



TRADE & INDUSTRIAL POLICY STRATEGIES



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

FOREIGN DIRECT INVESTMENT TRACKER

FIRST QUARTER 2024

Compiled by Kelello Mashiane and Rethabile Molala

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.

Trade & Industrial Policy Strategies (TIPS)
info@tips.org.za | +27 12 433 9340 | www.tips.org.za

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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 several 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. The barriers and constraints investors face indicates policy blockages that can be removed to improve the investment environment and lead to 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.

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FDI PROJECTS, Q1 2024

In the first quarter of 2024, monitoring added 20 projects to the Tracker. This quarter, only a handful of projects published investment values. This resulted in a substantial underestimate in the amount recorded for the quarter – R4.1 billion derived from five projects. Monitoring updated 15 pre-existing projects this quarter.



New FDI projects

Investment was recorded in four industries characterised by renewable energy-related activity and added data centre capacity. Among the projects with reported values, the highest recorded was Sylvania Platinum Group Metals mine with a proposed R2.5 billion. It is one of the two mining projects by the company added to the tracker this quarter. Investment values were also recorded in services (R1.04 billion) and utilities (R0.21 billion). The highest number of projects announced were in services, with eight investments including a R1 billion liquid natural gas terminal, the Zululand Energy Terminal, which will be developed by Vopak Terminal Durban and Transnet Pipelines Consortium.

Greenfield projects make up the majority by both value and number. Most projects are still at the announced stage. By province, Limpopo received the highest investment, followed by KwaZulu-Natal. Despite the minimal values reported, Western Cape and Gauteng remain among top investment destinations, based on number of projects in the respective provinces. In terms of number of projects, Europe was the top contributor, mainly represented by Germany and the Netherlands.

Mining

Sylvania Platinum is undertaking exploration activities at two operations in the Limpopo Province. First, the Volspruit North and Volspruit South ore bodies, situated at the southern end of the Northern Limb of the Bushveld Complex. The company is exploring the potential development of an open cast platinum group metal (PGM) resource including platinum, palladium, rhodium and gold. A mineral resource estimate for the Volspruit North and South projects has been completed, while metallurgical test work is ongoing. Pending the results of the tests and a scoping study, Sylvania will decide on advancing the project to a prefeasibility study. The company estimates a capital requirement of R2.5 billion. The company is also exploring two platinum-group element (PGE) resources, the Far Northern Limb Projects named Aurora and Hacra. A mineral resource estimate has been declared on a small portion of Aurora, while a technical review is underway. There are plans for a targeted resource drilling programme for the second half of 2024. A technical report for the Hacra resource has been completed. The value of this project has not been reported. Sylvania is headquartered in Bermuda, a British territory (Bulbulia, n.d.; Sylvania, 2024, n.d.).

The Jacomynspan Battery Metals project is Orion Minerals' prospective third PGM project in the Northern Cape. Jacomynspan is a nickel-copper-cobalt-PGE-sulphide project with potential to become an underground and open pit mining operation. The mining area could reportedly supply numerous metals and minerals critical to electric vehicle batteries, and more broadly the clean energy transition.

Exploration activity is progressing, with a metallurgical test work programme in the second phase. Planning is progressing for a trial mining exercise to generate a bulk sample of Jacomynspan ore for testing on a pilot scale. Other advances on the project include application for a water use licence and ongoing updates to a feasibility study. The project will further supply nickel, copper, cobalt and PGE gold to the Stratega Metals Vapour Refining Project, a proposed refinery facility for battery materials (Orion Minerals, 2024, n.d.; Parker, 2024).

Services

MSC Medlog Logistics (logistics division of MSC) established a cold storage facility that caters to importers and exporters of fresh produce. The R350 million facility handles perishable goods including chicken sourced from Brazil, the US and Poland. Products for the export market primarily comprise citrus destined for Europe, the Middle East and Asia. The warehouse spans 15 000 metres with capacity for 8 000 to 10 000 pallets and features convertible rooms to accommodate both chilled and frozen cargo. The facility is strategically located 10km from the Port of Durban (Freight News, 2024a; MSC, 2024).

Rhenus, a Germany-based logistics specialist company that offers global supply, warehousing and transport solutions is expanding its South African offering, operating through the subsidiary Rhenus South Africa. The company is growing its local footprint by expanding its network of warehouses, for an undisclosed sum. The company is setting up two new logistics hubs in Gauteng and Eastern Cape, spanning 3 000 square metres and 2 000 square metres respectively. The Gauteng facility supports the firm's express courier services and the company's contract logistics. The new warehouse in the Eastern Cape (East London) allows for greater efficiency in import procedures, and includes a bonded warehouse, temperature-controlled cold and hot storage. The company further announced that it will invest in modernising the other facility in the Eastern Cape, Gqeberha, increasing existing size to 1 100 square metres (Freight News, 2024b; Rhenus, 2024).

Microsoft South Africa plans to build a new data centre campus in Gauteng. The US-based company aims to expand cloud infrastructure in other areas across South Africa and serve various organisations in Africa. The project is still in the development stages. Microsoft launched its first local data centres in Johannesburg and Cape Town in 2019 (ITWeb, 2024; Vermeulen, 2024).

Equinix announced plans to expand the company's operations in Africa including in South Africa. The US\$390 million (R75 billion)¹ investment will be rolled-out over five years. This will include new data centres, in addition to the company's first facility currently under construction in Johannesburg. The specific locations for the planned expansion have not yet been confirmed (Prinsloo, 2024; Sehloho, 2024).

TTEC is a US-based customer experience technology and services company. The firm opened a new business process outsourcing (BPO) customer experience delivery centre in the Western Cape. TTEC provides services to companies across the globe in several industries including healthcare and telecommunications. The investment was completed for undisclosed sum (CBN, 2023; TTEC, 2023).

Following a bid process, a Vopak Terminal Durban and Transnet Pipelines consortium was appointed by Transnet National Ports Authority (TNPA) to develop and operate a proposed new liquid natural gas (LNG) terminal at Port of Richards Bay in KwaZulu-Natal. The partners will design, construct, finance, operate and maintain the Zululand Energy Terminal over a 25-year period. The R1 billion

¹ There is not enough information to disaggregate the value and estimate the amount that would be allocated to South Africa.

project aims to deliver an LNG import solution for the South African market that supports energy security and decarbonisation. The project will be rolled out in two phases, with the first development to be commissioned in 2027 and the second in 2030. Once complete, the terminals services will include receiving LNG, gas transmission pipeline, storage, bunkering and regasification, among others. The project is still subject to a final investment decision. TNPA will invest in the common user port infrastructure, while the terminal operator will provide the infrastructure (Creamer, 2024; Zululand Energy Terminal, n.d.) .

Haval invested in a new parts distribution centre in Gauteng for an undisclosed sum. The new facility will stock a range of small parts, and maintenance and repair components for current and new models to be launched locally in 2024. It will also accommodate a higher number of parts stocks supporting customers, dealerships and sales growth. The distribution centre would reportedly allow for greater efficiency by streamlining Haval's operations and processes, reducing lead times and increasing parts supply fill rates (GWM, 2023).

Chery South Africa opened a new parts warehouse in Gauteng. This larger facility has potential for future expansion. The new facility has the capacity to hold over 4500 different components or stock worth a minimum value of R70 million, at all times. In addition, it will stock a range of accessories, and offer training to dealer sales and service staff to support the new range of Chery vehicles. The investment further supports Chery's sales growth and potential expansion to other countries in Southern Africa (Chery, 2023; Mbaduli, 2023).

Utilities

Denmark-based DSV is investing R150 million in electricity generation capacity across three local facilities. The company will install batteries and solar photovoltaic (PV) panels which they expect will mitigate the impact of loadshedding and reduce emissions. The investment is in line with the logistics and transport firms' larger sustainability objectives to reduce the impact of climate change. The company is funding the project through targeted sustainability financing, a Green Loan by HSBC (DSV, 2024; Kavitha, 2024).

Volkswagen Group Africa (VWA) announced a R55 million investment to add three megawatts (MW) of solar energy at the Kariega assembly plant in the Eastern Cape. Solar panels will be installed on car ports. This investment will bring VWA's local solar power capacity to 6.3MW, including installed capacity for other facilities in Gauteng by the end of 2024. The project is part of VWA's efforts towards carbon neutrality while mitigating the impact of loadshedding on productivity (Mbaduli, 2024; Venter, 2024).

