

## Foreign direct investment projects

The [TIPS Foreign Direct Investment Tracker](#) monitors FDI projects on a quarterly basis, using published investment information. In the third quarter of 2021, 11 projects were identified as foreign investment projects. The total investment value captured was about R45.4 billion, captured from data available from seven projects.<sup>1</sup> While mining investments accounted for the bulk of investment this quarter, mostly due to a single large project by De Beers, there was also progress on Aspen's investment in manufacturing COVID-19 vaccines in East London, with committed financing at R11 billion largely from multilateral institutions. There was an equal number of new and complete projects, and greenfield investments accounted for the largest amount of investment types. There were changes in the status of 10 projects previously captured in the Tracker, and these were updated accordingly.

**Table 2: FDI projects captured in the third quarter of 2021**

	ANNOUNCED	EXPLORATION	CONSTRUCTION/ IMPLEMENTATION	COMPLETE
<b>NUMBER OF PROJECTS</b>	4	1	2	4
<b>VALUE (R BILLIONS)</b>	R1.8	R0.7	R42.8	R0.2
<b>INDUSTRIES</b>	3 Manufacturing 1 Retail	1 Mining	1 Mining 1 Manufacturing	1 Services 1 Construction 1 Utilities 1 Mining
<b>TYPE</b>	2 Greenfield 2 Upgrade 1 Expansion	2 Brownfield	1 Expansion 1 Greenfield	3 Greenfield 1 Expansion
<b>COMPANY</b>	Draslovska Holding Company; Arcelik/Beko; Consortium of Earth and Wire, ENERTRAG and 24Solutions; Enaex Africa	Orion Minerals	De Beers, International Finance Corporation (IFC) Proparco, DEG, US International Development Finance Corporation	Arcelik/Defy; Teraco; EDF Renewables; Ntsimbintle Holdings/ Glencore

Source: TIPS FDI Tracker database.

### New and existing projects

#### Mining

Anglo American's subsidiary De Beers is developing the Venetia Underground Project, an expansion of the Venetia mine in Limpopo. The US\$2 billion (R32 billion) project aims to convert the open-pit mining operation at Venetia to underground mining, ultimately extending the life of mine to 2046 while producing about 94 million carats. Excavation work began in 2013 and preparations are ongoing to transform the mine. Construction is expected to be complete in 2025/6.

Orion Minerals plans to develop the Okiep Copper Project located in the Northern Cape. The estimated value of the project according to a scoping study is AU\$58 million (R656 million).

<sup>1</sup> The headline investment number is aggregated from project information about investment value for each project. Companies do not always report the investment value publicly, hence the number of projects identified (11) exceeds the number of projects for which investment data is available (7).

Orion is in the process of conducting feasibility studies for the development of the foundation phase, while conducting exploration programmes. The study also estimates the project has a potential peak annual production of 9 000 tonnes of copper-in-concentrate, a prospective supplement to Orion's Prieska Copper-Zinc Project.

Glencore (49%) and local joint-venture partner Ntsimbintle Holdings (51%) have started production at a new mine, Mokala manganese mine, in the Northern Cape. The partners developed the mine for an undisclosed sum. First ore from the mine was shipped in May. Mining is ramping with steady state production expected in the third quarter of 2021. Mokala is an opencast mine with over 10 years' life of mine, expected to produce more than one-million tonnes of manganese annually.

### **Retail**

Defy's Turkish parent company, Arçelik, is expanding its presence with the addition of a new brand of appliances named Beko. It has been launched in South Africa starting with stand-alone stores in Gauteng, and KwaZulu-Natal, and targeting growth into Southern Africa. In the next three years Beko plans to open an additional eight to 10 stores. In the long term, Beko intends to establish local manufacturing.

### **Services**

Defy launched a R170 million warehouse in KwaZulu-Natal. The facility has a storage capacity of 100 000 cubic metres, serving as a dry dock for products requiring transportation to the north. It is capable of loading and unloading more than 200 trucks daily.

Teraco Data Environments has completed the construction of the JB3 data centre in Johannesburg, an expansion of its Isando Campus. The building structure of JB3 spans 45 000 square metres while data hall space covers 12 000 square metres with 29 megawatts of critical power load. The facility is part of the broader Platform Teraco, providing information technology services to numerous enterprises. The value of the investment was not reported.

