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**Foreign Direct Investment Tracker**

**Quarter 2 2019**

**Report prepared for the Department of Trade and Industry**

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## Contents

<b>FDI Trends, Q2 2019 .....</b>	<b>2</b>
Quarterly trends.....	2
Investment environment .....	8
New FDI projects .....	13
Updates .....	15
Barriers and constraints.....	16
Credibility classification.....	16
<b>Investment Profiles, Q2 2019.....</b>	<b>18</b>
<b>References .....</b>	<b>35</b>
<b>APPENDIX.....</b>	<b>36</b>
Figure 1: Value of FDI by location, R billion, quarter 2, 2019 .....	4
Figure 2: Value of FDI projects industry by sector, R billion, quarter 2, 2019.....	6
Figure 3: Value of FDI projects by origin, R billion for quarter 2, 2019 .....	7
Figure 4: Value and count of FDI projects by target market, quarter 2, 2019 .....	8
Figure 5: South Africa’s inward investment and exchange rate .....	9
Figure 6. Gross fixed capital formation (GFCF) .....	10
Figure 7. Purchasing Manager’s Index (PMI) time series .....	11
Figure 8. South African Reserve Bank Leading Indicator .....	12
Table 1: Investment stages .....	3
Table 2: Investment type.....	4
Table 3: Classification of project by credibility of investment pledge .....	17
Table 4: Project credibility grading.....	17
Table 5. Investment-related metrics used in the analysis.....	36

The FDI Tracker traces the investments that occur within South Africa every quarter. This information is collated into a database and categorised across various pre-defined variables. These variables include investment values, project time frames, number of jobs created, and the identity of the investor, amongst others. The Tracker also includes an analysis of the investment environment within the country, analysing key metrics of investment activity. Profiles of all projects can be found in the appendix. Due to the sensitivity of private investment data, all variables cannot be publicly accessed, and where this is the case, an absence of data is noted.

The FDI Tracker is intended to assist policymakers and other relevant stakeholders in understanding the types of investments that are occurring each quarter. Further, it also assists in assessing the extent to which pro-investment policies are supportive of actual investments. Extracting the barriers and constraints faced by investors also allows for an indication of policy blockages that can be relieved to improve the investment environment and hence economic growth.

## FDI Trends, Q2 2019

### Quarterly trends

In the second quarter of 2019, 17 new projects were added to the FDI Tracker. Investment values were available for 11 of these projects, and the sum of these investments were R25.1 billion. In terms of jobs, a total of 5 376 jobs were recorded from five projects where employment data was available. Of this total, 676 related to permanent employment, while 4 700 temporary jobs were of a temporary nature. There was one existing project updated in the Tracker this quarter.



A handful of investments dominated the total investment value in the second quarter with investments by Kathu, Zulti, and Nissan. Together these investments accounted for 85% of the total reported investment value. The largest project recorded was the R12 billion Kathu Solar Park project, which accounted for 47% of the total investment value. The French multinational, Engie has a 47% stake in this project and the project contributed 1 781 permanent and temporary jobs. The next largest project was the US\$463 million (R6.5 billion) development of Zulti South mineral sands mine in Kwa-Zulu Natal by Rio Tinto. This investment makes up 25% of the total investment value. Nissan South Africa's invested R3 billion in upgrading its production line to include production of the Navara model, which accounted for 11% of the total investment value. The upgrade will occur at the Nissan Rosslyn plant, and will reportedly create 400 direct jobs at the factory.

The remaining 15% of projects for which there were reported values were largely shared with investments by FWJK, Defy, Hilton, and BMW. FWJK is a property development company that invested R1.3 billion into the Zero-2-One Tower in Cape Town. The Tower is a mixed-use development and FWJK anticipates that the project will create about 3 000 jobs during construction. Hilton, in partnership with Growthpoint, invested R550 million in the development of the Canopy brand of hotel, which is the first of its kind in Africa in Cape Town. BMW invested R260 million in improving the BMW Midrand facilities. The investment involved improving the service offering through the

construction of a new Dealer Training Centre, a Welcome Centre, a restaurant and a gym. Defy invested R121 million in upgrading its facilities in Jacobs to produce top loader washing machines. Smaller investments include a R100 million investment by Jaguar into a driver experience facility in Johannesburg, and a R73 million investment by Galane Gold in the refurbishment of its Galaxy gold mine processing plant. Six projects captured in this quarter had no reported investment values as of the compilation of this report.<sup>1</sup> A notable investment for which a specific investment value was not reported was AccorHotels announcement of plans to open three hotels in South Africa as part of a larger US\$1 billion (R14 billion) Africa investment drive.

When analysed by investment stage, nine projects were completed in this quarter, with seven being newly announced, and one project at the project-preparation stage (see Table 1). Completed projects contributed R12.5 billion to the investment value, with the Kathu Solar Park investment dominating. Other projects completed this quarter include the R260 million BMW Midrand investment, the R121 million Defy Jacobs factory upgrade, the R73 million refurbishment of Galane Golds Galaxy mine processing plant, and a new airline maintenance facility by German company Lufthansa Technik Maintenance International (LTMI), for which no project value was reported. The total value of investment from the seven newly announced projects was R11.2 billion with over half the value coming from Rio Tinto's R6.5 billion Zulti South mine. Also announced was Nissan South Africa's R3 billion investment into its Rosslyn plant and Defy's plans to further invest R1.2 billion<sup>2</sup> into operational improvements at the company's Jacobs factory. FWJK's Zero-2-One Tower in Cape Town was identified as the only project at the project-preparation stage. With support from foreign investors, this project contributed R1.3 billion to the total investment value.

**Table 1: Investment stages**

Stage	Value (R billion)	Number
<b>Complete</b>	12.5	9
<b>Announced</b>	11.2	7
<b>Project-Preparation</b>	1.3	1
<b>Total</b>	<b>25.1</b>	<b>17</b>

*Notes: values may not always sum to the total due to rounding.*

Distinguishing projects by investment type revealed that for quarter 2, greenfield investments dominated both in pledged investment values and number of projects (see Table 2). This continues an observation made in the first quarter of 2019, where greenfield investments also overshadowed other types of investments. The R12 billion Kathu Solar Park lead greenfield investments this past quarter. Other greenfield projects include FWJK's R1.3 billion Zero-2-One Tower investment, the R 550 million Canopy brand hotel by Hilton; Oracle's new headquarters; and Cisco System's R10 million Edge Incubation Centre. Brownfield projects had the second highest pledged investment value of investment type groupings with the least number of projects. Two brownfields projects were captured that amounted to R6.6 billion. This comprised Rio Tinto's R6.5 billion Zulti South mine and Jaguar's R100 million investment into the Jaguar Land Rover Experience Centre. Upgrade projects include the R3 billion Nissan Navara investment, Galane Gold's R73 million refurbishments at the Galaxy mine, and two projects by Defy South Africa that cumulatively contributed R1.3 billion. Three expansion

<sup>1</sup> For greater information on planned investments for which investment values have not been reported, please refer to the appendix.

<sup>2</sup> Defy plans to invest R200 million into the Jacobs facility and R1 billion across its operations, including Jacobs. The value distribution is clarified below in footnote 3.

projects were captured that consisted of investments by AccorHotels, GoDaddy and WeWork (investment values not reported).

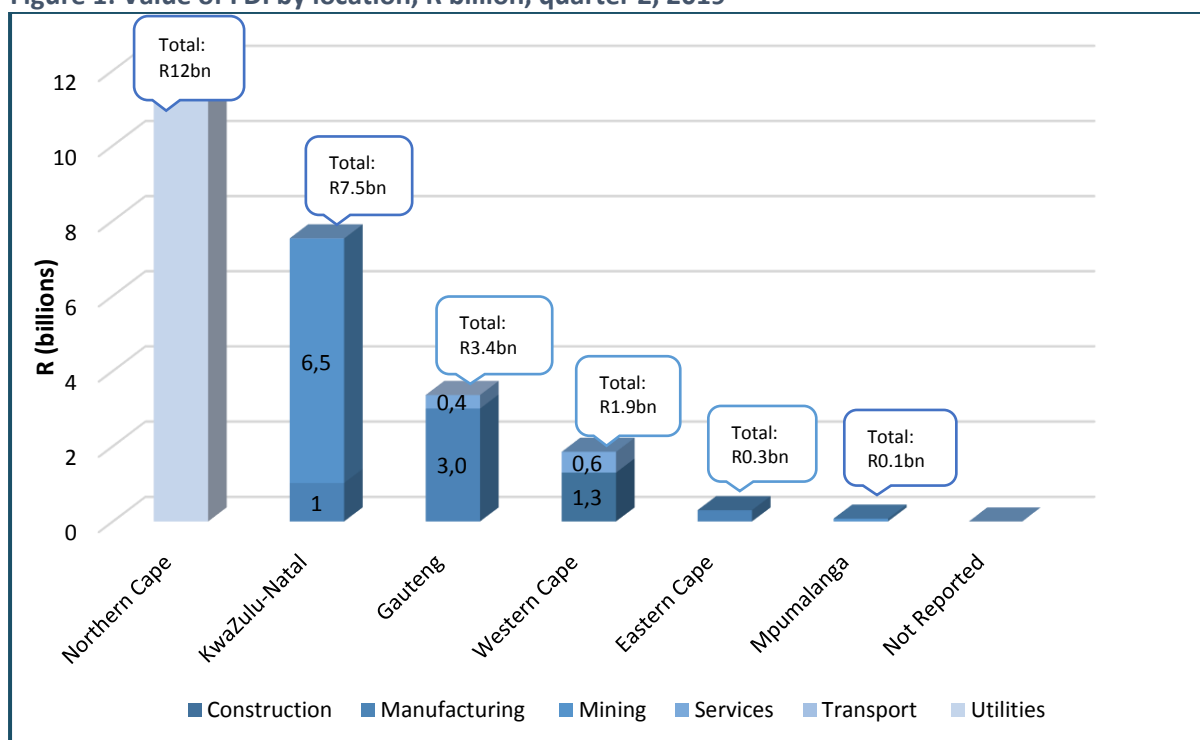
**Table 2: Investment type**

Type	Value (R billion)	Number
Greenfield	14.1	8
Brownfield	6.6	2
Upgrade	4.3	4
Expansion	Not reported	3
<b>Total</b>	<b>25.1</b>	<b>17</b>

Notes: values may not always sum to the total due to rounding.

