



TRADE & INDUSTRIAL POLICY STRATEGIES



Tracking quarterly trends and analysing foreign direct investment, imports and exports

FOREIGN DIRECT INVESTMENT TRACKER

THIRD AND FOURTH QUARTERS 2020

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TIPS TRACKERS

TIPS FDI Tracker monitors inward foreign direct investment projects. It reports on new FDI projects, analyses these, and adds them to an ongoing list of investment projects.

TIPS Export Tracker provides updates on export trends, and identifies sectors and products that are performing well and those that are lagging.

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FDI PROJECTS, Q3 AND Q4 2020

This FDI Tracker presents an analysis of foreign investment projects captured in Q3 and Q4 of 2020. It covers two quarters due to low investment activity in Q3 2020 combined with general delays in the release of company and aggregated data, such as those which inform the investment environment analysis. The slowdown in economic activity in response to the COVID-19 pandemic impacted global investment throughout 2020; however, as strict lockdown regulations were eased in the latter half of the year and the South African economy began to gradually resume operations, investment activity appeared to increase again. A crucial driver of the rise in investment projects in Q4 2020 was the South African Investment Conference held in November 2020 where a number of foreign investment pledges were made. In the report, investments from the conference and those announced separate from the conference are distinguished when relevant.

A total of 37 projects were recorded over the two quarters with nine projects identified in Q3 2020 and 28 projects in Q4 2020. Most of these projects were announced at the Investment Conference. The total pledged investment value for the two quarters is R75.2 billion from 32 projects where investment values were reported. Tracking captured 15 799 job opportunities accruing from seven projects where employment creation data was available. These 15 799 jobs consisted of 6 349 permanent jobs and 9 450 temporary jobs. A project with a large employment footprint was the Tshwane Automotive Special Economic Zone (TASEZ) investment, which aims to create 10 800 jobs (2 100 permanent, 8 700 temporary). In the Q3/Q4 reporting period, nine projects were updated in status.



Categorisation of projects from the Investment Conference

Notwithstanding the pandemic in November 2020, the Investment Conference proceeded in compliance with lockdown regulations and restrictions. The third Investment Conference garnered pledges from 50 domestic and foreign companies. The commitments contributed over R190 billion towards the US\$100 billion target in new foreign and domestic investment over five years set by President Cyril Ramaphosa. Fewer pledges were attained – in terms of value and number – at the 2020 Conference compared to the R300 billion and 71 commitments accumulated from the 2019 Conference. Of the investments from the 2020 Conference, 21 were from foreign companies with a total pledged value that amounts to about R36 billion.

A characteristic inherent in announcements from all the Investment Conferences to date is the inclusion of projects already in the pipeline as new investments culminating from the conference. These are either pre-existing pledges, or projects that build on and expand existing project plans. When pledges build on existing commitments, key details like the value sometimes include established projects in their calculation. This mixing of existing and new commitments complicates the categorisation of projects. To the extent that the data allow, the Tracker differentiates new projects that are a product of the conference from existing investment.

A total of 19 commitments from the 2020 conference were captured as new investments. Nine of these projects were announced or ongoing prior to the Investment Conference. United Heavy Industries investment programme was the largest pledge (R17 billion), followed by PepsiCo/Pioneer Foods (R5 billion), Teraco (R4 billion) and Google’s investments (R2 billion). Two projects build on pre-existing investments already captured in the Tracker, and they are classified as new for purposes of analysis.

New FDI projects

Investment projects in Q3 and Q4 were dominated by manufacturing (R29 billion) and mining (R20 billion). Large manufacturing investments were made in basic metals, food and beverages and the automotive value chains. There was also a sizeable investment in telecommunications. Projects captured in the Q3/Q4 reporting period showed a greater diversity of investor companies, industries and subsectors compared to Q1/Q2 2020 when projects were concentrated within a handful of companies and one dominant industry.¹ Due to the number of projects captured in Q3 and Q4 2020, projects are grouped by sector for the purposes of project description.

A new tranche of investments by a group of French companies was announced at the 2020 Investment Conference. This R14 billion French commitment at the conference was a follow-up to the R20 billion pledged by four French companies (Total, Alstom, Limagrain and Air Liquide) at the 2019 Investment Conference. Additional information on the identity of the investor firms and respective commitments was, however, limited.² Similarly, a combined R1.5 billion pledged was announced by 12 Belgian firms at the 2020 Investment Conference. The unnamed companies will target the manufacturing, energy, food and logistics sectors among others.

Automotive components and products manufacturing

The automotive and components sector saw a total investment allocation of approximately R5 billion in Q3 and Q4 2020. This total investment was dominated by the TASEZ development, which is a private-public partnership initiative. The SEZ will cost about R7.7 billion to develop, with R3.4 billion of funding provided by the South African government and a R4.3 billion contribution from private investors.³ The TASEZ Company has been set up as the operating company for the SEZ. The public sector is represented by the Department of Trade Industry and Competition (the dtic), the Gauteng Provincial Government, the Tshwane Economic Development Agency and the City of Tshwane municipality. Private investment will come from the Ford Motor Company of South Africa (FMCSA) and a group of 12 suppliers that have committed to set up operations at the TASEZ. The partners envision the SEZ as an “automotive city” inclusive of remote townships that are far from economic activity. TASEZ will span 204 hectares of land owned by the City of Tshwane and located adjacent to Ford’s Silverton Assembly Plant. Development of the site has commenced with earth works and implementation of bulk infrastructure underway. About 47% of participants in the SEZ are expected to be small medium and micro enterprises (SMMEs). Anticipated job opportunities entail 10 800 jobs, made up of 2 100 permanent jobs and 8 700 temporary jobs during construction.

¹ Three firms – Menar, Anglo American Platinum (Amplats) and BioTherm – accounted for over half the 35 projects identified in the Q1/Q2 period, which were concentrated in mining and captured over 60% of the R43.8 billion pledged value.

² While there is mention of companies engaged in investment activities in the source articles, a full list was not provided, and neither were details about the new pledges. https://www.engineeringnews.co.za/article/french-firms-set-to-make-r14bn-in-fresh-investment-pledges-to-south-africa-2020-11-04/rep_id:4136#:~:text=French%20Foreign%20Trade%20and%20Economic,worth%20a%20further%20R14%2Dbillion.

³ In the analysis, the Tracker only considers the value of the foreign investment, the R4.3 billion contribution from Ford and the other private investors.

Fuchs Lubricants South Africa is expanding operations in the country with a R250 million investment into constructing a warehouse, office complex and a lubricants plant in Gauteng. Fuchs Lubricants is a subsidiary of Fuchs Petrolab SE based in Germany. Fuchs specialises in the production of lubricants for a range of sectors. These developments comprise the first phase of the project, which was approved for just over R250 million. Phase 1 activities include the purchase of land, site development and construction of the new facilities. A new warehouse system will be introduced for storage space and modernised systems to improve efficiency. The land has been purchased, preliminary work is underway, and the company expects to complete the project in October 2021.

Supavut Industry also announced a R150 million investment to support an automotive parts sector in the Tshwane Automotive SEZ. Supavut, headquartered in Thailand, specialises in the development and manufacture of plastic automotive components.

Fuchs and Supavut's investment were announced at the 2020 Investment Conference.

Sew-Eurodrive is investing R200 million in a 25 000 m² facility that includes a factory that will amalgamate the operations of the firm's country-wide assembly plants. The facility will also serve as the company's new headquarters in the country. Sew-Eurodrive is a specialist in drive and control technologies of German origin that produces gear motors, control systems and related accessories. The company plans to fit the factory with Industry 4.0 technology over a three to five year period. Planned future investments include automated assembly machines and guided vehicles for an additional R200 million. The project began at the end 2020, with completion of construction set for the end of 2021 and relocation to the new facility aimed for January 2022. The old factory and head office will be converted into a gearbox repair centre. Existing plants in Nelspruit, Durban, Port Elizabeth and Cape Town will continue operating with a focus on service provision. The project is among those announced at the Investment Conference.

Agro-processing, food and beverages manufacturing

The total investment channelled towards food and beverages and agro-processing amounted to approximately R6 billion in Q3 and Q4 2020. This was dominated by food and beverage manufacturing investments (R5.9 billion) with a single investment in agro-processing (R70 million).

In March 2020, the Competition Tribunal approved PepsiCo's indirect acquisition of South Africa's Pioneer Foods. Among the terms of the acquisition, PepsiCo will be investing R5.5 billion over a five-year timeframe in developing the overall operations of Pioneer Foods. The funds will be allocated to the expansion of manufacturing capacity across the Pioneer Foods operations with an initial focus on the Ceres and Safari brands, and Rooibos-related products. The specifics of this investment have not yet been provided. Other conditions attached to the acquisition include a commitment to jobs, local empowerment and procurement. PepsiCo further agreed to locate its Sub-Saharan headquarters in South Africa.

Dangold Packaging pledged R830 million towards a beverage canning plant in Gauteng. Information on the project and the company is limited, with the company having no local website; however, the Tracker has been able to establish that the firm originates from the United Kingdom. This was disclosed at the Investment Conference when the commitment was made. The Tracker will continue to monitor the project and provide updates as details become available.

South African dairy company Sundale registered two investments in Q3 and Q4 2020 for a total investment value of R171 million in South Africa. Sundale entered into a joint venture with Schreiber, to form a new venture named Sundale Schreiber. Schreiber is an international firm based in the United States of America that manufactures processed cheese. Sundale produces cheese, cream and butter.

The investment includes a US\$4.25 million (R70 million) factory that will manufacture processed cheese for fast-food establishments. The investment will allow Sundale to supply current clients Burger King and McDonald's South Africa with locally manufactured cheese slices which were previously imported. The company aim to increase production to deliver 7 000 tonnes of cheese slices annually to African markets. The project is expected to create 100 permanent employment opportunities. The facility is under construction. At the 2020 Investment Conference, Sundale Schreiber also announced a further R101 million investment to expand production.

Procter and Gamble (P&G) pledged R260 million to expand the firm's diaper manufacturing facility in Kempton Park. Complete details concerning this latest project have not yet been disclosed. The Tracker will update the projects as information becomes available. This is the US multinational corporation's second commitment made at an Investment Conference. The first was at the inaugural Conference in 2018 for R300 million towards upgrades that included the company's Pampers production facility. By the end of 2019 P&G had delivered on the pledge.

Lactalis South Africa is another dairy company with plans to invest in the country. The firm is a subsidiary of the Lactalis Group from France and it is the new name for established dairy product manufacturer Parmalat South Africa. While the name change came into effect 2020, Parmalat has been a part of the international Lactalis Group since 2011. At the Investment Conference the company announced plans to set up a R100 million milk production plant. In addition to Parmalat, the dairy producers' brands include Melrose (cheese), Fabulite (yogurt) and EasyGest (milk), among others.

Dr. Oetker announced plans to invest R200 million in expanding production of pizza and ready-made meals at a facility in Selby, Gauteng. The company originates from Germany and has been operating in South Africa since 2010 with the acquisition of "Ital Pizza" and "Nice and Easy" frozen meals along with the "Green Valley" frozen vegetables brand from the local Finlar group.

Metals, machinery and equipment manufacturing

A substantial investment of R17 billion is intended by United Heavy Industries over the course of the next five years in South Africa. United Heavy Industries has its origins in India, with its South Africa headquarters in KwaZulu-Natal. The company is a diversified manufacturer that specialises in the heavy engineering, energy and steel sectors. The company pledged R350 million at the 2020 Investment Conference as an initial tranche of the overall R17 billion investment.

The firm plans to spend R4.5 billion on a 1.5 million tonnes per year (t/y) steel mill over two years to be followed by a R3.7 billion phased expansion. The balance of the investment, R8.8 billion, will serve infrastructure projects and manufacturing units in the energy and aerospace industry. The integrated steel mill is expected to create 2 500 job opportunities, half of the 4 000 jobs the overall investment initiative is expected to create over the next five years. As part of the investment drive, United Heavy Industries completed a R350 million upgrade project at the firms Mandeni steel mill in KwaZulu-Natal. The investment focused on equipment upgrades that will increase production capacity from 70 000 t/y to 150 000 t/y. The steel mill was acquired from Metso Minerals in 2019.

Sonae Arauco will be investing R220 million in expanding the firm's paper manufacturing line at its operations in White River, Mpumalanga. Sonae Arauco is a subsidiary of Sonae Industria from Portugal. The upgraded facility will provide the flexibility required to be able to press niche products on-demand, in accordance with specific customer requirements. This will reduce stock holding, which poses the risk of damaging or ageing products if stored too long. The company is a major player in the manufacture of wood-based panel products. Sonae Arauco's main target markets are the kitchen, bedroom and bathroom segment for homeowners and construction, shop fitters and outfitters, and furniture manufacturers. The project is among commitments made at the Investment Conference.

This project follows a R220 million upgrade of the White River manufacturing facility to add an integrated press system, completed in 2020.

CHEM Energy South Africa invested R165 million into a fuel cell technology manufacturing facility at the KwaZulu-Natal Dube Trade Port special economic zone. CHEM energy is a subsidiary of Taiwan-based Chem Corporation. The company specialises in manufacturing power equipment, engineering services and energy management. Part of the product portfolio includes the manufacture of fuel cell products and technology for backup and off-grid telecom power solutions as an alternative to other power options such as diesel generators. Once operating at full capacity, the plant will be able to produce about 1 500 fuel cell products a year and employ up to 50 people. Products include the G5 ME Fuel Cell, which protects telecoms networks against power cuts. The facility will also provide local support comprising remote monitoring, diagnostics, repairs and refurbishment services. The company has already been supplying the Vodacom network for the past 10 years.

