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Investment Guide Mozambique

Guia de Investimento Moçambique

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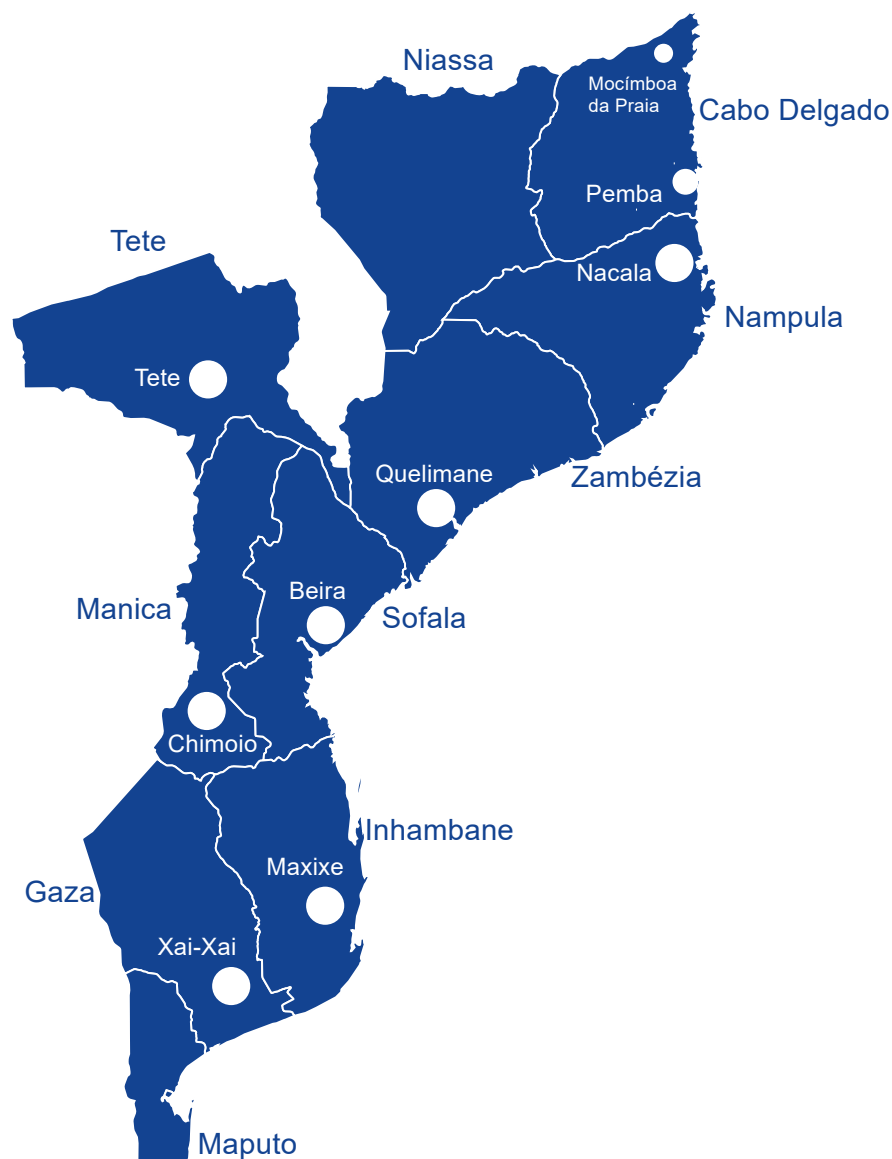




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MOZAMBIQUE PROFILE

1. GEOGRAPHICAL, CULTURAL AND DEMOGRAPHIC INFORMATION

Location: Mozambique is located on the south-eastern coast of Africa. It borders Tanzania to the north, Zambia, Malawi and Zimbabwe to the west, Indian Ocean to the east (bordering Comoros and Madagascar by sea) and South Africa and Eswatini to the south. This location puts the country in a strategic position in the Southern African region with its deep water ports giving easy access to international markets and being the first choice for regional importers and exporters.

Mozambique Provinces: Cabo Delgado, Niassa and Nampula in the north, Tete, Zambezia, Manica and Sofala in the Centre and Inhambane, Gaza, Maputo Province and Maputo City in the south.

The Main cities are: Maputo (the capital city), Matola, Beira and Nampula.

Area: Mozambique has an area of 799 390km² of which 786 390km² is firm land and 13 000 km² is interior waters.

Coastal line: The coastline stretches over 2,700 km from Rovuma to Maputo.

Population: Mozambique has a population of 33,897 million in 2023 and the annual population growth rate is 2.5%.

Religion: According to the most recent 2020 estimate, 55.8% of the population of Mozambique was Christian, 17.5% was Muslim (mainly Sunni), 0.5% had no religion, 26.1% adhered to traditional beliefs, and 0.3% of the population practiced other religions.

Languages: Portuguese is the official language, beside of 40 national languages. English is widely spoken in the main cities and as a business language.



2. WHY INVESTING IN MOZAMBIQUE?

Mozambique has both comparative and competitive advantages, as described below:

- **Strategic location (as a gateway to the Southern African Development Community, SADC):** Providing infrastructures (ports, railways, pipelines, power transmission lines and roads) that give access to land-locked and neighboring SADC countries (notably Zambia, Zimbabwe, Eswatini and Malawi).
- **Rich and diverse natural resources:** Vast land reserves (36 million of agriculture arable land), mineral resources (graphite, titanium, copper, rubies, gold, tantalum, coal), cheap and available energy supply, water, long coastline and a diverse cultural and historical heritage.
- **Abundant labour force:** The population of Mozambique is mostly young (i.e., 66.1% are under the age of 24), representing an important potential labor reserve. The most populous provinces are Nampula and Zambézia, in central part of Mozambique
- **Sustainable economic growth:** With economic growth reaching 4.2% in 2022, and 7.0% expected for 2023, Mozambique's economy is gaining momentum amid a challenging global context. Services and agriculture saw a good performance, thanks to the full resumption of mobility and higher agricultural productivity. It is expected that the LNG Projects under development will help Mozambique to grow at 6-7% and become one of the fastest growing economies in Sub-Saharan Africa for years to come.
- **Increased investment in infrastructure:** infrastructure development is one of the country's top priorities and public-private partnerships¹ are encouraged (Some successful examples include the Single Electronic Window managed by MCNET for collecting taxes on foreign trade, TRAC-Trans African Concession which manages the 500 km road infrastructure between Maputo, Mozambique and Witbank, South Africa, MPDC which develops and manages the Port of Maputo, Cornelder da Beira responsible for the development and management of the Port of Beira, Águas de Maçambique which manages water supply services in the city of Maputo, Kudumba which manages non-intrusive scanner services for external trade of goods, Simlex which issues IDs and Passports for citizens, etc.).
- **Access to preferential markets:** Signatory to the Trade Protocol of SADC, AGOA (USA), EPAs, EBAs and the Cotonou Agreement (EU), Africa Continental Free Trade Area (AfCFTA) Agreement which provides duty-free access of Mozambique products to EU markets and preferential access to SADC market. Mozambique also belongs to CPLP (lusophone countries), Commonwealth, Francophonie and Arab League.