A breakdown of the investments by location and sector indicate that the Northern Cape received the highest investment value (see Figure 1) due to the R12 billion Kathu Solar Park project. KwaZulu-Natal had the second highest pledged investment value with R7.5 billion from four projects. The largest investment in KwaZulu-Natal was in mining with Rio Tinto’s Zulti South mine in Richards Bay. Defy and Cisco Systems contributed to manufacturing and services respectively in the province. Defy had two investments in the upgrade of its factory in Jacobs for R121 million and planned future improvements to the Jacobs facility and another factory in Ladysmith for approximately R860 million<sup>3</sup>. Cisco Systems invested R10 million in an incubation centre for small micro and medium enterprises (SMMEs).

**Figure 1: Value of FDI by location, R billion, quarter 2, 2019**



Source: TIPS FDI Tracker project data

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

<sup>3</sup> The total pledged investment value is R1.2 billion. Defy allocated R200million for further improvements to the Jacobs factory, however, the distribution of the R1 billion was not as clearly indicated. Based on an analysis of media reports, the R1 billion was distributed equally across Defy’s three factories, that is Jacobs, East London and Ladysmith with each being allocated R330 million, for purposes of the Tracker.

Gauteng had the highest number of investments in the second quarter of 2019. This comprised six projects, with three accounting for R3.3 billion. The R3 billion Nissan investment was the largest in this region and supported manufacturing. The services industry is the second main recipient of investment in Gauteng with BMW's R260 million investment in the Midrand campus, followed by the R100 million Jaguar driver experience centre investment. Other projects in services (with no reported investment values) were the Oracle's headquarter investment and Nihilent's user experience (UX) lab. LTMI's maintenance facility investment contributed to the transport sector in Gauteng (no investment value was reported).

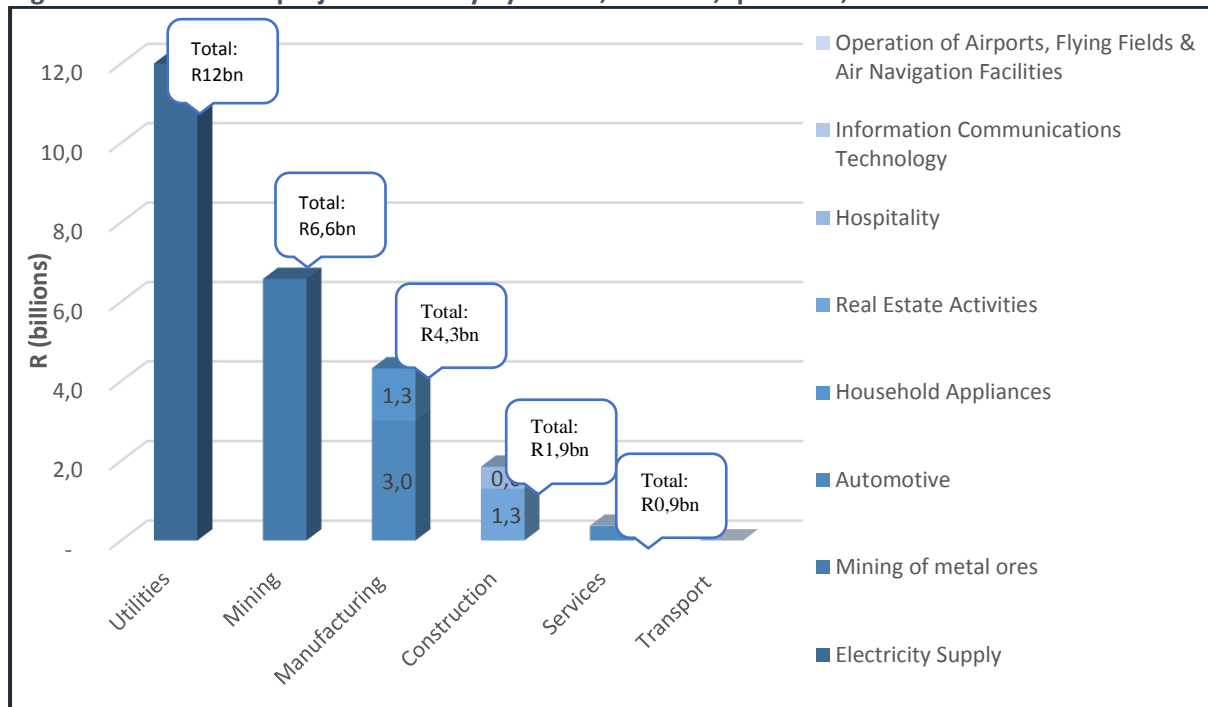
The Western Cape benefitted from four investment projects. The largest investment was FJWK's R1.3 billion Zero-2-One Tower in construction. Also notable was Hilton's R550 million Canopy brand investment. Other projects noted in the Western Cape were investments by GoDaddy and WeWork. Both these firms are new entrants in the South African market. The Eastern Cape and Mpumalanga recorded one project each. In the Eastern Cape, Defy is investing approximately R330 million<sup>4</sup> into its operations and constituted a manufacturing investment. In Mpumalanga, Galane Gold's R76 million mining investment sees an upgrading of a processing plant at the firm's Galaxy mine and represented an investment in mining. The AccorHotels investment in the services industry in South Africa did not disclose the precise location of investment. Given limited information, the project has been provisionally classified in the database as unreported until new information is revealed.

Figure 2 indicates the distribution of projects by sub-sector in their respective sectors or industries. Investment activity in six sectors were identified in the second quarter of 2019, compared to three in quarter 1. Utilities had the highest value of investment with the R12 billion Kathu Solar Park project. Mining had the second highest investment value, attributed to Rio Tinto's R 6.5 billion Zulti South mine investment and Galane Gold's R76 million processing plant upgrade. Projects in manufacturing were divided between the home appliances and automotive sectors. Two projects in construction were recorded and consisted of FKWJ's R1.3 billion Zero-2-One tower and the R550 million Hilton investment into the Canopy development. While services had one of the lower investment values, it had the highest number of projects. Services investments consisted of nine projects across four sub-sectors - hospitality, automotives, information technology (IT) and real estate activities, with a R920 million total investment value. Out of the four IT projects, only one had a reported investment value – the R100 million Cisco Edge Incubation Centre by Cisco Systems. WeWorks expansion was the only project contributing to real estate activities in this quarter. The investment in transport services is based on Luftansa's maintenance facility.

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<sup>4</sup> See footnote 3 for an explanation of this investment value

**Figure 2: Value of FDI projects industry by sector, R billion, quarter 2, 2019**

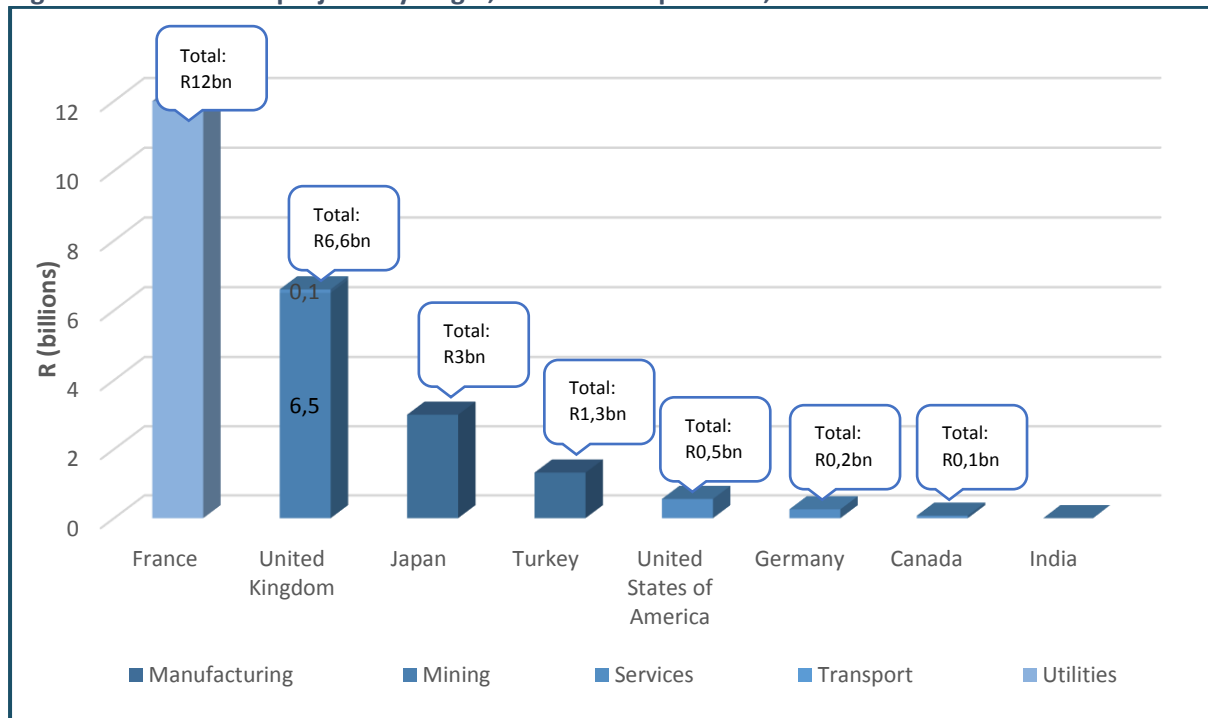


Source: TIPS FDI Tracker project data

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

In terms of pledged investment by country of origin (Figure 3), European countries continue to lead investment projects with six projects from three countries: France, the United Kingdom (UK), and Germany. Collectively these three countries contributed R18.8 billion to the pledged investment value. French energy company Engie’s Kathu Solar Park project was the largest from the region. North American projects consist of investments by companies in Canada and the United States of America (US). The US had the most projects with five projects from the country having a total investment value of R560 million. These investments include Hilton’s Canopy project and the Cisco Edge Incubation Centre. Asian investments consist of Japan’s Nissan and India’s Nihilent investment. Defy’s recent upgrades and announced future projects represent an investment injection from Turkish firm, Arçelik.

