

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects, on a quarterly basis, using published information. In the third quarter of 2019, 16 projects were added to the FDI Tracker. Investment values were available for 11 of these projects, and the pledged value came to R13 billion.

Most of the investment projects were in the manufacturing sector, contributing R4.5 billion to the total investment value. The biggest contributors in terms of value, however, were from utilities projects, which comprised R6.7 billion of the total value of investment.

In terms of projects by type, greenfield projects dominate in the number of projects and the pledged investment value, with eight projects worth R7.3 billion. By phase, five projects under construction accounted for R8.5 billion.

Table 2. FDI Projects Captured in Quarter 3, 2019

	Announced	Feasibility	Pre-project preparation	Construction	Complete
Number of projects	3	1	1	5	6
Value (R billions)	3.3 billion	R529 billion	R606 billion	R8.5 Billion	R265 Million
Industries	1 Services 2 Manufacturing	1 Mining	1 Utilities	2 Utilities 1 Manufacturing 1 Wholesale and retail trade 1 Construction	1 Manufacturing 1 Mining 1 Services 1 Agriculture 1 Construction
Type	1 Expansion 1 Upgrade 1 Brownfield	1 Brownfield	1 Greenfield	3 Greenfield 2 Expansion	4 Greenfield 2 Upgrade
Company	Amazon Web Services (Amazon) Diageo Mureza	Theta Gold Mine	Renergen	Enel Green Power (RSA) Heineken South Africa Leroy Merlin Radisson Hotel Group; Intaprop & RDC Properties	BFG Africa BlueRock Diamonds Aberdare Cables Tigers Ltd South African Breweries (SAB) Clarian

New projects

Amazon announced plans to expand its geographical presence with the launch of a special Africa Region in the first half of 2020, in Cape Town. The Amazon Web Services (AWS) Africa Region project will provide computing services for companies operating in Southern Africa, and in the rest of Africa.

One of the world's largest producers of beers and spirits, Diageo, has made a commitment to invest in 11 of the company's breweries in Africa, including South Africa. The firm plans to invest in renewable energy and water recycling systems to reduce its carbon footprint. The investment value and timeframes for the roll-out of the project have not been announced.

A new automotive company, Mureza, announced plans to assemble vehicles in Rosslyn, Pretoria. The project is a joint venture driven by a group of African investors from various countries. The first collection of vehicles will be produced through a joint venture with the SAIPA Group, an automotive company based in Iran. The vehicles will be assembled in Zimbabwe, Botswana and South Africa in semi-knocked down form. The value of the investment was not reported.

Existing projects

The mining company Theta Gold Mines (previously Stonewall), reported plans to invest US\$35 million (R529 million) over a five-year period. Within this period, the project is expected to produce more than 5 700kgs of gold. Production is expected to begin at the end of 2020.

The US\$40 million (R606 million) gas project by Renergen entails the exploration and production of a 187 000-hectare gas field. The company plans to construct a commercial liquid helium plant in the Free State. The project is funded through the United States Government Overseas Private Investment Corporation (OPIC). It will be rolled out in two phases. Phase one is expected to be complete by 2021 with capacity to produce an estimated 350kg of helium per day. Phase two is expected to come online between 2022 and 2033.

Italian multinational energy company Enel, through its renewable subsidiary Enel Green Power RSA (EGP RSA), has begun construction on two projects, also adding to utilities this quarter. In the Northern Cape, the €200 million (R3.2 billion) Garob will be a 140 MW wind farm expected to produce 573 GWh annually, once fully operational. In addition, Enel is constructing the £180 million (R2.9 billion) Oyster Bay wind farm in the Eastern Cape. The 140MW wind farm will have 41 turbines and is expected to generate around 568GWh per year. It is due for completion in the second quarter of 2021. Both wind farms will be supported by a 20-year power supply agreement with Eskom, as part of government's Renewable Energy Independent Power Producer Procurement Programme (REIPPP) fourth bid window, awarded in April 2015.

Beverage producer Heineken is in the process of improving its brewery in Sedibeng to expand capacity by 25%. The company plans to make a R60 million investment. Production is expected to grow from producing 5.3 million hectolitres to 7.5 million hectolitres a year by 2020. Construction is expected to be completed in the first half of 2020.

Retailer Leroy Merlin is expanding its operations with a R1 billion investment in Gauteng. It also plans to expand operations to the rest of South Africa.

The Radisson Hotel Group is opening the first Radisson Red hotel in Gauteng, the second in South Africa. The hotel will be developed in partnership with Intaprop and future owners of the hotel, Botswana-based company RDC Properties.

BFG Africa is a subsidiary of BFG International, a diversified composites manufacturer. The subsidiary is a partnership between South African black-owned financial services group Mergence, with a 51% share in the company. BFG Africa completed a R50 million facility that will manufacture and supply components made from composites including fiberglass.

In services, the China-based logistics and transportation company, Tigers South Africa, opened an e-commerce centre at its warehouse in Gauteng. The company specialises in providing supply chain solutions that are enabled by advanced technology. The value of the investment was not reported.

The Swiss chemicals company Clariant AG has officially launched a new centre of excellence. Clariant has four focus areas: care chemicals, catalysis, natural resources, and plastics and coatings. The infrastructure includes laboratories that will facilitate metallurgical test work, chemical filtration and separation solutions for mining companies. The value of the investment was not reported.

In manufacturing, Aberdare Cables completed construction of a R135 million factory to manufacture high-voltage power cables. The new product will offer up to 132kV from the current level of 33kV. Aberdare Cables will be the second company in South Africa to manufacture high-voltage cables locally. It is a subsidiary of the Hengtong Group, which plans to make additional investments in South Africa.

The upgrade of Blue Rock Diamond's Kareevlei diamond mine has been concluded. Upgrades included improvements to the crushing circuit and the installation of a larger cone crusher. It is expected that the upgraded crushing circuit should be able to handle the anticipated increase in material flows. The value of the investment was not reported.

South African Breweries (SAB) launched a R80 million agricultural research and development centre. The facility is expected to support creation of a knowledge base for emerging and commercial farmers. The facility is part of a R610 million agriculture investment planned over five years, part of SAB's commitment to R1 billion in public interest investment as part of its merger with AB Inbev in 2016.

Updates

Ford Motor Company Southern Africa (FMCSA) will be adding a third shift to its manufacturing plant in Pretoria. This has resulted in the company adding 1 200 new employees from August 2019. The third shift will allow FMCSA to ramp up production from 506 to 720 vehicle units assembled a day. The R3-billion investment was announced in 2017 and completed with the start of the production of the Raptor in early 2019.

MSC Cruises South Africa, a subsidiary of Switzerland based Mediterranean Shipping Company (MSC) Group, will begin the construction of the Durban Cruise Terminal at the Durban Port in November this year. Transnet National Ports Authority granted KwaZulu Cruise Terminal Consortium (KCT) a 25-year concession to finance construct, operate, and maintain a new terminal facility. The terminal will be a multi-user facility with MSC as the primary user. It will also house the MSC Shosholoza Ocean Academy. KCT was announced as the preferred bidder in 2017, and the project is due for completion in 2021. The investment is expected to amount to US\$2.8 million (R200 million).