



## Doing Business in Mozambique:

### 2014 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Mozambique

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### Market Overview

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In 2013, real GDP grew by a robust 7%, continuing Mozambique's impressive growth run of about 7% per year since 1994, one of the highest growth rates for any non-petroleum economy in sub-Saharan Africa for this period. Foreign direct investment, exports, and revenue collection all increased markedly during this time. The progressive increase in natural resource extraction and the implementation of large infrastructure projects, coupled with budgetary expansion, is expected to continue to drive growth that is projected at 8.5 percent in 2014 and 8.2 percent in the year 2015. Severe floods in early 2013 had a significant impact on economic growth, destroying crops in southern Mozambique and damaging infrastructure.

The fastest growing sectors in 2013 were the extractive sector due to the boost in coal exports, and the financial sector due to credit expansion and increased income, mainly in urban areas. Sectors such as construction, services, transport and communications are also in demand, all connected with the infrastructure development from "mega-projects." The country's current role in global value chains is mostly limited to the aluminum smelter Mozal, but could be transformed by the development of specific industrial clusters related to natural gas and energy. Other sectors, such as agriculture and manufacturing, can benefit from better connections with regional and world markets in these industries.

The political situation deteriorated, mainly due to the low intensity confrontations between the government and opposition parties. The recent weakening of public financial management and economic governance are a concern. The overall capital intensive growth of Mozambique did not imply more job creation, as expected, and the impact on poverty reduction has also not matched GDP growth. Mozambique still remains one of the least developed countries worldwide.

Maintaining political stability and strengthening the business and investment climates will be key ingredients in attracting FDI that enables infrastructure and human development. Mozambique has three upcoming opportunities in 2014 to strengthen its stability and growth prospects in the future: first, through transparent, inclusive, and orderly presidential elections in October; second, by concluding the necessary regulatory framework and achieving the final investment decision on the LNG plant; and third, by resolving political disputes that have been at the source of violent confrontations with armed elements of the main opposition party. Absent a lasting political solution

achieved through dialogue, the military and political situation associated with those violent outbreaks will likely remain uncertain and tense throughout 2014.

According to the World Bank's latest figures, Mozambique's GDP reached \$14.59 billion in 2012. The country's rapid development began at a very low base, as the economy lay in ruins after the civil war ended in 1992. Despite recent progress, infrastructure remains largely undeveloped today, and 54.7% of the total population (23.9 million) falls below the national poverty line. Mozambique is ranked 185 out of 187 countries according to 2013 UNDP Human Development Index, the lowest ranking in the Southern Africa Development Community. As a government priority, fostering inclusive growth hinges upon many factors, including: the success of several major foreign investment projects; the expansion of agriculture and agribusiness; continued economic reforms; and targeted investments in the transportation, energy, and tourism sectors.

South Africa is by far Mozambique's largest trading partner. China, India, and Brazil are growing investors. Though the largest bilateral donor of development assistance, Mozambique is currently the United States' 128<sup>th</sup> largest goods trading partner with \$383 million in total (two way) goods traded during 2013. The goods exported totaled \$306 million and the goods imported totaled \$76 million. The U.S. goods surplus with Mozambique amounted to \$230 million in 2013. U.S. investments in the energy sector, particularly off-shore liquid natural gas (LNG), will grow in the next several years (see Chapter Four, Leading Sectors for U.S. Export and Investment).

## Market Challenges

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Despite Mozambique's investment potential, the Mozambican business climate poses distinct challenges. Generally good, stable macroeconomic policies and a high-level political commitment to attracting large-scale investments mask a bureaucracy that remains, at times, unresponsive to the needs of the private sector, especially small-to-medium-sized enterprises. Most companies cite the slow pace of conducting business as one of the main challenges in Mozambique, mainly due to the lack of human capacity in areas necessary for business. In addition, the top-heavy hierarchy in the decision-making process can hinder market efficiency. Corruption, though a concern, is not the primary business barrier. Portions of a comprehensive anti-corruption bill were passed by the Mozambican Parliament in 2012. Delays in customs procedures are quite common, although this year Mozambique is testing a new customs system called a single electronic window, based on a model used in Singapore. The system has been rolled out throughout the country but users report that it has not significantly improved or streamlined the process yet.

The labor market remains rigid and the pool of highly trained personnel is thin, which impedes businesses requiring high-skilled labor. According to the World Bank, the labor force is growing at a rate of 2.3% annually. In 2009, the Ministry of Labor began enforcing quotas limiting the number of foreign employees companies could hire, although larger investors and those operating in Export Free Zones have some flexibility. The Ministry of Labor is in the process of revising two provisions in the existing Labor Law, both dealing with the employment of foreigner workers. The revisions would require certificates and approvals by the Ministry of Education, Ministry of Labor, and the embassy from the prospective employee's home country. The Government of Mozambique (GRM) is concerned with the recent influx of foreign workers in the country.

The government has few qualified staff, especially in the lower ranks, as competition for attracting the best talent is intense in and between the private and public sectors.

The 1997 Land Law grants a land use right roughly comparable to a lease. Land can be leased for renewable 50-year periods. Road infrastructure is generally poor, except for large stretches of the main north-south highway, the east-west Beira corridor, and the toll highway connecting Maputo with the South African border. Seasonal flooding sometimes paralyzes these routes and the recent tensions between the armed opposition party, Renamo, and government forces has severely limited north-south transportation. Cellular telephone coverage is consistent in urban areas but often is unreliable and sometimes unavailable in rural areas.

The government actively promotes foreign investment. Large investments and mega-projects benefit from high-level government awareness and support. Government interest can help insulate large investors from corruption and cut through the burdensome bureaucracy, thus offering a form of assistance not available for small- and medium-sized investors.

## **Market Opportunities**

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Investment and export opportunities exist in: construction (roads, railway, and general infrastructure); energy (natural gas, hydropower, and bio-diesel); mining (tantalum, graphite, and coal); fishing (including prawns, hake, and lobster); tourism (hotels, sports and leisure); agriculture, horticulture, and aquaculture (plantation forestry, cashews, sesame, tea, essential oils, fresh produce and vegetables, flowers, paprika, tobacco, fish, and tropical fruits); telecommunications, business consulting and transportation. Additional export possibilities lie in infrastructure projects, agriculture, transportation, hydroelectric power generation, education and health, which are often financed by international donors.

Mozambique is eligible for trade benefits under the African Growth and Opportunity Act (AGOA), the European Union Cotonou Agreement, and the Southern African Development Community (SADC) Trade Protocol. A Bilateral Investment Treaty between the United States and Mozambique increases the country's attractiveness to American investors. The Millennium Challenge Corporation (MCC) and the Government of Mozambique concluded a five-year, \$506.9 million Compact in 2013 designed to reduce poverty and increase economic growth in northern Mozambique, with a focus on: large infrastructure projects to improve transportation, water supply, and sanitation; combating Coconut Lethal Yellowing Disease; and land tenure security.

## **Entry Strategy**

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Personal connections and relationships are fundamental to doing business in Mozambique. Investors should make frequent visits to Mozambique to build new contacts and maintain current ones. Most companies find it advantageous to establish a local office in Mozambique to assist in dealing with officials and clients and also to obtain the most updated information on potential new business opportunities.

Mozambique improved in the World Bank's "Doing Business" report in 2013, from 146 of 185 countries in 2012 to 139 out of 189 countries in 2013. According to the report, Mozambique still ranks relatively high in categories related to entry into various markets, although its rankings suffered from persistent challenges of starting a business, access to credit, and paying taxes. Many bureaucratic and infrastructure challenges, such as getting access to electricity quickly, create barriers to the expansion of a business and investment. The Mozambican government created the Center for Investment Promotion (CPI) to serve as a one-stop shop for potential investors in Mozambique. Prospective investors are encouraged to consult CPI for assistance in obtaining licenses and permits and also seek local legal counsel.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/index.htm>

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## Chapter 3: Selling U.S. Products and Services

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### **Using an Agent or Distributor**

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Using an agent helps to establish and secure a market presence in Mozambique. Agent's help companies overcome licensing and other time-consuming requirements, as well as stay abreast of regulatory changes. To locate an agent, U.S. firms are advised to contact the Mozambican-U.S. Chamber of Commerce (CCMUSA); a local consulting firm; or the Commercial Section of the U.S. Embassy

### **Establishing an Office**

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Many companies note the value of establishing a local office in Mozambique to assist in dealing with local officials and clients. At a minimum, this involves registration with three ministries, namely: The Ministry of Industry and Commerce; Ministry of Planning and Development; and Ministry of Finance. In addition, consultation with CPI is recommended to learn about tax breaks and other incentives that exist for certain types of investments. Licensing and other time-consuming requirements remain a problem, and institutionalized red tape can obstruct or delay the securing of local licenses and permits. Coordination with the relevant government ministries or regulatory agencies is important to avoid unnecessary delays. Most U.S. firms hire a consulting firm to assist with the registration process, and small-to-medium-sized businesses can expect to experience longer delays.

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The business concept of franchising has recently begun to take root and poses promising prospects for future investment. The first fast-food franchises from South

Africa entered the market in 1997 but they are still not widespread. The first U.S. fast-food franchise to enter Maputo was Kentucky Fried Chicken (KFC) in 2003, and has established at least five restaurants in Mozambique, including three in the capital city of Maputo. The KFC operations are an extension of a South African franchise. There is no franchising association in Mozambique. U.S. firms interested in learning more about the legal requirements of franchising are advised to contact CCMUSA, a local consulting firm, or the Commercial Section of the U.S. Embassy

## **Direct Marketing**

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The local banking, postal, debt collection and customs services are not adequate at this time to support direct marketing campaigns. Telemarketing may be possible but could be poorly received by an audience unfamiliar with direct marketing. Door-to-door sales may have a place, and the Internet may also provide an opportunity for direct marketing to a select, small population. SMS messaging via cellular phone and social media are other means of disseminating information rapidly to a wide audience.

## **Joint Ventures/Licensing**

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Joint ventures with Mozambican companies are encouraged by the government and can help in dealing with the local business environment including regulatory issues and licensing and other time-consuming requirements. There is no legal requirement to partner with local businesses, although foreign companies state that having a local partner helps them navigate the cumbersome government bureaucracy.

## **Selling to the Government**

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The national procurement regulation was published and went into effect in November, 2006 (Decree 57/2005). The regulation has preferences, especially for small contracts, for companies that are majority-owned by Mozambican nationals. Some government purchases are subject to the procurement rules of the particular donor agency financing the project. American companies interested in competing in a Mozambican-government tender should contact the Embassy for further information.

## **Distribution and Sales Channels**

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The line between wholesale and retail is blurred. A new national distribution system is coalescing, driven by local manufacturers attempting to distribute their products. For now, wholesalers are simply retailers who import in volume and sell to other retailers; these retailers (or "micro-retailers") then distribute these goods in urban areas and throughout the country. The three principal sales regions are the northern, central and southern sections of the country. Few traders distribute in all three regions due to the distances involved and limited infrastructure in place. Many U.S. firms serve Mozambican distributors or clients from offices and/or warehouses in South Africa.

## **Selling Factors/Techniques**

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CPI and the United Nations Industrial Development Organization have established a searchable online business database of local companies. The best sales opportunities often come from personal connections; however few American sales representatives

have been able to justify traveling to Southern Africa or Mozambique on the sales generated by one trip. U.S. firms are encouraged to participate in catalog shows and trade fairs by sending promotional material to the Foreign Commercial Service (Johannesburg or Durban) or the U.S. Embassy when a trade fair is identified.

Most local businesses lack sufficient capital. Some U.S. exporters have increased sales by offering deferred letter of credit (L/C) terms, thus financing a substantial portion of the shipping/sales cycle. Leasing may also be an option, and leasing companies do exist. All promotional material should be written in Portuguese, if possible.

The annual Agricultural-Cattle, Industry and Commerce Fair of Mozambique, more commonly known as "FACIM" is held annually in August on the outskirts of Maputo and is attended by representatives from more than 20 countries. The Embassy encourages American participation in this event and recommends that companies interested in exporting to or investing in Mozambique contact the Commercial Section or CCMUSA for additional information.

Other opportunities exist with trade fairs and exhibitions by the major business and trade organizations operating in Mozambique. Trade fairs are also hosted by government Ministries seeking investment in their planned projects.

The Embassy's Commercial Section also offers fee-based commercial services to assist investors interested in exploring the Mozambican market. Investors may contact the Commercial Section for more information.

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No reliable information is available. According to the International Telecommunications Union's latest statistics, internet penetration rates are very low in Mozambique, estimated in 2011 at 4.3% for internet usage. In 2013, around 1.2 million Mozambicans had internet access, although a lot of this is via mobile phones. Within the next five years, internet penetration is expected to rise to 2.6 million.

## **Trade Promotion and Advertising**

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Government-controlled Televisão de Moçambique (TVM) provides coverage in provincial capitals and Maputo. Foreign-based media: África (RTP-África); Portuguese government-owned TV for Portuguese African speaking countries; Televisão Miramar, owned by the Brazilian "Universal Church of the Kingdom of God" and TV/Radio Mana are seen in Maputo and in other cities by satellite, and accept local advertising. Privately owned "SOICO-TV" (STV), currently broadcasting in all provinces, and Televisão Independente de Moçambique (TIM) which broadcasts in the capital and select other urban areas, also accepts local advertising. Television advertising may be the most effective medium to reach the small number of affluent Mozambicans in urban areas, the likely purchasers of imported products for both distribution and personal use.

According to the 2010 Third National Poverty Assessment, in 2008 approximately 12.5% of households in Mozambique had a television. Television advertising is relatively inexpensive. A 30-second spot at TVM may sell for as much as \$504 and as low as \$204 (at current exchange rates) during news programming and evening prime time.

This price does not include the 17% value added tax (VAT) charge. The only radio station with national coverage is the government-owned Rádio Moçambique. The second most popular Maputo station is Rádio Moçambique's FM station "Rádio Cidade." Both stations reach wide audiences.