**Figure 3: Value of FDI projects by origin, R billion for quarter 2, 2019**



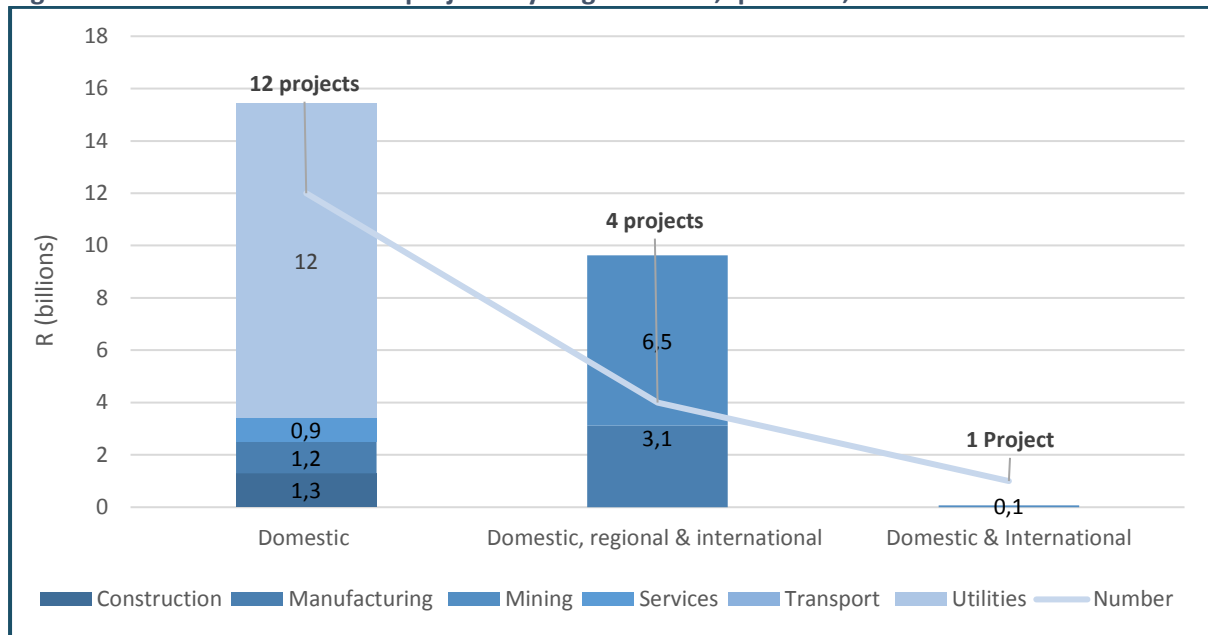
Source: TIPS FDI Tracker project data

Notes: 1. Numbers may not always sum to the exact total investment amounts due to rounding. 2. Investment projects from India comprised only one project for which the investment amount was not reported.

Figure 4 represents the distribution of investments by target market. Similar to quarter 1, most investments target the domestic market although several projects (in manufacturing, construction and utilities) have a regional and global market focus as well. The services industry investments were exclusively domestically-focused in target market terms. These investments included Lufthansa’s maintenance facility and technology-related projects by American companies, Oracle, GoDaddy and Cisco Systems, among others. Four projects were recorded as having a broader domestic, regional and international outlook. Only one project targets the domestic and international market exclusively – the R73 million Galaxy mine refurbishment project.



**Figure 4: Value and count of FDI projects by target market, quarter 2, 2019**



Source: TIPS FDI Tracker project data

Note: Numbers may not always sum to the exact total investment amounts due to rounding.

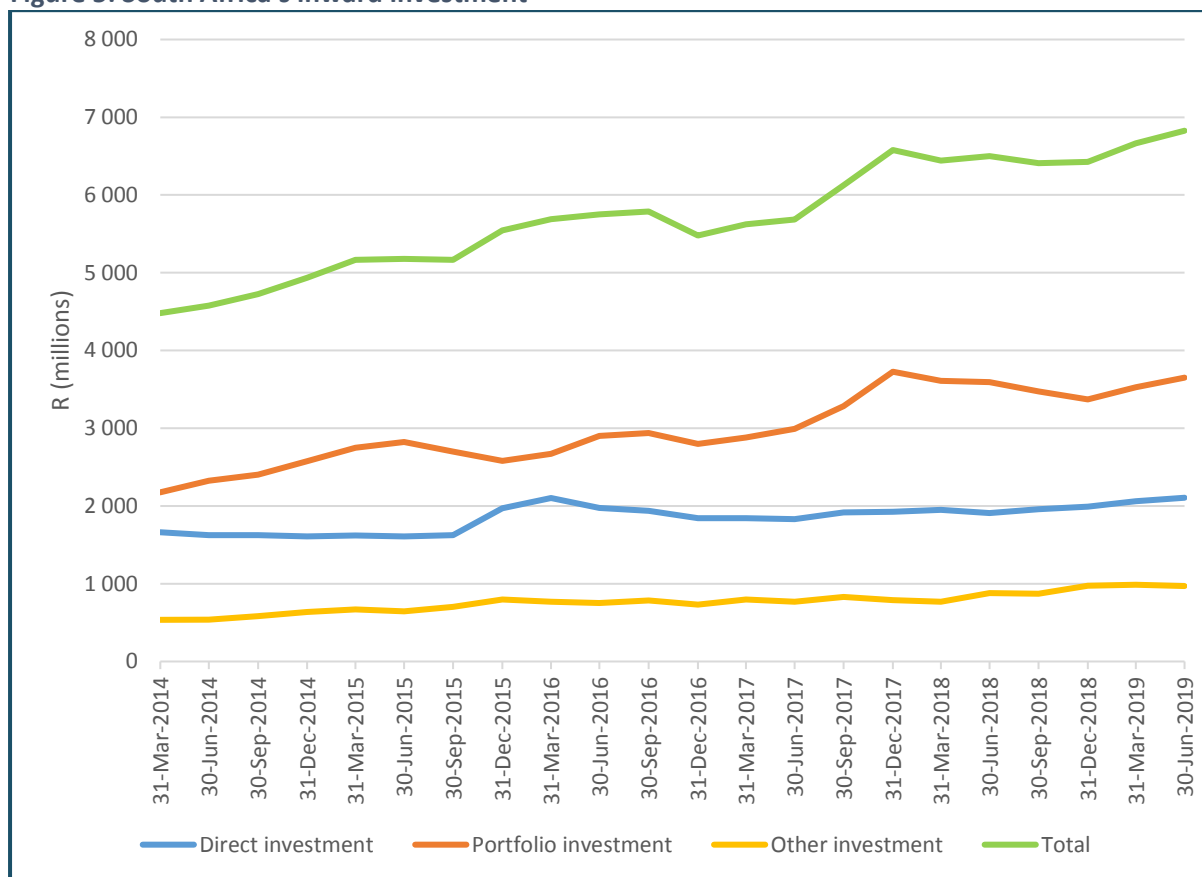
## Investment environment

A recent addition to the FDI Tracker is the analysis of the domestic investment environment. This analysis has been added as it provides insight into the general environment in which investments are being made. This analysis is important for the following reasons. First, metrics that measure investment indicate the extent to which pledged investments materialise into actual investments. This assists in tracking the extent to which investment drives materialise into actual investments. Further, analysing the investment environment provides a glimpse into investor sentiment on future growth prospects in the economy. A flurry of investment activity is typically a sign of future growth, while during times of lacklustre growth investors tend to hold back investments given a pessimistic view of future growth and the risk of tying up capital, hampering the returns on that capital. With the President’s Investment Summit held at the end of 2018, it is important from a policy point of view to monitor whether the pledges made at that event are materialising into a substantial improvement in investment levels. To evaluate the investment environment, a number of key investment metrics have been incorporated, which are further detailed in the appendix.

The overall trend on the investment environment is positive and is on an upward trend, particularly for direct investment which is a significant marker for FDI trends (see Figure 5). The total market value of South Africa’s inward investment increased from a revised R6 664 billion at the end of March 2019, as investment for that quarter, to R6 827 billion at the end of June 2019 for the second quarter. That increase represented a 2.5% increase between the first and second quarters. All of the investment categories increased in the second quarter with the exception of the “other investment” category. This followed an increase of 3.7% between the final quarter of 2018 and the first quarter of 2019, according to inward investment data released by the South African Reserve bank (SARB) for the first quarter of 2019.