### **Manufacturing**

The World Bank Group's International Finance Corporation (IFC) mobilised a joint funding package for Aspen Pharmacare to support the development of vaccines for African countries. It was announced that Aspen will receive €600 million (R10.8 billion) from four institutions: €200 million (R3.6 billion) from the IFC, €156 million (R2.8 billion) from Proparco (an arm of Agence Française de Développement Group), €144 million (R2.6 billion) from Germany's Develop DEG, and €100 million (R1.8 billion) from the US. Aspen is manufacturing COVID-19 vaccines under its own brand, with a licence from J&J, at its new manufacturing facility in the Eastern Cape.

Draslovka Holding Company is a Czech-based global manufacturer of specialty chemicals focused on those that are cyanide-based and agrochemicals. Following Draslovka's acquisition of Sasol's sodium cyanide business in Sasolburg, the firm announced plans to invest an estimated US\$50 million (R797 million) to modernise the facility, improve efficiency and increase productivity. The project still needs Competition Commission approval.

Enaex Africa, which specialises in explosives, will invest R16 million towards the Enaex Electronic Initiation Systems assembly plant, for Africa. It will be based in Mpumalanga at Enaex Africa. The plant will produce detonators and at full capacity will have the planned capability to manufacture 800 000 detonators a year.

A consortium comprising German subsidiary ENERTRAG South Africa and local companies Earth and Wire, and 24Solutions, plan to develop a facility that will produce e-methanol from

green hydrogen. The facility will be based in the Eastern Cape. While conventional methanol is produced from fossil fuels, the consortium aims to manufacture the e-methanol through an electrolyser powered by renewable electricity. The feasibility study for the project is underway and the value of the project has not been disclosed.

### Utilities

EDF Renewables' 34.5 megawatts Wesley-Ciskei Wind Farm located in the Eastern Cape has reached commercial operation. The wind farm comprises 10 turbines, with each standing 18 metres tall. The project was part of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Bid Window 4. The project was completed for an undisclosed amount.

### Updates

Italy's Instituto Nazionale di Astrofisica (INAF – National Institute of Astrophysics) has committed R100 million towards the extension of the SKA MeerKAT telescope in the Northern Cape. This follows an R800 million contribution in 2020 from the South African and German governments towards the project. The new funding will be used to further support the development of new dishes.

The National Energy Regulator of South Africa (NERSA) granted Karpowership SA generation licences to operate in three of the countries ports: Coega, Richards Bay and Saldanha Bay. It was not clear whether they would in fact become operational, however, since the Department of Forestry, Fisheries and the Environment refused environmental authorisation, amid widespread opposition to the initiative. There are still other authorisations Karpowership SA needs to secure before it can move ahead with the project.

Diamcor Mining concluded phase 1 of planned upgrades at the Krone-Edora at Venetia project in Limpopo. These include an expanded and refined diamond concentration system, and a new electronic diamond X-ray recovery unit, among other improvements. Despite delays as a result of COVID-19, Diamcor has managed to complete the first phase ahead of schedule. The expansion initially planned for 2020 was delayed by the COVID-19 pandemic.

The Kropz Elandsfontein phosphate project in the Western Cape has been cleared for production after an appeal opposing the mines integrated water use licence was dismissed by the Water Tribunal. Environmentalists opposed the licence on account of the mine's proximity to the Langebaan Lagoon.

South32 divested a subsidiary, Southern African Energy Coal (SAEC), under which it was developing the Klipspruit life extension project. By the time SAEC was acquired by South African mining firm Seriti Resources, South32 had completed the R4.3 billion Klipspruit project. The project aims to extend the life of the Klipspruit Colliery by 20 years.

Anglo American Platinum has commenced the R1.3 billion modernisation of the Amandelbult underground platinum group metals mine in Limpopo. The improvements are in two parts, which entail enhancing safety and efficiency for conventional mining and mechanisation and installation of low-profile equipment in newer areas of the mine.

A R365-million Radisson Red Hotel has officially been opened in Rosebank, the second hotel of its kind in Africa under the Radisson Hotel Group. In addition to 222 standard rooms and suites, it has meeting rooms and work space for remote workers.

The 140-megawatt Oyster Bay wind farm in the Eastern Cape has reached commercial operation. It was developed by Enel Green Power for €180 million (R3.2 billion). The facility has

the capacity to generate over 568 Gigawatts per hour of power annually. The project is a part of the REIPPPP under Bid Window 4.

Sitatunga Resources' R250-million flagship mine, East Manganese in the Northern Cape, is in operation. East Manganese is an opencast mine with one 14 hectare mining pit. It is expected to produce 30 000 tons a month run-of-mine manganese ore. First ore was mined this quarter and a 350 ton per hour dry crushing and screening plant has been commissioned. Sitatunga Resources is a subsidiary of Luxembourg resource company, Menar.