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[info@tips.org.za](mailto:info@tips.org.za)  
+27 12 433 9340  
[www.tips.org.za](http://www.tips.org.za)

**Foreign Direct Investment Tracker  
Quarter 3 2019**

**Report prepared for  
Department of Trade, Industry and Competition**

**Kelello Mashiane and Muhammed Patel**

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### **About the FDI Tracker**

*The FDI Tracker traces the foreign direct investments that are made in South Africa every quarter, based on publicly available and published data. This information is synthesised into a database and categorised across a number of important variables. These include investment values, project timeframes, number of jobs created, and the identity of the investor, among others. The Tracker also includes an analysis of the investment environment within the country, analysing key metrics of investment activity. Due to the sensitivity of private investment data, all variables cannot be publicly accessed, and when this is the case, the absence of data and assumptions are noted.*

*The FDI Tracker aims to assist policymakers and other relevant stakeholders in understanding the types of investments made each quarter. It also assists in assessing the extent to which pro-investment policies support actual investments. Extracting the barriers and constraints investors face indicates policy blockages that can be removed to improve the investment environment and hence economic growth.*

*New Investments refer to investments that were not previously captured in the database. The investment is dated from when it first appears in the database. Updated Projects refer to any substantial change in a project already profiled.*

*The new projects for the quarter are included as comprehensive profiles at the end of the report.*

## FDI Projects, Q3 2019

Monitoring for Quarter 3 of 2019 identified 16 new investment projects. Investment values were reported for 11 of these projects with a total of R10.2 billion for the quarter. Employment data was available for five projects with a total of 2 096 permanent jobs recorded. Two projects were updated this quarter: Ford Motor Company Southern Africa will be adding a third shift to the company's plant in Silverton and increasing the number of employees at the plant; and MSC Cruises South Africa will be starting construction of the Durban Cruise Terminal.



### New FDI projects

Amazon announced plans to expand its web services. The company will be opening an Africa Region in the first half of 2020 with headquarters in Cape Town. The addition of the Amazon Web Services (AWS), Africa Region will enable lower latency (the interval before a transfer of data begins following an instruction for its transfer) to end-users and make it possible for more organisations to leverage advanced technologies. These include artificial intelligence, internet of things (IoT) and mobile services. The new region will consist of three Availability Zones, isolated locations within a region of data centres where public cloud services originate and operate. The Africa Region will focus on providing services for Southern Africa and more broadly Africa. The announcement follows the 2018 launch of infrastructure points of presence in Cape Town and Johannesburg that bring Amazon CloudFront, Amazon Route 53, AWS Shield, and AWS WAF, a web application firewall, to the continent. The information technology and online retail company has been in the country since 2004 and, in addition to the regional hub investment, the company also announced that it would open an infrastructure region in South Africa. Amazon expects to add 118 jobs as the firm invests in expanding its web services in the region. The value of the investment was not reported.

United Kingdom-based alcoholic beverages company Diageo committed to investing a total of £180 million<sup>1</sup> (R3.3 billion) in renewable energy infrastructure for 11 breweries across Africa. The investment covers seven countries, including South Africa, where an investment of about £16 million pounds<sup>2</sup> (R310 million) is expected. The company has yet to indicate which facility in South Africa will be upgraded. One possible site is the Cider Plant in Gauteng. The project entails adding renewable energy and water recycling systems at the selected breweries to reduce the company's carbon footprint. Changes the company plans to implement include switching to solar energy, moving to biomass and implementing water recovery initiatives, therefore reducing water consumption (Bizcommunity, 2019; Diageo, 2019).

A new entrant to South Africa's automotive manufacturing industry is African start-up company Mureza, which announced plans to assemble vehicles in certain Southern African countries. The

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<sup>1</sup> Diageo is investing in 11 sites across its operations in Africa. South Africa is among the countries that will benefit from the investment; however, the company did not report individual allocation of funds by country or site location.

<sup>2</sup> Calculated based on the number of locations assuming the total £180 million value will be equally distributed between the locations.

company aims to replace imported vehicles with locally produced cars. The project is driven by a group of African investors from various countries, with the company's headquarters in South Africa. The first collection of vehicles will be produced through a joint venture with the SAIPA (Société Anonyme Iranienne de Production Automobile) Group, a vehicle company based in Iran. The joint venture entails a platform sharing arrangement and the supply of components with plans to design and manufacture vehicles locally in the future. Investors from the Arab United Emirates (UAE) further fund Mureza. The company plans to create 1 000 job opportunities with the establishment of company's first automotive manufacturing plant in Rosslyn. There are also plans to assemble semi-knocked down (SKD) vehicles in Zimbabwe and Botswana at a later stage. The first model to be manufactured is the Prim8, a crossover hatchback. Planned future models include a one-ton pick-up-truck, a half-ton pick-up-truck, sedan and a sport utility vehicle (SUV). The value of the investment was not reported.

In mining, Theta Gold Mines Limited (previously Stonewall) received a positive report on its feasibility study on the Theta gold project in Mpumalanga. Theta is an Australian mining company that plans to develop the previously-mined Theta mine for US\$35 million (R529 million) over the five-year mine life, with a nine months construction plan. Permitting approvals are underway. The project comprises the Browns Hill, Theta Hill and Iota gold resources, where two mining rights exist (Mining Review Africa, 2019; Theta Gold Mines, 2019). Due to lower capital expenditure compared to underground mining, the initial mining will be done as opencast mining with possible future plans of exploiting underground mining resources. Over the five-year period, the project is expected to produce more than 200 000 ounces (5 700 kgs) of gold. For the remainder of 2019, Theta Gold Mines will be planning the implementation of the project with the aim of being in production at the end of 2020.

Italian multinational energy company Enel, through subsidiary Enel Green Power RSA (EGP RSA), has started construction on two projects: the Garob wind farm and the Oyster Bay wind farm. The €200 million (R3.2 billion) Garob wind farm in the Northern Cape will be a 140 MW wind farm expected to produce 573 GWh annually, once fully operational. It will feature 46 wind turbines and Enel plans to use concrete towers built on site, instead of pre-fabricated steel towers. The Oyster Bay wind farm is being constructed in the Eastern Cape. The £180 million (R2.9 billion) project will also be a 140 MW wind farm, expected to generate around 568 GWh a year. It is due for completion in the second quarter of 2021. It will have 41 turbines and the firm plans to use methods, including advanced digital platforms and software solutions, to monitor and remotely support site activities, and the development of the wind parks. Both wind farms will be supported by a 20-year power supply agreement with Eskom, as part of government's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) fourth bid window, awarded in April 2015.

Renergen's US\$40 million (R606 million) Virginia gas project adds to utilities. The company is preparing to start construction and a drilling contractor was recently appointed. The project entails the exploration and production of an 187 000 hectare gas field. Renergen secured capital funding from the US-based Overseas Private Investment Corporation (OPIC) for the development of liquified natural gas (LNG) and helium production at Virginia Gas Project in the Free State (Engineering News, 2019d; Renergen, 2019). Approximately 50% of the funds will be used to procure helium and LNG liquefiers, with the remainder for the construction of the gas gathering network, plants and utilities. According to Renergen, natural gas at the Virginia project is unique because of a regenerative characteristic attributed to an ongoing microbial production of methane. Furthermore, the company's findings show levels of helium above global averages. The project will also include the construction of a commercial liquid helium plant in the Free State. It will be implemented in two phases. Phase one is expected to be complete by 2021 with capacity to produce an estimated 350 kg of helium a day. Phase

two is expected to come online between 2022 and 2033, and the company expects capacity to increase to between 1.2 tons and five tons a day.

Retailer Leroy Merlin provides home improvement products and services. The company is expanding in South Africa with a R1 billion investment, starting with four stores in locations across Gauteng. The first was opened in 2018 in Greenstone and the second in Little Falls (Engineering News, 2019b; South African Builder, 2019). Leroy Merlin plans to follow up with stores in Boksburg and Fourways. The company expects all the stores to be operational in 2020 and that this will create about 600 direct jobs and 200 indirect jobs. The company has plans to expand operations to other provinces after 2020.

The Radisson Hotel Group is opening the first Radisson Red hotel in Gauteng (second in South Africa) at the Oxford Parks Precinct mixed-use development. The hotel will be developed in partnership with Intaprop and future owners of the hotel, Botswana-based RDC Properties. The hotel will have 222 rooms, comprising standard studio apartments and suites (Business Live, 2019; MoneyWeb, 2019). It will include a conference room, meeting room and creative spaces. This will be the second Radisson Red hotel in South Africa. The first was in Cape Town (Business Live, 2019; MoneyWeb, 2019).

Beverage producer Heineken is in the process of improving its brewery in Sedibeng to expand the brewing capacity of the plant by 25% to meet growing domestic and regional demand for beer. The facility also exports to neighbouring countries such as Namibia and Botswana. The company expects production to grow from producing 5.3 million hectolitres to 7.5 million hectolitres of beverages a year by 2020, through a €60 million (R1 billion) expansion. A further expansion to eight million hectolitres a year by 2022 is also planned (Engineering News, 2019c; Fin24, 2019). Construction is expected to be completed in the first half of 2020. As part of Heineken's global sustainability strategy, plans are in place to reduce coal-fired electricity dependency through solar investments; increase local procurement of barley and apples; improve backward linkages in the local supply chain and grow local industries; and reduce water consumption from 3.5 litres of water per litre of beer produced to 2.8 litres of water per litre of beer produced, by 2030.