Direct investment<sup>5</sup> as measured by the SARB increased from R2 061 billion to R2 106 billion between the first quarter of 2019 and the second quarter, representing a modest increase of 2.2%. Comparing the second quarter of 2019 to 2018, direct investment was approximately 10% higher than the year before. Taking a longer-term view, quarterly direct investment has been steadily increasing since mid-2018 to R2 106 billion, breaching the closest historical high of R2 101 billion in the first quarter of 2016.

**Figure 5: South Africa’s inward investment**



Source: TIPS, based on South Africa’s international investment position data by (SARB, 2019b)

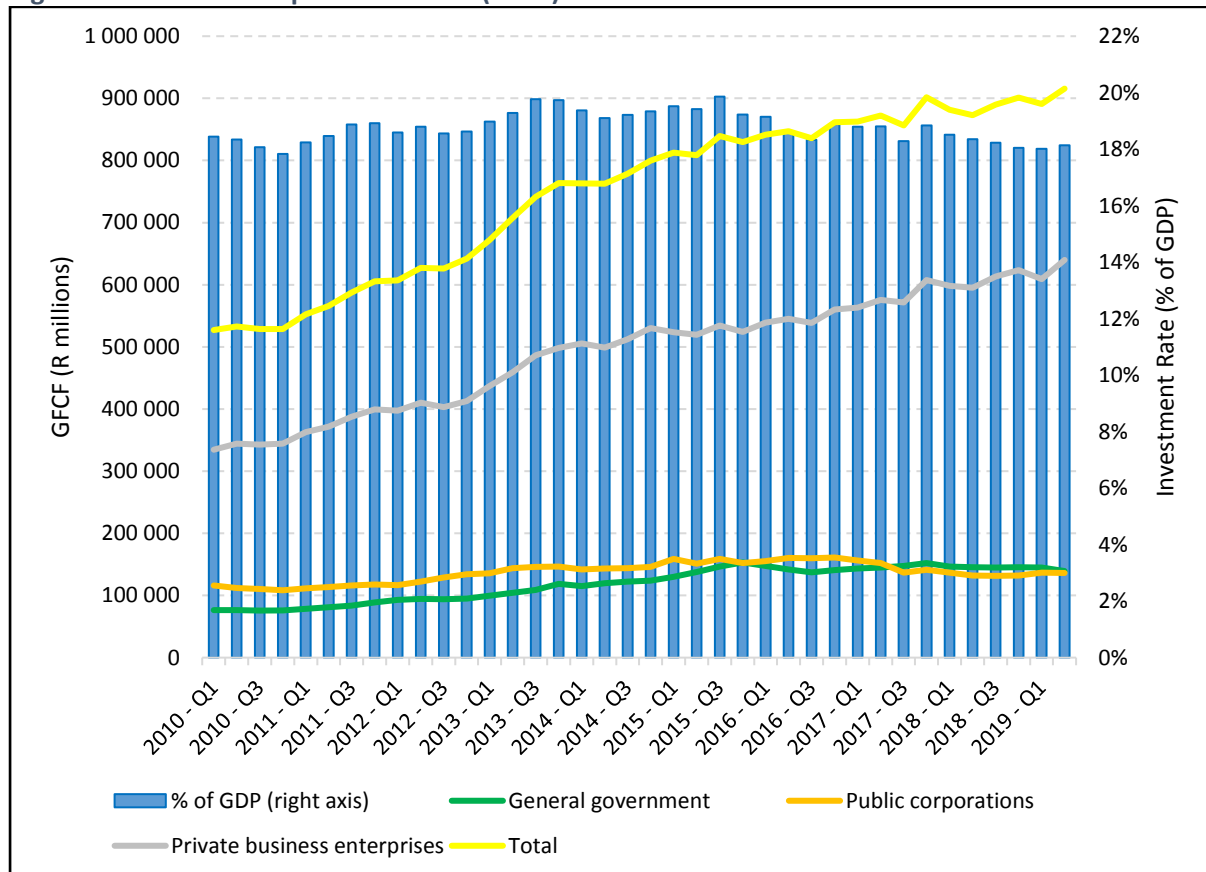
The increase of 3.1% in the FTSE/JSE All-share index in the second quarter mostly contributed to the higher value of both direct and portfolio investment liabilities. The decrease in other investment liabilities was attributed by the SARB to the repayment of short-term foreign loans by the domestic banking sector.

Gross fixed capital formation (GFCF) is calculated as part of the expenditure component of GDP by Stats SA. The metric is an important measure of overall investment in the economy. It includes money spent on improvements to land, equipment purchases, and road and building construction. The growth in direct investment noted above was also reflected in total GFCF, which grew by approximately 3% in the second quarter of 2019, relative to the first quarter (see Figure 6). This represents a turnaround given that GFCF was declining for the previous five quarters and is a positive

<sup>5</sup> Direct Investment is defined as “the objective of obtaining a lasting interest by a resident entity in one economy (direct investor) in an entity resident in an economy other than that of the investor (direct investment enterprise)”. See (SARB, 2019a).

sign. Continued growth in GFCF is also a key marker for the investment environment; the current level of approximately 18% is below what is generally considered necessary for a fast growing economy – which would be in the 25% to 30% range. A concern in Q2 is the decline of both government and SOC investment during the quarter.

**Figure 6. Gross fixed capital formation (GFCF)**



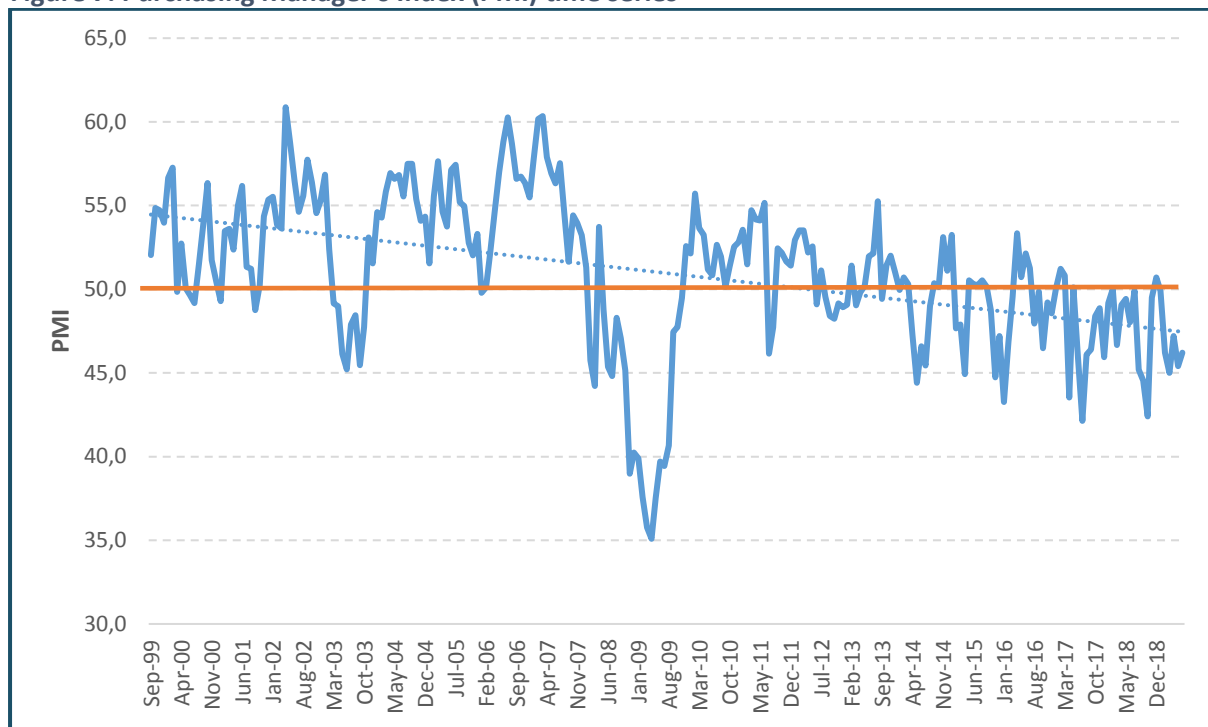
Source: TIPS, based on GFCF data for Q2 2019 by (StatsSA, 2019)

Notes: (i) Values are on a nominal, annualised and seasonally-adjusted basis (ii) The data reflect all quarters between 2010 Q1 and 2019 Q2, however due to space limitations, only the labels for Q1 and Q3 for the respective year are indicated on the x axis.

According to Stats SA, the main contributors to the increase in GFCF were driven largely by investments in transport equipment (19.5%), machinery and other equipment (17.7%), residential buildings (10%) and transfer costs (1.2%). Some experts have indicated that the rise in investments and machinery can be attributed to the many Independent Power Producer (IPP) projects which have started construction (Business Insider, 2019). This represents a turnaround in investments levels for the first time in five quarters and is an initial positive sign for future growth. This development, if sustained in following quarters, is indicative of confidence by private firms in the economy. This is also a supportive sign for policies enacted by the state that have seen efforts being directed towards increasing investment levels in the economy, particularly around foreign investment. This change in investor sentiment could potentially be attributed to expected improvements in South Africa’s regulatory framework and improved coordination and alignment of policies in concordance with the state’s commitments (IDC, 2019). Restored investor confidence typically sees initial investments being directed to equipment upgrades, followed by expansionary investments as growth momentum accelerates. However, it is still early to tell if this is a structural turnaround or purely attributable to the IPP projects which are expected to be sustained for another quarter.

Disentangling GFCF by the type of institution reveals the contributions to investment levels by the public and private sectors. In the second quarter of 2019, private investment increased by 6% from the first quarter of 2019 on a nominal, un-annualised basis. This offers a change in sentiment given that in the previous quarter private investment declined. This optimism was also reflected by investments made by public corporations, which saw the largest percentage increase in investment at 10% from the first to second quarter of 2019. Investments by general government saw a decline of 4% from the first to second quarter of 2019.

