

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects, on a quarterly basis, using publicly-available and published information.

Eight projects were recorded this quarter, and two projects were updated in status. The total quantum of new investments recorded was approximately R2.6 billion, from six projects. Half of them were initiated by a single firm, BioTherm Energy, and two of the others are linked to the COVID-19 healthcare response. The number of announced projects fell, possibly due to the lockdown. Lockdown measures have slowed the progress of existing projects with most added after moving to lower lockdown levels starting in May 2020.

Table 1: FDI Projects Captured in Q2, 2020

	Announced	Construction/ Implementation	Complete
Number of projects	2	5	1
Value (R bns)	0.82	2.3	0.124
Industries	1 Mining 1 Healthcare	1 Manufacturing 4 Utilities	Health care
Type	1 Expansion 1 Upgrade	1 Expansion 4 Greenfield	Upgrade
Company	BMW SA and the German government	BioTherm renewable projects Toyota Motors South Africa	VWSA and the German government

Source: TIPS FDI Tracker database

New projects

BioTherm Energy is developing four renewable energy projects for about US\$116 million (R1.9 billion). The construction of two solar power plants and two wind farms across three provinces has started. The 86 MW Konkoonies II solar photovoltaic (PV) power plant and the 46 MW Aggeneys solar PV plant are located in the Northern Cape. The Eastern Cape houses the 120 MW Golden Valley wind farm, and the 32.5 MW Excelsior wind farm is in the Western Cape. The projects are funded through the Multilateral Investment Guarantee Agency (MIGA), a World Bank subsidiary.

Toyota South Africa is investing R365 million in expanding its Atlas warehouse in Gauteng. The expansion will double the size of the existing facility to 80 000m². Construction has started and once complete the warehouse will have the capacity to support more than 250 dealerships in the Southern African region and 70 international destinations where models are exported.

BMW and the German government have committed €4.3 million (R82 million) to support the South African government's fight against COVID-19. This support will be channelled towards upgrades at eight hospitals and four clinics in Gauteng, North West and Limpopo, providing a mix of upgrades and consumables. Within Gauteng, 750 additional beds will be provided, combined with upgrades to Soshanguve Combined Clinic, and including 300 new beds for George Mukhari Hospital. Cars and a fully equipped ambulance for transporting patients to hospitals in the region

have also been provided. An overflow facility with 150 beds will also be established in Bronkhorstspuit. The remaining 300 beds will be distributed across the region. Detailed information about upgrades of facilities in the other provinces have not yet been provided.

Volkswagen South Africa (VWSA), in partnership with the German government, is investing €6.5 million (R124 million) to convert an old plant in Port Elizabeth into a temporary COVID-19 medical facility. The 66 000 square meter facility will accommodate 3 300 beds once all upgrades are complete. Phase one is already complete with 1 485 beds installed. The project includes procurement of protective gear for staff at regional tertiary hospitals, regional Primary Care Clinics and COVID-19 test centres in addition to supporting the National Health Laboratory Service branch in Port Elizabeth.

Existing projects

Kangra announced plans to extend the life of mine of the Mpumalanga Savmore/Maquasa mining operation by more than 20 years for an undisclosed sum. In addition to the underground operation, the extension will include about six mini-opencast mines.

Before the lockdown, the company was awaiting the approval and issuing of the necessary environmental licences. However, since the announcement, Kangra has been placed under care and maintenance due to low coal prices attributed to low demand and market disruptions from the COVID-19 pandemic. Kangra is owned by Menar, which announced a major investment in seven coal projects during the first quarter 2020. Kangra Coal operates the opencast and underground, coal mining operation in Mpumalanga.

Updates

Amazon Web Services (AWS) has officially launched and opened the AWS Africa Region based in Cape Town. The addition of the AWS Africa Region will enable organisations to provide lower latency to end users across Sub-Saharan Africa and will enable more African organisations to leverage advanced technologies such as artificial intelligence, machine learning, the internet of things, and mobile services. The expansion allows customers to run applications and store content in South African-based data centres. Amazon also announced that the company would be hiring 3 000 people in South Africa to serve customers in North America and Europe. The personnel will be home-based and provide customer services and technical expertise support.

Since Ivanplats Platreef project in Limpopo was added to the Tracker, the development of the mine has progressed. The Platreef project consists of the Flatreef underground deposit which contains platinum-group metals, nickel, copper and gold resources. This quarter, Ivanplats completed the sinking of Shaft 1 to a depth of 996 metres below surface. The development of three primary mining access level stations has been completed, while the construction of the level station at the bottom of the shaft was expected to be complete by the end of July 2020. Ivanplats parent company Ivanhoe is further updating the 2017 Platreef project feasibility study to account for developments in relation to costs, metal prices, foreign exchange assumptions and the mines development schedule. Simultaneously, the company is finalising a Preliminary Economic Assessment for the three-phase production plan to develop the mine and associated infrastructure.