Neosun Energy is a China-based global solar energy developer. The company is mainly engaged in construction of solar power stations and battery storage solutions. Neosun is entering the local market and officially establishing operations in South Africa. Neosun aims to provide commercial solar panels and energy storage solutions with capacities ranging from 200 kilowatts to 10MW for commercial and industrial projects. The company's primary target is small and medium enterprises in industries including manufacturing, commercial real estate, mining and pharmaceuticals. Neosun has offices in Gauteng and the Western Cape (Energy Capital and Power, 2024; Neosun, 2024).

Kimberly-Clark is rolling-out a 2.2MW roof top solar PV installation at the firm's Epping manufacturing plant in the Western Cape. Once complete, the rooftop system – comprising 4000 solar panels – will allow an annual energy production of 3478MW hours per year. A long-term power purchasing agreement has been concluded with energy solutions company Energy Partners (Chandak, 2024a; Kimberly-Clark, 2024). The project value has not been disclosed.

Glencore is constructing a 25MW solar PV power plant at Rhovan, the company's vanadium mining and processing facility, in the North West. The solar plant will supply Rhovan's network, and it is expected to meet about 30% of the operations' annual energy requirements (Glencore, 2024; Naidoo, 2024). The project value has not been disclosed.

Germany-headquartered Energiequelle, established a local subsidiary and opened new offices in the Western Cape. The firm specialises in the development of renewable energy projects across various technologies including wind, solar and biogas. It also offers services such as project development and operational management (Chandak, 2024b; Energiequelle, 2024).

Manufacturing

VWA announced plans to upgrade and modernise the company's Kariega manufacturing facility in the Eastern Cape, looking to produce a new model vehicle for the African market. The new SUV – internal combustion engine – vehicle is planned for 2026. The introduction of the new model coincides with the Group's shift in focus from Europe to Africa as an export destination. VWA will become the only subsidiary producing the VW polo hatchbacks following the discontinuation of the model's production in Spain. Furthermore, the polo won't be sold in Europe beyond 2028, in line with Euro 7 regulations, and it will be discontinued in other markets by 2029. In addition, underutilised (VW) plants and Europe's shift to electric vehicles implies that there will be diminished demand for the model as more countries move to new energy vehicles. Nevertheless, VWA is making this investment, which will be an addition to the Polo and Polo Vivo manufactured locally (Freight News, 2024c; Woosey, 2024). Still, given global goals for emissions reduction, VWA aims to shift focus to the African market, given the slow pace of new energy vehicles adoption in the continent.

The Vitol Group is a global energy company that supplies and distributes crude oil, petroleum products and natural gas. In South Africa, it operates through subsidiary Vesquin Trading. The company intends to acquire Engen. This has been conditionally approved by the Competition Commission.² These conditions include a post-merger capital investment for an undisclosed sum. The facilities material to the proposed transaction are in Gauteng and KwaZulu-Natal (Competition Commission, 2023; Majola, 2023).

Updates

Table 1 lists projects updated in Q1 2024 with progress noted for 15 projects. Renewable projects that made headway this quarter include the private renewable electricity generation project by Envusa – Anglo American and EDF Renewables – which has concluded the project financing process. Enel Green Power also began construction on three renewable energy facilities under long-term power purchase agreements with Sasol and Air Liquide. In contrast, the three proposed Karpowership projects are facing issues around grid access, pricing and legal challenges. These were initially contracted to supply the national grid under the 2020 Risk Mitigation Independent Power Producer Programme (RMIPPP) but remain at early-stage development. Data centre projects are also advancing; Google launched its first cloud region in Africa, Equinix commenced construction of its first local data centre and, Africa Data Centres started construction to expand its Cape Town facility.

² The Competition Tribunal has approved the acquisition, the capital investment will be covered in the Q2 2024 report.

Progress

Table 1: Projects updated in Q1 2024

| PROJECT | COMPANY | VALUE R'BNS | INDUSTRY | PROGRESS UPDATE |
|--|-------------------------------------|--------------|--------------------------|---|
| Complete | | | | |
| Lotus Bakeries manufacturing plant | Lotus Bakeries | 0.17 | Manufacturing | Opened new production facility |
| Google South Africa cloud region | Google | Not reported | Services | Completed Johannesburg cloud data centre |
| Construction/implementation | | | | |
| Sasol and Air Liquide renewable-energy project | Enel Green Power South Africa | 9 | Utilities | Signed an additional PPA (total 3) for 110 MW renewable electricity, started construction on three facilities |
| Anglo American Operations Investment (Kapstevl South Project (Kolomela mine) | Kumba Iron Ore | 7 | Mining | Majority of the project completed; first ore expected in 2024 |
| Equinix SA data centre | Equinix | 2.8 | Services | Development progressing, plan to launch in June 2024 |
| Mulilo Total Hybrid renewable project | Total Energies | 1.8 | Utilities | Under construction, expected to be operational in 2025 |
| Witwatersrand Basin project: Qala Shallows Stage 1 | West Wits Mining | 0.767 | Mining | IDC conducting due diligence as potential funder; Decision pending for additional mining prospecting right |
| SKA MeerKAT telescope expansion – German investment | German and South African Government | 0.4 | Research and development | The first antenna of the MeerKAT extension project was handed over. |
| Africa Data Centres - Cape Town facilities | Africa Data Centres | Not reported | Services | Commenced construction, completion target is mid 2024 |
| Project-preparation | | | | |
| Envusa – Anglo American and EDF renewable energy business | Envusa | Not reported | Utilities | Completed project financing, entered offtake agreement with Anglo American Platinum |
| RMIPPPP: Oya Energy hybrid renewable project | G7 Renewable Energy/ ENGIE | 9.2 | Utilities | Project reached financial close |
| Teraco power generation infrastructure | Teraco | 1.1 | Services | Secured grid capacity allocation from Eskom |
| Early-stage developments: regulatory approvals, studies and exploration | | | | |
| RMIPPPP: Karpowerships South Africa: Richards Bay, Saldanha and Coega ³ | Karpowerships | 29.6 | Utilities | Eskom withdraws grid access allocation for all three Powerships |

³ Further discussed in the barriers and constraints section

FDI TRENDS, Q1 2024

Table 1 Table 2 categorises select information discussed in the previous section on new projects added to the Tracker this quarter. It is arranged systematically to present key variables collected in the Tracker database. The narrative that follows provides a brief discussion of each category as it relates to investment activity and/or trends observed in the Tracker each quarter.

Investment values

The level of investment in the first quarter of 2024 is likely significantly undervalued, at R4.1 billion from only five of the 20 projects recorded in this period. Based on information available on some of the projects, and a comparison with other similar investments previously captured in the Tracker, an announcement such as Vitol's capital investment is likely to be significant (Glencore – in the same industry – under similar circumstances was required by the Competition Tribunal to make a R6 billion capital investment in 2019). The same could be said about the data centre announcements, where the Tracker has noted investment values of at least a billion Rand with these types of projects. The bulk of the quarter's total value is from Sylvania's R2.5 billion Volspruit PGM projects. The second highest value is the proposed R1 billion LNG Zululand Energy Terminal. The other three projects that make up the sum of reported investment this quarter registered values below R500 million, starting with MSC's cold storage facility (R350 million) followed by DSV and VWA's solar installations valued at R150 million and R55 million respectively.

Investment by industry and subsector

Mining has the highest investment value (see Appendix A, Figure 5) on account of Sylvania R2.5 billion PGM project. The company's Jacomynspan Battery Metals project also contributes to mining investment in the metal ores subsector. Services has the second highest value (R1.4 billion) and the largest representation in number of projects captured this quarter. Nine projects in services were added to the Tracker. Most of these are in the storage and warehousing subsector and include the R1.4 billion Zululand Energy Terminal, MSC's R400 million cold storage facility, and automotive companies Chery and Haval's parts distribution centres. Other subsectors under services include BPO and information communication technology (ICT). Utilities recorded six projects – all in the renewable energy subsector – of which the total R205 million for the industry is attributed to DSV and VWA's respective sustainable electricity generation projects. Manufacturing registered two projects, VWA's planned new model in the automotives subsector and Vitol's capital investment in other in petrol, oils and greases from natural gas. Neither of these reported an investment value.

Investment stages

The three mining projects recorded this quarter make up investment at the exploration stage, totalling R2.5 billion. The R1 billion Zululand Energy Terminal and Kimberly-Clark's solar installation are the only two projects at project-preparation. Six of the projects added to the tracker this quarter are complete. Among these, one project recorded a value – MSC's R350 million cold storage facility. Investment at the announcement stage has the highest number of projects with eight announcements including data centre developments, and renewable energy related projects. The value for this stage amounts to R205 million comprising DSV and VWA sustainability investments. A single project was captured under construction, Rhovan's roll-out of a solar power plant.