Local firm Equites Property Fund is investing R287 million into a 22 000 m² warehouse and office building development to be leased by Sandvik South Africa. Sandvik is part of the global Sandvik AB group of companies. The multinational engineering firm specialises in the manufacture and supply of mining and excavation technologies. Manufacturing capabilities in South Africa include a plant that builds load and haul equipment. The facility comprises three workshops, a machine testing track and the company's head office. Project development began in early 2020 with completion aimed for early 2021. The facility is located in Gauteng in Riverfields, a logistics node in Kempton Park. Sandvik and Equites announced the project at the Investment Conference.

Another company that made an announcement at the Investment Conference is Anglo African Metals, which committed R280 million towards a titanium beneficiation project. Information on the company and the pledge is limited to what was released at the conference. The Tracker will continue to monitor the investment and update accordingly.

Mining

Anglo American announced a R15 billion investment that will be distributed across its mining operations in the country. Undertakings entail the roll-out of new technologies including a green hydrogen fleet and bulk ore sorting. Approximately R2 billion will be used to stimulate existing and new sources of demand for South Africa's platinum group metal. A further R7 billion will be allocated to a new pit at Kolomela, a mine operated by Kumba Iron Ore in the Northern Cape. The new investment is additional to Anglo's previous R85 billion commitment, of which R57 billion has already been dispersed.

Vanadium Resources is a junior vanadium developer. The company owns 74% of the US\$161.5 million (R2.4 billion) Steelpoortdrift Vanadium project. The development aims to produce high-purity vanadium pentoxide using conventional salt roasting technology from concentrate produced at Steelpoortfontein site. Phase 1 of the project is based on mining and beneficiation of the Steelpoortdrift resource. A scoping study was conducted based on a proposed 16 million tonne a year mining, beneficiation and processing operation, producing between 8 500 t/y and 9 400 t/y high-purity vanadium flake. The study estimates that over a 25-year life of mine, the project could produce between 18.7 million and 20.8 million pounds of high-grade vanadium pentoxide. In the long term the company intends to use concentrate for downstream processing to produce specialist products for the steel, renewable and industrial markets.

Total discovered a second gas condensate (a light liquid hydrocarbon) at the Luiperd prospect in the Outeniqua basin. This is where the adjacent Brulpadda discovery was made in early 2019. This first find indicated the area potentially holds about one-billion barrels of oil equivalent gas. Approximately

R1.5 billion was allocated to completing the latest exploration activities. Drilling of the Liuperd-1X well started in August 2020 using the Deepsea Stravanger drilling rig from Norway. It was drilled to a depth of about 3 400 metres, encountering 73 metres of gas condensate. Total and its partners plan to conduct a detailed assessment of the reservoir. Total operates the block with a 45% working interest. Qatar Petroleum has 25%, CNR International 20% and Main Street, a South African consortium, 10%. With the discovery, the partners have decided to proceed with development studies and engage authorities on the commercialisation of gas.

Tharisa is a platinum group metals (PGM) and chrome concentrate integrated resource group. The firm's operations and activities encompass the full spectrum of the PGM and chrome value chains from exploration and mining to marketing and sales. Tharisa is building a US\$54.2 million (R882 million) concentrator, known as the Vulcan Plant. Through a proprietary process, the Vulcan Plant is being developed to improve chrome recovery from the Tharisa mine. The project aims to increase recovery levels from 65% to 82% and lower costs. The Vulcan Plant is part of a broader strategy – Vision 2020 – to increase chrome production to two million tons a year. At the time of reporting Tharisa had suspended construction of the plant due to the pandemic, however, operations have since resumed and the project timelines revised. It expects to complete construction towards the end of 2021.

Canadian miner Ivanhoe and subsidiary Ivanplats pledged R730 million at the 2020 Investment Conference. This is an additional investment into the company's existing operations to expand the Platreef project. Platreef is a Tier 1 discovery, which contains the underground deposit of PGMs, gold, nickel and copper located on the northern limb of South Africa's Bushveld Igneous Complex – the world's premier platinum producing region. A breakdown of the plans relating to the allocation have not yet been released.

Luxembourg-based Menar is investing about R250 million in the East Manganese mine with subsidiary Sitatunga Resources. Located in the Northern Cape, the opencast mine is expected to have a three-year life-of-mine. It has an estimated one million ton run of mine ore resource that has the capacity to produce about 30 000 tons a month of manganese ore. It will have a single mining pit and Menar expects to reach first ore in seven to eight months. The mine infrastructure will further be powered by solar energy, and will include offices and a weighbridge. The manganese mine is located on 50 hectares of the total 1 000 hectare mining right area. The remaining area will be used by a local farmer. The project forms part of Menar's R7 billion investment in South Africa's which includes a pipeline of coal projects.

Rainbow Rare Earths is a mining firm that specialises in the production of rare earths elements. The Guernsey-based firm plans to develop the Phalaborwa rare earths project in Limpopo province for an undisclosed amount. The project is in partnership with South African company Bosveld Phosphates.⁴ The company aims to develop long-term sources of Neodymium (Nd) and Praseodymium (Pr) (together "NdPr") and associated rare earth elements. Industrial uses of the elements include application in manufacturing as inputs for large permanent batteries used in electric vehicles and in magnets used in the construction of wind farms. The Phalaborwa project has an estimated 35 million tonnes of gypsum from historic hard rock mining. It is estimated to contain rare earths elements with

⁴ Rainbow Rare Earths has signed a joint development agreement with Bosveld Phosphates. Rainbow Rare Earths will put in US\$750 000 cash and shares to be paid to Bosveld Phosphates in three tranches over 12 months. At the same time, the partners will run a pre-feasibility study on the project after which Rainbow Rare Earths will own a 70% stake. There is a mechanism to allow Rainbow's joint venture ownership to vary between 60% and 80%, depending on the outcome of the pre-feasibility study.

30% high value NdPr. The rare earth element (REE) minerals at Phalaborwa have already been “cracked” and exist in chemical form in the two gypsum stacks.

Telecommunications

A significant investment in telecommunications announced at the 2020 Investment Conference is Teraco Data Environments’ R4.4 billion data centre known as JB4. The facility is being built in Ekurhuleni in Gauteng over six hectares of land and will span 50 000 square metres, making it the largest single-site data centre in Africa. When completed it will include 16 x 1 000 square metre halls and 38MW of critical power load. It is being built in line with global hyperscale requirements and international compliance standards. This makes it possible for global cloud clients to extend services beyond South Africa to Sub-Saharan Africa. Teraco has started construction of the facility, which will be carried out in two phases. The project is scheduled for completion in the first quarter of 2022. While Teraco is headquartered in South Africa, US investment firm Berkshire Partners LLC acquired a majority stake in the firm in a partnership to facilitate further expansion. Pre-exiting partner Permira Funds is based in the United Kingdom.⁵

Dimension Data with NTT Ltd. is expanding the firm’s infrastructure with the introduction of a new R875 million facility, Johannesburg 1 Data Centre, in Gauteng. Dimension Data represents NTT Ltd. in the Middle East and Africa. NTT Ltd is global technology service provider based in Japan. The new facility adds to the 11 data centres across Africa operated by Dimension Data with up to 10MW of IT load.⁶ When complete, the facility will comprise 6 000 square meters of IT space and 12 megawatts of IT load. It will offer complete solutions for housing IT and network systems. Johannesburg 1 will enable the firm to expand capabilities and capacity to meet client infrastructure needs in Africa. Construction has commenced, and the project will be implemented in two phases with the first phase being scheduled to start operating in early 2022. Johannesburg 1 will be located in the Central Point Innovation District – a strategically located industrial park – and the project further includes plans to host an NTT Technology Experience Lab at the site.

Google is planning the development of an undersea cable to join in South Africa. The R2.3 billion Google Equiano fibre optics cable will provide high speed internet to South Africa and the region. It will connect Europe and Africa, starting from Portugal to South Africa, ending at Melkbosstrand in the Western Cape. The cable will run along the West Coast of Africa with branching units along the route. The cable could potentially allow for connectivity to be extended to other African countries. When complete, Equiano will be Google’s third private international cable, 14th subsea cable globally, and the first incorporating fibre level switching.⁷ Google has been preparing the project since about 2017 and expects to complete the first phase in 2021. The most recent development entailed the conclusion of a contract with Alcatel to build the cable at the end of 2018. The announcement of the project at the Investment Conference 2020 can be perceived as an advancement of the project.

Services

Capita offers consulting, digital and software services and solutions. The business process outsourcing (BPO) firm serves companies in various industries including education, healthcare and defence. It operates across six divisions: software, technology solutions, people solutions, customer

⁵ The value of the investment is divided between the US and UK in the analysis of the country of origin. <https://www.businesslive.co.za/bd/companies/telecoms-and-technology/2020-11-03-berkshire-backed-teraco-to-build-r4bn-data-centre-in-joburg/>; <https://www.teraco.co.za/news/berkshire-partners-to-invest-in-teraco/>.

⁶ The IT load is the amount of energy consumed by servers and network equipment in server rooms.

⁷ For detailed information on the technology see <https://www.datacenterknowledge.com/networks/google-s-new-switching-tech-makes-its-latest-subsea-cable-cheaper-simpler>.

management, government services and specialist services. At the Investment Conference Capita announced plans to establish a global delivery centre in the Western Cape. The pledged investment value for the project is R530 million. The company is headquartered in the United Kingdom.

Starbucks South Africa launched eight new stores in South Africa. Rand Capital Coffee is the current licence holder of Starbucks in South Africa. Six stores were opened in Cape Town and the other two in Rosebank and Pretoria. Two of the outlets are located in-store at the new Checkers FreshX supermarkets in a collaboration between the two companies. These are in Stellenbosch and Rosebank. The value of the expansion was not disclosed.

The Giant Flag consortium pledged R184 million for eco-tourism development in the Eastern Cape. The consortium comprises local organisations Giant Flag and CT Worldwide. The third member of the group is Gigawatt Global from the Netherlands. CT Worldwide offers renewable energy and information technology services and Gigawatt Global is a multinational renewable energy company that mainly operates in emerging markets. The investment appears to be for advancing the Giant Flag project. The structure forms a giant flag of South Africa made up of 2.5 million coloured desert cacti and succulents and a 4MW solar field – that is visible from space. The project also includes a boutique hotel, a nursery and conference centre. Ultimately the project aims to stimulate economic activity for the surrounding communities by attracting tourism and creating employment. About 700 job opportunities are expected to result from the project. The project has been in development for a few years reaching milestone with contributions from several institutions.⁸ The recent commitment was announced at the Investment Conference.

Real Epic Dog is a group of technology and hospitality companies based in the United States of America. The group is developing the R200 million Homestead luxury lodge in the Nambiti Big 5 Private Game Reserve. On completion the lodge will accommodate up to 24 guests in suites with private infinity pools and luxury units. The main lodge offers several dining venues, conference facilities, a spa, gym and a swimming pool. The project, which is already underway, was announced at the Investment Conference.

Research and development

The development of the MeerKAT radio telescope began in 2013. It was officially launched in 2018 and this recent investment is for the extension of the project. The South African and German governments committed a combined R800 million⁹ for the expansion, which entails the addition of 20 satellite dishes at the site in the Northern Cape. The expanded MeerKAT would increase the sensitivity of the telescope by about 50%, meaning it would have the ability to detect even fainter astronomical sources, and carry out surveys of the sky at higher speeds. In addition to the direct investment in the Northern Cape, the benefits of hosting these telescopes include a 75% local content component, development of technical skills and big data capabilities, strengthening of university research programmes, opportunities for SMMEs and industry, and community and youth development initiatives. Once complete the MeerKAT will become a part of the Square Kilometre Array (SKA) that will be the world's largest radio telescope with dishes and antennas in South Africa and Australia.

⁸ While details were not found from the conferences, evidence strongly suggests the investment is for the Giant Flag <https://www.giantflag.co.za/>; <https://www.engineeringnews.co.za/article/two-years-into-project-giant-flag-outlines-visible-from-space-2016-10-03>; <https://www.engineeringnews.co.za/print-version/giant-flag-project-south-africa-2014-11-14>

⁹ In the analysis the Tracker only considers the value of the foreign investment - a R400 million contribution from the German government.

Energy and construction

Pan African Resources plans to construct a 10MW solar photovoltaic (PV) plant at the Elikhulu Tailings Retreatment Plant. When complete the R150 million solar plant will provide 30% of the complex's power needs. It would further reduce reliance on the grid and the operation's carbon footprint. The project duration is 12 months, with completion due in mid-2021.

Amazon commissioned the SOLA Group to develop a 10MW solar farm for an undisclosed sum. The SOLA Group will build, own and operate the plant. Other investors in the project include African Infrastructure Investment Managers (AIIM), through the IDEAS Fund – one of South Africa's largest domestic infrastructure equity funds and one of the largest investors in the country's renewable energy landscape. Through the project, 28GWh of solar energy will be wheeled via Eskom's grid to local Amazon facilities every year. Energy wheeling entails the transfer of power between different grid areas, irrespective of proximity – in other words procurement of independently generated power through the national grid where electrical power is transferred through a utilities transmission system. The energy will be delivered by SOLA via the transmission network as per a Wheeling Use-of-System agreement, a first in South Africa. The project is one of Amazon's 26 global utility-scale wind and solar projects under the Climate Pledge initiative. This will be Amazon's first facility in South Africa.¹⁰ Construction is expected to start in early 2021.

Radisson Hotels officially opened the Radisson Hotel and Convention Centre Johannesburg. It is strategically located near amenities such as the OR Tambo International Airport in Kempton Park. The facility offers 289 hotel rooms. The hotel also features meeting facilities, conferencing and exhibition space. Radisson Hotels further announced the development of the Park Inn by Radisson at King Shaka International Airport. It will be the first hotel in the Dube Trade Port Special Economic Zone. Once complete it will include 168 hotel rooms and entertainment and leisure amenities including a restaurant. It will also feature meeting and event facilities.

