



TRADE & INDUSTRIAL POLICY STRATEGIES



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

FOREIGN DIRECT INVESTMENT TRACKER

THIRD QUARTER 2022

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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.

TIPS Import Tracker provides an overview of import patterns and looks at the causes of surges in manufacturing imports, and their likely impact on industry.

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ABOUT THE FDI TRACKER

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

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

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

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

FDI PROJECTS, Q3 2022

This quarter 12 projects not previously recorded in the FDI Tracker were registered, and nine existing projects were updated. The total pledged investment value for the quarter was R22.5 billion from nine projects. The values of the remaining three projects have not been announced. The FDI Tracker identified 1 460 employment opportunities from three projects, with Enel Green Powers reporting a combined number of 1 160 temporary jobs created during the construction phase of the Karusa and Soetwater wind farms. Permanent jobs comprise of 300 opportunities announced by Canadian firm CostCertified.



New FDI projects

Utilities

Italian energy firm Enel Green Power completed two projects this quarter, the Karusa wind farm in the Western Cape and the Soetwater wind farm in the Northern Cape, both 147MW wind farms. They were completed for €200 million (R3.5 billion) individually. Karusa has the capacity to generate over 500 gigawatt hours (GWh) of energy per annum and Soetwater, 585GWh of energy per annum. Each wind farm features Vestas V136-4.2MW wind turbines. The wind farms are supported by 20-year power purchase agreements (PPA) with Eskom, in line with the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The projects were selected as part of Bid Window 4 of the REIPPPP in 2016. During the construction phase, a total of 1 160 employment opportunities were created at both location sites. Construction of the project started in 2019 and they entered commercial operation this quarter (Barradas, 2022; Enel Green Power, 2022a; 2022b).

Elawan Energy, based in Spain, developed the 102MW Copperton wind farm in the Northern Cape. The facility has an estimated annual production capacity of 375GWh. Infrastructure includes 34 Acciona 3.15MW turbines. Construction started in 2018. Elawan completed the project for €145 million (R2.3 billion) and the wind farm has been fully operational since 2021. The project is part of Bid Window 4 of REIPPPP. Elawan Energy has signed a 20-year PPA with Eskom (Elawan Energy, 2019: n.d.).

Bushveld Minerals, through its 84%-owned energy subsidiary Bushveld Energy, has reached financial close for a 3.5MW solar photovoltaic (PV) plant and a 1MW/4MWh Vanadium Redox Flow Battery (VRFB) hybrid mini-grid project at Vametco mine in the North West province. The project will be developed for R113 million.¹ Funding was secured for the engineering, building and construction phase. VRFB stores energy by utilising a vanadium electrolyte solution, with the project aiming to demonstrate the long-term technical and commercial feasibility of using a VRFB system in combination with a renewable technology. Bushveld Energy (40%) and Nesa Investment Holdings (60%), a South African investment company, are shareholders and equity partners that will jointly fund and implement the project under a separate special purpose vehicle. The South African bank, Absa, has approved a R64 million loan to part fund the construction of the mini-grid project. The project will be built on a turnkey basis by Nesa Power. The hybrid mini-grid project will provide about 10.7% of

¹ Tracker analysis only takes into account Bushveld Minerals contribution, assuming R45 million based on share of ownership.

Vametco's electricity. It will function as a funded Independent Power Producer (IPP) project and Vametco, owned by Bushveld Minerals, has signed a 25-year PPA for the electricity that will be obtained. Site preparation and construction began in Q1 2022, which the company expects to complete in 2023 (Kuhudzai, 2022; Mining Weekly, 2022).

Manufacturing

United Kingdom-based Ironveld is restoring the Ferrochrome Furnaces (FCF) smelting complex in North West. The refurbishments will be completed for £2 million (R40 million). Ironveld has been given access to the complex to commence with upgrades of the facility. The FCF smelting complex comprises four 2.5MW tilting electric arc furnaces, four convertors with ladles, cranes and associated buildings and equipment. Ironveld is further in the process of finalising acquisition of the FCF business, which owns the mothballed smelter complex. The project will bring three of the four electric arc furnaces (EAFs) into production on a phased basis. It proposes to start processing the first furnace in early 2023 while the others are being brought back into production. The FCF plant will allow for the production of high purity iron, vanadium in slag and titanium in slag from the Bushveld magnetite resource in the Limpopo Province of South Africa. At full capacity, the three furnaces will process about 40 000 tonnes of ore per annum resulting in over 20 000 tonnes of high purity iron, 180 tonnes of vanadium in slag and over 3 000 tonnes of titanium in slag (Allan Hochreiter, 2022; Slater, 2022).

The Competition Commission has recommended – to the Competition Tribunal – the approval of Heineken's acquisition of Distell South Africa with conditions. This includes a R10 billion capital investment in the amalgamated entity NewCo, over a period of five years. Other conditions recommended by the Commission include establishing a R400 million fund to invest in small, medium and micro enterprises (SMMEs) and a R200 million contribution to localisation initiatives in South Africa, among others. The conclusion of the transaction is pending final approval from the Tribunal (Competition Commission, 2022; Reuters, 2022).

YFPO is a joint venture between Plastic Omnium, a French automotive company and Yanfeng, a Chinese automotive company. The company manufactures automotive components and trims in South Africa and it supplies BMW in Rosslyn. The 25 000 square metre facility that is being developed for R600 million will be the partners' first facility in Africa. The building will be owned and developed by the Eris Property Group and will be located in Gauteng's automotive hub in Rosslyn (Mahlokwane, 2022; Venter, 2022).

Kimberly-Clark Professional completed a manufacturing capacity expansion project for an undisclosed amount. A new converting line was introduced at the firm's Enstra Mill in Gauteng. Kimberly-Clark develops and manufactures hand towel and tissue dispensing systems (Arnoldi, 2022; Stone, 2022).

Mining

In addition to the VRFB mini-hybrid project, integrated vanadium producer Bushveld Minerals plans to expand production to 8 000 tonnes a year by expanding the firm's Vametco and Vanchem operations. To this end the company completed pre-feasibility and feasibility studies to ultimately increase production at the firm's Vametco mine in the North West and Vanchem processing plant in Mpumalanga. The expansion will be completed in four stages and requires a total investment of about US\$151 million (R2.5 billion) in the two operations. Stage 1 and Stage 4 of the expansion involve developments at Vametco that combined would be completed for approximately US\$61.1 million (R1,04 billion). Vanchem in Mpumalanga will be developed at Stages 2 and 3 of the expansion, involving a combined investment for the two stages of about US\$90 million (R1.5 billion) (Bushveld Minerals, 2022; n.d.; Mining Weekly, 2022).

Services

LG Electronics has launched a new Premium Service Centre to expand the company's service network in South Africa. The facility in Gauteng offers customers after-sales services and repairs. The project was rolled-out for an undisclosed sum (Dludla, 2022; Madiba, 2022).

CostCertified, a Canadian tech start-up that develops and provides cost estimating software for the residential construction industry, has opened its global headquarters in Cape Town. The company aims to provide at least 300 jobs for locals over the next two years. The value of the investment was not reported (CostCertified, n.d.; Daniel, 2022; Monzon, 2022).