Investment types

Greenfield projects dominate investment this quarter, making up just over half of the projects added and R3.85 billion (from three projects) of the registered investment value. By number, these investments are mainly in services, including data centres and storage facilities while, in terms of value, mining leads due to Sylvania's R2.5 billion reported value. Five projects involve facility upgrades including three firms installing renewable energy infrastructure, with VWA and DSV making up R205 million in this category. Three investors, including Haval, completed expansions while Vitol's capital investment is the solo brownfield projects announced this quarter.

Table 1: FDI Projects, Q1 2024

| PROJECT NAME | VALUE (R'BILLION) | INDUSTRY | SUBSECTOR | PROJECT STAGE | PROJECT TYPE | PROJECT LOCATION | COUNTRY OF ORIGIN | PROJECT FIRM(S) | TARGET MARKET |
|---|-------------------|---------------|---|---------------------|--------------|--------------------|-------------------|---|--------------------------------------|
| Volspruit (North and South) PGM projects | 2.5 | Mining | Mining of metal ores | Exploration | Greenfield | Limpopo | Bermuda | Sylvania Metals | Domestic, regional and international |
| Zululand Energy terminal | 1 | Services | Storage and warehousing | Project-preparation | Greenfield | KwaZulu-Natal | Netherlands | Vopak Terminal Durban and Transnet Pipelines consortium | Domestic |
| Medlog MSC cold storage facility | 0.35 | Services | Storage and warehousing | Complete | Greenfield | KwaZulu-Natal | Switzerland | MSC Cruises | Domestic, regional and international |
| DSV solar PV and battery systems | 0.15 | Utilities | Renewable energy | Announced | Upgrade | Multiple Locations | Denmark | DSV | Domestic |
| VWA sustainability projects: Solar 2 | 0.055 | Utilities | Renewable energy | Announced | Upgrade | Eastern Cape | Germany | Volkswagen Group Africa (VWA) | Domestic |
| Rhenus South Africa warehouse network expansion | 0 | Services | Storage and warehousing | Complete | Greenfield | Multiple Locations | Germany | Rhenus South Africa | Domestic |
| Rhenus warehouse modernisation | 0 | Services | Storage and warehousing | Announced | Upgrade | Eastern Cape | Germany | Rhenus South Africa | Domestic |
| VWA new vehicle model | 0 | Manufacturing | Automotive | Announced | Upgrade | Eastern Cape | Germany | Volkswagen Group Africa (VWA) | Domestic and regional |
| Microsoft data centre | 0 | Services | ICT | Announced | Greenfield | Gauteng | United States | Microsoft | Domestic and regional |
| Equinix Africa expansion | 0 | Services | ICT | Announced | Greenfield | Not Reported | United States | Equinix | Domestic and regional |
| TTEC customer experience delivery centre | 0 | Services | BPO | Complete | Greenfield | Western Cape | United States | TTEC | Domestic, regional and international |
| Neosun South Africa market entry | 0 | Utilities | Renewable energy | Announced | Greenfield | Multiple Locations | China | Neosun Energy | Domestic, regional and international |
| Vitol capital investment | 0 | Manufacturing | Petrol, fuel oils, lubricating oils and greases, primarily from natural gas | Announced | Brownfield | Multiple Locations | Netherlands | Vitol Group/ Vivo Energy | Domestic, regional and international |

| PROJECT NAME | VALUE (R'BILLION) | INDUSTRY | SUBSECTOR | PROJECT STAGE | PROJECT TYPE | PROJECT LOCATION | COUNTRY OF ORIGIN | PROJECT FIRM(S) | TARGET MARKET |
|---------------------------------------|-------------------|-----------|-------------------------|-----------------------------|--------------|------------------|-------------------|--|--------------------------------------|
| Epping facility solar installation | 0 | Utilities | Renewable energy | Project-preparation | Upgrade | Western Cape | United States | Kimberly-Clark | Domestic |
| Rhovan facility solar power plant | 0 | Utilities | Renewable energy | Construction/Implementation | Greenfield | North West | Switzerland | Glencore | Domestic |
| Far Northern Limb PGM projects | 0 | Mining | Mining of metal ores | Exploration | Greenfield | Limpopo | Bermuda | Sylvania Metals | Domestic, regional and international |
| Jacomynspan Battery Metals project | 0 | Mining | Mining of metal ores | Exploration | Greenfield | Northern Cape | Australia | Orion Minerals | Domestic, regional and international |
| Haval parts distribution centre | 0 | Services | Storage and warehousing | Complete | Expansion | Gauteng | China | Haval South Africa/Great Wall Motors (GWM) | Domestic and regional |
| Chery parts warehouse | 0 | Services | Storage and warehousing | Complete | Expansion | Gauteng | China | Chery | Domestic |
| Energiequelle South Africa operations | 0 | Utilities | Renewable energy | Complete | Expansion | Western Cape | Germany | Energiequelle | Domestic |

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

Investment by location and industry

Limpopo registered R2.5 billion from one of the two (see Appendix A, Figure 6) mining projects – the Volspruit PGM projects – from Sylvania this quarter. The second highest value recorded for Kwa-Zulu Natal, R1.4 billion, is attributed to three of the projects. Services makes up the bulk of the value for the province, led by the R1 billion Zululand Energy Terminal while other projects are in utilities⁴ and manufacturing. Eastern Cape recorded four projects, however, the total R55 million captured for the province is on account of VWA's solar installation contributing to investment in utilities. The other industries that garnered investment in the Eastern Cape are services and manufacturing. In terms of number, Western Cape and Gauteng lead, with six projects in each province. While the Western Cape is mainly represented by utilities, projects in services denote Gauteng's investment with four projects in the respective industries. The value recorded in the two provinces is on account of DSV's multi-facility solar installation. The North West and Northern Cape garnered one project each in utilities (Rhovan solar plant) and mining (Orion's Jacomynspan Battery Metals project) respectively. The location for Equinix expansion is labelled as "not reported", as it has not yet been confirmed. Investment was not identified for Mpumalanga and Free State.

Investment by country of origin

Investment this quarter was captured from a total of eight countries (see Appendix A, Figure 7). British territory Bermuda recorded R2.5 billion in mining, making it the largest source of investment in the first quarter of 2024. Europe maintains its position as key investment partner with half of the projects identified this quarter recorded from four countries in the region. Among these, Netherlands has the highest value, R1.1 billion, from one of two projects in services. This is followed by R400 million from Switzerland similarly attributed to a project in the services sector. Five projects – the highest from a single country – were recorded from Germany, across three industries, however, a value was captured for only one project in utilities contributing R55 million. The single project from Australia contributes to mining while projects from China and the US are largely, but not exclusively, in services. Investment values for projects from the latter three countries were not reported.

Investment by target market

Announcements by firms that target the domestic, regional and international market segment make up the highest value at R2.9 billion from two of seven projects in this category (see Appendix A, Figure 8). This value is largely attributed to the R2.5 billion Volspruit PGM mining projects. Other projects are in manufacturing services and utilities. In terms of number, investments with a domestic outlook are in the majority. These are divided between services and utilities comprising four and five projects respectively. Services holds the highest value, R1 billion, solely on account of the proposed Zululand Energy Terminal. Four projects recorded this quarter have a domestic and regional focus, three of which are in services including the Microsoft and Equinix data centres. There is one manufacturing project in this grouping, VWA's facility upgrades in preparation for a new model.

Investment environment

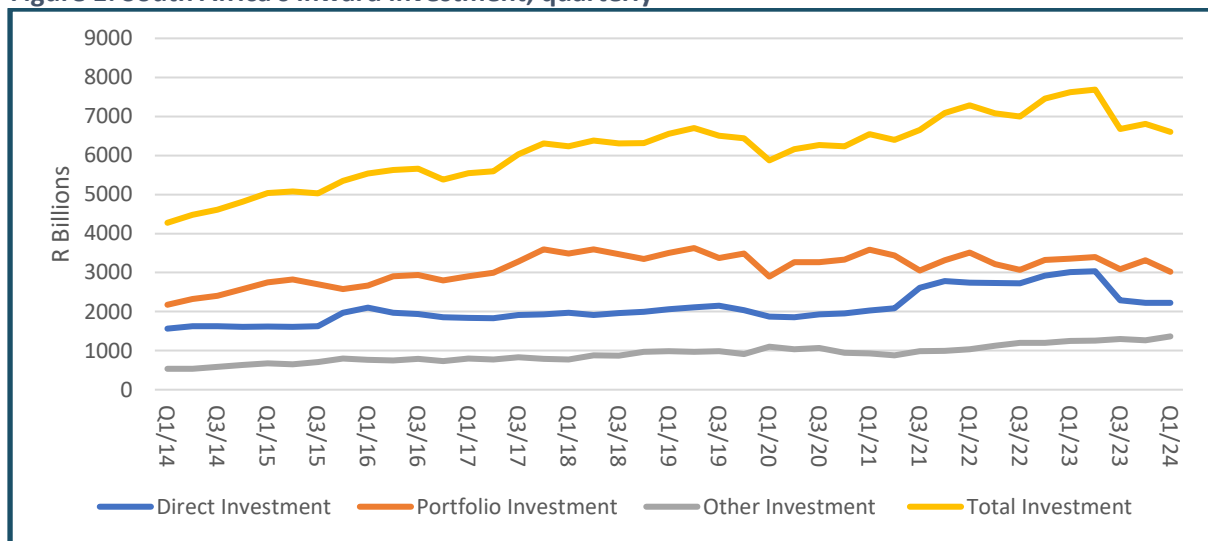
Analysis of the domestic investment environment provides insight into the general environment in which investments take place. These analysis metrics indicate the extent to which pledged investments materialise and provide a glimpse into investor sentiment which will ultimately have an