¹ In Mozambique, PPPs were formally introduced for the first time in 2011, with Law 15/2011, of 10 August (Law on Public-Private Partnerships, Large Projects and Business Concessions), commonly known as the PPP Law.

- **Protection of investments:** Investments are regulated, protected and secured by relevant laws. Mozambique is member of ICSID, MIGA and ICC; signatory member of the New York Convention on the Recognition and Enforcement of Arbitral Awards as well as a signatory to bilateral investment promotion and protection agreements with many countries around the globe, including South Africa, Germany, Algeria, Belgium, Botswana, China, Cuba, Denmark, Egypt, USA, U.S. development finance institution (Overseas Private Investment Corporation), Finland, France, Indonesia, Italy, Mauritius, the Netherlands. Portugal, Sweden, United Kingdom (UK), Vietnam, Zimbabwe, India, Spain, Switzerland, Japan, Brazil, Singapore and Turkey.
- **Competitive incentives:** the government offers fiscal and non-fiscal incentives, and it has signed agreements to prevent double taxation and fiscal evasion with Portugal, Mauritius, the United Arab Emirates (UAE), the Administrative Region of Macau, Italy, South Africa, Botswana, India and Vietnam.

3. MOZAMBIQUE ECONOMY

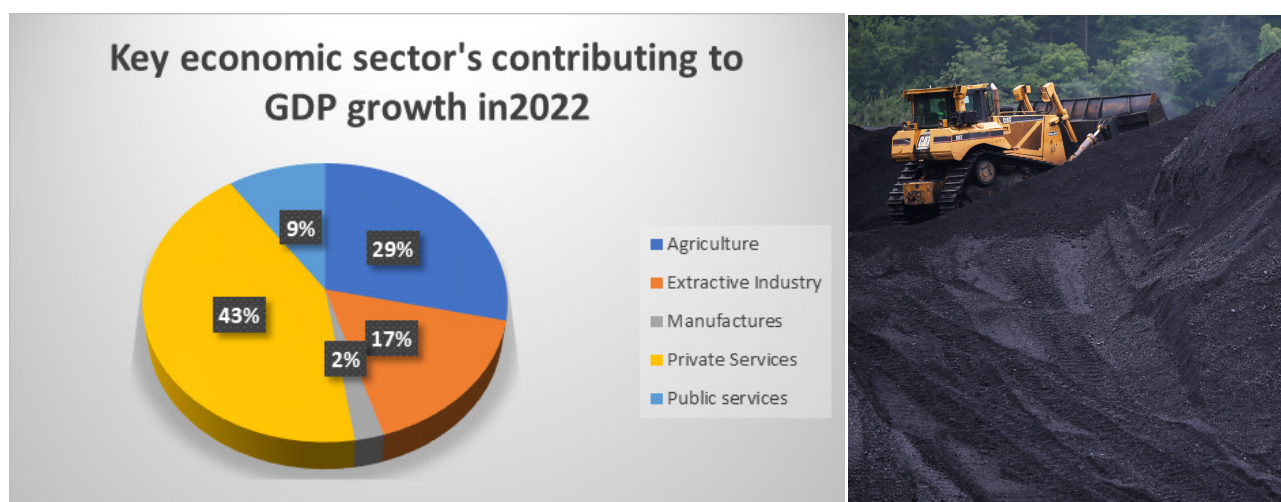
3.1 KEY ECONOMIC INDICATORS

Mozambique's economic story is one of growth, opportunity, and resilience. As the nation opens its doors to global investment, it offers a compelling landscape for those seeking dynamic and profitable ventures.

- **Economic growth:** The table below highlights the economic growth of 4.1 percent in 2022, a post-pandemic recovery, sustained cumulatively by increase in agriculture productivity and full recovery of services due to post-pandemic mobility.
- **Inflation rate:** Over the last five years, inflation escalated, having stood at 9.8% in 2022, influenced by the global increase in fuel and food prices. However, the country's average inflation rate of 5.6% in the last 5-years remained well below the average of sub-Saharan inflation rate which averaged 11,7% in the same period (IFM).
- **Per capita income:** Mozambique remains a Low-Income Country with an average Gross National Income per capita of only USD 494.

	2017	2018	2019	2020	2021	2022	2023
GDP. current prices. billions of USD	13.41	14.85	15.29	14.16	15.78	17.94	21.94
GDP growth. constant prices (%)	3.7	4.4	2.3	-1.2	2.2	4.4	7.0
GDP per capita. current prices in US Dollars	466.18	504.536	503.32	454.06	491.84	544.13	647.14
Average annual inflation rate (%)	5.7	5.6	3.5	4.5	5.7	9.8	7.4

- **Public Finances Management:** in 2021, Mozambique's national debt relative to GDP stood at 107.2%, and down to 102.6% in 2022, highlighting the need for careful debt management. The budget deficit, in relation to GDP, reached 3.64% (indicating a need for fiscal discipline), and the ratio of government expenditure to the GDP was 31,53% (underscoring the importance of efficient use of public resources to support economic growth and financial stability).
- **Contribution of the key sectors to the GDP:** Mozambique's economic growth in 2022 was driven by agriculture and services as shown in figure below.



3.2 COMMUNICATIONS & INTERNET

- There are good telecommunications in Mozambique.
- Cell phone reception is widespread and can purchase 'pay as you go' cards cheaply in many stores.
- There are three local service providers (TMCEL, Vodacom and Movitel).
- International roaming is an option albeit expensive.
- There are several internet cafes in Maputo and other provincial capital cities in many of the hotels and tourist resorts will have internet access.

3.3 BANKING, ACCESS AND COST OF CREDIT

- All of the commercial banks offer foreign exchange services on accounts. Currency exchange is done at a number of privately owned foreign exchange companies around Maputo city and provincial capitals.
- Central Bank restrictive policy aiming at controlling inflation impacted negatively on real interest rates, making it costly to acquire credit.
- It's advised that investors wishing to enter Mozambique include financing packages in their investment projects.

	2018	2019	2020	2021	2022
Permanent Deposit Facility (%)	11,75	9,75	7,25%	10,25	14,25
Permanent Lending Facility (%)	17,25	5,75	13,25	16,25	20,25
Prime rate (%)	20,20	18,10	15,90	18,60	24,10

Source: Central Bank, 2022

Currency: The currency of Mozambique is the Metical, but the US dollar and the South African Rand are widely accepted. Traveler's cheques are hard to convert in Mozambique and it would be better to carry cash. Visa cards is widely accepted.