Updates

Progress

After announcing a US\$1 billion (R15 billion) investment in South Africa, Vantage Data Centers has opened its first data centre in Gauteng offering 16MW of information technology (IT) capacity. Construction of Phase 1 started in October 2021 and was completed in July 2022. Vantage Data Centers further entered into a 20-year PPA with SolarAfrica, which will enable Vantage to supplement the local grid that sustainably powers the data centre campus.

Scatec announced that it reached financial close on the Kenhardt (1-3) projects under the Risk Mitigation Independent Power Producer Procurement Programme. The three facilities will be developed for about R16 billion in the Northern Cape. The proposed development will deliver a combined 150MW of photovoltaic solar energy with overall production capacity of 540MW and 1.1GW of battery storage.

Helium producer Reenergy's subsidiary, Tetra4, has completed development of Phase 1 of the Virginia gas project in Free State. The project entails developing a gas pipeline and cryogenic liquefaction processing facilities. Phase 1 aims to produce about 50 tons of liquefied natural gas (LNG) and 350 kilograms of helium a day. Phase 2 targets 5000 kg of helium and 700 tonnes a day of liquefied LNG. Completion of the first stage of Phase 2 is planned for 2025. Investment in the project at this stage amounts to R1 billion.

Ford Motor Company has completed upgrades to the Struandale Engine Plant. Following a R600 million investment, Ford has started producing the new 3.0L V6 and updated 2.0L diesel engines. The project was announced in December 2021 and production started in August 2022. The project includes the introduction of a third engine programme, which supports the production of the next-generation Ranger. The plant has an initial installed capacity of 21 000 units a year of the 3.0L V6 diesel engines.

Vedanta Zinc International subsidiary Black Mountain Mining broke ground on the R7 billion Gamsberg Phase 2 expansion. The project aims to double the mine and plant capacity from four million tons to eight million tons a year, increasing output from 300 000 t/y to 500 000 t/y of metal.

The Ardagh Group has commissioned the R1.5 billion extension of its Nigel production facility in Gauteng. The Ardagh group recently acquired Consol. The extension has more than doubled the facility's capacity to provide sustainable glass packaging to support its customers' current and projected demand growth, and incorporates a new furnace and production lines. The Nigel glass manufacturing facility now has two furnaces with eight production lines in total. The expansion has created more than 150 direct jobs.

Google's Equiano undersea fibre optics cable has reached South Africa. The project aims to provide high-speed internet to South Africa and the region. It connects from Europe to South Africa, landing

at Melkbosstrand in the Western Cape. 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. The overall investment value is R2.3 billion.

Africa Data Centres announced the expansion of its capacity in Gauteng to 100MW of IT load. The company has started expansion of its Samrand facility from 10MW to 40MW of IT load. First phase construction will deliver 20MW by 2023 and the next phase will deliver 10MW of IT load by the end of 2025. The development follows the launch of the 10MW Midrand facility in 2021.

Audi partnered with South Africa's GridCars to install "ultra-fast" electric vehicle charging station infrastructure across the country. The roll-out is complete with 33 stations installed across 33 sites, representing 70 new electric vehicle charge connectors that expand the existing public charging network in South Africa. The charge points are expected to provide up to 150kW of direct current charge to electric vehicles. The facilities are publicly accessible.

FDI TRENDS, Q3 2022

Table 1 collates information discussed in the previous section on new projects added to the Tracker this quarter. It is presented in a disaggregated manner, according to some of the key variables collected in the Tracker database. The narrative that follows provides a brief discussion of each category as it relates to investment activity or trends observed in the Tracker for the quarter. Analysis is further presented in graphs under Appendix A² of the report.

Investment values

Over 40% of the investment value captured this quarter is attributed to one project, Heineken's commitment to invest R10 billion as per the Competition Commissions requirements. Five projects are valued between R5 billion and R1 billion while three projects recorded values below R1 billion. Three investors identified this quarter have not yet disclosed the values of their projects.

Investment by industry and subsector

This quarter, investments were identified in four industries: utilities, manufacturing, mining and services (see Figure 1, Appendix A). Projects were further distributed across eight subsectors. Manufacturing led investment in the highest pledged value, with a total of R10.6 billion captured from three out of four projects recorded in the industry. The largest manufacturing project was the Heineken capital investment, contributing R10 billion to the beverages subsector. Manufacturing projects were further noted in the automotives, basic metals, and paper and paper products subsectors. Utilities captured the second highest investment value, R9.3 billion, with four projects recorded in the industry. These include three REIPPPP-related projects and the self-generation Vametco mini-hybrid project, all representing the renewable energy subsector. Mining consists of two projects in the metal ores subsector, which make up the R2.5 billion investment value for the industry. These are Bushveld Minerals' Vametco and Vanchem expansion projects. Services was represented by two projects in the information communication technology (ICT) and retail subsectors. Neither of the projects – LG Service Centre and CostCertified headquarters – reported investment values.

² This is referenced where applicable.

Table 1: FDI Projects, Q3 2022

PROJECT NAME	VALUE (R' BILLION)	PROJECT INDUSTRY	PROJECT SUBSECTOR	PROJECT PHASE	PROJECT TYPE	PROJECT LOCATION	INVESTOR COUNTRY OF ORIGIN	INVESTOR FIRM	TARGET MARKET
Heineken/ Distell capital investment	10	Manufacturing	Beverages	Announced	Expansion	Multiple Locations ³	Netherlands	Heineken/ Distell	Domestic, regional, and international
Karusa wind farm	3,5	Utilities	Renewable Energy	Complete	Greenfield	Western Cape	Italy	Enel Green Power RSA	Domestic
Soetwater wind farm	3,5	Utilities	Renewable Energy	Complete	Greenfield	Northern Cape	Italy	Enel Green Power RSA	Domestic
Copperton wind farm	2,3	Utilities	Renewable Energy	Complete	Greenfield	Northern Cape	Spain	Elawan Energy	Domestic
Bushveld Minerals operations expansion: Vanchem	1,5	Mining	Mining of metal ores	Feasibility	Brownfield	Mpumalanga	Guernsey ⁴	Bushveld Minerals	Domestic, regional, and international
Bushveld Minerals operations expansion: Vametco	1,04	Mining	Mining of metal ores	Feasibility	Brownfield	North West	Guernsey	Bushveld Minerals	Domestic, regional, and international
YFPO supplier plant	0,6	Manufacturing	Automotive	Construction/ Implementation	Greenfield	Gauteng	France/ China	YFPO (Plastic Omnium/ Yangfeng)	Domestic
Vametco hybrid mini-grid	0,045	Utilities	Renewable Energy	Project-preparation	Greenfield	North West	Guernsey	Bushveld Minerals	Domestic
Ferrochrome Furnaces (FCF) smelting complex restoration	0,04	Manufacturing	Basic Precious Metals and Non-Ferrous Metals	Construction/ Implementation	Upgrade	North West	United Kingdom	Ironveld	Domestic, regional, and international
LG Electronics Premium Service Centre	Not reported	Services	Wholesale and retail trade	Complete	Greenfield	Gauteng	South Korea	LG Electronics	Domestic
Enstra Mill new production line	Not reported	Manufacturing	Paper and Paper Products	Complete	Expansion	Gauteng	United States of America	Kimberly-Clark	Domestic
CostCertified headquarters	Not reported	Services	ICT	Complete	Greenfield	Western Cape	Canada	CostCertified	Domestic

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

³Heineken and Distell's operations are distributed across the country in South Africa, however, the main locations for the operations have been identified as Gauteng and the Western cape. For purposes of analysis the R10 billion commitment has been equally divided between the two provinces.