⁴ Represented by DSV's R150 million investment in solar PV and battery systems at three locations including, KwaZulu-Natal, Western Cape and Gauteng. The value is equally divided (R50 million) for purposes of analysis in the Tracker.

impact on future growth prospects of the economy. These metrics are further detailed in the Appendix.

The total market value of South Africa’s inward investment decreased from a revised R6808 billion the end of the fourth quarter of 2023 to R6608 billion at the end of the first quarter of 2024, a decrease of 3%. Direct investment decreased slightly from R2228 billion in the fourth quarter of 2023 to R2224 billion in the first quarter of 2024, a decrease of 0.2% and portfolio investment decreased by 9% from R3314 billion to R3019 billion in the same period. According to the South African Reserve Bank (SARB, 2024b), these decreases are largely attributable to valuation effects, following a 3.1% decrease in the FTSE/JSE All Share Index during the first quarter of 2024. Other investment increased by 8% to R1365 billion in the first quarter of 2024 from R1266 billion in the fourth quarter of 2023.

Figure 1: South Africa's inward investment, quarterly

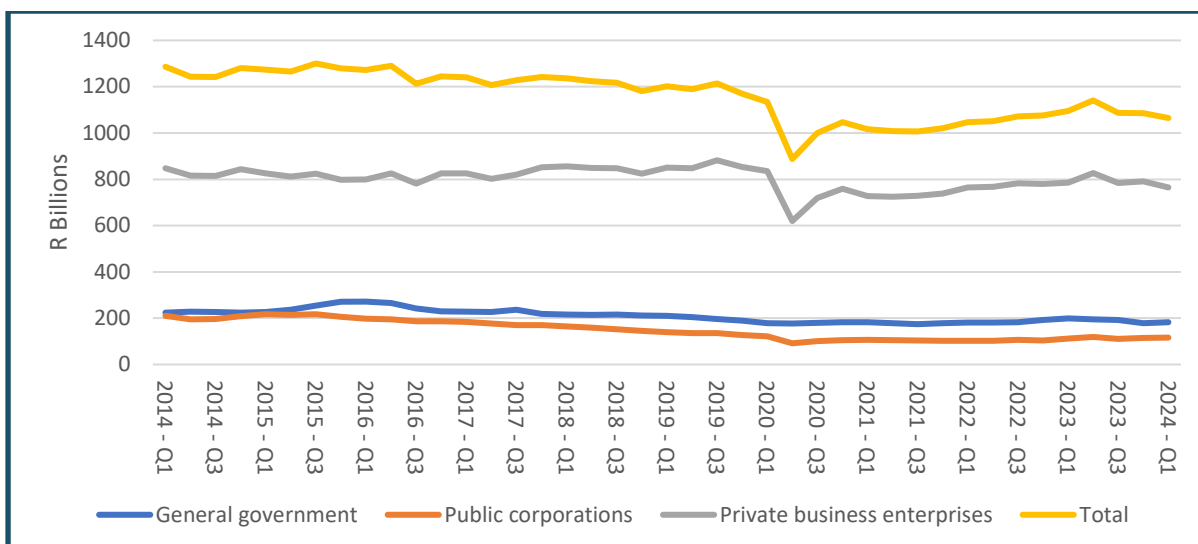


Source: South Africa’s international investment position data by SARB, 2024a.

Note: Values are on current 2024 prices, seasonally adjusted.

The first quarter of 2024 saw GFCF decrease by 1.8% with the main negative contributors being a 1.4% decrease in machinery and other equipment, a 4.3% decrease in residential buildings, and a 2.5% decrease in construction works (Stats SA, 2024b). From the fourth quarter of 2023 to the first quarter of 2024, investment by general government increased by 2% from R179 billion to R183 billion. Investment by public corporations increased by 1% from R115 billion to R117 billion and investment by private business decreased by 3% from R791 billion to R765 billion.

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



Source: TIPS, based on (Stats SA, 2024a). *Note:* Values are on a constant 2023 prices, seasonally adjusted, and annualised basis. Values are deflated using an implicit deflator, rebased to Q1 2024.

The 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.

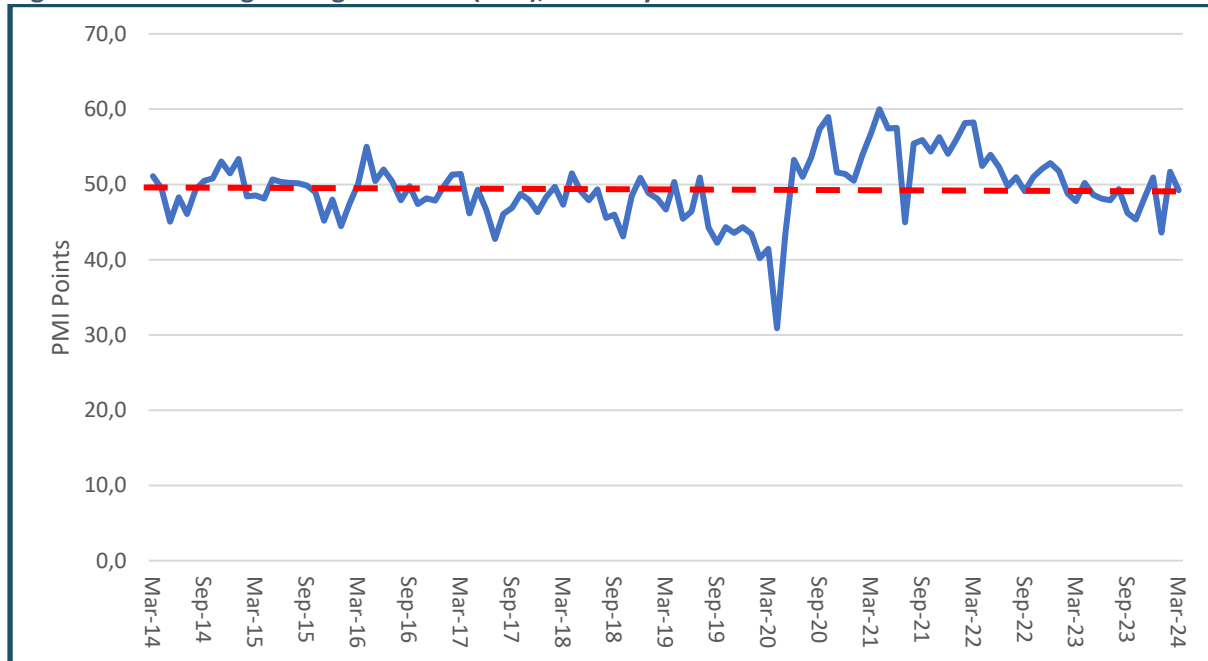
At the start of the first quarter of 2024, the seasonally adjusted Absa PMI decreased to 43.9 points in January 2024 from 50.9 points in December 2023. The largest contributor to this decrease was a significant drop in the business activity index from 51.4 points to 37.1 points. Demand decreased as well seen in the plunge of the new sales orders index from 46.3 points to 37.2 points (BER, 2024b).

In February 2024, PMI rose above the 50-point mark to 51.7 points from 43.9 points in the previous month. The largest positive contributors to this increase were the notable 11.5 points increase in the business activity index and the 12.7 points increase in new sales orders (BER, 2024c).

Closing off the quarter in March 2024, PMI slipped once again below the 50-point mark to 49.2 points. The largest negative contributors were, as in January, declines in the business activity and new sales orders indices. Notably, the supplier deliveries index declined from 62 point to 54.1 points which the

Bureau for Economic Research (BER, 2024d) reports that could be a sign of an easing in congestion of South African ports.

