Centre for Economic and Regional Studies of the Hungarian
Academy of Sciences – Institute of World Economics

MTA Közgazdaság- és Regionális Tudományi Kutatóközpont
Világgazdasági Intézet

Working paper 235.

November 2017

Judit Kiss

SOUTH AFRICA: A RE-EMERGING PLAYER IN OUTWARD FDI

Centre for Economic and Regional Studies HAS Institute of World Economics
Working Paper Nr. 235 (2017) 1-44. November 2017

South Africa: a re-emerging player in outward FDI

Author:

Judit Kiss

research professor
Institute of World Economics
Centre for Economic and Regional Studies Hungarian Academy of Sciences
E-mail: kiss.judit@krtk.mta.hu

ISSN 1215-5241
ISBN 978-963-301-653-4

Centre for Economic and Regional Studies HAS
Institute of World Economics
Working Paper 235 (2017) 1–44. November 2017

South Africa: a re-emerging player in outward FDI[1]

Judit Kiss[2]

Abstract

Since 1994 South Africa has been successfully reintegrated into the world economy and has become a capital exporter country. The main carriers of outward FDI are South African multinationals which are not newcomers in the international arena as they started to be internationalised earlier than other emerging markets' MNEs. Their investment decisions are mainly driven by home country push factors fuelled by the economic, social and political legacy of the apartheid regime, however, market, efficiency and strategic asset seeking strategies also play a role. Efficiency seeking motives are expected to become stronger leading to increasing international orientation, development of alliances and networks outside of the country. Though the main destinations of FDI outflow are traditionally the European countries, especially the UK, the Sub-Saharan African region is a developing location as South Africa is aspiring for regional hegemony.

JEL: F21, F23, P45

Keywords: FDI, internationalisation, South African MNEs

This paper is a preliminary background study for an extended in-depth research on the activity of the non-European emerging markets' MNEs in the East Central European countries. The main aims of the South African case study are:

- to reveal how South Africa has been reintegrated into the world economy and the global capital flow after the end of the apartheid era;
- to present the general characteristics, the magnitude, the trends, the main forms and the geographical and sectoral distribution of inward and outward foreign direct investment (FDI) of South Africa;

[1] This paper was written in the framework of the research project "Non-European emerging-market multinational enterprises in East Central Europe" (K-120053), supported by the National Research, Development and Innovation Office (NKFIH).

[2] Research professor, Centre for Economic and Regional Studies of the Hungarian Academy of Sciences, Institute of World Economics, Tóth Kálmán utca 4, H-1097 Budapest, Hungary E-mail: kiss.judit@krtk.mta.hu

- to analyse the internationalisation strategies of South African MNEs and to reveal the main driving forces with special regard to the home country push factors, and
- to map out the place of (East Central) European countries in South Africa's outward FDI as reflected by the activity of South African MNEs in these countries.

This is an exploratory study based on secondary data collection from academic books, journals, government's documents, publications of international organisations. FDI data have been collected mainly from the UNCTAD database, however, in some cases IMF, OECD, UN, World Bank and national data also have been used. The greatest limitation of the study is the lack of coherent and transparent data and the changing status of South African MNEs. In order to overcome this shortcoming, mirror statistics based on the receiving countries' national statistics should be used in the next stage of this research.

1. The economic and social legacy of the apartheid era

After the demise of the apartheid regime South Africa emerged from political and economic isolation. International sanctions on trade and investment in the apartheid-era, and the lack of access to foreign capital resulted in an inward looking, import substituting, anti-export biased and protectionist economic strategy which reduced the growth potential and competitiveness of the country. The positive "side-effect" of this enforced self-sufficiency was the development of infrastructure (roads, ports, communication, electricity generation) and high-quality education for the whites, plus the emergence of a relatively highly developed, sophisticated and well-regulated financial sector (bond and equity market).

Transition to democracy, reintegration into the world economy in 1994 and regaining its leading role in Africa resulted in increased trade and restored capital flows. Sound macroeconomic policies were expected to bring fiscal and monetary stability, foster economic growth and help alleviate poverty and reduce inequality via providing employment opportunities, redistributing income and wealth, and providing equal access to education and health (Manuel, 2014).

However, meeting the high expectations was constrained by the economic and social legacy of the apartheid era. The successful reintegration of the South African economy into the world economy, liberalisation of trade and capital flows required the restructuring of the resource-based, capital intensive economy and the increase of competitiveness, let alone redressing budget and current account imbalances and public debts. Fiscal governance lacked transparency and accountability. Monetary policy was struggling with volatile interest and exchange rates. Real growth rates declined compared to other countries. The labour market was segmented along racial lines and blacks were mainly unskilled, resulting in high unemployment rate which together with low wages led to widespread poverty. Distribution of wealth and income was highly unequal with an around 0.7 Gini coefficient which is one of the highest in the world[3]. The duality of the economy was extended to health, education, housing and public services (like banking). Consequently, the risk of social instability was high. (Aron-Khan-Kingdon, 2009)

By now, the South African economy has changed significantly. Growth rates have increased to 5 per cent between 2005-2007, though decelerated to 1.8 per cent between 2009-2014 (De Beer, 2015) as a consequence of the financial crisis of 2008. Real GDP growth rate was only 0.3 per cent in 2016, though it is expected to increase to 1.1 per cent in 2017 and 1.6 per cent in 2018 (African Economic Outlook, 2017). Investments started to increase, investment rates are over 20 per cent, though savings rates are still rather low, consequently attracting foreign capital is vital (De Beer, 2015; Smit, 2015). Macroeconomic stability is ensured due to public balance[4], declining public debt and relatively low inflation[5]. International relations in credit, currency and commodity markets have been normalized, the country's reputation has been restored and its international credit ratings have improved. Though current account balance is negative, fluctuating around 5 per cent of the country's GDP in 2015 and 2016, it can be easily funded by foreign financial - mainly portfolio - inflows. The economy has become more open, competitive and liberalized: in 2015 the economic freedom score was 62.3 (trade freedom = 77.3, investment freedom = 40.0, financial freedom = 50.0[6]), meaning that South Africa is moderately free according to the Heritage Foundation's 2017 Index of Economic Freedom.

---

[3] According to the World Bank the Gini coeffcient was 0,634 per cent even in 2011 (cited by Ricz, 2017).
[4] Budget deficit was around 3 per cent of the GDP in 2015 and 2016 (African Economic Outlook, 2017).
[5] In 2016 inflation rate was 4.6 per cent (African Economic Outlook, 2017).
[6] Higher the score, more free the economy is.

The structure of the economy has shifted from mining, manufacturing and agriculture towards tertiary sector, in particular financial services[7]. Social welfare expenditures on education, health, housing and basic infrastructure has increased significantly. However, human capital is critical: unemployment, especially among youth, is very high, it is the highest in the continent (25.1 per cent in 2014); quality of the workforce is highly affected by AIDS pandemic[8]; poverty and inequality have persisted (Aron-Kahn-Kingdon, 2009; Lundahl-Petersson, 2013).

Since 1994, the country's economic strategy has been formulated by different macroeconomic plans/programmes: the RDP (Reconstruction and Development Program) of 1994 focussed on meeting basic needs and attracting foreign investment to promote growth (Lundahl-Petersson, 2013); the GEAR 1996-2000 (Growth, Employment and Redistribution)[9] aimed to transform South Africa into a competitive, outward oriented economy with increased international credibility which may attract foreign capital (Manuel, 2014); the ASGISA 2006-2012 (Accelerated and Shared Growth Initiative of South Africa) focused on promoting growth, the diversification of the economy and reducing poverty and unemployment; the National Industrial Policy Framework (2007) and the Trade Policy and Strategy Framework (2010) concentrated on industry diversification and on a closer alignment between trade and industrial policies (Edwards, 2014). The New Growth Path (2010) addressed job creation, poverty alleviation and labour absorption (Ashman-Fine-Padayachee-Sender, 2014). In 2012 the National Development Plan (NDP) was launched for the period till 2030[10]: the main aims are to reduce inequality and poverty through wide-ranging reforms in government and in society, to improve education, to raise employment and to boost exports to generate resources for investment (Manuel, 2014). NDP might promote inclusive growth alongside the transformation and restructuring of the economy[11].

---

[7] The share of mining in GDP decreased from 11 per cent in 1994 to 5 per cent in 2012, while the share of financial services increased from 17 per cent to 24 per cent (Bhorat-Hirsch-Kanbur-Ncube, 2014).

[8] In 2007 the HIV prevelance was 11.2 per cent, that is 5 million people were affected and reduced the yearly GDP growth rate by 0.5 percentage point (Aron-Kahn-Kingdon, 2009).

[9] For details see: Aron-Kahn-Kingdon, 2009.

[10] See: National Development Plan 2030 - our future.

[11] For a deeper analysis of the different development programmes see Ricz, 2017.

2. Reintegration into the world economy through FDI flows

By now South Africa became a more open and globally integrated economy (Aron-Kahn-Kingdon, 2009). One of the main channels for South Africa's reintegration into the world economy was its re-entry into global capital markets in the framework of revitalizing international financial relations. After 1994 the South African government gradually implemented policy reforms (trade liberalisation[12], capital account liberalisation, elimination of restrictions on cross-border transactions, lifting controls on foreign investment, exchange control reform[13], liberalisation of institutional investments) to facilitate the inflow of foreign capital while permitting capital outflow and outward investments (Leape-Thomas, 2009). These regulations accompanied by macroeconomic and financial stability, solid institutional framework for protecting investors, sound exchange rate policy and increasing trade openness led to improved sovereign credit ratings, stronger external position and the acceleration of international capital flows, including FDI flows.

[12] For details see: Aron-Kahn-Kingdon, 2009; Edwards-Cassim-Seventer, 2009; Lundahl-Petersson, 2013; Edwards, 2014.

[13] For details see: Leape-Thomas, 2009; Lundahl-Petersson, 2013.

2.1. FDI[14] inflow: South Africa as a destination for foreign investment

Table 1

FDI inflow to South Africa (millions of USD)

Years	Value
1994	380
1995	1241
1996	818
1997	3817
1998	561
1999	1502
2000	888
2001	6789
2002	754
2003-2005 (yearly average)	2726
2005	6683
2006	303
2007	6764
2008	8172
2009	8614
2010	4015
2011	3785
2012	4403
2013	8296
2014	5772
2015	1729
2016	2270

Source: for years 1994-2002 Estrin-Meyers, 2004, for years 2003-2016 own compilation based on data[15] of WIR, UNCTAD various issues

The inflow of FDI to South Africa is cyclical and sporadic[16], that is it shows high fluctuation depending on the changing economic and political situation of the host country (uneven economic growth, volatile commodity prices, fluctuating exchange and interest rates, political uncertainty, etc.), let alone the world economic situation[17]. The commodity price fluctuation is especially important in the case of such resource rich

[14] For the FDI we accept the difinition of the IMF, stating that "FDI consists of net flow of equity and other capital from foreign investors with a significant degree of influence or control of the local enterprise, typically involving an ownership stake of 10 per cent or more..." (cited by Leape-Thomas, 2009, p. 42.)

[15] FDI data are not consistent. It differs from one source to another. Just one example: according to the UNCTAD in 2016 USD 2.27 billion FDI flew into South Africa, while according to the African Economic Outlook 2017 it equalled USD 2.8 billion and the A. T. Kearney index is based on a USD 2.4 billion figure.

