

Foreign direct investment projects

The [TIPS FDI Tracker](#) monitors foreign direct investment projects, analysing new and updated projects quarterly, on the basis of media monitoring. Seventeen projects were added to the Tracker this quarter – the bulk of which came to completion – while one project was updated. The total value from the announced investments is R25.1 billion, with 11 projects reporting. Most of the projects are in the services industry, which contribute R920 million to the total value. By phase, projects are dominated by greenfield projects, with six investments in this category.

Table 1: FDI Projects Captured in Q2, 2019

	Announced	Complete	Pre-project preparation
Number of projects	7	9	1
Value	R11.2 billion	R12.5 billion	R1.3 billion
Industries	3 Services 3 Manufacturing 1 Mining	1 Manufacturing 5 Services 1 Utilities 1 Transport 1 Mining	1 Construction
Type	3 Expansion 1 Brownfield 1 Greenfield 2 Upgrade	6 Greenfield 1 Upgrade 2 Brownfield	1 Greenfield
Company	Rio Tinto Hilton Hotels and Resorts AccorHotels GoDaddy Inc. Nissan South Africa WeWork Arçelik Global- Defy Appliances	Arçelik Global- Defy South Africa BMW Engie Lufthansa Technik Maintenance International (LTMI) Jaguar Land Rover South Africa Oracle Corporation Cisco Systems Galane Gold Nihilent	FWJK (property developer)

Source: TIPS

New projects

Mining firm Rio Tinto announced a US\$463 million (R6.5 billion) investment in a new mineral sands mine named Zulti South in Kwa-Zulu Natal. The investment would sustain the capacity of subsidiary operation, Richards Bay Minerals (RBM), and extend its mine life. Richards Bay Minerals mainly produces rutile, zircon, titanium slag and high purity iron. It operates four mines in the Zulti North area, a mineral separation plant and smelting facility. Zulti South mine would maintain the output of zircon and rutile and provide ore to support titanium dioxide (TiO₂) sales. Construction is scheduled to start mid-2019, provided the necessary permits are granted. The first commercial production is expected in late 2021. Richards Bay Minerals is 74% owned by the

Anglo-Australian Rio Tinto, with the rest held by a consortium of black economic empowerment groups and an employee trust. This is the largest investment announced this quarter.

In manufacturing, Nissan announced a R3-billion investment in its Rosslyn plant in Pretoria. The project will prepare for manufacture of the Navara pick-up for the local and international markets. Production is expected to start in November 2020, including the 2020 model of the Navara single cab, double cab and cab-and-a-half. The investment will add 400 jobs at the facility and is the second largest investment added to the Tracker. This investment follows an upgrade at the Rosslyn plant completed in 2017 to support the continued production of the NP200 half-ton bakkie and NP300 (Hardbody) one-ton bakkie.

Defy expects to invest a further R200 million this year, following inauguration of the refurbished Jacobs factory in Durban (discussed in the next section). The home appliances manufacturer further plans to invest R1 billion over the next five to seven years. Its plans include a warehousing facility in Ladysmith and continued improvements of the Jacobs facility, with upgrades to cooking appliances and tumble driers production lines. Defy further aims to expand output to include new cooking products such as 60cm built-in ovens and a new free-standing stove by 2020.

Hospitality company Hilton Hotels and Resorts (Hilton) plans to open hotels under the “Canopy by Hilton” brand in the Western Cape. The project is in collaboration with GrowthPoint Properties, with a pledged investment value of R550 million. The project is part of a precinct redevelopment by GrowthPoint that it expects to start operating in 2021. Also in hospitality, the French company Accor announced that it will open three hotels in South Africa by 2020. This forms part of its plan to invest US\$1 billion (R14 billion) in African hotels, primarily in Egypt.

Other investment projects announced in services are by American companies GoDaddy and WeWork. GoDaddy is an internet domain registrar and web hosting company that delivers online tools and solutions for entrepreneurs and small businesses. WeWork provides workspace solutions and will add a new location in Cape Town to its existing Johannesburg operations. Neither company gave a value for these investments.