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

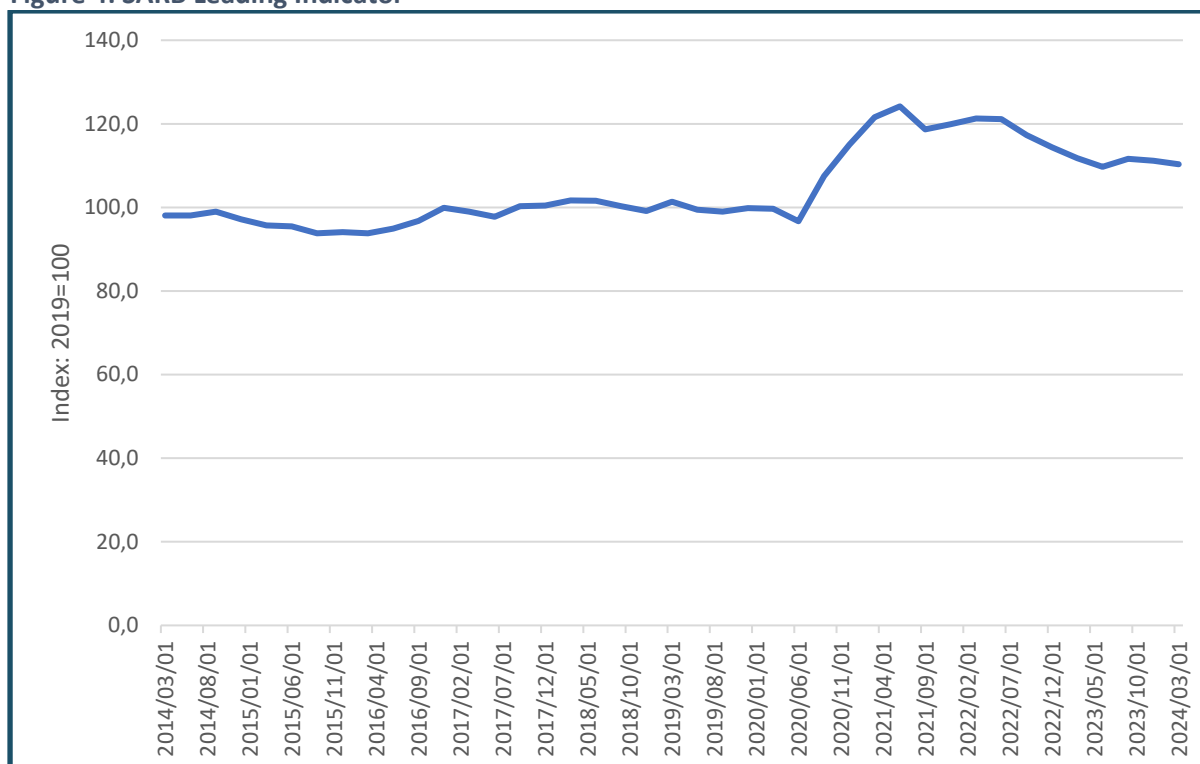


Source: Bureau of Economic Research (BER, 2024a).
 Note: The PMI data are seasonally adjusted by BER.

The SARB 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 several underlying datasets that predict growth (see Appendix). The leading business cycle indicator depicted a 0.5% decrease in January 2024, an increase of 1.7% in February 2024, and a decrease of 1.9% in March 2024.

In January, the largest negative contributors were a drop in the average hours worked per factory worker in the manufacturing sector and a drop in the six-months smoothed growth rate in job advertisement space. The largest positive contributors in February 2024 were an increase in the number of approved building plans and an acceleration in the six-month smoothed growth rate in job advertisement space. In March 2024, the largest negative contributors were a deceleration in the six-month smoothed growth rate of the number of passenger vehicles sold and a drop in the number of residential building plans approved (SARB, 2024d, 2024e, 2024f).

Figure 4: SARB Leading Indicator



Source: (SARB, 2024c).

Barriers and constraints

To gain deeper insights into investor experiences, the FDI Tracker captures concerns and challenges 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. This quarter the Tracker identified three substantially affected projects.

Karpowership South Africa’s prospective investment is facing a new challenge. This quarter, Eskom issued a statement concerning the expiration of five budget quotes for four emergency procurement projects including all three (Coega, Saldhana, Richards Bay Powerships) Karpowership South Africa projects. These expired at the end of 2023, without the possibility of further postponement after Eskom granted requests for extensions on several occasions. Consequently, timelines, costs, and scopes of work associated with the projects budget quotes are no longer valid. In addition, the projects have lost preferential grid access, and capacity initially reserved for these projects is returned to the pool of available capacity for reallocation to other projects. The future of the gas-powered projects is uncertain after facing legal and environmental opposition which is ongoing (Eskom, 2024; Sguazzin, 2024).

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 3: Credibility grading categories

| 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 3 lists the projects by the allocated credibility grade. Broadly, projects announced this quarter are by established companies with a record of investment in the local economy. Across these projects, activities are noted in growing industries such as sustainable development. These varying projects include investment in technology for renewable electricity generation with some connected to operational continuity and internal company sustainability goals. Another example of renewable technology related projects are the PGM ore projects classified as potential; though mining investment, the metals have applications in electric vehicle batteries. Projects classified as likely additionally include investment linked to government institutions – such as the Zululand Energy Terminal – and, while not a guarantee, there is a better chance that the project is implemented.

Table 4: Credibility classification by projects

| CLASSIFICATION | PROJECT | REASON |
|-------------------|--|---|
| Commitment | Neosun South Africa market entry | The company is a new entrant and has not yet specified prospective tangible project(s), setting up offices in Gauteng and Western Cape, however, still establishing itself locally. Noted broad plans for South Africa for example identified potential target customers (SMMEs) and industries for their services. |
| Potential | VWA new vehicle model | The investment is in response to impending changes in Europe (as the main export market) automotive industry with a shift to more sustainable vehicles and, the broader VW Groups internal objectives. Aims to address the evolving dynamics and continue operations in South Africa with a change in focus to the rest of Africa as a new primary export market, so there is a strong potential if the investment is implemented. However, a detailed project plan has not yet been published. |
| | Microsoft data centre | The investment is in an expanding industry that has been gaining investment as companies respond to reported growing demand for cloud and other data services in Africa. The company is established; however, the project lacks a detailed development plan or investment value. |
| | Equinix Africa expansion | The company is already building a its first local data centre. The project is part of Equinix Africa’s wide expansion planned over the next five years to invest in a growing market where there has been expansion to meet the demand for connectivity and storage. Project for South Africa does not contain published details. |
| | DSV solar PV and battery systems | Established company with detailed project plan, however, unclear how far relevant approvals have progressed. |
| | Volspruit (North and South) PGM projects | Ongoing exploration activity. Updated mineral resource estimate technical report completed. Results of scoping study and metallurgical test work expected at the end of 2024, thereafter a decision will be made on progressing to a prefeasibility study. Permit applications submitted. |
| | Far Northern Limb PGM projects | Ongoing exploration activity with a technical report completed for one of the mining areas that will define the development plan. Detailed project plan. |

| CLASSIFICATION | PROJECT | REASON |
|----------------|--------------------------------------|---|
| | Jacomynspan Battery Metals project | Advanced exploration, updating and refining 2013 feasibility study, mine works plan in place, technical studies ongoing. The target resource has significance for the battery electric vehicle production, cleaner combustion and energy transition. |
| Likely | VWA sustainability projects: Solar 2 | Part of a broader company strategy. Investment further supports operational continuity with regards to production and mitigating potential delays due to power shortages. Building on existing infrastructure, while not confirmed the licensing application to the National Energy Regulator of South Africa is in progress |
| | Zululand Energy Terminal | Public-private partnership with an established private company. Responds to energy needs in face of, and efforts for, cleaner energy sources in the context of shortages and pending transition for sustainable energy sources. Detailed project plan including value, timeframes, infrastructure development. Final investment decision pending, and terminal operator agreement is under negotiation. |
| | Vitol capital investment | The investment would be a condition set by the Competition Authorities in approval of Vitol's acquisition of Engen. The Competition Commission has conditionally approved the acquisition, and the Competition Tribunal decision is pending. |
| | Epping facility solar installation | PPA signed with energy solutions company Energy Partners, detailed project plan design of the system completed. At this juncture likely to have conclude regulatory processes. Established company. Information on value not provided. The licensing application to the National Energy Regulator of South Africa is in progress. |
| | Rhenus warehouse modernisation | Commencement of the project has not publicly been confirmed, however, it is part of a broader expansion strategy to expand local footprint, and has already established two new facilities. |