[16] About the history of FDI inflow into South Africa see Gelb-Black, 2004.

[17] The global financial crisis of 2008 halted global capital inflow to South Africa. (Manuel, 2014).

countries, like South Africa, where extractive industries, mining used to attract the most capital and resource-seeking FDI.

Large, sudden (capital) inflows - and outflows, or stops - can be greatly associated with one-off transactions, mergers and acquisitions, profit repatriation, capital flight[18] etc. After 1994 many foreign firms returned to South Africa, which appears as an inward capital flow, while some South African firms (like Anglo American) sold off their non-core South African assets and invested internationally (Black, 2014), they became detached from South Africa (Ashman-Fine-Padayachee-Sender, 2014). Let alone the valuation effects (book value vs. market value in the case of privatization) and the issue of statistical registration: for instance, some big, traditional South African MNEs (like Billiton, Anglo American, SABMiller) established their primary listing and domicile in the UK, consequently ceased to be registered as South African firms and their investments abroad do not count as South African FDI[19]. The opposite effect happens in the case of re-domiciling (Leape-Thomas, 2009).

South Africa offers a plethora of opportunities to foreign investors:

- huge local and regional market potential which provides greater scale,
- favourable demography, large semi-skilled and unskilled workforce,
- abundant natural resources (gold, platinum, iron, uranium, gas, oil reserves),
- improving economic performance, diversifying economic structure, increasing purchasing power[20], strong middle-income status, free market economy with matured financial market and active stock exchange, relatively conducive business environment,
- political stability, appreciation of the rule of law,
- well-built transport infrastructure (roads, ports),
- regional role: South Africa is an anchor economy for the Southern African countries and investors prefer anchor economies.

---

[18] Between 1980-1993 capital flight amounted to 5.4 per cent of South Africa's GDP and increased to 9.2 per cent between 1994-2000 and 12 per cent between 2001-2007. See Asham, Fine and Newman, 2011.

[19] It may cause headache in the next stage of our research.

[20] In 2016 the per capita GDP was USD 13 229 at PPP.

All these factors make South Africa an attractive destination, and promise good return on investments.

However, the potential investors should face some challenges, such as uneven economic performance, uncertainty concerning South Africa's credit ratings, poor business confidence, volatility of the exchange rate, high level of corruption, red tape, social unrest, high crime rate, lack of skilled manpower, power cuts, shortages of electricity, high unemployment[21], poverty, legal uncertainties and the regulations of Black Economic Empowerment, which broad-based version (B-BBEE) was introduced in 2003[22]. These factors discourage foreign investors and local firms to invest in the country, instead they are pushed to invest outside of the country, leading to increased outward FDI. Legal regulations, like the recently adopted Protection of Investment Act (PIA) also works against domestic investment.[23]

All in all, in 2017 South Africa ranked 25th on the A. T. Kearney Foreign Direct Investment Confidence Index (*Glass Half Full,* 2017) and it was the most attractive destination in Africa. In 2017 20.6 per cent of FDI projects in Africa was located in South Africa, 8.1 per cent of FDI inflow in Africa[24] was directed to South Africa and 14.2 per cent of jobs created by FDI in Africa was in South Africa. This country is "the largest hub of FDI on the continent" according to the Ernst and Young *Africa Attractiveness Report*, 2017, which measures FDI attractiveness on the basis of the following indicators: macroeconomic stability, market size, business enablement (ease in doing business), investment in infrastructure and logistics, economic diversification (dependence on resource-oriented sectors), governance and human development.

Though South Africa is an attractive destination for foreign investors, it is not so easy to do business in the country. This is reflected by the World Bank's *Doing Business* ranking where South Africa occupied the 74th place out of 189 countries in 2017 (Africa Investment Report, 2017; Doing Business 2017). While the country performs well

[21] Unemployment rates are among the highest in South Africa (25.1 per cent in 2014).
[22] While the narrow-based black empowerment was concerned only with ownership and management, B-BBEE means the increasing involvement of previously disadvantaged South Africans into the mainstream economy and impacts corporate governance significantly via ownership, management, employment, skills development, procurement and enterprise development.
[23] About the business climate see Rankin, 2014.
[24] In 2016 the FDI inflow to Africa was USD 56.5 billion which is expected to increase to USD 57.5 billion in 2017. (African Economic Outlook 2017)

concerning the time to start a business, performs badly concerning the number of days to export/import and costs of transport[25] (Rankin, 2014).

Albeit the yearly FDI inflow has never exceeded 3 per cent of the GDP in South Africa (see Table 2), its contribution to the country's gross fixed capital formation was around 8 per cent in the years of 2010-2014 (World Investment Report, 2017). The South African economy highly needs the inflow of foreign capital as the saving rates[26] and investments rates are low[27] to finance the desired economic growth. Not to speak of the impact of FDI on the domestic economy. For the South African government the biggest challenge is to provide job opportunities, to increase income and decrease inequality and poverty. Consequently, South Africa prefers the inflow of FDI to labour intensive sectors, like manufacturing and services which promote inclusive growth (Wentworth-Schoeman-Langalanga, 2014).

In order to enhance the inflow of foreign capital, to attract and retain FDI, South Africa provides conducive regulatory framework: foreign trade and capital flows have been liberalised gradually since 1994; South Africa became a GATT signatory in 1994; effective protection and export-bias decreased; free trade agreements (FTAs) have been signed with the EU (2000), the SADC (Southern African Development Community) (1996), the SACU (South African Customs Union)[28] (2004), the MERCOSUR (2004), the EFTA (2006); the African Growth and Opportunity Act came into force in the case of the USA (2000) (Edwards-Cassim-Seventer, 2009); BITs (Bilateral Investment Treaties)[29] and Investment Protection and Promotion Agreements have been signed with many countries of origin; South Africa is a member of the Multilateral Investment Guarantee Agency (MIGA). In addition, economic incentives and support[30] are provided to foreign investors. At the end of 2015 the Protection of Investment Act (PIA) was signed with the aim to codify some provisions of the various BITs which are going to be phased out. The Act retains national treatment and full protection, however, does not include an

[25] South African rail transport is expensive and slow, ports are the most costly in the world (Rankin, 2014).
[26] Between 2003 and 2014 South Africa's average domestic savings rate as a percentage of GDP amounted to 16.1 per cent which was significantly below the global average of 21. 2 per cent (De Beer, 2015).
[27] Well below 20 per cent.
[28] This is one of the oldest customs unions in the world, being established in 1910 among 5 countries (Botswana, Lesotho, Namíbia, Swaziland and South Africa).
[29] South Africa signed 40 BITs.
[30] In the framework of Foreign Investment Grants, Skills Support Programmes, Industrial Policy Project Programmes, Sector Specific Assistance Scheme and Industrial Development Zones.

obligation to provide full compensation at market value in case of expropriation and investors will not benefit from the international law "fair and equitable treatment" standard. The Act was vehemently criticized by European and American investors, and it is doubtful whether it will promote FDI inflow into South Africa.

Table 2

FDI inflow as per cent of GDP

Years	per cent
1991-1993	0.1
1994-1996	0.6
1997-1999	1.4
2000-2002	2.6
2003-2005	1.3
2005	2.6
2006	0.1
2007	2.3
2008	2.9
2009	2.9
2010	1.1
2011	0.9
2012	1.1
2013	2.7
2014	1.7
2015	0.5
2016	0.8

Source: for years 1991-2005 Black, 2014, for years 2006-2016 own compilation based on data of WIR, UNCTAD various issues

Foreign investments were historically important for the South African economy: between 1960 and 1979 FDI stock on average equalled 29 per cent of the country's GDP. However, this ratio declined to 9 per cent by 1993 due to sanctions and disinvestment as many MNEs left the country in the apartheid era. After 1994 as a consequence of South Africa's reintegration, inward FDI stock has increased by more than 10 times between 1995 and 2016, from USD 15.0 billion to USD 136.9 billion (see Table 3), equalling 46.5 per cent of the country's GDP in 2016. As the world figure for FDI/GDP ratio stood at 30 per cent in 2016, it means that South Africa is overrepresented as far as FDI inflow is concerned. Recently (2016) South Africa provides destination for 0.5 per cent of the world's FDI inflow. (WIR, 2017)

Table 3

FDI inward stock (millions of USD)

Years	Value
1990	7940
1995	15014
2009	138 751
2010	179 564
2011	159 391
2012	163 509
2013	152 123
2014	138 906
2015	126 755
2016	136 837

Source: own compilation based on data of WIR, UNCTAD various issues; for 1990 and 1995 Gelb-Black, 2004

2.2. FDI outflow: South Africa as a capital exporter

As South Africa is the most developed resource-rich country in Africa, it has become a capital exporter right after the collapse of the apartheid regime, as the end of sanctions and isolation resulted in its reintegration into the world economy[31]. Recently, South Africa is the largest African investor abroad: in 2016 USD 10.6 billion was the value of total outward FDI from Africa, and 31 per cent[32] (USD 3.382 billion) came from South Africa (African Economic Outlook 2017). South Africa belongs to the third wave of outward foreign direct investors from the developing countries. This wave has started in the 1990s and the main players are the BRIC-countries plus Malaysia and Turkey (Verhoef, 2016). Today, South Africa is among the top 10 emerging market investors (Black, 2014).

Outward FDI from South Africa has also fluctuated significantly (see Table 4, Chart 1 and Appendix 1), depending on the commodity prices, exchange rates, domestic economic and political situation, legal regulations (like the exchange control[33] and

[31] Under apartheid South African corporates were not allowed to invest abroad due to the sanctions. (Manuel, 2014) During the 80s over 200 US companies left the country. (Black, 2014)

[32] We have to add that for the previous year (2015) the value - and consequently the share - of South Africa was higher, with an FDI outflow of USD 5.7 billion.

[33] South African residents, including corporations, are still subject to exchange controls: the ceilings for taking capital abroad were progressively raised from USD 4.3 million in 1997 to USD 132.2 million in

capital account reform[34] regulations or the PIA of 2015), the international demand for foreign assets and the strategy of the South African MNEs. Among external uncertainties one should mention sluggish global economic situation, the consequences of the Brexit, as the UK is one of the largest economic partners of South Africa, the change in US administration and the increased geopolitical risk globally (African Economic Outlook 2017). Recently, outward FDI equals around 2 per cent of the country's GDP (see Table 5).