The following media are recommended for advertising:

[www.tvn.co.mz](http://www.tvn.co.mz) (government television company)

[www.jornalnoticias.co.mz](http://www.jornalnoticias.co.mz) (government newspaper)

[www.stv.co.mz](http://www.stv.co.mz) (private television company)

[www.opais.co.mz](http://www.opais.co.mz) (private newspaper company)

[www.savana.co.mz](http://www.savana.co.mz) (private newspaper company)

## **Pricing**

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In most cases, market forces determine the pricing technique to be adopted. Product mark-ups in Mozambique vary greatly by product and geographic location. Duties on imported goods range from zero to 20%, depending on whether a product is a primary input, intermediate, or consumer good. A VAT of 17% is also assessed at the point of sale.

As a result of the import duty and transportation costs, prices on consumer goods imported from South Africa are generally significantly higher than in South Africa. Sales and discounts are not typical. Prices of necessities are tempered by the ability of the consumer to afford the item. High end products, like computers, are considerably more expensive than in developed country markets. Inventory carrying costs can be high because of high interest rates.

## **Sales Service/Customer Support**

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Many firms in Mozambique do not give high priority to customer support and suffer from a lack of customer loyalty. The provision of service is an important factor in making a product or equipment sale as local availability of parts and technical expertise is inadequate. Foreign companies are increasingly making inventory and technicians available to service their sales in Mozambique.

## **Protecting Your Intellectual Property**

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The inefficient nature of the Mozambican judicial system can make protection of property rights problematic. Despite the Government's firm public stand against piracy, pirated copies of audio, videotapes, DVDs, and other goods are commonly sold in Mozambique, although not produced in any significant volume. Enforcement is highly selective. Firms entering the Mozambican market with their own intellectual property (IP) should implement in-house measures to safeguard their property.

### **Protecting Your Intellectual Property in Mozambique**

Several general principles are important for effective management of intellectual property ("IP") rights in Mozambique. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Mozambique than in the U.S.

Third, rights must be registered and enforced in Mozambique, under local laws. Your U.S. trademark and patent registrations will not protect you in Mozambique. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Mozambique market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Mozambique. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Mozambique law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Mozambique require constant attention. Work with legal counsel familiar with Mozambique laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Mozambique or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- The Confederation of Business Associations of Mozambique (CTA)
- The Business and Industry Association of Sofala (ACIS)
- Industrial Property Institute (IPI)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)

- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Mozambique at: <http://www.buyusa.gov/home/>.
- There is a small Intellectual Property Rights office in the Ministry of Industry and Commerce. However, Mozambique's judicial systems are grossly understaffed, inefficient and offer only limited IPR protection. Please read, "Protection of Property Rights" in Chapter 6 and visit

<http://www.wipo.int/ldcs/en/country/pdf/mz.pdf> for more information on IPR in Mozambique.

## **Due Diligence**

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Verifying the bona fides of banks, agents, business partners, contractors, sub-contractors, and customers is extremely important in a developing country like Mozambique. A local consulting firm or the U.S. Commercial Section can help in this regard. The U.S. Commercial Section offers a fee-based “International Business Search” service for companies interested in obtaining basic information on a potential business partner. Contact the U.S. Commercial Section for more information on this service. Business reputation is important in the small business community in Mozambique, so checking with other local business people is also useful.

## **Local Professional Services**

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Legal advice is essential if an investment is being considered. Law firms are not well established, and most lawyers practice as individuals and also act as consultants. Many local consulting firms also offer legal counsel services for potential investors. The U.S. Embassy can provide a list of local attorneys on request. The U.S.-Mozambique Chamber of Commerce may also assist in identifying lawyers.

## **Web Resources**

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IPEX – Mozambique Export Promotion Institute  
[www.ipex.gov.mz](http://www.ipex.gov.mz)

CPI – Mozambique National Investment Promotion Agency  
[www.cpi.co.mz](http://www.cpi.co.mz)

Mozambique Central Bank  
[www.bancomoc.mz/](http://www.bancomoc.mz/)

CTA – Confederação das Associações Económicas de Moçambique  
[www.cta.org.mz](http://www.cta.org.mz)

ACIS-Mozambique Business and Industry Association  
[www.acismoz.com](http://www.acismoz.com)

U.S. – Mozambique Chamber of Commerce  
[www.ccmusa.online.co.mz](http://www.ccmusa.online.co.mz)

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

- Natural Gas and Petroleum Exploration and Development
- Mining
- Electric Power Generation
- Telecommunications
- Construction Equipment
- Ports and Railroads
- Agricultural Equipment
- Food Processing and Packaging Equipment
- Autos, Light Trucks and Vans

### **Agricultural Sectors**

- Agricultural Sector
- Wheat
- Edible Oils
- Corn
- Rice
- Processed Food
- Horticulture, Nuts

## Natural Gas and Petroleum Exploration and Development Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	3,506,580	3,913,725		
Total Local Production	3,504,380	3,913,725		
Total Exports	0	0	0	n/a
Total Imports	2,200	0	n/a	n/a
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: INE/ TSE

## Natural Gas and Petroleum Exploration and Development

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

The Ministry of Mineral Resources and its independent regulatory agency, the National Petroleum Institute (INP), manage the considerable upstream oil and gas exploration and production activities in Mozambique both onshore and offshore. The government conducted a bidding round in July 2005 for the exploration of several offshore blocks in an area known geologically as the Rovuma Basin, named for the Rovuma River that forms Mozambique's northern boundary with Tanzania. On March 8, 2006, the government announced that five companies had been invited to commence negotiations for a concession contract. The American company Anadarko Petroleum Corporation's Mozambique subsidiary Anadarko Mozambique Area-1 (Anadarko) won the bid for Area 1. Anadarko's concession in the northern part of the province initially covered an area approximately 10,000 square miles, on land and sea, extending along both the maritime and land border with Tanzania. This area extends 35 miles from the coast with water depths extending down to 6,000 feet. As of May 2014, approximately 40 wells had been drilled and estimates by Anadarko are that at least 70+ trillion cubic feet of (tcf) of recoverable natural gas is contained within their concession. Italian oil major ENI is exploring an adjacent concession and has also discovered significant gas deposits, some of which span both company's concession. Anadarko and ENI reached a milestone in December 2012, signing a Heads of Agreement which will guide both companies in the collaborative joint-production of the gas. In addition, Anadarko awarded six Front-End Engineering Designs (FEEDs) to design and operate the large multi-billion dollar liquid natural gas processing facility. Anadarko is planning to make a Final Investment Decision by the fourth quarter of 2014 or first quarter of 2015. Significant business opportunities exist for companies looking to participate in this project.

In the south, the Pande gas field is a proven world-class natural gas deposit on-shore, with proven reserves of over 3.5 tcf. SASOL (a South African company) completed construction of a natural gas pipeline from the Pande and Temané gas fields to its plant in Secunda, South Africa in 2004. In early 2005 Mozambique approved a spur line to transport gas to markets in the southern part of the country for a new gas pipeline to Maputo. Gigajoule, a South African company, recently inaugurated a 100MW gas-fired plant on the border between Mozambique and South Africa using the diverted gas.

Following the publication of Mozambique's Master Gas Plan in late 2012, the Mozambican Government has been actively seeking investors to use the natural gas for domestic use, including in industry such as fertilizer and gas-to-liquid products, power production, and household use.

Investors are now beginning to explore the investment possibilities of bio-diesel in Mozambique. In 2009, Mozambique and Brazil signed a bio-fuel exploration agreement valued at \$6 billion. In 2007, Mozambique signed a \$510 million deal with London-listed Central African Mining & Exploration Company (CAMEC) to establish an energy plantation and to build a plant to produce 120 million liters of ethanol per year, as well as fertilizers. In addition, an American NGO TechnoServe leads initiatives to further explore the potential of bio-diesel opportunities in Mozambique.

### **Sub-Sector Best Prospects**

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Equipment supply and maintenance in both offshore and onshore drilling and construction represent the best prospects.

### **Opportunities**

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The Mozambican government is open to continued major investment in onshore and offshore drilling. Given the recent natural gas discoveries in the Rovuma Basin, the government will need to redouble its efforts to secure agreements in the development of a liquid natural gas facility, financial management, and related port infrastructure for gas exportation. The government is also encouraging bio-diesel development and partnerships

### **Web Resources**

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National Directorate of Mines  
[www.dnm.gov.mz/](http://www.dnm.gov.mz/)  
Ministry of Mineral Resources  
[www.mirem.gov.mz](http://www.mirem.gov.mz)

Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

National Directorate of Geology  
[www.dng.gov.mz](http://www.dng.gov.mz)

Mining Development Fund  
[www.ffm.gov.mz](http://www.ffm.gov.mz)

Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	15,195,030	34,892,816		
Total Local Production				
Total Exports	989,718	300,654	148,290	n/a
Total Imports	16,184,748	35,193,470		
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: TSE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

Mozambique has commercially important deposits of coal (high quality coking coal and thermal coal), iron ore, titanium ore, apatite, graphite, marble, bentonite, bauxite, kaolin, copper, gold, and tantalum. Two of the largest investment projects in development are mining and processing ventures of "heavy sands" deposits, essentially mineral deposits brought down by rivers and built up into sandy bluffs. The Moma Heavy Sands (Kenmare Resources) and Corridor Sands (BHP Billiton) projects together will require more than \$1 billion in investment over the next few years. Lack of electricity is a key constraint currently on the Corridor Sands project and may delay its development for several years while a source of power is found.

Mozambique's Tete province contains some of the world's largest coal deposits. Vale of Brazil made its first coking coal shipments in September 2011 followed by Anglo-Australian miner Rio Tinto in June 2012. Vale, along with Rio Tinto and the national railroad company CFM are investing in the refurbishment of the Sena Railway Line to transport the coal to the port city of Beira. Vale through its participation in the Northern Corridor Development consortium is refurbishing the Nacala Line, which will run through parts of Malawi to the deep water port of Nacala. General Electric secured a \$33 million contract to supply locomotives to CFM in December 2012. Other possibilities for the provision of coal mining equipment and railway logistics and equipment exist.

Other multinational mining companies also have concessions in Tete including U.K.-based Eurasian Natural Resources Corporation (ENRC) and India's Jindal Steel Power.

Agreements made by Vale and Rio Tinto with the government include requirements to build coal-fired power generation capabilities with leftover thermal coal or coal bed methane.

Mozambique's mineral potential is largely untapped, which explains why equipment sales in this area have been historically very low. Gold deposits in Niassa, Tete and Manica provinces have attracted domestic and international investor interest in recent years. Artisan gold mining began centuries ago and continues to attract small prospectors (many of them Tanzanian). Extensive exploration will be necessary to uncover the country's full resource potential. Important commercial opportunities exist for foreign investors interested in developing known deposits, doing exploration work or supplying equipment to developers.

### **Sub-Sector Best Prospects**

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Coal mining and refinery equipment supply and maintenance represents best prospects for products and services, as well transportation-related equipment including cranes, locomotives and railcars.

### **Opportunities**

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Investments in mineral mining and processing and in resource exploration remain a top priority for this sector.

### **Web Resources**

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National Directorate of Mines  
[www.dnm.gov.mz/](http://www.dnm.gov.mz/)

Ministry of Mineral Resources  
[www.mirem.gov.mz](http://www.mirem.gov.mz)

Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

National Directorate of Geology  
[www.dng.gov.mz](http://www.dng.gov.mz)

Mining Encouragement Fund  
[www.ffmpeg.gov.mz](http://www.ffmpeg.gov.mz)

## Electric Power Generation Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	377 gwh	454,4 gwh		
Total Local Production	292,9 gwh	345,7 gwh		
Total Exports				
Total Imports	84,1	108,7		
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: INE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

Mozambique has considerable hydropower potential. The company Hidroelectrica de Cahora Bassa (HCB) operates the Cahora Bassa Dam, the second largest dam in Africa, which produces 2,075 MW of power annually. HCB sells 75% of its existing generation to South Africa and uses South African transmission lines to re-import HCB's power to southern Mozambique. Planning is currently underway for a HCB northern expansion with a prospective capacity of 1250 MW. The Mozambican government, by means of the national electric company, Electricidade de Mocambique (EDM), signed an agreement with the Brazilian construction company Camargo Correia to construct a second dam lower downstream from HCB on the Zambezi at Mpanda Nkuwa. Insitec, a Mozambican company, EDM and Camargo are partners in the dam consortium. The new dam is budgeted at more than \$2 billion and is expected to produce 1,500 MW of electricity annually. The dam is expected to augment the supply to the region's increasing demand for power but also will boost supply to the increasing demand from central and southern Mozambique. Environmental and feasibility studies have been completed, and the company is currently locking in financing and purchasing agreements.

Construction of a coal-fired power station, to produce up to approximately 1,750 MW, is planned in conjunction with the Moatize coal mining operation. Vale and Rio Tinto will also engage in power generation with their anticipated coal-fired power plants in Tete Province expected to generate more than 600MW and 500MW, respectively. The government and Vale have solicited proposals for a partner in the power station venture. The building of this station would offer additional opportunities in Mozambique's construction sector.

The Mozambican Government announced in November 2011 its plans to construct a national electricity "backbone", a transmission network that would connect the energy producing central region of the country with the southern and northern consuming regions. The project is timed to coincide with the completion of the Mpanda Nkuwa dam

and the thermal coal plants in Tete Province and use the energy produced to supply the regional Southern African Power Pool and the national network.

### **Sub-Sector Best Prospects**

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Dam construction and maintenance; coal-fired power plant construction and maintenance; electricity transmission construction and maintenance; and the vehicles, trucks and equipment required for such work represent the best prospects.

### **Opportunities**

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Regional power supply from hydropower plants and cross-sector investment in coal mining and coal-fired power plants present large investment opportunities.