Updates

Lekela Power completed two windfarm projects – the Kangnas Wind Farm in the Northern Cape and Perdekraal East Wind Farm in the Western Cape. The wind farms were a part of the fourth round of the Renewable Energy Independent Power Producer Programme (REIPPP), and construction started in 2018. The projects were developed for a combined R6.6 billion. Perdekraal East is an 110MW wind farm expected to generate approximately 360 gigawatts per hour (GWh) of energy per year. The 140MW Kangnas Wind Farm will add an estimated 500GWh a year to the grid.

The Richards Bay liquefied petroleum gas (LPG) storage facility has been completed and commissioned. The R1 billion facility was developed by Petredec and Bidvest Tank Terminals and can store 26 000 tons. It is the region's largest pressurised LPG import terminal, featuring four mounded tanks, each capable of storing about 5 500 tonnes of gas. To ensure consistent supply for Southern Africa, there are road tanker and railcar loading facilities operating 24-hours. Development of the project started in 2017.

¹⁰ While Amazon has not yet made an announcement on this particular project, South Africa is among the countries earmarked for wind and solar projects. Statements by the SOLA Group (implementing agent) key investors in the project – AIIM – provided extensive detail on the project. Further, the firm's sustainability website shows a solar farm in the Northern Cape among its renewable energy projects.

See: <https://aiimafrica.com/media/media-centre/nersa-approves-flagship-energy-wheeling-project-for-amazon/>

See: <https://sustainability.aboutamazon.com/environment/sustainable-operations/renewable-energy?energyType=true> .

The Thabametsi independent power producer (IPP) coal-fired power station is experiencing a series of setbacks that point towards a cancellation of the project. The 630MW power plant was to be developed by the Thabametsi Power Company Proprietary Limited (TPCPL). The company was established by Korea Electric Power Corporation (KEPCO) and Marubeni Corporation, each with a 24.5% stake and local stakeholders with a 51% share. TPCPL submitted a request to withdraw from the project with the IPP Office. KEPCO and Marubeni respectively announced withdrawing from the project. Domestically, the Public Investment Corporation, the Industrial Development Corporation and South African private banks have withdrawn funding for the project due to the global divestments away from coal, given the impact of coal on climate change. Furthermore, the Development Bank of South Africa (DBSA) is reviewing the project, as to whether is in line with DBSA's just transition policy. Thabametsi together with Khanyisa were named the preferred bidders in the Coal Baseload Independent Power Producer Procurement Programme announced in 2016. Approximately US\$2 billion (R30 billion) would have been invested in the project.

Orion Minerals' US\$378 million (R4.4 billion) Prieska copper-zinc project in the Northern Cape has made further progress. The company has received the second and final mining right for the Prieska project. This is after Orion was granted an environmental authorisation for the Vardocube resource in the first quarter of 2020. Prior to this, in 2019, a mining right was granted for a bulk of the Prieska resource. This Vardocube mining right is for the southeastern extension of the ore deposit and complements the Prieska Copper Zinc Mine mining right granted last year.

BioTherm Energy completed the construction of four renewable energy projects for a total of US\$116 million (R1.9 billion). The projects were funded through the Multilateral Investment Guarantee Agency (MIGA), a World Bank subsidiary. The facilities comprise: the 86MW Konkoonsies II solar PV power plant and 46MW Aggeney's solar PV plant in Northern Cape; the 120MW Golden Valley wind farm in the Eastern Cape; and the 32.5MW Excelsior wind farm in the Western Cape. Investment tranches total US\$46.9 million for the Aggeney's and Konkoonsies II plants, and US\$68.9 million for the two wind power plants of Golden Valley and Excelsior.

FDI TRENDS, Q3 AND Q4 2020

Investment values

A substantial share of the total investment value recorded is composed of three projects in excess of R10 billion, which constitute 61% (R46 billion) of the total pledged value. The largest of these commitments is the R17 billion United Heavy Industries investment programme followed by Anglo American's R15 billion investment in the firm's operations and the R14 billion combined pledge by a collective of French companies.

The Tracker recorded seven projects that have values between R1 billion and R5 billion. These account for 22% of the total pledged value, or R29 billion in total. Pioneer Foods' R5.5 billion expansion project has the highest value in this bracket. It is followed by the R4.4 billion pledge by Teraco, which is closely trailed by the Ford-led R4.3 billion by private companies in the Tshwane Auto SEZ. Vanadium Resources' Steelpoortdrift vanadium project and Google's Equiano subsea cable contribute R2.4 billion and R2.3 billion, respectively. The other projects included in this range are each valued at R1.5 billion and include the combined Belgian commitment and Total's drilling of the Liuperd-1 gas well.

Five projects have investment values that range between R0.5 billion and R1 billion. They make up about 5% of the total investment value in this period. These are Tharisa's R882 million chrome mine project, the R875 million Johannesburg-1 data centre by Dimension Data and Dangold Packaging's

R831 million beverage canning facility. They are followed by Ivanhoe's R730 million additional investment in the Platreef project and Capita's R530 million delivery centre.

Projects valued below half a billion are the majority of investments. The 17 projects constitute approximately 4.6% of the total pledged investment value. Sixteen are valued between R500 million and R100 million while one project is below R100 million. The R400 million investment in the SKA MeerKAT is the largest of these projects followed by the Equites Park Riverfields R287 million facility and Anglo African Metal's R280 million titanium beneficiation project. The single project under R100 million is Sundale Schreibers joint venture with US\$4.3 million (R70 million) for a cheese manufacturing factory.

Investment values were not available for the Amazon, Starbucks, Radisson Hotels and Rainbow Rare Earths/Bosveld Phosphates projects.

Investment stages

Table 1: Investment stages

Stage	Value (R billion)	Number
Announced	58.3	19
Construction/Implementation	12.6	11
Pre-feasibility	2.4	1
Exploration	1.5	2
Project preparation	0.3	1
Complete	0.2	3
Total	75.2	37

Note: Values may not always sum to the total due to rounding.

Announced projects constitute approximately 78% of the total investment value. Three projects make up the majority of the value of announced projects, contributing a combined R46 billion. The largest of these is the R17 billion United Heavy Industries investment programme. Projects at this stage primarily consist of pledges made at the 2020 Investment Conference, some of which build on pre-existing ventures. Six of the commitments announced were external to the conference. These include Anglo's R15 billion operations investment and the R14 billion combined pledge by French companies.

Projects identified under construction or at implementation constitute over 16% of the total investment value. Half of the investments at this stage were announced at the 2020 Conference and, while they are already under development, they are new additions to the Tracker. Collectively they represent R6.4 billion of the investment value at this stage. Teraco's R4.4 billion infrastructure expansion project is the largest of these projects. Other investments underway – outside the conference – include the R4.3 billion Tshwane Auto SEZ, Tharisa Mines US\$54.2 million (R882 million) chrome plant and the German government's R400 million investment in the SKA MeerKAT telescope.

The single pre-feasibility project was Vanadium Resources' US\$161.5 million (R2.4 billion) Steelpoortfontein vanadium mining and beneficiation project. Total's R1.5 billion Liuperd-1 project investment and Rainbow Rare Earths and Bosveld Phosphates rare earths mining investment constitute the two projects at the exploration stage, however, the value for this phase is attributed exclusively to the Total project. Analysis captured one project at project preparation, the Fuch Lubricants R260 million commitment to expand the firm's facilities and operations. Complete projects account for the lowest investment value, which is based entirely on one project, CHEM Energy's R170 million fuel cell production factory. The Radisson Hotel Convention Centre and Starbucks' respective expansion projects constitute the other projects completed in Q3 and Q4 2020.

Investment type

Table 2: Investment type

Type	Value (R billion)	Number
Expansion	41.2	12
Greenfield	18.1	20
Unspecified	15.8	3
Upgrade	0.2	1
Brownfield	Not reported	1
Total	75.2	37

Note: Values may not always sum to the total due to rounding.

A breakdown of projects by investment type revealed expansion projects had the highest value across the two quarters. The value is mainly composed of investments by United Heavy Industries (R17 billion) and Anglo American (R15 billion). Most firms' projects are largely focused on expanding their operations and production capacity. Other expansion projects comprise Pioneer Food's R5.5 billion investment, Ivanhoe's Platreef's R730 million project and Sundale's R101 million project. A notable greenfield project that did not have an investment value is Amazon's renewable energy project.

Greenfield projects have the highest count of investments, representing over half the number of projects by investment type. Two projects contribute to more than half the pledged value for greenfield projects, namely Teraco's data centre infrastructure investment and the Tshwane Auto SEZ valued at R4.4 billion and R4.3 billion, respectively. Other significant greenfield projects include the Vanadium Resources R2.4 billion Steelpoortdrift mining investment, Google's R2.3 billion Equiano subsea cable and Total's R1.5 billion drilling of the Liuperd-1 well. There are also projects valued below R1 billion. These include the R882 million Dangold Packaging beverage canning plant and Capita's R530 million delivery centre among others.

The Tracker was unable to establish the investment type for three projects. These include the combined R14 billion pledge by a group French companies, and similarly the collective R1.4 billion commitment by a group of Belgian companies. In both the French¹¹ and Belgian case there was insufficient information that would aid in the determination of the appropriate classification of the projects by type, such as the names of individual companies that would be investing, and indications as to whether these are new or established in the country. The other project classified as unspecified is the Anglo-African Metals R300 million titanium beneficiation project – similar to the Belgian and French commitments, the information was not enough, including on the company itself.

Upgrades were announced by one investor, Pan African Resources, which plans to install a solar power plant for the Elikhulu Tailings Retreatment project. The single project that represents brownfield investment is the Phalaborwa rare earths project by Rainbow Rare Earths in partnership with Bosveld Phosphates. The value of this investment was not reported.

Investment by location and industry

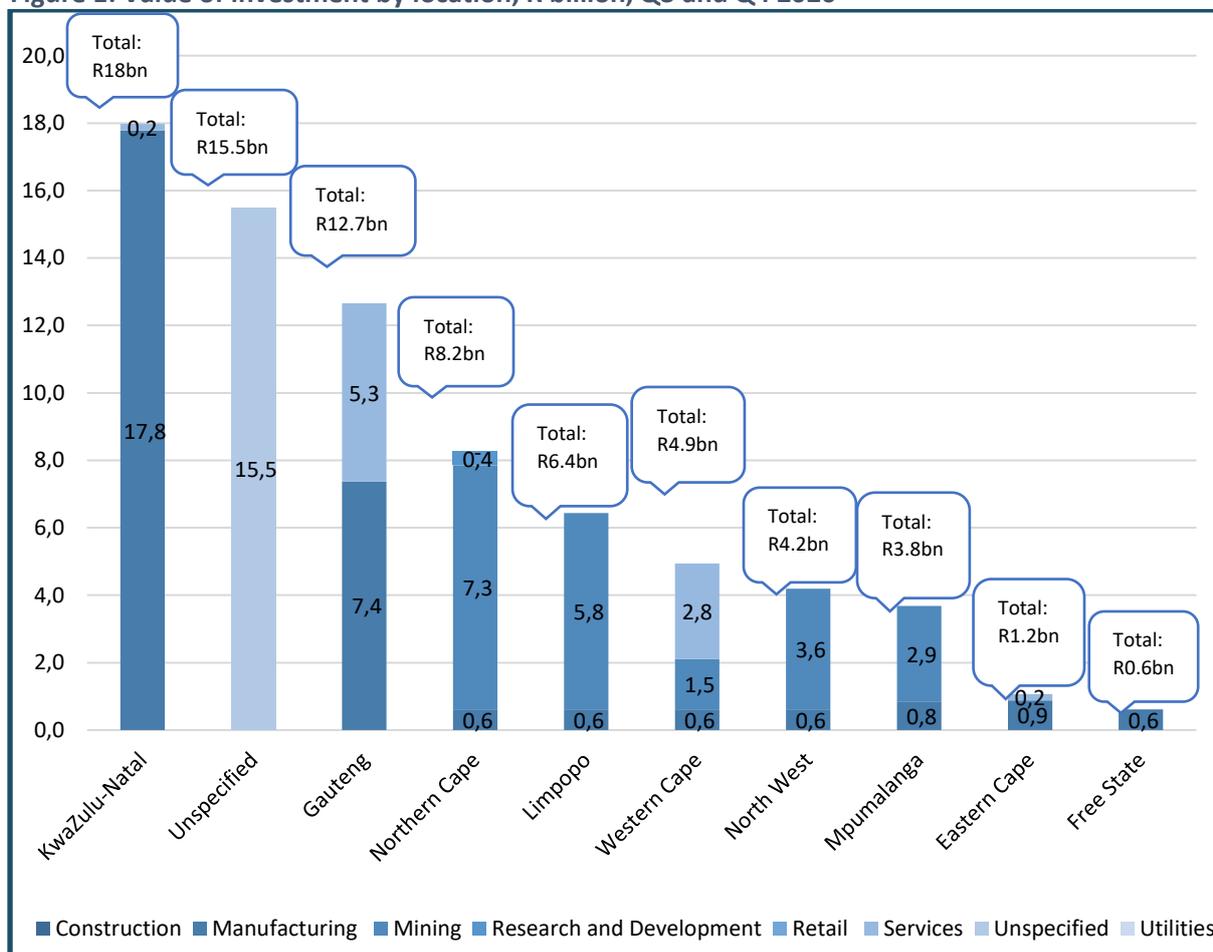
Figure 1 presents projects categorised by location and industry. Unlike the first half of the 2020, a greater range of industries was observed in the Q3/Q4 reporting period. Projects were overwhelmingly concentrated in the manufacturing industry, followed by mining investment.

¹¹ It is notable that while the commitment by French firms follows a previous combined R20 billion pledge at the 2019 Investment Conference, it cannot be said with certainty that the same group of companies represent the current group of investors.

Manufacturing projects were observed across all provinces. Projects by Pioneer Foods¹² and Starbucks¹³ incorporate multiple sites, and the companies have not specified the geographic allocation of the investment value. Anglo American’s¹⁴ investment also covers multiple locations. Gauteng and KwaZulu-Natal are recipients of over half the projects recorded in this period. The locations of two projects were classified as unspecified – the R14 billion combined investment by the group of French companies and the R1.5 billion initiative by a collective of companies from Belgium.