⁴ Guernsey has been described by the Tax Justice Network as a corporate tax haven. <https://www.bbc.com/news/world-europe-jersey-48354081>.

Investment stages

Looking at projects by phase, Heineken's commitment is the only one recorded at the announced stage. Six complete investments were captured this quarter that include three REIPPPP-related projects: the Karusa, Soetwater and Copperton wind farms. Investment at the project preparation stage is comprised singularly of Bushveld Minerals' hybrid mini-grid project. Two projects are undergoing construction. Similarly, two projects were recorded at the feasibility stage, and both of these are expansions planned by Bushveld Minerals.

Investment types

Investment categorised by type shows that expansions represent the highest share of the investment value. However, this is on account of only one (Heineken) of two such projects, both in manufacturing. Greenfield projects (seven) make up the majority of pledges in number, of which five contribute R9.9 billion to investment this quarter. Utilities, specifically renewable energy projects, dominate greenfield investments (four projects), a trend noted in the Tracker attributable to the growing proliferation of sustainable energy sources. Brownfield projects comprise of two mining projects, while only one project is categorised as an upgrade in the services sector.

Investment by location and industry

Projects were recorded in only five provinces (see Figure 2, Annexure A). The Western Cape captured the highest pledged value this quarter with R8.5 billion from two of the three projects recorded in the province. Over half of the value, R5 billion, is attributed to the Heineken/Distell commitment which contributes to manufacturing. The other projects captured in the Western Cape are in utilities and mining. The Northern Cape garnered the second highest value, which amounts to R5.8 billion. This is attributable to two wind farms completed by Enel, contributing to utilities investment in the province.

Gauteng comparatively recorded the highest number of projects – four investments across two industries, manufacturing and services. Investment in the province amounts to R5.6 billion from two manufacturing projects. The value is mainly composed of a R5 billion capital investment commitment from Heineken/Distell. Investment in Mpumalanga totals R1.5 billion in the mining industry from a single project, Bushveld Minerals' planned expansion of the Vanchem facility. The investment value in the North West totals R1.1 billion. Bushveld Minerals, with two commitments, contributes R1.04 billion and R45 million to mining and utilities in the province. The North West also recorded a R40 million commitment from Ironveld for the restoration of a smelting complex.

Investment country of origin

Investment inflows for the quarter are dominated by projects from Europe. The nine commitments recorded from the region combined constitute over 90% of the investment value, that is R22.2 billion. Overall (Figure 3, Annexure A), Netherlands led investment on account of Heineken's capital investment commitment. This is followed by Italy with two projects completed under REIPPPP. The other European countries that contributed to investment this quarter are Italy, Guernsey⁵, Spain, and traditional investors France and the United Kingdom. Another key country that consistently features in the Tracker is BRICS partner, China, represented by the YFPO supplier plant (R300 million).⁶ The United States' investment was the Kimberly-Clark's project and Canada's investment was

⁵ See footnote 4

⁶ The total value for the project is R600 million, the investor firm YFPO is partnership between French company Plastic Omnium and China based Yanfeng. The R300 million represents Yangfeng's contribution.

CostCertified’s new headquarters both with undisclosed sums. Investment was also identified from South Korea attributed to LG’s Premium Service Centre.

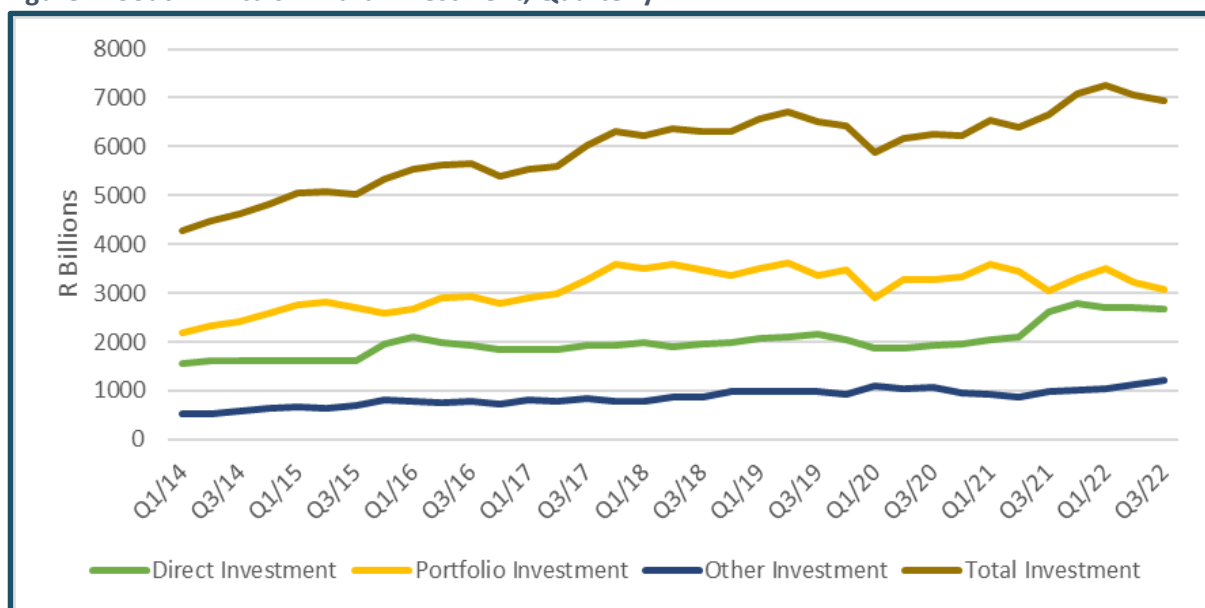
Investment by target market

Monitoring recorded only two target markets for the Q3 2022 reporting period. Four projects have a domestic, regional and international outlook, which garnered the highest investment value. These projects are in manufacturing and mining sectors. Investor outlook was concentrated on the domestic market – in terms of project numbers – 8 of the quarter’s 12 projects are directed towards serving this segment exclusively and the total investment value for this grouping amounts to R9.9 billion (from 5 projects). While these projects are spread across three of the four sectors represented in the Tracker this quarter, the focus on the domestic market is largely attributed to the dominance of utilities investment.

Investment environment

Analysis of the domestic investment environment provides insight into the general environment in which investments take place. These analysis metrics indicate the extent to which pledged investments materialise and provides a glimpse into investor sentiment which will ultimately have an impact on future growth prospects of the economy. These metrics are further detailed in the Appendix.