### **Web Resources**

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Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

Ministry of Energy  
[www.me.gov.mz/prt/](http://www.me.gov.mz/prt/)

CPI - Mozambique National Investment Promotion Agency

[www.cpi.co.mz](http://www.cpi.co.mz)

## Telecommunications

### Overview

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Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

According to the International Telecommunications Union's (ITU), there were only 0.37 landlines per 100 Mozambicans in 2011, the most recent data available. In comparison, cellular subscription is much more common, with 32.83 subscribers per 100 Mozambicans in 2011 or 7.8 million subscriptions. Mcel was the first cellular phone company in Mozambique. In December 2003 South African cellular provider Vodacom opened a second cellular network. All equipment for the construction of the GSM standard network has been imported, mostly from South Africa. In 2010 the government awarded the country's third mobile phone license to Movitel and six months after entering the market won the Rural Telecom Award, due in part to its supply of free internet to approximately 2,500 schools. Movitel has approximately one million subscribers, of which 70% are in rural areas. By law when acquiring a new SIM card for mobile phones, one has to go to the process of registering that SIM card, which can be done at the point of sale with the mobile phone service provider.

Expansion of both the land and cellular networks is underway and Movitel expects to provide coverage to 85% of the population in all eleven provinces of Mozambique and the 23 of the urban areas classified as cities.

In 2009, SEACOM laid a submarine fiber optic cable throughout East Africa, including Mozambique. Bandwidth supply in Mozambique increased 800% as a result.

The parastatal TDM (Telecommunications of Mozambique) has authority to make autonomous decisions on network upgrades, expansions, and the purchase of equipment. TDM has extensive expansion plans over the next several years, valued at over \$300 million. The centerpiece of the planned upgrade is the construction of an entirely new basic network for the central and northern regions valued at \$50 million. The new trunk will rely on submarine and terrestrial fiber optic cables and microwave relay stations, and will replace the current expensive satellite relay service that is unable to handle the increasing call volume. At present, the broadband infrastructure based on fiber optic cables covers all 10 provincial capitals and 40 provincial centers. TDM is implementing the last phase to provide redundancy routing (ring configuration). In total, about 7,000 km of fiber will be deployed, totaling an investment of around \$115 million.

The internet is available in cities and is largely unregulated, with ISP providers able to bring in their own bandwidth. There is significant room for growth in this sector; the ITU estimated that in 2011 there were only 0.07 fixed internet subscribers for every 100 Mozambicans. TDM has introduced ADSL (asymmetric digital subscriber line) access in the cities of Maputo, Beira and Nampula. With increasing investments made in its ADSL network, the TDM BandaLarga service is available to customers in the eleven provincial capitals and a growing number of district centers. There are several smaller internet providers supplying internet access through cable and satellite technology.

**Sub-Sector Best Prospects**[Return to top](#)

The best prospects are for inexpensive cellular telephones, routers and other telecommunication connecting devices.

**Opportunities**[Return to top](#)

TDM's infrastructure expansion and the small percentage of citizens with internet access make the cellular market a relatively attractive market. With the new fiber optic line installed and little market diversification, small internet providers in the urban centers could represent an area for growth.

**Web Resources**[Return to top](#)

Mozambique Telecommunications  
[www.tdm.co.mz](http://www.tdm.co.mz)

Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

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## Construction Equipment

### Overview

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Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

The Mozambican construction industry continues to grow. The rehabilitation and expansion of the road and rail network is continuing, with significant donor funding from the World Bank, MCC, and other organizations. Rehabilitation of port and airport facilities also figures prominently on government and donor agendas. Construction of rural health and education facilities offers possibilities for additional sales.

Caterpillar and Komatsu still dominate the construction equipment market. Financiers of infrastructure projects show a strong preference for leased equipment with service agreements versus outright purchase. Domestic firms, often in partnership with foreign companies, provide construction, architecture and engineering services. Given the significant cost advantage and new procurement regulations, American firms interested in entering this market would do well to consider forming similar partnerships with local companies.

American companies interested in exporting equipment for the construction market should contact the Embassy's Commercial Section.

### Sub-Sector Best Prospects

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The best prospects are for new and used construction equipment. Extensive infrastructure investments from the government and private donors require more equipment.

### Opportunities

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Continued government and donor investments in infrastructure present the best opportunities. Foreign investments in extractive industries will also require greater infrastructure investments. The inability of government and donors to meet public investment needs means that additional private sector investments will be required in public infrastructure.

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Government Portal

[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

## Ports and Railroads

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size				
Total Local Production				
Total Exports	21,787,009	32,779,137		
Total Imports				
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: TSE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

The major commercial ports are at Maputo/Matola, Beira, Pemba, and Nacala. Long-term operating concessions in port and rail services will involve significant expansion and equipment upgrades. The Maputo Port Development Company (MPDC) assumed operation of the Port of Maputo in 2003 on a 15-year management concession agreement (which was recently extended to 2033, with an option to extend for a further ten years), and has made significant infrastructure upgrades. MPDC, whose owners are South African logistics firm Grindrod and giant Dubai-based port operator DP World, said it had plans to invest \$750 million to boost handling capacity to an annual 48 million tons a year by 2033. Most of the cargo that passes through the ports of Maputo and Matola is coal, iron-chromium, containers, sugar and fruit.

The Beira port has made significant upgrades over the past decade; however, silting remains a problem. Beira is Zimbabwe's main port of entry to the world market. Political turmoil in Zimbabwe has slowed traffic through the port from that country. However, coal exports have begun from Tete Province and will continue to accelerate.

In December 2011 CFM resumed complete control of the Sena rail line in central Mozambique after a joint-venture between CFM and two Indian companies failed to meet important contractual obligations. The Sena Line connects Zimbabwe and Tete to Beira.

Vale has invested in the refurbishment of the Sena Line but more investment is needed in order to handle the huge volumes of coal expected to be produced by Vale and others in the near future. While the line so far has limited capacity, significant purchases of locomotives, equipment, repair supplies, rails, signals, and rolling stock will occur as the line is rehabilitated. Other mining companies operating in Tete, such as Rio Tinto and ENRC, have expressed plans to refurbish or build new rail lines to bring their coal to port. In

Both the Nacala and Beira corridors should experience increased traffic due to the development of the Moatize and Benga coal fields outside of the city of Tete. With hydrocarbon exploration ongoing in the Rovuma Basin in northern Mozambique, port operations in Nacala and Pemba are increasing, as well as the need to import heavy equipment. Development of these ports and the corridors they serve will lead to significant investments in port and railway equipment and rolling stock.

The Minister of Transportation and Communication announced plans in 2010 for the construction of a deep water port in the Techobanine region, in Matutuine district, Maputo province, to reduce congestion at the port of Maputo and support the export of coal from Botswana. Media reports in April 2013 stated that the Government of Mozambique had awarded the contract to a company, with the port to be completed by 2015 at a cost of \$7 billion.

As with nearly all concessions in Mozambique, the government retains partial ownership in the ports.

### **Sub-Sector Best Prospects**

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The best prospects in this sector are for equipment and services related to port remodeling and maintenance. New coal terminals will be built at the Beira or Nacala ports. As port traffic increases there will be demand for new cranes, lifts, trucks and rolling stock. Railway construction, locomotives and related services are also needed.

### **Opportunities**

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The development of the Moatize and Benga coal fields and the refurbishment of the Nacala and Sena rail lines provide an opportunity for U.S. investors.

### **Web Resources**

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Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

Ministry of Transports and Communication  
[www.mtc.gov.mz/index.php?option=com\\_content&view=frontpage&Itemid=89](http://www.mtc.gov.mz/index.php?option=com_content&view=frontpage&Itemid=89)

Port of Maputo  
<http://www.portmaputo.com/home/#>

## Agricultural Equipment

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size				
Total Local Production				
Total Exports	31,458,159	6,594,183		
Total Imports	12,301,121	19,183,926		
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: TSE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

The agriculture sector, especially subsistence farming, engages more workers than any other in Mozambique. While commercial agriculture remains limited, it is expanding, especially in tobacco, sugar, cotton, citrus, coconut, cashews, and tropical fruit crops. Diversification into non-traditional crops such as soybeans, pulses/legumes, sesame, and spices (chili peppers and paprika) is moving forward. As the commercial agriculture market continues to expand, there are significant opportunities for American exports and investment. Less than 3% of agricultural production is irrigated; however, irrigation is crucial for commercial farming. Currently, Massey Ferguson dominates the agricultural equipment market.

Mozambique Leaf Tobacco, Ltd (MLT), a subsidiary of Universal Corporation based in Virginia, is the second largest U.S. investor in Mozambique and supports a farmer network that stretches across four provinces and purchases tobacco from over 150,000 farmers. MLT exported all tobacco leaves processed at its newly renovated \$50 million dollar factory in 2011, generating sales of \$160 million. MLT is looking to consolidate its farmer network to increase efficiency and also looking at ways to help farmers diversify their crops. Potential opportunities for such farmers exist for pig and cattle farming, maize, and soil conservation.

### Sub-Sector Best Prospects

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Best prospects are for new and used farm equipment.

### Opportunities

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Foreign and U.S. companies are investing in large-scale commercial farming for export to Europe, Asia, and Southern Africa that will require farm equipment and support services.

## **Web Resources**

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Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

Ministry of Agriculture  
[www.minag.gov.mz](http://www.minag.gov.mz)

CPI – Mozambique National Investment Promotion Agency  
[www.cpi.co.mz](http://www.cpi.co.mz)

## Food Processing and Packaging Equipment

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size				
Total Local Production				
Total Exports	18,706,062	27,210,010		
Total Imports	856,114	951,975		
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: TSE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector from the Embassy's Commercial Section.

As Mozambique's agricultural production increases, opportunities for food processing and packaging will grow. Local companies have indicated interest in canning, packaging, and vacuum packaging equipment. Mozambican agricultural exports to the United States receive U.S. tariff benefits under the African Growth and Opportunity Act (AGOA). Given the stringent U.S. phytosanitary requirements on fresh produce, the majority of opportunities for exports to the United States are in the processed food arena, specifically the export of dried fruits, cashews, essential oils, jams/jellies, and fruit juices. Equipment for the manufacturing and packaging of such products will need to be imported.

### Sub-Sector Best Prospects

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Best prospects for food processing are equipment and machinery related to canning, packaging, and vacuum packaging processes.

### Opportunities

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There are emerging investments opportunities for new food process and packaging plants built in conjunction with large-scale commercial farms.

### Web Resources

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Africa Growth and Opportunity Act

[www.agoa.info](http://www.agoa.info)

## Autos, Light Trucks, Vans, Trucks, Trailers, Buses

### Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size				
Total Local Production				
Total Exports	21,787,009	32,779,137		
Total Imports	103,174	106,071		
Imports from the U.S.				
Exchange Rate: 1 USD				

Data Sources: TSE

Please contact the Embassy's Commercial Section for the latest bilateral trade statistics in this sector.

As Mozambique's economy gains momentum, there is growing demand for passenger and hauling vehicles. Prior to 2012, Mozambique imported the majority of its medium to large sized trucks from the United States. A new law banning the import of left-hand drive light trucks that took effect January 1, 2012 is finally being enforced. The importation of left-hand drive commercial vehicles is generally prohibited. Some U.S. companies are looking to establish conversion factories in Mozambique in order to take advantage of the market potential.

Toyota dominates the passenger and light truck market. Ford opened a dealership in Maputo in 2005. City and inter-city bus service offers opportunities for vehicle sales, as does inter-city truck hauling. The government announced a change in the regulations governing the privately owned and operated vehicles known as "chapas" in 2009, which provide public transportation. The changes included the elimination of 15-passenger vehicles in favor of 25-passenger vehicles; however many of the 15-seaters continue to operate. The government also expanded its public bus lines, adding several hundred buses to its vehicle fleet; however, demand exceeds public transportation capacity. With road upgrades in progress, additional mass transit and goods transport vehicles will be required. Several companies and individuals have expressed interest in utilizing Ex-Im Bank financing to import American vehicles. Any American company interested in exporting to Mozambique should investigate financing opportunities offered by Ex-Im Bank but also consider that the ban on left-hand drive commercial vehicles is being strictly enforced and some type of conversion to the right-hand drive must be calculated into the overall sales cost. The Embassy's Commercial Section is available to assist with information requests.

### Sub-Sector Best Prospects

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Used right-hand drive trucks, buses, and cars represent the best prospects for products.

**Opportunities**[Return to top](#)

Imported right-hand drive used trucks, buses, and cars and related maintenance equipment have the most significant opportunities. However, competition and high market penetration from Asian exports pose real challenges to U.S.-made products.

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Mozambique has a large, as-yet unrealized, agricultural potential. Citrus fruits, sugarcane, nuts, vegetables, tobacco, horticulture, and forestry are all potentially commercially viable cash crops in Mozambique.

### **Agriculture sector**

Of Mozambique's total land area, 62% or 49 million hectares is suitable for agriculture, but only 16% of the 36 million hectares of arable land, is estimated to be cultivated and only 3% is estimated to be irrigated. Farming is conducted by some 3.6 million subsistence families, a small number of commercial farmers cultivate a total of less than 60,000 hectares, and agro-industrial investors grow about 40,000 hectares of sugarcane. Agriculture occupies 60-80% of the country's population of 23 million. Production of food staples is dominated by smallholders, with an average of 1.2 hectares of cultivated land.

Mozambique's diverse soils and climatic conditions, influenced by latitude, altitude, topography, and proximity to the coast, offer a wide range of production opportunities. However, as agricultural systems are predominantly rain-fed, production can fluctuate widely from year to year. According to the Ministry of Agriculture, the existing potential for irrigation, where basic infrastructure is already in place, is 120,000 hectares with only 62,000 hectares under cultivation. Tree crops, especially coconut and cashew, grown by small farmers are an important source of foreign exchange earnings, and contribute to household food security. Tree cultivation is particularly significant in the heavily populated coastal regions of Zambezia, Inhambane, and Gaza, where the contribution to the household food economy of such crops is substantial as individual families often own 100 to 200 trees.