**Figure 7. Purchasing Manager's Index (PMI) time series**

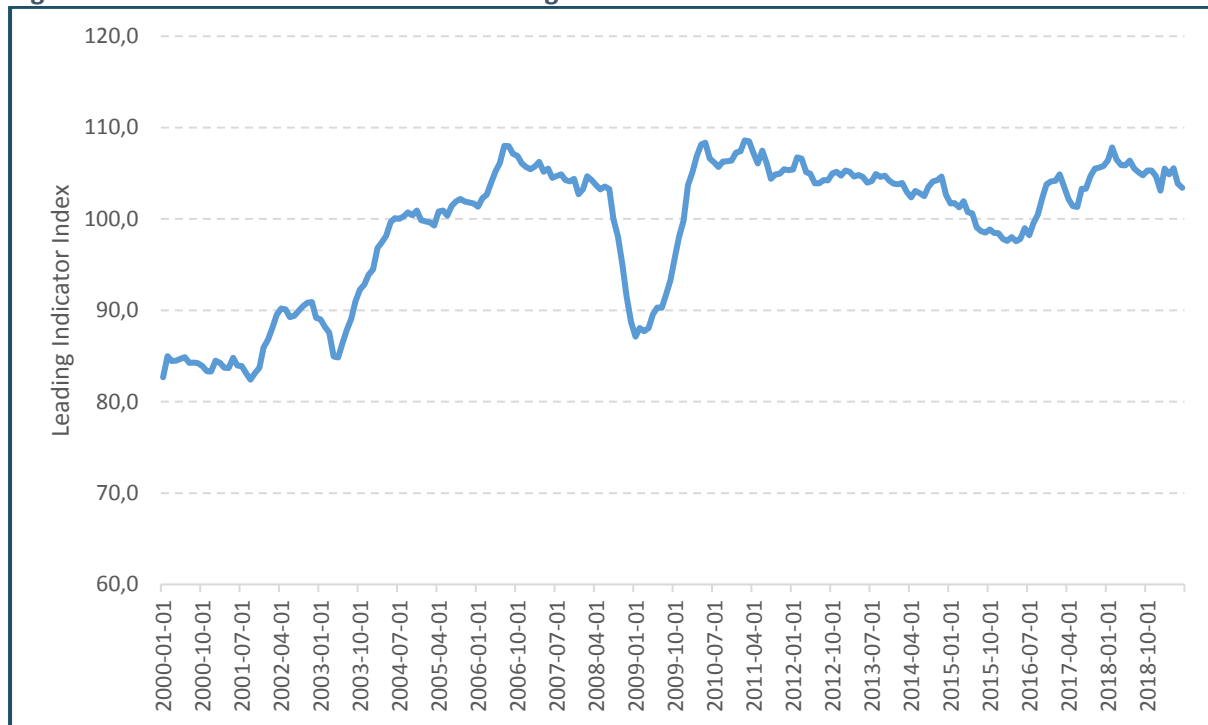


Source: TIPS, based on PMI data by Bureau of Economic Research (BER)

Notes: 1. The PMI data are seasonally adjusted by BER 2. The dotted line represents a linear trend fitted to the data to indicate the long term direction of the trend.

The Absa Purchasing Managers' Index (PMI) focuses on business conditions in the manufacturing sector, pointing to challenges within the sector (see Figure 7). These challenges may inform and influence investor decisions in the future. A value that exceeds a value of 50 implies an improvement from the previous month, and vice versa. The seasonally adjusted Absa PMI has been consistently declining since December 2018, however, as the second quarter entered, the PMI saw fluctuations with an increase in April (from 45.0 to 46.2), a decline in May (from 46.2 to 45.2), and a subsequent recovery in June (from 45.2). Despite two increases in the second quarter, the index still remains below 50 and points to pessimism by purchasing managers. A notable challenge in the second quarter was the presence of loadshedding in May that disrupted economic activities and the recovery of the PMI seen in June was regarded as a return to normal business conditions after loadshedding, thus not a true improvement, and just a return to "business-as-usual" in a tough operating environment. The PMI survey also indicated pessimism by purchasing managers for a future recovery and growth. Underlying demand conditions continued to constrain a sustained recovery in output in the future. This was reflected in the indicator that tracks manager's sentiment on expected business conditions in six months' time. This indicator declined by a significant 6.7 points after remaining unchanged in May. This was driven in part by the reported decline in export orders in June. Lacklustre global growth is expected to place export demand under pressure in coming months.

**Figure 8. South African Reserve Bank Leading Indicator**



Source: TIPS, based on (SARB, 2019c)

The SARB also reports a composite leading indicator that aims to predict future growth in the economy and serves as supplementary evidence for future changes in the economy (see Figure 8). The composite leading business cycle indicator is calculated on the basis of a number of underlying datasets that predict growth (see Appendix). The SARB leading indicator increased marginally in April (0.7%), thereafter declining in May (1.6%), and declining again in June (0.4%). The largest declines in the second quarter of 2019 were attributable to a decrease in the South African produced export commodity price index (US dollar based), a narrowing in the interest rate spread, a deceleration in the 12-month percentage change in job advertisement space, and a decrease in the number of residential building plans approved (SARB, 2019d, 2019e, 2019f).

Examining some of the key metrics related to investment in the second quarter of 2019 shows an increase in investment levels, most prominently by the private sector. Many experts and commentators, however, regard this as the fruition of the IPP projects, and are cautious about labelling the recovery in investment levels as a fundamental or structural change. A sustained increase in investment over successive quarters (like a year) is required to suggest sustained increases in investment and potential economic growth. Other indicators of the economy point to stagnation. Electricity supply issues persist and some comfort can be sought in the fact that South Africa's Integrated Resource Plan (IRP) has been finalised. It will take some time for new projects to come online and South Africa may have to continue to deal with electricity supply issues as Eskom is unable to keep supply consistent and anticipates problems in the supply system. Meanwhile electricity supply blockages remain for key sectors such as manufacturing, hampering firms' productivity and competitiveness. Dampened consumer demand at a domestic and international level are further pressures on the profitability of firms and constrain the forward-looking investment sentiment.

## FDI Projects, Q2 2019

### New FDI projects

France multinational Engie has completed the development of the Kathu Solar Park in the Northern Cape for R12 billion. The solar park was commissioned in February 2019. Kathu is a 100MW concentrated solar plant (CSP) that consists of eight solar fields. The fields are equipped with mirrors that reflect sunlight into tubes and generate electricity. The solar park uses parabolic trough technology equipped with a molten salt storage system. It allows for 4.5 hours of thermal energy storage to provide electricity in the absence of solar radiation. The solar park is Engie's sixth CSP plant in South Africa. The project employed 1 700 people during construction and over the next 20 years the project will permanently employ 81 people. The project started in 2016 through the Renewable Energy Independent Power Producer Programme (REIPPP).

Rio Tinto announced a US\$463 million (R6.5 billion) pledge for a new mineral sands mining project named Zulti South in Kwa-Zulu Natal. The project has been in existence since 2014, when the Richards Bay Minerals (RBM) Board and Rio Tinto Investment Committee endorsed the feasibility study. The investment is intended to sustain the capacity of subsidiary operation, RBM, and also extend its mine life. RBM mainly produces rutile, zircon, titania slag and high purity iron. It operates four mines in the Zulti North area in addition to a mineral separation plant and smelting facility. Zulti South mine would maintain the output of zircon and rutile, and provide ore to support titanium dioxide sales. Construction was scheduled to start mid-2019, provided that the necessary permits are granted. The first commercial production is expected in late 2021. RBM is 74% owned by the Rio Tinto with the rest held by a consortium of black economic empowerment groups and an employee trust. This is the largest new investment announced this quarter.

Another mining investment recorded this quarter was Galane Gold's phased recommissioning of the Galaxy gold mine in Mpumalanga. After a revamp of the processing plant at Galaxy mine, commissioning of the plant has begun. In addition to the refurbishing the processing plant, the first phase entails a further upgrade of the plant to 30 000 tons a month from the current 15 000 tons a month and increasing production to over 25 000 ounces of gold a year. The upgrades include a new jaw and cone crusher. The value of the investment to restart the mine is US\$5 million (R73 million). Galane is also commencing a scoping study to double the size of the plant again to match the potential production it could achieve from its underground operations.

Hospitality company Hilton Hotels and Resorts (Hilton) plans to open hotels under the Canopy by Hilton brand in the Western Cape. The project is in collaboration with South African property firm Growthpoint Properties, with a pledged investment value of R550 million. The project is part of a precinct redevelopment by Growthpoint and expected to start operating in 2021. This will be the third brand the American company is establishing in Cape Town and the first hotel under the Canopy by Hilton brand in Africa. Also contributing to services, French hospitality company Accor announced that it will increase its footprint in Africa with 60 new hotels over the next two years in 14 countries. South Africa is one of the target markets for the expansion. Accor plans to open three hotels in the country by 2020. The company will invest US\$1 billion (R14 billion), with over half of the hotels to be built in Egypt. The value of the company's investment for South Africa had not been disclosed as of publication of this report. Accor already has a presence in South Africa, and it will be expanding its presence through this investment.

Property development company FWJK has secured foreign funding to build the R1.3 billion Zero-2-One Tower in Cape Town following delays since the project was announced in 2016. The project has

since been able to secure foreign investment for it to commence. The Zero-2-One Tower will be the tallest building in Cape Town with 44 storeys. It will include 570 apartments, 7 000 square metres of retail shops on the ground level, and a station concourse level. Construction is expected to start in the latter half of 2019, pending approvals from the South African Reserve Bank.

