

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects, on a quarterly basis, using published information. Eleven projects were recorded this quarter, and the status and activities of four companies were updated. The total value of new investments recorded was approximately R6.2 billion from seven projects that reported a figure.

Compared to the second quarter, the third quarter had more activity as lockdown regulations eased. Some companies have changed their plans as a result of the pandemic, however.

Table 1. FDI projects captured in Q3, 2020

	ANNOUNCED	CONSTRUCTION/ IMPLEMENTATION	COMPLETE
Number of projects	2	5	4
Value (R bns)	0.017	5.5	0.57
Industries	Construction Mining	2 Mining 2 Manufacturing Services	Construction Manufacturing Wholesale and retail trade Research and Development
Type	Greenfield Upgrade	2 Greenfield 2 Brownfield	2 Expansion Brownfield Greenfield
Company	Radisson Hospitality Pan African Resources	Tharisa Mining Ford Motor Company of Southern Africa and South African government Sundale Schreiber JV Sitatunga Resources (Menar)	Radisson Hospitality Chem Energy South Africa Crosscall German and South African governments

New projects

Construction of the Tshwane Automotive Special Economic Zone (SEZ) has commenced in Gauteng. National government is spending R3.4 billion on infrastructure with about R4.3 billion anticipated from private investment. Government stakeholders comprise the Department of Trade, Industry and Competition (DTIC), the Gauteng provincial government and the Tshwane Economic Development Agency and the City of Tshwane. Ford Motor Company of Southern Africa leads a group of – currently – 12 Ford component suppliers and related service companies that committed to establishing operations in the SEZ. It will be located adjacent to Ford's Silvertown assembly plant on land owned by the City of Tshwane. The partners expect suppliers to start occupying facilities in the first half of 2021. They expect to create about 2 100 permanent jobs, with 8 700 jobs during construction through the project.

Sitanunga Resources is developing a new mining operation, East Manganese, in the Northern Cape, worth R250 million. East Manganese is estimated to hold a million tonnes of ore, and will produce approximately 30 000 tonnes a month. It will be an open-cast mine, powered by solar energy, with a single mining pit and a three-year lifeline. The company expects to reach the first ore in seven or eight months and to create 70 to 80 jobs.

Pan African Resources will install a R150-million 10MW solar photovoltaic plant at its Elikhulu gold tailings retreatment plant. The solar plant will provide 30% of its power needs at the

complex, reducing its carbon footprint and reliance on the grid. It should be completed in 12 months.

Sundale Schreiber is a joint venture between Schreiber, a US processed cheese company, and Sundale Dairy, a local producer of cheese, cream and butter. The project involves an investment of R70 million in a cheese-processing plant at the East London Industrial Development Zone. The investment will allow Sundale to supply Burger King and McDonalds South Africa with locally manufactured cheese slices that it currently imports. The project aims to produce 7 000 tons of cheese slices annually for African markets, creating 100 employment opportunities.

Radisson Hotels announced plans to build the 168-room Park Inn by Radisson at King Shaka International Airport. This will be the first hotel in the Dube Trade Port Special Economic Zone. The company did not report a value for the investment.

Existing projects

Chem Energy South Africa completed a R170 million manufacturing facility in the Dube Trade Port Special Economic Zone in KwaZulu-Natal. It manufactures fuel cell products and technology for backup and off-grid telecommunications power solutions as an alternative to generators. The facility will provide local support including remote monitoring, diagnostics, repairs and refurbishment services.

Tharisa is investing US\$54.2 million (R880 million) to construct a concentrator plant at its mine in the North West. When commissioned at the end of this year, the project should increase chrome recoveries from 65% to 82%. The project is a part of Tharisa's broader Vision 2020 strategy targeting annual production of two million tonnes of chrome concentrate and 200 000 ounces of platinum group metals by 2021.

The German and South African governments are investing R800 million towards the expansion of the MeerKat radio telescope. Each country is investing R400 million to add 20 satellite dishes as part of the Square Kilometre Array.

Radisson Hotels has opened the 289-room Radisson Hotel and Convention Centre Johannesburg in Gauteng. The value of the investment was not reported.

Unfortunately, the pandemic has led to cancellation or delays in major projects. The big alcohol companies in particular reacted to limits on their sales that aim to help control the contagion. International evidence suggests a close link between drinking and risky behaviour, with bars contributing between 20% and 30% of new cases in some countries. Heineken has suspended plans for a R6 billion brewery near the Dube Trade Port in KwaZulu Natal. SAB is cancelling R2.5 billion in capital and infrastructure upgrades in the current financial year, and reviewing investment plans for the 2021 financial year.