Other major cash crops grown by small farmers include cotton and tobacco. These cash crops, along with oilseeds, tea, citrus, and horticultural crops (particularly tomatoes), offer alternative sources of income to the small farmers in inland districts, where coconuts and cashews are not grown. On a larger scale, industrial plantations of sugarcane are grown at four operational sites surrounding sugar mills in Maputo and Sofala provinces.

Corn and cassava are the major staples foods. Other food crops include sorghum, beans, groundnuts, millet, and rice. Cassava is grown mainly in the north where it is the main food staple, and it is being introduced, along with sweet potatoes, under a government initiative in drought-prone areas throughout the country. The area of sweet potato production is also increasing.

The use of purchased agricultural inputs (improved seeds, fertilizers, and pesticides) is limited to a small number of modern farm enterprises growing cash crops and vegetables and to out-growers of tobacco and cotton producing crops on contract. The yields of cereals in the peasant sector are generally low, and losses in the field and in storage are high.

## **Wheat**

Due to local climatic and soil conditions, 80-90% of regionally produced wheat is a "soft" low protein variety, creating a potential market for American wheat. American wheat has been successfully sold in Mozambique under PL 480 "Food for Peace" programs.

## **Edible Oils**

The domestic production of edible oils each year falls short of projected demand. Traditional import sources to make up this shortfall are Argentina, Southeast Asia, South Africa, Zimbabwe, and Malawi. Domestically produced oils, mainly coconut, groundnut, and corn combined with lesser amounts of cotton seed, sesame, and sunflower oil, generally dominate rural markets and sales to the urban poor. The growing urban middle and upper class prefer to purchase imported oils -- primarily palm, soybean, olive, and sunflower. Regional imports make up only a small portion of imports, creating a potential market for American crude de-gummed sunflower and soybean oils that are refined locally. American crude sunflower seed oil is occasionally sold in Mozambique under PL 480 programs.

## **Corn**

Corn is one of the main staple foods in Mozambique. Barring natural disasters, total annual production is usually slightly higher than domestic demand, with excess production exported to Malawi and elsewhere in east and central Africa. However, Mozambique both imports and exports corn, importing to meet urban requirements around Maputo. Despite significant improvements in production, Mozambique still has an overall cereal (corn, rice, wheat, sorghum, millet) deficit each year. Large production differences can be observed between the northern, central and southern regions.

## **Rice**

Rice is a traditional staple in parts of Mozambique, including Zambezia and some coastal urban areas. American rice has been unable to compete with sales from China, Thailand, and other Asian countries. The Japanese Government donates rice as well.

## **Processed Foods**

The re-exportation of significant quantities of American processed food goods from South Africa to Mozambique is a hallmark of the market. Urban consumers' consumption of processed foods continues to grow. Re-exports of American goods from South Africa are combined with South African and European (largely Portuguese) goods to meet increased demand. Direct marketing of processed foods to Mozambican importers may be a possibility.

## **Horticulture, Nuts**

The cashew sector has grown substantially in recent years, and processors have formed a marketing association. Sugar production, largely destroyed during the civil conflict, has been rehabilitated and expanded. A macadamia nut plantation (Tenga, Ltd.) is operating in Niassa Province with American and South African investment.

Smaller startup companies are exporting cashews, mainly to South Africa but also other parts of southern Africa, and to Southeast Asia for further processing and repacking. An American investor-led cashew company has opened a cashew processing factory.

In addition, there is potential to expand into non-traditional crops such as pulses/legumes, sesame, and spices (chili peppers and paprika). Foreign investment in agricultural production will be necessary to make this expansion a reality. The domestic and South African markets are capable of absorbing a modest amount of production. There are exports to the European market of citrus fruits, some vegetables, and flowers.

## **Sugar**

The forecast that sugarcane production will increase to almost four million tons in the 2013/14 MY, based on an increase in hectares planted. The sugarcane area is expected to increase to about 48,000 hectares in the 2013/14 MY, on a sustainable increase in the processing capacities at Mozambique's four commercial sugar mills. In the 2012/13 MY, the sugarcane area harvested increased by 8 percent to 45,917 hectares from the 42,700 hectares harvested in the 2011/12 MY.

Sugar production in Mozambique will increase by almost 4 percent to 425,000 MT Tell Quell (439,880 MTRV). For the 2012/13 season, Mozambique's sugar production is estimated at 396,719 MT Tell Quell (410,604 MTRV) still the largest crop since independence in 1975, and almost 2 percent higher than the previous season.

Mozambique's sugar exports are expected to reach 250,000 tons in the 2013/14 MY, an increase of local sugar production. The country exported a record of 243,583 tons of sugar at value of \$126.2 million in the 2012/13 MY. This represents an increase of more than 18 percent from the 198,181 tons exported in the 2011/12 MY, due to an almost 2 percent increase in sugar production and 5% local consumption reduction.

## **Cotton**

National cotton seed production for the 2011/12 season is estimated at 85,000 tons, against the historical record of Mozambique after after-independence at 122 tons in 2005/06 season. The cotton area at national level is 188,000 hectares, against the maximum of 200,000 hectares registered in 2005/06. The ginning of current cotton seed production will result in 32,300 tons of fiber and 51,000 of seed for trading. The country will earn around \$64.6 million from fiber and \$ \$6.2 million from seed trade, totaling approximately \$70.8 million.

## **Web Resources**

Government Portal  
[www.portaldogoverno.gov.mz/](http://www.portaldogoverno.gov.mz/)

Ministry of Transports and Communication  
[www.mtc.gov.mz/index.php?option=com\\_content&view=frontpage&Itemid=89](http://www.mtc.gov.mz/index.php?option=com_content&view=frontpage&Itemid=89)

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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According to the Heritage Foundation's 2013 Index of Economic Freedom, Mozambique's trade weighted average tariff is 4.8%, and slow customs procedures interfere with the free flow of trade. Mozambique is ranked 22nd out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average. Duties on imported goods range from 0 to 20%. A duty of 20% is levied on consumer goods and a value-added tax of 17% is also assessed at the time of importation.

### Trade Barriers

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Mozambique does not apply import quotas. The often time-consuming and bureaucratic customs clearance procedures are considered by many to be a significant non-tariff barrier. The 2013 Doing Business Report ranks Mozambique 134th in trading across borders, an improvement of one place from its 2012 rank. However, it should be noted that cost and time to export and import are all well under the Sub-Saharan Africa averages within this indicator.

### Import Requirements and Documentation

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**Import Taxes and License Requirements** – No import taxes, aside from tariffs and VAT, are imposed, except on sugar and some luxury items. All importers must be licensed by the National Directorate of Trade, which is part of the Ministry of Industry and Commerce. Registration is straightforward and has not been used as a non-tariff barrier.

**Special Import/Export Requirements and Certifications** – All importers and exporters must be duly licensed by the Ministry of Industry and Commerce. Pre-shipment inspections are currently mandatory for all imports. The importation of live animals (other than domestic pets) requires veterinary certificates. Sanitary and phytosanitary requirements exist in legislation for the importation of foodstuffs and plant materials, but

are rarely enforced in practice. Special import permits and licenses are necessary for pharmaceuticals, firearms, munitions, and explosives. Due to concerns regarding Avian Influenza, there are restrictions on the importation of live chickens originating from countries where there have been Avian Influenza outbreaks. All products must bear a health certificate from the country of origin, certifying they are free of disease, or importers may face sanctions.

**Warranty and Non-Warranty Repairs** – Spare parts imported for repair purposes are subject to normal tariffs. Goods are not normally shipped to Mozambique for temporary repair.

**Industrial Free Zones/Warehouses** – In August 2009, Decree 43/2009 created GAZEDA, the Special Economic Zones Office. GAZEDA focuses its activities on the Beluluane Industrial Free Zone in Maputo Province and the Nacala Special Economic Zone in Nampula Province. More “free zones” are planned. The two existing zones allow exemptions from customs duties and value added tax on imports of equipment and raw materials for use within the zones. Other benefits such as a reduced corporate income tax rate are available. A special labor and immigration tax scheme is also available for the industrial free zones.

To learn more about GAZEDA and the benefits please consult: [www.gazeda.gov.mz](http://www.gazeda.gov.mz) or e-mail to [gazeda@gazeda.gov.mz](mailto:gazeda@gazeda.gov.mz)

## **U.S. Export Controls**

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There are currently no U.S. government export controls on U.S. companies' exports to Mozambique.

## **Temporary Entry**

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Temporary entry is permitted for goods that are going to be used temporarily in Mozambique and then removed. In addition, goods in transit are exempt from customs duties. Such procedures work reasonably well at the ports of Beira and Nacala for shipments destined to Malawi, Zambia, and Zimbabwe. As the procedures are not frequently used for goods entering through the Maputo port, gaining the exemption can be complicated and time consuming.

## **Labeling and Marking Requirements**

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Labeling requirements for foodstuffs and pharmaceuticals is developed by the INNOQ (National Institute for Normalization and Standards). There are specific norms for each product, but the regulations and enforcement is under the responsibility of the Ministry of Health.

## **Prohibited and Restricted Imports**

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Mozambique prohibits the importation of pornographic materials and certain controlled substances, and carefully regulates the importation of pharmaceuticals, firearms, and explosives.

## Customs Regulations and Contact Information

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Further information on Mozambican customs regulations and guidelines can be obtained at the following website: [www.alfandegas.org.mz](http://www.alfandegas.org.mz), or by contacting the U.S. Embassy in Maputo.

## Standards

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## Overview

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The INNOQ (National Institute for Normalization and Standards), in cooperation with Ministry of Health and the Directorate of Ministry of Industry and Commerce, is the entity responsible for overall standard issues in the country. Due to a lack of laboratory and certification facilities, many products are often sent to South African private facilities for certification.

## Standards Organizations

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### NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## Contacts

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National Institute for Normalization and Standard - INNOQ:  
[www.innoq.gov.mz](http://www.innoq.gov.mz)

Ministry of Health:  
[www.misau.gov.mz](http://www.misau.gov.mz)

Ministry of Industry and Commerce:  
[www.mic.gov.mz](http://www.mic.gov.mz)

## Trade Agreements

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**SADC Trade Protocol** – Mozambique is one of 15 members of the Southern African Development Community (SADC) currently implementing the organization's trade protocol. Tariffs have been eliminated on trade in certain goods with other implementing members. Mozambique has until 2015 to comply. If fully implemented among all 15 member states, the protocol will give Mozambican products reciprocal duty free access to a market of over 253 million people with a GDP of \$563 billion.

**AGOA/GSP** – Under the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP), a wide range of Mozambican products receives duty-free entry to the United States. A key provision of AGOA is the duty-free entry of apparel manufactured in Mozambique, including apparel manufactured with third-country fabric. The preferential arrangements contain no reciprocal treatment for U.S. products entering Mozambique.

**EU** – Under the terms of the Cotonou Agreement, certain Mozambican products currently enjoy reduced tariffs or duty-free entry into European Union (EU) member nations under an Everything but Arms (EBA) arrangement. Mozambique is currently negotiating an economic partnership agreement with the EU as a member of the SADC block of countries.

**Other Bilateral Trade Agreements** – Mozambique entered into a preferential trade agreement with Malawi in December 2005. This agreement was an update of a similar agreement signed by the Portuguese colonial authorities with Malawi prior to Mozambican independence. It allows for free trade of goods originating in the two countries, excluding beer, certain soft drinks, tobacco, sugar, vegetable oil, chickens and eggs, office equipment, petroleum products, weapons, ammunition, and explosives. The Mozambique-Malawi agreement has simpler rules of origin than those outlined in the SADC Trade Protocol. Mozambique is still finalizing a preferential trade agreement with Zambia.

## Web Resources

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SADC Trade Protocol:  
[www.sadcstan.co.za/protocol.html](http://www.sadcstan.co.za/protocol.html)

AGOA/GSP:  
[www.agoa.gov/](http://www.agoa.gov/)

Cotonou Agreement:  
[europa.eu.int/comm/development/body/cotonou/index\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/index_en.htm)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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#### Attitude Toward FDI

The Government of Mozambique is receptive to foreign investment, which it views as a means to drive economic growth and promote job creation. Virtually all business sectors are open to foreign investors. The government has processes in place to review and approve each foreign and domestic investment; however there are almost no restrictions on the form or extent of foreign investment. Despite overall receptivity, complicated bureaucratic processes, the language barrier, and low capacity create obstacles for investors. The government's Investment Promotion Center (CPI) seeks to bring investors to Mozambique and should be an investor's primary contact with the government during the initial investment stage. CPI is particularly interested in increasing investment in the central and northern regions of the country in order to address large regional development imbalances. Contact information for CPI is as follows:

#### Investment Promotion Center (CPI)

Rua da Imprensa, 332 (ground floor)  
Caixa Postal 4635, Maputo  
Tel: (258) (21) 313310/75 or (21) 313295/99  
Fax: (258) (21) 313325  
E-mail: [cpi@cpi.co.mz](mailto:cpi@cpi.co.mz)  
Internet: [www.cpi.co.mz](http://www.cpi.co.mz)

## **Other Investment Policy Reviews (IPRs)**

Mozambique has recently undergone investment policy reviews by both the United Nations Committee on Trade and Development (UNCTAD) and the Organization for Economic Cooperation and Development.

UNCTAD Investment Policy Review (2012)

<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=222>

OECD Investment Policy Review (2013)

<http://www.oecd.org/daf/inv/investment-policy/mozambique-investment-policy.htm>

## **Laws/Regulations of FDI**

Mozambique's Law on Investment, No. 3/93, dated June 24, 1993, and its related regulations govern national and foreign investment. Earlier amendments, from 1993 and 1995, were replaced by Decree No. 43/2009 in August 2009, which provided new regulations to the Investment Law.