While the Theta gold project is in its early stages the other mining project added to the tracker this quarter came to completion. United Kingdom miner BlueRock Diamonds concluded upgrades at the Kareevlei diamond mine near Kimberly. Renovations entailed improvements to the crushing circuit and installing a larger cone crusher. The upgraded crushing circuit is expected to handle the anticipated increase in material flows. As volumes through the new crusher increase, the existing cone crusher will continue to operate and maintain production and build stockpiles of crushed ore. The value of the investment was not reported.

BFG Africa completed a R50 million facility in Ekurhuleni where it will manufacture and supply components made from composites including fiberglass. Establishing the plant resulted in about 120 jobs at the facility. (CompositesWorld, 2019; Engineering News, 2019f). The company is a subsidiary of BFG International, a diversified composites manufacturer based in Bahrain. The factory includes specialist presses and the production process comprises tooling, open contact moulding, resin-transfer moulding, painting, sheet moulding composite (SMC) material production and moulding, vacuum infusion, assembly and product integration. The facility spans 9 500 square metres, with room for expansion depending on BFG Africa securing orders in other target sectors such as mining and renewable energy. The subsidiary is a partnership with South African blacked-owned financial services group Mergence with a 51% share in the company. The plant is set to manufacture fibreglass components for the Passenger Rail Agency of South Africa's (PRASA's) new trains. Beyond this supply contract, the facility is built to increase production for the renewable-energy, mining, transport and automotive sectors.

Also contributing to the services industry, logistics and transportation company Tigers South Africa opened an e-commerce centre at its warehouse in Gauteng, in anticipation of online retail growth. The company is a subsidiary of Hong Kong-based Tigers Logistics. The global logistics company specialises in providing supply chain solutions, e-fulfillment and transportation enabled by technology. The Johannesburg facility has been equipped with ScanPak, an application that allows staff to conduct scan checks while packing shipments and create waybills for packages and makes it easier to undertake the additional work required. The company will also introduce ScanPak in Cape Town. The value of the investment was not reported.

Swiss specialty chemicals company Clariant AG has officially launched a new centre of excellence in Johannesburg to provide speciality services to the mining. Clariant has four focus areas: care chemicals, catalysis, natural resources, and plastics and coatings. The infrastructure includes laboratories where services provided will comprise metallurgical test work, chemical filtration and separation solutions for mining companies. The value of the investment was not reported.

Another manufacturing project completed this quarter is the R135 million Aberdare Cables factory in Port Elizabeth, which resulted in about 58 permanent jobs. The investment will enable the plant to manufacture high voltage cables. The new product portfolio will include a cable offering of up to 132 kV, from the current level of 33kV (Aberdare, 2019; Engineering News, 2019e). Aberdare Cables will be the second company in South Africa to manufacture high-voltage cables locally. Aberdare is a subsidiary of the Hengtong Group, and the China-based parent company has indicated plans to invest further in South Africa including upgrades to equipment. Aberdare Cables has been operating for 72 years, it was acquired by the Hengtong Group in 2016 and it has three manufacturing sites in South Africa.

South African Breweries (SAB) opened an agricultural research and development centre in Caledon in the Western Cape with a R80 million investment. The facility will focus on emerging black farmers and pilot new farming techniques, technologies and crops varieties to accelerate agricultural development in South Africa (IOL, 2019; SAB, 2019). Facilities include micro-breweries, a malting plant and laboratory where participants will be testing new agricultural practices. The facility is part of a R610 million agriculture investment over five years and is part of SAB's R1 billion public interest investment, following SAB's merger with AB Inbev in 2016.

## Updates

Ford Motor Company Southern Africa (FMCSA) will be adding a third shift to the car manufacturers' plant in Silverton, Pretoria – a culmination of a R3 billion investment to upgrade the facility. This has resulted in the company adding 1 200 new employees to FMCSA's workforce from August 2019. The third shift will allow FMCSA to ramp up production from 506 to 720 vehicle units assembled a day. The investment was announced in 2017, followed by the start of the production of the Raptor in early 2019.

MSC Cruises South Africa – a subsidiary of Switzerland-based Mediterranean Shipping Company (MSC) Group – will start constructing the Durban Cruise Terminal at the Durban Port in November 2020. MSC plans to invest US\$2.8 million (R200 million). Transnet National Ports Authority granted KwaZulu Cruise Terminal Consortium (KCT), a joint venture led by MSC Cruises, a 25-year concession to finance construct, operate, maintain and transfer a new terminal facility. The terminal will be a multi-user facility with MSC as the primary user. It will also house the MSC Shosholozha Ocean Academy. KCT was announced as the preferred bidder in 2017, and the project is due for completion in 2021.

## FDI Trends, Q3 2019

### Investment values

Four projects contributed about 80% (R8.1 billion) of the investment value. The two largest projects by value related to the renewable energy wind farm investments by Enel Green Power RSA. These two projects, Garob (R3.2 billion) and Oyster Bay (2.9 billion), were awarded to Enel in the fourth round of the REIPPPP, and are among five projects that Enel was awarded (Enel Green Power, 2019; Engineering News, 2019a). These two projects alone account for 60% of the total reported investment value recorded in the third quarter.

The next two largest investments, both for R1 billion, were by Leroy Merlin and Heineken: Leroy Merlin for the expansion of its footprint of home improvement retail stores to four stores by 2020, and Heineken for the expansion of its beer production operations at the Sedibeng brewery.

Seven smaller projects, for which investment values were captured, made up 20% (R2.1 billion) of the total pledged investment value. Of the smaller projects, two exceeded half a million Rand. The largest was the Theta Gold Mine development with facilities to be constructed for the Browns Hill, Theta Hill and Iota gold resources. The second is the Renergen's Virginia Gas Project in the Free State. The other five were under the half a million Rand mark. These included the projects by RDC Properties for the Radisson Hotel's Red Hotel in Rosebank, Johannesburg, Diageo for its renewable energy infrastructure development for 11 breweries across Africa including in South Africa, Aberdare Cables for its Port Elizabeth plant to manufacture high-voltage cables locally, SAB for its agriculture research and development facility in Caledon in the Western Cape, and BFG Africa for its manufacturing plant in Ekurhuleni. The investments for SAB and BFG Africa were under R100 million.

Five projects did not report the investment value: Mureza Auto Company, Amazon, BlueRock Diamonds, Tigers South Africa and Clariant AG.

### Investment stages

An analysis of projects by investment stage, indicated five projects undergoing construction, three newly announced projects and six projects completed in this quarter. One project was at the project-preparation stage, and one project was at the feasibility stage. Enel's two wind projects had the highest investment value from projects undergoing construction with a combined total of R6.1 billion. Of the three projects that were announced, the only project with a reported value was Diageo's R300 million investment. Renergen's gas project was the only investment at project-preparation stage and the Theta gold project was the only project at the feasibility stage this quarter. The total investment value for projects completed this quarter is from three projects: BFG Africa's R50 million composites manufacturing facility, Aberdare's R135 million high voltage cable manufacturing facility and SAB's R80 million agricultural research and development centre.

**Table 1: Investment stages**

Stage	Value (R billion)	Number
Construction	8.5	5
Announced	0.3	3
Project-preparation	0.6	1
Feasibility	0.6	1
Complete	0.3	6
<b>Total</b>	<b>10.2</b>	<b>16</b>

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



## Investment type

Differentiating projects by investment type revealed that, similar to the previous two quarters, greenfield investments dominated both the pledged investment value and number of projects (see Table 2). Greenfield investments were led by the R3.2 billion Garob wind farm project and the R2.9 billion Oyster Bay wind farm project. The total investment by all other greenfield projects combined was R1.2 billion. These smaller greenfield investments consisted of the Renergen gas project (R583 million), the Radisson Red Hotel (R358 million), the Aberdare Cables manufacturing facility (R135 million), the SAB centre of excellence (R80 million), and the BFG composites manufacturing plant (R50 million). The three upgrade projects are Diageo’s R310 million sustainability infrastructure investment, Tigers South Africa’s e-commerce centre and BlueRock Diamond’s Kareevlei diamond mine investment. Of the three expansion projects captured, Heineken and Leroy Merlin’s projects made up the R2 billion pledged investment value. Brownfield projects had the lowest investment value and number of projects recorded this quarter. These investments include the R592 million Theta Gold mine project and the newly established Mureza vehicle assembly investment.