Other investment projects announced in services are by American companies GoDaddy and WeWork. GoDaddy is an internet domain registrar and web hosting company which will be expanding its presence to South Africa, officially entering the South African market. It plans to deliver online tools and solutions relevant to the local market for entrepreneurs and small businesses. WeWork is a firm that provides workspace solutions for various types of companies and it will be expanding its South Africa operations with a new location in Cape Town. This will be the company's second location in South Africa after the first initiated in Johannesburg. The values for both the GoDaddy and WeWork investments were not reported.

Two American technology companies contributed to services in the second quarter of 2019. Computer technology multinational Oracle opened a new eco-friendly office building in Johannesburg (no investment value reported). The new headquarters include technology that enables the active monitoring of energy, water and waste consumption. One of the motivators for the investment is creating a work environment that retains and attracts new talent. This follows the opening of Oracle's first Innovation Hub in South Africa in 2018. Cisco South Africa launched the R10 million Cisco Edge Incubation Centre at the Dube Trade Port in Durban. The incubation hub aims to develop SMMEs to accelerate their entry in the digital marketplace. The hub is a smart building incorporating Cisco technology that offers business facilities and workspaces. This is the second centre that Cisco has built in South Africa, with the first opened in Pretoria in 2018.

Also related to technology and services, India-based consulting and solutions integration company, Nihilent, opened the first user experience lab in Africa in Bryanston, Johannesburg (no investment value reported). The lab compiles consumer data using patented design thinking framework and analytical tools to identify cognitive and emotional triggers in assessing consumer experience. The lab is designed for innovators and entrepreneurs to use when developing products or services from conceptualisation to ensure that products and services meet consumer's expectations.

Contributing to manufacturing was Nissan's announcement of a R3 billion investment in the company's Rosslyn plant in Pretoria. The project is in preparation for the manufacture of the Navara pick-up vehicle for the local and international markets. Production is expected to start in November 2020 and will include an updated 2020 model of the Navara single cab, double cab and cab-and-a-half. The investment will add 400 jobs at the facility and is the second largest investment added to Tracker. This investment follows an upgrade at the Rosslyn plant completed in 2017, ensuring the continued production of the NP200 half-ton bakkie and NP300 (Hardbody) one-ton bakkie that have been manufactured in South Africa for the past 11 years. Nissan anticipates the Navara production will add 30 000 units per annum to the plant. The Navara is currently sold in South Africa with a limited range of imported double cab models. Nissan South Africa plans to produce a full line-up of Navara models. The mix of models to be manufactured has not yet been announced.

Home appliances manufacturer Defy launched a R121 million facility at the Jacobs factory in Durban after refurbishments to the facility. The additional automated plant will produce top loader washing machines for the local and export markets. The plant is designed to produce 6 kg, 7.5 kg and 10 kg washing machines per shift with the capacity to manufacture 500 top loaders per shift. The company projects that 75 jobs will be created through the investment. Defy plans to export about half of the products from the plant and has already received its first orders from India, Bangladesh, Sri Lanka and

Paraguay. Defy also expects to invest a further R200 million this year following the inauguration of the refurbished Jacobs factory in Durban. The home appliances manufacturer further plans to invest R1 billion<sup>6</sup> over the next five to seven years. Defy operates three facilities in Ladysmith, Jacobs and East London. The planned investment is expected to include a warehousing facility in Ladysmith and continued improvements of the Jacobs facility with upgrades to cooking appliances and tumble dryers production lines. Defy further aims to expand output to include new cooking products such as 60cm built-in ovens and a new free-standing stove by 2020.

BMW Group South Africa completed the new R260 million campus in Midrand, contributing to services this quarter. The facility is part of the company's overall investment drive in the country. The investment is preceded by other investments by BMW over the last two years. These include a R6.1 billion upgrade of the Rosslyn plant, a R73 million investment in the training academy at the facility, and a R260 million regional distribution centre. The campus includes BMW's head office and financial services, and a R109 million technical and non-technical dealer training facility. In addition to training on all BMW Group brands for the dealership network, it offers BMW's Apprentice Training Programme that is aligned to the Manufacturing, Engineering and Related Services Sector Education Training Authority (MerSETA).

Another vehicle manufacturer investing in services is Jaguar. Jaguar Land Rover recently opened the refurbished Jaguar Land Rover Experience Johannesburg centre. The facility offers a range of driving experiences on a variety of driving terrains. It also includes conference and event facilities. Jaguar has invested R100 million to develop the facility over three years. The investment in the centre concludes Jaguar's R1.3 billion investment in expanding its services over the past few years. The bulk of this investment (R970 million) has been directed towards upgrades of the car manufacturer's dealerships in Southern Africa.

German company Lufthansa Technik Maintenance International opened a new maintenance facility in Johannesburg near OR Tambo International Airport, contributing to investment in the transport sector. This is Lufthansa's first facility in South Africa, with a second facility in Cape Town currently being developed. The facilities will provide maintenance services for the Comair (which operates the British Airways brand in South Africa) and Kulula airlines. The company has already employed 45 South African aviation professionals, and aims to increase this to approximately 120 additional jobs by the end of 2020. The value of the investment was not reported.

## Updates

Transmashholding (TMH) Africa has completed upgrades to the company's South Africa manufacturing facility in Boksburg, Gauteng. The R500 million investment was announced in 2018 with plans to upgrade and modernise the 45 000 m<sup>2</sup> facility among others over the next three to five years. The facility manufactures and assembles rolling stock, refurbishes old locomotives, and provides maintenance services. TMH Africa is a partnership between Russian firm TMH and South African black-owned Mjisa Investments. It acquired DCD Rolling Stock, a rail manufacturing company for approximately R12 million, which is a part of the R500 million investment. The company aims to supply Transnet and Prasa's rolling stock programme with a view to expanding into Africa. The investment will include upskilling the existing 130 employees, and increasing the workforce to

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<sup>6</sup> The R1 billion was distributed equally across Defy's three factories, that is Jacobs, East London and Ladysmith with each being allocated R330 million, for purposes of the Tracker. Analysis by location references R860 million for two operations in KwaZulu Natal province and R 330 million for the Eastern Cape facility.



approximately 500 people. The investment is part of the company's growth strategy for the international market that plans to invest R50 billion in six countries over the next five years.

### **Barriers and constraints**

The FDI Tracker aims to inform and improve policymaking by assisting the government in better understanding the environment in which investors operate. To gain deeper insight into investor experiences, the FDI Tracker captures concerns and challenges that companies experience. Challenges include, but are not limited to the business environment, infrastructure blockages and service constraints. In addition to barriers and constraints, the analysis highlights challenges that have been unblocked or resolved.

Leading up to the current status of the Zero-2-One Tower project, construction was delayed by city approvals and funding. FWJK had difficulties procuring funds locally and met opposition with the type of housing to be included as part of the residential development. Following objections by social justice organisation Ndifuna Ukwazi to building plans for Zero-2-One, FWJK turned to micro-apartments. The project moved to include 104 affordable apartments that would cost about R800 000, after the dispute. This was approved by a planning tribunal that later wanted the number increased to 240 affordable units. Ndifuna Ukwazi, however, argued that even these micro-apartments were too expensive for the majority of black and coloured households. The developers appealed the ruling, and the city subsequently ruled in the developer's favour.

The Zulti South project has been in the pipeline for a few years, and over that time there have been disruptions to work at Zulti South. Host communities were demanding employment, procurement and skills development<sup>7</sup>. In 2016, there were protests by disgruntled youth from the Sokhulu and Mbuyazi communities, which host the RBM smelter and comprise part of the Zulti South mine<sup>8</sup>. They blocked roads and forced a series of mine shutdowns. Following protracted negotiations, RBM signed a procurement principles agreement for the Zulti South project with the four traditional host authorities - Mbonambi, Sokhulu, Mkhwanazi and Dube. The agreement is an outcome of a multi-stakeholder process and discussions to address the communities' concerns.

The Defy facility upgrade faced challenges around physical space constraints in which to expand production, and the age of the infrastructure and buildings. These constraints presented engineering challenges for the firm.

### **Credibility classification**

FDI pledges are subject to frequently changing plans and may not happen in the form initially announced. For this reason, the FDI Tracker assigns a subjective measure of credibility to each project, based on the standard described below.

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<sup>7</sup> See [https://www.riotinto.com/documents/2014\\_RBM\\_Sustainable\\_Development\\_Report\\_En.pdf](https://www.riotinto.com/documents/2014_RBM_Sustainable_Development_Report_En.pdf)

<sup>8</sup> See <https://www.fin24.com/Economy/rbm-gets-closer-to-extending-its-operations-20170402-2>

**Table 3: Classification of project by credibility of investment pledge**

Grading	Explanation
<b>Commitment</b>	Project has been announced, but the plan lacks details (such as company commitment or clear development plan) or is too early to be substantive.
<b>Potential</b>	Project has been announced, shows possibility for future development and the company has a strong track record, but the plan lacks some details or there are doubts on specific aspects of the announcement.
<b>Likely</b>	Project has been announced, and is highly credible, often with plans that are partially in progress, such as completed feasibility studies or regulatory approval.
<b>Construction/implementation</b>	Projects that are underway. Figures will be updated to reflect changes to the project during the construction/implementation period.
<b>Cancelled</b>	The project is no longer moving ahead.