4. FOREIGN TRADE AND EXCHANGE RATE

Mozambique's external position is characterized by accelerated growth in the importation of capital goods and specialized services associated with increasing inflows of FDI, which in their turn, constitute one of the key funding sources for the country's current account deficit.

Exports have also seen a major rise because of increasing inflows of FDI with goods such as coal, natural gas, titanium and aluminum taking the lead. In 2022, Mozambique's exports amounted to US\$ 8.2 billion, on the other hand, imports reached an amount of US\$ 13.3 billion (Source: Central Bank, 2023). In terms of exports, the emphasis is on the increase in revenues from coal, aluminum, heavy sands and natural gas. On the import side, the highlight is the growth in the bill paid for the import of machinery, fuel and raw aluminum.

The nominal and real effective exchange rates remained stable, reflecting a satisfactory supply of foreign currency. The Metical remained stable, despite the increase in demand for foreign currency, mainly for fuel imports. The average exchange rate against the US dollar was 63.8 in 2022, with low volatility.



These trends reflect a reliable supply of foreign exchange - with the Central Bank covering foreign currency needs for fuel imports - and a preference for exchange rate stability on the part of financial institutions (World Bank, 2023).

	2018	2019	2020	2021	2022
Exports (millions of USD)	5 012,3	4 663,9	3 588,5	5 579	8 218,0
Imports (millions of USD)	6 994,2	7 427,8	6 471	7 837	13 337,0
MZN/USD	61,47	63,16	74,91	63,83	63,87
MZN/EUR	70,25	68,93	92,02	72,27	68,18
MZN/ZAR	4,28	4,39	5,09	4,02	3,77

Source: World Bank and Central Bank

low volatility. These trends reflect a reliable supply of foreign exchange - with the Central Bank covering foreign currency needs for fuel imports - and a preference for exchange rate stability on the part of financial institutions (World Bank, 2023).

4.1. MOZAMBIQUE-EU TRADE FLOWS

Mozambique enjoys a positive trade balance with the EU. In 2022, Mozambique demonstrated a robust trade balance with the European Union (EU), highlighting the lucrative potential of this market. The table reveals Mozambique's exports to the EU market at €2.9 billion, significantly exceeding imports at €868 million. Key export destinations included the Netherlands and Italy. Notable export categories included aluminum (27%), mineral coal (25%), tobacco (10%), gas (9%), and heavy sands (7.1%). Leading exporting companies were Mozal SARL (Aluminum), Vulcan Mozambique SA (Coal), Kenmare Moma Processing Limited (Heavy sands), Moçambique Leaf Tobacco Impexp (Tobacco), Mozambique Rovuma Venture SPA (Gas), and Vale Moçambique SA (Mineral Coal).

Mozambique primarily imported goods from Portugal and Germany. Major import products from the EU market comprised wheat, reagents, medicines, meat, and edible poultry offal. Prominent companies involved in EU imports included Coral FLNG (gas), the public utility company (EDM), Pembe Mozambique, the beer company (CDM), Sasol Petroleum, Labora clinic technology, Mozal, and Merec Industries.

	2018	2019	2020	2021	2022
Export of goods (Millions of EUR)	1 748	1 663	1 250	1 572	2 895
Import of goods (Millions of EUR)	670	698	696	811	868
Trade balance (Millions of EUR)	1 078	965	553	761	2 027

Source: IMF, 2022

4.2 Total Goods: Top Trading Partners In 2022

- The table below presents Mozambique's top 10 trading partners in 2022, considering the EU27 as a single market. South Africa is Mozambique's largest trading partner, accounting for 23.8 % of total trade. The EU27 follows closely with 16.1% of Mozambique's total trade.
- In terms of Mozambique's imports, 31.4% were sourced from South Africa, while the EU27 dominates Mozambique's 2022 world exports destination, representing 26.2%.

No.	Mozambique's Imports from			Mozambique's Exports to			Total Trade		
	Trade Partner	Amount In Million of EUR	% World	Trade Partner	Amount In Million of EUR	% World	Trade Partner	Amount In Million of EUR	% World
	World	9298	100,0	World	6978	100,0	World	16276	100,0
1	South Africa	2921	31,4	EU27	1830	26,2	South Africa	3881	23,8
2	China	1081	11,6	India	1455	20,9	EU27	2615	16,1
3	EU27	785	8,4	South Africa	961	13,8	India	2220	13,6
4	India	765	8,2	China	563	8,1	China	1645	10,1
5	United Arab Emirates	624	6,7	South Korea	452	6,5	United Arab Emirates	731	4,5
6	Singapore	483	5,2	Zimbabwe	287	4,1	Singapore	568	3,5
7	Saudi Arabia	430	4,6	Canada	123	1,8	South Korea	454	2,8
8	Malaysia	295	3,2	United Kingdom	118	1,7	Saudi Arabia	450	2,8
9	USA	267	2,9	USA	110	1,6	USA	378	2,3
10	Japan	207	2,2	United Arab Emirates	107	1,5	Malaysia	321	2,0
	EU27	785	8,4	EU27	1830	26,9	EU27	2615	16,1

Source: IMF, 2022

5. INVESTMENT LEGAL FRAMEWORK AND SUSTAINABLE INVESTMENT

5.1 NEW INVESTMENT LAW (LAW 8/2023)

Changes in the Law 8/2023	Content
Investment regimes (art. 22)	Introduces two regimes (i) mere registration; (ii) authorization regime applicable to large-scale projects, public-private partnership ventures and business concessions, investments projects that require an extension of land equal to or greater than 10 thousand hectares, forestry concession of an area greater than 100 thousand hectares or that have as their objective the industrial processing of mining and/or petroleum products
Forms of Investments (art. 16)	Introduces other forms of direct investments: (i) the provision of specialized services from abroad for the benefit of economic projects in the country, (ii) the investment of capital in national territory within the scope of reinvestment, and (iii) the convection of the amount of the Mozambican external debt relating to financing registered with competent entity.
Investor's guarantees (arts 4, 11 & 23)	Expressly establishes investors' guarantees of equal treatment and non-discrimination; respect for property rights and other real rights; free competition and ethics among economic operators; the freedom to manage the companies, the right to maintain in force the licenses; the right to import goods from abroad for the execution of the projects and to export goods. Introduces the duty of the competent bodies to provide a justification, the duty of investor to hold a prior hearing so that he may comment within a maximum of 10 working days from the date of notification, and duty to decide on the investment project, notifying investors within five days.
Investor's obligation and responsibilities (art. 12)	Expressly establishes the general and special duties of the investor, including the payment of taxes, fees and other due obligations including an obligation to contribute to the development of social responsibility policies.
Offenses and penalties art. 28	Introduces the right to information by notifying and hearing the investors before the effective imposition of the sanction
Dispute Resolution (art. 26)	Expressly establish the right of Investors to defend their rights and interests either before national courts or before international
Regulation on the new investment law	Not yet published