Table 4

FDI outflow from South Africa (millions of USD)

Years	Value
1990	27.4
1995	2497.7
2000	270.5
2005	935
2006	5891
2007	3068
2008	-2781
2009	1322
2010	-84
2011	-229
2012	2886
2013	6646
2014	7671
2015	5744
2016	3382

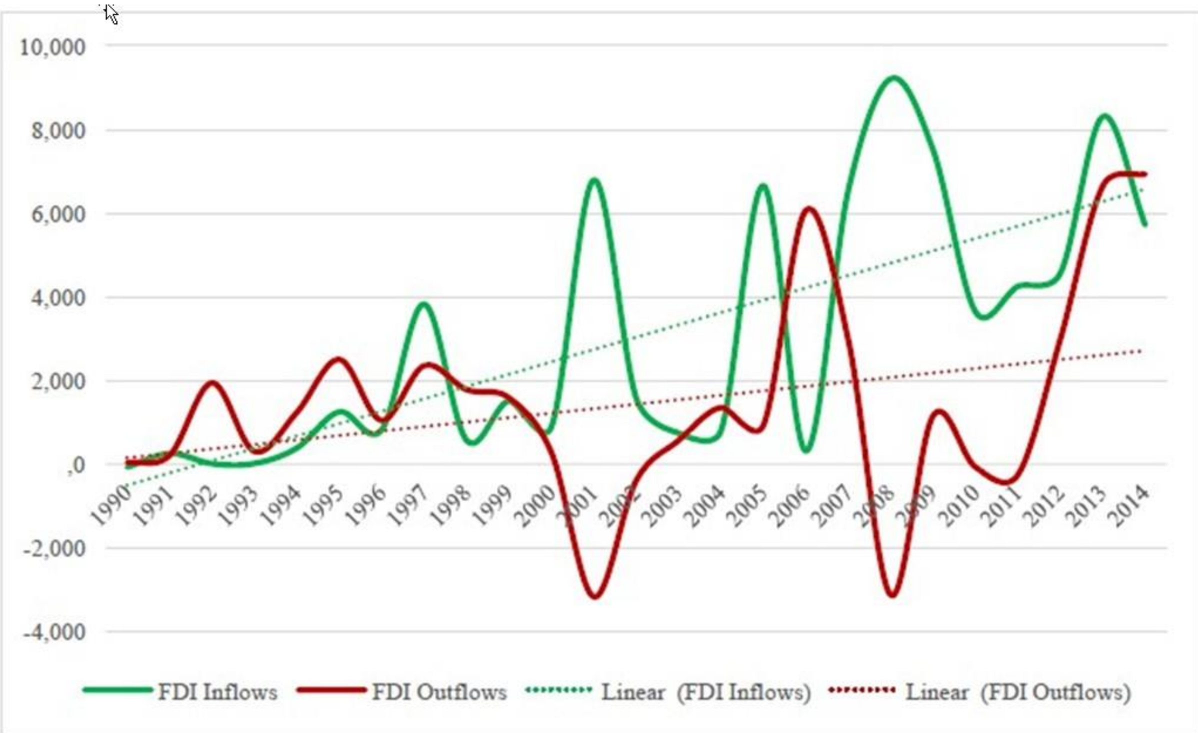
Source: own compilation based on data of WIR, UNCTAD various issues

2003, though approval was necessary for new investments. Since 2008, approval was required only for new investments above USD 7.75 million at the time and in 2009 the threshold was raised so approval was required only for new investments larger than USD 59.25 million. Companies investing abroad get no direct support from government, except for risk insurance. (Gelb, 2010)

[34] South African corporations are still limited in the quantity of money they can take out of the country. (Manuel, 2014)

Chart 1

Inward and outward FDI flows, 1990-1994 (USD million)



Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

Table 5

FDI outflow as per cent of GDP

Years	per cent
2005	0.36
2006	2.17
2007	1.02
2008	...
2009	0.45
2010	...
2011	...
2012	0.73
2013	1.82
2014	2.19
2015	1.82
2016	1.21

Source: own compilation based on data of WIR, UNCTAD various issues

During the last 20 years, South Africa's outward FDI stock increased from USD 23.3 billion to USD 172.8 billion (see Table 6 and Chart 2), reaching almost 60 per cent of the country's GDP with wide fluctuation: at the end of 1995 this ratio was 16 per cent showing that even during the apartheid era South African companies were able to invest abroad, however, many companies left the country due to political instability and deteriorating economic situation.[35] In the 90s some major South African corporations, especially in resource industries (like the Anglo American or De Beers), relocated their headquarters to the UK or the US which led to capital outflow, statistically defined as outward FDI (Gelb-Black, 2004). The highest outward stock/GDP ratio was reached in 2000 with a 59 per cent, then falling to 44 per cent in 2006 (Leape-Thomas, 2009, p. 28.) and reaching another peak (60 per cent) in 2016, reflecting that the South African companies have become significant foreign investors. As capital outflow is higher than capital inflow, South Africa can be considered a net capital exporter country with a 0.6 per cent share of the world's capital exports.

Table 6

FDI outward stock (millions of USD)

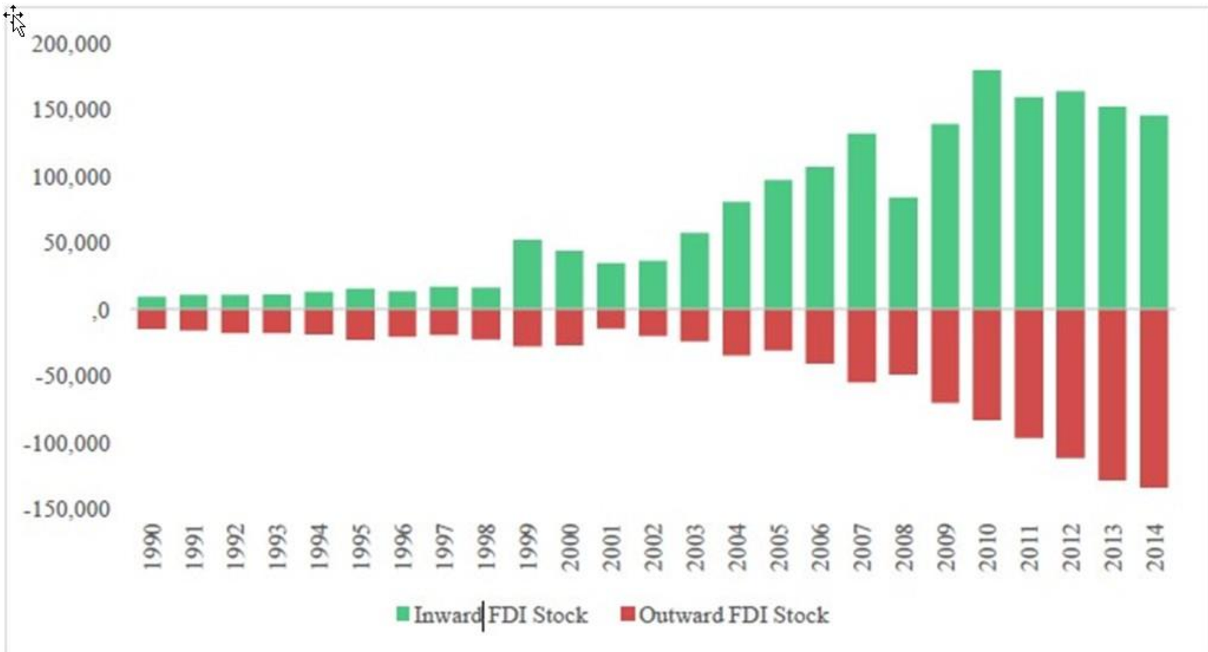
Years	Value
1995	23 301
2009	70 190
2010	83 248
2011	97 051
2012	111 779
2013	128 681
2014	146 024
2015	154 683
2016	172 827

Source: own compilation based on data of WIR, UNCTAD various issues

[35] Between 1984 and 1988 225 US corporations and 20 per cent of UK firms left South Africa. (Gelb-Black, 2004)

Chart 2

Inward and outward FDI stock, 1990-2014 (USD million)



Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

3. Main forms of FDI

In the case of South Africa the main forms of FDI flow are greenfield investments[36] and mergers and acquisitions (M&A). Recently (2016) 0.9 per cent of the world's greenfield investments are realised in South Africa, while 0.4 per cent of the world's greenfield investments are implemented by South African firms and capital. The same figures for mergers and acquisitions (see Tables 7 and 8) are 1.0 per cent, and 0.6 per cent, respectively. In 2016 there were 139 greenfield projects in South Africa, a bit less than in 2015 and 2014 (149 and 140, respectively).

[36] According to the UNCTAD, greenfield investment is a kind of FDI where a parent company starts a new venture in a foreign country.

Table 7

Greenfield investment projects, 2005-2007 average, 2014-2016 (millions of dollars)

Years	South Africa as destination	South Africa as source
2005-2007	3452	2854
2014	5353	5793
2015	4912	2883
2016	7593	3215

Source: own compilation based on data of WIR, 2017

Table 8

Cross border mergers and acquisitions, 2005-2007 average, 2007-2016 (millions of dollars)

Years	South Africa as destination	South Africa as source
2005-2007	1742	6476
2007		8646
2008		2873
2009		1504
2010		1619
2011		4291
2012		825
2013		2246
2014	387	1895
2015	21 027	559
2016	8684	5127

Source: for 2005-2007 and for 2014-2016 own compilation based on data of WIR, 2017 and for 2007-2013 Verhoef, 2016

As it can be seen from Table 9, the largest outward M&A transaction in the period of 2013-2015 was executed by Aspen Pharmacare with its 100 per cent take-over of France's GlaxoSmithKline Plc's Arixtra & Fraxiparine Drug Brands. Out of the 20 largest South African multinationals, Goldfields was involved in an USD 270 million acquisition of the Canadian gold mining company, Barrick Gold. Naspers conducted three transactions, namely an USD 210 million acquisition of Flipkart Internet in India, an USD 130 million acquisition of a 70 per cent stake in Dante International in Romania and lastly a USD 100 million merger and acquisition with Ambatana Incorporated in the United States. The main target countries were the EU (mainly the UK), African countries plus the USA and India.

Table 9

South Africa: The top 20 outward M&A transactions, 2013-2015
(USD million)

	Acquirer's name	Target firm's name	Target country	Target Industry	% of shares acquired	Value of transaction
1	Aspen Pharmacare	GlaxoSmithKline Plc's Arixtra & Fraxiparine Drug Brands	France	Chemicals, rubber, plastics, non-metallic products	100	1,153
2	Alaris	Antenna Research Associates	USA	Machinery, equipment, furniture, recycling	100	1,013
3	Mediclinic International	Remgro Jersey	UK	Services	100	645
4	Nedbank	Ecobank Transnational	Togo	Banks	20	493
5	Foschini	Phase Eight (Fashion & Designs)	UK	Wholesale & retail trade	100	361
6	Public Investment Corporation	Dangote Cement	Nigeria	Chemicals, rubber, plastics, non-metallic products	1.5	287
7	Goldfields	Barrick Gold Corporation (certain Western Australian mines)	Australia	Metals & metal products	100	270
8	Public Investment Corporation	Ecobank Transnational	Togo	Banks	19.578	250
9	Distell	Burn Stewart Distillers	UK	Food & beverages	100	246
10	Naspers	Flipkart Internet	India	Services	Unknown	210
11	Bidvest	PCL 24/7	UK, Italy	Transport	100	162
12	Public Investment Corporation	Bayport Management	Mauritius	Services	20.81	149
13	Life Healthcare	Max Healthcare Institute	India	Education, Health	Unknown	131
14	Naspers	Dante International SA	Romania	Wholesale & retail trade	70	130
15	Investors	Astoria Investments	Mauritius	Other services	29.479	126
16	Resilient Property Income Fund	Rockcastle Global Real Estate Company	Mauritius	Other services	25.714	117
17	Naspers	Ambatana Inc.	USA	Publishing, printing	Unknown	100
18	Sanlam Emerging Markets	MCIS Insurance	Malaysia	Insurance companies	40	94
19	Rainbow Chicken	Capitau Investment Management	Various	Other services	84.3	92
20	Sasol	Wesco China	Hong Kong	Wholesale & retail trade	60	78
	Total					**6,109**

Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

Compared to outward M&As, the main targets of outward greenfield investments were the African countries (17 out of 20), showing South African firms' presence in Africa. The main fields of investments were the extractive industry, building and construction, real estate, chemicals and communication. The top listed greenfield investment was made by Beacon Hill Resources in Mozambique (USD 1.4 billion). It is interesting to note, that outward greenfield investments were not conducted by the biggest South African multinationals, as only 4 companies in the Table 10 are listed as the top 20 MNEs in South Africa, namely Sasol, Impala Platinum and MTN.

