

Foreign direct investment projects

The TIPS FDI Tracker monitors foreign direct investment projects on a quarterly basis, using published information. The total investment value from projects captured this quarter was R68.9 billion. Projects captured in the fourth quarter are a mix of those announced at the 2020 Investment Conference and others identified outside the conference.

The 2020 South African Investment Conference

The third South African Investment Conference took place in November 2020 against the backdrop of the COVID-19 depression. It picked up 50 pledges from foreign and local companies, totalling approximately R109 billion. Of these, 21 pledges totalling R36.1 billion came from foreign companies. Table 1 summarises FDI projects announced at the 2020 investment conference. As with previous conference pledges, some of the investments are already in the pipeline, rather than entirely new projects. The FDI Tracker for quarters three and four 2020 will provide a detailed analysis.

Table 1. Investments announced by foreign companies at the 2020 Investment Conference

PROJECT	COMPANY	VALUE (R'BILLION)	COUNTRY OF ORIGIN	LOCATION	INDUSTRY
United Heavy Industry Investment Programme	United Heavy Industries	17.0	India	KwaZulu-Natal	Manufacturing
Pioneer Food Manufacturing capacity expansion	PepsiCo	5.50	US	Various	Manufacturing
Teraco datacentre infrastructure expansion	Teraco/Permira/Birkshire Partners	4.40	United Kingdom/US	Gauteng	Services
Google "Equiano" subsea cable	Google	2.28	US	Western Cape	Services
Belgium Collective Investment	Belgium Companies	1.50	Belgium	Various	Various
Johannesburg 1 Data Centre	Dimension Data/Nippon Telegraph and Telephone Corp	0.88	Japan	Gauteng	Services
Beverage canning plant	Dangold Packaging	0.83	United Kingdom	Gauteng	Manufacturing
Ivanhoe/Ivanplats Platreef project	Ivanhoe Mines	0.73	Canada	Limpopo	Mining
Capita delivery centre	Capita	0.53	United Kingdom	Western Cape	Services
Facilities expansion project	Equites Property Fund Sandvik	0.29	Sweden	Gauteng	Manufacturing
Titanium beneficiation project	Anglo African Metals	0.28	United Kingdom	Gauteng	Manufacturing
Fuchs operations expansion	Fuchs Lubricants SA/Fuchs Petrolab SE	0.26	Germany	Gauteng	Manufacturing
P&G diaper manufacturing plant expansion	Procter and Gamble (P&G)	0.26	US	Gauteng	Manufacturing

PROJECT	COMPANY	VALUE (R'BILLION)	COUNTRY OF ORIGIN	LOCATION	INDUSTRY
Sew-Eurodrive head office and factory	Sew-Eurodrive	0.20	Germany	Gauteng	Manufacturing
Dr Oetker product production expansion	Dr Oetker	0.20	Germany	Gauteng	Manufacturing
Paper production expansion	Sonae Arauco/Sonae Industria	0.20	Portugal	Mpumalanga	Manufacturing
Homestead game lodge	Really Epic Dog (The Homestead)	0.20	US	KwaZulu-Natal	Services
Eco-tourism development (Giant Flag project)	Giant Flag consortium (Giant Flag, Gigawatt Global and CT Worldwide)	0.18	Netherlands	Eastern Cape	Services
Supavut Auto components investment (Tshwane Special Economic Zone)	Supavut Industry	0.15	Thailand	Gauteng	Manufacturing
Sundale cheese and dairy production	Sundale and Schreiber	0.10	US	Eastern Cape	Manufacturing
Lactalis milk powder production plant	Lactalis	0.10	France	Eastern Cape	Manufacturing

Source: Adapted from South Africa Investment Conference Announcements.

<https://www.sainvestmentconference.co.za/wp-content/uploads/2020/11/SAIC-2020-Announcements-18112020-V3.pdf>

Table 2 presents projects that were not announced at the 2020 investment conference. Values were available for four of the seven projects identified, totalling R32.9 billion. Announced projects had the highest pledged investment value and number of projects, compared to projects under exploration or pre-feasibility.

Table 2: FDI Projects captured in Q4, 2020 (excluding investment conference projects)

	ANNOUNCED	EXPLORATION	PRE-FEASIBILITY	COMPLETE
Number of projects	3	2	1	1
Value (R billions)	29	1.5	2.4	Not reported
Industries	1 Utilities 1 Unspecified 1 Mining	2 Mining	1 Mining	1 Retail
Type	1 Greenfield 1 Unspecified 1 Expansion	1 Greenfield 1 Brownfield	1 Greenfield	1 Expansion
Company	Amazon French companies' collective investment Anglo American	Total Rainbow Rare Earths/Bosveld Phosphates	Vanadium Resources	Starbucks

New projects

Amazon commissioned the SOLA Group to develop a 10MW solar farm which SOLA will build, own and operate. Other stakeholders in the project include African Infrastructure Investment Managers (AIIM), through the IDEAS Fund, one of South Africa's largest domestic infrastructure equity funds and a major investor in the country's renewable energy landscape. Through the project, 28GWh of solar energy will be wheeled via Eskom's grid to Amazon's facilities every year. A "Wheeling Use-of-System" agreement was concluded for this, the first of its kind in South Africa. The project is part of Amazon's 26 global "utility scale" wind and solar projects. This will be Amazon's first facility in South Africa, although it has extensive programming operations here. Construction is expected to start in early 2021 and is expected to be completed in 2022.