5.2 SUSTAINABLE INVESTMENTS AND RESPONSIBLE BUSINESS CONDUCT

Sustainable investments and responsible business conduct have become increasingly important in Mozambique, aligning with global trends towards environmental, social, and governance (ESG) considerations. Here are some key points related to sustainable investments and responsible business conduct in Mozambique:

- **Natural Resource Management:** Mozambique is rich in natural resources, and responsible business conduct involves sustainable practices in sectors such as mining, forestry, and agriculture. This includes efforts to minimize environmental impact, promote biodiversity, and ensure fair and ethical resource extraction.
- **Renewable Energy:** Given the global push towards renewable energy sources, Mozambique has been exploring sustainable energy solutions. Investments in solar, wind, and hydroelectric power contribute to both economic development and environmental conservation.
- **Social Responsibility:** Responsible business conduct in Mozambique includes a focus on social impact, notably economic and physical displacement. Companies are increasingly expected to contribute positively to local communities through job creation, education, healthcare, and infrastructure development and fair compensation to the project affected people.
- **Human Rights:** Companies operating in Mozambique are encouraged to uphold human rights standards. This includes fair labour practices, non-discrimination, and respect for local communities, especially in areas affected by large-scale projects.
- **Governance and Transparency:** Transparency and good governance are essential components of responsible business conduct. Companies are encouraged to adhere to ethical business practices, combat corruption, and maintain transparent financial reporting.
- **Sustainable Agriculture:** Mozambique's economy relies significantly on agriculture. Sustainable practices in this sector involve promoting soil health, efficient water use, and fair treatment of workers.
- **Climate Resilience:** Mozambique is vulnerable to climate change, and responsible business conduct involves efforts to enhance climate resilience. This includes infrastructure development that can withstand extreme weather events and initiatives to reduce carbon emissions.



- **International Standards and Guidelines:** Many businesses in Mozambique follow international standards and guidelines, such as the United Nations Global Compact principles, to ensure alignment with global best practices in sustainability and responsible business conduct.

5.3 NEW FOREIGN EXCHANGE LAW

Law no. 28/2022, of December 29, which came into force on January 30, 2023 and has recently been approved, revoking Law no. 11/2009, of March 11th (the Previous Foreign Exchange Law).

Law 28/2022 of December 29 th	Description
Objective incidence (art. 1, 23-26)	In terms of objective incidence, it regulates the acts, businesses, transactions, and operations carried out in the country by virtue of a special foreign exchange regime or because it involves foreign currency; and the regime of entities authorized to carry out foreign exchange trade and the partial foreign exchange trade.
subjective incidence (art. 2)	It is applicable to non-resident natural and legal persons, that realizes foreign exchange operations; the State and other legal entities governed by Public Law; representation forms of resident and non-resident legal persons; and concessionaires, special purpose vehicles and each main subcontractor, well as financiers, non-resident subcontractors and expatriate personnel, intervening as parties in the oil and gas sector operating in the Republic of Mozambique.
Identification number, art.5	A Unique Bank Identification Number (NUIB) was created, which comprises the unique numerical identification attributed by the Central Bank to natural and legal persons, for banking and foreign exchange operation use.
Entrance and exit of foreign currency	The entrance and exit of foreign currency into the country, in cash or other payment means, is free up to the limit established by the Central Bank, and that the amounts must be declared whenever they exceed that limit. It foresees the regime of seizure of values above the established limits, determining that, without prejudice to situations that may constitute a crime.
Special Foreign Exchange Rates Regimes, art. 32	The following are subject to specific foreign exchange regulations: Remittances from Mozambican emigrants; Exchanges in border areas; Transfer abroad of winnings resulting from the practice of games of chance or amusement or social entertainment by non-resident players, in venues authorized by the competent authority; Mozambique Stock Exchange; Special Economic Zones and Industrial Free Zones; Extractive Industry - Decree-Law no. 2/2014, of December 2 (Establishes the Special and Applicable Legal and Contractual Regime for Liquefied Natural Gas Projects in Areas 1 and 4 of the Rovuma Basin); Contracts signed with the Mozambican Government containing a special foreign exchange regime and entered into prior to the entry into force of the new Foreign Exchange Law; and Others determined by the Central Bank.
Foreign exchange transactions, art.28	Current Transactions: which include payments and receipts in foreign currency related to foreign trade, remittances, and other current obligations; Capital Transactions: involving transfers of capital, including new additions such as investments abroad; and Other Foreign Exchange Transactions: encompassing activities like opening foreign accounts, dealing in financial derivatives, and foreign currency transactions in domestic trade.
Penalty Regime (art. 48, 49)	It regulates offences and misdemeanor procedures (including preliminary proceedings and precautionary measures) in foreign exchange matters. It is also applicable to acts committed abroad if there is a connection with Mozambican territory.

5.4 ACCESS TO LAND

Under the Constitution of the Republic of Mozambique all land is the property of the State and can be used on a lease basis. The right to land use is regulated by the Land Law (Law N° 19/97, 1 of October) and the Land Law Regulation (Decree N° 66/98, 8 of December). The maximum period of a land lease is 50 years, renewable for a further 50-year period.

Land lease titles (known as DUAT) are transferable for buildings and real property assets upon presentation of a public deed. The following conditions will apply in order to become a holder of land-use rights:

- Foreign individuals or collective persons with adequately approved investment projects and applicable to either;
- Single individuals who have been residing in Mozambique for at least five years; or
- Collective entities who are incorporated and registered in Mozambique.
- Consulting with the local community is needed.

There are three levels to allocate the land: Governor; Ministry of Land, Environment and Rural Development; and the Council of Ministers. Article 22 of the 1997 Land Law states that for non-urban areas, the approval of land use is under the competency of provincial governments for areas smaller than 1,000 hectares; the Ministry of Agriculture for areas larger than 1,000 hectares but smaller than 10,000 hectares; and the council of ministers for areas larger than 10,000 hectares.

6. INVESTMENT OPPORTUNITIES

6.1 AGRICULTURE

Mozambique has tropical to sub-tropical climate with fertile soil, ample rainfall, 36 million hectares of arable land, mostly unutilized and irrigable area estimated at about 3.0 million hectares, eight river basins considered the most favorable for the development of irrigation, Maputo, Limpopo, Búzi, Zambezi, Licungo, Melúli, Lúrio and Rovuma.