Table 10

The top 20 outward greenfield investments, 2013-2015
(US$ million)

#	Project Date	Investing Company	Parent Company	Destination	Industry	Investment	Jobs Created
1	Feb-2013	Beacon Hill Resources	Beacon Hill Resources	Mozambique	Coal, Oil and Natural Gas	1641.2	146
2	Aug-2015	Terrace Africa	Terrace Africa	Mozambique	Real Estate	864.9	875
3	Apr-2014	Atterbury Property Developments	Atterbury Property Developments	Mozambique	Real Estate	864.9	875
4	Feb-2013	Delico Property Developments	Atterbury Property Developments	Ghana	Real Estate	864.9	875
5	Feb-2014	Hodna Cement Company	Pretoria Portland Cement (PPC)	Algeria	Building & Construction	350	638
6	Sept-2013	Lehnkering Euro Logistics	Imperial	China	Warehousing & Storage	314	353
7	Jan-2015	MENA International Petroleum	SacOil	Egypt	Coal, Oil and Natural Gas	275.5	214
8	Nov-15	Rompco (Pipeline Investments Company)	SASOL	Mozambique	Transportation	210	777
9	My-2013	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	DRC	Building & Construction	200	364
10	Apr-2015	Mediclinic Middle East	Mediclinic	UAE	Healthcare	190.58	800
11	Nov-2013	Nampak	Nampak	Angola	Metals	178.9	342
12	Oct-2013	Mimosa	Impala Platinum	Zimbabwe	Metals	178.9	342
13	July-2013	Mondi Group	Mondi Group	China	Paper, Printing & Packaging	170	157
14	July-2013	AEL Mining Services	AECI	DRC	Chemicals	162.2	149
15	July-2013	AECI	AECI	Burkina Faso	Chemicals	162.2	149
16	Sep-2014	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	Rwanda	Building & Construction	159.8	342
17	Sep-2014	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	Ethiopia	Building & Construction	159.8	342
18	Aug-2015	MTN Zambia	MTN Group	Zambia	Communications	150	89
19	Ma-2014	MTN Guinea Bissau	MTN Group	Guinea Bissau	Communications	150	89
20	Jan-2014	Skywire	Skywire	Botswana	Communications	150	89

Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

4. South African multinational enterprises

The main carriers of South African outward FDI are multinational enterprises. While on the 2013 list of the world's top 100 non-financial TNCs ranked by foreign assets, no South African companies could be found (on the 2012 list there were two: Anglo American Corporation Plc which is no longer assigned to South Africa as a home country, and SABMiller which also has UK domicile). On the list of the top 100 non-financial TNCs from developing and emerging markets there were 7 South African conglomerates in 2014 (see Table 11) (Verhoef, 2016). Under the top ten African companies by market capitalization, the Africa Business Magazine listed nine South African and one Nigerian company in 2014 (www.africabusinessmagazine.com/sectorreports/africa-top-250-companies).

Table 11

Leading South African non-financial MNEs in the top 100 non-financial MNEs from the developing countries, USD million, 2014

Ranking by foreign assets	Corporation	Industry	Assets		Sales		Employment		TNI (per cent)
			Foreign	Total	Foreign	Total	Foreign	Total	
36	Steinhoff International Holdings Ltd.	Retail trade	16,61	19,09	8,37	11,31	31 290	55 876	72,3
40	MTN Group Ltd.	Telecommunication	15,8	21,95	9,96	13,56	16 210	22 204	72,8
55	Sasol Limited	Chemicals and allied products	11,14	26 44	9,45	19,54	5 878	32 533	21,7
68	Naspers Ltd.	Telecommunication	9,56	12,92	3,42	6,61	19 545	24 128	37,6
84	Gold Fields Ltd.	Mining	6,84	6,86	2,61	2,87	5 374	8 954	35,8
87	Aspen Pharmacare Holdings Ltd.	Pharmaceuticals	6,49	7,79	2,17	2,85	4 014	8 461	45,0
91	Mediclinic International PLC	Health care services	5,73	6,51	2,07	3,19	11 174	27 696	6,1

Source: based on UNCTAD, WIR, 2016, Table 25.
(+) TNI = Transnationality index, is calculated as the average of the following 3 ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment

4.1 The profile of the South African MNEs

At year-end 2015, the top 20 ranked South African non-financial MNEs had nearly USD 50 billion in foreign assets, USD 49.0 billion in foreign sales and around 222,000 employees abroad. In terms of foreign assets, Sasol (energy & chemicals) is the largest with USD 9.1 billion, followed by retail-giant Steinhoff (USD 8.7 billion) and Goldfields (mining) (USD 5.3 billion) (see Table 12). The top five MNEs dominated the list, accounting for more than two-thirds of the foreign asset-share. Adding the next five MNEs on the list, the combined share of foreign assets held by the top 10 ranked MNEs rose above 90 per cent of the total.

16 out of the top 20 MNEs were partially publicly owned with 22 per cent state share in the Sasol being the highest. Four firms have no state involvement. All top 20 MNEs were listed on the Johannesburg Stock Exchange (JSE), with seven firms (like the three gold mining companies) also having a secondary listing on foreign stock exchanges (Frankfurt, London, New York, Swiss Stock Exchanges).

Table 12

The top 20 non-financial South African MNEs by foreign assets, 2015 (USD million)

Rank	Name	Industry	Ownership Status (% state ownership)	Foreign Assets
1	Sasol	Energy & Chemicals	Listed (22%)	9,076
2	Steinhoff	Retail	Listed	8,704
3	Goldfields	Mining	Listed (8.97%)	5,340
4	MTN	Telecommunications	Listed (16.33%)	5,220
5	AngloGold	Mining	Listed (7.51%)	5,166
6	Bidvest	Services, Trading & Distribution	Listed (15.27%)	4,117
7	Naspers	Multimedia	Listed (15%)	2,794
8	Sappi	Forestry & Paper	Listed (14.2%)	2,345
9	Imperial	Transport & Logistics	Listed (11.81%)	1,645
10	Datatec	Information Technology	Listed (16.61%)	1,185
11	Barloworld	Wholesale & Retail	Listed	799
12	Supergroup	Transport & Logistics	Listed (12.75%)	706
13	Aveng	Construction	Listed (13.71%)	652
14	Impala Platinum	Mining	Listed (~13%)	540
15	Shoprite	Retail	Listed (12.77%)	480
16	Tiger Brands	Food & Beverage	Listed (13.3%)	352
17	Life Healthcare	Medical	Listed (13%)	266
18	Altron	Electronical Conglomerate	Listed	234
19	Harmony Gold	Mining	Listed (5.93%)	165
20	Pick n Pay	Retail	Listed	84
	Total			**49,870**

Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

The vast majority of the top 20 MNEs' board members were South African nationals, with only four companies' (Sasol, Sappi, Datatec and Pick n Pay) CEO being foreign (British and Canadian). 80 per cent of board members were men. 17 of the top 20 MNEs were headquartered in Johannesburg, while Cape Town hosted both Naspers and Shoprite, and Harmony Gold was situated in Randfontein, some 50 km from Johannesburg.

As far as the sectoral distribution of top 20 MNEs is concerned, mining is the largest contributor with 4 firms, followed by retail (4 firms) and energy and chemicals. Two firms are in the field of transport and logistics, while healthcare and pharmaceutical firms are also represented.

In terms of foreign sales, MTN is the leader with a total of US$ 10.5 billion in foreign sales in 2015. Datatec is next with US$ 5.8 billion, followed closely by Naspers with US$ 5.7 billion. With regard to foreign employment, Bidvest is on the top with 27,975 foreign employees. Anglogold is second with 26,164 foreign employees, followed by Shoprite with 22,600 foreign employees (See Table 13.).

Table 13

The key variables of the top 20 South African MNEs

Rank	Name	Assets US$		Assets ZAR		Sales US$		Sales ZAR		Employees		TNI %	Foreign Affiliates	Host Countries
		Foreign	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign	Total			
1	Sasol	9,076	20,817	141,079	323,599	1,782	11,725	27,701	182,266	4,781	30,919	25%	49	37
2	Steinhoff	8,704	19,082	135,304	296,630	1,341	8,676	20,846	134,868	17,500	90,000	27%	49	29
3	Goldfields	5,340	5,878	83,010	91,369	2,545	2,545	39,568	39,568	5,431	9,052	84%	9	5
4	MTN	5,220	21,970	81,145	341,524	10,523	13,587	163,580	211,210	4,695	22,204	41%	21	21
5	AngloGold	5,166	7,284	80,305	113,230	3,219	4,015	50,039	62,413	26,154	52,266	67%	13	10
6	Bidvest	4,117	5,781	63,999	89,861	4,540	11,718	70,582	182,164	27,975	141,015	43%	311	41
7	Naspers	2,794	10,102	43,425	157,043	5,745	8,520	89,303	132,446	21,354	24,128	61%	224	130
8	Sappi	2,345	4,913	36,458	76,373	4,037	5,925	62,755	92,104	7,191	12,317	58%	30	5
9	Imperial	1,645	4,227	25,572	65,712	2,766	7,108	42,997	110,487	20,544	51,361	39%	60	30
10	Datatec	1,185	3,275	18,421	50,910	5,840	6,444	90,783	100,172	7,599	8,248	73%	105	70
11	Barloworld	799	3,098	12,420	48,155	1,071	4,035	16,651	62,720	4,650	19,745	25%	57	23
12	Supergroup	706	984	10,974	15,291	0.36	1,275	6	19,818	1,850	8,579	17%	23	8
13	Aveng	652	1,770	10,135	27,519	2,119	2,826	136	43,930	17,826	25,466	36%	138	46
14	Impala Platinum	540	4,672	8,394	72,627	236	1,775	3,665	27,593	10,089	52,257	15%	2	1
15	Shoprite	480	2,825	7,462	43,920	1,097	7,314	17,054	113,694	22,600	132,942	16%	46	14
16	Tiger Brands	352	1,596	5,472	24,803	510	2,032	7,927	31,588	5,990	20,591	25%	7	5
17	Life Healthcare	266	1,025	4,135	15,935	42	942	648	14,647	10,222	24,404	24%	3	3
18	Altron	234	977	3,644	15,182	1,359	1,777	21,120	27,623	943	12,049	36%	22	16
19	Harmony Gold	165	2,325	2,572	36,137	0	991	0	15,400	2,425	31,114	5%	2	2
20	Pick n Pay	84	946	1,309	14,707	195	4,306	3,029	66,941	2,435	48,700	6%	7	6
	Total	**49,870**	**123,546**	**768,934**	**1,920,525**	**48,968**	**107,536**	**728,391**	**1,671,652**	**222,254**	**817,357**	**36%**	**1178**	**502**

Source: NWU-CCSI research on leading South African multinationals, 2015

In: Bezuidenhout-Rensburg (2016)

As far as transnationality is concerned (see Table 13), in the case of the top 20 ranked firms, foreign assets, foreign sales and foreign employees accounted for 40 per cent, 44 per cent and 27 per cent of the respective firms' totals in 2015. The TNI average was 36 per cent for all ranked firms, Goldfields with the highest TNI (84 per cent) and Harmony

Gold with the lowest (5 per cent) – surprisingly both are gold-mining firms[37]. Other firms with large foreign presence were Datatec (73 per cent), AngloGold (67 per cent), Naspers (61 per cent) and Sappi (58 per cent).