KwaZulu-Natal recorded the highest investment value of R18 billion from four of the five projects captured in the reporting period. Manufacturing accounts for the largest portion of investment in the province with R17.8 billion, mainly from United Heavy Industries’ R17 billion investment programme. Other manufacturing projects include CHEM Energy’s R165.6 million fuel cell factory and the Pioneer Foods expansion with a R610 million investment. The Homestead game lodge contributed R200 million to the services industry. The Park Inn by Radisson is the retail project in the province.

Figure 1: Value of investment by location, R billion, Q3 and Q4 2020



Source: TIPS FDI Tracker project data.

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

¹² Pioneer Foods’ total investment value is R5.5 billion. Coverage of the investment is across the company’s operations as these spread across the country, with the value distributed equally across the nine provinces. This translates to approximately R610 million in each province.

¹³ Starbucks expanded its stores in two provinces, the Western Cape and Limpopo. The investment value was not reported.

¹⁴ The total investment value is R15 billion. Anglo indicated that about R7 billion would go towards Kolomela Mine in the Northern Cape while the balance will go towards other activities across the company’s operations. The R8 billion balance was distributed equally between operations in Limpopo, Mpumalanga and North West. This equates to about R2.7 billion for each province.

The highest number of projects were identified in Gauteng. The province also recorded the second highest investment value capturing R12.7 billion from 12 projects out of a total 14. Manufacturing dominates investment in the province accounting for R7.4 billion, a result of 10 projects. The largest project is the R4.3 billion Tshwane Auto SEZ, led by Ford, followed by Dangold Packaging's R830 million canning facility and Pioneer Foods' R610 million investment. The Equites and Sandvik Equites Park Riverfields facility and Anglo-African Metal's titanium beneficiation project respectively contribute R287 million and R280 million to manufacturing in the province. Proctor and Gamble is investing R260 million to expand the production of diapers and for the same value Fuchs is expanding its manufacturing operations. The industry also benefits from Dr. Oetker's investment to increase production and Sew-Eurodrive's operation and facility expansion, with each contributing R200 million. Supavut also contributed to manufacturing with a R150 million pledge in the automotive components sector at the Tshwane Auto SEZ. Two projects were noted in services, Teraco (R4.4 billion) and Dimension Data (R875 million), with data centre infrastructure. Gauteng also gained from retail investments with Starbucks expanding its presence. One construction project was identified – the Radisson Hotel and Convention Centre Johannesburg. These projects had no reported investment value.

The Northern Cape garnered a total of R8.3 billion in investment. Five projects are captured in the province, of which four comprise the investment value. Mining is the largest contributor to investment in the province with Anglo's R7 billion project for a new pit at the Kolomela Mine. It is also the largest project in the province. The other mining project is Menar's (Sitatunga Resources) R250 million investment in a manganese mine. Manufacturing is represented by the Pioneer Foods' R610 million investment in expanding its operations. The province also hosts the SKA MeerKAT telescope with a further development for R400 million, contributing towards research and development investment. The Amazon/SOLA Group solar farm project accounts for investment in utilities.

Five projects were identified in Limpopo with values captured for only four projects that make up the R6.4 billion pledged investment value. Mining dominates investment in Limpopo, with a total R5.8 billion gain from the industry. The largest project is by Anglo American with R2.7 billion towards operations in the province. This is closely followed by Vanadium Resource's US\$161.5 million (R2.4 billion) Steelpoortfontein vanadium project. Ivanhoe also pledged R730 million to further develop the Platreef project, adding to mining investment. The province benefits from the Pioneer Foods expansion initiative contributing R610 million to the manufacturing industry.

Investment in the Western Cape amounted to R4.9 billion, recorded from four of the five projects captured across the mining, manufacturing, services and retail industries identified in the province. Google's R2.3 billion Equiano subsea cable is the largest project identified in the Western Cape, contributing to services in the province, along with Capita's R530 million investment to establish a delivery centre. The R610 million in the province's manufacturing industry is related to Pioneer Foods' investment towards its operations. Starbucks established six new stores in the province contributing to retail in the province for an undisclosed value.

North West province is a beneficiary of three projects and gained a total R4.2 billion in investment from these projects. The highest investment value in the province is in mining with R3.6 billion from two projects. Anglo American's R2.7 billion pledged investment into the firm's operations in the province is the largest mining project. Tharisa's R882 million Vulcan chrome plant is the other mining investment. Pioneer Foods accounts for the R610 million in manufacturing investment.

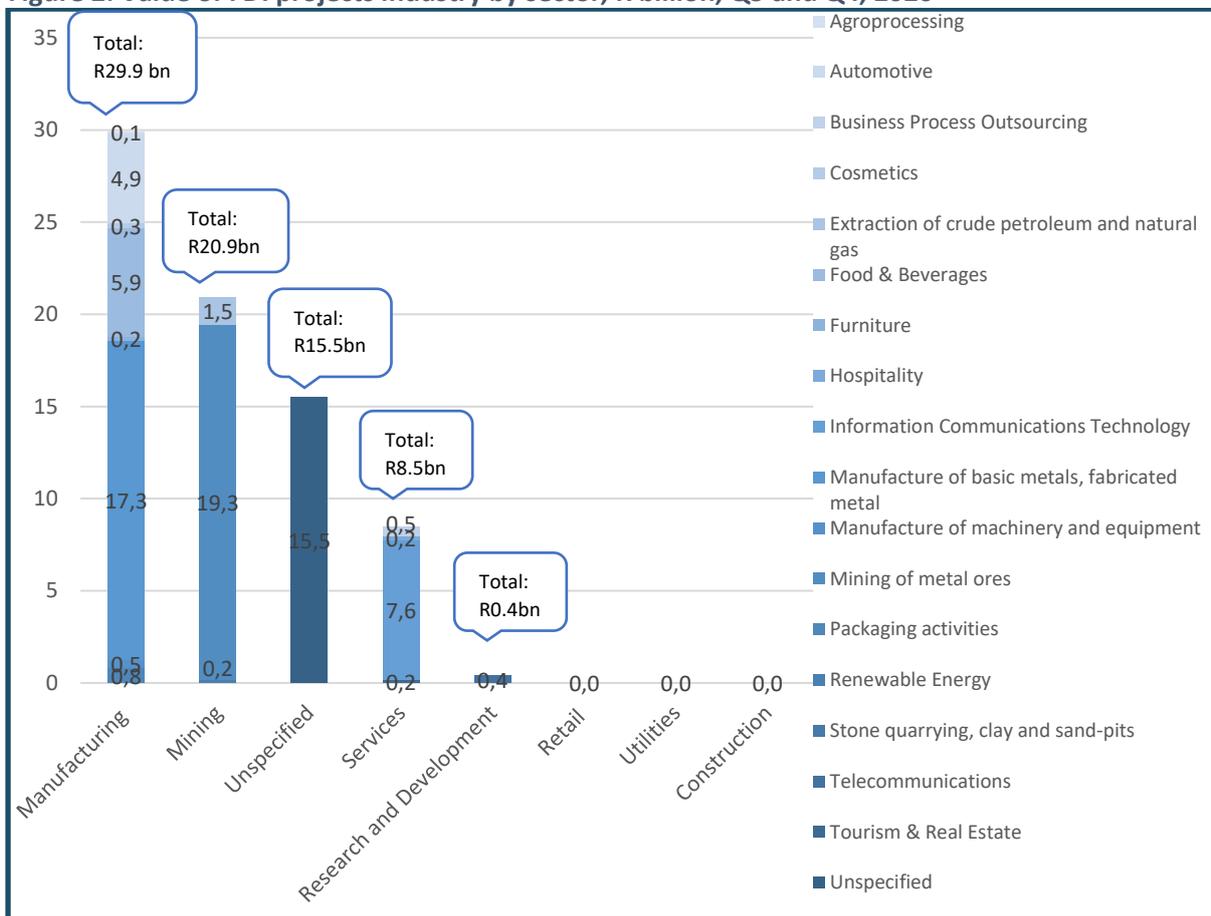
Four projects constitute the R3.6 billion investment value captured in Mpumalanga, across three industries. Mining received the largest share, mainly from Anglo's R2.7 billion investment towards the company's operations. Also adding to mining is Pan African Resources with R150 million pledged for a

solar power plant at the Elikhulu project. Pioneer Foods’ investment in manufacturing operations and Sonae Arauco paper production expansion project constitute manufacturing investment in the province. The projects contribute R610 million and R220 million, respectively.

The Eastern Cape recorded a total R1.1 billion investment value captured from four projects identified in the province. Manufacturing dominated investment in the province, accounting for R881 million from four projects. The largest pledge is R610 million from the Pioneers Foods production capacity expansion initiative. Sundale pledged R171 million to two projects, R70 million for a manufacturing plant and R101 million to expand production. Lactalis South Africa rounds out manufacturing projects in the province with a R101 million pledge to establish a milk powder production plant. A R184 million eco-tourism project by the Giant Flag Consortium is the only services project in the province.

The least number of projects and the lowest investment value were recorded in the Free State. Two projects were captured contributing to manufacturing and retail. The investment value is attributed to one project – the Pioneer Foods R610 million investment as part of the company’s broader expansion of its manufacturing capacity across operations.

Figure 2: Value of FDI projects industry by sector, R billion, Q3 and Q4, 2020



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. In Q3 and Q4 2020 there was a more diverse distribution of projects across subsectors (18) as opposed to the first half of the 2020 (10). Mining, manufacturing and services have maintained their positions as the main industries that attract and receive investment and are recorded in the Tracker. The R14 billion French investment and the R1.5 billion Belgian investment were categorised as unspecified. This is because greater detail on sectoral variation is yet to be disclosed.

Manufacturing appears to be making a recovery after significantly less activity was noted in the Q1/Q2 2020 reporting period.¹⁵ It recorded a substantial R29.9 billion attributed to 16 projects spread across seven subsectors. Manufacture of basic and fabricated metals has the highest pledged value. The main investment in this subsector is the R17 billion from the United Heavy Industries investment programme. The food and beverages subsector carries four investments contributing R5.9 billion to manufacturing. The largest commitment comes from Pioneer Foods' R5.5 billion capacity expansion project. Automotives also registered four commitments that amount to R4.9 billion, which is mainly attributed to the R4.3 billion Tshwane Auto SEZ. Dangold Packaging's beverage canning plant accounts for the R830 million investment in the packaging activities subsector. Manufacture of machinery and equipment comprises two projects, CHEM Energy's R170 million factory and Sandvik/Equites R287 million facility. P&G's R260 million diaper manufacturing plant contributes to cosmetics and the R220 million in furniture results from the Sonae Arauco investment in paper production. Sundale Schreiber's manufacturing plant represents the R70 million in agro-processing.

Substantial investment was also noted in mining, which captured R20.9 billion from seven projects. The investments cover four subsectors. Investment was concentrated in mining of metal ores which recorded R19.3 billion from five projects. These were dominated by Anglo's R15 billion commitment earmarked for the firm's operations. Extraction of crude petroleum and gas contributed R1.5 billion from Total's drilling of the Liuperd-1 well. Pan African Resources' solar plant contributes R150 million to the renewable energy subsector. Stone quarrying is represented by the Rainbow Rare Earths/Bosveld Phosphates Phalaborwa project for an undisclosed sum.

Services consists of five subsectors comprising six projects. A sizeable share of the R8.5 billion captured in services is from information communications technology (ICT) projects. Teracao's R4.4 billion data centre project accounts for over half this value followed by Google's R2.3 billion subsea cable and another data centre by Dimension Data with a R875 million pledged value. BPO contributed R530 million to services from Capita's delivery centre and hospitality added R200 million with the Homestead game lodge. The other project in services is the R184 million Giant Flag project in the tourism and real estate subsector.

One subsector was identified in research and development. Telecommunications registered R400 million from the MeerKAT telescope project. Retail features in one project, the expansion project by Starbucks in food and beverages. Utilities recorded a single renewable energy project, Amazon's solar power plant, and two projects by Radisson Hotels constitute hospitality investment in contributing to the construction industries. Investment values were not reported for these projects.