Mozambique identified 15 strategic value chains with greatest opportunities: maize, rice, potatoes, beans, cassava, poultry, meat, sweet potatoes, vegetables, banana, sugar, sesame, soy, cotton, cashew-nut, macadamia and paprika.



Important Agriculture Corridors

Mozambique is structured in development corridors (Pemba-Lichinga, Nacala, Zambeze Valley, Beira, Limpopo, Maputo) to produce food, livestock, forestry and fishing/aquaculture products as indicated below;

Food	Livestock	Forestry	Fishing/ Aquaculture	Main Investments on Value Chains
Oleaginosas (girassol, soja, gergelim)	Carnes Vermelhas (bovina, caprina)	Madeira	Camarao de Agua Doce	Agriculture inputs: produce and supply higher yielding seeds and fertilizers; Supply farming machinery and equipment Irrigation structures Seed supply Commercial and contract farming Harvest equipment supply Development of logistics and storage infrastructure Food industry, agro-industry, milling, Feed for livestock and poultry
Feijoes	Frango Ovos Leite	Celulose	Peixe Marinho	
Cereais (milho, mapira e arroz)			Peixe de Agua Doce	
Acucar				
Castanha de Caju e Macadamia				
Hortícolas (Tomate e Cebola)				

Source: MADER, 2022

6.2 FISHERIES AND AQUACULTURE

There are investment opportunities in Fisheries and Aquaculture, Renewable energies and Marine Extractive Industry, Transport and infrastructure, Natural Capital, Environment and Circular Economy and Coastal and Marine Tourism.

Crustaceans and marine fish farming, seaweeds, fresh water fish.

The country has a coastline of 2,700 km in a straight line. Environmental conditions (climate, salinity, pH, oxygen, transparency, turbidity, wind and topography) are favorable to marine crustaceans and fish farming. They can be harvested in two to three cycles per year.

- Potential area for marine farming (fish and crustaceans):
77.592 hectares



- Expected production: 540,000 tons
- Crustaceans and fish farming, through construction and exploration of production ponds
- Laboratories for the production of post-larvae, and
- Processing, cold storage and transport infrastructure

6.3 TOURISM AND HOSPITALITY

The Tourism Development Plan 2015-2024 has defined growth targets for tourism development in Mozambique include an increase in international tourist arrivals by 2 to 3 million and domestic arrivals by 4.9 to 10.5 million. Additionally, it sets an increase in international tourism revenue from USD 1.4 to USD 4.2 billion and domestic tourism revenue from USD 1.8 to USD 5.8 billion. The goals also involve a rise in direct employment in the tourism sector from 59,900 to 143,700 jobs and indirect employment from 173,700 to 416,700 jobs.

Unique investment opportunities in national parks and reserves, the possibility of investment in private game farms in the interior of the country, benefiting from fauna and flora, combined with beach tourism along the 2 700 km coast and on islands and archipelagos.

Investment opportunities on tourism in Mozambique are diverse and cover sun and beach, eco-tourism, culture and historical heritages, adventures and entertainment.

The Government identified specific areas and protected by law for integrate tourism development: Inhassoro Integrated Resort; Pemba Integrated Resort (east coast of Pemba); Pemba Marina; Business Hotel in Pemba, Inhassoro Hotel; Crusse Jamali Resort.



6.4 ENERGY AND MINERAL RESOURCES

Mozambique is endowed with an enormous and diversified energy resource base, most of which remains untapped (table below).

In terms of energy opportunities Mozambique and neighboring countries (South Africa, Malawi, Zambia and Zimbabwe) are in deficit in terms of electricity supply. Investments on energy value chain are need, notably on production, transportation and distribution. The country relevant sources of power production include solar, hydropower, wind, thermal and natural gas.

Minerals	Location
Tantalum Pentoxide	Zambézia (região pegmatítica)
Iron (124 000 000 t)	Manica, Tete and Nampula
Titano-magnetite (50 000 000 t)	Tete
Bauxite (130 000 t)	Zambézia
Nopheline syenites (4 300 000 t)	Niassa
Heavy sands (40 000 000 t)	Zambézia and Nampula (between Quelimane and Angoche) and Gaza
Grafite (1 0 000 000 t e 5 000 000 t)	Mount of Lúrio river, Tete & Cabo Delgado
Apatite (150 000 000 t)	Nampula
Marble (25 km long/15 km wide)	Cabo Delgado (região de Montepuez)
Fluorite (3 000 000 t)	Sofala & Tete

Source: MIREME



The main mineral resources being explored in the country are: coke coal, marble in blocks and sheets, sea salt, bauxite, face table garnet, cut stones, graphite and, recently, natural gas, in Pande and Temane and heavy sands in Nampula and Gaza. Natural gas is exported to RSA and is also used in some regions of Mozambique.

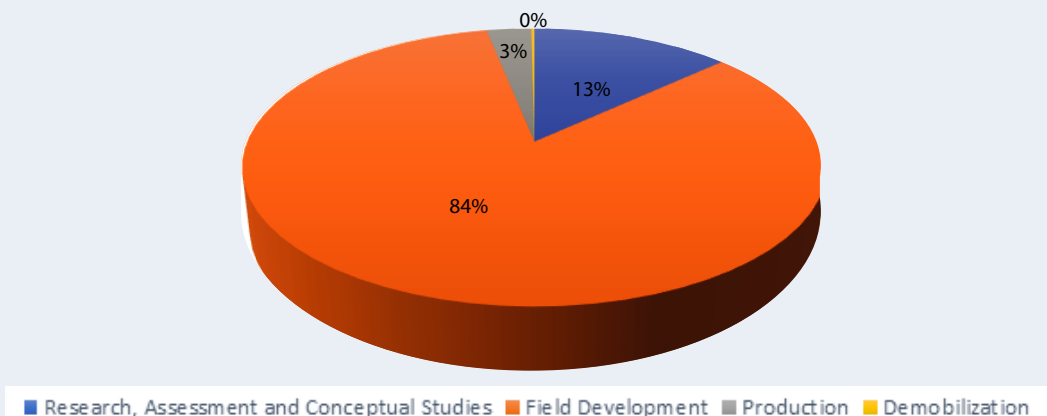
Exploitation of the 23 billion tons of coal reserve potential:

- 40 million tons/year production capacity.
- The main producers of coal are: Jindal Steel and Power Ltd (JSPL); Minas de Moatize, Vale Mozambique (currently under Volcano management) and Minas de Benga.
- The total coal sales in 2022 was 14 290 133,98 tons of which 99.72% was exported.