The top 20 ranked MNEs are currently operating in a combined 502 countries, Naspers, the media company is the leader with 130 country presence. Of the 1,178 foreign affiliates controlled by the top 20 ranked firms, 443 were in Sub-Saharan Africa, followed by Europe with 225 foreign affiliates.

The first foreign affiliates of the top 20 MNEs were established in 1993, with numerous subsequent foreign mergers and acquisitions as well as greenfield investments during the past 20 years (see Tables 9 and 10).

4.2 Main strategies and motivations of outward FDI: the internationalisation of South African MNEs

In theory, the main motivations behind outward FDI and the internationalisation of MNEs from emerging markets are manifold. According to Dunning (Dunning, 1993, 2000 cited by Verhoef, 2016) the most typical are: market-seeking investments targeted to access to third markets, that is market expansion; efficiency-seeking investments to improve efficiency through specialisation, diversification and generating economies of scale; resource-seeking investments seeking natural resources unique to specific foreign locations; and strategic asset-seeking investments to add to the existing proprietary resources of the firm. All these strategies include the optimal yield seeking behaviour of the MNEs (De Beer, 2015).

According to Dunning's OLI model, firms' ownership (O) advantages, firm specific resources together with the host country (L) natural resource endowments allow the internationalisation (I) of those advantages, leading to the improvement of efficiency and competitiveness. According to Rugman (Rugman, 2007 cited by Verhoef, 2016) international expansion is determined by firm specific (FSA) as well as country specific advantages (CSA). The organisational structure of internationalising firms displayed new forms of ownership through networks and alliances. Internationalization,

[37]The difference can be explained by their strategy. While Goldsmith followed an asset-seeking internationalisation strategy expanding to Australia, Harmony Gold concetrated on the domestic market.

integration into international activities and venture to global markets are becoming the strategy of MNEs from emerging economies.

However, in some cases MNEs from emerging economies are driven to invest outside the mother country in order to avert constraints in the domestic market, to avoid domestic competition, financial constraints and reduce risks (Verhoef, 2016). In the case of South Africa these push factors are especially critical. The main constrains are the size of the domestic market (slow and fluctuating GDP growth), the stratified nature of the demand, the rigid labour market, lack of skilled labour force, inflexibility in factor market, unreliable electricity supply, compliance with the Black Economic Empowerment requirements, HIV/AIDS, brain drain, and the need for risk aversion deriving from uncertain political climate in the country. A new push factor was added in 2015 to the existing ones in the form of the newly adopted Protection of Investment Act which might lead to the further outflow of capital due to its compensation provision. These push factors lead to market and efficiency-seeking strategies of South African MNEs, as operation outside of the country offers better opportunity to reduce costs and increase productivity, let alone the risk factor.

The internationalisation of South African firms occurred primarily by means of mergers and acquisitions, as market and asset-seeking strategies could be primarily conducted through these means. New investments were relatively small – below US$ 1 million in most transactions – and were stimulated by the unbundling strategies of big conglomerates, as well as the privatisation policies of African governments after the early 1990s.

The big South African conglomerates, like the mining company, the *Anglo American Corporation (AAC)* and the South African Breweries (SABMiller) have already started their internationalisation in the mid-1960s and their main strategy has been the diversification of the conglomerate structure. The companies belonging to the AAC group[38] were operating in the mining of metals and minerals, finance, exploration, property development, administration of businesses, housing, industrial manufacturing, food production, engineering etc. They were active in Australia, Canada, Indonesia, Malaysia and various African countries even before the political changes of the 1990s.

[38] Like the famous diamond mining and distribution company, the De Beers.

After 1994 AAC unbundled its diversified holdings in non-mining sectors, moved the headquarters of De Beers to London and listed on the London Stock Exchange as AAC Plc. The AAC group appointed a non-South African chairman in 2001 and an American CEO in 2004. This entrepreneurial orientation enhanced the market and asset-seeking operations of the group and the international entrepreneurship of the new leadership escalated the evaluation and exploitation of opportunities outside the original home country (Verhoef, 2016). Currently AAC is no longer seen as a South African MNE. It is ranked among the top 100 non-financial TNCs globally by UNCTAD in the World Investment Report.

The *SABMiller* is one of the oldest companies in South Africa. It was established in 1895 and became the leading brewery and consumer goods trader of South Africa. Until 1994 it was locked in the domestic market, then it embarked on asset- and market-seeking internationalisation. The first breweries were acquired in neighbouring countries (Angola, Botswana, Ghana, Mozambique, Zimbabwe Tanzania, other East African countries) and after 2001 in Central America, China and the USA. The success of SABMiller's globalisation was due to the management's global orientation, operational excellence, significant investment in training and skills development, the knowledge of the African market, the ability to integrate its knowledge of both developed and developing markets into a successful management and marketing strategy. Furthermore, the SABMiller managed to capitalize on the isolation prior to 1994 as business was protected from foreign competition, the company could accumulate capital resources and diversify operation into different sectors.

In 1996 SABMiller made a resource-seeking move to raise more capital for further international acquisitions. The globalisation strategy was used to manage domestic risks. The firm-specific advantages (FSA) lay in the asset-seeking internationalisation strategy which was realised via mergers and acquisitions, which ultimately secured global market access[39]. The expansion on the African continent was helped in 2001 through an alliance with the Castel group having interest in West and North Africa and its acquisition of the Miller company owned by the Philip Morris in 2002. The SABMiller

[39] For the motives and strategies of SABMiller's internationalisation see: www.usb.ac.za/LeadersLab

embarked on expansion to the USA, Central and Eastern Europe (Hungary[40], Russia), China and Latin America, though the success achieved in Africa could not be copied. The company became a global player and was relocated to London. Today it is not perceived as a South African firm. In 2004 SABMiller was the 20th on the UNCTAD non-banking company ranking, with a TNI of 55 per cent, but by 2013 SABMiller was ranked lower (55th place) with a higher TNI (70 per cent) (Verhoef, 2016).

The globalisation of South African companies was motivated by a range of factors. FSAs (firm specific advantages) in production sophistication, management and product innovation resulted in expansion beyond the boundaries of the domestic market. Market constraints before and after 1994 motivated MNEs to enhance efficiency. Their advanced production methods and new technologies, solutions were exported to new markets, mainly in Africa, as the cases of Gold Fields Limited, Sappi and Sasol show (see Verhoef, 2016).

Gold Fields was one of the first gold mining companies in South Africa, established in 1887 in London. Apart from operating in the gold mining sector, it also diversified operation into manufacturing, finance and property. In 1998 it acquired the Tarkwana gold mine in Ghana. Gold Fields used its superior managerial skills and technology in gold mining to expand into other gold mining operations, mainly in West Africa, but in Peru and in the Philippines, as well. By 2000 Gold Fields became the largest gold mining company in the world. To gain access to international capital the company was listed on the New York Stock exchange in 2002. In 2013 it expanded operations into Western Australia through the acquisition of 3 gold mines and remained active in the South African gold mining industry. Gold Fields was leading in cyanide technology which was introduced at all gold extraction plants. Therefore globalisation of Gold Fields occurred to seek new markets and assets in response to the limitations in the domestic market, but because the company also owned FSA in mining technology (https://www.goldfields.com/)

The role of leading technology as driver of globalisation was also critical in the globalisation strategies of Sappi and Sasol. *Sappi* (South African Paper and Pulp Industries) was established in 1936 and acquired an international footprint utilising its

40 In 1993 Hungary's leading brewery, the Dreher (formerly Kőbányai Sörgyár) was acquired by the SABMiller.

locally developed knowledge base. The company started paper exports to European markets towards the late 1980s. Sappi International was formed in 1986 to manage the sales and product distribution internationally. Since 1991 Sappi embarked on M&As in the UK, Germany, Hong Kong and the USA. By 2000 it was the world leader in the manufacturing of coated wood free paper. Sappi listed on the London, Paris and the New York stock exchanges. In 2004 the company expanded into the Chinese market by acquiring a 34 per cent stake in a joint venture with Jiangxi Chenming. The reason for the joint-venture was technology and expertise transfer: Sappi assisted with the building of paper machines, a mechanical pulp mill and a de-inked pulp plant (Verhoef, 2011). Sappi was ranked 50th on the list of the top 100 non-financial companies in the developing world in 2008, with foreign assets of US$ 4 001 million and by 2013 was ranked 98th by foreign assets and 33rd in terms of its TNI (WIR, 2014: web table 29). The market and asset-seeking strategies of Sappi were facilitated by the company's ownership of proprietary knowledge and its ability to establish networks and alliances (joint ventures) to map out its global footprint. (https://www.sappi.com/)

Sasol, the South African chemical and energy company is using its ownership of advanced leading technology to drive its globalisation strategy. The company was established in 1951 as a state-owned enterprise for manufacturing synthetic fuel from coal. Pioneering technology made South Africa the first country in the world to produce fuel from coal. In 1979 Sasol was privatized, built two additional manufacturing plants and by the turn of the century became a diversified chemical conglomerate with innovative research and technology (SPD = Slurry Phase Distillate, GTL = Gas-to Liquid). The global positioning of Sasol was inevitable as businesses with natural resources are usually global, seeking alternative sources of resources and there is a move up the value chain, selling branded products. Sasol was a strategic industry for South Africa during the apartheid era and became competitive actor in the international chemical industry through innovative technology. After 2000 Sasol started global acquisitions and joint-ventures (Nigeria, Qatar) partially due to the limitation of the domestic market. By 2009, Sasol was ranked the highest out of the South African companies in the WIR top 100 non-banking companies (Wir,2009: 223) with a market capitalisation exceeding US$ 30,89 billion and by 2013 Sasol ranked 53rd on the top 100 non-financial companies in the developing world. (http://www.sasol.com/)

In the telecommunication industry, two South African MNEs became global players, Naspers and MTN. *Naspers* (Nasionale Pers) is a global internet and entertainment group which was established in 1915 as a holding company in the print media. In the apartheid era, there were serious restrictions concerning print media, but there were new opportunities for electronic media. Naspers started its first pay television business, M-net in 1985. In 1993 M-Net split into two companies: M-Net and MultiChoice Ltd with cellular phone services. In 1997 the company was reorganised and became a multi-media company. It made acquisitions in China (34 per cent stake in Tencent), Brazil, in other Latin American countries, Russia (68 per cent stake in Avito) and in some Eastern European countries (Poland - Allegropl, a leading online auction site; Romania - eMag, a major e-commerce portal; Czech Republic - 79 per cent stake in Netretail), later on in Iran, Nigeria and India. These massive expansions in the electronic media, internet and online services, e-commerce made Naspers the leading emerging market electronic communication company which operates on all continents (more than 130 countries) in e-commerce. The main success factors are: innovative leadership, strategic business repositioning, innovative solutions[41] and massive e-commerce acquisitions in Asia, Central and Eastern Europe, India, the Middle East and Latin America. (https://www.naspers.com/). In 2013 Naspers occupied the 63rd position on the top 100 non-financial developing country multinational companies (WIR, 2014).