**Table 4: Project credibility grading**

Project	Credibility
<b>Accor hotels expansion</b>	Commitment
<b>Zulti South Mine</b>	Likely
<b>Canopy by Hilton Introduction</b>	Likely
<b>GoDaddy Services Expansion</b>	Complete
<b>Nissan Rosslyn Plant Investment-Navara</b>	Likely
<b>Defy Jacobs factory upgrade</b>	Complete
<b>Defy facilities upgrades</b>	Potential
<b>BMW Midrand Campus</b>	Complete
<b>Kathu Solar Park</b>	Complete
<b>Lufthansa Maintenance Facility (Johannesburg)</b>	Complete
<b>Jaguar Land Rover EXPERIENCE centre</b>	Complete
<b>Oracle Headquarters</b>	Complete
<b>WeWork Expansion</b>	Construction/Implementation
<b>Cisco Edge Incubation Centre</b>	Complete
<b>Zero-2-One Tower</b>	Potential
<b>Galaxy Mine Refurbishment</b>	Construction/Implementation

The credibility grading of projects added or updated during Q2, 2019 is in Table 4. Permit approvals are pending before the construction of Zulti South can commence; however, the project will sustain the operations of an existing mine and with sufficient project details and a track record in the country the project is considered likely. Nissan's investment and the Canopy by Hilton project are also classified as likely. Adequate detail on the investments has been provided and in the case of the Hilton investment, plans are partially underway with the appointment of architects for the project. Furthermore, the companies are well established in the country. The Zero-2-One Tower is classified as potential having had delays since the project was initially announced in 2016. The project has since secured funding from foreign investors that allows the project to move forward, however, the project is also waiting for approvals from SARB. New timelines have been set for the rollout of the project pending approvals. The Accor hospitality investment is graded as a commitment because details are lacking. The company has reported the number of hotels they plan to build, however, information such as the locations for the hotels or the planned investment value for South Africa have not yet been shared.

## Investment Profiles, Q2 2019

<b>Accor hotels expansion</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Unspecified
<b>Project location: City/Town</b>	Unspecified
<b>Investor firms</b>	AccorHotels
<b>Investor country</b>	France
<b>Investor city</b>	Issy-les-Moulineaux
<b>Indicative start date</b>	April 2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Announced
<b>Project type</b>	Expansion
<b>Project industry</b>	Services
<b>Project sector</b>	Hospitality
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic, regional and international
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	The expansion is being funded through a US\$1 billion investment fund with Katara Hospitality based in Qatar. The fund will invest in 40 hotels as Accor expands from the 114 hotels it operates in Africa under brands including Ibis, Novotel and Pullman. Accor is expanding its presence in Africa with 60 new hotels. South Africa is one of the target markets for the expansion. Accor plans to open three hotels in the country by 2020. The total value of the Africa investment is US\$1 billion, while the value of the company's investment for South Africa is not disclosed.
<b>Motivation</b>	The investment is part of the company's growth plan in Africa of which South Africa is one of the key markets. It is looking for new opportunities in other cities, with the majority of hotels in North Africa at present.

<b>Zulti South mine</b>	
<b>Invest value</b>	US\$463 million
<b>Invest Rand value</b>	R6.5 billion
<b>Project location: Province</b>	KwaZulu-Natal
<b>Project location: City/Town</b>	Richards Bay
<b>Investor firms</b>	Rio Tinto
<b>Investor country</b>	United Kingdom
<b>Investor city</b>	London
<b>Indicative start date</b>	April 2019
<b>Indicative end date</b>	2021
<b>Project phase</b>	Announced
<b>Project type</b>	Brownfield
<b>Project industry</b>	Mining
<b>Project sector</b>	Mining of metal ores
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Traditional authorities, host communities Mbonambi, Sokhulu, Mkhwanazi and Dube. DMR, local and provincial authorities.
<b>Target market</b>	Domestic, regional and international
<b>Social Development Programme</b>	Local procurement
<b>Project description</b>	The investment is intended to sustain the capacity of subsidiary operation, RBM, and also extend its mine life. Zulti South mine would maintain the output of zircon and rutile, and provide ore to support titanium dioxide sales. Construction is scheduled to start mid-2019, provided that the necessary permits are granted.
<b>Motivation</b>	Sustain RBM's current capacity and extend its mine life.

<b>Canopy by Hilton introduction</b>	
<b>Invest value</b>	Not Reported
<b>Invest Rand value</b>	R550 million
<b>Project location: Province</b>	Western Cape
<b>Project location: City/Town</b>	Cape Town
<b>Investor firms</b>	Hilton Worldwide Holdings
<b>Investor country</b>	United States of America
<b>Investor city</b>	McLean
<b>Indicative start date</b>	May 2019
<b>Indicative end date</b>	2021
<b>Project phase</b>	Announced
<b>Project type</b>	Greenfield
<b>Project industry</b>	Services
<b>Project sector</b>	Hospitality
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Hospitality company Hilton in collaboration with Growthpoint Point properties are to open a R550 million hotel under the Canopy by Hilton brand in Cape Town Longkloof. The project forms part of a precinct redevelopment by Growthpoint. This is the third brand Hilton is establishing in Cape Town and the first hotel under this brand in Africa. They expect to start operating in 2021.
<b>Motivation</b>	Market expansion

<b>GoDaddy services expansion</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Not reported
<b>Project location: City/Town</b>	Not reported
<b>Investor firms</b>	GoDaddy Inc.
<b>Investor country</b>	United States of America
<b>Investor city</b>	Scottsdale
<b>Indicative start date</b>	Feb 2019
<b>Indicative end date</b>	Not reported
<b>Project phase</b>	Announced
<b>Project type</b>	Expansion
<b>Project industry</b>	Services
<b>Project sector</b>	Information Communications Technology
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Skills development
<b>Project description</b>	GoDaddy is an internet domain registrar and web hosting company which will be expanding its presence to South Africa, officially entering the domestic market. It plans to deliver online tools and solutions relevant to the local market for entrepreneurs and small businesses.
<b>Motivation</b>	Part of the company's expansion strategy.

<b>Nissan Rosslyn plant investment – Navara</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R3 billion
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Pretoria
<b>Investor firms</b>	Nissan South Africa
<b>Investor country</b>	Japan
<b>Investor city</b>	Yokohama
<b>Indicative start date</b>	April 2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Announced
<b>Project type</b>	Upgrade
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Automotive
<b>Permanent jobs</b>	400
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Trade and Industry (the dti) – Automotive Production and Development Programme (APDP)
<b>Target market</b>	Domestic, regional and international
<b>Social Development Programme</b>	Supplier development and skills development in partnership with the Automotive Industry Development Centre (AIDC) and Gauteng Growth and Development Agency (GGDA).
<b>Project description</b>	Nissan is upgrading the Rosslyn plant in preparation for the manufacture of the Navara pick-up. This will include an updated 2020 model of the Navara single cab, double cab and cab-and-a-half. Assembly will start in November 2020.
<b>Motivation</b>	Increase production capacity for the introduction of a new vehicle model to be manufactured in South Africa for local and international markets.

<b>Defy Jacobs factory upgrade</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R121 million
<b>Project location: Province</b>	KwaZulu-Natal
<b>Project location: City/Town</b>	Jacobs
<b>Investor firms</b>	Arcelik – Defy Appliances
<b>Investor country</b>	Turkey
<b>Investor city</b>	Istanbul
<b>Indicative start date</b>	May 2018
<b>Indicative end date</b>	April 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Upgrade
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Household appliances
<b>Permanent jobs</b>	75
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Trade and Industry (the dti)
<b>Target market</b>	Domestic, regional and international
<b>Social Development Programme</b>	Localisation, skills development and supplier development
<b>Project description</b>	Defy upgraded the facility to produce top loader washing machines. The automated plant is designed to manufacture 1 000 6 kg, 7.5 kg and 10 kg washing machines per shift. Defy plans to export at least half of its production from the plant. Upgrades include the transformation of a parking area to house new metal presses and the 70-year-old building that contains the assembly plant was raised by five metres and had a second level installed to accommodate the 110 metre long production line.
<b>Motivation</b>	Introduce new product to South African and regional markets, establish South Africa as headquarters for Sub-Saharan Africa operations, and a manufacturing base for exports.



<b>Defy facilities upgrades</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R1.2 billion
<b>Project location: Province</b>	Not reported
<b>Project location: City/Town</b>	Unspecified
<b>Investor firms</b>	Arcelik – Defy Appliances
<b>Investor country</b>	Turkey
<b>Investor city</b>	Istanbul
<b>Indicative start date</b>	April 2019
<b>Indicative end date</b>	2026
<b>Project phase</b>	Announced
<b>Project type</b>	Upgrade
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Household appliances
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Trade and Industry (the dti) – facilitation; Transnet-lease agreement
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Defy plans further investments in its South Africa operations. The company has three factories in South Africa: Jacobs (Durban), Ezakheni (Ladysmith) and East London. In addition, it has sales and service centres in major provinces. It has been indicated that R200 million will be spent in 2019, and by 2020 plans to expand output include new cooking products such as 60 cm built-in ovens and a new free-standing stove. Future investment is expected to include the construction of a warehousing facility in Ladysmith, for which a lease with Transnet was signed. Defy plans to continue refurbishing the plant in Jacobs with upgrades of production lines that produce cooking appliances and tumble driers.
<b>Motivation</b>	Expanding operations and increasing product offerings.

<b>BMW Midrand Campus</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R260 million
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Midrand
<b>Investor firms</b>	BMW South Africa
<b>Investor country</b>	Germany
<b>Investor city</b>	Munich
<b>Indicative start date</b>	2017
<b>Indicative end date</b>	Apr 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Services
<b>Project sector</b>	Automotive
<b>Permanent jobs</b>	866
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Manufacturing, Engineering and Related Services Sector Training Authority (MerSETA)
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Skills development, employee training.
<b>Project description</b>	BMW South Africa has opened a campus in Midrand. In addition to office space for another 500 employees, the campus now includes BMW's head office and financial services, a R109 million, 5 500 square metres technical and non-technical dealer training facility. In addition to training on all BMW Group brands for the dealership network, it offers an Apprentice Training Programme that is aligned to the Manufacturing, Engineering and Related Services Sector Education Training Authority (MerSETA). The centre can host 220 training delegates a day and has 17 lecture rooms.
<b>Motivation</b>	Efficiency by having key facilities in one location and building capabilities of employees through internal training facilities. The investment is part of BMW's deepening investment drive.