PROJECT PROFILES

| PROJECT NAME | MEDLOG MSC COLD STORAGE FACILITY | RHENUS SA WAREHOUSE NETWORK EXPANSION | RHENUS WAREHOUSE MODERNISATION |
|-------------------------------------|--|--|---|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | R350 million | Not reported | Not reported |
| Start date | Not reported | Not reported | January 2024 |
| End date | March 2024 | January 2024 | Not reported |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | KwaZulu-Natal | Gauteng and Eastern Cape | Eastern Cape |
| Project location: City/Town | Durban | Pretoria and East London | Port Elizabeth |
| Project type | Greenfield | Greenfield | Upgrade |
| Project phase | Complete | Complete | Announced |
| Investor firms | MSC Cruises | Rhenus South Africa | Rhenus South Africa |
| Investor country | Switzerland | Germany | Germany |
| Investor City | Geneva | Holzwickede | Holzwickede |
| Project Industry | Services | Services | Services |
| Project sector | Storage and warehousing | Storage and warehousing | Storage and warehousing |
| Government participation | Possibly: (Regulatory) Relevant KZN Provincial department, Transnet, eThekweni Municipality. | Not reported | Not reported |
| Target market | Domestic, regional and international | Domestic | Domestic |
| Social Development Programme | Not reported | Not reported | Not reported |
| Project description | MSC MEDLOG Logistics (logistics division of MSC) set up a new cold storage facility, that will cater to importers and exporters of fresh produce, and handle perishable goods. | Rhenus is a global logistics specialist offering supply solutions, warehousing and transport services. Locally the company operates through subsidiary Rhenus South Africa. The company is expanding its network of warehouses, setting up two new logistics hubs in Gauteng and Eastern Cape spanning 3000 square metres and 2000 square metres respectively. The Gauteng facility supports express courier service while East London aid in simplifying import procedures. | Rhenus South Africa has modernised the company's facility in the Eastern Cape, Port Elizabeth increasing existing size to 1100 square metres. |
| Motivation | Market expansion – market opportunity to meet demand for cold chain storage. | Efficiency in operations and service delivery. Responding to market demand for stock storage. Part of strategic market expansion. | Efficiency in operations and service delivery. Responding to market demand for stock storage. Part of strategic market expansion. |

| PROJECT NAME | VWA NEW VEHICLE MODEL | VWA SUSTAINABILITY PROJECTS: SOLAR 2 | MICROSOFT DATA CENTRE |
|-------------------------------------|---|--|---|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | Not reported | R55 million | Not reported |
| Start date | February 2024 | 2024 | February 2024 |
| End date | July 1905 | 2024 | Not reported |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | Eastern Cape | Eastern Cape | Gauteng |
| Project location: City/Town | Kariega | Kariega | Centurion |
| Project type | Upgrade | Upgrade | Greenfield |
| Project phase | Announced | Announced | Announced |
| Investor firms | Volkswagen Group Africa (VWA) | Volkswagen Group Africa (VWA) | Microsoft |
| Investor country | Germany | Germany | United States |
| Investor City | Wolfsburg | Wolfsburg | Redmond, Washington |
| Project Industry | Manufacturing | Utilities | Services |
| Project sector | Automotive | Renewable energy | Information communications technology |
| Government participation | Not reported | Nersa: Licensing | City of Tshwane Municipality |
| Target market | Domestic and regional | Domestic | Domestic and regional |
| Social Development Programme | Not reported | Not reported | Not reported |
| Project description | VWA is upgrading and modernising the company's manufacturing facility in the Eastern Cape to produce a new model vehicle for the African market. The new model is planned for 2026. | VWA is adding 3MW of solar energy at the Kariega assembly plant. The company will install solar panels on car ports. | Microsoft South Africa plans to build a new data centre campus. The company aims to expand cloud infrastructure in other areas across South Africa and serve various organisations in Africa. |
| Motivation | Market expansion, responding to changing market dynamics. | Carbon neutrality, support operational efficiency and maintain productivity in light of power shortages. | Market expansion. |

| PROJECT NAME | EQUINIX AFRICA EXPANSION | TTEC CUSTOMER EXPERIENCE DELIVERY CENTRE | ZULULAND ENERGY TERMINAL |
|-------------------------------------|--|--|--|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | Not reported | Not reported | R1 billion |
| Start date | February 2024 | Not reported | January 2024 |
| End date | Not reported | November 2023 | 2027 (phase 1) /2030 (phase 2) |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | Not Reported | Western Cape | KwaZulu-Natal |
| Project location: City/Town | Not reported | Cape Town | Richards Bay |
| Project type | Greenfield | Greenfield | Greenfield |
| Project phase | Announced | Complete | Project-preparation |
| Investor firms | Equinix | TTEC | Vopak Terminal Durban and Transnet Pipelines consortium |
| Investor country | United States | United States of America | Netherlands |
| Investor City | Redwood City, California | Englewood, Colorado | Rotterdam |
| Project industry | Services | Services | Services |
| Project sector | Information communications technology | Business process outsourcing | Storage and warehousing |
| Government participation | Not reported | Not reported | Transnet National Ports Authority, Transnet Pipelines. |
| Target market | Domestic and regional | Domestic, regional and international | Domestic |
| Social Development Programme | Not reported | Not reported | Not reported |
| Project description | Equinix plans to expand its footprint as part of a five-year US\$390 million investment in Africa South Africa is one of these locations. This will include new data centres, in addition to the one currently under construction in Johannesburg. | TTEC is a customer experience technology and services company. The firm set up a new business process outsourcing customer experience delivery centre. TTEC provides services to companies across the globe in several industries including healthcare and telecommunications. | Following a bid process, a Vopak Terminal Durban and Transnet Pipelines consortium was appointed by Transnet National Ports Authority (TNPA) to develop and operate a proposed new liquid natural gas (LNG) terminal at Port of Richards Bay in KwaZulu-Natal. The partners will design, construct, finance, operate and maintain the Zululand Energy Terminal over a 25-year period. The project will be delivered in two phases. |
| Motivation | Market expansion. | Market expansion . | LNG import solution to meet SA energy needs. |

| PROJECT NAME | DSV SOLAR PV AND BATTERY SYSTEMS | NEOSUN SOUTH AFRICA MARKET ENTRY | VITOL CAPITAL INVESTMENT |
|-------------------------------------|---|---|---|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | R150 million | Not reported | Not reported |
| Start date | March 2024 | January 2024 | November 2023 |
| End date | Not reported | Not reported | 2028 |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | Gauteng, Western Cape and KwaZulu-Natal | Western Cape and Gauteng | Western Cape and KwaZulu-Natal |
| Project location: City/Town | Kempton Park, Cape Town and Durban | Cape Town and Johannesburg | Cape Town and Durban |
| Project type | Upgrade | Greenfield | Brownfield |
| Project phase | Announced | Announced | Announced |
| Investor firms | DSV | Neosun Energy | Vitol Group/ Vesqin Trading |
| Investor country | Denmark | China | Netherlands |
| Investor city | Hedehusene | Hong Kong | Rotterdam |
| Project industry | Utilities | Utilities | Manufacturing |
| Project sector | Renewable energy | Renewable energy | Petrol, fuel oils, lubricating oils and greases, primarily from natural gas |
| Government participation | Nersa: Licensing | Not reported | Competition Commission and Competition Tribunal |
| Target Market | Domestic | Domestic, regional and international | Domestic, regional and international |
| Social Development Programme | Not reported | Not reported | Local procurement, localisation, development of supplier that is historically disadvantages persons, new employee ownership plan, increases number of retail stations |
| Project Description | DSV is investing in electricity generation capacity across three local facilities. The company will install batteries and solar PV panels which it expects will mitigate the impact of loadshedding and reduce emissions. | Neosun is a solar energy developer. The company is mainly engaged in construction of solar power stations and battery storage solutions. The company is entering the local market and establishing operations in South Africa, offering commercial solar panels and energy storage solutions with capacities ranging from 200kW to 10MW for commercial and industrial projects. | The Vitol Group is a global energy company that supplies and distributes crude oil, petroleum products and natural gas. In South Africa it operates through subsidiary Vesquin Trading. The company intends to acquire Engen. |
| Motivation | Reduce impact of load shedding and reduce emissions. | Market opportunity in South Africa renewable energy sector. | Market expansion. |