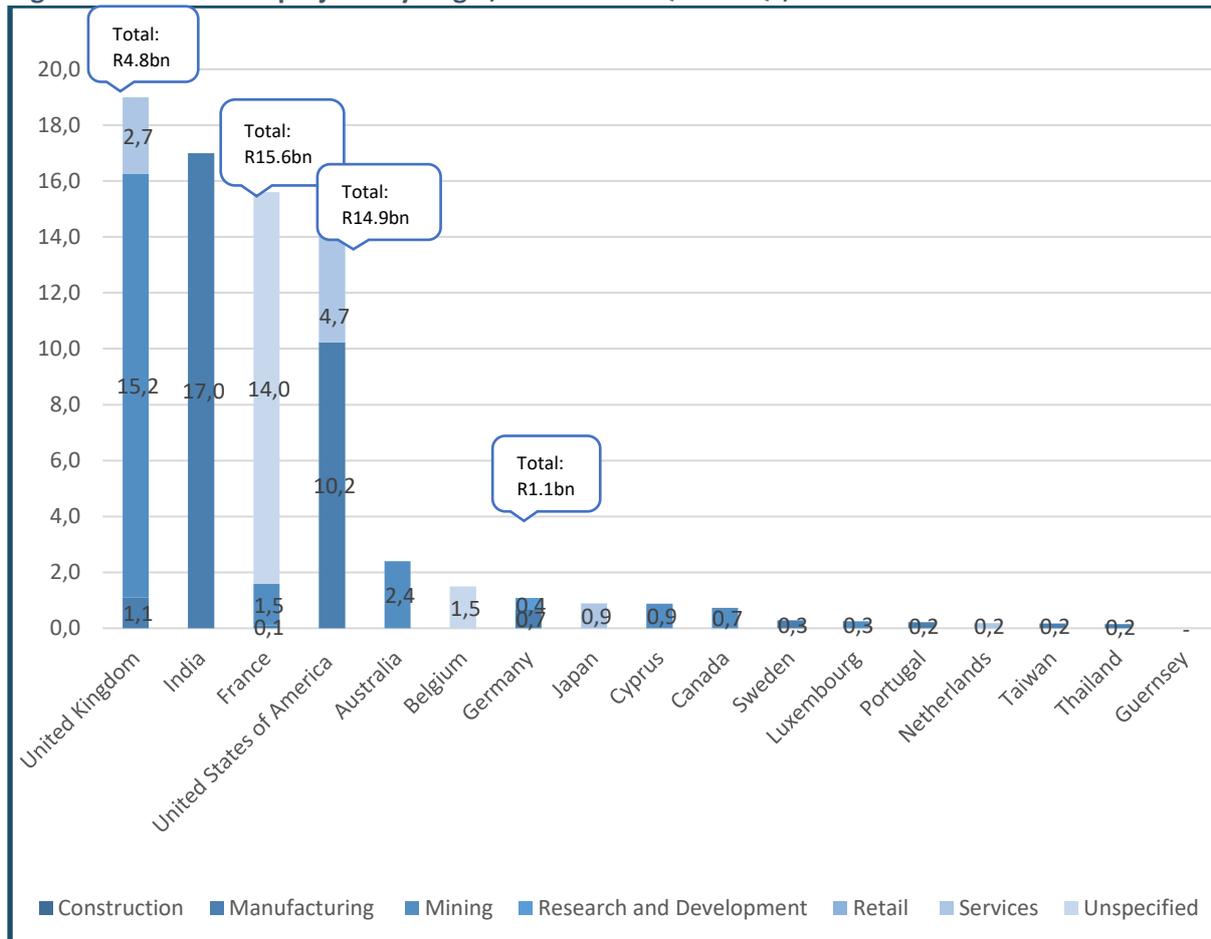
Investment by country of origin

Figure 3 illustrates investment differentiated by country of origin and sector. Activity from traditional investors was ongoing with a greater distribution of projects by country observed, particularly from Europe. The European region remains a source of considerable investment, contributing R38.9 billion to the total investment value. Monitoring identified 21 projects originating from 10 European countries. The United Kingdom is the largest investor country with a total R18.9 billion captured from six investors; the bulk of the value comprises Anglo's R15 billion commitment to develop the firm's mining operations in South Africa. France and Germany registered four projects each, respectively adding R15.6 billion and R1.1 billion to the total investment value. Three projects contributed to the value of projects from France, led by the substantial R14 billion pledge from a group of unidentified

¹⁵ Manufacturing is typically observed among leading industries in the Tracker. Over quarters one and two in 2020 considerably less activity was noted in the industry with R500 million from four projects in two subsectors captured in this reporting period.

companies. A total R1.1 billion was captured from Germany with R400 million pledge towards the SKA MeerKAT telescope being the largest project from the country. The other seven European countries registered one project each. Belgium is represented by the R1.5 billion commitment from a collective of unnamed companies. Tharisa Mining’s R882 million project is from Cyprus, a new entrant to the Tracker. The Sandvik/Equites R287 million project represents Sweden, and Menar’s R250 million project is from Luxembourg. Sonae Arauco’s R220 million expansion and the R184 million Giant Flag project were captured from Portugal and the Netherlands respectively. Rainbow Rare Earths’ project with Bosveld Phosphates accounts for the investment from Guernsey for an undisclosed amount.

Figure 3: Value of FDI projects by origin, R billion for Q3 and Q4, 2020



Source: TIPS FDI Tracker project data.

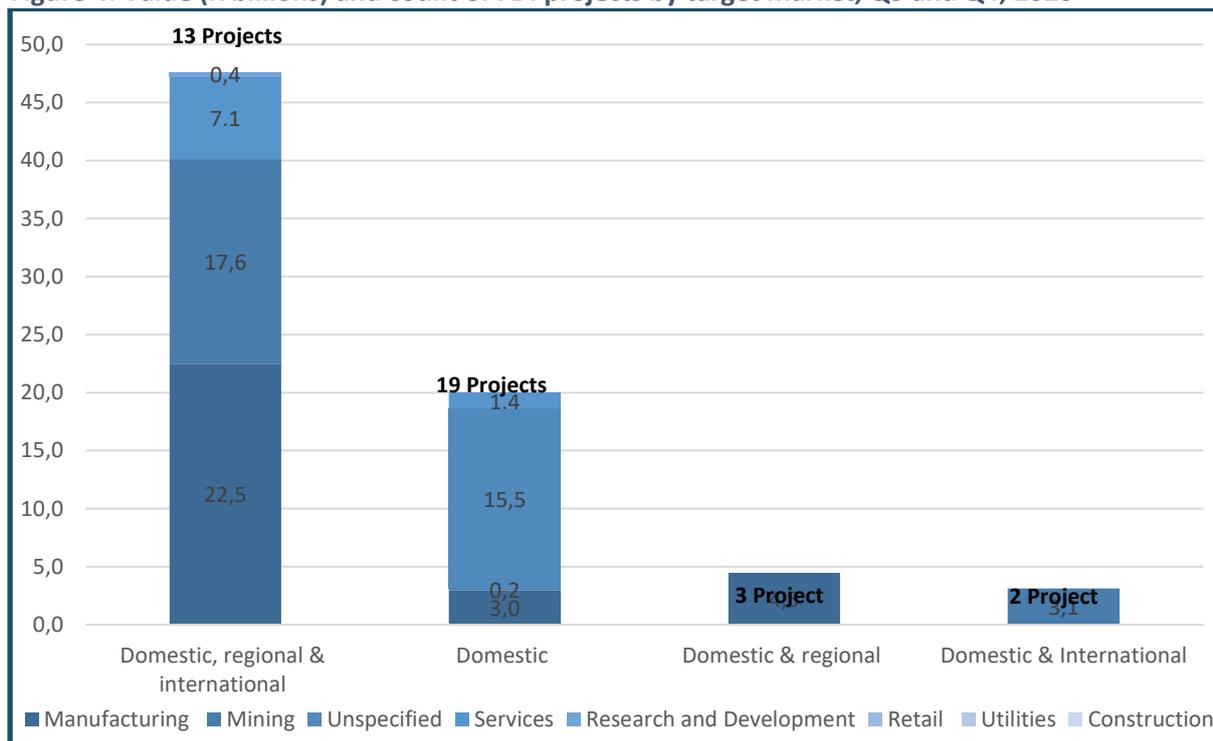
Notes: Numbers may not always sum to the exact total investment amounts due to rounding.

India led investment from Asia. A total R18 billion was captured from the region, of which R17 billion was recorded from India’s United Heavy Industries’s investment. One project represents investment from Japan, Dimension Data’s R875 million data centre. Taiwan and Thailand also feature in this reporting period, contributing R170 million (CHEM Energy) and R150 million (Supavut) to investment.

The USA had the highest number of projects for R14.9 billion from eight out of 11 commitments. Four substantial investments were captured from the country by the following investors: Pioneer Foods (R5.5 billion), Ford and partners (R4.3 billion), Google (R2.3 billion) and Teraco (R2.2 billion). Monitoring further identified investment from Australia and Canada. Vanadium Resources’ R2.4 billion project was captured from Australia and Canadian miner Ivanhoe’s Platreef project contributed R730 million to investment.

Figure 4 depicts the categorisation of projects by target market. It shows that the majority of projects target the domestic, regional and international market. This segment comprised 21 projects across five industries dominated by manufacturing in terms of value, which recorded R22.5 billion from 11 out of 12 projects. The other industries included in this market segment include mining, services, research and development, and utilities. Projects with an exclusively domestic focus¹⁶ had the highest number of projects, out of which 16 contributed to the total R20 billion to investment value. The majority of projects in in this target market are in manufacturing. All three projects with a domestic and regional outlook are also in the manufacturing industry, the value mainly comprising the R4.3 billion Tshwane Auto SEZ investment. The projects targetting the domestic and international markets are both in mining, the largest being the R2.4 billion commitment from Vanadium Resources.

Figure 4: Value (R billions) and count of FDI projects by target market, Q3 and Q4, 2020



Source: TIPS FDI Tracker project data.

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

Investment environment

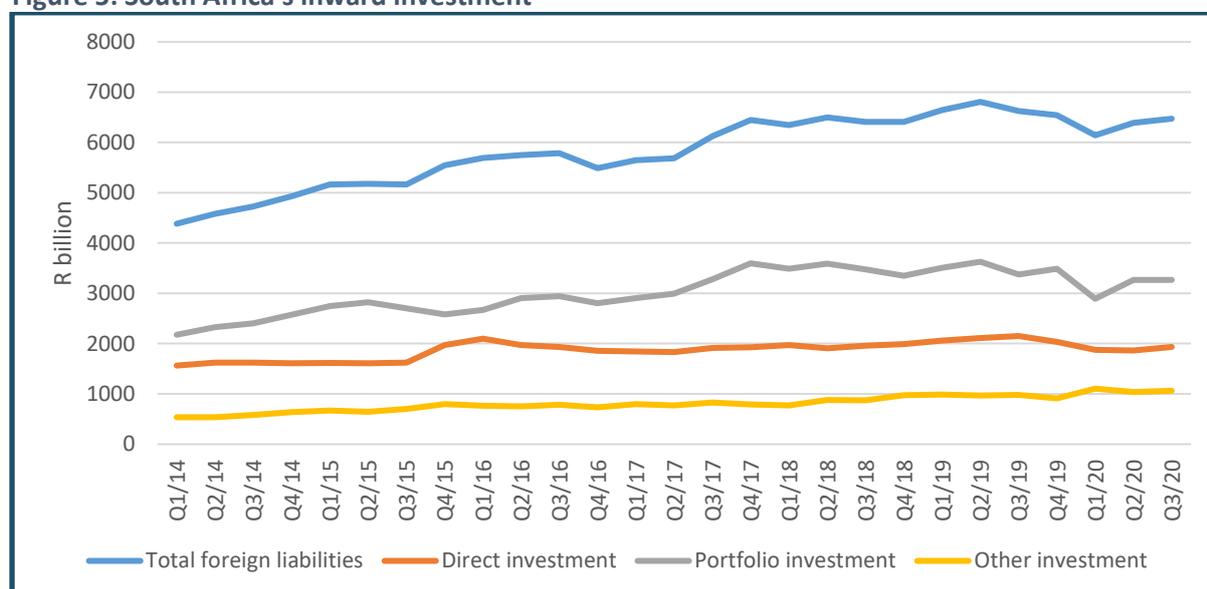
A recent addition to the FDI Tracker is the analysis of the domestic investment environment. This analysis provides insight into the general environment in which investments are being made. This analysis is important for the following reasons. First, metrics that measure investment indicate the extent 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 latest President’s Investment Conference held at the end of 2020, it is important from a policy point of view to monitor

¹⁶ The R14 billion French investment together with the R1.5 billion Belgian investment are assigned to the exclusively domestic category for the purposes of target market segmentation. It is assumed that these investments will at least service the domestic market.

whether the pledges made at that event are materialising as 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 increased from a revised R6 393 billion at the end of June 2020 to R6 471 billion at the end of September 2020, an increase of 1.2% between Q2 2020 and Q3 2020. The increases in inward investment between Q2 2020 and Q3 2020 were attributable to increases in all investment categories except financial derivatives. A notable rise in direct investment was observed, due to a rise in net asset values of non-listed companies after the COVID-19 lockdown in Q2 2020. Portfolio investment liabilities increased marginally with a 0.1% increase, despite the FTSE/JSE All-Share Index reflecting a marginal decline over the same period (SARB, 2020a). Other investments also grew by 2.6%, attributable to non-residents extending long-term loans to the general government. Drivers of government loans also included COVID-19 financial assistance consisting of a US\$4.3 billion International Monetary Fund (IMF) loan and a US\$1 billion New Development Bank loan.

Figure 5: South Africa’s inward investment



Source: TIPS, based on South Africa’s international investment position data by (SARB, 2021a).

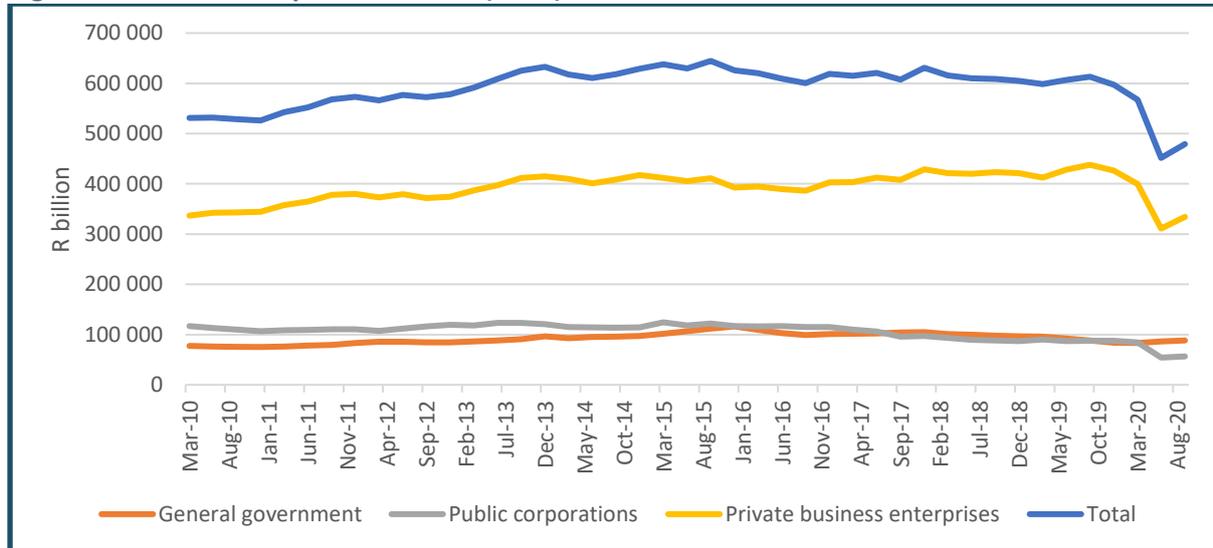
The increase in total investment followed a decrease in total investment of 4.1% between the first and second quarters of 2020. Direct investment¹⁷ as measured by the South African Reserve Bank (SARB) inward investment data increased from R1 863 billion to R1 936 billion between the Q2 2020 and Q3 2020, representing an increase of 4%. Compared to the third quarter of 2019, portfolio investments in 2020 were about 10% lower than the year before. Portfolio investments decreased from R3 265 billion to R3 269 billion between Q2 2020 and Q3 2020, decreasing by 0.1%. Other investments increased by 2.6% from R1 039 billion to R1 066 billion.