Figure 1: South Africa’s Inward Investment, Quarterly



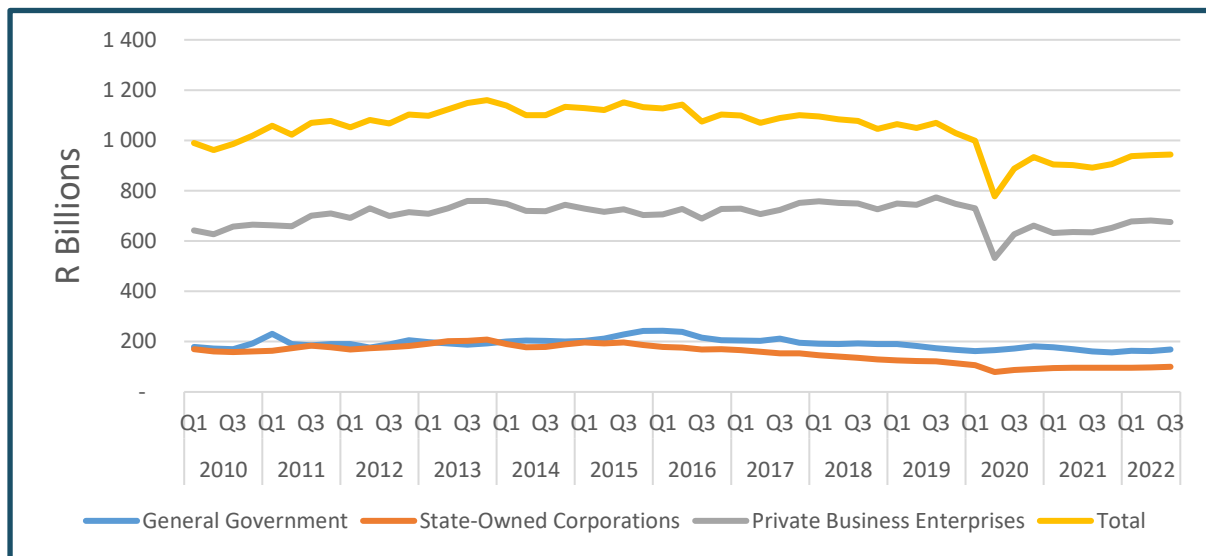
Source: TIPS, based on South Africa’s international investment position data by (SARB, 2022a).

The total market value of South Africa’s inward investment decreased from a revised R7 204 billion at the end of June 2022 to R7 139 billion at the end of September 2022, a decrease of 0.9% between Q2 2022 and Q3 2022.

Direct investment decreased by 0.78% from a revised R2 700 billion in Q2 to R2 679 in Q3. The SARB (SARB, 2022a) reports that the decrease was due to the decrease in the FTSE/JSE All Share Index of 3.8%.

Portfolio investment also decreased by 4.5% from a revised R3 218 billion in Q2 to R3 073 billion in Q3. Other investment, conversely, increased by 6.48% from a revised R1 126 billion in Q2 to R1 199 billion in Q3.

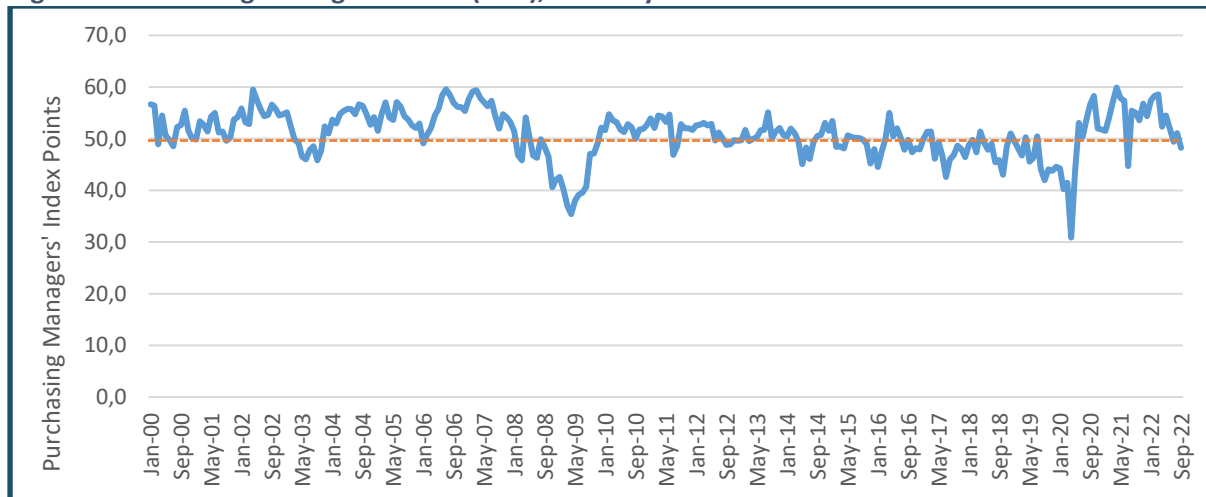
Figure 2: Gross Fixed Capital Formation (GFCF), Quarterly



Source: (TIPS, 2022), based on StatsSA GDP data. Note: Values are on a constant 2022 prices, seasonally adjusted, and annualised basis. Value are deflated using an implicit deflator, rebased to Q2 2022.

In the third quarter of 2022, GFCF increased slightly by 0.3% from the second quarter of 2022 (Stats SA, 2022). The SARB explains that this increase is on account of an increase in capital outlays by public corporations and general government – notably provincial governments. The decrease in investment by private business enterprises was due to an increase in investment in machinery and equipment being outweighed by the increase in capital outlays on residential buildings and transport equipment (SARB, 2022b). The Reserve Bank further explains that compared to the first three quarters of 2022 in the same periods of 2021, GFCF was 4.4% higher in the first three quarters of 2022.

Figure 3: Purchasing Managers' Index (PMI), Monthly



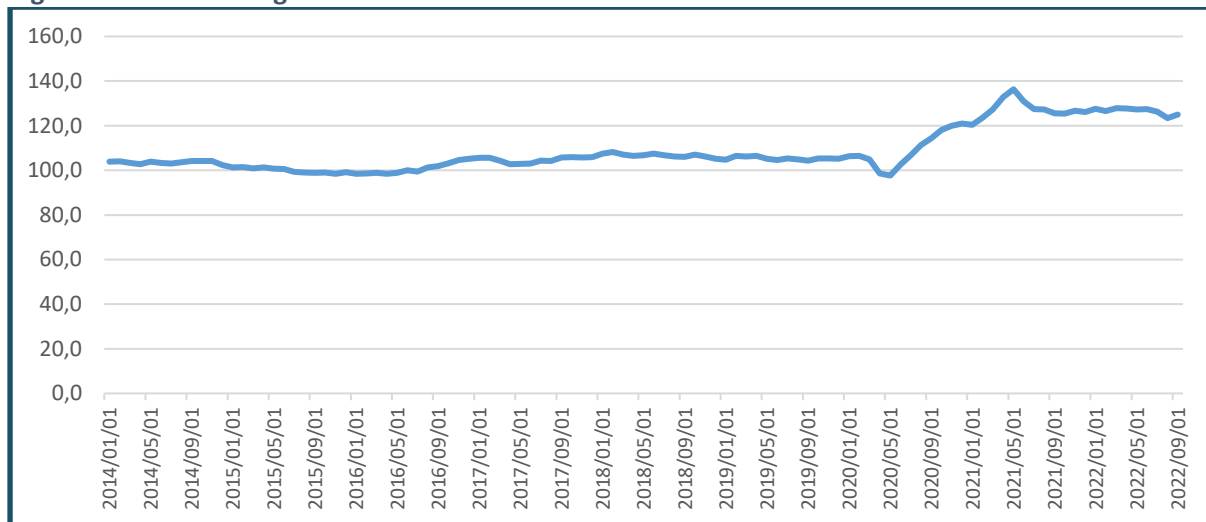
Source: TIPS, based on PMI data by (BER, 2022a). Note: The PMI data are seasonally adjusted by the Bureau for Economic Research (BER).