Exploitation of more than 200 TCF natural gas reserves

- 2.5 TCF proven reserves from Pande and Temane gas fields, under exploitation (2004)
- 170 TCF fully studied reserves from the Rovuma Basin, with the production partially started in 2022 (second semester) by the Coral South offshore facility.
- Between 2017-2021, Mozambique received a total of US\$ 18.1 billion of investments on oil & gas of which US\$ 15.1 billion (84%) were spend directly on gas field development (figure below).
- The oil & gas players in Mozambique include: Sasol Petroleum Temane (South Africa), Total Energies Mozambique (France), ExxonMobil (USA), Eni Mozambico S.p.A (Italy), ENH (Mozambique); MozGas (UK).

Oil & gas accumulated investment 2017-2021



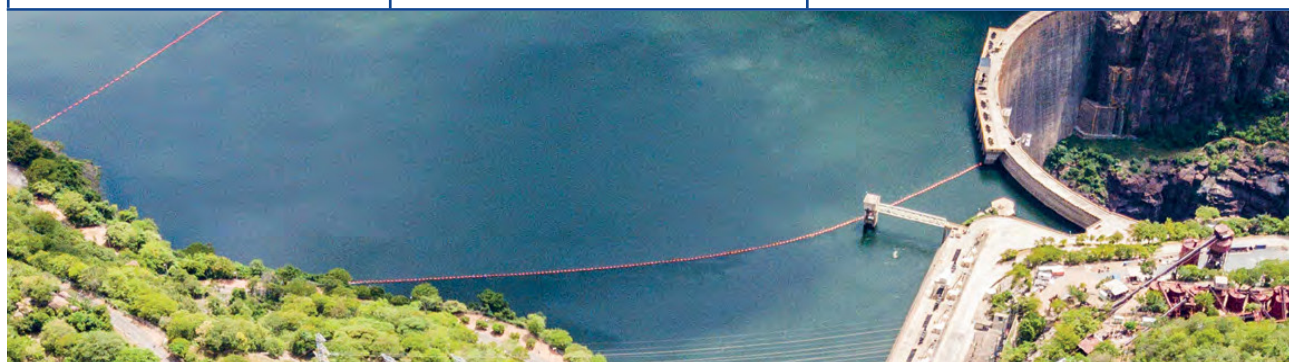
Exploitation of more than 23TW of renewable energy potential:

- Hydro 18 GW; Wind 4GW; Solar 23,000 GW and Biomass 0.2 GW
- Installed capacity for 2022 stands for 2 876,32 MW equivalent to 2.9 GW. This represents 0,012% of the existing renewable energy potential.
- The key power producers are EDM (the public utility company) and independent power producers (IPP).
- The major IPP is Hidroelectrica de Cahora Bassa (HCB).

Mozambique's installed capacity, 2022

Energy sources	Hydro Power MW	Key Power Producers
HCB	2075	IPP
Mavuzi	52,5	EDM
Chicamba	44,0	EDM
Corumana	16,2	EDM
Others	3,32	EDM & IPP
Sub-total Hydro	2191,42	EDM & IPP
Solar power	71,0	IPP

Energy sources	Hydro Power MW	Key Power Producers
Natural gas	447,2	IPP
Diesel	132,1	IPP
Biomass	35,0	IPP
Total	2 876,32	



6.5 INFRASTRUCTURES AND TRANSPORT DEVELOPMENT

In partnership with the private sector, while encouraging well-regulated public private partnerships, the government is giving priority for development of the public infrastructures as follow:

Ports and railways: one of Mozambique's best facilities is its infrastructure, especially ports and railways connecting landlocked neighbors to the Indian Ocean. The main ports of Maputo (with installed capacity to handle 350 000 TEU), Beira (100 000 TEU) and Nacala (75 000 TEU) are at their peak of performance following upgrading with the involvement of private sector. In addition, the immense natural gas deposits in the Rovuma Basin have prompted the authorities to establish a logistical harbor in Pemba where a deep-water port already exists. A new Deepwater port and railway infrastructures (in Techobanine, Matutuine District) is planned to link Mozambique and Botswana by a railway.

Roads and bridges: are being upgraded everywhere in the country and new ones are being built. In Maputo, the construction of ring road and a bridge across Maputo Bay to the town of Catembe has improved the urban mobility. A new and first-class road infrastructure was established, linking Maputo city, Catembe, to the tourist town of Ponta de Ouro on the border with the wealthy South African province of KwaZulu Natal, the economic activity including cross border trade will receive a major boost.

Airports and border posts: Upgrading airports and cross boarder infrastructures are a top government priority. Maputo, Vilanculos and Pemba have already seen their airports rebuilt. The port city of Nacala and Xai-Xai benefited from a brand-new international airport which play a major role for the economy of the south and northern region of the country. Ressano Garcia and Machipanda cross border posts are on the government plan for upgrading and unification to become a one stop boarder post. Including Angoche fish Port with annual capacity of 300,000 tons.

Maritime cabotage: Rehabilitation and Improvement of Secondary and Tertiary Ports Infrastructures: (Inhambane, Vilanculo, Chinde, Pebane, Moma, Angoche, Mocímboa da Praia), acquisition of Ships for Maritime Cabotage, as well as a freighter "School" to operate in a cabotage regime to strengthen the School of Nautical Sciences in the training of maritime personnel.

Water supply and drainage infrastructures: Water supply and drainage of stormwater is a challenge in many Mozambican cities and villages. The government is promoting PPP initiatives for water projects including dam/weir construction for Water supply, irrigation and energy generation as well as development of drainage systems.

Housing and commercial infrastructures: Housing needs mainly in the main cities and commercial development are increasing in Mozambique, which leads the government to promote the mobilization of investments in this sector, which can take the form of PPP. This includes the construction of residential, office and commercial buildings, including condominiums.

6.6 MANUFACTURING

Unlock Exciting Investment Opportunities in Mozambique's thriving Manufacturing Sector.

- **Food and Agro-Processing:** Mozambique's fertile land and growing agricultural industry present a golden opportunity for investors. Dive into food processing, biofuels and agribusiness to harness the country's abundant resources.
- **Packaging and Printing:** With the rising demand for consumer goods, the packaging and printing sector is on the rise.
- **Wood Processing:** Mozambique's wood and furniture manufacturing competes strongly in Africa. Investing in this eco-friendly sector help tapping into the global demand for quality wood products.
- **Textile and Apparel:** The textile and apparel industry offer great potential. Leverage the skilled workforce and resources to enter this market with high export potential.
- **Building Materials:** As construction booms, the demand for building materials is soaring. Explore opportunities in this sector to support the country's infrastructure development.
- **Beverage production:** Join the vibrant beverage and soft drinks industry. With companies like CDM-Cervejas de Mozambique and Heineken, Coca-Cola Mozambique, driving growth, there's a promising future.
- **Cement Production:** Cement is the foundation of any growing economy. Key players include Cimentos de Moçambique, Limack Cimentos, and Dugongo who are making significant contributions.