**Table 2: Investment type**

Type	Value (R billion)	Number
<b>Greenfield</b>	7.3	8
<b>Upgrade</b>	0.3	3
<b>Expansion</b>	2	3
<b>Brownfield</b>	0.6	2
<b>Total</b>	<b>10.2</b>	<b>16</b>

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

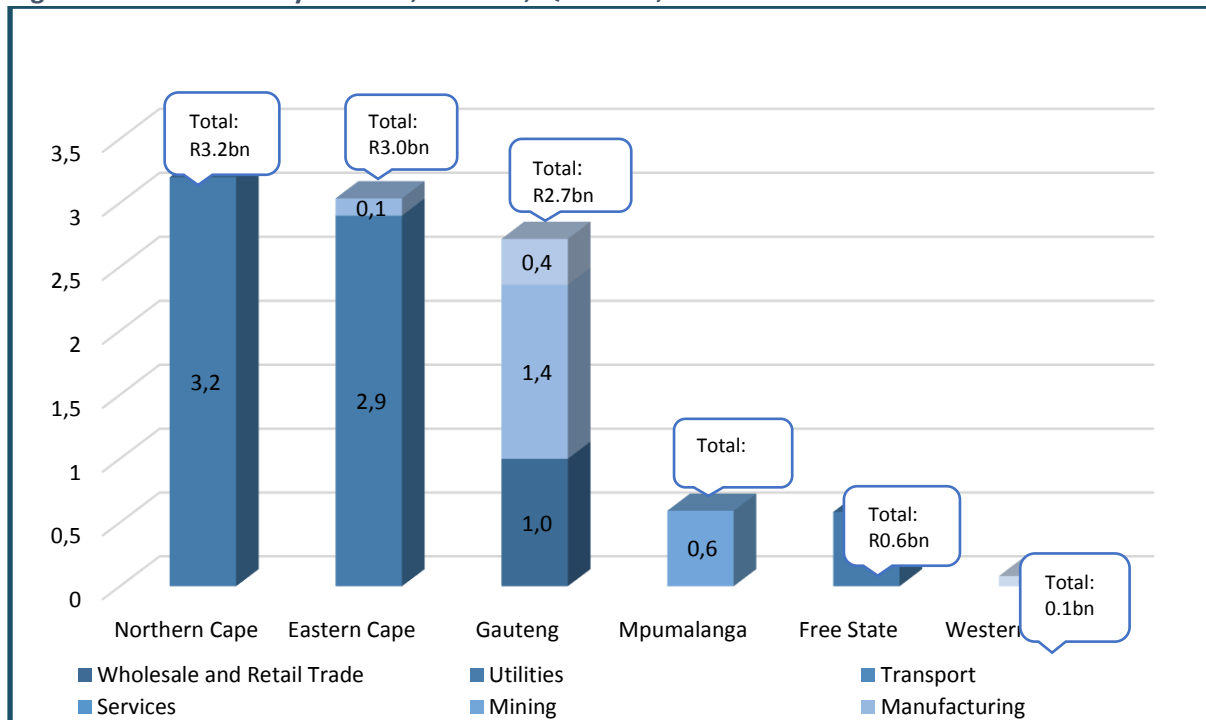
## Investment by location and industry

Figure 1 distinguishes investment projects by location and industry. The Northern Cape had the highest investment value through Enel’s Garob wind farm project in utilities. It is followed by the Eastern Cape with the second highest pledged investment value of R3 billion from two projects – the R2.9 billion Oyster Bay wind farm (utilities) and Aberdare Cables’ R135 million high voltage cables plant (manufacturing).

Gauteng province had the highest number of investment projects. Eight projects were identified with five projects reporting a total R2.7 billion investment. Manufacturing investments dominated in the province in the third quarter, accounting for R1.3 billion. These manufacturing investments included the R1 billion Heineken production capacity investment, Diageo’s R310 million<sup>3</sup> sustainability investment, BFG Africa’s R50 million composites plant and the Mureza automotive investment (unreported value). Retail investments followed manufacturing in Gauteng, with the entire sector’s contribution accounted for by Leroy Merlin’s R1 billion investment into increasing its retail store footprint. Gauteng further recorded two projects – the R358 million Raddisson Red Hotel development and Clariant’s centre of excellence (unreported value). Tigers e-commerce centre investment (unreported value) contributed to transport in the province. Both the Free State and Mpumalanga provinces recorded one project each in the third quarter. In the Free State, Renergen’s R606 million gas project contributed to utilities investment. Mpumalanga’s third quarter investment was made up exclusively of Theta Gold’s R592 million investment into the Theta mine.

Three projects were identified in the Western Cape. SAB’s R80 million agricultural research and development centre investment was the only project with a reported investment value. The Western Cape had the smallest recorded investment value in the third quarter. The lack of investment value data for two of the three projects is indicative of a likely underestimation of investment activity in the province. The unreported projects were Amazon’s investment into increasing its web services and BlueRock Diamond’s Kareevlei mine.

**Figure 1: Value of FDI by location, R billion, Quarter 3, 2019**



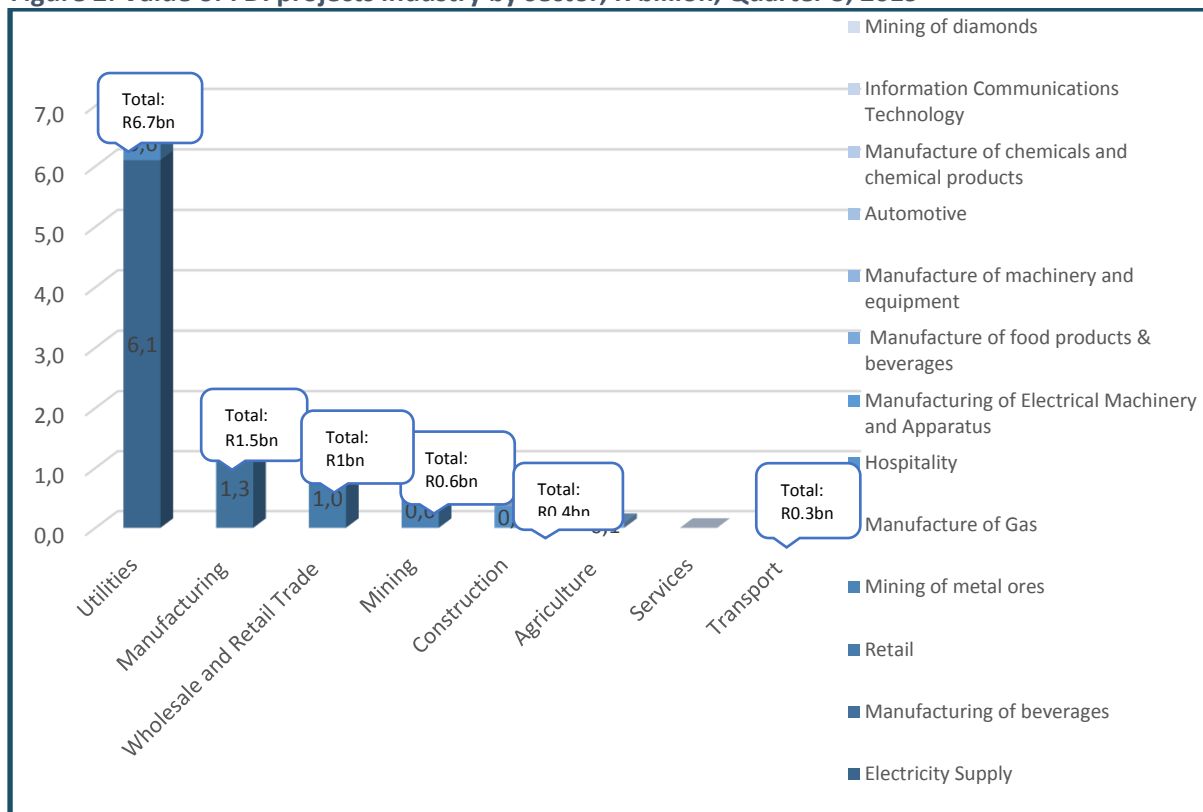
Source: TIPS FDI Tracker project data

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

Figure 2 distinguishes projects by subsector within their respective industries. Greater variation in subsectoral investment activity was observed in the third quarter compared to the second quarter. Investment activity was spread across 13 subsectors this quarter, compared to six in the second quarter of 2019.

Utilities had the highest investment with the two wind energy investments by Enel Green Power. Renegen’s gas project further contributed R606 million to the pledged investment value in utilities. Manufacturing had the second highest investment value and number of projects with five investments divided across four sub-sectors. Manufacture of beverages constitutes the bulk the investment value in manufacturing with a total of R1.3 billion pledged by Diageo and Heineken for their respective projects. Other subsectors that contributed to manufacturing were automotives (Mureza), electrical machinery and apparatus (Aberdare) and machinery and equipment (BFG Africa).

**Figure 2: Value of FDI projects industry by sector, R billion, Quarter 3, 2019**



Source: TIPS FDI Tracker project data

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

One project in wholesale and retail trade was recorded with Leroy Merlin establishing retail stores in South Africa. Amazon’s investment is the only services investment, while Tigers South Africa’s e-commerce facility was identified in the transport industry. Neither of these projects reported investment values. The mining industry recorded two investments – the Theta Gold project and the Kareevlei mine upgrade. Two projects were recorded in construction – the Radisson Red hotel development and Clariant’s centre of excellence. The only investment in agriculture recorded was SAB’s agricultural research centre.

