

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects, on a quarterly basis, using published information. It identified 24 new projects in the fourth quarter of 2021. The 24 projects reported entailed a total investment value of approximately R126 billion. The bulk came from a single manufacturing project, a US\$4.6 billion (R70.5 billion) green ammonia export plant. Most of the other projects fall under the fifth window of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

Table 2. FDI projects captured in the fourth quarter of 2021

	Announced	Project preparation	Construction/ Implementation
Number of projects	21	1	2
Value	R39 billion	R70.5 billion	R16.1 billion
Sector	19 Utilities 2 Manufacturing	1 Manufacturing	1 Mining 1 Services
Type	19 Greenfield 2 Upgrade	1 Greenfield	1 Brownfield 1 Greenfield
Company	Tetrapak Ford EDF Renewables Mainstream Renewable Power (Ikamva) ENGIE Africa; Pele Green Energy Mulilo Renewable Energy; TotalEnergies	Hive Hydrogen (Hive Energy and Built Africa) and Afrox (Linde subsidiary)	West Wits Mining Vantage Data Centers

Source: TIPS FDI Tracker database.

New and existing projects

Manufacturing

Hive Hydrogen – a partnership between United Kingdom-based Hive Energy and South Africa’s Built Africa – together with Afrox (a subsidiary of Ireland-based Linde plc) plan to establish a green ammonia export facility. The plant will be developed for an estimated US\$4.6 billion (R70.5 billion) at the Coega Special Economic Zone in the Eastern Cape. The facility is expected to produce approximately 780 000 tonnes per year of green ammonia from hydrogen through a process using renewable energy and nitrogen extracted utilising an air separation unit. The first phase should start operation in 2025 with full operation planned for 2026.

Ford announced a R600 million investment towards upgrades at its Struandale engine plant in the Eastern Cape. The bulk of the investment will be committed to the modernisation and expansion of the plant’s current assembly line, which supplies the 2.0L Single Turbo and 2.0L Bi-Turbo diesel engines. Ford will also introduce production for a 3.0L V6 turbodiesel engine to power selected Ranger models. The project is in addition to an investment of R15.8 billion in the firms’ Silverton assembly plant.

Tetra Pak is a firm that processes and packages food and fruit juices, headquartered in Sweden. The company announced plans to invest R500 million to upgrade and expand the firm’s factory

in KwaZulu-Natal. The plant will shift to green energy sources and introduce a new packaging technology that uses less energy and water.

Mining

An Australian exploration and development mining firm, West Wits Mining, is developing the Witwatersrand Basin Project, an underground gold mine in Gauteng. The Department of Mineral Resources and Energy (DMRE) approved the mining right application in July 2021.

A scoping study estimates total mine resources at about 29.1 million tonnes, an average steady-state annual production of 80 000 ounces for 18 years and a 22-year life-of-mine. The project will be implemented in five stages. The first, development of the Qala Shallows mining area, is underway following the completion of a feasibility study in September 2021. It is expected to provide an estimated 40% of the total output. Estimated peak funding requirement for this stage is US\$50 million (R767 million).

Utilities

The REIPPP projects account for all of the utilities investment captured in this quarter. The DMRE announced 25 projects as preferred bidders, of which 19 projects are led by or include foreign investors. These projects have a total estimated investment value of R38 billion¹ and involve four major foreign firms.

The Ikamva consortium, led by Mainstream Renewable Power, will develop 12 of the projects. It will deliver 1.27 gigawatts (GW) from six onshore wind projects and six solar photovoltaic projects. Collectively, the projects are expected to produce about 4 500 GW hours of renewable power. The onshore wind projects will be located in the Northern Cape, the Western Cape and KwaZulu-Natal while all the solar projects will be in the Free State.

EDF Renewables will be developing three wind energy facilities, the Coleskop, San Kraal and Phezukomoya projects. The first two are located in the Eastern Cape and the third in the Northern Cape. Each has an installed capacity of 140 megawatts (MW).

French renewables developer ENGIE and Pele Green Energy partner as the preferred bidders for three solar projects, each with 75-MW installed capacity. Two are in the Northern Cape, and the third in the Free State.

Mulilo Renewable Energy and TotalEnergies were awarded preferred bidder status for the 75 MW Du Plessis Dam solar project in the Northern Cape.

Services

American information technology firm Vantage Data Centers plans to invest US\$1 billion (R15.2 billion) in developing a data-centre campus at Waterfall in Gauteng with capacity for 80 MW of critical information-technology load. Construction of the facility is underway, with

¹ The total investment value is R50 billion from all 25 projects. The value quoted for the 19 projects captured as FDI is based on estimates calculated for purposes of analysis in the Tracker. A full analysis of the projects will be provided in the fourth quarter 2021 FDI Tracker report.

completion of the first phase planned for 2022. Once fully built, the campus will comprise three facilities over 12 hectares with 60 000 square meters of data-centre space. Vantage plans strong security for the site, and will obtain power from Eskom.

Updates

Toyota has launched the new Toyota Corolla Cross hybrid vehicle range following a R2.6 billion investment in the Prospecton plant in KwaZulu-Natal.

The Competition Commission prohibited the sale of Sasol's sodium cyanide business to Draslovka, a Czech Republic-based specialty chemicals company, at the end of November 2021. Draslovka had announced plans for a US\$50 million expansion of the facility if the sale were approved. With Sasol, it plans an appeal to the Competition Tribunal.

A 10 MW solar farm commissioned by Amazon in the Northern Cape is complete. It was developed by the SOLA Group. Other investors include African Infrastructure Investment Managers, through the IDEAS Fund. The project will wheel 28 GWh of solar energy annually through the national electricity grid to Amazon's facilities.