The other telecommunication MNE is the *MTN* (Mobile Telephone Network), which is the highest ranked emerging market non-financial company with a market share of around 40 per cent in South Africa and the leading mobile operator in Africa. The company was established in 1994 and as the domestic market became limited, MTN had expanded its services to Cameroon, Nigeria, Rwanda, Swaziland and Uganda through joint ventures and independent operations. A global brand logo was introduced, the "Y'ello". A new marketing concept was developed: *glocalisation*, meaning focussing on local needs and culture while keeping the global brand values. In 2010 MTN sponsored the FIFA Football World Cup in South Africa. In 10 years MTN expanded operations to 28 countries in Africa and the Middle East. It pursued penetration through joint ventures with mobile operators and conducted greenfield investments to establish the necessary infrastructure. Its market expansion was driven by FSA based on ownership advantages

[41] Like its direct-to-home video entertainment reaching 8 million customers in 37 African countries.

in management strategic vision, knowledge of and adaptation to the African market, the innovative application of brand marketing, use of leading technology and innovative solutions (like the Village Phone services in Uganda and Rwanda). MTN is a real "born global" enterprise with around 300 million subscribers. The control of the company is in the hands of black South African businessmen. In 2013 MTN has the highest ranking (31rd place) among the South African MNEs on the top 100 non-financial companies in the developing world (https://www.mtn.co.za/Pages/Home.aspx)

Apart from mining, manufacturing and telecommunication, South African MNEs have emerged in the field of health care (Life Healthcare, Mediclinic Group, Netcare) and retail (Steinhoff International, SHL).

Healthcare is an emerging sector as there are shortages in medical services in Africa, however, the emerging middle class has effective demand for quality health care. All health care groups were established in the early 1980s and they penetrated Namibia, the Middle East and the UK market. Their expansion was driven by the FSA of medical expertise, the advantage of proprietary knowledge in seeking new markets.

Steinhoff International is among the top 100 companies in developing regions. It was founded in Germany but expanded through mergers and acquisitions to Eastern Europe, Australia and South Africa, and later on to Asia and Latin America. It started as a furniture manufacturer, afterwards the company diversified its operations into retail (furniture, building materials, consumer electronics), logistics, car rental (Hertz) and raw material sourcing. In the apparel business area the company operates through Pepco[42] which deals with retail of women's, men's and children's wear, shoes and accessories. The group has been active in market and asset seeking mergers and acquisitions outside of South Africa since 1998. The expansion was made possible by the utilisation of cheap and productive local labour force and exporting from Africa. The competitive advantage is its managerial capabilities. By 2013 all the industrial assets were restructured into the KAP Group and Steinhoff International managed the global retail businesses. Steinhoff's expansion is set to continue with additional acquisitions in Europe and North America (http://www.steinhoffinternational.com/).

[42] In 2015 , Pepco entered the Hungarian retail market.

Shoprite Holdings Limited (SHL) is another successful retail chain group which has exported its grocery store concept into Africa since the late 1990s to establish presence in 17 countries (like Zambia, Nigeria, DRC). The stores serve food, furniture, liquor, pharmacies and provide financial services etc. The company's policy was to source supplies from the local markets. While entry barriers are high in African countries due to the lack of familiarity with products and knowledge of the supermarket concept, insecurity of money transfers, inadequate banking services, poor infrastructure for regular deliveries, SHL managed to overcome these barriers. The stores offered access to mobile phones, and a sophisticated central distribution system has been developed. SHL employs 11 000 people from local communities (http://www.shopriteholdings.co.za/Pages/home.aspx).

As it was revealed by the short case studies, the internationalisation of the South African MNEs was motivated mainly by market, asset and efficiency seeking strategies and less by resource seeking motives.

The market seeking strategy was fuelled by the limited size of the domestic market and political constraints, leading to seek for fast growing markets, especially in other African countries in order to increase market share. This strategy was practiced by the MTN and Shoprite whose competitive advantage and FSA were embedded in their strategic managerial capabilities, knowledge of the African market (culture, consumption pattern, language) and smooth adaptation to the constraints caused by under-banking.

The market and asset seeking strategies of some firms (like Sasol, AAC, Gold Fields, MTN, Netcare, Sappi) were based on the proprietary knowledge of locally developed technologies inserted into the African and Middle East markets and the integration of newly acquired technologies into the existing knowledge base. These technologies and innovative solutions provided a strategic tool to access new markets, to gain market share and handle growing constraints in the domestic market.

Managerial and organisational capabilities, strategic leadership and management vision, change management skills, innovative managerial activity, international orientation of the management, extensive business networks outside the country, capability to manage political instability and social turmoil, as well as to take and manage risks are the key factors in the successful internationalisation of South African MNEs.

In the case of the mining companies (AAC, Gold Fields, AngloGold's) the market seeking strategy was coupled with asset and resource-seeking strategies reflected by the extension and diversification of mining operations. Access to new mineral resources and new mining companies outside the home country reduced the risk associated with black empowerment policy, labour market rigidities and cost pressures.

As far future trends are concerned, it is expected that efficiency seeking motives will become stronger leading to increasing international orientation, development of alliances and networks outside of the country, increasing the size and capabilities of the corporations to challenge competitors (Verhoef, 2016). The market seeking motives will be strengthened, especially in relation to other African countries. This attempt will be supported by the envisaged Trilateral Free Trade Agreement (TFTA) between the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and SADC (Edwards, 2014; Wentworth-Schoeman-Langalanga, 2014), as this regional grouping will cover 26 countries with a population of 625 million and with a combined GDP of around 1 trillion USD (African Economic Outlook, 2015).

5. Direction of capital flow - sources and destinations

5.1 From where: sources of inflowing FDI

As yearly FDI inflow shows a high fluctuation, it is more appropriate to study the geographical distribution of incoming capital on the basis of inward capital stock. As it is shown by Table 14, the majority, around 90 per cent of the FDI flowing to South Africa arrives from the developed countries, with an almost 80 per cent share of the European countries, mainly of the EU countries. The greatest European capital exporters to South Africa are the UK and the Netherlands, from where more than 45 per cent and 18 per cent of total FDI inflow to South Africa arrives. By 2012 only 7 per cent of the South African FDI inflow stock originated from the USA. The geographical distribution of the 2015 FDI inflow shows a similar picture: UK - 29.5 per cent, the Netherlands - 24,2 per cent, the USA - 4.9 per cent, Germany - 3.3 per cent and Luxemburg - 2.0 per cent (UNCTAD).

Though the share of developing countries is rather small, there is a growing tendency from 6.7 per cent in 2001 to 9.4 per cent in 2012. The largest investors are: China, Malaysia and Mauritius in Africa[43]. Though Chinese investments increased significantly, their share is still negligible, it was 3 per cent of the total FDI inward stock in 2012.

As far as the Central European countries are concerned they have some capital investment in South Africa, with the leading role of the Czech Republic and Poland.

Table 14

Geographical distribution of inward FDI stock (USD million)

Country of origin	2001	2005	2010	2011	2012
Total	34 695	96 693	179 564	159 391	163 510
Developed economies	**32 351**	**87 175**	**160 989**	**143 951**	**147 843**
Europe	28 914	73 935	139 066	124 177	127 386
European Union	**28 229**	**71 698**	**131 043**	**120 237**	**124 269**
Bulgaria	-	36	1	-	-
Czech Republic	-	-	30	13	25
France	287	1364	1717	1717	1578
Germany	2083	5811	10900	7977	8162
Hungary	1	3	4	1	1
Ireland	24	238	436	411	452
Italy	166	401	1307	717	670
Luxemburg	221	412	2811	3057	2309
Netherlands	925	2440	29 133	28 548	30 413
Poland	-	8	25	9	9
Romania	-	-	-	1	1
UK	23 871	58 441	79 866	71 742	74 537
Switzerland	591	1850	7372	3366	2599
USA	2678	9799	15 315	12 111	11 711
Japan	203	1753	3359	3474	-4274
Developing economies	**2336**	**7741**	**17 481**	**14 873**	**15 314**
Africa	**1374**	**4622**	**5785**	**5757**	**5371**
Mauritius	147	289	483	1400	1101
Namibia	100	406	540	424	445
Asia	**856**	**1913**	**11 183**	**8059**	**8895**
China	19	76	5710	4369	5077
Malaysia	554	459	3098	1645	1642
India	18	52	427	235	220
UAE	0	6	584	596	602
Latin America	**106**	**1807**	**530**	**1058**	**1048**
Brazil	1	30	81	77	42

Source: own compilation based on data of WIR, UNCTAD various issues

[43] Mauritius functions as an intermediary in South Africa inward and outward FDI. (De Beer, 2015)

5.2 To where: destinations of outward FDI

According to the literature (Verhoef, 2016), the most prominent pull factors for outward FDI are related to the state of institutions in the host market in providing stability, minimizing market failures, reducing uncertainty, and alleviating information complexity in economic exchanges. Especially those written laws, regulations, policies, and enforcement measures are important, which prescribe the actions and behaviour of people, systems, and organizations. However, in the era of globalisation not only host country conditions are essential but regional ones as well. Most of the MNEs think globally, but act locally and regionally. This statement is valid in the case of South African investments both in Central European countries and in the neighbouring African countries. EU membership, free movement of goods, services and capital make Central European countries attractive. In the case of Africa, the different integrations, customs unions and free trade agreements should be kept in mind while making investment decisions. However, small domestic markets, unsophisticated demand, institutional instability and physical infrastructure limitations mitigate against expansion into neighbouring and regional markets in Africa.

Studying the geographical distribution of out-flowing FDI on the basis of South Africa's outward FDI stock (see Table 15), it is interesting to note the decreasing share of the developed countries, from around 90 per cent in 2001 to 53 per cent in 2012, and consequently the increasing share of developing countries, from 10 per cent to 45 per cent. South African FDI outflow is not so Europe-centric as it was at the turn of the century. The largest destinations in Europe are the UK, Luxemburg and the Netherlands. As both FDI inflow and outflow are still dominated by the UK, it is a big question how Brexit will modify the direction of FDI flow. The share of the USA is around 5 per cent.

Within the developing world, South African FDI is almost equally divided between the African and the Asian regions, with 48 and 47 per cent share of the total outward FDI stock in the developing countries. In Africa the main destination is Mauritius due to the strategic role of this country. Asian investments of South Africa are dominated by the Chinese location. It is interesting to note that 4 times more capital is directed from South

Africa to China than vice versa[44]. With the exception of China, none of the other BRIC-members are important FDI partners for South Africa.

As far as the Central European countries are concerned, Poland is the most important destination with some investment in the Czech Republic, Hungary and Romania.