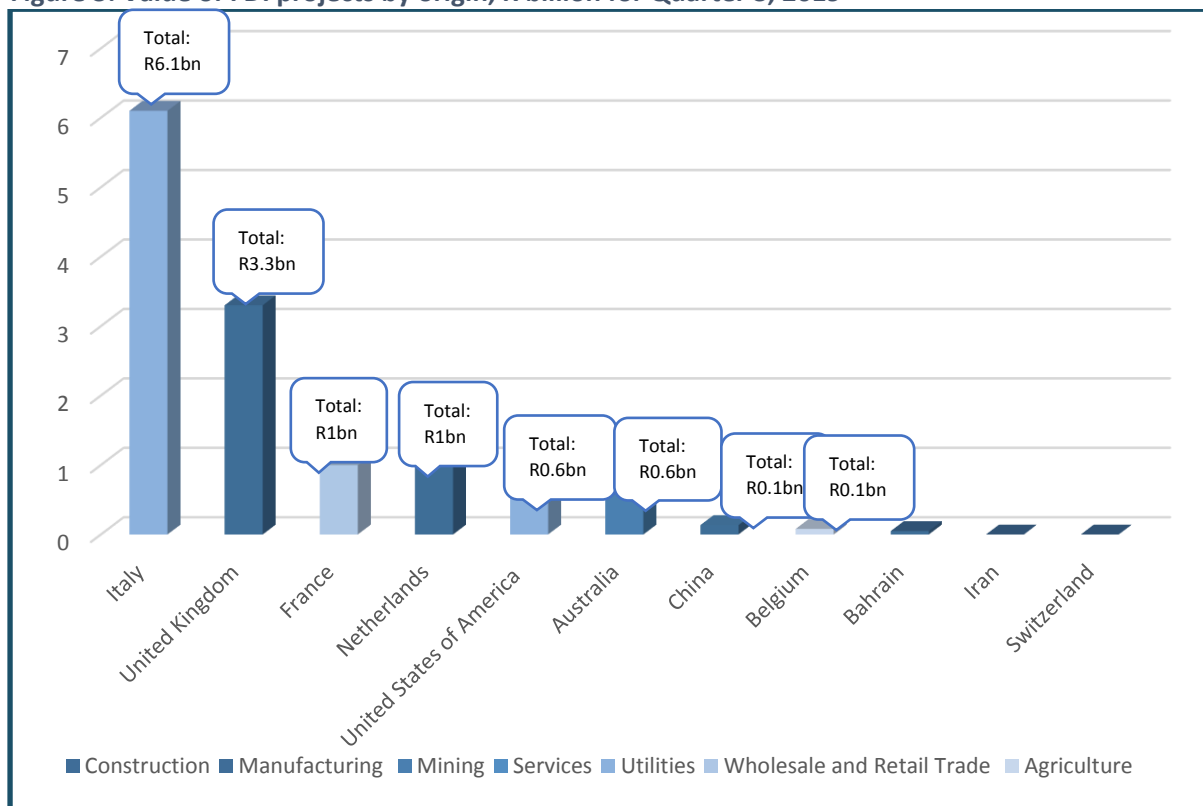
### Investment by country of origin

Figure 3 distinguishes investments by country of origin. Similar to the previous quarter, European countries lead investment projects with eight projects from six countries. The highest investment value is from Italy, based on Enel’s two wind energy projects have a total value of R6.1 billion. This is followed by France-based Leroy Merlin’s retail expansion worth R1 billion. Netherlands also invested R1 billion through the Heineken investment. Other European countries that feature this quarter are the United Kingdom (R310 million from Diageo’s investment), Belgium (R80 million from SAB’s investment), and Switzerland (unreported value from Clariant’s investment). There were three projects from the United States with R964 million pledged investment value. These include Renergen<sup>4</sup> gas project, Raddison’s Red Hotel, and Amazon Africa’s expansion. Australia recorded one investment through Theta Gold’s Kareevlei mine development. Aberdare’s R135 million manufacturing plant and Tigers South Africa’s e-commerce centre (unreported value) cover investment from China. Total

<sup>4</sup> While Renergen is a South African company, the gas project is being funded by the US government’s Overseas Private Investment Corporation (OPIC).

investments of R50 million from the Middle East also featured this quarter, represented by Bahrain and Iran. BFG Africa’s R50 million composites manufacturing facility represents Bahrain’s investment and Mureza’s vehicle assembly plant constitutes Iran’s<sup>5</sup> investment.

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



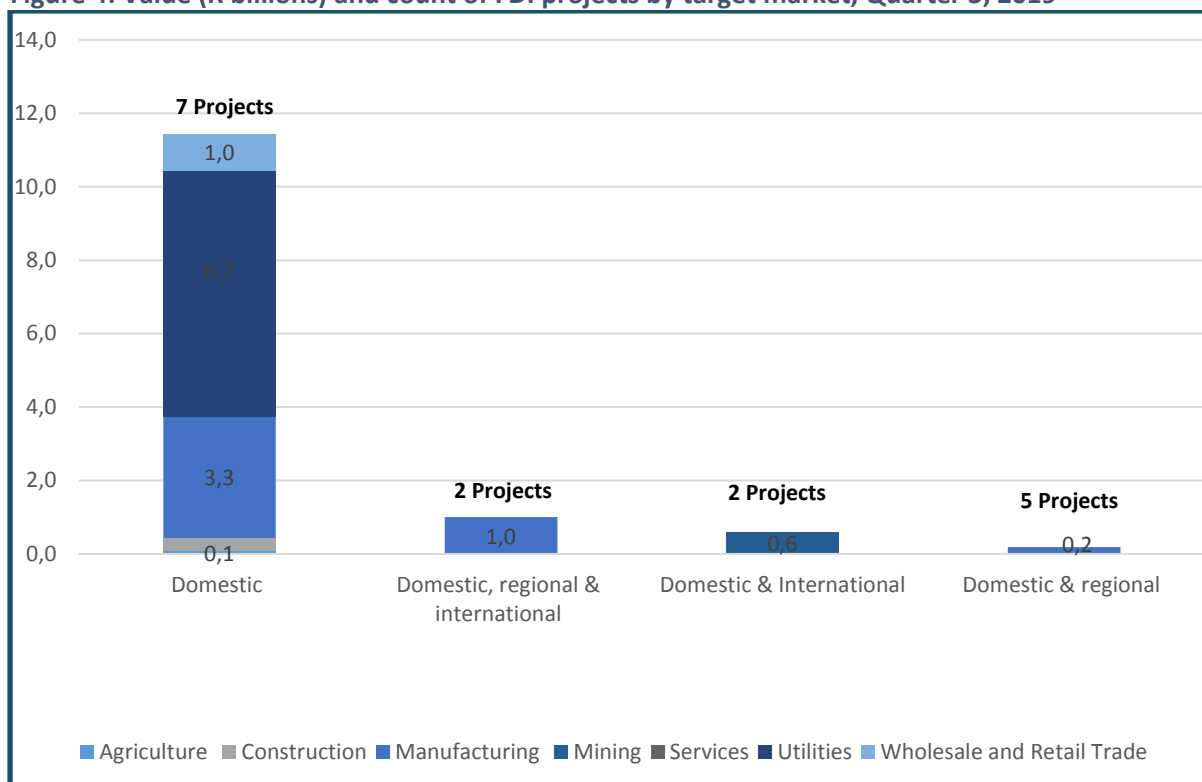
Source: TIPS FDI Tracker project data

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

In terms of distribution of investments by target market, R7.8 billion of investments out of the total of R10.2 billion (seven out of 16 projects) exclusively target the domestic market this quarter. This domestic market focus was also observed in quarters one and two of 2019. Projects with an exclusively domestic focus covered several sectors including agriculture, manufacturing, utilities and construction. Investments in these sectors comprise Enel’s wind farms (R6.1 billion), Radisson’s Red Hotel development (R358 million), SAB’s agricultural research centre (R80 million), and Diageo’s sustainability project (unreported value). Investment projects which target domestic, regional and international markets accounted for R1.6 billion out of the total of R10.2 billion (two out of 16 projects). This was composed of Heineken’s Sedibeng expansion (R1 billion) and Renergen’s gas project (R583 million). A domestic and international market focus was observed in the mining investments of the Theta gold mine project (R529 million) and Kareevlei mine upgrade (unreported value). There were five investments targeting the domestic and regional market, out of which only two had investment values. These investments were Aberdare’s R 135 million cable manufacturing plant and BFG Africa’s R50 million composites manufacturing facility.

<sup>5</sup> Mureza’s headquarters are in South Africa, the project is being implemented through funding from investors in the United Arab Emirates and a joint venture with the Iran based car manufacturer, SAIPA Group. For purposes of the tracker the country of origin is designated as Iran because it is clear who the specific partner is and in the case of the UAE the particular investors have not been identified.