The Absa PMI focuses on business conditions in the manufacturing sector and points out the prevalent trends. These trends may inform and influence investor decisions in the future. A value that exceeds 50 implies an improvement in manufacturing conditions from the previous month, and a value below 50, implies a decline. In July 2022, the seasonally adjusted Absa PMI dropped below the 50 points threshold for the first time since the July 2021 unrests in KwaZulu-Natal and Gauteng. The index dropped from 52.2 points in June 2022 to 47.6 points in July 2022. This decline was mainly attributable

to electricity supply disruptions that caused a drop in production. In August 2022, conditions improved relative to July 2022 with an uptick to 52.1 index points. An increase in the business conditions index from 49.4 points in July to 57.9 points in August indicates optimism from purchasing managers that cost pressures will continue to ease for the next six months. In September 2022, the ABSA PMI declined to 48.2 points. This was due to more intense electricity supply disruptions than in August, which subsequently led to a drop in production as well as a decrease in demands for some products (BER, 2022b).

Overall, the ABSA PMI averaged 49.3 points for the third quarter of 2022.

Figure 4: SARB Leading Indicator



Source: TIPS, based on (SARB, 2022c).

The SARB also reports on a composite leading indicator that aims to predict future economic activity and serves as supplementary evidence for future changes in the economy. The composite leading business cycle indicator is calculated based on a number of underlying datasets that predict growth (see Appendix).

The leading business cycle indicator depicted a 1% decrease in July 2022, a decrease of 2.3% in August 2022 and an increase of 1.4% in September 2022 (SARB, 2022d, 2022e, 2022f).

In July 2022, the largest negative contributors to the leading indicator were the decrease in the number of business plans approved and a decrease in the leading indicator of South Africa’s main trading partner countries. In August 2022, the largest detractors were the number of residential building plans approved and the narrowing of the interest rate spread. In September 2022, the largest positive contributors to the increase in the leading indicator were an acceleration in the six-month smoothed growth rate of job advertisement space and an increase in the number of building plans approved.

Barriers and constraints

To gain deeper insight into investor experiences, the FDI Tracker captures concerns and challenges faced by investing companies face. 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.

Monitoring recorded challenges experienced by Enel during the development of the firm’s Karusa and Soetwater wind farms. They were each completed for R2.5 billion and reached commercial operation in June and July respectively. Over the course of construction, the projects were affected by the

COVID-19 lockdown restrictions which caused supply challenges and delays. Further, limitations to international and local travel constrained movement of essential personnel. In response to this obstacle, Enel employed remote communication technologies to interaction with colleagues in other countries.

Credibility classification

FDI pledges are subject to frequently changing plans and may not take place 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 2: 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.

In Table 5, projects are categorised according to the assigned credibility classification. It summaries key considerations factored into the determination of the rating. Out of the 12 projects recorded this quarter, only the five listed in the table were assessed, the other projects recorded for Q3 2022 are in the process of implementation or complete. The five projects mentioned are all classified as likely.

Table 3: Project credibility grading

PROJECT	CLASSIFICATION	REASON
Heineken/Distell capital investment	Likely	The R10 billion capital investment is among conditions required by the Competition Commission in approval of Heineken’s merger with Distell. The Competition Commission recommended approval of the transaction to the Competition Tribunal, whose final decision is pending. The capital investment depends on completion of this process, potentially lengthened by interested companies in the alcoholic beverages sector.
Bushveld Minerals operations expansion: Vanchem	Likely	These operations will be developed together through a phased approach. Prefeasibility and feasibility studies have been concluded, with highly detailed project plans with clear time frames. Bushveld Minerals is an established company that aims to sustain productivity of an existing mine operation. This company aims to expand both these existing operations to increase productivity.
Bushveld Minerals operations expansion: Vametco	Likely	
Vametco hybrid mini-grid	Likely	The project is at an advanced stage with funding secured and site preparation already underway. The projects will be developed in partnership with local firm, Nesa Holdings. It is fully funded through the partners and other South African financial institutions such as Absa. Project further aims to demonstrate the capabilities of hybrid mini-grid technology.
YFPO supplier plant	Construction/ Implementation	Project broke ground for construction.
Ferrochrome Furnaces smelting complex restoration	Construction/ Implementation	Ironveld has started the process of refurbishing the smelting complex.

PROJECT NAME	HEINEKEN/DISTELL CAPITAL INVESTMENT	COSTCERTIFIED HEADQUARTERS
Investment value	Rand Value Only	Not reported
Investment rand value	R10 billion	Not reported
Project location: province	Multiple Locations	Western Cape
Project location: city/town	Multiple locations	Cape Town
Investor firms	Heineken/Distell	CostCertified
Investor country	Netherlands	Canada
Investor city	Amsterdam	Calgary
Indicative start date	September 2022	Not reported
Indicative end date	2027	June 2022
Project phase	Announced	Complete
Project type	Expansion	Greenfield
Project industry	Manufacturing	Services
Project sector	Manufacture of beverages	Information Communications Technology
Permanent jobs	Not reported	300
Temporary jobs	Not reported	Not reported
Government partnership	Competition Commission, Competition Tribunal	Not reported
Target market	Domestic, regional and & international	Domestic
Social development programme	Enterprise development: establish a R400 million fund to invest in SMMEs; Localisation: make an R200 million contribution to localisation and growth initiatives; R165 million investment into tavern transformation. Employee Share Ownership Scheme that will transfer more than R3 billion of equity to workers of the merged entity's South African operations.	Not reported
Project description	The Competition Commission has recommended to the Competition Tribunal the approval of Heineken's acquisition of Distell South Africa with conditions. This includes a R10 billion capital investment in the amalgamated entity NewCo, over a period of five years, among others. The conclusion of the transaction is pending final approval from the Tribunal. The Commission found that the proposed transaction is likely to substantially prevent or lessen competition in the relevant markets as the merged entity will be a dominant supplier of flavoured alcoholic beverages, with a market share above 65% and would be the largest supplier of ciders in South Africa.	CostCertified is a Canadian tech start-up that provides cost estimating software for the residential construction industry has just opened its global headquarters in Cape Town. The company aims to provide at least 300 jobs for locals over the next two years.
Motivation	Market expansion	Market entry and expansion