Table 15

Geographical distribution of outward FDI stock (million of USD)

Country of origin	2001	2005	2010	2011	2012
Total	**17 751**	**38 193**	**90 887**	**97 051**	**111 780**
Developed economies	**15 995**	**33 916**	**52 865**	**53 451**	**58 999**
Europe	14 794	30 424	43 774	42 818	47 060
European Union	**14 694**	**30 234**	**42 438**	**41 485**	**45 365**
Bulgaria	-	-	-	-4	3
Czech Republic	-	3	3	-	14
Estonia	-	-	2	2	-
France	43	110	142	784	752
Germany	5050	684	963	1734	1880
Hungary	-	-	2	15	14
Ireland	298	68	446	640	633
Italy	94	312	640	594	585
Luxemburg	606	11 832	15 522	7810	9637
Netherlands	712	1129	2616	2376	4265
Poland	-	13	803	1106	1691
Romania	-	-	-	-3	7
UK	4980	11 203	14 944	18 272	17 966
Switzerland	47	74	1212	1288	1671
USA	832	2279	4325	4195	6027
Japan	27	95	291	125	42
Developing economies	**1753**	**4253**	**37 929**	**41 118**	**49 344**
Africa	**1239**	**3100**	**18 524**	**22 789**	**23 579**
Botswana	42	90	433	958	1113
Ghana	-	1	855	1376	1951
Mauritius	546	544	8051	9915	10 622
Mozambique	340	725	1158	2926	2175
Namibia	116	132	201	1439	119
Nigeria	-	789	3618	1775	2171
Zimbabwe	48	106	856	1199	906
Asia	**348**	**831**	**18 068**	**15 478**	**23 539**
China	1	684	13 995	12 744	20 284
Malaysia	6	11	12	-1	-
India	6	11	160	183	203
Iran	-	-	171	481	549
UAE	-	1	3527	775	907
Latin America	**166**	**322**	**1336**	**2850**	**2226**
Brazil	6	22	128	569	718
Peru	-	-	544	815	969
Russia	-	-	67	2482	3434

Source: own compilation based on data of WIR, UNCTAD various issues

[44] About the China-South Africa FDI links and some case studies see Gelb, 2010.

The above geographical direction of South African outward FDI contradicts to the so-called Uppsala model of internationalisation and the investment strategy and practice of the first and second wave of developing countries' investors, focusing first on the neighbouring, ethnically similar countries and then moving farer, to the developed countries. In the case of South African MNEs, more than half of outward FDI was directed to the European and EU markets (56 per cent in 2013), 17.5 per cent to North and South American markets, 16.2 per cent to the Asian markets and only 8.2 per cent into the neighbouring African countries (Verhoef, 2016). The similarity of developed markets in terms of demand, structure and operations explains the direction of South African MNEs' internationalisation strategy, its focus on the more developed countries of the world. They proved to be successful due to their advanced proprietary knowledge, technology and strategic management capabilities.

Though in the last years cross-border business transactions in Africa increased due to regional economic integrations, the share of outward FDI from South Africa into other African countries remained below 10 per cent. With this share, South Africa is the largest intra-regional investor in Africa, followed by Kenya. However, South Africa's investments to other African countries is gradually increasing, and in 2014 already 18 per cent of the country's outward FDI was directed to the African continent. The main African destinations are: Mauritius, Mozambique, Swaziland and Zimbabwe (Orosz, 2017).

However, if we take into account the *number of foreign affiliates* instead of the amount of outward investment, the picture differs a bit as the top 20 ranked South African non-financial MNEs was primarily located in Sub-Saharan Africa: of the 1,178 foreign affiliates 443 were in Sub-Saharan Africa (37.6 per cent), followed by Europe with 225 foreign affiliates (19 per cent). Only the Sappi and Harmony Gold do not have African affiliates. Bidvest and Aveng have a large footprint in EU countries, with 93 and 42 affiliates, respectively. There were altogether 74 affiliates in Central Europe and Central Asia. Life Healthcare and Naspers have the most affiliates in this region, 33 and 13, respectively (see Table 16).

Table 16

The geographical distribution of the top 20 South African MNEs' foreign affiliates (number of affiliates)

Rank	Name	Middle East & North Africa	Sub-Saharan Africa	East Asia & The Pacific	South Asia	Developed Asia-Pacific	Eastern Europe & Central Asia	Other Europe	Latin America	North America
1	Sasol	6	24	14	6	6		16	8	18
2	Steinhoff		24			24		51		
3	Goldfields	22		11		44			22	
4	MTN	29	71							
5	AngloGold		54			8			38	
6	Bidvest	5	30	24		3		30	8	
7	Naspers	3	50	7	6	6	13	2	13	
8	Sappi							77		23
9	Imperial	2	62	2		2		30	2	2
10	Datatec	2	10	12	1	9	3	18	18	27
11	Barloworld	2	75	4	4		4	12		
12	Supergroup		48		17			35		
13	Aveng	17	13	13		11	4	30	7	4
14	Impala Platinum		100							
15	Shoprite		100							
16	Tiger Brands		100							
17	Life Healthcare		33		33		33			
18	Altron	5	41	9	5	5		36		
19	Harmony Gold			50		50				
20	Pick n Pay		100							
Average		**5**	**47**	**7**	**4**	**8**	**3**	**17**	**6**	**4**

Source: NWU-CCSI research on leading South African multinationals, 2015.
In: Bezuidenhout-Rensburg (2016)

6. Sectoral breakdown

In the case of inward FDI, traditionally mining (extracting of natural resources, minerals, metals - gold, uranium, coal, oil, gas) attract the most capital as resource seeking is used to be the main motivation of foreign investors in South Africa. However, manufacturing is gaining momentum as economy is growing, the middle class is emerging, semi-skilled and unskilled labour force is abundant, consequently the consumers goods market is expanding. According to A.T. Kearney, South Africa will be the world's next manufacturing hub (*Glass Half Full*, 2017). The most promising subsectors are the automobile industry (Volkswagen, BMW[45]), food economy[46], chemical industry and services. The market seeking strategy of incoming FDI is served mainly by the domestic market but regional market surrounding South Africa and the position of South Africa as an anchor economy is also playing an increasing role. Economies of scale advantage is offered by South Africa's membership in the SACU and the SADC, let alone the envisaged Trilateral Free Trade Agreement (TFTA). The third largest and rapidly growing sector is the service sector, including transport, business services, retail and health care. According to the government's strategy the preferred fields of inward FDI are: infrastructure development (transportation, telecommunication, energy), job creation, environment protection and development of manpower skills. Labour intensive and export generating investments (such as light manufacturing) are most welcome. (Black, 2014; Wentworth-Schoeman-Langalanga, 2014)

The changing direction of the inward FDI is well illustrated by the fact that while in 2006 40 per cent of FDI was directed to the mining sector, 27 per cent to manufacturing, and also 27 per cent to financial and business services (Leape-Thomas, 2009, p. 25.), in 2015 the share of mining declined to 15.9 per cent, the share of manufacturing almost stagnated (28.9 per cent), while that of financial and insurance services, real estate and business services increased to 40.7 per cent. 10 per cent of inward FDI was directed to transport, storage and communication, and 4 per cent to trade, catering and accommodation (WIR, UNCTAD).

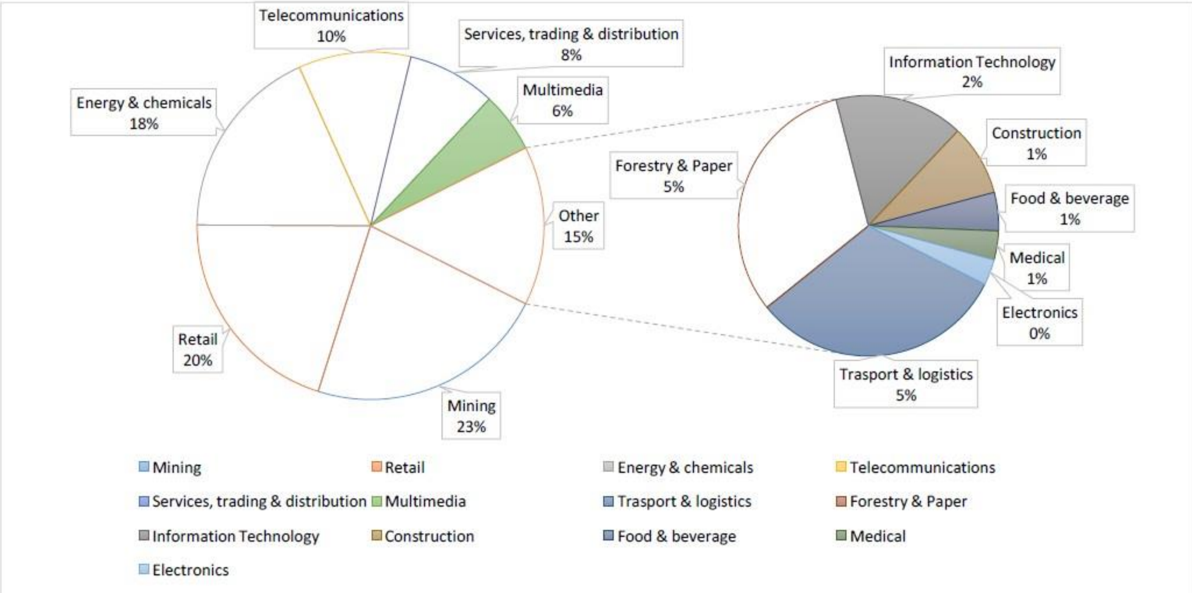
As far the sectoral distribution of outward FDI is concerned, it can be reflected by the breakdown of the top 20 South African MNEs' foreign assets (see Chart 3 and Table 17). In 2015 mining (Goldfields, AngloGold, Impala Platinum, Harmony Gold) was accounting for 23 per cent of foreign assets, followed by retail (Steinhoff, Barloworld, Shoprite, Pick n Play) with 20 per cent of total foreign assets, and the energy and chemicals sector, represented solely by Sasol, was the third with 18 per cent of total foreign assets. The only other sector represented was the transport and logistics industry (Imperial, Supergroup) with 5 per cent of total foreign assets resulting from South Africa's status

[45] In 2016 the BMW invested USD 417 million to start production of its newest X3 sport model.
[46]In April 2016, The Nestlé inaugurated its instant coffee factory in KwaZulu-Natal after investing USD 87.4 million in the plant's expansion.

as gateway to Africa. Other industries (like services, multimedia, information, technology, food and beverages) were represented solely by one firm.

Chart 3

Breakdown of the foreign assets of the top 20 multinationals, by main industry, 2015



Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

Table 17

Breakdown of the foreign assets of the top 20 multinationals, by main industry, 2015

Industry	Companies	Foreign Assets (US$ million)
Mining	Goldfields, AngloGold, Impala Platinum & Harmony Gold	11,211
Retail	Steinhoff, Barloworld, Shoprite & Pick n Pay	10,067
Energy & Chemicals	Sasol	9,076
Telecommunications	MTN	5,220
Services, Trading & Distribution	Bidvest	4,117
Multimedia	Naspers	2,794
Transport & Logistics	Imperial & Supergroup	2,351
Forestry & Paper	Sappi	2,345
Information Technology	Datatec	1,185
Construction	Aveng	652
Food & Beverage	Tiger Brands	352
Medical	Life Healthcare	266
Electronical Conglomerate	Altron	234

Source: NWU-CCSI research on leading South African multinationals, 2015, in: Bezuidenhout-Rensburg (2016)

7. FDI in Central and Eastern Europe: need for further research

Though South Africa has been reintegrated into the world economy, its capital movement has been revitalized and the European Union plays a dominant role in its economic relations, Central Europe is still a marginal partner for South Africa. Trade relations are negligible and trade balances are in favour of the CEECs (Kugiel (eds.), 2016). Albeit, there are some capital flows between the two partners, it is extremely difficult to get a clear picture as data vary from one source to the other, and from one year to the other. The main capital exporters from CEECs to South Africa are the Czech Republic and Poland: their outward capital stock in South Africa in the years 2010, 2011 and 2012 was 30, 13 and 25 million USD and 25, 9 and 9 million USD, respectively according the UNCTAD statistics. As far as the presence of South African FDI in this region is concerned, Poland is the most important destination, where the South African FDI stock was 1691 million USD in 2012. According to the Polish National Bank's data South African FDI in Poland amounted to USD 140.6 million at the end of 2013. There were some marginal investments in the Czech Republic, Hungary and Romania: South African FDI stocks were USD 14 million, 14 million and 7 million, respectively for the year 2012. According to another source (Kugiel (eds.), 2016) South Africa invested more than USD 200 million in Hungary.