**Figure 4: Value (R billions) and count of FDI projects by target market, Quarter 3, 2019**



Source: TIPS FDI Tracker project data

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

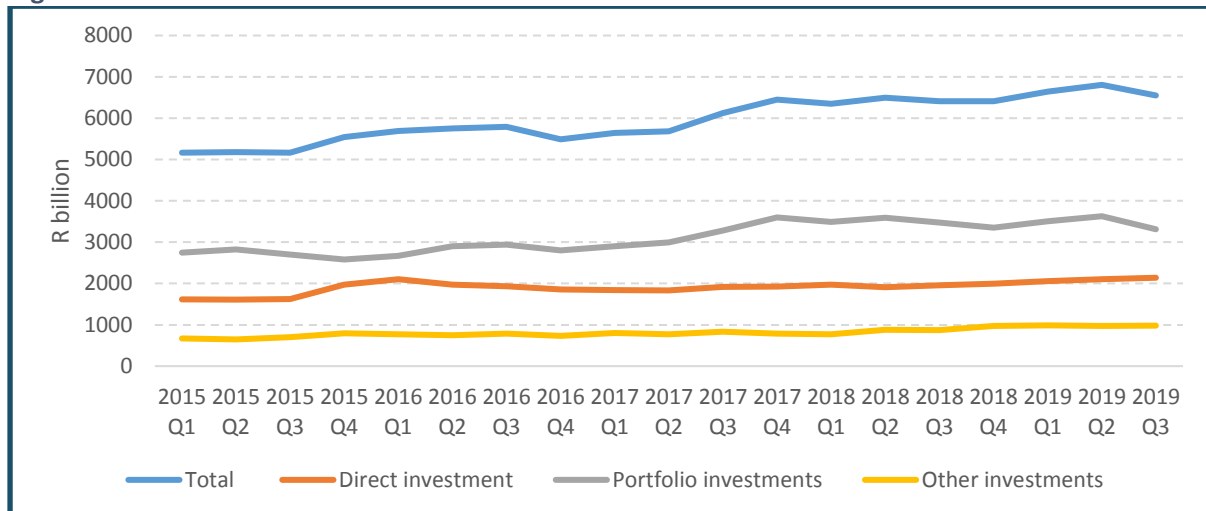
### Investment environment

A recent addition to the FDI Tracker is the analysis of the domestic investment environment. This provides insight into the general environment in which investments are being made. This analysis is important for a number of reasons. Metrics that measure investment indicate the extent to which pledged investments materialise into actual investments. Analysing the investment environment also 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. 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 Summits held at the end of 2018 and 2019, it is important from a policy point of view to monitor whether the pledges made 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 total market value of South Africa’s inward investment decreased from a revised R6 806 billion at the end of June 2019 to R6 552 billion at the end of September 2019, a decline of 3.7% between the second and third quarters. Declines in portfolio investments drove the decline in total investment in the third quarter with direct investment and other investments increasing marginally. The decline in total investment followed an increase in total investment of 2.4% between the first and second

quarters of 2019. Direct investment<sup>6</sup> as measured by the South African Reserve Bank (SARB) increased from R2 106 billion to R2 309 billion between the second quarter of 2019 and the third quarter, representing a modest increase of 2%. This rise was driven by an increase in debt financing (SARB, 2019b). Compared to the third quarter of 2018, direct investment was about 9% higher than the year before. Taking a longer-term view, direct investment has been increasing since mid-2018 to R2 139 billion, breaching the closest historical high of R2 101 billion in the first quarter of 2016.

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



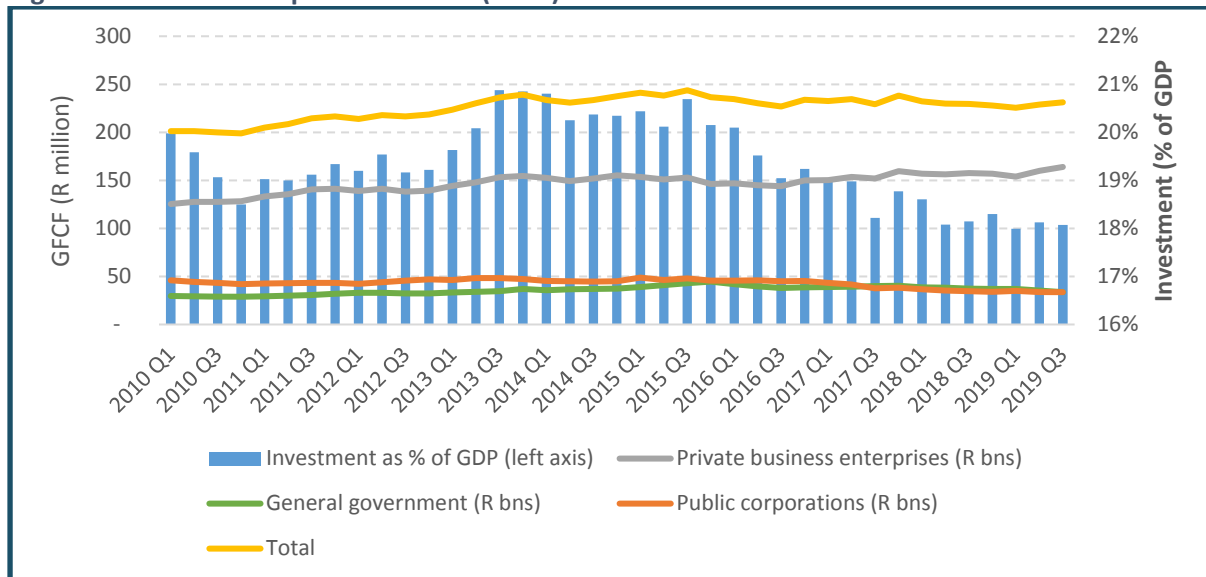
Source: TIPS, based on South Africa’s international investment position data by (SARB, 2019c).

Declines in portfolio investments were driven by a 5.8% decline in the FTSE/JSE All-share index in the third quarter of 2019, lower net sales of domestic equity securities, and a decline in the value of a large South African company due to foreign company share distribution. Portfolio investment growth came from the issuance of two international government bonds. Increased foreign-currency deposits by non-residents with the domestic banking sector drove growth in other investments.

Stats SA calculates gross fixed capital formation (GFCF) as part of the expenditure component of GDP. 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 4.5% in the third quarter of 2019, relative to the second quarter. This was seen by economists as a positive sign for future growth, potentially attributable to the President’s investment drive (BusinessTech, 2019). This represents the second successive quarter of growth given that GFCF was declining for the previous five quarters before the second quarter of 2019, and is a positive sign.

<sup>6</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)

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



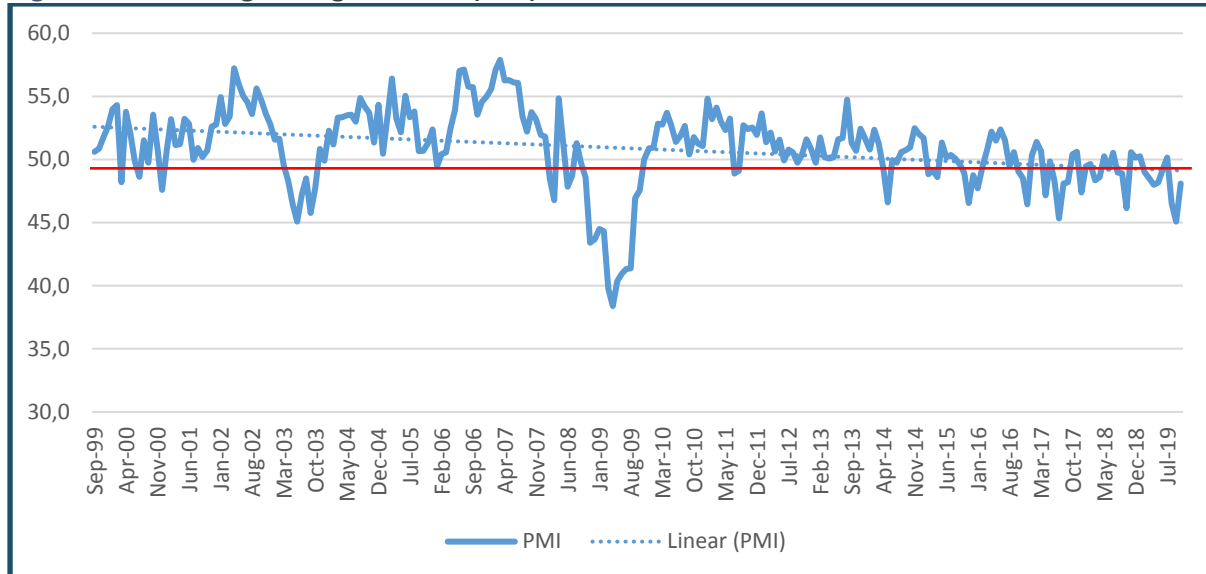
Source: TIPS, based on GFCF data for Q3 2019 by (StatsSA, 2019)

Notes: Values are on a constant, seasonally adjusted basis

According to Stats SA, the main contributors to the increase in GFCF were driven largely by investments in other assets (24.4%), machinery and other equipment (14.7%), and transport equipment (13.1%) (Stats SA, 2019a). Specifically, strong imports of machinery and equipment were a strong contributor to the increase in gross fixed capital formation (Stats SA, 2019b). This positive development, if sustained in following quarters, would indicate confidence by private firms in the economy, given the efforts by the state being directed towards increasing investment levels in the economy, particularly around foreign investment. 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 and successive quarters of sustained growth will confirm a turnaround.