CPI assists both local and foreign investors in obtaining licenses and permits. However, in general, large investors receive much more support from the government in the business registration process than small and medium-sized investors. Government authorities must approve all foreign and domestic investment requiring guaranties and incentives provided by the Investment Law and its regulations. The new Code of Fiscal Benefits, Law No. 4/2009 passed in January 2009, can be found at <http://www.speed-program.com/investment>. The Regulations of the Code of Fiscal Benefits are set forth in Decree No. 56/2009 approved in October 2009.

In August 2009, Decree 43/2009 created GAZEDA, the Special Economic Zones Office. Both GAZEDA and CPI support and assist investors; however, GAZEDA focuses its activities on the Beluluane Industrial Free Zone in Maputo Province and the Nacala Special Economic Zone in Nampula Province. More "free zones" are planned. The two existing zones allow exemptions from customs duties and value added tax on imports of equipment and raw materials for use within the zones. Other benefits such as a reduced corporate income tax rate are available, although for limited durations. A special labor and immigration tax scheme is available for industrial free zones.

## **Limits on Foreign Control**

Mozambique's law on investments and its regulations generally do not make distinctions based upon investor origin, nor do they limit foreign ownership or control of companies. With the exception of Security & Safety, Media & Entertainment and certain game hunting concessions, there was no legal requirement that Mozambican citizens own shares of foreign investments until 2011. A new law governing public-private partnerships, large-scale ventures and business concessions, Law No. 15/2011, often referred to as the "Mega-Projects Law", passed in August 2011, states that Mozambican persons should participate in the share capital of all such undertakings in a percentage ranging from 5% to 20% of the equity capital of the project company. Regulations of this law (the "Mega-Projects Law") were approved by the Council of Ministers in June 2012, bringing it into effect.

**Lengthy registration procedures can be problematic for any investor** -- national or foreign -- but those unfamiliar with Mozambique and the Portuguese language face greater challenges. Some foreign investors find it beneficial to work with a local equity partner familiar with the bureaucracy at the national, provincial and district levels.

CPI assists both local and foreign investors in obtaining licenses and permits. However, in general, large investors receive much more support from the government in the business registration process than small and medium-sized investors. Government authorities must approve all foreign and domestic investment requiring guaranties and incentives provided by the Investment Law and its regulations. The new Code of Fiscal Benefits, Law No. 4/2009 passed in January 2009, can be found at <http://www.speed-program.com/investment>. The Regulations of the Code of Fiscal Benefits are set forth in Decree No. 56/2009 approved in October 2009.

### **Privatization Program**

Mozambique's privatization program has been relatively transparent, with generally open and competitive tendering procedures in which both foreign and domestic investors have participated. Most remaining parastatals operate as state-owned public utilities, with government oversight and control, making their privatization more politically sensitive. While the government has indicated an intention to include private partners in most of these utility industries, progress has been slow.

### **Screening of FDI**

Currently, CPI and GAZEDA handle the approval process for both foreign and domestic investors. CPI operates throughout the country, while GAZEDA is responsible for the establishment, management and development of Industrial Free Zones (ZFI) and Special Economic Zones (ZEE). For investment projects submitted to CPI, final approval is granted by the following government entities:

- 1) The Provincial Governor for domestic investment projects with an investment value of less than 1.5 billion meticaïs (about \$55 million);
- 2) The Director General of CPI for foreign and/or national investment projects with an investment value of less than 2.5 billion meticaïs (about \$92 million);
- 3) The Minister of Planning and Development for foreign and/or national investment projects with an investment value of less than 13.5 billion meticaïs (about \$500 million);
- 4) The Council of Ministers for:
  - a) investment projects with an investment value greater than 13.5 billion meticaïs (about \$500 million);
  - b) investment projects that require a land area greater than 10,000 hectares, to be used for any purpose, except if located on a forest area greater than 100,000 hectares;
  - c) any other projects that have foreseeable political, social, economic, financial or environment impacts such that their nature should be reviewed and decided by the Council of Ministers, at the proposal of the Minister of Planning and Development.

In turn, final approval of investment projects to be carried out under the ZFI or ZEE regime is granted by the Director General of GAZEDA.

Mozambique's privatization program has been relatively transparent, with open and competitive tendering procedures in which both foreign and domestic investors have participated. Most remaining parastatals operate as state-owned public utilities, with government oversight and control, making their privatization more politically sensitive. While the government has indicated an intention to include private partners in most of these utility industries, progress has been slow.

Mozambique slipped seven places in the The World Bank's annual "Doing Business" report ([www.doingbusiness.org](http://www.doingbusiness.org)) in 2012, from 139 to 146 out of 185 countries. Of the ten categories, Mozambique placed 96<sup>th</sup> in "Starting a Business" and 49<sup>th</sup> in "Protecting Investors," two of its highest rankings. However, Mozambique ranked near the bottom in the new categories created in 2011--"Getting Electricity" (174<sup>th</sup> place) and Registering Property (155<sup>th</sup> place).

According to the IMF, Mozambique experienced continued economic growth in 2012 with a real growth rate of 7.5% benefiting from a robust performance in the services sector and a stronger-than-expected contribution from the nascent coal industry; inflation has remained low. In Mozambique, the change in Consumer Price Index in the city of Maputo is used as the official reference for national inflation. According to the National Statistics Institute, the annualized Consumer Price Index in 2012 was 2.09% in the city of Maputo, the lowest in Mozambique's post-colonial history. The real growth rate is expected to reach 8.4% in 2013 according to the IMF.

Mozambique is a challenging place to do business and offers high risks and the potential for high returns for experienced investors. Investors must factor in widespread corruption, an underdeveloped financial system, poor infrastructure, and high on-the-ground costs. Surface transportation inside the country is slow and expensive, while bureaucracy, port inefficiencies, and corruption complicate imports. Despite these challenges, foreign investment levels continue to rise and investors are seeing some business climate improvements, and some U.S. companies have or are in the process of opening offices in Mozambique to take advantage of the increasing opportunities.

MEASURE	YEAR	INDEX/RANKING
Transparency International Corruption Index	2012	31 (123 out of 174)
Heritage Economic Freedom	2013	55.0 (123 <sup>rd</sup> out of 177)
World Bank Doing Business	2013	146 (out of 185)
Millennium Challenge Corporation (MCC) Government Effectiveness	2013	0.33 (76 <sup>th</sup> percentile)
MCC Rule of Law	2013	0.35 (75 <sup>th</sup> percentile)
MCC Control of Corruption	2013	0.47(85 <sup>th</sup> percentile)
MCC Fiscal Policy	2013	-4.8 (26 <sup>th</sup> percentile)
MCC Trade Policy	2013	75.4 (83 <sup>rd</sup> percentile)
MCC Regulatory Quality	2013	0.36 (78 <sup>th</sup> percentile)
MCC Business Start Up	2013	0.957 (80 <sup>th</sup> percentile)
MCC Land Rights Access	2013	0.69 (84 <sup>th</sup> percentile)
MCC Natural Resource Protection	2013	97.4 (78 <sup>th</sup> percentile)

## Investment Trends

Foreign investment levels continue to rise. While there has been some backsliding on the business climate in recent months, investors are seeing some overall improvements, and some U.S. companies have or are in the process of opening offices in Mozambique to take advantage of the increasing opportunities. Mozambique improved its overall position on the World Bank's Doing Business ranking, though this was due in large part to improving 46 places in the 'Dealing with Construction Permits' indicator.

## **Conversion and Transfer Policies**

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Currency is freely convertible at banks and exchange houses for recurrent transactions while capital transactions have to be approved by the central bank. Guidelines for capital transactions with the Central Bank are normally outlined in the investment approval documents and can only be performed through a local bank. The Foreign Exchange Law (Law no. 11/2009 of 11 March and its subordinate regulation (Decree no. 83/2010 of 31 December) require companies to remit their export earnings to Mozambique and convert 50% thereof to local currency, commonly referred to as an "export surrender" requirement. Foreign Direct Investments (FDI) into Mozambique must be registered with the Central Bank within 90 days to allow for the monitoring of foreign exchange. Private individuals are limited to a maximum of \$5,000 per foreign exchange transaction and larger transactions must receive the approval of the Central Bank. The administrative procedures required for the repatriation of capital, profits and dividends, all of which are necessarily foreign exchange transactions, can take a significant amount of time and require coordination with the Ministry of Finance to obtain tax clearance. Investors should raise any foreign exchange concerns early in the negotiation process with the Government of Mozambique and ensure that profit, dividends and other repatriation of foreign exchange is included in their investment approval documents to avoid any potential issues in the future.

Strong FDI inflows continued to support the local currency despite political uncertainty driven by the 2014 presidential elections. Volatility was reduced substantially, supported by high levels of FDI and the Central Bank's preference for a stable currency. The exchange rates is expected to stabilize. In April 2014, Mozambique's central bank decided to maintain its benchmark standing facility rate at 8.25 percent and will intervene in markets to maintain the monetary base at 46.451 billion meticals in April, continuing what it described as "a prudent monetary policy."

Mozambique is not a FATF member although it has taken some substantial measures to address FATF requirements and recommendations. Mozambique is however, a member of a FATF-Style Regional Body (FSRB for short) in the East and South Africa Anti-Money Laundering Group (ESAAMLG). In September of 2013, the GRM concluded its year-long presidency of ESAAMLG. During its year chairing the group, Mozambique passed new anti-money laundering legislation and undertook an in-depth study on terrorism financing and money laundering.

Mozambique is working towards implementing the recommendations of the Financial Action Task Force recommendations. It is a member of the East and South Africa Anti-Money Laundering Group (ESAAMLG), a Financial Action Task Force-style regional body. Its most recent mutual evaluation can be found here:  
[http://www.esaamlg.org/userfiles/Mozambique\\_Mutual\\_Evaluation\\_Detail\\_Report\(5\).pdf](http://www.esaamlg.org/userfiles/Mozambique_Mutual_Evaluation_Detail_Report(5).pdf)

## Expropriation and Compensation

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Certain private property, such as land, rental housing and second homes were nationalized in Mozambique following independence from Portuguese colonial rule in 1975; certain other properties, including many businesses abandoned by their owners, were temporarily taken over by the State. After Mozambique's turn away from socialism in the late 1980s, citizens had a period of time to lodge claims to regain residential property. The Government retained some businesses, but sold off many as part of its privatization efforts. All but a handful of religious properties that were nationalized have been returned; negotiations are ongoing for the remaining few.

While there have been no significant cases of nationalization since the adoption of the 1990 Constitution, Mozambican law holds that "when deemed absolutely necessary for weighty reasons of national interest or public health and order, the nationalization or expropriation of goods and rights shall (result in the owner being) entitled to just and equitable compensation." The Government is currently embarking on a process to buy back land and property along the proposed circular road being built around the capital city of Maputo.

No American companies have been subject to expropriation issues in Mozambique since adoption of the 1990 Constitution.

## Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts  
In December 2005 the Parliament approved major revisions to the Commercial Code – the result of a collaborative effort starting in 1998 between the Mozambican government, the private sector, and donors. The previous Commercial Code was from the colonial period, with clauses dating back to the 19th century, and did not provide an effective basis for modern commerce or resolution of commercial disputes. The revised code went into effect July 1, 2006, and is generally viewed as a very positive development.

Recourse to the judicial system in Mozambique can present many obstacles for potential investors. Generally, the Mozambican judicial system is largely ineffective in resolving commercial disputes and certain cases consume a large amount of time and resources. Instead, most disputes among Mozambican parties are either settled privately or not at all, and there are no discernable patterns to resolution of investment disputes.

In 1999, the Parliament passed Law no. 11/99 of 8 July (Law on Arbitration), which provides for foreign investors to have access to modern commercial arbitration. The Center for Commercial Arbitration, Conciliation and Mediation (CACM), which is supported by USAID, offers commercial arbitration. CACM has two locations – one in Maputo and a second in the central city of Beira.

## Bankruptcy

Mozambique does not currently have a unified bankruptcy law and bankruptcy filings are very rare. Portions of the bankruptcy regulation are found throughout the civil procedure code. In November 2012, Parliament passed a bill giving the government 180 days to establish a new comprehensive legal regime for bankruptcy.

## **International Arbitration**

For disputes between international and domestic companies, the law closely follows the United Nations Commission of International Trade Law (UNCITRAL). Mozambique is a member of several key international arbitration conventions. For domestic arbitration, the law is formulated to cover a wide range of potential disputes, including non-commercial issues. Ongoing cases raise concerns about local courts upholding international arbitration decisions.

Since 2009, CACM also offers labor mediation and arbitration. Although pro-worker regulations make hiring and firing of workers difficult, some improvements were made through Law No. 23/2009 of August 2009 (the Labor Law). In comparison with the legislation that preceded it, the Labor Law provides less generous compensation in cases of termination of employment contracts, encourages dispute settlement through arbitration, and allows broader use of fixed-term employment contracts that make it possible for employers to hire employees on seasonal or project-limited basis. However, the Constitutional Council ruled certain articles of the new Labor Law to be unconstitutional in October 2011. Mandatory mediation was determined to be illegal and cannot be imposed on either the employer or employee. The employee now has the right to go to court directly if desired and as permitted by the Constitution.

## **Investment Disputes**

Mozambique acceded in mid-1998 to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. For disputes between American and Mozambican companies where a violation of the nations' Bilateral Investment Treaty (BIT) is alleged, recourse via the international Alternative Dispute Resolution under the BIT may also be available. Investors who feel they have a dispute covered under the BIT should contact the U.S. Embassy Economic Section.

A foreign court's ruling against a Mozambican party, in most cases, would generally be recognized and upheld by the Mozambican Supreme Court after it has been reviewed and confirmed.

## **Performance Requirements and Incentives**

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## **WTO/TRIMS**

Mozambique is generally in compliance with World Trade Organization's (WTO) Trade-Related Investment Measures (TRIMs) obligations. The Code of Fiscal Benefits is structured into two parts: general incentives and specific incentives. The latter are granted to investments in strategic sectors of activity, such as agriculture and fisheries, basic infrastructure, rural commerce and industry, manufacturing and assembly industries, hotels and tourism, science and technology parks and large scale projects. The former are granted to investments in other sectors to which specific incentives are not granted under the Code of Fiscal Benefits or other legislation.