Existing projects

The French multinational Engie has completed the development of the Kathu Solar Park in the Northern Cape for R12 billion. The solar park was inaugurated this quarter and commissioned in February. Kathu is a 100MW concentrated solar plant with eight solar fields with mirrors reflecting sunlight into tubes. It allows for 4.5 hours of thermal energy storage to smooth out supply. The solar park is Engie’s sixth CSP plant in South Africa. It employed about 1 700 people during construction, and will provide 81 permanent jobs for the next 20 years. The project started in 2016 through the Renewable Energy Independent Power Producer Programme.

Galane Golds has started commissioning the processing plant as part of its phased reopening of the Galaxy gold mine in Mpumalanga. In addition to refurbishing the processing plant, it will upgrade the plant to 30 000 tonnes a month from the current 15 000 tonnes, increasing production to over 25 000 ounces per year of gold. The value of the investment to restart the mine is US\$5 million (R70 million). Galane is starting a scoping study to double the size of the plant again to match potential mine production.

Home appliances manufacturer Defy opened a R121-million facility at its Jacobs factory in Durban. The additional automated plant will produce up to 500 top loader washing machines a shift for local and export markets. The company projects 75 jobs will be created.

BMW South Africa completed its R260-million campus in Midrand. The facility is part of the company's R6.5 billion investment drive in the country. It includes BMW's head office and Financial Services as well as a R109 million technical and non-technical dealer training facility. It offers an apprentice programme under MerSETA, the industry's Sector Education and Training Authority.

Jaguar Land Rover recently opened a refurbished experience centre in Johannesburg, offering experiences on a variety of driving terrains as well as conference and event facilities. Jaguar invested R100 million to develop the facility over three years.

Lufthansa Technik Maintenance International (LTMI) opened a new maintenance facility in Johannesburg near OR Tambo International Airport. This is Lufthansa's first facility in South Africa, with a second planned for Cape Town. The facilities will provide line maintenance for Comair and Kulula. The company has already employed 45 South African aviation professionals, and plans about 120 additional jobs by the end of 2020. The value of the investment was not reported.

Property development company FWJK has secured foreign investment for a mixed development tower in Cape Town, the R1.3 billion Zero 2 One Tower, following delays since the initial announcement in 2016. The tower will be the tallest building in Cape Town with 44 storeys. It will include 570 apartments as well as 7 000 square metres of retail shops on the ground level and station concourse level. Construction is expected to start in the next few months, pending approvals from the South African Reserve Bank.

Computer technology multinational Oracle opened a new eco-friendly headquarters in Johannesburg with technology to monitor energy, water and waste consumption. This follows the opening of Oracle's first innovation Hub in South Africa in 2018. The value of the investment was not released.

Cisco South Africa launched the R10-million Cisco Edge Incubation Centre at the Dube Trade Port in Durban. The incubation hub aims to develop SMMEs to accelerate their entry in the digital marketplace, offering business facilities and workspaces. Cisco's first incubation centre opened in Pretoria in 2018.

India-based consulting and solutions integration company Nihilent opened its first user-experience lab in Johannesburg. The lab analyses consumer experiences for companies developing new products. The value of the investment was not reported.

Updates

Transmashholding (TMH) Africa has completed upgrades to the company's South Africa manufacturing facility in Boksburg, as part of the R500 million investment over the next three to five years that it announced in 2018. The facility manufactures and assembles rolling stock, refurbishes old locomotives and provides maintenance. The expansion programme plans to increase the workforce from 130 to about 500 people. TMH Africa is a partnership between Russian firm TMH and black-owned Mjisa Investments. It aims to supply Transnet and Prasa, with a view to expanding into Africa. The investment is part of the Russian company's global growth strategy, which includes plans to invest R50 billion in six countries including South Africa over the next five years.