Foreign direct investment projects

This section summarises new and updated investment projects identified in the second quarter of 2017.

The TIPS-dti Foreign Direct Investment (FDI) Projects Database uses a media monitoring tool, known as Dexter, to track reporting of new investment projects. Identified projects are then analysed by a TIPS researcher, using both publicly available data and interviews with project representatives, with the resulting profile captured in the database.

Summary of new projects from the TIPS-dti FDI Projects Database

	Announced	Construction	Complete
Number of projects	6 projects	1 project	3 projects
Value of projects	R2.169 billion	R0.35 billion	R3 billion
Sectors	Manufacturing: Automotive; Petroleum and Chemicals; Metal manufacturing; Construction and utilities Services: Tourism; Information and Communication Technology	Construction	Manufacturing: Transport Equipment; Utilities
Type of investment	4 Greenfield 2 Expansion	1 Greenfield	3 Greenfield
Companies making investments	KwaZulu Cruise Terminal (KCT) Beijing Automobile Works Co., Ltd. Petredec and Bidvest Tank Terminals Isithebe, KwaZulu-Natal Microsoft South Africa Osho Cement and Heidelberg Cement MM Engineering and Repkon	MM Engineering and Repkon	ABB Lucchini South Africa Enel Green Power RSA

Source: Foreign Direct Investment Projects Database, Report Prepared for the Department of Trade and Industry (the dti): Quarter 2, 2017. July 2017.

In the second quarter of 2017, the database identified 10 projects that were not previously captured by the database. This includes six new FDI projects, one project that began construction, and three projects that were completed.

The largest new investment for the quarter was the R650 million planned construction of a cement crusher at the Coega Special Economic Zone, undertaken by German firm Heidelberg Cement and Osho Ventures, a Dubai-headquartered firm with interests in the mineral resources and industrial sectors including, coal, construction and recycling. The facility will make subsidiary Osha Cement the seventh cement producer in the country when it comes online in 2018.

Coega will also host a gas cylinder production plant developed by South African engineering firm MM Engineering, in partnership with Turkish firm Repkon. The facility is the second investment linked to the Liquefied Petroleum Gas (LPG) industry this quarter, with the announcement of an effort by Bidvest Tank Terminals and Petredec to build an LPG import facility at Richards Bay. The two investments indicate positive sentiment in the potential of the LPG market in South Africa, seen as a viable low-cost heating alternative for consumers and industrial needs.

Two new expansion and upgrading plans indicate a continuation of a trend seen in previous quarters, in which established foreign investors have been deepening their investment. The first is the construction of a second furnace at the Isithebe Foundry. The new investment is by Finland's Metso, and will focus on the R54-million development of castings for heavy crusher wear parts. The improved facility will be able to manufacture wear parts for the Nordberg MP2500 cone crusher as well as for Metso and third-party primary gyratory wear parts using the latest manufacturing technologies. The second is the expansion and upgrading of BAW's taxi plant in Springs. It points to continued confidence from parent company BAIC Group, which made an R11 billion commitment in 2016 to develop a major new automotive plant in East London.

Outside of manufacturing, two other projects are notable. The first is the awarding of preferred bidder status to MSC and empowerment partner Africa Armada for the KwaZulu-Natal Cruise Terminal in Durban. The joint venture will construct the port on a build-operate-transfer basis, with the initial R215 million investment being paid off over a 20-year concession period. The project aims to begin construction in May 2018 and be completed by October 2019, at which point it will be able to host two 300-foot cruise vessels simultaneously.

The second is a commitment by Microsoft to develop data centres in Johannesburg and Cape Town, which will provide cloud computing services to the region. The facilities will serve existing cloud based services such as Microsoft Office 365, and will allow the introduction of the corporate-services platform Microsoft Cloud. Previously, companies in Africa had to rely on Microsoft's European data-centre hubs such as Ireland and the Netherlands. This investment will make Microsoft the first large ITC company to have data centres providing cloud services on the African continent.