In very limited cases such as agriculture and fishery and the creation of basic infrastructure, the specific incentives involve a reduction of the rate of corporate income tax. The general incentives include exemptions from customs duties and VAT on the importation of specially designated equipment located in the Customs Tariff Schedule, deductions in Corporate Income Tax depending on the geographical area of investment, as well as for expenses with public infrastructure, training of Mozambican employees

and in the use of new technology which depreciate rapidly. Currently, investors in the agriculture and fishery sectors receive the most generous tax incentives. In late 2012, the government made a decision effective January 1, 2013 to raise the capital gains tax from 12.8 to 32 percent and to apply this tax rate on all transactions involving a Mozambican asset or entity between two parties, regardless of where either party is domiciled. This rate was not applied consistently throughout 2013, but is expected to apply to transactions completed from March 2014 forward.

### **Investment Incentives**

The Code of Fiscal Benefits contains some specific incentives granted to entities that intend to invest in certain geographical areas within Mozambique that have great natural resource potential but which lack infrastructure and have low levels of economic activity. For this purpose the Rapid Development Zones (RDZ) regime was created, covering the Zambeze River Valley Zone, Niassa Province, Nacala District, Moçambique Island, Ibo Island and other areas approved by the Government. Investments in these zones are exempt from import duties on certain goods, and are granted an investment tax credit equal to 20% of the total investment (with a right to carry forward for five years). Additional modest incentives are available for professional training and in the construction and rehabilitation of public infrastructure, including but not limited to roads, railways, water supply, schools and hospitals.

### **Performance Requirements**

Specific performance requirements are built into mining concessions and management contracts, and sometimes into the sale contracts of privatized entities. Investments involving partnerships with the government usually include milestones that must be met for the investor's project to continue. The government generally does not require investors to purchase from local sources nor does it require technology or proprietary business information be transferred to a local company. However, the new draft mining law that is expected to be passed by Parliament this year obliges investors to give preference in purchasing from local sources available in Mozambique which are of an internationally comparable quality and which are offered at competitive prices, in terms of delivery. This legal requirement already applies to procurement in the petroleum sector.

### **Right to Private Ownership and Establishment**

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The legal system recognizes and protects property rights to building and movable property. Private ownership of land, however, is not allowed in Mozambique. Land continues to be owned by the State. However, the government grants land-use concessions for periods of up to 50 years, with options to renew, called "DUATs" (Direitos de Uso e Aproveitamento de Terra, or a land-use title). The government at times has granted overlapping land concessions. Essentially, land-use concessions serve as proxies for land titles; however, they are not allowed to be used as collateral. Land surveys are being carried out throughout the country to enable individuals to register their land concessions. This process is moving slowly and will not provide any real legal protection to investors for some time to come. The Mozambican banking community uses property other than land, such as cars, private houses and infrastructure, as collateral. Investors should be aware of the requirement to obtain endorsement of their projects in terms of land use and allocation at a local level from the affected communities.

CPI as part of its goal of attracting foreign investment assists investors with finding suitable land for development and obtaining the appropriate documentation. This includes government assistance to find appropriate agricultural land. The government advises company on relocating individuals currently occupying land designated for development; however the companies are ultimately responsible for planning and executing resettlement programs.

## **Protection of Property Rights**

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### **Real Property**

The government recognizes and enforces the protection of private property and provides a mechanism that protects and facilitates their acquisition and disposition. Secured interests in property, both movable and real, is recognized and enforced. Depending on the type of property, it can be registered at differing government agencies. Some investors have reported unscrupulous individuals trying to sell fraudulently notarized documents related to real properties and mortgages.

### **Intellectual Property Rights**

The government recognizes and enforces the protection of private property and provides a mechanism that protects and facilitates their acquisition and disposition. Secured interests in property, both movable and real, is recognized and enforced. Depending on the type of property, it can be registered at differing government agencies. Some investors have reported unscrupulous individuals trying to sell fraudulently notarized documents related to real properties and mortgages.

The enforcement of intellectual property rights in Mozambique is sporadic and inconsistent, with raids and prosecutions extremely rare. Occasionally, media reports describe large-scale raids on pirated items, but threats of prosecution seem to have little effect. Pirated copies of audio, videotapes, DVDs and other goods are commonly sold in Mozambique.

The Parliament passed a copyright and related rights bill in 2000. This bill, combined with the 1999 Industrial Property Act, brought Mozambique into compliance with the WTO agreement on the Trade Related Aspects of Intellectual Property Rights (TRIPS). The law provides for the security and legal protection of industrial property rights, copyrights and other related rights. In addition, Mozambique is a signatory to the Bern Convention on International Property Rights, as well as the New York and Paris Conventions.

Private sector organizations have been working together with various government entities on an intellectual property rights task force team in an effort to combat intellectual property right infringement and related public safety issues. However, there has been limited success in achieving the desired results. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

A list of attorneys can be found at: [http://maputo.usembassy.gov/legal\\_information.html](http://maputo.usembassy.gov/legal_information.html)

## **Transparency of Regulatory System**

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Investors face a myriad of requirements for permits, approvals and clearances, all of which take a significant amount of time and effort to obtain. The difficulty of navigating the system enables corruption, and bribes are often requested to facilitate routine transactions.

Regulations in the areas of labor, health and safety and the environment are routinely not enforced, or are selectively enforced. In addition, civil servants have at times threatened to enforce antiquated regulations that remain on the books to obtain favors or bribes. The government is aware of the problems and in recent years has launched a donor-funded effort to streamline procedures. Changes to laws and regulations are published in the Official Gazette. Public comments to proposed new laws and regulations are usually limited and input may come from a few private sector associations, such as the Confederation of Business Associations (CTA). CTA, a private umbrella business organization of 64 associated members, is considered the most important business association in Mozambique, and is the organization that officially represents the interests of a wide number of private sector business associations. The Association of Commerce and Industry, or ACIS, based in Beira, Sofala Province, is a Mozambican non-profit business organization that represents the interests of over 300 companies, both national and international (including major U.S. companies).

In 2010, Mozambique also enacted new International Financial Reporting Standards to bring its financial practices in line with international norms. Implementation of the new standards has been expensive and time-consuming for some investors.

#### **Efficient Capital Markets and Portfolio Investment**

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Mozambique has a small capital market of approximately 18 commercial banks, of which three to four dominate the market. The banks compete for important clients and deposits. Access to credit for the private sector remains difficult and expensive. Interest rates for commercial loans in meticaís are generally around 18-22 percent per year. The government-owned Small Scale Investment Support Office (GAPI) and its partners are also working on rural finances and developing small agro-industries as a strategy for risk mitigation. In the beginning of 2014, GAPI, in partnership with a women's association, opened the first directed specifically to the savings and credit needs of women in the country – N'Tamu. N'Tamu offers several services for small and medium companies and entrepreneurs that otherwise have no access to banking services and products.

Mortgage loans are around 15 percent per year. Access to capital in the rural areas is constrained by the fact that land-use titles cannot serve as collateral. Various entities, such as the Aga Khan Foundation, BancoProcredit, and BancoTerra offer micro-credit financing programs to partially fill this need.

The Mozambican Stock Exchange, founded in October 1999, was started with less than \$5 million in capitalization. Companies seldom use the stock exchange as a source of financing, and to date the Exchange's principal listing is Cervejas de Mocambique. The capital base requirement for listing is \$1.5 million.

#### **Competition from State Owned Enterprises**

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Current state-owned enterprises have their origin in the socialist period directly following Mozambique's independence in 1975. Government participation varies depending on the company and sector and is managed by the Institute for the Management of State Participation (IGEPE). There are a variety of state-owned enterprises that compete with the private sector. Some of the largest state-owned companies such as Telecomunicações de Moçambique (TDM), Aeroportos de Moçambique (ADM), Electricidade de Moçambique (EDM) and Linhas Aéreas de Moçambique (LAM) have monopolies in their respective industries (Information & Communication – landline telephones, Travel – airports and air transportation, Energy & Mining – electrical utility). In some cases state-owned companies enter into joint ventures with private firms to deliver certain services. For example, Portos e Caminhos de Ferro de Moçambique (CFM), which has a monopoly in ports and railways, is privately managed under a public-private partnership agreement. Some of these state-run enterprises benefit from state subsidies. In some instances, state-owned companies have benefited from non-competed contracts that by law should have been competitively tendered.

## **Corporate Social Responsibility**

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Larger companies and foreign investors are aware of corporate social responsibility (CSR) issues. Companies practicing CSR tend to set their own standards. As part of some large investment projects, CSR-related issues are negotiated directly with the government according to local needs. Large investors in Mozambique will have to work closely with government officials to resettle communities in areas affected by their business. Mozambique adheres to an International Finance Corporation (IFC) Community Investment Guidebook published in 2012 and its related guidelines. CSR is an increasingly high profile issue in Mozambique, especially with the large mining companies who have had to relocate entire small communities in order to gain access to concession sites. Media reports have highlighted protests by relocated populations at mine sites principally in the coal-rich province of Tete. A study commissioned by the Ministry of Mineral Resources in 2011, which summarizes the CSR interventions of companies in the mining and gas sectors and makes recommendations on aspects to consider for a new law, which was published in 2013.

The Mozambican CSR Network ([www.pactum.co.mz](http://www.pactum.co.mz)) was created to promote sound initiatives and provide technical assistance to companies wishing to invest in the communities where they operate. Training and information on CSR is made available to members.

## **Political Violence**

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Following widely criticized elections in 2009, multiparty democracy in Mozambique took a measureable step forward in what was considered by international observers as a generally free and fair election on December 7, 2011. Municipal elections taking place in 53 districts in November 2013 saw police and government security forces use lethal force against opposition gatherings during the early November campaign period in Beira, on the night of the elections in Mocuba and Quelimane, and during celebrations after the elections in Quelimane, resulting in numerous injuries and two deaths.

At the time of this report, road travel in Sofala Province north of the Save River is discouraged because of ongoing security concerns. Because of recent heightened

tensions between government authorities and armed elements of the main opposition party, the military is running armed convoys between Muxungue and the Save River. These tensions have resulted in violent attacks, including disruptions to the main rail line between Tete province and Beira port. Both the convoys and the rail attacks have disrupted business operations for national and international companies.

Though violence in much of Sofala province has persisted since early 2013, government authorities and the main opposition party have begun to more credibly negotiate a cease-fire. The next round of presidential elections will be held in October 2014 and both opposition parties, Renamo and MDM, will compete.

Large multinational operations in Tete province experienced high levels of theft and targeted attacks and invasions from nearby communities that also impacted operations and injured employees.

In September 2010, violent street protests over rising consumer prices in Maputo and several provincial cities resulted in at least 13 deaths, most of which were attributed to the police. However, the largest protest against the government since Independence took place peacefully in late 2013.

Police and government responses to such attacks, theft and violence are often limited and ineffectual.

## **Corruption**

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Mozambique ranked 119th out of 177 countries on Transparency International's 2013 Corruption Perceptions Index, up from 120th place (out of 176) in 2012. Nevertheless, Mozambique slipped in the MCC Control of Corruption indicator over a similar period. Corruption, including bribery, raises the costs and risks of doing business, and has a corrosive effect on the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law. The police continued to be poorly paid and work under poor conditions. Corruption and extortion by police are widespread, and impunity remains a serious problem. Some police members are believed to have tipped off criminals to police operations. Corruption is a concern across the government, and senior officials often have conflicts of interest between their public roles and their private business interests. The Office of the Prosecutor General has embarked upon several high-profile corruption prosecutions, including those of two former ministers, and it has obtained convictions in several other cases involving officials of government parastatals and provincial government offices.

The Mozambican government set up an Anti-Corruption Unit in the Office of the Attorney General (renamed Central Office for the Combat of Corruption in 2005) with the help of international donors. This body is charged with investigating corruption-related crimes, which it then refers to the Prosecutor General. In 2005, the government passed Decree 22/2005, which created provincial-level offices to combat corruption. Offices were opened in Beira and Nampula and are in operation.

The National Assembly passed an anti-corruption bill in 2004 that updated previous antiquated legislation. Civil society (particularly the media and a few dedicated NGOs) has remained vocal on corruption-related issues, with some support from the U.S.

government. One NGO, the Center for Public Integrity, continues to be active in publicly pressuring the government to act against corrupt practices ([www.cip.org.mz](http://www.cip.org.mz)).

In 2012, the Parliament passed two of five elements of a package of further anti-corruption reforms. President Armando Guebuza signed the “Law on Public Integrity” and the “Witness and Victims Protection Act” on July 16, 2011. The passage of the Law on Public Integrity addresses conflict of interest issues involving public officials. The Law on Public Integrity bans government officials and parliamentarians from simultaneously holding positions in state-owned companies. Mozambique’s First Constitutional Commission submitted a proposal to create within Parliament a new Commission for Parliamentary Ethics in January 2013, which will review conflict of interest cases involving its members. In spite of these legislative milestones, corruption remains a significant problem at all levels. While these legislative reforms provide a sound basis for combating corruption, implementation is the next crucial step. Two portions of the anti-corruption reforms remain to be passed, including a freedom of information law.

#### UN Anticorruption Convention

Mozambique signed the UN Convention against Corruption in 2004 and ratified it in 2008.

Resources to report corruption:

- Central Anti-Corruption Office (Gabinete Central de Combate à Corrupção)
- Av. Ahmed Sekou Touré, n.º 2318, 2nd floor, Maputo
- Tel: +258 21 31 06 93 ; +258 82 965 7804
- Fax: +258 21 31 03 96
- [gabinetecorrupção@yahoo.com.br](mailto:gabinetecorrupção@yahoo.com.br)

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person’s Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of

corruption by virtue of being parties to various international conventions discussed above.