Stats SA calculates gross fixed capital formation (GFCF) as part of the expenditure component of gross domestic product (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 increase in direct investment noted in the SARB data was also reflected in total

¹⁷ 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, 2019).

GFCF, which increased by 6% between the Q2 2020 and Q3 2020, in constant 2010 prices, seasonally adjusted, and annualised. This positive change in investment levels represents a turnaround from the dramatic decline in GFCF noted in Q1 and Q2 of 2020, which was comparable to the declines in investment levels witnessed during the 2007/8 global financial crisis. While this change in direction is encouraging, South Africa and the rest of the world are still mobilising resources towards dealing with the impacts of COVID-19, so it remains to be seen whether the trend of increasing levels of investment will continue.

Figure 6. Gross fixed capital formation (GFCF)



Source: TIPS, based on StatsSA, 2020.

Notes: Values are on a constant 2010 prices, seasonally-adjusted, and annualised basis.

According to Stats SA, the main contributors to the increase in GFCF were in non-residential buildings (89.9%), residential buildings (70.6%), and construction works (67.3%) (Stats SA, 2020). Disentangling GFCF by the type of institution reveals the contributions to investment levels by the public and private sectors. In Q3 2020, private investment increased by 7.43% from Q2 2020 in constant 2010 prices, seasonally adjusted and annualised basis. Public corporation investment levels increased by almost 4%, and investments by general government increased by 7.7%.

Figure 7. Purchasing Managers' Index (PMI)



Source: TIPS, based on PMI data by BER, 2021).

Note: The PMI data are seasonally adjusted by the Bureau of Economic Research (BER).

The Absa 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 Q3 2020, the seasonally adjusted Absa PMI decreased between June 2020 and July 2020 (from 53.3 to 49.4), increasing between July and August (from 49.4 to 55.8) and subsequently increasing again between August and September (from 55.8 to 58.5) (BER, 2020a, 2020b, 2020c). The underlying business activity index remained at an elevated level in July, pointing to the possibility that some firms were ramping up production to make up for lost production during the stricter lockdown. During Q3 2020, purchasing managers reported a rise in export sales for the first time since October 2019, potentially bolstered by an increased recovery to manufacturing activity in the Eurozone in Q3 2020. Furthermore, purchasing managers have turned notably more optimistic about future business conditions. The underlying index tracking expected business conditions in six months' time rose to the highest level in about 18 months. Despite the level of the PMI increasing above pre-pandemic levels in Q3 2020, this did not directly translate to official manufacturing activity being back to pre-pandemic levels. The high levels of the PMI witnessed during Q3 2020 is only indicative of conditions continuing to improve. During Q3 2020, purchasing managers remained optimistic about business conditions going forward.

In Q4 2020, the seasonally adjusted Absa PMI increased between September 2020 and October 2020 (from 58.5 to 60.9), decreased between October and November (from 60.9 to 52.6) and subsequently decreased between November and December (from 52.6 to 50.3) (BER, 2020d, 2020e, 2020f). The PMI continued to increase in Q4 2020 after the recovery in Q3 2020, pointing a continued manufacturing recovery following a record contraction in April 2020. Some purchasing managers reported a recovery of demand to pre-COVID levels while other managers reported struggling to reach pre-COVID demand levels. Notably in Q4 2020, the inventory index rose to the highest level in about 13 years. The employment index also improved, suggesting employment levels were stabilising after signalling significant job losses in Q2 and Q3 2020. A decline in export sales was noted in Q4 2020 due to lower activity in Europe following renewed COVID-19 lockdowns. Towards the end of Q4 2020, a levelling off of growth in manufacturing was witnessed, due to demand stabilising and the recovery beginning to lose momentum.

Figure 8. SARB leading indicator



Source: TIPS, based on SARB, 2021b.

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).

In Q3 2020, the SARB leading indicator increased in July 2020 (2.6%), thereafter increasing again in August (3.7%) , and subsequently again in September (1.7%) (SARB, 2020a, 2020cb 2020c). The biggest drivers of increases in the leading indicator in Q3 2020 were the number of building plans approved, the commodity price index for South Africa’s main export commodities, job advertisements, the BER Business Confidence Index, BER manufacturing volume orders, and BER average factory worker hours.

In Q4 2020, the SARB leading indicator increased in October 2020 (3.1%), thereafter increasing again in November (1.0%) , and subsequently again in December (0.5%) (SARB, 2020d, 2020e, 2020f). The biggest drivers of increases in the leading indicator in Q4 2020 were job advertisements, the commodity price index for South Africa’s main export commodities, the number of new passenger vehicles sold, the composite leading business cycle indicator for South Africa’s major trading-partner countries, the BER Business Confidence Index, BER average factory worker hours, and the number of building plans approved.

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 the 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.

The pandemic has regrettably led to cancellation, suspension and delays in major projects. The big alcohol beverage companies in particular responded to the restrictions on their sales that aimed to help reduce the spread of the contagion. This came on the back of international evidence suggesting a close link between drinking and risky behaviour, with bars contributing between 20% and 30% of new cases in some countries.¹⁸ South African Breweries (SAB) cancelled a R2.5 billion investment towards the company’s capital and infrastructure upgrade programme for the 2020 financial year. Another global brewer, Heineken, suspended plans for a R6 billion brewery near the Dube Trade Port in KwaZulu-Natal. Mining company Tharisa suspended development of the Vulcan chrome plant on account of the lockdown. At the time of reporting there was no indication as to when activities would resume.

A company closure was identified in the Q3/Q4 period. Bridgestone South Africa announced plans to close the company’s tyre manufacturing plant in Port Elizabeth. Bridgestone indicated the closure is in line with the firm’s business strategy as well as a response to changes in the industry and prevailing economic conditions. Bridgestone further pointed out that the facility was geared towards manufacturing an older model bias tyre for which demand is in decline. A Section 189 notice and process has been initiated. The closure will affect about 252 jobs. The factory has been operating for 84 years.

¹⁸ See TIPS [The Real Economy Bulletin Third quarter 2020](#) for more information.

The Tracker also continues to see firms responding to challenges presented by shortages in electricity supply through investments in sustainable technologies for self-generation. In this period of analysis two more companies were identified that plan on undertaking such projects – Pan African Resources and Amazon (implemented by the SOLA Group).

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 in Table 3.

Table 3: Classification of project by credibility of investment pledge

Grading	Explanation
Commitment	Project has been announced, but the plan lacks details (such as company commitment or clear development plan) or is too early to be substantive.
Potential	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.
Likely	Project has been announced, and is highly credible, often with plans that are partially in progress, such as completed feasibility studies or regulatory approval.
Construction/ implementation	Projects that are underway. Figures will be updated to reflect changes to the project during the construction/implementation period.
Cancelled	The project is no longer moving ahead.

Table 4 lists projects according to the assigned credibility grading. Nine projects announced were categorised as “commitment”, mainly due to the limited information available on these projects. Details on the French companies’ investment consists of the combined pledged value and brief mention of the activities of some companies that have previously undertaken investments including Air Liquid, Canal+ and Total.¹⁹ Information on the collective Belgian investment is limited to the combined value, the estimated number of companies that made pledges, and some of the industries targeted for investment. Further, in the case of both the French and Belgian commitments, individual company pledges, project plans, locations and timeframes for implementation were not disclosed.

The other seven projects graded as commitment have comparatively more information released on aspects including the pledged value, location and basic description of the project. It is noted that the following companies – Lactalis South Africa, Sundale/Schreiber, Capita and Dr. Oetker have established records operating in South Africa, however, their respective projects lack development plans including information pertaining to timeframes for the roll-out of projects. Furthermore, Supavut, Anglo-African Metals and Dangold Packaging appear to be new entrants to the country. with information about the latter two firms – for instance, company operations and expertise – not available, and even company websites could not be found to give such context on the companies.

¹⁹ Reports of Total’s investment into drilling at the Luiperd -1X well were published prior to this combined investment announced by the French Foreign Trade and Economic Attractiveness Minister. It is not clear if the combined pledged value includes this investment by Total. It could be in reference to Total’s future activity in relation to the resource find off the Western Cape coast. <https://www.engineeringnews.co.za/article/french-firms-set-to-make-r14bn-in-fresh-investment-pledges-to-south-africa-2020-11-04#:~:text=French%20Foreign%20Trade%20and%20Economic,worth%20a%20further%20R14%2Dbillion.>

Projects by P&G, Sonae Arauco and United Heavy Industries were classified as potential. P&G’s diaper plant project plan lacks detail; however, the company’s track record and position in the cosmetics manufacturing industry warrant the grading. It is noteworthy that this is the second time P&G has made a commitment at the Investment Conference, the first pledge announced at the 2018 Investment Conference – a new Always sanitary pads manufacturing facility – was fulfilled in 2019. Sonae Arauco also received its grading on the back of the company’s track record in the country. Moreover, the firm also completed a project in 2020 upgrading the company’s White River manufacturing facility. It is notable that Sonae Arauco provided substantive detail on the current expansion project; nevertheless, progression on the project plans has not yet been indicated. United Heavy Industries has outlined particulars for its planned investment programme including the distribution of funds and development of the various aspects of the project. While the company has also recently completed upgrades to a manufacturing facility related to the broader investment drive, it is a relatively new entrant to South Africa. Advancements of the plans regarding the investment programme have not yet occurred.

Eight projects in Table 4 were graded as likely. Vanadium Resources’ Steelpoortdrift project progressed to pre-feasibility following a complete scoping study. In addition, the mining right, environmental management plan and the social labour plan have been approved by relevant authorities. The Rainbow Rare Earths and Bosveld Phosphates Phalaborwa project is still at exploration, the pre-feasibility study is yet to be conducted and the investment value has not been reported. Notwithstanding, activity around the project indicates future development. The project is fully permitted with a complete Environmental Impact Assessment and there is a comprehensive development plan. Amazon’s renewable project is one of 26 global “utility scale” wind and solar projects. An implementing company has been commissioned and key local investors participating in the project have been identified.²⁰ Amazon is also well established in the country, and the project follows a series of recent investments including the recently established Amazon Web Services Africa.

The dtic approved PepsiCo’s acquisition of Pioneer Foods and among the terms of the acquisition PepsiCo committed to implementing new investment in the South African operations. As the company is bound by this agreement, the project is graded as likely. Google Equiano subsea cable is rated likely as plans are partially in progress, the building contract with service provider Alcatel was signed in 2018, there is a detailed project plan of which Phase 1 is to be completed in 2021. The other three projects classified as likely build on pre-existing initiatives. The development of the MeerKAT radio telescope began in 2013. It was officially launched in 2018 and this recent investment is for the extension of the project. Mining firm Pan African Resources is adding a solar plant to the Elikhulu Tailings Retreatment project, Ivanhoe is increasing investment in the ongoing Platreef project, however, it is not yet clear where or how this additional commitment will be allotted as the project develops.

²⁰ See footnote 10

Table 4: Project credibility grading

Project	Classification
French companies' investment	Commitment
Lactalis milk powder production plant	Commitment
Sundale cheese and dairy production	Commitment
Supavut auto components investment (Tshwane Special Economic Zone)	Commitment
Capita delivery centre	Commitment
Dr. Oetker product production expansion	Commitment
Anglo African Metals titanium beneficiation project	Commitment
Dangold Packaging beverage canning plant	Commitment
Belgium collective investment	Commitment
P&G diaper manufacturing plant expansion	Potential
Sonae Arauco paper production expansion	Potential
United Heavy Industries investment programme	Potential
Elikhulu Tailings Retreatment project – solar energy plant	Likely
Steelpoortdrift vanadium project	Likely
Rainbow Rare Earths Phalaborwa rare earths project	Likely
Amazon renewable energy project (SOLA Group)	Likely
Pioneer Food manufacturing capacity expansion	Likely
Google Equiano subsea cable	Likely
Ivanhoe/Ivanplats Platreef project	Likely
MeerKAT radio telescope expansion - German Investment	Likely
Tharisa Mining vulcan chrome plant	Construction/Implementation
Tshwane Auto SEZ (FMCSA)	Construction/Implementation
East Manganese mine project	Construction/Implementation
Sundale Schreiber joint venture	Construction/Implementation
Sew-Eurodrive head office and factory	Construction/Implementation
Fuch operations expansion	Construction/Implementation
Johannesburg 1 Data Centre	Construction/Implementation
Teraco data centre infrastructure expansion	Construction/Implementation
Facilities expansion project	Construction/Implementation
Giant Flag eco-tourism development	Construction/Implementation
Homestead game lodge	Construction/Implementation
Anglo American operations investment	Construction/Implementation
Total drilling in South Africa: Luiperd-1 well	Construction/Implementation
Radisson Hotel and Convention Centre Johannesburg	Complete
Park Inn by Radisson at King Shaka International Airport	Complete
CHEM Energy South Africa fuel cell production factory	Complete
Starbucks Expansion	Complete