<b>Kathu Solar Park</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R12 billion
<b>Project location: Province</b>	Northern Cape
<b>Project location: City/Town</b>	Kathu
<b>Investor firms</b>	Engie
<b>Investor country</b>	France
<b>Investor city</b>	La Défense
<b>Indicative start date</b>	May 2016
<b>Indicative end date</b>	May 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Utilities
<b>Project sector</b>	Electricity supply
<b>Permanent jobs</b>	81
<b>Temporary jobs</b>	1 700
<b>Government partnership</b>	Department of Energy and Eskom (REIPPP and 20 year Power Purchase Agreement)
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Skills development, community ownership, Broad-Based Black Economic Empowerment (B-BBEE).
<b>Project description</b>	Kathu is a 100 MW concentrated solar park that uses parabolic trough technology equipped with a molten salt storage system. It has eight solar fields with mirrors that reflect sunlight into tubes and allows for 4.5 hours of thermal energy storage to provide electricity in the absence of solar radiation. The solar park is Engie's sixth CSP plant in South Africa.
<b>Motivation</b>	Participation in the Renewable Energy Independent Power Producer Programme (REIPPP)

<b>Lufthansa maintenance facility (Johannesburg)</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Kempton Park
<b>Investor firms</b>	Lufthansa Technik Maintenance International (LTMI)
<b>Investor country</b>	Germany
<b>Investor city</b>	Cologne
<b>Indicative start date</b>	2017
<b>Indicative end date</b>	May 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Transport
<b>Project sector</b>	Operation of airports, flying fields and air navigation facilities
<b>Permanent jobs</b>	120
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Airports Company South Africa (ACSA)
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Skills development, technology transfer
<b>Project description</b>	The facilities will provide line maintenance for Comair which operates the British Airways brand in South Africa and the Kulula low-cost airline. The investment will come with a new maintenance methodology to South Africa. This is LTMI's first such facility in South Africa. It has plans to set up a second facility in Cape Town.
<b>Motivation</b>	New market entry

<b>Jaguar Land Rover EXPERIENCE centre</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R100 million
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Lonehill
<b>Investor firms</b>	Jaguar Land Rover South Africa
<b>Investor country</b>	United Kingdom
<b>Investor city</b>	Coventry
<b>Indicative start date</b>	2016
<b>Indicative end date</b>	June 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Brownfield
<b>Project industry</b>	Services
<b>Project sector</b>	Automotive
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	The refurbished Jaguar Land Rover EXPERIENCE Johannesburg facility offers a range of driving activities and experiences on a variety of driving terrains. It also includes conference and event facilities. The centres concludes Jaguars most recent R1.3 billion investment drive.
<b>Motivation</b>	Increase services and retail offerings and capacity

<b>Oracle headquarters</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Woodmead
<b>Investor firms</b>	Oracle Corporation
<b>Investor country</b>	United States of America
<b>Investor city</b>	Redwood City
<b>Indicative start date</b>	2018
<b>Indicative end date</b>	April 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Services
<b>Project sector</b>	Information Communications Technology
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Oracle is a computer technology company. The new purpose-built facility is equipped with future proof technology to better support digital transformation of South African public and private sector entities. The building is designed to be energy efficient with the incorporation of technology that enables the active monitoring of energy, water and waste consumption.
<b>Motivation</b>	Improve productivity, efficiency and cost-effectiveness towards digital transformation

<b>WeWork expansion</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Western Cape
<b>Project location: City/Town</b>	Cape Town
<b>Investor firms</b>	WeWork
<b>Investor country</b>	United States of America
<b>Investor city</b>	New York
<b>Indicative start date</b>	2019
<b>Indicative end date</b>	2019
<b>Project phase</b>	Announced
<b>Project type</b>	Expansion
<b>Project industry</b>	Services
<b>Project sector</b>	Real estate activities
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	WeWork is a firm that provides workspace solutions for various types of companies. It is already established in Johannesburg, and Cape Town will be the company's second location.
<b>Motivation</b>	New market entry

<b>Cisco Edge Incubation Centre</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R10 million
<b>Project location: Province</b>	KwaZulu-Natal
<b>Project location: City/Town</b>	La Mercy
<b>Investor firms</b>	Cisco Systems
<b>Investor country</b>	United States of America
<b>Investor city</b>	San Jose
<b>Indicative start date</b>	2018
<b>Indicative end date</b>	April 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Services
<b>Project sector</b>	Information Communications Technology
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Dube Trade Port - Dube Trade Port Special Economic Zone
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Skills development
<b>Project description</b>	The Cisco Edge Incubation Centre is a smart building incorporating Cisco technology that offers business facilities and services, including workspaces, boardrooms, training facilities and broad-band connectivity. It was established with the aim of developing SMMEs and accelerating their entry into the digital marketplace. This is the second centre built in South Africa. The first was opened in Pretoria, and there are plans to establish additional hubs.
<b>Motivation</b>	Skills development



<b>Zero-2-One Tower</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R1.3 billion
<b>Project location: Province</b>	Western Cape
<b>Project location: City/Town</b>	Cape Town
<b>Investor firms</b>	FWJK and others
<b>Investor country</b>	Not reported
<b>Investor city</b>	Not reported
<b>Indicative start date</b>	2016
<b>Indicative end date</b>	Not reported
<b>Project phase</b>	Project-preparation
<b>Project type</b>	Greenfield
<b>Project industry</b>	Construction
<b>Project sector</b>	Real estate activities
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	3 000
<b>Government partnership</b>	South African Reserve Bank, City of Cape Town
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Property development company FWJK has secured funding to build the R1.3 billion Zero-2-One Tower in Cape Town following delays since the project was announced in 2016. The project has since been able to secure foreign investment for the project to commence. The Zero-2-One Tower will be the tallest building in Cape Town with 44 storeys. It will include 570 apartments, 7 000 square metres of retail shops on the ground level and station concourse level. Construction is expected to start in the next few months, pending approvals from the South African Reserve Bank.
<b>Motivation</b>	Not reported

<b>Galaxy mine refurbishment</b>	
<b>Invest value</b>	US\$5 million
<b>Invest Rand value</b>	R73 million
<b>Project location: Province</b>	Mpumalanga
<b>Project location: City/Town</b>	Barberton
<b>Investor firms</b>	Galane Gold
<b>Investor country</b>	Canada
<b>Investor city</b>	Toronto
<b>Indicative start date</b>	2016
<b>Indicative end date</b>	April 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Upgrade
<b>Project industry</b>	Mining
<b>Project sector</b>	Mining of metal ores
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Mineral Resources
<b>Target market</b>	Domestic and international
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Galane Golds is undertaking a phased restart of Galaxy gold mine, previously known as Agnes. The processing plant has been revamped and it has started commissioning the plant. In addition to the refurbishing the processing plant, phase 1 entails a further upgrade of the plant to 30 000 tons per month from the current 15 000 tons per month and increasing production to over 25 000 ounces per year of gold. The upgrades include a new jaw and cone crusher. Galane is also commencing work on a scoping study to double the size of the plant again to match the potential production it could achieve from its underground operations.
<b>Motivation</b>	Improving existing assets for efficiency and increased productivity and output.

<b>Nihilent user experience laboratory</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	Not reported
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Bryanston
<b>Investor firms</b>	Nihilent
<b>Investor country</b>	India
<b>Investor city</b>	Pune
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	April
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Services
<b>Project sector</b>	Information Communications Technology
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Technology transfer
<b>Project description</b>	The user experience (UX) lab compiles consumer data using a patented design thinking framework and analytical tools to identify cognitive and emotional triggers in assessing consumer experience. This is the first such lab Nihilent is establishing in South Africa. The lab is designed for use in developing products or services from conceptualisation to ensure it is an offering that consumers want.
<b>Motivation</b>	Market expansion

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## APPENDIX

**Table 5. Investment-related metrics used in the analysis**

<b>Metric</b>	<b>Source</b>	<b>Frequency</b>	<b>Latest series</b>	<b>Description</b>
Inward investment data	SARB	Quarterly	28 June 2019	Inward investment is composed of direct investments, portfolio investments, financial derivatives, and other investments.
Gross fixed capital formation	Stats SA	Quarterly	4 June 2019	GFCF is a component of GDP that groups transactions on the net acquisitions (acquisitions less disposals) of capital assets, both existing and new, by general government, private enterprises (i.e. private and quasi-corporations) and public corporations and in addition households and unincorporated enterprises.
Purchasing Managers Index (PMI)	ABSA/BER	Monthly	1 July 2019	The survey is conducted by way of questionnaires to a panel of purchasing managers in the manufacturing sector. The questionnaire consists of nine questions on the monthly changes in business conditions in the manufacturing sector. Respondents indicate qualitatively whether a particular activity has increased, decreased or remained unchanged.
Leading Indicator Index	SARB	Monthly	20 August	The leading indicator index aims to predict future economic activity. The index is based on job advertisements, building plans passed, interest rate spread, real M1 money supply, an index of commodity prices for export commodities, the composite leading business cycle indicator of South Africa's major trade partners, gross operating surplus as a percentage of GDP, the RMB/BER Business Confidence Index, the average number of hours worked per factory worker, the net balance of manufacturers observing an increase in the volume of domestic orders received, and the number of new passenger vehicles sold.