

Foreign direct investment projects

The TIPS Foreign Direct Investment Tracker monitors FDI projects, on a quarterly basis, using published information. In the second quarter of 2021, 10 projects were identified. The total investment value captured was almost R20 billion from six projects. The majority of investments captured are new projects. There were changes in the status of seven projects previously captured in the Tracker, these were updated accordingly.

Table 2: FDI projects captured in Q2, 2021

	ANNOUNCED	PROJECT PREPARATION	PRE-FEASIBILITY	COMPLETE
Number of projects	5	2	1	2
Value (R billions)	19.8	0.0173	Not reported	Not reported
Industries	2 Utilities 2 Manufacturing 1 R&D	1 Mining 1 Manufacturing	1 Utilities	2 Services
Type	2 Greenfield 2 Upgrade 1 Expansion	2 Expansion	1 Greenfield	2 Greenfield
Companies	Fodere Titanium TWIMS – (Illovo Africa, Metair, The Foschini Group and Toyota) Scatec Solar SAB/AB InBev Mercedes Benz South Africa	Diamcor Mining Enertronica Santerno	Pan African Resources	Mahindra

Source: TIPS FDI Tracker database

New projects

Scatec was announced as the latest preferred bidder by the Department of Mineral Resources and Energy in the Risk Mitigation Independent Power Producer Procurement Programme. Scatec has a 20-year Power Purchase Agreement with Eskom. It will be developing three projects in the Northern Cape, “Kenhardt 1-3”. The projects have a total 150 MW contracted capacity. They will consist of a total 540 MW solar and 225 MW/1 140 MWh battery storage. The project is valued at about US\$1 billion (R14.8 billion) and will be connected to the grid by the end of 2022.

Mercedes-Benz announced a further R3 billion investment to develop its East London manufacturing facility in addition to recently completed R10 billion upgrades in preparation for the production of the new C-Class, initially announced in 2018. Details of the activities involved and changes the new investment entails have not yet been disclosed.

South African Breweries has reinstated a R2 billion investment into its South Africa operations. The investment programme was cancelled over the past year due to challenges including the impact of the pandemic. The projects earmarked for this investment will be completed in 2022.

Fodere, a UK minerals technology company, announced plans to construct a titanium processing plant for an undisclosed amount in Emalahleni in Mpumalanga. The facility will produce titanium dioxide and vanadium pentoxide, with alumina oxide and magnesium sulphate as by-products. Fodere will utilise an internally developed low-carbon proprietary process to extract titanium from steel slag and refine titanium and, industrial minerals and chemicals.

Investors including Illovo Africa, Metair, the Foschini Group and Toyota pledged a collective R18 million in investment towards the Toyota Wessels Institute for Manufacturing Studies

(TWIMS). TWIMS is an academic partnership with the Gordon Institute of Business Science. It is a business school and research institution focused solely on manufacturing. The investment aims to create four research chairs that will focus on issues that advance manufacturing in Africa.

Existing projects

Two projects were identified by automotive manufacturer Mahindra. The India-based firm opened a new national parts warehouse and a training facility as part of its expansion in South Africa. The warehouse is equipped with new technology, centralises parts storage and is larger than its predecessor. The training centre is dedicated to internal dealer training and it is also open to employees from the Southern African Development Community. The value of the investment for the Gauteng-based facilities was not reported.

Pan African Resources is undertaking a feasibility study to explore the installation of a solar power plant at its Barberton Mine similar to the Evander/Elikhulu solar PV power project currently under construction (see below). A site for the Barberton solar power plant been selected. The value of the investment has not yet been reported.

Canadian diamond mining firm Diamcor announced that it will proceed with plans to expand processing facilities at the Krone Endora at Venetia Project. The expansion planned for 2020 was delayed by the COVID-19 pandemic. The key objective of the project is to increase processing volumes and improve mining and processing efficiency. The project will be rolled out in two phases; the value has not been disclosed.

Updates

Acwa Power announced the start of construction for its Redstone concentrated solar power plant. The 100 MW power plant will be developed for US\$800 million (R11.6 billion) in the Northern Cape. The construction of Redstone is expected to create about 2 000 jobs and 100 permanent jobs once it reaches operation in 2023.

The R3.1 billion Nxuba wind farm reached commercial operation. It was developed by Italian multinational Enel's renewable arm Enel Green Power in the Eastern Cape. Nxuba has 140 MW capacity and is expected to generate 460 GWh of energy annually. The project is a participant in the Renewable Energy Independent Producer Power Procurement Programme.

Mercedes-Benz started production of the new C-class, the W206. Approximately R10 billion has been invested since 2018 to upgrade the manufacturing plant in East London in preparation for the production of the new model. Improvements to the facility include changes to the assembly line, the warehouse and a new body shop containing over 500 robots. The project created 600 new jobs.

Nissan commenced manufacturing the new Nissan Navara following a R3 billion upgrade to its Rosslyn production plant. Work on the improvements to the facility began in 2018. Production was meant to start sooner, but was delayed by the pandemic.

Anglo American completed the Polokwane sulphur dioxide abatement project at the Polokwane Metallurgical Complex Limpopo. The plant will be commissioned in the course of 2021. The US\$108 million (R1.5 billion) technology will capture sulphur dioxide from the smelter furnaces and convert it into sulphuric acid. This is expected to reduce emissions by 96%.

Leroy Merlin has opened a fourth store as part of a R1 billion investment to establish operations in South Africa. The French home improvement retailer specialises in hardware, bathroom, home décor and kitchen products amongst others, and targets South Africa's do-it-yourself market. The expansion began in 2019, with all the stores located in Gauteng. The latest opened in Fourways.

Gold miner Pan African Resources has started construction of a 10 MW solar photovoltaic power plant at the firm's Evander mine in Mpumalanga. It is expected to provide 30% of the Elikhulu tailing treatment plants energy requirements. The R140 million plant is to be commissioned in the third quarter of 2021.