PROJECT NAME	KARUSA WIND FARM	SOETWATER WIND FARM
Investment value	€200 million	€200 million
Investment rand value	R3.5 billion	R3.5 billion
Project location: province	Western Cape	Northern Cape
Project location: city/town	Laingsburg	Karoo Hoogland Local Municipality
Investor firms	Enel Green Power RSA	Enel Green Power RSA
Investor country	Italy	Italy
Investor city	Rome	Rome
Indicative start date	June 2019	June 2019
Indicative end date	June 2022	July 2022
Project phase	Complete	Complete
Project type	Greenfield	Greenfield
Project industry	Utilities	Utilities
Project sector	Renewable Energy	Renewable Energy
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	1 160
Government partnership	Department of Energy and Minerals Resources, Eskom, National Energy Regulator of South Africa (NERSA)	Department of Energy and Minerals Resources, Eskom, National Energy Regulator of South Africa (NERSA)
Target market	Domestic	Domestic
Social development programme	REIPPPP related: Enterprise Development Support Programme (funding, skills development, supply of equipment, market access); Community support and development (approximately €800 000 per annum.) .	REIPPPP related: Enterprise development, community support and development (educational support programme, community leadership training, youth skills development); employee training and development.
Project description	Karusa is a 147MW wind farm that has the capacity to generate over 500GWh of energy per annum. The wind farm is supported by a 20-year power purchase agreement with Eskom, in line with the Renewable Energy Independent Power Producer Procurement Programme. The project was selected as part of Bid Window 4 of the REIPPPP in 2016. The wind farm features Vestas V136-4.2MW wind turbines. Construction of the project started in 2019. Karusa Wind Farm entered commercial operation in June 2022.	Soetwater is a 147MW wind farm which has the capacity to generate 585GWh of energy per annum. The wind farm is supported by a 20-year power purchase agreement with Eskom, in line with the Renewable Energy Independent Power Producer Procurement Programme. The project was selected as part of Bid Window 4 of REIPPPP in 2016. The wind farm features Vestas V136-4.2MW wind turbines. Construction of the project started in 2019. The wind farm entered commercial operation in June 2022.
Motivation	REIPPPP participation: to support South Africa in moving to sustainable technologies for power generation technologies.	REIPPPP participation: to support South Africa in solving the energy crisis through sustainable technologies.

PROJECT NAME	COPPERTON WIND FARM	BUSHVELD MINERALS OPERATIONS EXPANSION: VANCHEM
Investment value	€145 million	US\$90 million
Investment rand value	R2.3 billion	R1.5 billion
Project location: province	Northern Cape	Mpumalanga
Project location: city/town	Copperton	Emalahleni
Investor firms	Elawan Energy	Bushveld Minerals
Investor country	Spain	Guernsey
Investor city	Madrid	St Peter Port
Indicative start date	2018	June 2022
Indicative end date	September 2021	2024
Project phase	Complete	Feasibility
Project type	Greenfield	Brownfield
Project industry	Utilities	Mining
Project sector	Renewable Energy	Mining of metal ores
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Department of Energy and Minerals Resources, Eskom, National Energy Regulator of South Africa (NERSA)	Not reported
Target market	Domestic	Domestic, regional and international
Social development programme	REIPPPP related: Community Trust Ownership (5%); Enterprise development; Skills development; water, health and community infrastructure.	Not reported
Project description	The 102 MW Copperton Wind farm has an estimated annual production capacity of 375GWh. Infrastructure comprises 34 Acciona 3.15MW turbines. Construction started in 2018 with the wind farm and has been fully operational since 2021. The project is part of Bid Window 4 of the REIPPPP. Elawan Energy signed a 20-year power purchase agreement with Eskom.	This project entails increasing production to 8000 tonnes per annum by expanding the firm's Vametco and Vanchem operations. To this end the company completed prefeasibility and feasibility studies for increasing overall production. The expansion would be phased, completed in four stages and requires a total investment of about US\$151 million (R2.3 billion) in the two operations. Vanchem in Mpumalanga will be developed at Stages 2 and 3 of the expansion involving a combined investment for the two stages of approximately US\$90 million (R1.5 billion). Vanchem is a primary vanadium processing plant with a beneficiation facility. Stage 2 entails the refurbishment of kiln 2 to increase overall group production to between 6 000t/y and 6 500t/y. Stage 3 involves the refurbishment of kiln 1 to increase the operation's production to between 4 600t/y and 4 700t/y and group production to between 7 000t/y and 7 500 t/y.
Motivation	REIPPPP participation	Resource seeking; Market expansion responding to demand

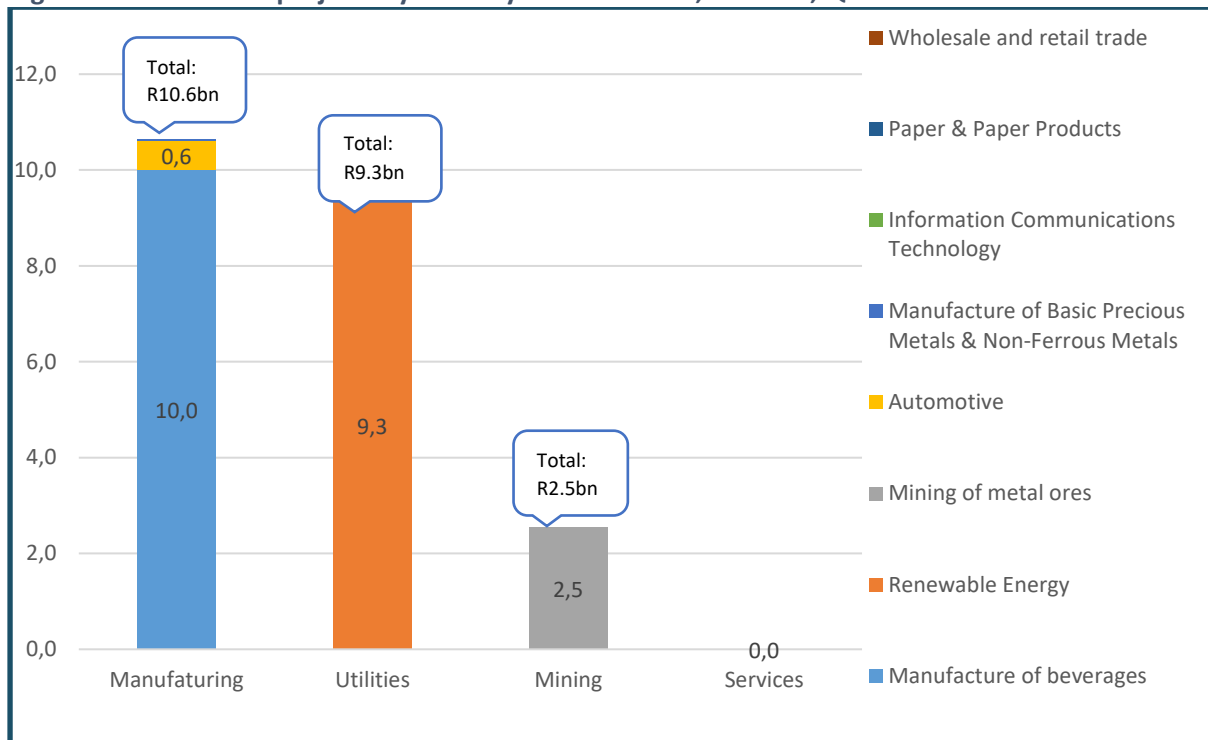
PROJECT NAME	BUSHVELD MINERALS OPERATIONS EXPANSION: VAMETCO	YFPO SUPPLIER PLANT
Investment value	US\$61.1 million	Rand value only
Investment rand value	R1.04 billion	R600 million
Project location: province	North West	Gauteng
Project location: city/town	Brits	Rosslyn
Investor firms	Bushveld Minerals	YFPO (Plastic Omnium/Yangfeng)
Investor country	Guernsey	Multiple
Investor city	St Peter Port	Levallois/Shanghai
Indicative start date	June 2022	July 2022
Indicative end date	2027	Not reported
Project phase	Feasibility	Construction/Implementation
Project type	Brownfield	Greenfield
Project industry	Mining	Manufacturing
Project sector	Mining of metal ores	Automotive
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Not reported	Rosslyn Hub Development Company: City of Tshwane and the Gauteng Provincial Government
Target market	Domestic, regional and international	Domestic
Social development programme	Not reported	Not reported
Project description	<p>This project entails increasing production to 8000 tonnes per annum by expanding the firm's Vametco and Vanchem operations. To this end the company completed prefeasibility and feasibility studies for increasing overall production. The expansion would be phased, completed in four stages and requires a total investment of about US\$151 million (R2.3 billion) in the two operations. Stage 1 and stage 4 of the expansion involve developments at Vametco to be completed for US\$61.1 million (R1.04 billion). Vametco is an integrated mining and processing operation that sources ore from an open pit mine. Stage 1 entails installing a semi-autogenous grinding mill (SAG mill) and upgrades to associated crushing concentrator for US\$32.9 million (R561 million) over 24 months. Stage 4 involves expanding single kiln capacity, which will increase group production to between 7 600t/y and 8 000t/y for about US\$28.2 million (R481 million) over a period of 12-18 months.</p>	<p>YFPO is a joint venture between Plastic Omnium, a French automotive company, and Yanfeng, a Chinese automotive company. The company manufactures automotive components and trims and, in South Africa, it supplies BMW in Rosslyn. The 25 000 square metre facility to be developed for R600 million and the facility will be the partners' first facility in Africa. The building will be owned and developed by the Eris Property Group.</p>
Motivation	Resource seeking; Market expansion and responding to demand	Market entry