Disentangling GFCF by the type of institution shows the contributions to investment levels by the public and private sectors. In the third quarter of 2019, private investment increased by 10.8% from the second quarter of 2019 on an annualised, seasonally-adjusted basis in constant 2010 Rand (Stats SA, 2019a). This offers a successive positive change in sentiment given the growth noted in the previous quarter following declines in private investment in quarter four of 2018 and the first quarter of 2019. Public investments levels did not recover from a revised decline of 12% between quarter one and quarter two of 2019. Public investment levels virtually remained the same between the second and third quarters of 2019, with a marginal increase of 0.2%. Investments by general government continued on a decline, dropping by 18% from the second to the third quarter of 2019.

**Figure 7. Purchasing Managers' Index (PMI)**



Source: TIPS, based on PMI data by (BER, 2019a)

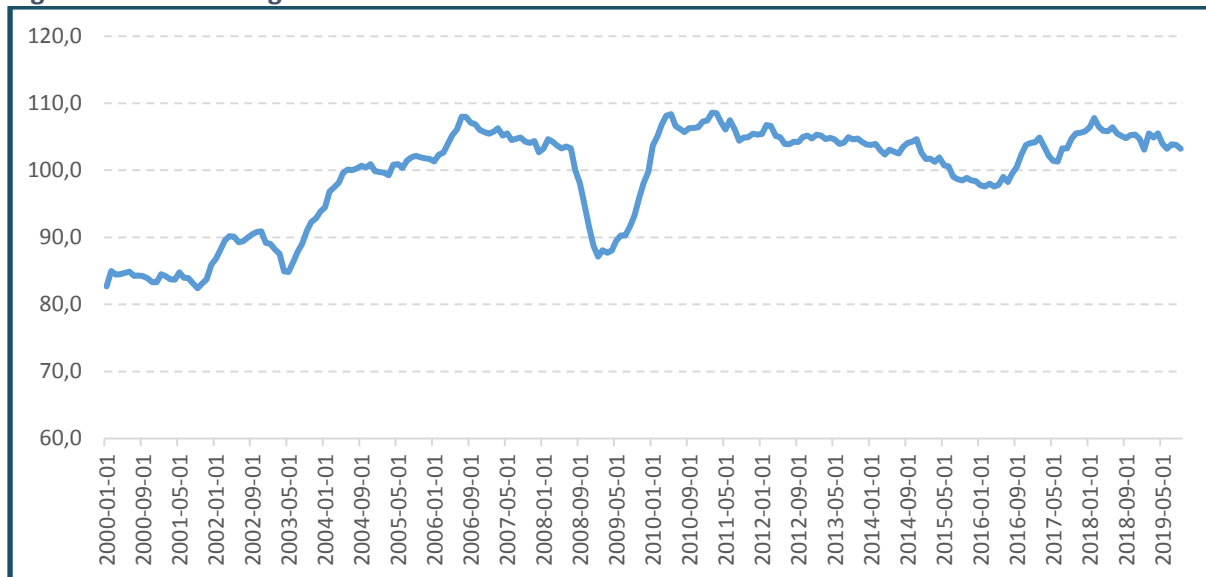
Notes: The PMI data are seasonally adjusted by BER

The ABSA Purchasing Managers' Index (PMI) focuses on business conditions in the manufacturing sector, and points to challenges within the sector. 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. In the third quarter of 2019, the seasonally adjusted Absa PMI increased between June and July (from 46.2 to 52.1), declined between July and August (from 52.1 to 45.7) with a subsequent decline between August and September (from 45.7 to 41.6). The initial increase in July was possibly due to manufacturing firms in sectors that are experiencing wage negotiations (e.g. automotive and platinum mining) increasing output in July to guard against possible strike-related production disruptions.<sup>7</sup> Despite an initial increase in July, the index remained below 50 and points to pessimism by purchasing managers. Sharp declines were noted in new sales orders, purchasing inventories and business activity and these resulted in the fall of the PMI for most of the third quarter. Weak domestic and global demand persist as key issues affecting South African manufacturing. The potential impact of lacklustre global demand on export orders had already begun to manifest in the third quarter, with perceptions on export orders being negative. Specifically, one of South Africa's key trade partners, the European Union, has been facing reduced growth in the manufacturing sector, reducing demand for South African goods and services which serve as inputs into those markets. The EU accounts for approximately 20% of South African exports in value terms, and approximately 10% in value (the dtic, 2019). This ties the fate and growth of the South African manufacturing sector to the recovery in that region to some extent. The preliminary manufacturing PMI reading for the Eurozone fell to the weakest level in more than seven years in September, with the German PMI dropping to its lowest level in more than a decade (BER, 2019b).

<sup>7</sup> This could also have been the case for manufacturing firms supplying into these sectors, who increased production based on increased demand from the firms in sectors with wage negotiations to maintain production. Based on this, the notable upward moves in the PMI in July are unlikely to be repeated.



Figure 8. SARB leading indicator



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

The SARB also reports a useful composite leading indicator that aims to predict future growth in the economy and serves as supplementary evidence for future changes in the economy. 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 slightly in July (0.7%), thereafter declining in August (0.1%), and decreased further in September (0.6%). The largest declines in the third quarter of 2019 were attributable to a deceleration in the 12-month percentage change in the number of new passenger vehicles sold, a deterioration in the BER's Business Confidence Index, a decrease in the South African export commodity price index, declines in the number of residential building plans approved, and a deceleration in the 12-month percentage change in job advertisement space (SARB, 2019e; 2019f; 2019g).

Examining some of the key metrics related to investment in the third quarter of 2019 showed an increase in investment levels, most prominently by the private sector. This represents the second quarter of growth in private investment levels and is a positive sign for future growth. As indicated in the previous quarter of the FDI tracker, a continual increase in investment levels over successive quarters (say a year) is required to suggest sustained increases in investment and potential economic growth. Other indicators of optimism in the economy and leading indicators of growth continue to point to pessimism regarding future growth in the economy and investment. 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 has to continue with electricity supply issues as Eskom is unable to keep supply consistent. For the time being electricity supply blockages remain for key sectors like manufacturing, hampering their productivity and competitiveness. Dampened consumer demand at a domestic and international level combined are further pressures on the profitability of firms and constrain the forward-looking investment sentiment.

## Barriers and constraints

The FDI Tracker aims to inform and improve policymaking by assisting the state in better understanding the environment in which investors operate. To gain deeper insight into investor experiences, the FDI Tracker captures concerns and challenges of companies. Challenges include those related 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.

Enel projects were stalled by the delay in the signing of Renewable Energy Independent Power Purchase Agreements, which had been halted since 2015. This stalling included a halt on projects that formed part of the fourth round of the REIPPPP. The minister of the Department of Energy signed the agreements in 2018 allowing IPP projects to proceed.

In the course of its investment, Heineken pointed out that the electricity supply interruptions had presented challenges for the company. The manufacturer decided to buy and use diesel generators to keep the facility operational during loadshedding. Heineken has pointed out that this has been costly for the company and is considering investing in solar energy as a solution to the issue.

## 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.

**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>Garob wind farm project</b>	Construction/Implementation
<b>BFG Africa composites manufacturing plant</b>	Complete
<b>Amazon Africa expansion</b>	Likely
<b>Kareevlei diamond mine upgrade</b>	Complete
<b>Heineken Sedibeng Brewery Expansion</b>	Construction/Implementation
<b>Aberdare high voltage manufacturing plant</b>	Complete
<b>Diageo Africa sustainability projects</b>	Potential
<b>Regergen Gas Project</b>	Likely
<b>Leroy Merlin expansion project</b>	Construction/Implementation
<b>Tigers South Africa E-commerce centre</b>	Complete

<b>Radisson Red Hotel Johannesburg project</b>	Construction/Implementation
<b>SAB agricultural research and development centre</b>	Complete
<b>Mureza Assembly Plants</b>	Construction/Implementation
<b>Clariant centre of excellence</b>	Complete
<b>Theta Gold Project</b>	Likely
<b>Oyster Bay Wind Farm</b>	Construction/Implementation

Table 4 lists the projects recorded this quarter and the corresponding credibility grading assigned to the investment. With the exception of three projects, the majority are classified as complete or construction as they meet the criteria for the respective credibility grading. Likely projects include Amazon's investment in expanding its web services, the Theta Gold mine development and Renergen's gas project. Diageo's planned sustainability projects are classified as potential.

Amazon has an established presence in South Africa and has been increasing the company's footprint and investment in the country, as part of its expansion into Africa. The investment builds on a series of investments including the establishment of offices in Johannesburg in 2015 and the introduction of Amazon Global Network to Africa in 2017. Most recently, the firm opened new offices in Cape Town (2018) where the company's headquarters are based. While the company has not disclosed the value of this investment, it is graded as likely as sufficient detail of the investment was provided. Furthermore, the build-up of this project and Amazon's historical presence in South Africa led to this classification.

