Major new projects

This section summarises major new foreign direct investment (FDI) projects, drawing on a new TIPS database, as well as domestic initiatives in the real economy.

Luxembourg-headquartered Czech company PEGAS, an established global producer of nonwoven textiles, announced plans to invest R1,3 billion over a period of two years in a new textiles manufacturing plant in Atlantis in the Western Cape. Operations are expected to begin at the end of 2018, creating 200 direct jobs. The company, which will receive incentives from Wesgro, the Western Cape's investment agency, and the Western Cape government, is committed to sourcing building and raw materials from local suppliers and to training local staff.

Confirming the attractiveness of the Automotive Production and Development Programme (APDP), South Africa's sectoral development programme for the automotive industry, Mercedes Benz and BMW announced new investment in the first quarter of 2017. Mercedes Benz will be adding three new AMG models to its East London production line. The AMG engines will be imported, while the rest of the components will be locally manufactured. BMW will be constructing a state-of-the-art regional parts distribution centre in Midrand in Gauteng. The project will include a training centre and offices for its IT operations hub. R200 million will spent on fitting out the distribution centre once complete.

In contrast, General Motors announced in May it would be exiting South Africa. The move, triggered by a global restructuring and the difficulties of the American firm on the local market (which failed to reach the necessary production volumes to fully benefit from the APDP), is consistent with the international restructuring and consolidation occurring in the automotive industry. The Struandale vehicle assembly plant in Port Elizabeth will be sold to Japanese commercial vehicle manufacturer Isuzu.

In March 2017, Australian firm iSelect Limited - which specialises in online insurance, utilities and personal finance comparison - launched a new call centre in Cape Town, in the Western Cape, valued at R320 million. The company partnered with South African business process outsourcing company Merchant, which will manage the facility. The centre hosts 140 employees, with plans to create 500-1 000 over the next five years.

On the acquisition side, the Chevron Corporation (known as Caltex), involved in the refining and distribution of petroleum products in South Africa through 15 depots, 845 retail outlets and 21 terminals countrywide, actioned a three-year divestment programme announced in 2014. The company sold 75% of its local asset to the China Petroleum & Chemical Corporation (a subsidiary of the Sinopec Group, China's state-owned oil, gas and petrochemical producer) for an estimated R11.3 billion. A consortium of black economic (BEE) partners and an employee trust jointly hold ownership of the remaining 25% of the business.