PROJECT NAME	VAMETCO HYBRID MINI-GRID	FERROCHROME FURNACES (FCF) SMELTING COMPLEX RESTORATION
Investment value	Rand Value Only	£2 million
Investment rand value	R45.2 million	R40 million
Project location: province	North West	North West
Project location: city/town	Brits	Rustenburg
Investor firms	Bushveld Minerals/Bushveld Energy/Nesa Investment Holdings	Ironveld
Investor country	Guernsey	United Kingdom
Investor city	St Peter Port	London
Indicative start date	June 2022	August 2022
Indicative end date	2023	2023
Project phase	Project-preparation	Construction/Implementation
Project type	Greenfield	Upgrade
Project industry	Utilities	Manufacturing
Project sector	Renewable Energy	Manufacture of Basic Precious Metals and Non-Ferrous Metals
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	NERSA	Not reported
Target market	Domestic	Domestic, regional and international
Social development programme	BBBEE: Partnership with South African firm Nesa Investment Holdings. Nesa is a black-owned and managed investment manager	Not reported
Project description	Bushveld Minerals, through its 84%-owned energy subsidiary Bushveld Energy, has reached financial close for a 3.5MW solar PV plant and a 1MW/4MWh Vanadium Redox Flow Battery (VRFB) hybrid mini-grid project at Vametco mine, which will operate as a funded independent power producer. The hybrid mini-grid project will provide roughly 10.7% of Vametco's electrical energy while also demonstrating the technical and commercial viability of hybrid mini-grids employing solar PV and VRFB technology at grid parity. Vametco has signed a 25-year power purchasing agreement for the electricity. Bushveld Energy and Nesa Investment Holdings, a South African investment firm, have signed a shareholders' agreement as strategic equity partners in the project's implementation and financing, with the project being housed in a separate special purpose vehicle. Nesa has provided 60% of the equity, while Bushveld Energy has provided 40%.	Ironveld plans to refurbish the Ferrochrome Furnaces (FCF) smelting complex which comprises of four 2.5 MW tilting electric arc furnaces (EAFs), four convertors with ladles, cranes and associated buildings and equipment. Ironveld is acquiring the FCF business which owns the mothballed FCF smelter complex which is currently undergoing business rescue processes. The project will bring three of the four EAFs into production on a phased basis. The FCF plant will allow for the production of high purity iron, vanadium in slag and titanium in slag from the Bushveld magnetite resource in the Limpopo Province of South Africa.
Motivation	Resource seeking; Market expansion and responding to demand	Market expansion

PROJECT NAME	LG ELECTRONICS PREMIUM SERVICE CENTRE	ENSTRA MILL NEW PRODUCTION LINE
Investment value	Not reported	Not reported
Investment rand value	Not reported	Not reported
Project location: province	Gauteng	Gauteng
Project location: city/town	Midrand	Springs
Investor firms	LG Electronics	Kimberly-Clark
Investor country	South Korea	United States
Investor city	Seoul	Irving
Indicative start date	Not reported	Not reported
Indicative end date	August 2022	September 2022
Project phase	Complete	Complete
Project type	Greenfield	Expansion
Project industry	Services	Manufacturing
Project sector	Wholesale and retail trade	Paper and Paper Products
Permanent jobs	Not reported	Not reported
Temporary jobs	Not reported	Not reported
Government partnership	Not reported	Not reported
Target market	Domestic	Domestic
Social development programme	Not reported	Not reported
Project description	LG Electronics has launched a new Premium Service Centre to expand the company's service network in South Africa. The facility offers customers after sales services and repairs.	Kimberly-Clark Professional is expanding its manufacturing capacity in South Africa, through an investment in a new production line at the Enstra Mill.
Motivation	Operational efficiency, streamlining services from retail to repair; expanding service network	Increase production and market expansion

APPENDIX A

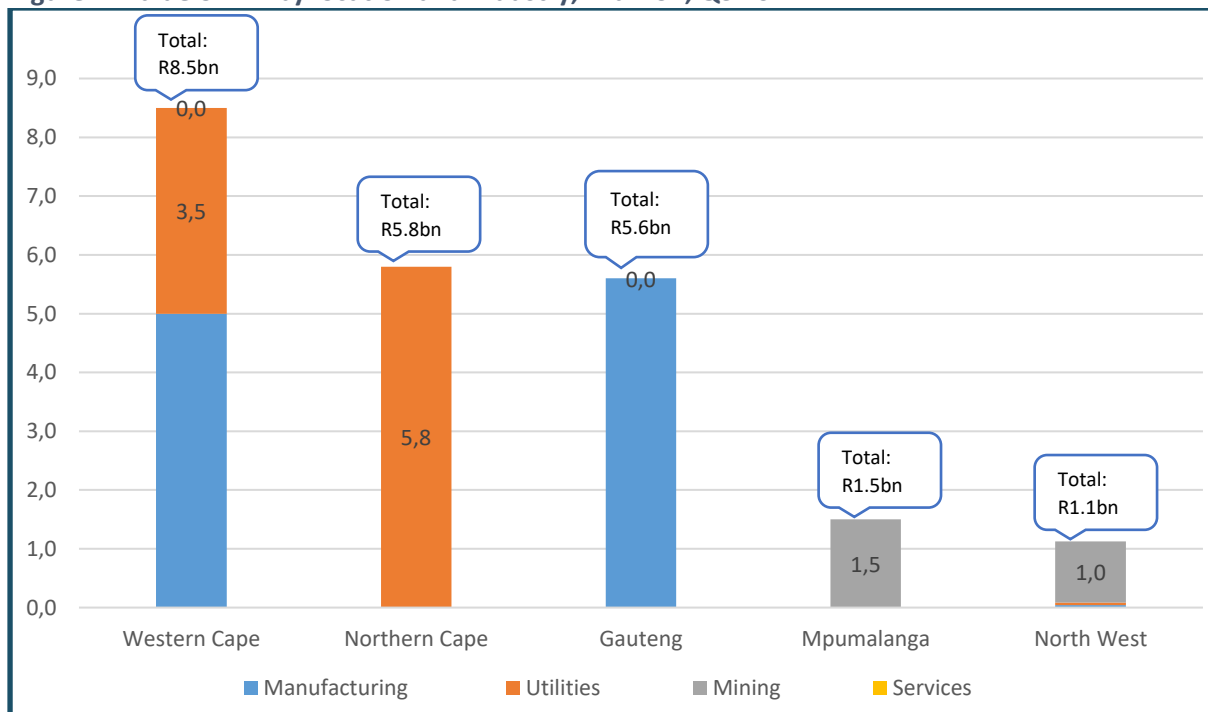
Figure 1: Value of FDI projects by industry and subsector, R'billion, Q3 2022



Source: TIPS FDI Tracker project data.