Vanadium Resources, a junior vanadium developer, plans to invest US\$161.5 million (R2.4 billion) in the Steelpoortfontein vanadium mining and beneficiation project in Limpopo. The project will produce high-purity vanadium pentoxide from concentrate produced at Steelpoortfontein. The concentrate is used in production of specialist steel, renewable energy and industrial inputs. A scoping study conducted by the firm estimates that over a 25-year life cycle of the mine the project could produce between 18.7 million and 20.8 million pounds of high-grade vanadium pentoxide.

Rainbow Rare Earths has signed a development agreement with Bosveld to develop the Phalaborwa Rare Earths Project in Limpopo. Rainbow will pay Bosveld Phosphates US\$750 000 (R11.6 million) in three tranches over 12 months. Following the pre-feasibility study on the project, Rainbow will own a 70% stake. The project aims to develop long-term sources of neodymium and praseodymium and associated rare earth elements. These elements are used in the manufacture of large permanent batteries used in electric vehicles and magnets used in the construction of wind farms. The total value of the investment and timeframes for the project have not been reported.

A group of French companies has pledged R14 billion in new investment in various projects, which have yet to be detailed. The full list of companies has not been released, but Air Liquide, Total and Canal+ are mentioned as potential investors. The new commitment is a follow-up to the R20 billion pledged by French companies at the 2019 Investment Conference. However, no updates are available on the 2019 pledge.

Anglo American is expanding its investment in its South Africa operations. The R15 billion investment is an addition to Anglo's previous R87 billion commitment made at the 2018 South African Investment Conference, of which R57 billion has already been deployed. The additional investment is towards the roll-out of new technologies including a green hydrogen fleet and bulk ore sorting. Approximately R2 billion would be spent cultivating existing and new sources of demand for South Africa's platinum group metals, and a further R7 billion would be allocated to a new pit at Kolomela, a mine operated by Kumba Iron Ore in the Northern Cape.

Existing projects

Total has discovered a second gas condensate on the Luiperd prospect in the Outeniqua basin. It has invested R1.5 billion in this endeavour. An initial finding in 2019 suggested that the area may hold a billion barrels of oil-equivalent gas. Drilling started in August 2020. Luiperd was drilled to a depth of 3 400 meters, encountering 73 metres of gas condensate. Total operates the block

with a 45% working interest. The remaining shares are allocated to Qatar Petroleum (25%), CNR International (20%), and Main Street (10%), the latter being a South African consortium. Total and partners are still to conduct a detailed assessment of the reservoir. The partners have now decided to proceed with development studies and engage authorities on the commercialisation of gas.

Starbucks South Africa launched eight new stores, with six in Cape Town, one in Johannesburg and one in Pretoria. Two of the outlets are located within the new Checkers FreshX supermarkets in Stellenbosch and Rosebank. Rand Capital Coffee is the current licence holder of Starbucks in South Africa, the licence having been previously held by Taste Holdings.

Updates

Lekela Power has started commercial operations at the Kangnas Wind Farm in the Northern Cape and Perdekraal East Wind Farm in the Western Cape. The projects were developed for a combined R6.6 billion. Perdekraal East has 110MW capacity and Kangnas 140MW. The wind farms were part of the fourth round of the Renewable Energy Independent Power Producer Programme. Construction started in 2018.

The 22 600 tonne Richards Bay liquefied petroleum gas (LPG) storage facility has been completed and commissioned. The R1-billion facility was developed by Petredec and Bidvest Tank Terminals. It is the region's largest pressurised LPG import terminal, with four mounded tanks capable of storing about 5 500 tonnes of gas apiece. To ensure consistent supply for Southern Africa, there are 24-hour road tanker and railcar loading facilities. Development of the project started in 2017.

The Thabametsi coal-fired power station, planned as a private coal-based producer, is facing cancellation. The 630MW project was to be developed by the Thabametsi Power Company, established by Korea Electric Power Corporation and Marubeni Corporation, with local stakeholders holding 51%. The foreign investors and local financiers, including the Public Investment Corporation, the Industrial Development Corporation and South African private banks, have withdrawn funding for the project, which would have required about US\$2 billion (R30 billion). Thabametsi Power submitted a request to the Independent Power Producer authorities to withdraw from the project.