Theta Gold received a positive report on its feasibility study for mine development. Further, timeframes have been provided on developing the mine, to be finalised by the end of 2019 and production expected to begin at the end of 2020. Permitting approvals are also in the pipeline. Renergen has appointed a drilling contractor for the gas project. Plans for developing the project have also been detailed with timelines for the phases of implementation. Given these conditions, the projects were classified as likely.

Diageo provided details on what it plans to do at the 11 breweries in Sub-Saharan Africa earmarked for this investment. The company has also indicated the overall level of investment for the project, however, detail of how much of the £180 pound (R3.3 billion) investment value will be allocated to South Africa has not yet been shared. The firm's investment in renewable energy resources is part of a broader initiative to reduce the beverage manufacturers environmental footprint and respond to climate change across sub-Saharan Africa. This is indicative of the potential for the project's development, in addition to the company's track-record in South Africa and the continent.

## Investment Profiles, Q3 2019

<b>Garob wind Farm</b>	
<b>Invest value</b>	€200 million
<b>Invest Rand value</b>	R3.2 billion
<b>Project location: Province</b>	Northern Cape
<b>Project location: City/Town</b>	Copperton
<b>Investor firms</b>	Enel Green Power RSA
<b>Investor country</b>	Italy
<b>Investor city</b>	Rome
<b>Indicative start date</b>	July 2019
<b>Indicative end date</b>	2021
<b>Project phase</b>	Construction/Implementation
<b>Project type</b>	Greenfield
<b>Project industry</b>	Utilities
<b>Project sector</b>	Electricity Supply
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Energy and Eskom (REIPPPP)
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Enterprise development; Community development
<b>Project description</b>	Garob will be a 140 MW wind farm. Once fully operational it is expected to produce 573 GWh annually. The wind farm will feature 46 wind turbines, and Enel plans to use concrete towers that will be built on site, instead of pre-fabricated steel towers. The Garob project was awarded to Enel Green Power RSA during the fourth bidding window under the Renewable Energy Independent Power Producer Procurement Programme.
<b>Motivation</b>	Participation in REIPPPP

<b>BFG Africa composites manufacturing plant</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R50 million
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Germiston
<b>Investor firms</b>	BFG Africa
<b>Investor country</b>	Bahrain
<b>Investor city</b>	Manama
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	July 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Manufacture of machinery and equipment
<b>Permanent jobs</b>	120
<b>Temporary jobs</b>	Not Reported
<b>Government partnership</b>	Department of Trade, Industry and Competition; Passenger Rail Agency of South Africa (PRASA)
<b>Target market</b>	Domestic and regional
<b>Social Development Programme</b>	Localisation; Employee development
<b>Project description</b>	BFG Africa is a subsidiary of BFG International, a diversified composites manufacturer. The subsidiary is a partnership with South African blacked-owned financial services group Mergence with a 51% share in the company. The facility will manufacture and supply components made from composites including fibre glass. The factory includes specialist presses and the production process comprises tooling, open contact moulding, resin-transfer moulding, painting, SMC material production and moulding, vacuum infusion, assembly and product integration. The facility spans 9 500 square metres, with room for expansion depending on BFG Africa securing orders in other target sectors such as mining and renewable energy.
<b>Motivation</b>	New market entry into South Africa's rail components manufacturing industry using composites. In addition to rail the company aims to capture market share in the automotive, and building sectors.

<b>Amazon Africa 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>	Amazon Web Services (Amazon)
<b>Investor country</b>	United States of America
<b>Investor city</b>	Seattle
<b>Indicative start date</b>	2018
<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>	Information Communications Technology
<b>Permanent jobs</b>	118
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic and regional
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Amazon plans to launch a special Africa region, based in South Africa. The company has been present in the country since 2004 and moved to a new building in 2018, housing local staff. Amazon further announced plans to open data centres in South Africa that would bring Amazon CloudFront, Amazon Route 53, AWS Shield, and AWS WAF (web application firewall) to the continent. The company also announced that it would open an infrastructure region in South Africa.
<b>Motivation</b>	Market expansion

<b>Kareevlei diamond mine upgrade</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>	Kimberley
<b>Investor firms</b>	BlueRock Diamonds
<b>Investor country</b>	United Kingdom
<b>Investor city</b>	Reading
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	August 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Upgrade
<b>Project industry</b>	Mining
<b>Project sector</b>	Mining of diamonds
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic and International
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	The upgrade of the Kareevlei diamond mine includes improvements to the crushing circuit and the installation of a larger cone crusher. It is expected that the upgraded crushing circuit should be able to handle the anticipated increase in material flows. The crushing circuit is now set up to be able to operate the new crusher with the existing cone crusher. As volumes through the new crusher increase, the existing cone crusher will continue to operate to maintain production and build stockpiles of crushed ore. The Kareevlei licence area covers 3 000 hectares with five known diamondiferous kimberlite pipes.
<b>Motivation</b>	Efficiency and increase productivity

<b>Heineken Sedibeng Brewery Expansion</b>	
<b>Invest value</b>	€60 million
<b>Invest Rand value</b>	R1 billion
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Sedibeng
<b>Investor firms</b>	Heineken South Africa
<b>Investor country</b>	Netherlands
<b>Investor city</b>	Amsterdam
<b>Indicative start date</b>	July 2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Construction/Implementation
<b>Project type</b>	Expansion
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Manufacturing of beverages
<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>	Local procurement
<b>Project description</b>	Heineken is increasing brewing capacity of the plant by 25%. The company expects production to grow from 5.3 million hectolitres to 7.5 million hectolitres a year by 2020, through the expansion. Construction has started and is expected to be completed in the first half of 2020. The brewery is owned in partnership with Namibia Breweries.
<b>Motivation</b>	Anticipation of an increase in domestic demand. The company's recent results show South Africa as a strong contributor to international growth.



<b>Aberdare Cables high voltage manufacturing plant</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R135 million
<b>Project location: Province</b>	Eastern Cape
<b>Project location: City/Town</b>	Port Elizabeth
<b>Investor firms</b>	Aberdare Cables
<b>Investor country</b>	China
<b>Investor city</b>	Suzhou
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	April 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Manufacturing of Electrical Machinery and Apparatus
<b>Permanent jobs</b>	58
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Trade, Industry and Competition
<b>Target market</b>	Domestic and regional
<b>Social Development Programme</b>	Localisation; Technology transfer; Skills transfer; Broad-Based Black Economic Empowerment (B-BBEE – 55%)
<b>Project description</b>	Aberdare Cables is a subsidiary of the Hengtong Group. The investment will enable the plant to manufacture cables with a current level of 33kV to a new product offering of up to 132kV. Aberdare Cables will be the second company in South Africa to manufacture high-voltage cables locally. The investment was also a direct response to the President’s call for investment by local and international companies. The firm’s China-based parent company, Hengtong Group, indicated plans for further investments in South Africa including upgrades to equipment. Aberdare Cables has been operating for 72 years. It was acquired by the Hengtong Group in 2016 and has three manufacturing sites in South Africa, and customer service centres across all provinces and in Maputo.
<b>Motivation</b>	The South African government’s decision to designate power cables as a product all government agencies have to buy locally made influenced the investment. Aberdare will gain market share; the opening of the plant will create competition as there has only been one company manufacturing high voltage cables.

<b>Diageo Africa sustainability projects</b>	
<b>Invest value</b>	€180 million
<b>Invest Rand value</b>	R3.3 billion
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Centurion
<b>Investor firms</b>	Diageo
<b>Investor country</b>	United Kingdom
<b>Investor city</b>	London
<b>Indicative start date</b>	August 2019
<b>Indicative end date</b>	Not reported
<b>Project phase</b>	Announced
<b>Project type</b>	Upgrade
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Manufacturing of beverages
<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>	Diageo has committed to investing in sustainability projects at 11 of the beverage company's Africa breweries, across seven countries, including South Africa. The firm plans to invest in renewable energy and water recycling systems to reduce its carbon footprint. Changes will include switching to solar energy, moving to biomass and implementing water recovery initiatives. The value to be invested in South Africa and timeframes for the roll-out of the project in South Africa have not been reported.
<b>Motivation</b>	Commitment to reduce carbon footprint and address climate change.

