ANNOUNCED, FEASIBILITY AND UNSPECIFIED	CONSTRUCTION	COMPLETE
No of projects	5 Projects	5 Projects	1 project
Value of projects	R1,001 billion	R36,91 billion	R0,65 billion
Sectors	Services, Manufacturing and Mining	Mining and Manufacturing	Services
Type of investment	2 Greenfield 3 Expansion	3 Greenfield 2 Expansion	1 Greenfield
Companies investing	Commonwealth Bank of Australia and African Rainbow Capital Averda China's Jinhua Municipality Stonewall Mining Pan African Resources.	AB Inbev (SAB Miller) Gibela Rail Transport Consortium Wesizwe Platinum. Pan African Resources. Ivanhoe Mines	Burgan Cape Terminals

Investment projects in Quarter 3 were dominated by the mining sector. The dominance of mining represents both the end of the shakeout from the end of the commodity boom, with a modest recovery in prices, and changes in data collection methods for the database.

Mining accounted for half of all projects in the database, and 90% of the R38,6 billion in investment value monitored in the quarter. Most are already underway.

Two large platinum mine developments made up the bulk of the mining investments, with the Canadian-Japanese Platreef platinum mine advancing on its R20,7 billion project, and the Chinese co-owned Wesizwe continuing its R10,7 billion Bakubung Platinum mining project. The Platreef project is a tier one project, which aims to develop a mine with supporting infrastructure just outside Mokopane in Limpopo. Sinking of the first shaft has proceeded during the quarter, and is expected to reach the platinum deposit in 2018. The Bakubung project also entails construction of a new platinum mine, located north of Rustenburg. The project is approaching completion of its first phase, with the installation of two conveyances on the main shaft, which aims to be completed at the start of 2018.

Other mining projects included Australia's Stonewall Mining's development of Rietfontein and Beta, two gold projects valued at R900 million. Pan African Resources, a British-based firm, aims to invest R105 million in a new sub-vertical shaft at its Fairview mine at its Barberton site. The company is also developing the R1,7 billion Elikhulu tailings retreatment

plant. The project straddles the line between manufacturing and mining, offering beneficiation of waste tailings at Pan African Resource's Evander gold mine, and will aim to re-treat a million tons of gold tailings per month. Construction is expected to be completed in the third quarter of 2018.

Three projects were identified in manufacturing, of which two were new investments for the quarter. AB Inbev's R2,8 billion expansion represents the largest manufacturing investment for the quarter. It centres on growing the packaging capacity of its Alrode and Rosslyn plants, while also adding a new brewhouse to its Rosslyn plant. The Chinese City of Jinhua and Buffalo City Metro have entered into an agreement through which four unnamed Chinese firms will invest in electronics manufacturing at the East London Industrial Development Zone (ELIDZ). Work continued on the Gibela Rail Transport Consortium's R1 billion Dunnottar train manufacturing complex, which will feed into Transnet's rolling stock procurement.

Rounding out major investment projects for the quarter are three new investments in logistics, recycling and banking. The Burgan Cape Terminal, Cape Town's first independent oil storage and distribution terminal, officially opened with an investment value of R650 million. Averda, a Lebanese waste management company, aims to upgrade the company's existing waste treatment facilities, invest in a new medical waste treatment plant and expand its investment in the Vlakfontein hazardous waste landfill site. Finally, Australia's Commonwealth Bank received a banking licence to operate under its TymeDigital brand, which aims to compete with banks such as Capitec. The banking licence is the first to be issued since 1999. The investment is in partnership with African Rainbow Capital (ARC).

Data on permanent direct job creation from major investment projects was limited for the quarter, with only four projects providing estimates. By far the largest was the Bakubung platinum mine, which is expected to directly employ 3 135 people when fully operational. Aside from Bakubung, the Jinhua investment in ELIDZ is the largest job creator, offering 400 additional permanent jobs, while the development of a tailings plant at the Evander gold mine aims to create 250 jobs, and the SAB expansion a further 70. Other projects listed temporary job creation during the construction phase, with the Elikhulu tailings retreatment project creating 700 temporary jobs and the Port of Cape Town's fuel storage and distribution project creating 500 temporary jobs.