INVESTMENT PROFILES, Q3 AND Q4 2020

Project Name	Tharisa mining vulcan chrome plant	Tshwane Auto SEZ (FMCSA)	East Manganese mine project
Investment value	US\$54.2 million	Not Reported	Not Reported
Invest Rand value	R882 million	R4.3 billion	R250 million
Project location: Province	North West	Gauteng	Northern Cape
Project location: City/Town	Marikana	Pretoria	Hotazel
Investor firms	Tharisa Mining (Tharisa)	Ford and South African Government	Menar (Sitatunga Resources)
Investor country	Cyprus	United States of America	Luxembourg
Investor city	Paphos	Detroit	Not Reported
Indicative start date	August 2019	2020	Mar-19
Indicative end date	July 2020	2021	Nov-20
Project phase	Construction/Implementation	Construction/Implementation	Construction/Implementation
Project type	Expansion	Greenfield	Brownfield
Project industry	Mining	Manufacturing	Mining
Project sector	Mining of metal ores	Automotive	Mining of metal ores
Permanent jobs	Not Reported	2100	80
Temporary jobs	Not Reported	8700	Not Reported
Government partnership	Department of Mineral Resources	The dtic, Gauteng Provincial Government, Tshwane Economic Development Agency, City of Tshwane	Department of Mineral Resources; Human Settlements, Water and Sanitation
Target market	Domestic, regional and international	Domestic and regional	Domestic, regional and international
Social development programme	Not Reported	Not Reported	Not Reported
Project description	The Vulcan plant is a concentrator with technology developed to improve chrome recovery from Tharisa Mine from a 65% recovery level to 82%. The Vulcan plant is part of a broader strategy Vision 2020 to increase chrome production to two million tons a year by 2020.	The Tshwane Automotive Special Economic zone is a private-public partnership between the South African government comprising; the dtic, Gauteng Provincial Government, the Tshwane Economic Development Agency and City of Tshwane and Ford Motor company of South Africa (FMCSA). Private investment will be on the part of Ford and 12 suppliers. The SEZ is being developed as an "automotive city". There are companies that have committed to establishing operations in the SEZ that are having facilities built to company specifications. The SEZ will be located adjacent to Ford Silverton Assembly Plant.	It will be an opencast mine with a single mining pit and three-year life-of-mine. It is an about one million ton run of mine ore resource that has the capacity to produce approximately 30 000 tons a month of manganese ore. They expect to reach first ore in seven to eight months. The mine infrastructure will further be powered by solar energy, which will include offices and the weighbridge. The manganese mine is located on 50 hectares of the total 1 000 hectare mining right area. The remaining area will be used by a local farmer. The mine is part of Menar's R7 billion investment in South Africa's mining industry which also includes a pipe-line of coal projects.
Motivation	Increase chrome recovery and profitability		

Project Name	Radisson Hotel and Convention Centre Johannesburg	CHEM Energy South Africa fuel cell production factory	Park Inn by Radisson at King Shaka International Airport
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	Not Reported	R165.6 million	Not Reported
Project location: Province	Gauteng	KwaZulu-Natal	KwaZulu-Natal
Project location: City/Town	Kempton Park	Durban	Durban
Investor firms	Radisson Hospitality	Chem Energy South Africa (Chem Corporation)	Radisson Hospitality
Investor country	United States of America	Taiwan	United States of America
Investor city	Minnetonka	Linkou	Minnetonka
Indicative start date	Not reported	September 2019	July 2020
Indicative end date	September 2020	Sep-20	2022
Project phase	Complete	Complete	Announced
Project type	Brownfield	Greenfield	Greenfield
Project industry	Construction	Manufacturing	Construction
Project sector	Hospitality	Manufacture of machinery and equipment	Hospitality
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	50	Not Reported
Government partnership	Not Reported	Dube Trade Port; KwaZulu-Natal Economic Development, Tourism and Environmental Affairs; the dtic	Dube Trade Port SEZ
Target market	Domestic	Domestic	Domestic
Social development programme	Not Reported	Not Reported	Not Reported
Project description	The hotel and convention centre, located on a private estate in Bredell, Kempton Park offers 289 hotel rooms of which 248 are newly built and 41 converted from a new hotel. Amenities include meeting, incentives, conferencing and exhibition facilities as well as leisure facilities.	CHEM Energy South Africa is subsidiary of Chem Corporation, a company with expertise including manufacture of power equipment, and engineering and energy management. It has established a fuel cell factory in the Dube Trade Port SEZ. The company manufactures fuel cell products and technology for backup and off-grid telecom power solutions as an alternative to other power options such as diesel generators. Products include the G5 ME Fuel Cell, which protects telecoms networks against power cuts. The facility will additionally provide local support comprising remote monitoring, diagnostics, repairs and refurbishment services.	This will be the first hotel in the Dube Trade Port SEZ. It will include 168 hotel rooms and entertainment and leisure amenities including a restaurant. It will also feature meeting and event facilities.
Motivation	Part of expansion drive in Africa	Expanding into the South African market with access to the rest of the continent,	Part of expansion drive in Africa

Project Name	Sundale Schreiber joint venture	Elikhulu Tailings Retreatment project –solar energy plant	Steelpoortdrift vanadium project
Investment value	Not Reported	Not Reported	US\$161.5 million
Invest Rand value	R70 million	R150 million	R2.4 billion
Project location: Province	Eastern Cape	Mpumalanga	Limpopo
Project location: City/Town	East London	Evander	Mokopane
Investor firms	Sundale Dairy (South Africa) and Schreiber	Pan African Resources	Vanadium Resources
Investor country	United States of America	United Kingdom	Australia
Investor city	Green Bay	London	Perth
Indicative start date	July 2020	July 2020	January 2020
Indicative end date	Not Reported	2021	Not Reported
Project phase	Construction/Implementation	Announced	Pre-feasibility
Project type	Greenfield	Upgrade	Greenfield
Project industry	Manufacturing	Mining	Mining
Project sector	Agro-processing	Renewable Energy	Mining of metal ores
Permanent jobs	100	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Not Reported	Department of Mineral Resources (DMR); Department of Environment, Forestry and Fisheries
Target market	Domestic and regional	Domestic	Domestic and international
Social development programme	Localisation	Not Reported	Social and Labour Plan as per DMR requirements
Project description	Sundale Schreiber is a joint venture between Schreiber, an international USA-based processed cheese company and local Sundale dairy, which produces cheese, cream and butter. They are developing a factory that will manufacture processed cheese for fast-food establishments. The investment will allow Sundale to supply current clients Burger King and McDonald's South Africa with locally manufactured cheese slices that were previously imported. They aim to produce 7 000 tons of cheese slices annually to African markets.	Pan African is going to construct a 10MW solar photovoltaic plant at the Elikhulu gold tailings retreatment plant. It will provide 30% of the complexes power needs, reduce its carbon footprint and reliance on the grid. It expects to complete the plant in 12 months.	Vanadium Resources is a junior vanadium developer. The company owns 74% of the Steelpoortdrift Vanadium project. The project aims to produce high-purity vanadium pentoxide (V2O5) using conventional salt roasting technology from concentrate produced at Steelpoortfontein. Phase 1 of the project is based on mining and beneficiation of the Steelpoortdrift resource. A scoping study conducted was based on a proposed 16 million tonne a year mining, beneficiation and processing operation, producing between 8500 t/y and 9400 t/y high-purity vanadium flake. The study estimates that over a 25-year life-of-mine, the project could produce between 18.7 million and 20.8 million pounds of high-grade vanadium pentoxide (V2O5). In the long term the company intends to use concentrate for downstream processing to produce specialist products for the steel, renewable and industrial markets.
Motivation	Part of the company's market expansion strategy	Efficiency	Resource seeking and market opportunity

Project Name	Rainbow Rare Earths Phalaborwa rare earths project	Amazon renewable energy project (Sola Group)	Starbucks expansion
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	Not Reported	Not Reported	Not Reported
Project location: Province	Limpopo	Northern Cape	Multiple Locations
Project location: City/Town	Phalaborwa	Not reported	Cape Town, Stellenbosch, Pretoria, Rosebank
Investor firms	Rainbow Rare Earths/Bosveld Phosphates	Amazon/Sola Group	Rand Capital Coffee/Starbucks
Investor country	Guernsey	United States of America	United States of America
Investor city	Saint Peter Port	Seattle	Seattle
Indicative start date	November 2020	December 2020	November 2020
Indicative end date	Not Reported	2022	December 2020
Project phase	Exploration	Announced	Complete
Project type	Brownfield	Greenfield	Expansion
Project industry	Mining	Electricity, gas and water supply	Retail
Project sector	Stone quarrying, clay and sand-pits	Renewable Energy	Food and beverages
Permanent jobs	Not Reported	Not Reported	69
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Department of Mineral Resources; Department of Environment, Forestry and Fisheries	National Energy Regulator of South Africa	Not Reported
Target market	Domestic, regional and international	Domestic, regional and international	Domestic
Social development programme	Not Reported	B-BEEE black woman-owned Mahlako a Phahla Investments will own 45% (majority) of the project.	Not Reported
Project description	Rainbow Rare Earths is a mining firm that produces rare earths. The company aims to develop long-term sources of Neodymium (Nd) and Praseodymium (Pr) (together “NdPr”) and associated rare earth elements. These are used in the manufacture of large permanent batteries used in electric vehicles, and magnets used in the construction of wind farms. The Phalaborwa rare earths project has an estimated 35 million tonnes of gypsum from historic hard rock mining. It is estimated to contain rare earths elements with an average in situ grade of about 0.6% total rare earths oxide of which 30% contains high value NdPr. The REE minerals in at Phalaborwa have already been “cracked” and exist in chemical form in the two gypsum stacks.	Amazon has commissioned the SOLA Group to develop a 10MW solar farm. The SOLA Group will build, own and operated the plant. Through the project 28GWh of solar energy will be wheeled via Eskom’s grid to Amazon’s facilities every year. Energy wheeling entails the transfer of power between different grid areas, irrespective of proximity – in other words procurement of independently generated power through the national grid. Electrical power is transferred through a utilities transmission system. SOLA will deliver the energy via the Transmission Network through a Wheeling Use-of-System agreement, the first of its kind in South Africa. The project is part of Amazons 26 global “utility scale” wind and solar projects. This will be the Amazon’s first facility in South Africa. Construction is expected to start in early 2021.	Starbucks South Africa launched eight new stores, six in Cape Town and the other two in Rosebank and Pretoria. Two of the outlets are located in-store in the new Checkers FreshX supermarkets in Stellenbosch and Rosebank. Rand Capital Coffee is the current licence holder of Starbucks in South Africa, it was previously held by Taste Holdings.
Motivation	Resource seeking and market opportunity	Commitment to and following through on sustainability goals. Amazon is co-founder of the Climate Pledge – a commitment to achieve net zero across the firm’ operations by 2040	Market opportunity

Project Name	French companies' investment	Sew-Eurodrive head office and factory	Lactalis milk powder production plant
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R14 billion	R200 million	R100 million
Project location: Province	Not Reported	Gauteng	Eastern Cape
Project location: City/Town	Not reported	Aeroton	Not Reported
Investor firms	Collective of French companies	Sew-Eurodrive	Lactalis
Investor country	France	Germany	France
Investor city	Various	Bruchsal	Laval
Indicative start date	November 2020	October 2020	November 2020
Indicative end date	Not Reported	Oct-21	Not Reported
Project phase	Announced	Construction/Implementation	Announced
Project type	Unspecified	Greenfield	Greenfield
Project industry	Unspecified	Manufacturing	Manufacturing
Project sector	Unspecified	Automotive	Agro-processing
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Not Reported	Not Reported
Target market	Domestic	Domestic	Domestic
Social development programme	Not Reported	Not Reported	Not Reported
Project description	Varying projects by various companies that have not yet been specified. The new commitment is a follow-up to R20 billion in investment pledged by French companies at the 2019 Investment Conference.	Sew-Eurodrive specialises in drive and control technologies. The firm develops gear motors, control systems and related accessories. Sew-Eurodrive is building a facility which will serve as the new local headquarters and factory which will accommodate the firm's country wide assembly plants. The old factory and head office is to become a gearbox repair centre. Plants in Nelspruit, Durban, Port Elizabeth and Cape Town will continue operating focusing on services. The company plans to fit the factory with Industry 4.0 technology over a three-to-five-year period. This will include automated assembly machines and guided vehicles for an additional R200 million.	Lactalis South Africa plans to set up a milk production plant. Lactalis manufactures dairy products. The company's brands include Parmalat, Melrose and Fabulite among others.
Motivation	Contributing to investment in South Africa	Improve efficiency, cost containment. Market opportunity; the company aims to extend its reach in the rest of the continent and views South Africa as a gateway into the rest of Africa.	Not Reported

Project Name	Sundale cheese and dairy production	Supavut auto components investment (Tshwane Special Economic Zone – TSEZ)	Fuch operations expansion
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R101 million	R150 million	R260 million
Project location: Province	Eastern Cape	Gauteng	Gauteng
Project location: City/Town	East London	Pretoria	Isando
Investor firms	Sundale and Schreiber	Supavut Industry	Fuchs Lubricants South Africa/Fuchs Petrolab SE
Investor country	United States of America	Thailand	Germany
Investor city	Greenbay	Bang Lamung District, Chon Buri	Manheim
Indicative start date	November 2020	November 2020	September 2020
Indicative end date	Not Reported	Not Reported	Oct-21
Project phase	Announced	Announced	Project preparation
Project type	Expansion	Greenfield	Greenfield
Project industry	Manufacturing	Manufacturing	Manufacturing
Project sector	Agro-processing	Automotive	Automotive
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	City of Tshwane; Department of Trade Industry and Competition	Not Reported
Target market	Domestic and regional	Domestic	Domestic
Social development programme	Not Reported	Not Reported	Not Reported
Project description	The company is investing in cheese and dairy production. The investment follows a R70 million investment in a manufacturing plant.	Supavut specialises in the development and manufacture of automotive plastic automotive parts. The project will be supporting the automotive components sector at the TSEZ.	Fuchs Lubricants is constructing a larger warehouse, office complex and a lubricants plant. The investment includes the purchase and development of the land for these facilities. The project will include a new warehouse system for storage space and modernised systems to improve efficiency.
Motivation	Contributing to investment in South Africa	Contributing to investment in South Africa	Market expansion and manufacturing efficiency