<b>Reenergen gas project</b>	
<b>Invest value</b>	US\$40 million
<b>Invest Rand value</b>	R606 million
<b>Project location: Province</b>	Free State
<b>Project location: City/Town</b>	Virginia
<b>Investor firms</b>	Reenergen
<b>Investor country</b>	South Africa
<b>Investor city</b>	Johannesburg
<b>Indicative start date</b>	August 2019
<b>Indicative end date</b>	2021
<b>Project phase</b>	Project preparation
<b>Project type</b>	Greenfield
<b>Project industry</b>	Utilities
<b>Project sector</b>	Manufacture of gas
<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 commercial liquid helium plant for the Virginia gas project in the Free State. The project will be rolled out in two phases. Phase one is expected to be complete by 2021 with capacity to produce an estimated 350kg of helium per day. Phase two is expected to come online between 2022 and 2033, and the company expects capacity to increase to between 1.2 tonnes and five tonnes a day. The project is funded by OPIC.
<b>Motivation</b>	Resource seeking

<b>Leroy Merlin expansion project</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R1 billion
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Johannesburg
<b>Investor firms</b>	Leroy Merlin
<b>Investor country</b>	France
<b>Investor city</b>	Nœux-les-Mines
<b>Indicative start date</b>	September 2018
<b>Indicative end date</b>	2020
<b>Project phase</b>	Construction/implementation
<b>Project type</b>	Expansion
<b>Project industry</b>	Wholesale and retail trade
<b>Project sector</b>	Retail
<b>Permanent jobs</b>	800
<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>	Retailer Leroy Merlin home improvement products and services. The company is expanding operations in South Africa with the investment starting with four stores in locations across Gauteng. The first was opened in 2018 in Greenstone, with plans to open the second in Little Falls, followed by stores in Boksburg and Fourways. The company expect all the stores to be open by 2020. There are plans to expand operations to other provinces after 2020.
<b>Motivation</b>	The company is entering a new market in South Africa.

<b>Tigers South Africa e-commerce centre</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>	Johannesburg
<b>Investor firms</b>	Tigers Ltd
<b>Investor country</b>	China
<b>Investor city</b>	Hong Kong
<b>Indicative start date</b>	Not Reported
<b>Indicative end date</b>	August 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Upgrade
<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>	Tigers is a logistics and transportation company that specialises in providing technology enabled supply chain solutions. The company opened an e-commerce centre at its warehouse. The facility is equipped with the ScanPak, an application that allows staff to conduct scan checks while packing shipments and create waybills for packages. ScanPak will also be rolled out in Cape Town.
<b>Motivation</b>	Grow services for the online retail market.

<b>Radisson Red Hotel Johannesburg project</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R385 million
<b>Project location: Province</b>	Gauteng
<b>Project location: City/Town</b>	Rosebank
<b>Investor firms</b>	Radisson Hotel Group; Intaprop; RDC Properties
<b>Investor country</b>	United States of America
<b>Investor city</b>	Minnetonka
<b>Indicative start date</b>	September 2019
<b>Indicative end date</b>	February 2021
<b>Project phase</b>	Construction/Implementation
<b>Project type</b>	Greenfield
<b>Project industry</b>	Construction
<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>	The Radisson Hotel Group is opening the first Radisson Red hotel in Gauteng (second in South Africa) at the Oxford Parks Precinct mixed-use development. The hotel will be developed in partnership with Intaprop and future owners of the hotel, Botswana-based company RDC Properties. The hotel will have 222 rooms comprising standard studio apartments and suites. It will also include a conference room, meeting room and creative spaces.
<b>Motivation</b>	Market opportunity identified in the location of the investment.

<b>SAB agricultural research and development centre</b>	
<b>Invest value</b>	Not reported
<b>Invest Rand value</b>	R80 million
<b>Project location: Province</b>	Western Cape
<b>Project location: City/Town</b>	Caledon
<b>Investor firms</b>	South African Breweries (AB-InBev)
<b>Investor country</b>	Belgium
<b>Investor city</b>	Leuven
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	September 2019
<b>Project phase</b>	Complete
<b>Project type</b>	Greenfield
<b>Project industry</b>	Agriculture
<b>Project sector</b>	Manufacture of food products and beverages
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Agriculture, Agricultural Research Council
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Black emerging farmers
<b>Project description</b>	South African Breweries (SAB) agricultural research and development centre is a facility that will pilot new farming techniques, technology and crop varieties towards agricultural development in the country. Facilities include micro-breweries, a malting plant and laboratory. Participants will engage in testing new practices, and trials for, among others, input efficiency and management to build a knowledge base for emerging and commercial farmers. The facility is part of a R610 million agriculture investment over five years – part of SAB’s R1 billion public interest investment, following SAB’s merger with AB Inbev in 2016.
<b>Motivation</b>	Product development and improvement through research and development.

<b>Mureza Assembly Plants</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>	Pretoria
<b>Investor firms</b>	Mureza, Société Anonyme Iranienne de Production Automobile (SAIPA) Group
<b>Investor country</b>	Iran
<b>Investor city</b>	Not reported
<b>Indicative start date</b>	2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Announced
<b>Project type</b>	Brownfield
<b>Project industry</b>	Manufacturing
<b>Project sector</b>	Automotive
<b>Permanent jobs</b>	1 000
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic and regional
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	A new start-up car company, Mureza, announced plans to assemble vehicles in Rosslyn, Pretoria. The project is an initiative driven by a group of African investors from various countries. The first batch of vehicles will be produced through a joint venture with Iran-based SAIPA Group. The first model that will be produced is the Prim8, a crossover hatchback. It will initially be assembled in semi-knocked down (SKD) in Zimbabwe and Botswana in addition to the facility in Rosslyn. Planned future models include a one-tonne bakkie, a half-tonne bakkie, sedan and SUV.
<b>Motivation</b>	Establish an African vehicle manufacturer that can replace imports.



<b>Clariant centre of excellence</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>	Johannesburg
<b>Investor firms</b>	Clariant
<b>Investor country</b>	Switzerland
<b>Investor city</b>	Muttenz
<b>Indicative start date</b>	Not reported
<b>Indicative end date</b>	Not reported
<b>Project phase</b>	Complete
<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>	Not reported
<b>Government partnership</b>	Not reported
<b>Target market</b>	Domestic and regional
<b>Social Development Programme</b>	Not reported
<b>Project description</b>	Clariant AG is a Swiss speciality chemicals company focused on four areas: care chemicals; catalysis; natural resources; and plastics and coatings. The company launched a new centre of excellence with infrastructure including laboratories. Services will include metallurgical test work, chemical filtration and separation solutions for mining companies.
<b>Motivation</b>	By establishing regional headquarters to serve the Africa region the company brought expertise and technology that had historically been focused on Europe to a more regional location. The investment enables Clariant to become a stronger player in African mining markets.

<b>Theta Gold Mines project</b>	
<b>Invest value</b>	US\$35 million
<b>Invest Rand value</b>	R529 million
<b>Project location: Province</b>	Mpumalanga
<b>Project location: City/Town</b>	Pilgrims Rest
<b>Investor firms</b>	Theta Gold Mines
<b>Investor country</b>	Australia
<b>Investor city</b>	New South Wales
<b>Indicative start date</b>	May 2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Feasibility
<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>	Department of Mineral Resources
<b>Target market</b>	Domestic and International
<b>Social Development Programme</b>	Not Reported
<b>Project description</b>	The Theta project comprises the Browns Hill, Theta Hill and Iota resources, two of which (Browns Hill and Theta Hill) are located within two different mining rights – MR83 and MR341. Permitting approvals are underway. The feasibility considers a five-year gold mining project, mining a total of 2.31 Mt of ore and processing 500 000 tons per annum to produce 200 000 ounces of gold at a mined grade of 2.71g/t. For the remainder of 2019, Theta Gold Mines will commence with project execution planning targeting production at the end of 2020.
<b>Motivation</b>	Resources seeking. The Theta project provides the company with an entry back into gold production.

<b>Oyster Bay wind farm</b>	
<b>Invest value</b>	£180 million
<b>Invest Rand value</b>	R3.3 billion
<b>Project location: Province</b>	Eastern Cape
<b>Project location: City/Town</b>	Kouga
<b>Investor firms</b>	Enel Green Power RSA
<b>Investor country</b>	Italy
<b>Investor city</b>	Rome
<b>Indicative start date</b>	June 2019
<b>Indicative end date</b>	2020
<b>Project phase</b>	Construction/Implementation
<b>Project type</b>	Greenfield
<b>Project industry</b>	Utilities
<b>Project sector</b>	Electricity Supply
<b>Permanent jobs</b>	Not reported
<b>Temporary jobs</b>	Not reported
<b>Government partnership</b>	Department of Energy and Eskom (REIPPP)
<b>Target market</b>	Domestic
<b>Social Development Programme</b>	Enterprise development; Community development
<b>Project description</b>	Multinational energy company Enel, through its renewable subsidiary Enel Green Power South Africa (EGP RSA), has begun constructing its Oyster Bay Wind Farm. The construction of Oyster Bay, which is Enel's fourth wind project in the country, is due in the second quarter of 2021. The 41-turbine Oyster Bay is expected to generate around 568GWh a year. The wind farm will be supported by a 20-year power supply agreement with South African energy utility Eskom, as part of government's Renewable Energy Independent Power Producer Procurement Programme tender, which awarded five wind projects for 700MW to the Enel Group in April 2015 in its fourth round. It will use innovative tools and methods to build this wind park, such as advanced digital platforms and software solutions to monitor and remotely support site activities and plant commissioning
<b>Motivation</b>	Participation in the Renewable Energy Independent Power Producer Programme.

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## Appendix

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

<b>Metric</b>	<b>Source</b>	<b>Frequency</b>	<b>Description</b>
Inward investment data	SARB	Quarterly	Inward investment is composed of direct investments, portfolio investments, financial derivatives, and other investments.
Gross fixed capital formation	Stats SA	Quarterly	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	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	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.