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

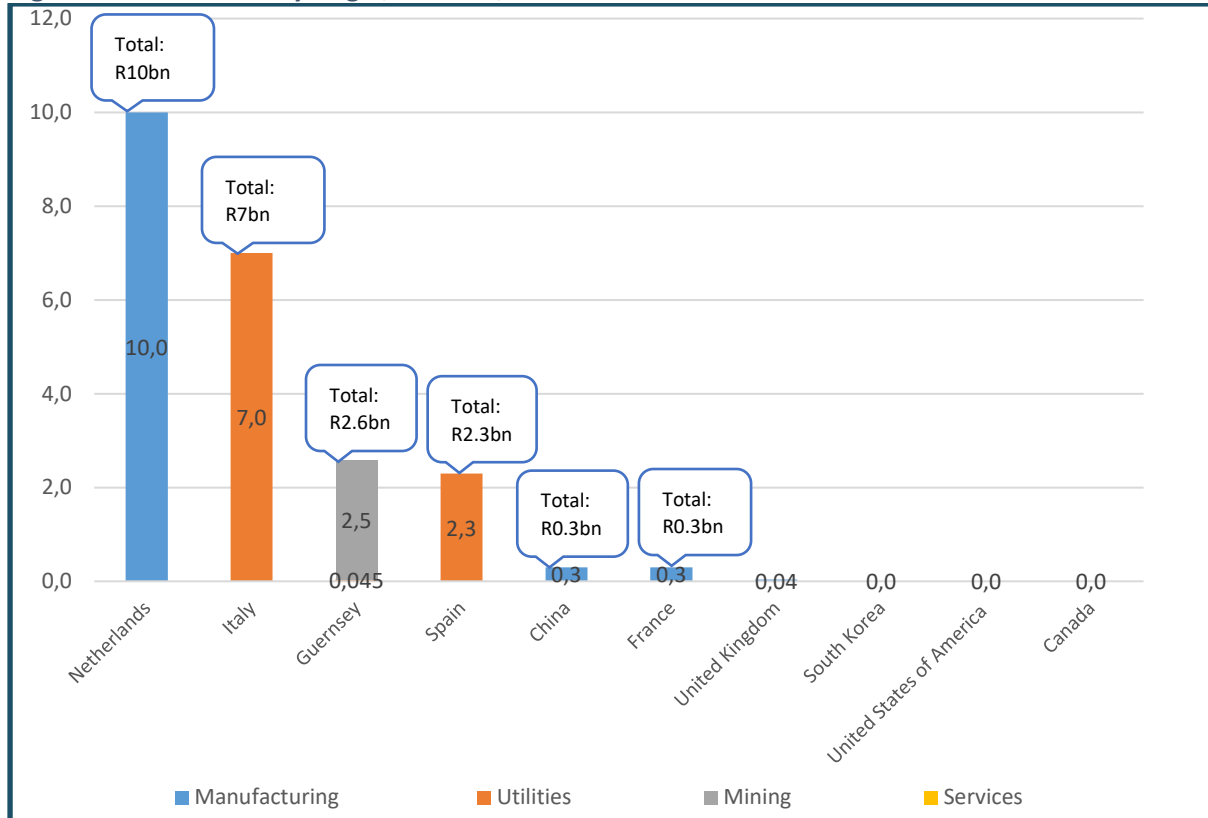
Figure 2: Value of FDI by location and industry, R'billion, Q3 2022



Source: TIPS FDI Tracker project data.

Note: Numbers may not always sum to total investment amount due to rounding.

Figure 3: Value of FDI by origin, R'billion, Q3 2022

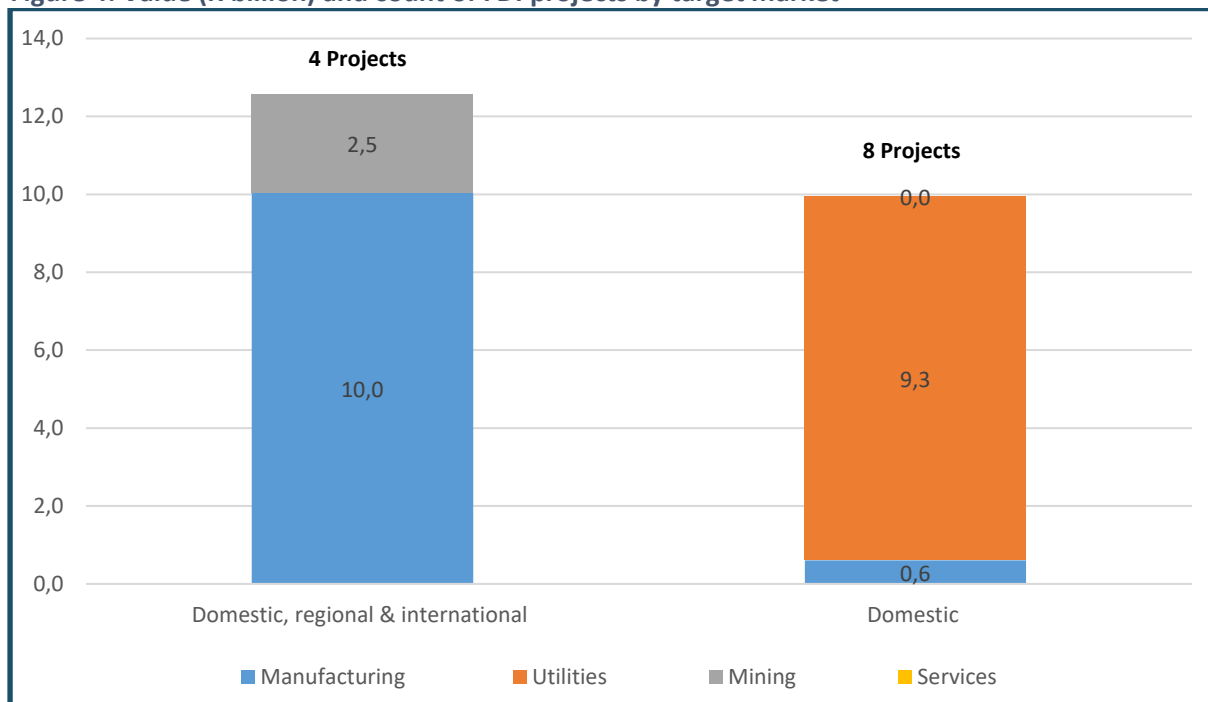


Source: TIPS FDI Tracker project data.

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

Note: The investment values from South Korea, United States and Canada have not been announced.

Figure 4: Value (R'billion) and count of FDI projects by target market



Source: TIPS FDI Tracker project data

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

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APPENDIX B

Table 4. 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.