Project Name	P&G diaper manufacturing plant expansion	Paper production expansion	Johannesburg 1 Data Centre
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R260 million	R200 million	R875 million
Project location: Province	Gauteng	Mpumalanga	Gauteng
Project location: City/Town	Kempton Park	White River	Johannesburg
Investor firms	Procter and Gamble (P&G)	Sonae Arauco/ Sonae Industria	Dimension Data/Nippon Telegraph and Telephone Corporation (NTT)
Investor country	United States of America	Portugal	Japan
Investor city	Cincinnati	Maia	Tokyo
Indicative start date	November 2020	November 2020	November 2020
Indicative end date	Not Reported	Not Reported	2022
Project phase	Announced	Announced	Construction/Implementation
Project type	Expansion	Expansion	Expansion
Project industry	Manufacturing	Manufacturing	Services
Project sector	Cosmetics	Furniture	Information Communications Technology
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Not Reported	Not Reported
Target Market	Domestic	Domestic	Domestic
Social development Programme	Not Reported	Not Reported	Not Reported
Project description	P&G plans to expand the firm's diaper manufacturing facility.	Sonae Arauco will be expanding the firm's paper manufacturing line. The company is a major player in the manufacture of wood-based panel products. Sonae Arauco's main target markets are the kitchen, bedroom, bathroom segment for homeowners and construction, shop fitters and outfitters, and furniture manufacturers. This project follows a R220 million upgrade of the White River manufacturing facility to add an integrated press system, completed in 2020.	Dimension Data represents NTT Ltd business in the Middle East and Africa. The subsidiary operates 11 data centres across Africa. Dimension Data will be expanding on its infrastructure with a new data centre, Johannesburg 1, which will be constructed in two phases. When complete the facility will comprise 6000 square meters of IT space and 12MW of IT load. It will offer complete solutions for housing your IT and network systems. Johannesburg 1 will be located in the Central Point Innovation District in Johannesburg. The site includes plans to host an NTT Technology Experience Lab.
Motivation	Contributing to investment in South Africa	Market expansion	Market expansion – the investment is a part of the company's growth strategy and the data centre will enable an increase in capabilities and global capacity. Response to increase in demand for capacity due to clients need for collocation infrastructure across Africa.

Project Name	Capita delivery centre	Dr. Oetker product production expansion	Pioneer Food manufacturing capacity expansion
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand Value	R530 million	R200 million	R5.5 billion
Project location: Province	Western Cape	Gauteng	National
Project location: City/Town	Cape Town	Selby	National
Investor firms	Capita	Dr. Oetker	PepsiCo
Investor country	United Kingdom	Germany	United States of America
Investor city	London	Bielefeld	New York
Indicative start date	November 2020	November 2020	November 2020
Indicative end date	Not Reported	Not Reported	Not Reported
Project phase	Announced	Announced	Announced
Project type	Greenfield	Expansion	Expansion
Project industry	Services	Manufacturing	Manufacturing
Project sector	Business process outsourcing	Food and beverages	Food and beverages
Permanent jobs	Not Reported	Not Reported	500
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Wesgro	Not Reported	The dtic
Target market	Domestic	Domestic	Domestic, regional and international
Social development programme	Not Reported	Not Reported	R600 million Development Fund to support entry of small-scale farmers in its supply-chain; advanced skills development and training for youth; 2 000 jobs within supply chain and new companies; and Workers Trust for employees (Pioneer Foods and Simba).
Project description	Capita is a consulting, digital services and software business. The BPO firm serves companies in various industries. Capita plans to establish a global delivery centre.	Dr. Oetker will be expanding production of pizza and readymade meals.	In March 2020 the dtic approved PepsiCo's acquisition of Pioneer Foods. Regarding investment, PepsiCo pledged R5.5 billion in new investments and will be expanding manufacturing capacity across the Pioneer Foods operations. Other terms of the agreement include a commitment to jobs, local empowerment and procurement. PepsiCo further agreed to locate its Sub-Saharan headquarters in South Africa.
Motivation	Contributing to investment in South Africa	Contributing to investment in South Africa	A fulfilment of public interest conditions set out in the agreement with the dtic for the acquisition of Pioneer Foods by PepsiCo.

Project Name	Google Equiano subsea cable	Teraco data centre infrastructure expansion	United Heavy Industries investment programme
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R2.3 billion	R4.4 billion	R17 billion
Project location: Province	Western Cape	Gauteng	KwaZulu-Natal
Project location: City/Town	Cape Town	Ekhurhuleni	Mandeni
Investor firms	Google	Teraco/Permira/Birkshire Partners	United Heavy Industries
Investor country	United States of America	Multiple	India
Investor city	California	Boston; London	0
Indicative start date	June 2019	November 2020	October 2020
Indicative end date	2021	2022	2026
Project phase	Announced	Construction/Implementation	Announced
Project type	Greenfield	Greenfield	Expansion
Project industry	Services	Services	Manufacturing
Project sector	Information Communications Technology	Information Communications Technology	Manufacture of basic metals, fabricated metal
Permanent jobs	Not Reported	US\$250 million	4 000
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Telkom South Africa; Department of Environment, Forestry and Fisheries	Not Reported	Not Reported
Target Market	Domestic, regional and international	Domestic, regional and international	Domestic, regional and international
Social development programme	Not Reported	Not Reported	Not Reported
Project description	The Equiano undersea fibre optics cable is being developed to provide high-speed internet to South Africa and the region. It will connect Europe and Africa, starting from Portugal to South Africa. The cable will run along the West Coast of Africa with branching units along the route that can potentially extend connectivity to additional African countries. This is Google's third private international cable, 14th subsea cable globally and the first subsea cable incorporating optical switching at the fibre-par level unlike the traditional approach of wavelength level switching. The new fibre switching technology makes it simpler to deploy cable capacity.	The JB4 data centre will comprise 50 000 square metres over six hectares of land, making it the largest single-site data centre in Africa. Construction of the facility will be completed in two phases. When completed it will include 16 x 1 000 square metre halls and 38MW of critical power load. It is being built in line with global hyper scale requirements and international compliance standards.	United Heavy Industries in undertaking an investment drive. The project includes R350 million equipment upgrades at the Mandeni steel mill which will increase production capacity from 70 000 tonnes/y to 150 000t/y. R4.5 billion is to be spent on a 1.5 million t/y steel mill over two years followed by a R3.7 billion phased expansion. The balance of the investment will fund infrastructure projects and manufacturing units in the energy and aerospace industry.
Motivation	Market opportunity and market expansion	Market expansion; responding to growing demand for internet and cloud-based services in Africa	Market expansion

Project Name	Titanium beneficiation project	Facilities expansion project	Ivanhoe/Ivanplats Platreef project
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R280 million	R287 million	R730 million
Project location: Province	Gauteng	Gauteng	Limpopo
Project location: City/Town	Not reported	Kempton Park	Mokopane
Investor firms	Anglo African Metals	Equites Property Fund Sandvik	Ivanhoe Mines
Investor country	United Kingdom	Sweden	Canada
Investor city	Not Reported	Stockholm	Vancouver
Indicative start date	November 2020	January 2020	November 2020
Indicative end date	Not Reported	January 2021	Not Reported
Project phase	Announced	Announced	Construction/Implementation
Project type	Unspecified	Greenfield	Expansion
Project industry	Manufacturing	Manufacturing	Mining
Project sector	Manufacture of basic metals, fabricated metal	Manufacture of machinery and equipment	Mining of metal ores
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Not Reported	Department of Mineral Resources
Target market	Domestic	Domestic	Domestic and International
Social development programme	Not Reported	Not Reported	Not Reported
Project description	The investment is towards the beneficiation of titanium	Equites Property Fund is developing a 22 599 square metre warehouse and office building to be leased by mining and excavation engineering firm Sandvik. It will be Sandvik's South Africa head office and include two specialised facilities.	The Platreef project is a Tier1 discovery, which contains the underground deposit of PGMs, gold, nickel and copper, located on the northern limb of South Africa's Bushveld Igneous Complex – the world's premier platinum producing region. This is an additional investment into the company's existing operations. The details of what precisely this entails were not reported.
Motivation	Not Reported		Increase production capacity of operations

Project Name	Beverage canning plant	Eco-tourism development (Giant Flag)	Homestead game lodge
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand value	R830 million	R184 million	R200 million
Project location: Province	Gauteng	Eastern Cape	KwaZulu-Natal
Project location: City/Town	Not Reported	Graaf-Reinet	Ladysmith
Investor firms	Dangold Packaging	Giant Flag consortium (Giant flag, Gigawatt Global and CT Worldwide)	Really Epic Dog (The Homestead)
Investor country	United Kingdom	Netherlands	United States of America
Investor city	Not Reported	Amsterdam	Salt Lake City
Indicative start date	November 2020	November 2020	October 2020
Indicative end date	Not Reported	Not Reported	2021
Project phase	Announced	Announced	Construction/Implementation
Project type	Greenfield	Greenfield	Greenfield
Project industry	Manufacturing	Services	Services
Project sector	Packaging activities	Tourism and real estate	Hospitality
Permanent jobs	Not Reported	700	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Eastern Cape Development Corporation	Not Reported
Target market	Domestic	Domestic, regional and international	Domestic, regional and international
Social development programme	Not Reported	Community development	Not Reported
Project description	Dangold is investing in a beverage canning plant.	The consortium is investing in eco-tourism development. The project appears to be the development of the Giant Flag where millions of coloured desert cacti and succulents, and a four-megawatt solar field will form a giant flag of South Africa visible from space.	The Homestead will be a luxury lodge in the Nambiti Big 5 Private Game Reserve. It will accommodate up to 24 guests in suites with private infinity pools and luxury units. The main lodge offers several dining venues, conference facilities, a lavish spa, a gym with a view and a swimming pool.
Motivation	Not Reported	Create a natural wonder and economic stimulus for surrounding communities	Market opportunity and expansion

Project Name	Belgium collective Investment	Anglo American operations investment	Total drilling in South Africa: Luiperd-1 well
Investment value	Not Reported	Not Reported	Not Reported
Invest Rand Value	R1.5 billion	R15 billion	R1.5 Billion
Project location: Province	Multiple Locations	Multiple Locations	Western Cape
Project location: City/Town	Not Reported	Multiple Locations	Mossel Bay
Investor firms	Belgium Companies	Anglo American	Total, Qatar Petroleum, CNR International, Main Street
Investor country	Belgium	United Kingdom	France
Investor city	Not Reported	London	Courbevoie
Indicative start date	Nov-20	Nov-20	Oct-20
Indicative end date	Not reported	Not Reported	Not Reported
Project phase	Announced	Announced	Exploration
Project type	Unspecified	Expansion	Greenfield
Project industry	Various (Manufacturing, energy, logistics and food)	Mining	Mining
Project sector	Unspecified	Mining of metal ores	Extraction of crude petroleum and natural gas
Permanent jobs	Not Reported	Not Reported	Not Reported
Temporary jobs	Not Reported	Not Reported	Not Reported
Government partnership	Not Reported	Not Reported	Department of Mineral Resources
Target market	Domestic	Domestic, regional & international	Domestic, regional & international
Social development programme	Not reported	Not Reported	Not Reported
Project description	Varying projects by various companies that have not yet been specified.	The investment is an addition to Anglo's previous R85 million commitment. It is going towards the roll-out of new technologies including a green hydrogen fleet and bulk ore sorting. Approximately R2 billion will be spent stimulating existing and new sources of demand for South Africa's platinum group metals and a further R7 billion allocated to a new pit at Kolomela, a mine operated by Kumba Iron Ore.	Total has discovered a second gas condensate (a light liquid hydrocarbon) on the Luiperd prospect in the Outeniqua basin where the adjacent Brulpadda discovery was made in early 2019. The first finding indicated the area potentially holds about one-billion barrels of oil equivalent gas. Drilling started in August 2020 using the Deepsea Stravanger drilling rig from Norway. Luiperd was drilled to a depth of about 34 00 meters, encountering 73 metres of gas condensate. Total and its partners are to conduct a detailed assessment of the reservoir. Total operates the block with a 45% working interest. Qatar Petroleum has 25%, CNR International 20% and Main Street, a South African consortium, 10%. With the discovery the partners have decided to proceed with development studies and engage authorities on the commercialisation of gas.
Motivation	Not reported	Continuation of upgrades and improvements across operations.	Resource seeking and market opportunity; exploration for oil and gas for the South African electricity sector and chemicals; and potentially for export.

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Project Name	
SKA MeerKAT telescope expansion – German Investment	
Investment value	Not Reported
Invest Rand value	400 million
Project location: Province	Northern Cape
Project location: City/Town	Karoo
Investor firms	German and South African government
Investor country	Germany
Investor city	Not Reported
Indicative start date	February 2020
Indicative end date	Not Reported
Project phase	Complete
Project type	Expansion
Project industry	Research and development
Project sector	Telecommunications
Permanent jobs	Not Reported
Temporary jobs	Not Reported
Government partnership	Department of Science and Technology,
Target Market	Domestic, regional and international
Social development programme	A 75% local content component; direct investment of more than R300 million in the Northern Cape alone; the development of technical skills and big data capabilities; strengthening of university research programmes; opportunities for SMMEs and industry; and community and youth development initiatives.
Project description	The South African and German governments are investing in the expansion of the MeerKAT radio telescope. This entails the addition of 20 dishes. When complete the MeerKAT will be a part the Square Kilometre Array (SKA) which would be the world's largest radio telescope with dishes and antennas in South Africa and Australia. Each country is investing R400 million.
Motivation	

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APPENDIX

Table 5. Investment-related metrics used in the analysis

Metric	Source	Frequency	Description
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.