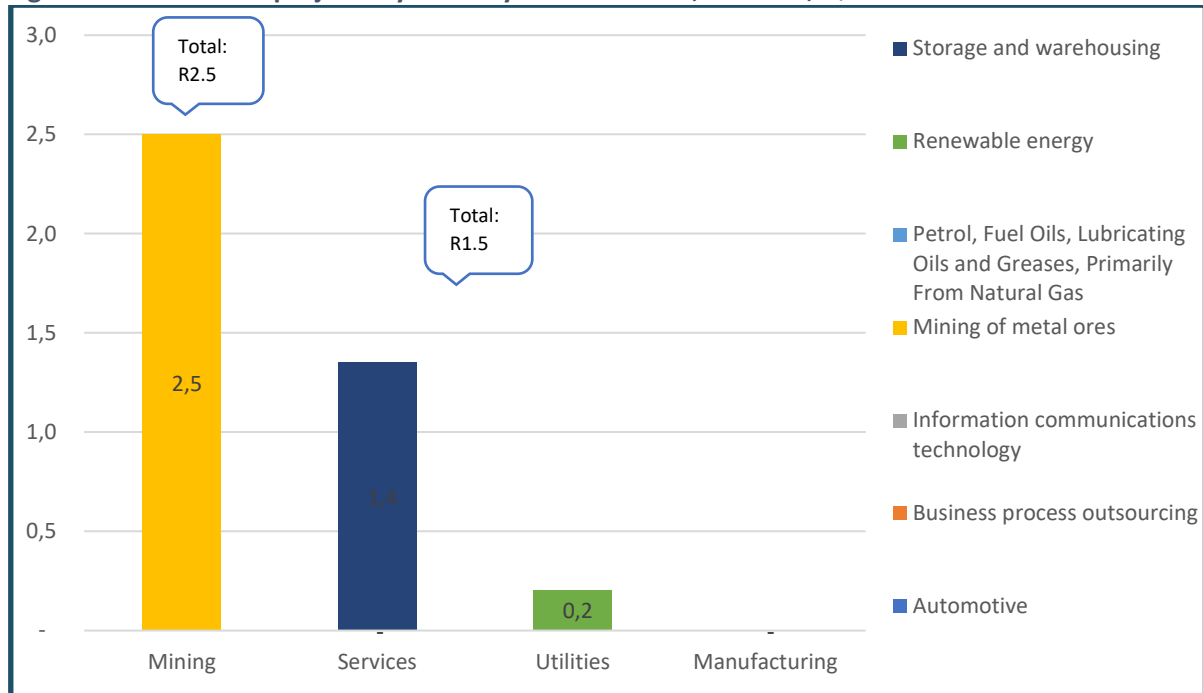
| PROJECT NAME | EPPING FACILITY SOLAR INSTALLATION | RHOVAN FACILITY SOLAR POWER PLANT | VOLSPRUIT (NORTH AND SOUTH) PGM PROJECTS |
|-------------------------------------|--|---|---|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | Not reported | Not reported | R2.5 billion |
| Start date | February 2024 | February 2024 | March 2024 |
| End date | Not reported | 2024 | Not reported |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | Western Cape | North West | Limpopo |
| Project location: City/Town | Epping | Brits | Mokopane |
| Project type | Upgrade | Greenfield | Greenfield |
| Project phase | Project-preparation | Construction/Implementation | Exploration |
| Investor firms | Kimberly-Clark | Glencore | Sylvania Platinum |
| Investor country | United States | Switzerland | Bermuda |
| Investor city | Irving, Texas | Baar | Hamilton |
| Project industry | Utilities | Utilities | Mining |
| Project sector | Renewable energy | Renewable energy | Mining of metal ores |
| Government participation | Nersa: Licensing | Nersa: Licensing | Department of Minerals and Energy |
| Target market | Domestic | Domestic | Domestic, regional and international |
| Social Development Programme | Not reported | Contracting local small and medium enterprises in the construction and installation phase | Broad Based Black Economic Empowerment: Iolite Trading 16 (Pty Ltd) own 26% of project company Volspruit Mining Company |
| Project description | 2.2MW roof top solar PV installation at the firm's Epping manufacturing plant in the Western Cape. Once complete the rooftop system – comprising 4000 solar panels – will allow an annual energy production of 3478MW hours per year. A long-term power purchasing agreement has been concluded with energy solutions company Energy Partners. | Glencore is constructing a 25MW solar PV power plant at Rhovan, the company's vanadium mining and processing facility. The solar PV will supply Rhovan's network, and it is expected to meet about 30% of the operation's annual energy requirements. | Sylvania is exploring the potential development of an open-cast PGM resource including platinum, palladium, rhodium and gold, undertaking exploration activities at the Volspruit North and Volspruit South ore bodies. |
| Motivation | Part of strategy to reduce environmental footprint and achieve renewable energy targets. | Reduce grid reliance for electricity and reduce mines emissions footprint. | Resource seeking; market expansion. |

| PROJECT NAME | FAR NORTHERN LIMB PGM PROJECTS | JACOMYNSPAN BATTERY METALS PROJECT | HAVAL PARTS DISTRIBUTION CENTRE |
|-------------------------------------|--|---|---|
| Investment value (foreign currency) | Not reported | Not reported | Not reported |
| Investment value rand | Not reported | Not reported | Not reported |
| Start date | March 2024 | July 1905 | Not reported |
| End date | Not reported | Not reported | April 2023 |
| Permanent jobs | Not reported | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported | Not reported |
| Project location: Province | Limpopo | Northern Cape | Gauteng |
| Project location: City/Town | Mokopane | Kenhardt | Midrand |
| Project type | Greenfield | Greenfield | Expansion |
| Project phase | Exploration | Exploration | Complete |
| Investor firms | Sylvania Platinum | Orion Minerals | Haval South Africa/Great Wall Motors (GWM) |
| Investor country | Bermuda | Australia | China |
| Investor city | Hamilton | Melbourne | Baoding |
| Project industry | Mining | Mining | Services |
| Project sector | Mining of metal ores | Mining of metal ores | Storage and warehousing |
| Government participation | Department of Minerals and Energy | Department of Minerals and Energy | Not reported |
| Target market | Domestic, regional and international | Domestic, regional and international | Domestic and regional |
| Social Development Programme | Not reported | Not reported | Not reported |
| Project description | The company is also exploring the Far Northern Limb Projects comprising two contiguous platinum-group elements (PGE), copper, and nickel projects, Aurora and Hacra. | The Jacomynspan Battery Metals project is Orion Minerals prospective third PGM project in the Northern Cape. Jacomynspan is a nickel-copper-cobalt-PGE-sulphide project with potential to become an underground and open pit mining operation. The mining area could reportedly supply numerous metals and minerals critical to electric vehicle batteries. | Haval invested in a new parts distribution centre. The new facility will stock a range of small parts, and maintenance and repair components for current and new models to be launched locally in 2024. |
| Motivation | Resource seeking; market expansion | Resource seeking; market expansion. | Market expansion, operational efficiency. |

| PROJECT NAME | CHERY PARTS WAREHOUSE | ENERGIEQUELLE SOUTH AFRICA OPERATIONS |
|-------------------------------------|---|---|
| Investment value (foreign currency) | Not reported | Not reported |
| Investment value rand | Not reported | Not reported |
| Start date | Not reported | Not reported |
| End date | May 2023 | March 2024 |
| Permanent jobs | Not reported | Not reported |
| Temporary jobs | Not reported | Not reported |
| Project location: Province | Gauteng | Western Cape |
| Project location: City/Town | Boksburg | Cape Town |
| Project type | Expansion | Expansion |
| Project phase | Complete | Complete |
| Investor firms | Chery | Energiequelle |
| Investor country | China | Germany |
| Investor city | Wuhu | Kallinchen |
| Project industry | Services | Utilities |
| Project sector | Storage and warehousing | Renewable energy |
| Government participation | Not reported | Not reported |
| Target market | Domestic | Domestic |
| Social Development Programme | Not reported | Not reported |
| Project description | Chery South Africa opened a new parts warehouse, a larger facility with potential for future expansion. The new facility has the capacity to hold over 4500 different components, or R70 million stock hold at all times. The investment further support Chery's sales growth and in preparation for further expansion to other countries in Southern Africa. | The company established a local subsidiary and opened new offices. Energiequelle specialises in the development of renewable energy projects across various technologies including wind, solar and biogas. They also offer services in this regard such as project development, and operational management. |
| Motivation | Market expansion, operational efficiency. | Market expansion. |