*POST INPUT: Public sector corruption, including bribery of public officials, [remains a major/minor challenge for U.S. firms operating in xxx xxx. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.*

## **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and

corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## **Bilateral Investment Agreements**

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Mozambique has signed bilateral investment agreements with the following nations: Algeria, Belgium, China, Cuba, Denmark, Egypt, Finland, France, Germany, Indonesia, Italy, Mauritius, The Netherlands, Portugal, South Africa, Sweden, Switzerland, The United Kingdom, the United States, and Zimbabwe.

In December 1998, Mozambique negotiated a Bilateral Trade Agreement (BIT) with the United States. The U.S. Senate ratified the treaty in November 2000, followed by the Mozambican Council of Ministers in December 2004. The United States-Mozambique BIT came into effect on March 3, 2005. In June 2005 the United States and Mozambique signed a Trade and Investment Framework Agreement (TIFA) that established a Trade and Investment Council to discuss bilateral and multilateral trade and investment issues. The Council held its first meeting in October of 2006. The latest TIFA Council meeting was held in January 2012 during the visit of Deputy United States Trade Representative Demetrios Marantis to Mozambique. During the visit, the U.S. and Mozambican governments identified key strategies to improve trade between the two nations: improving the investment climate, increasing Mozambique's use of the African Growth and Opportunity Act (AGOA), diversifying exports, and overcoming obstacles to trade. Discussions also highlighted other areas for attention, including tobacco exports, and trade missions to expose investors to new markets, pre-inspection regulations of export goods, infestations damaging agricultural crops, and the use of turtle excluder devices (TED) in shrimp fishing.

## **Bilateral Taxation Treaties**

Mozambique does not have a bilateral taxation treaty with the U.S.. Double Taxation Treaties have been agreed with Portugal, Mauritius, Italy, South Africa, Botswana, India, Vietnam, Macau, the Sultanate of Oman and the United Arab Emirates. Further Double Taxation Treaties with Qatar and Uruguay are currently under negotiation.

## **OPIC and Other Investment Insurance Programs**

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The Overseas Private Investment Corporation (OPIC) is an independent U.S. government agency that can assist with project finance, through loans or loan

guaranties, and political risk insurance in Mozambique, for projects with U.S. involvement ranging from \$500,000 to \$400 million.

OPIC signed an investment incentive agreement with Mozambique in 1999, later ratified in 2000. In 2011, at least one company, led by an American, sought an OPIC loan to set up business operations in Mozambique. Following a 2012 visit to Mozambique by OPIC President and CEO Elizabeth Littlefield, at least three more companies expressed interest in future OPIC loans. Potential for OPIC investment is likely to increase in line with Mozambique's own expected economic growth due to commercialization of Mozambique's natural resources.

Since the opening of the OPIC regional office in nearby Johannesburg OPIC has met with several new companies that are considering an investment in Mozambique. OPIC has been making its U.S. clients aware of the numerous opportunities in ancillary projects that will be developed as a result of investment in the natural resources sector. For more information on OPIC, please visit [www.opic.gov](http://www.opic.gov)

Mozambique is a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank Group.

## Labor

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The estimated workforce is approximately 10.29 million, out of a total population of nearly 24 million. The majority of Mozambique's workforce has not completed secondary school, which presents a significant skills deficit with serious consequences to productivity and employability of Mozambique's growing population. Current estimates place nationwide adult literacy levels at 32% among females and 62% among males. Approximately 80 percent of the labor force works in agriculture (usually subsistence agriculture), 6 percent in industry and 13 percent in services. Of those employed, approximately 16.4 percent of Mozambicans are in the formal sector while the remainder works in the lower income informal sector. Minimum wage rates apply only to the formal sector and are set at \$74 per month for agricultural workers, where the majority of formal employment takes place, and \$109 per month for industry and services. Many people work several jobs to earn a sufficient income for their basic needs and often grow agricultural products on small plots of land for personal consumption. Although the minimum age for employment is 15, the agricultural sector employs a significant number of children under the age of 15, namely in subsistence agriculture. Sometimes these children are victims of trafficking in persons or forced labor and work long hours for little to no pay. Mozambique remains vulnerable to the pressures of youth unemployment as an estimated 300,000 young people become eligible for employment each year yet do not have sufficient skills to be employable.

Although the contracting of Mozambican workers is unrestricted, contracting of foreign workers by national or foreign entities, including administrators and representatives of foreign companies, is subject to the authorization of the Ministry of Labor. Foreign workers must possess professional qualifications and may only be contracted where there are no Mozambicans with such qualifications or their number is insufficient. In 2009, the Ministry of Labor began enforcing quotas for foreign workers as a percentage of the workforce within individual private companies. Quota levels are dependent on the size of the company. All investments must specify in the investment project proposal the number and category of Mozambican and foreign workers to be employed.

The process of obtaining a visa and work permits for foreigners in Mozambique is lengthy and bureaucratically complex. The Ministry of Labor must approve the employment of foreigners. The Ministry of Interior's immigration department issues a DIRE (a work permit/identification card) once the Ministry approves the application. Assistance through a local lawyer, consulting firm or an individual familiar with the process will facilitate obtaining necessary work permits. In 2009, the Ministry of Labor began enforcing a quota system which requires the number of foreign employees to be no larger than 10 percent of a company's workforce, depending on the overall size of the company. The standard quotas are as follows: (i) for small size companies (up to 10 employees), 10%; (ii) for medium-sized companies (more than 10 employees and up to 100 employees), 8%; and (iii) for large companies (with more than 100 employees), 5%. Distinct procedures, with potentially more generous quotas, exist for the petroleum and mining sectors and other large investors. Foreign nationals have found that the bureaucratic process and documentary requirements inherent in requesting or renewing work authorizations through the Ministry of Labor were exceedingly difficult. Some investments, covered under specific agreements with the Government, enjoy distinct quotas; however, in some cases the Ministry of Labor has arbitrarily required the same companies to comply with generally applicable quota regulations.

The establishment of wages and other forms of compensation to be paid to the employee are not subject to control. However, the labor legislation provides for a minimum wage of \$74 to \$195 per month depending on the industry sector. Employers are obliged by law to pay social security tax assessed at 7% of the employees' wages. A maximum of 3% of this is deductible from the employee's salary, while the remaining 4% is met by the employer. Foreign resident workers may be exempt if they can demonstrate participation in an alternate social security scheme.

Labor unions created during the socialist years of the 1970s and 1980s remain weak and have difficulty disengaging themselves from the ruling party, Frelimo, which played a lead role in their establishment. Total membership among Mozambique's fourteen unions is close to 200,000 persons. Labor unions do exert pressure on the government to maintain some pro-worker provisions in labor legislation, particularly regarding dismissal of local personnel and work force composition, although they show flexibility on other important issues. The minimum wage, determined every year, remains a significant concern for the unions. Potential investors are advised to factor in costly severance payments and other benefits in their decision making. Despite the introduction of a new labor law in 2007, the labor market remains rigid and an impediment to business.

Mozambique has adopted the International Core Labor Standards.

## **Foreign-Trade Zones/Free Ports**

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The government issued Decree No. 61/99 on September 21, 1999, establishing export processing zones, called Industrial Free Zones. The decree set up an Industrial Free Zone Council, which approves companies as industrial free zone enterprises, thereby providing them customs and tax exemptions and other benefits, including profit repatriation. There are three essential requirements for Industrial Free Zone status: job creation for Mozambican nationals, the exportation of at least 85% of annual production, and a minimum investment of \$50,000. Almost all industries, with the exception of

prospecting and exploration of natural resources, processing of raw cashew nuts and seafood (including prawns) can be authorized under an Industrial Free Zone status.

Industrial Free Zone developers enjoy an exemption from customs duties, VAT and tax on the importation of construction materials, machinery, equipment, accessories, accompanying spare parts and other goods destined for the establishment and operation of the Industrial Free Zone.

Free Zone concessions are granted for a renewable period of 50 years. Mozambique's large export-oriented investment projects of recent years operate as Industrial Free Zones. Mozal, a joint venture of several international companies, is the second largest aluminum producer in Africa and operates as a free-trade zone.

In addition, Special Economic Zones can be established on a case-by-case basis with the objective of developing specific geographical areas that benefit from exemption from custom duties and taxes, a free "off-shore" type foreign exchange regime, and special labor and immigration regimes. For example, a special tax and custom regime has been created for the Zambezi Valley until 2025.

**Foreign Direct Investment Statistics**

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**TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy**

	Host Country Statistical source*		USG or international statistical source		Source of data
<b>Economic Data</b>	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ( <i>Millions U.S. Dollars</i> )			2012	\$14.24 billion	World Bank
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		Bureau of Economic Analysis

U.S. FDI in partner country ( <i>Millions U.S. Dollars, stock positions</i> )			2012	\$619 million	Bureau of Economic Analysis
Host country's FDI in the United States ( <i>Millions U.S. Dollars, stock positions</i> )			2012	(*)	Bureau of Economic Analysis
Total inbound stock of FDI as % host GDP ( <b>calculate</b> )	2012	37.4%			Center for Investment Promotion

\* Center for Investment Promotion

(\*) indicates a non-zero value between -\$500,000 and +\$500,000

**TABLE 3: Sources and Destination of FDI, 2012**

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations ( <i>US Dollars, Millions</i> )					
Inward Direct Investment			Outward Direct Investment		
Total Inward	13,339	100%	Total Outward	1	100%
South Africa	2,605	20%	Kenya	1	65%
United Arab Emirates	2,376	18%	South Africa	0	13%
United States	1,559	12%	Malawi	0	12%
Australia	1,238	9%	Zimbabwe	0	8%
Portugal	875	7%	Mauritius	0	1%

"0" reflects amounts rounded to +/- USD 500,000.

According to the Investment Promotion Center (CPI) from January 1, 2005, through December 31, 2010, CPI approved a total of 1,173 investment projects (both foreign and national) in Mozambique. From 2005-2010, CPI approved over \$8.7 billion in foreign direct investment funded projects (note: these are "booked" projects, not all of which are implemented).

From 2005 to 2009 the largest foreign direct investor was the United States with over \$5 billion in 15 approved projects. The second largest was Portugal with almost \$800 million in 127 projects. The third largest was Norway with \$742 million in two projects; the fourth largest was South Africa with \$424 million in 318 projects. China was the fifth largest FDI investor with \$175 million in 41 projects.

In 2013, the United States slipped from 1st to the 13th position as an investor with an investment amounting to USD 2,912,999. During the same rated period, CPI approved a total of 350 projects in different sectors in all eleven provinces of Mozambique. A majority of the projects (104) are in Maputo city and were reportedly responsible for the creation of approximately 23,338 new jobs.

According to CPI's list of approved projects, during 2013, South Africa was the largest investor in terms of size of investment in Mozambique – USD 364,017,310- with 68 projects approved, followed by China with an investment of USD 228,927,373 and 25 projects approved and next comes Portugal with 168 projects approved amounting to USD 171,678,323. According to CPI, the United States was the 21st largest investor in 2013 with 3 projects approved amounting to 4,614,815. Still according to CPI 515 projects were approved in 2013, that it is expected to generate 35,627 new jobs.

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Mozambique's financial system provides for the most common methods of payment, including open account, letter of credit, cash in advance, documentary collections, etc. Standard and Poor's and Fitch issue credit ratings for the Mozambican government. There is an Information Credit Bureau at the Central Bank that provides information on collection agencies in country. Law firms also perform collection functions for a fee.

### How Does the Banking System Operate

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The financial system of Mozambique reflects policies undertaken by the government and the Bank of Mozambique (Central Bank). In 1994 liberalization of interest rates was approved, and between 1996 and 1997 the government began to sell government-controlled financial institutions to private buyers. The merger of two banks, the International Bank of Mozambique (BIM) and the Commercial Bank of Mozambique (BCM), was completed in 2001. The re-privatization of Banco Austral to ABSA and consequently to Barclays, the purchase of BNP Nedbank by African Banking Corporation, the closing of Credicorp, and more recently, the merger of Commercial Bank of Mozambique (BCI) and Banco de Fomento have streamlined and created major changes for the banking sector.

Grupo BIM has the largest share of the Mozambican banking sector. Ranked number one, BIM leads the sector in revenue, followed by the second major player, BCI. There are 15 other commercial banks operating in Mozambique, including Standard Bank, Barclays, Moza Banco, Banco Unico, Mauritius Commercial Bank, Banco Terra, and the African Banking Corporation. The newest financial institution, United Bank for Africa Mozambique, opened with Nigerian capital, began operations in 2011.

Commercial banks in Mozambique are best suited for providing short-term loans, trade-related finance, and fee-based services. Medium-term loans are available, but stiff collateral requirements and high interest rates deter many in the commercial sector. Long-term finance other than mortgage-based lending is not generally available. Leasing is an area of growing commercial bank interest. Many foreign companies find it advantageous to obtain offshore financing for their Mozambican operations. The range of services offered by domestic banks is limited.

## Foreign-Exchange Controls

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Mozambique passed a new Foreign Exchange Act in July 2011. The new law contains a contentious 'export surrender requirement. Fifty-percent of export earnings must be remitted to the Mozambican financial system and then converted into the local currency. For ordinary citizens, the new law limits foreign currency withdrawals to a maximum of \$5000 per transaction for international travel purposes.

Foreign Exchange Controls Affecting Trade – Foreign exchange is available to importers and exporters to finance current account transactions. An application to purchase the necessary foreign currency must be approved by the Bank of Mozambique before an exporter or importer may purchase foreign currency from commercial banks or exchange houses. Such applications are routinely approved by the Bank within 15 days, upon presentation of documents relating to the goods in question. Applications can be approved prior to the goods' arrival in Mozambique. Commercial banks and exchange houses may apply for authorization on behalf of their clients. Applications must include proof of the importer's/exporter's ability to finance the transaction. For advance payments in excess of \$50,000, a performance guarantee from a banking institution may be required.