In the case of South Africa, FDI is carried out mainly by the activity of MNEs. While the value of capital flow is rather limited, the footprint of South African multinational companies can be found in the CEECs as South African MNEs took part in the privatization process and in different mergers and acquisitions. The biggest South African MNEs are active in more than one CEECs suggesting that South Africa considers this region as a single market:

- *SABMiller* owned Pilsner Urquell in the Czech Republic and the Dreher Breweries in Hungary until recently, in Slovakia it owns a majority of Topwar brewery and active in Poland, too;
- *Naspers* owns Mall.cz in the field of internet retail and Heureka.cz, the price comparison site in the Czech Republic; it is active in Poland; bought a majority stake in the Slovakian Netretail, which operates online stores not only in Slovakia but also in Poland and the Czech Republic;
- *Mondi*, paper packaging is active in the Czech Republic, Hungary, Poland and Slovakia;
- *Bidvest* is an important player in food distribution and gastronomy in the Czech Republic and Slovakia,
- *Nowaco* works in the field of frozen food retail in the Czech Republic,
- *Pepco* discount clothing and household appliances store network is a relatively new player in Poland, Slovakia and Hungary,
- *Life Healthcare* company is active in Poland, and
- the *NEPI Rockcastle* bought the Arena Plaza shopping mall in Hungary for EUR 275 million in 2017.

As data available from international, South African and national sources are rather contradictory, further research is needed to acquire coherent and transparent data providing a solid base for further research concerning the main motives and strategies of South African MNEs in the East Central European region.

References

2017 Index of Economic Freedom, Heritage Foundation, http://www.heritage.org/index/pdf/2017/book/index_2017.pdf

Africa Investment Report 2017, Financial Times

African Economic Outlook, 2015, AfDB, OECD, UNDP, Washington, 2015

African Economic Outlook 2017, Special Theme, Entrepreneurship and Industrialisation, 316 p. http://www.oecd-ilibrary.org/development/african-economic-outlook_19991029

Aron, Janine - Kahn, Brian - Kingdon, Geeta (2009): South African Economic Policy under Democracy: Overview and Prospects, in: *South African Economic Policy under Democracy*, eds. Aron, Janine, Kahn, Brian and Kingdon, Geeta, Oxford Scholarship Online, Chapter, pp. 1-43.

Asham, Sam - Fine, Ben - Newman, Susan (2011): Amnesty International? The Nature, Scale and Impact of Capital Flight from South Africa, *Journal of Southern African Studies*, Vol. 37, No. 1, March 2011, pp. 7-25.

Asham, Sam - Fine, Ben - Padayachee, Visnu - Sender, John (2014) The Political Economy of Restructuring in South Africa, in.: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Chapter 5

Bezuidenhout, Henri - van Rensburg, Jacob (2016): An Original Ranking of South Africa's Global Players for 2013-2015. Potchefstroom, School of Economics of the North West University; New York, Columbia Center on Sustainable Investment. 35 p. http://ccsi.columbia.edu/files/2013/10/EMGP-South-Africa-Report-2016-FINAL.pdf

Black, Anthony (2014): The evolution and impact of foreign direct investment into South Africa since 1994, in: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Chapter 9

Bhorat, Haroon - Hirsch, Alan - Kanbur, Ravi - Ncube, Mthuli (2014): Economic policy in South Africa - past, present and future. In: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Introduction, pp. 1-36.

Connectivity redefined, EY's Attractiveness Program Africa, May 2017

De Beer, Barend (2015): South Africa's experience with capital flows since the financial crisis. From measurement to analysis. Paper presented at the IFC satellite meeting during the 60th ISI conference, Rio de Janeiro

Doing Business 2017, Equal Opportunity for All, Economy Profile 2017, South Africa, IBRD/WB, 2017, Washington, 113 p.

Dunning, J. H. (1993), Multinational enterprise and the Global Economy, Wokingham: Addison-Wesley

Edwards, Lawrence (2014): Trade Policy Reform in South Africa. In: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Chapter 1

Edwards, Lawrence - Cassim, Rashad - Seventer, Dirk van (2009): Trade Policy in South Africa. In: *South African Economic Policy under Democracy*, eds. Aron, Janine - Kahn, Brian and Kingdon, Geeta, Oxford Scholarship Online, Chapter 6, pp. 1-53.

Gelb, Stephan (2010): *Foreign Direct Investment Links between South Africa and China,* The EDGE Institute, Johannesburg, 2010, 63 p.

Gelb, Stephan - Black, Anthony (2004): Foreign Direct Investment in South Africa. In: Estrin, Saul - Meyer, Klaus E. (eds.) *Investment Strategies in Emerging Markets*, Edgar Elgar, Cheltenbaum, UK, 2004, pp. 177-212.

Glass Half Full, The 2017 A. T. Kearney Foreign Direct Investment Confidence Index, *Investment Country Profiles*, South Africa, February 2012, UNCTAD

Kugiel, Patryk (eds.) (2016): *V4 Goes Global: Exploring Opportunities and Obstacles in the Visegrad Countries' Co-operation with Brazil, India, China and South Africa*, The Polish Institute of International Affairs, Warsaw, 2016, 85 p.

Leape, Jonathan - Thomas, Lynne (2009): Capital flows, financial markets, and the external balance sheet. In: *South African Economic Policy under Democracy*, eds. Aron, Janine - Kahn, Brian and Kingdon, Geeta, Oxford Scholarship Online, Chapter 5, pp. 1-49.

Lundahl, Mats - Petersson, Lennart (2013): Post-apartheid South Africa: An Economic Success Story? In: Fosu, Augustin K. : *Achieving Development Success: Strategies and Lessons from the Developing World*, Oxford Scholarship Online, 1-32. pp.

Manuel, Trevor (2014): Twenty years of economic policymaking - putting people first, in: *The Oxford Companion to the Economics of South Africa,* Oxford press Scholarship Online, Chapter 1

National Development Plan 2030, Our future - make it work, Executive Summary, National Planning Commission, South Africa

OECD Economic Surveys, South Africa, July 2017, OECD http://www.oecd.org/eco/surveys/economic-survey-south-africa.htm

Orosz, Ágnes (2017): A multinacionális vállalatok szerepe szubszaharai Afrikában, in: *Szubszaharai Afrika gazdasága a 21. században* (szerk. Biedermann Zsuzsánna - Kiss Judit), Akadémiai Kiadó, Budapest, pp. 204-233.

Rankin, Neil (2014): Investment climate. In: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Chapter 23

Ricz, Judit (2017): A dél-afrikai fejlesztő állam kudarca. In: *Szubszaharai Afrika gazdasága a 21. században* (szerk. Biedermann Zsuzsánna - Kiss Judit), Akadémiai Kiadó, Budapest, pp. 273-289.

Smit, Ben (2015): Macroeconomic scenarios for South Africa: 2013-2025. In: *The Oxford Companion to the Economics of South Africa,* Oxford Press Scholarship Online, Chapter 3

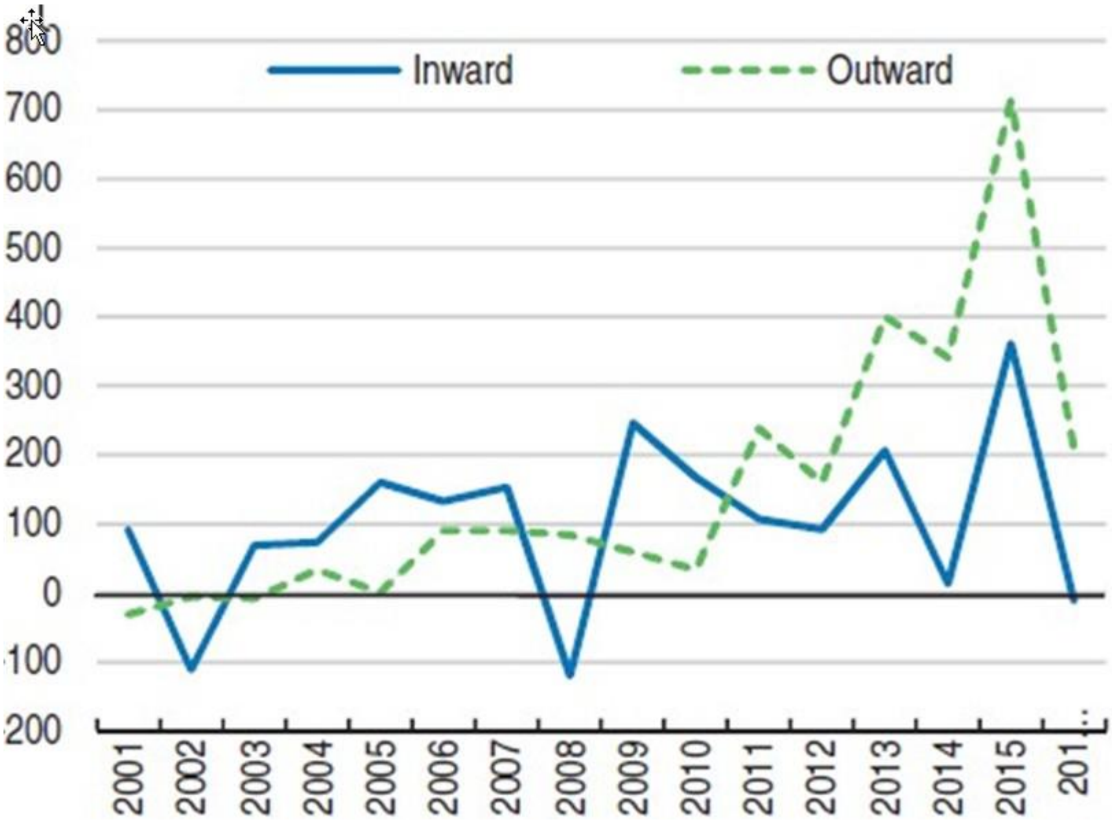
Verhoef, Griefjie (2016): Latecomer challenge. African multinationals from the periphery, ERSA (Economic Research Southern Africa) Working Paper 570, 29 p.

Wentworth, Lesley - Schoeman, Mark - Langalanga, Azwimpheleli (2014): Foreign Direct Investment and Inclusive Growth in Southern Africa, Economic Diplomacy Programme - SA Institute of International Affairs, Cape Town University, 18 p.

World Investment Report, UNCTAD, various issues

Appendix 1

Yearly FDI inflow and outflow in ZAR billion



Source: OECD, Economic Survey, South Africa, Overview, 2017