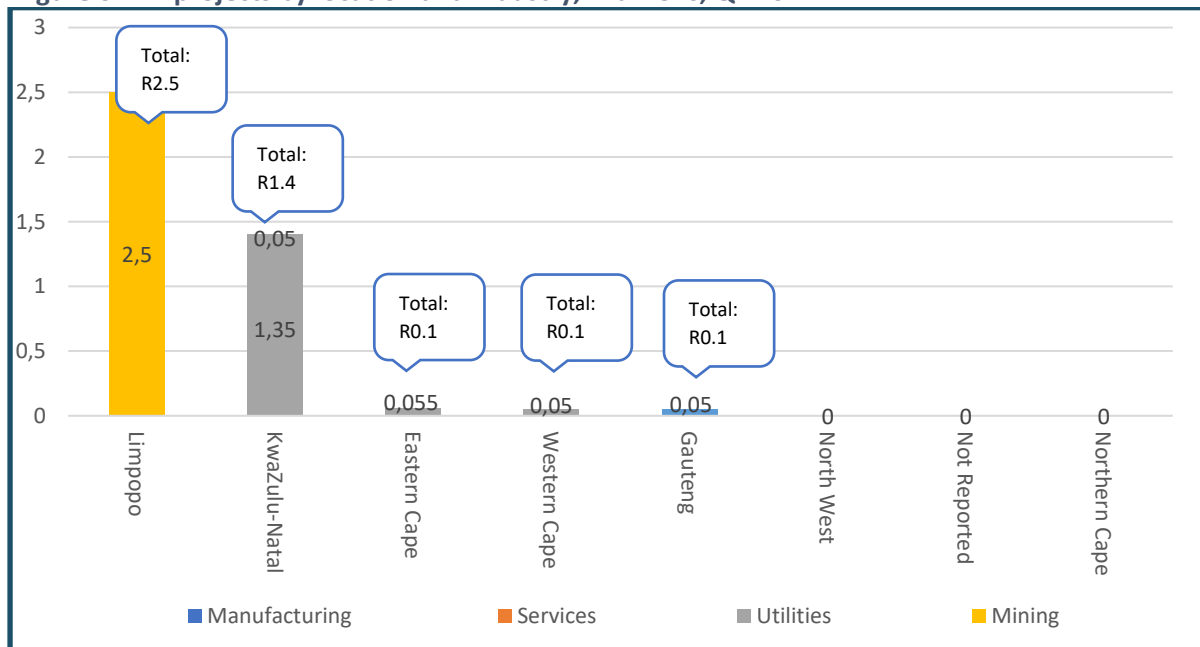
APPENDIX A⁵

Figure 5: Value of FDI projects by industry and subsector, R'-billion, Q1 2024



Source: TIPS FDI Tracker project data. Note: Numbers may not always sum to the exact total investment value due to rounding.

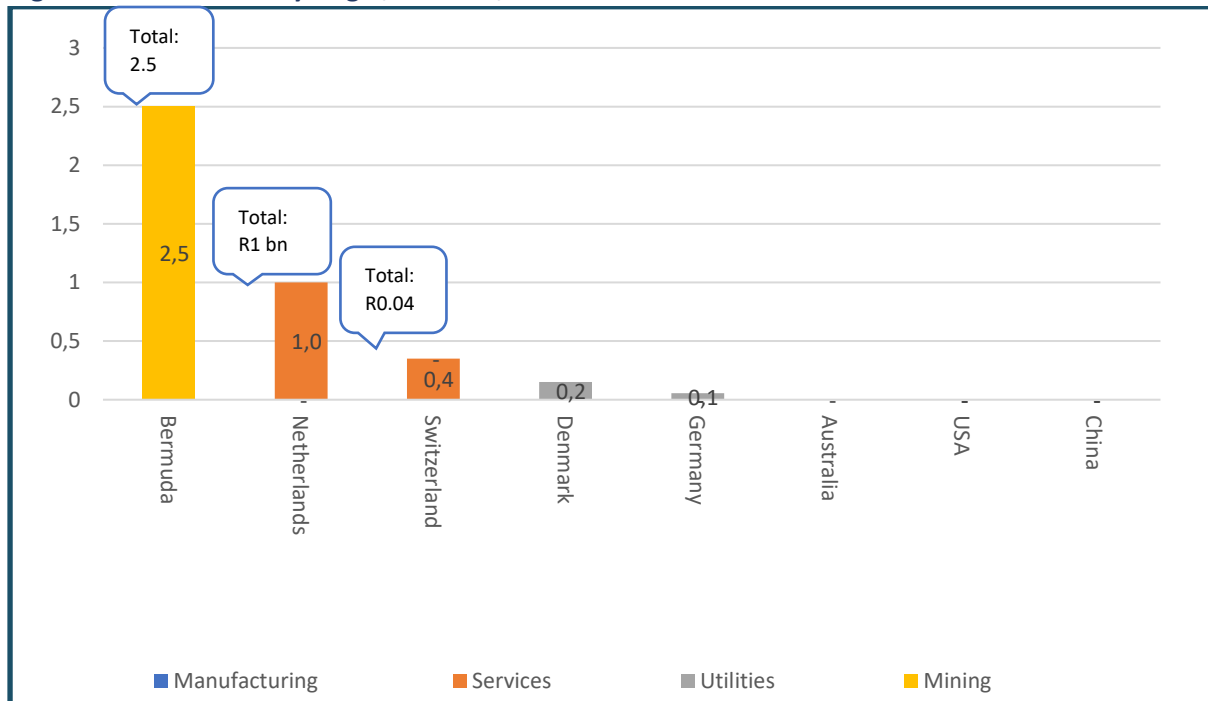
Figure 6: FDI projects by location and industry, R'billions, Q1 2024



Source: TIPS FDI Tracker project data. Note: The numbers may not sum to the exact total investment value due to rounding. Note: "Not reported" comprises the Equinix planned Africa expansion which includes South Africa.

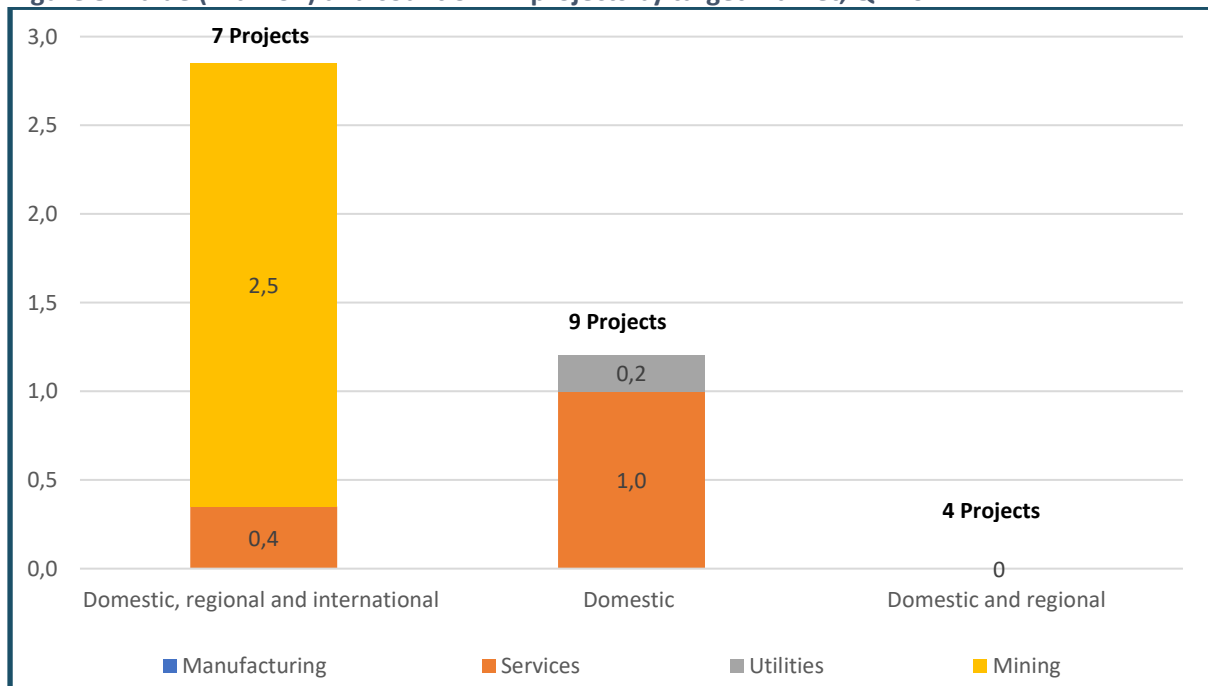
⁵ Where the graph shows "0", the investment values have not yet been reported for project(s) that comprise the respective category.

Figure 7: Value of FDI by origin, R'billion, Q1 2024



Source: TIPS FDI Tracker project database. Note: Numbers may not always sum to the exact total investment amounts due to rounding.

Figure 8: Value (R'billion) and count of FDI projects by target market, Q1 2024



Source: TIPS FDI project database. Note: Numbers may not always sum up to the exact total investment value due to rounding.

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. |

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