- Tobacco Processing: Mozambique is home to top tobacco companies like Mozambique Leaf Tobacco, Britch American Tobacco, and Fabrica de Cigarros de Mozambique and still exist opportunities.

7. FISCAL AND NON-TAX INCENTIVES

7.1 GENERAL REGIME

The Investment Law grants certain tax and customs benefits depending on the amount, location and sector of investment activity. The current incentive schemes are:

- Generic Fiscal and Customs Benefits: Investments carried out under the Investment Law are exempt from payment of customs duties and VAT on capital goods and their accompanying parts and accessories classified as Class K of the Customs Tariff.
- Tax Credit per Investment: Investments carried out in Maputo City benefit, for a period of five tax years, from a deduction (not to exceed the tax payable in respect of the investment project activity) from Corporate Income Tax (IRPC) that is equal to 5% of the total investment realised.

The percentage is 10% in all other remaining provinces. In addition, there are specific regimes for:

- Agriculture and Fisheries;
- Trade and Industry in Rural Areas;
- Manufacturing and Assembly Industry;
- Creation of Basic Infrastructure;
- Industrial Free Zones;
- Tourism and Hotels;
- Large Scale Projects.

7.2 SPECIAL ECONOMIC ZONE

Special Economic Zone Operator:

- Exemption in the first 5 tax years
- Rate reduction by 50% from the 6th to the 10th fiscal year
- Rate reduction by 25% for the life of the project

Special Economic Zone Companies:

- Exemption in the first 3 tax years
- Rate reduction by 50% from the 4th to the 10th fiscal year
- Reduction by 25% from the 11th to the 15th fiscal year

Services Special Economic Zone Companies:

- Rate reduction by 50% for 5 fiscal years

7.3 INDUSTRIAL FREE ZONES

Industrial Free Zone Operator/Company:

- Exemption in the first 10 tax years
- Reduction of the rate by 50% from the 11th to the 15th fiscal year
- Reduction by 25% for the life of the project

Isolated Industrial Free Zone Company:

- Exemption in the first 5 tax years
- Reduction of the rate by 50% from the 6th to the 10th fiscal year
- Reduction by 25% for the life of the project

8. THE COUNTRY FISCAL SYSTEM

The Mozambique's Taxation System comprises national and municipal taxes. The municipal taxes types and amount vary across the municipalities.

8.1 NATIONAL TAXES

IMPORT CUSTOMS DUTIES

Imposed on imported and exported goods. The rates vary as follows:

- Equipment 5.0%
- Raw Material 2.5%
- Semi-finished products 7.5%
- Finished products 20.0%

VAT – VALUE ADDED TAX

- 16.0%

IRPC (CORPORATE TAX FOR RESIDENTS & NON-RESIDENTS)

Taxable on gained in come during the taxation period from tax payers, namely commercial or civil companies, cooperatives, public companies and other corporates, both public and private, entities

- 32.0%

IRPS (Payroll Tax)

- Minimum 10.0%
- Maximum 32.0%

WITHHOLDING TAX (Dividends)

Any non-resident entity carrying out economic activities in Mozambique, without being registered as a taxpayer, is liable, in general, to a final and definitive 20% WHT that is applied on all income earned.

- 20.0%

8.2 SOCIAL SECURITY

The registration of works and their respective employers with the National Social Security System is mandatory. The fee for social security is 7%, namely 4% paid by the employer and 3% paid by employee.

9. ENTRY VISAS

Issuing entity and valid period:

- Obtained from Mozambican Ministry of Foreign Affairs, Embassies, and Consulates.
- Single entry valid for 30 days, extendable; multiple entry valid for 90 days, non-extendable.
- Visa fee for non-exempted countries is USD 100.00.

e-Visa:

- Online platform (evisa.gov.mz) for pre-approval of selected Visa types (border visa, crew visa, sport and culture visa, humanitarian assistance visa, business visa, investment visa, and tourism visa).
- Applicants apply online, fill up a form, provide required documents, and receive an answer via email in a PDF format within 5 business days.
- Approval results will be issued in a PDF format with a barcode to be displayed to the immigration officers who will print a physical visa and attach it to the passport upon payment of a fee.

Visa Exemption

- 28 countries exempt from tourism and business visas. It requires travelers to register on a platform for pre-screening, at least, 48 hours before traveling and to pay a processing fee of MZN-650 (equivalent £8.50).
- The EU visa exempted countries are (11):

European Union		
<ul style="list-style-type: none"> ○ Belgium, ○ Denmark ○ Finland ○ France 	<ul style="list-style-type: none"> ○ Germany, ○ the Netherlands ○ Norway 	<ul style="list-style-type: none"> ○ Portugal ○ Spain ○ Sweden ○ Italy

- Allows 30-day stay, renewable for an additional 60 days.

Impact of e-Visas

- Introduction of e-visas led to a 30% increase in travelers compared to the previous year.

Bilateral Agreements

- Citizens from certain countries, including South Africa, Botswana, Seychelles, Swaziland, Mauritius, Malawi, Zambia, Tanzania, Zimbabwe and Namibia, are exempt from entry visa requirements

10. PROCEDURES TO REGISTER A COMPANY IN MOZAMBIQUE

In light of the Commercial Code² and complementary legislation the procedures approved by the Mozambican authorities for business registration have been simplified and company registration occur at the Commercial Registry Offices. The Registry Office of the area where the company's headquarters, main establishment and any branch or corporate representation are located will be competent to carry out the registration. Company registration can also be made through a Balcão de Atendimento Unico (One-Stop-Shop, OSS) where it has been established by the government. For companies incorporated abroad that wish to establish a branch or corporate representation in Mozambique, the Commercial Registry Office for the area where that branch or corporate representation is located will be competent for registration.

10.1 PROCEDURES AND DOCUMENTATION FOR BUSINESS REGISTRATION

a) limited liability collective partnership; b) limited liability company; c) limited liability company; and d) simplified joint stock company.

Negative certificate:

- Obtained from the Commercial Registry Offices.
- Proves the non-existence of commercial companies with names similar to the company to be registered.

Opening a Bank Account:

- Held in local financial institutions
- Defines the number of signatures required to operate the account.

Company Bylaw:

- Considers the type of commercial company (SA, LLC, LLP and SAS).
- Determines the minimum number of partners and share capital.
- Defines the purpose of the company and the shareholder structure

² Decree-Law 1/2022, of May 25th approves the new Commercial Code.

- Establishes the corporate bodies (Board of Directors, Board of the General Assembly, etc.).
- Indicate the physical address where the company intends to establish its head office and any eventual representation.

Powers of attorney:

- Pass a power of attorney for a local representative in the event the shareholders are not available to travel to Mozambique for company registration purposes which should include the name of the company to be incorporated.

Provisional Registration:

- Carried out at the Commercial Registry Office after the deed.
- Includes the names of managers or administrators.