## U.S. Banks and Local Correspondent Banks

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Commercial Banks with Correspondent U.S. Banking Relationships:

Barclays  
Avenida 25 de Setembro, 1184  
Caixa Postal 757, Maputo  
Tel: (258)(21) 32 10 11  
Fax: (258)(21) 32 34 70

Banco Comercial e de Investimentos (BCI)-Fomento  
Avenida 25 de Setembro, 1230 (4th Floor)  
Caixa Postal 75, Maputo  
Tel: (258) (21) 30-77-77  
Fax: (258) (21) 30-71-52

Grupo de Banco Internacional De Moçambique (BIM)  
Avenida Samora Machel, 247  
Caixa Postal 2657, Maputo  
Tel: (258) (21) 32-32-08  
Fax: (258) (21) 32-93-89

Standard Bank  
Praça 25 De Junho  
Caixa Postal 1119, Maputo  
Tel: (258) (21) 32-45-97  
Fax: (258) (21) 30-81-04

Mauritius Commercial Bank (MCB)  
Avenida Friedrich Engels, 400

Maputo

Tel: (258) (21) 49-43-69

Fax: (258) (21) 49-86-75

African Banking Corporation

Av. Julius Nyerere, 999

Caixa Postal 1445, Maputo

Tel: (258) (21) 48-21-00

Fax: (258) (21) 48-74-74

ULC Mocambique SARL

Edifício 33 Andares, Rua de Imprensa 256, 7° Andar

Caixa Postal 4447 Maputo

Tel: (258) (21) 30-04-51

Fax: (258) (21) 43-12-90

Moza Banco

97, Rua Kwame Nkrumah

Caixa Postal 1012

Tel: (258) (82) 30-53-34-3

Fax: (258) (21) 48-08-00

U.S. Financial/Lending Institutions:

Chase Manhattan Overseas Corporation

Block G, Pin Mill Farm

164, Katherine Street, Sanddown

Sandton 2196

P.O. Box 651996, Benmore 2010

Republic of South Africa

Tel: (27) (11) 444-1266

HSBC Equator

Prédio 33 Andares, Suite 522

Rua Da Imprensa, 256, Maputo

Tel: (258) (21) 43-19-19

Fax: (258) (21) 43-19-18

Citibank

Grosvenor Corner

195 Jan Smuts Avenue, Rosebank

P.O. Box 1800, Saxonwold, 2132

Johannesburg, South Africa

Tel: (27) (11) 280-2200

Fax: (27) (11) 280-2795

Locally or Regionally Based MDB and IFI Offices:

African Development Bank

Av. 25 de Setembro, 420

Maputo

Tel: (258) (21) 32-64-09  
Fax: (258) (21) 31-56-00

5 Rue Jesse Owens  
01 B.P. 1712 Abidjan 01, Cote d'Ivoire  
Tel: (225) 21-46-16  
Fax: (225) 22-24-37

International Finance Corporation (IFC)  
Avenida Kenneth Kaunda, 1224  
Maputo  
Tel: (258) (21) 49-28-41/51/71  
Fax: (258) (21) 49-28-93

The International Bank for Reconstruction and Development ("World Bank")  
Avenida Kenneth Kaunda, 1224  
Maputo  
Tel: (258) (21) 49-28-41/51/71  
Fax: (258) (21) 49-28-93

International Monetary Fund  
Av. Ahmed Sekou Toure, 133  
Maputo  
Tel: (258) (21) 49-61-18  
Fax: (258) (21) 49-83-76

## Project Financing

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**General Availability of Financing** – Trade financing is readily available from Mozambican commercial banks. Medium-term project financing is more difficult and requires significant collateral. Long-term project financing is scarce. Venture capital in Mozambique is, at present, almost non-existent, although Grupo BIM may begin offering such in the near future.

**Availability of United States Department of Agriculture Export Credit Guarantee Program (GSM)** – The USDA provides GSM credit guarantees to assist in financing exports of U.S. agricultural products overseas. While no Mozambican banks are currently eligible for the program, eligible banks elsewhere in the region may be able to cover exports to Mozambique. Interested exporters are advised to contact the United States Department of Agriculture.

**Export-Import Bank** -- The Export-Import Bank of the United States offers loan guarantees, insurance, and project financing to encourage the export of American goods and is keenly interested in the Mozambican market. Mozambique is eligible for short, medium, and long-term loans, loan guarantees, and insurance to finance private sector purchases of American goods. The Export-Import Bank has no pre-set financing limits. Additional information is available at [www.exim.gov](http://www.exim.gov).

**OPIC** -- The Overseas Private Investment Corporation is an independent U.S. government agency that can assist with project finance, through loans or loan

guaranties, and political risk insurance in Mozambique, up to a total of \$400 million for projects with American involvement. OPIC has also created venture capital funds based in Johannesburg including: The New Africa Growth and Opportunity Fund and the Modern Africa Growth and Investment Corporation. Additional information is available at [www.opic.gov](http://www.opic.gov).

**MIGA** -- Mozambique is a member of the Multilateral Investment Guarantee Agency (MIGA), part of The World Bank Group. MIGA offers investment guarantees for private sector projects.

**IFC** -- The International Finance Corporation (IFC) and the Commonwealth Development Corporation provide medium-term loans and equity finance in Mozambique from their South African offices.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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## Chapter 8: Business Travel

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### **Business Customs**

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Mozambique's business class is small. The primary activities in Mozambique are trading and retail sales, although this is changing. Many Mozambicans engaged in international trade take advantage of personal ties to Portugal, South Africa, Zimbabwe, the Middle East, Brazil, Dubai, or India to accomplish their commerce, and many speak English.

Mozambicans strongly value face-to-face meeting, formal written letters, and personal relationships. Patience and flexibility are essential for success in Mozambique. Business cards are generally exchanged. Mozambicans do not always arrive on time for appointments and the recent increase in business has caused many to over-schedule. This is especially true of a core group of technocrats in government, who are in great demand.

Maintaining a good reputation with government officials and local clients is important. The business community in Maputo is small enough that most know one another fairly well. Competitors in one area may be partners in another. Nevertheless, potential investors should be on the lookout for questionable business practices, such as tax evasion and corruption. Many businesses do not produce accurate financial records. Accounting standards have recently been redefined to match international standards but training remains weak. The concepts of accounting, depreciation and asset management are not yet widely understood beyond the largest companies.

### **Travel Advisory**

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Travel information from the Department of State is available on the Internet at: [www.travel.state.gov](http://www.travel.state.gov) and [http://www.travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_976.html](http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_976.html)

Air Travel and Safety:

There are daily flights from Atlanta to Johannesburg on Delta Airlines. In addition, South African Airways (SAA) has daily flights from Washington Dulles to Johannesburg under a

United Airlines code share. SAA also flies direct from New York City to Johannesburg, though not on a code share basis. From Johannesburg there are flights to Maputo on SAA and Mozambican Airlines (LAM). Daily flights between Europe and Johannesburg are available on major European carriers. Other international flights direct to Mozambique originate in Addis Ababa, Lisbon, Nairobi, Dar-Es-Salaam, Durban, Cape Town, Harare, and Luanda. In-country air travel is available on LAM and prices are extremely high. There is no direct commercial air service between the United States and Mozambique. The Federal Aviation Administration (FAA) has a mandate to assess the aviation safety oversight provided by the civil aviation administrations in countries with carriers that serve or seek to initiate service to the United States. The FAA does not assess the safety oversight provided by the civil aviation authorities in countries such as Mozambique, which do not have a carrier serving, or seeking to serve, the United States. For more information, travelers may visit the FAA's Internet web site at [www.faa.gov/avr/iasa/index.cfm](http://www.faa.gov/avr/iasa/index.cfm).

Airport departure tax is already included in the ticket price as is standard in other countries.

## Visa Requirements

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U.S. citizens are required to obtain visas to enter Mozambique. While single-entry visas for a maximum stay of 30 days are available at all land borders and at the Maputo airport for approximately \$80, it is recommended to obtain a visa in advance through Mozambican Embassies or Consulates. Visas with longer validities (3 - 6 months) may be obtained at Mozambican Embassies or Consulates and cost between \$80 and \$100 depending upon length of validity and single or multiple entry. Travelers are advised to check both visa validity and length of stay permitted, as these often differ. Travelers are generally only allowed to stay for 30 days at a time. Any visa overstay is subject to large fines. Citizens of South Africa and other neighboring countries are not required to obtain Mozambican visas for most types of travel.

U.S. visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy Maputo: [http://maputo.usembassy.gov/information\\_for\\_travelers.html](http://maputo.usembassy.gov/information_for_travelers.html)

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

## Telecommunications

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**Communications** - Postal service is slow and unreliable. Federal Express, DHL and Skynet delivery are available. Telephone and fax service are fairly reliable in major urban centers, but can be expensive. In major cities, public phones are increasingly

available. They require the purchase of an inexpensive phone card, sold by the phone company and various shops. Elsewhere in the country, public phones must be accessed at the local office of the national telephone company, TDM. Cellular telephone service is available in all provincial capitals and many district capitals. GSM standard is used. MCell and Vodacom have roaming agreements with South African and many European companies.

**Internet Availability** – Several hotels in Maputo, Beira, and Pemba offer Internet access through their business centers, or offer connections for laptop computers in the hotel room. There are also Internet cafes in provincial capitals and some secondary cities.

## Transportation

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Basic services necessary for the business traveler are available in Maputo, Beira, and to a lesser degree in Nampula and Pemba. Outside these major urban centers, arranging for travel and accommodation can be difficult. In Maputo, rental cars with drivers are available from Avis, Hertz, Imperial (South Africa), Car Premium, and Europcar (part of National Car Rental's international network).

## Language

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Portuguese is spoken in all urban areas and in many provincial capitals, though in many smaller villages only the local languages are used. English is understood by some members of the business community, as well as many senior government officials.

## Health

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Medical facilities do not meet U.S. standards and most medical providers do not speak English. Medicines are not always available and travelers who may be taking routine prescription medication should plan to bring a supply to cover the length of their visit. There are both public and private medical facilities in the city of Maputo. All health care institutions and providers require payment at the time of service, and may even require payment before service is given. While some private clinics accept credit cards, many medical facilities do not. Doctors and hospitals outside of Maputo generally expect immediate cash payment for health services. Outside of Maputo, available medical care ranges from very basic to non-existent.

Malaria is prevalent in Mozambique. Travelers to Mozambique should take malaria prophylaxis. Plasmodium falciparum, the serious and sometimes fatal strain in Mozambique, is resistant to the anti-malarial drug chloroquine. Because travelers to Mozambique are at high risk for contracting malaria, the Centers for Disease Control and Prevention (CDC) advises that travelers should take one of the following anti-malarial drugs: mefloquine (Lariam), doxycycline, or atovaquone/proguanil (Malarone) and each of these medications need to be started prior to arriving in Mozambique. The CDC has determined that a traveler who is on an appropriate anti-malarial drug has a greatly reduced chance of contracting the disease. In addition, other personal protective measures, such as the use of insect repellent, help reduce malaria risk. Travelers who become ill with a fever or flu-like illness while traveling in a malaria-risk area, and up to one year after returning home, should seek prompt medical attention and tell the physician their travel history and what anti-malarial(s) they have or had been taking.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the CDC's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's Internet site at <http://www.cdc.gov/travel>. For more information about outbreaks of infectious diseases abroad, consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuation. Please see the Department of State's information on medical insurance overseas at: [travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1470.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html)

### **Local Time, Business Hours, and Holidays**

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Local time is GMT +2.

Business hours are generally 08:00-18:30, while government offices function from 07:30-15:30

Holidays:

January 1	New Year's Day
February 3	Mozambican Heroes Day
April 7	Mozambican Woman's Day
May 1	Worker's Day
June 25	Independence Day
September 7	Lusaka Agreement Day
September 25	Revolution Day
October 4	Peace and Reconciliation Day
November 10	Maputo Day
December 25	Family Day

### **Temporary Entry of Materials and Personal Belongings**

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### **Web Resources**

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State Department Visa Website:  
[travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)

United States' Embassy, Maputo, Mozambique:  
[maputo.usembassy.gov](http://maputo.usembassy.gov)

Center for Disease Control Travel Site:  
<http://www.cdc.gov/travel/>

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## Chapter 9: Contacts, Market Research and Trade Events

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### **Contacts**

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#### **United States Government Contacts**

U.S. Embassy, Maputo, Mozambique  
[maputo.usembassy.gov](http://maputo.usembassy.gov)

U.S. Commercial Service  
[www.buyusa.gov/home/](http://www.buyusa.gov/home/)

South Africa Global Competitiveness Hub  
[www.satradehub.org/](http://www.satradehub.org/)

USDA, Foreign Agricultural Service  
[www.fas.usda.gov/](http://www.fas.usda.gov/)

U.S. Trade and Development Agency  
[www.ustda.gov/](http://www.ustda.gov/)

U.S. Foreign Commercial Service (South Africa)  
[buyusa.gov/southafrica/en/](http://buyusa.gov/southafrica/en/)

#### **Mozambican Government and NGO Contacts**

INE – National Statistics Institute  
[www.ine.gov.mz](http://www.ine.gov.mz)

IPEX – Mozambique Export Promotion Institute  
[www.ipex.gov.mz](http://www.ipex.gov.mz)

CPI – Mozambique National Investment Promotion Agency  
[www.cpi.co.mz](http://www.cpi.co.mz)

Mozambique National Bank  
[www.bancomoc.mz/](http://www.bancomoc.mz/)

CTA - Confederação das Associações Económicas de Moçambique  
[www.cta.org.mz](http://www.cta.org.mz)

U.S. – Mozambique Chamber of Commerce

[www.ccmusa.online.co.mz](http://www.ccmusa.online.co.mz)

## **Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

## **Trade Events**

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In addition, the annual Agricultural-Cattle, Industry and Commerce Fair of Mozambique, more commonly known as "FACIM" will begin August 25 on the outskirts of Maputo and is attended by representatives from more than 20 countries.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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