Publication of article of association of the company in the Government Gazette (BR):

- It is mandatory to publish the company's statute in BR (just in a simplified statement and not the all article of association)

Final Registration:

- Completed after publication of the bylaw in the BR.
- Done at the Commercial Registry Office with application and copy of the BR with published bylaws.

Other Procedures:

- Obtaining the Tax Identification Number (NUIT).
- Inspections of company's facilities/office.
- Communication to the Labor Directorate.
- Registration with Social Security (INSS).
- Meet deadlines for branches or foreign representations registration (30 days after licensing and upon presentation of a certificate issued by the competent consular agent of Mozambique).

10.2 COMMERCIAL LICENSE ISSUANCE

After dealing with the deed of incorporation and respective commercial registration, an application must be made requesting the issue of the commercial license. For this purpose, it will be necessary to have a plan and written description of the premises where the company will be based, as well as the respective lease agreement and/or assignment of the space giving the right to occupation, or the registration of the property.



11. PROCEDURE FOR INVESTMENT REGISTRATION AND AUTHORIZATION

11.1 INVESTMENT REGISTERED IN APIEX

1. Identification of location (land or premises);
2. Elaborate a feasibility study of project;
3. Apply for authorization submitting a project proposal to APIEX (three copies) accompanied by the following documents/procedures:
 - Incorporate the implementing company at a Notary Public and publish its status in the Official Gazette;
 - Bank references and evidence of the necessary financial capacity to undertake the project;
 - Copy of the passport or identification card of each investor;
 - If it is a company that will be investing a copy of the certificate of registration of the same
 - List of equipment to be imported classified as class K

11.2 KEY ASPECTS OTHER THAN OBTAINING INVESTMENT APPROVAL FROM APIEX

1. Apply for certification “certidão negativa” from the Commercial
2. Registry that confirms that the name of the company is not already in use;
3. Realise share capital by depositing the minimum share capital with a commercial bank and where appropriate, producing proof of incorporation of assets in kind into the company’s capital;
4. Notarise the documents of the formation of the company;
5. Publish the company’s statutes in the official gazette of Mozambique; 5. Register the company in the Commercial Registry;
6. Register the company in the local tax office in the district in which the company’s registered office is situated or where it carries out its main activities;
7. Apply for license or alvará from the Ministry in Title.

11.3 PROCEDURE FOR OBTAINING INVESTMENT APPROVAL FOR SPECIAL ECONOMIC ZONE

1. Incorporation of the project implementing company;
2. Register the company at the Commercial Registry Office and the Tax Authority Directorate;
3. Prepare and submit to APIEX four copies of the document for approval;
4. Make the reservation of the plot or premises if necessary;
5. Start the process of getting the Land Use and Benefit Right (DUAT);
6. Request Government’s Ministry Authorization (after technical inspection of the premises) and other licenses required by the law;
7. initiate operations.

All types of economic activities are eligible for the respective SEZ benefits except those that by their nature are not permitted by law.

PROCEDURE FOR OBTAINING INVESTMENT APPROVAL ON INDUSTRIAL FREE ZONE

In cases where the investment will be realized in freely convertible currency, the following documents must be submitted to the Bank of Mozambique:

- Photo copy of the authorization;
- Extract of the deposit of the capital from the Commercial Bank.

In cases where the investment will be realized in equipment and other materials the investors must submit the following documents to the Bank of Mozambique:

- Photo copy of the bulletin of import registration (RRI)
- Three copies of the list of equipment exempted from customs duties;
- Invoices;
- Certificate of inspection of the embarkation of equipment.

11.4 REGISTRATION OF FOREIGN DIRECT INVESTMENT - BANK OF MOZAMBIQUE

Foreign commercial companies may choose to be represented in Mozambique through branches, agencies, delegations or other forms of representation. Representations are authorized to carry out activity in Mozambique in accordance within the applicable time limit. In the case of an agency, for example, the authorization lasts as long as the respective agency agreement does. In the case of a delegation, the activity may only be carried out for a maximum period of three years, which may be renewed.

A branch is deemed to be a permanent establishment of the company which is not autonomous and does not have a legal personality different to that of the parent company (however, it must be registered at the legal entity registry office).

The parent company is responsible for the activity carried out by the branch and its liability is limited to the latter's net profits.

The management of the branch is done by one or more managers appointed by power of attorney. The branch is not legally required to have other management or supervision bodies.

The power of attorney must specify all the powers granted to the manager appointed and this manager will only be responsible for the diligent exercise of the powers delegated.

The branch does not formally have any share capital. However, the parent company must allocate a specific amount to the branch. Mozambican law does not establish a minimum amount for this purpose.

11.5 PROCEDURE FOR ESTABLISHING COMMERCIAL REPRESENTATION / BRANCH

Make an application to the Ministry of Industry, Trade and Commerce, accompanied by the following documents:

- Identification of the applicant;
- Specify the form of representation (branch, delegation, agency etc.);
- Describe in details the economic and commercial objectives of the project;
- Notarized copy of the certificate of the registration of the company applying to establish a representation;
- Power of Authority of the person mandated to represent the applicant in Mozambique.

11.6 LICENSING REQUIREMENTS FOR IMPORTS/EXPORTS

1. Licensing requirements (i) Name, age, nationality, place of birth, domicile, identity document number, place and date of issue - in the case of a natural person; (ii) Title, Public deed of the Social Pact or Bulletin of the Republic (BR) of your publication, address of the registered office, identification of the representative - in the case of a commercial company;
2. Documents to be attached (i) Application for commercial activity license; (ii) Drawn part of the premises intended for the exercise of commercial activity; (iii) a public deed of incorporation or the bulletin of the Republic that published it together with the corresponding commercial register, in the case of commercial society; (iv) lease agreement or property title of the property intended for the exercise of commercial activity; (v) proof of tax registration, issued by the Ministry of Economy and Finance.
3. Validity of Importer's License: one year from the date of issue of the respective card; exporter: (i) for the same period of validity of the authorization to carry on the business of the enterprise.

12. FOR ADDITIONAL INFORMATION PLEASE CONTACT APIEX, IP



The Agency for the Promotion of Investment and Exports, referred to in short as APIEX-IP, is a public institution, endowed with legal personality, with administrative, financial and patrimonial autonomy, supervised by the Minister who oversees the area of Industry and Commerce, created through Decree nº 60/2016, of December 12th.

The Role of APIEX:

- Dissemination of the country's image and economic potential;
- Insurance of investment permits;
- Provision of institutional support services to investors and exporters;
- Inter-institutional articulation of analysis, approval and implementation of investment projects;
- Promotion and Development of ZEE's and ZFI's;
- Provision of follow-up and monitoring services for approved investment projects;
- Promoting of business links between small, medium and large investment projects.

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