



Republic of Mozambique

Investment Promotion Centre (CPI)

UNLOCKING INVESTMENT OPPORTUNITIES IN MOZAMBIQUE

Japan-Africa Business Forum

Tokyo, June 21, 2014



MOZAMBIQUE



Centro de Promoção de Investimentos
(Investment Promotion Centre)

(Инвестиционный Центр СЭП)

Центр по продвижению инвестиций



- **Population:** 23.760 mil
- **GDP (Nominal):** USD 15.355 mil million
 - **Per capita:** USD 630
- **GDP Growth Rate :** 7.5% (2013)
- **Exchange Rate USD/MT:** 30.50



MACRO-ECONOMIC INDICATORS



Centro de Promoção de Investimentos
(Investment Promotion Centre)

(Инвестиционный Центр)

(Инвестиционный Центр)

INTERNATIONAL CONTEXT	2010	2011	2012	2013
World Economy GDP growth Rate (%)	5.3	3.8	3.3	3.0
• Euro Zone	1.9	2.0	-0.7	-0.4
• Developin Asia (China e Índia)	9.5	7.8	6.7	6.5
• Sub-Saharan Africa	5.7	5.2	4.5	5.1
• Mozambique	7.1	7.3	7.3	7.5
World Inflation Rate (%)	3.7	4.8	4.0	3.8
• Euro Zone	1.6	2.7	2.5	1.5
• Sub-Saharan Africa	7.5	9.3	9.0	6.9
• Mozambique	12.7	10.4	2.1	4.2



WHY MOZAMBIQUE



Centro de Promoção de Investimentos
(Investment Promotion Centre)

(Инвестичен Центар (СИЦ))
Centro de Promoção de Investimentos

COMPARATIVE ADVANTAGES

- Geo-Strategic Location (as a gateway to SADC);
- Rich and Diverse Natural Resources Base: Arable land, forests, natural reserves of mineral resources, hydrocarbons, water;
- Competitive, educated and easily trainable labor force;
- Diversity and historical & cultural heritage;
- Sincerity, Hospitability, Friendliness.

COMPETITIVE ADVANTAGES

- Second major Investment Destination in Africa in 2013;
- One of Fastest Growing Economies in Sub-Saharan Africa in the last 10 years;
- Increasing investment in infrastructures across the country (roads, airports, railways);
- Stable Investment Legislation (Predictable, Consistent and Transparent);
- Access to preferential markets: SADC, USA, EU, China, India.

GOOD GOVERNANCE

- Protection against property expropriation;
- Non-discriminatory treatment between foreign and domestic investors;
- Public and Private Partnerships are encouraged;
- Competitive Fiscal and non-fiscal Incentives;



WHY MOZAMBIQUE (CONT.)

- No restriction to loans and payment of interests abroad;
- Transfer of dividends abroad;
- Mediation according to ICSID or ICC rules in the resolution of investment disputes;
- Access to MIGA and OPIC investment risk cover services.



BILATERAL TREATIES & AGREEMENTS

Investment Promotion and Reciprocal Protection Agreements:

*South Africa, Germany, Algeria, Belgium, China, Cuba, Denmark, Egypt, USA, USA (OPIC), Finland, France, Indonesia, Italy, Mauritius, Netherlands, Portugal, Sweden, United Kingdom, Vietnam, India, Switzerland, Zimbabwe, Spain, **Japan**, Brazil and Russia.*

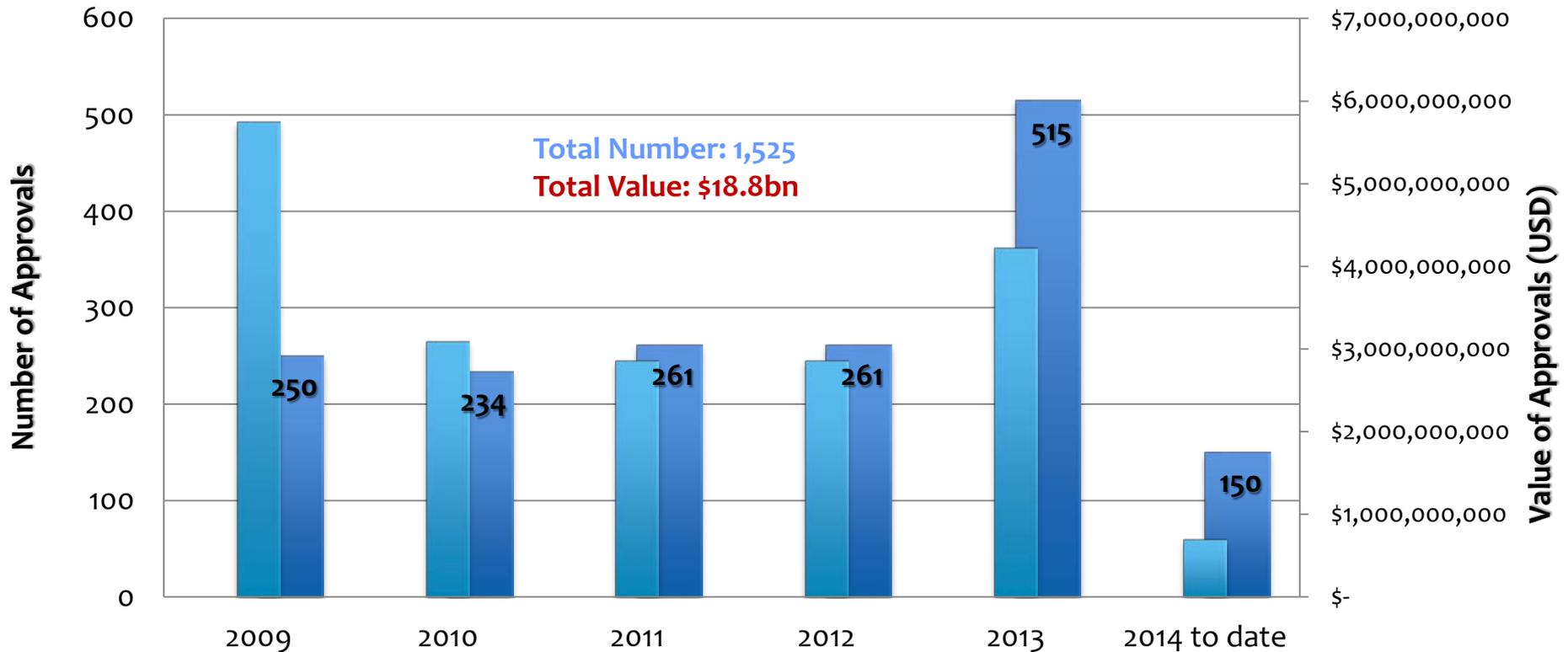
Agreements to prevent Double Taxation and Fiscal Evasion:

Portugal, Mauritius, United Arab Emirates, the Autonomous and Special Administrative Region of Macau, Italy and South Africa.



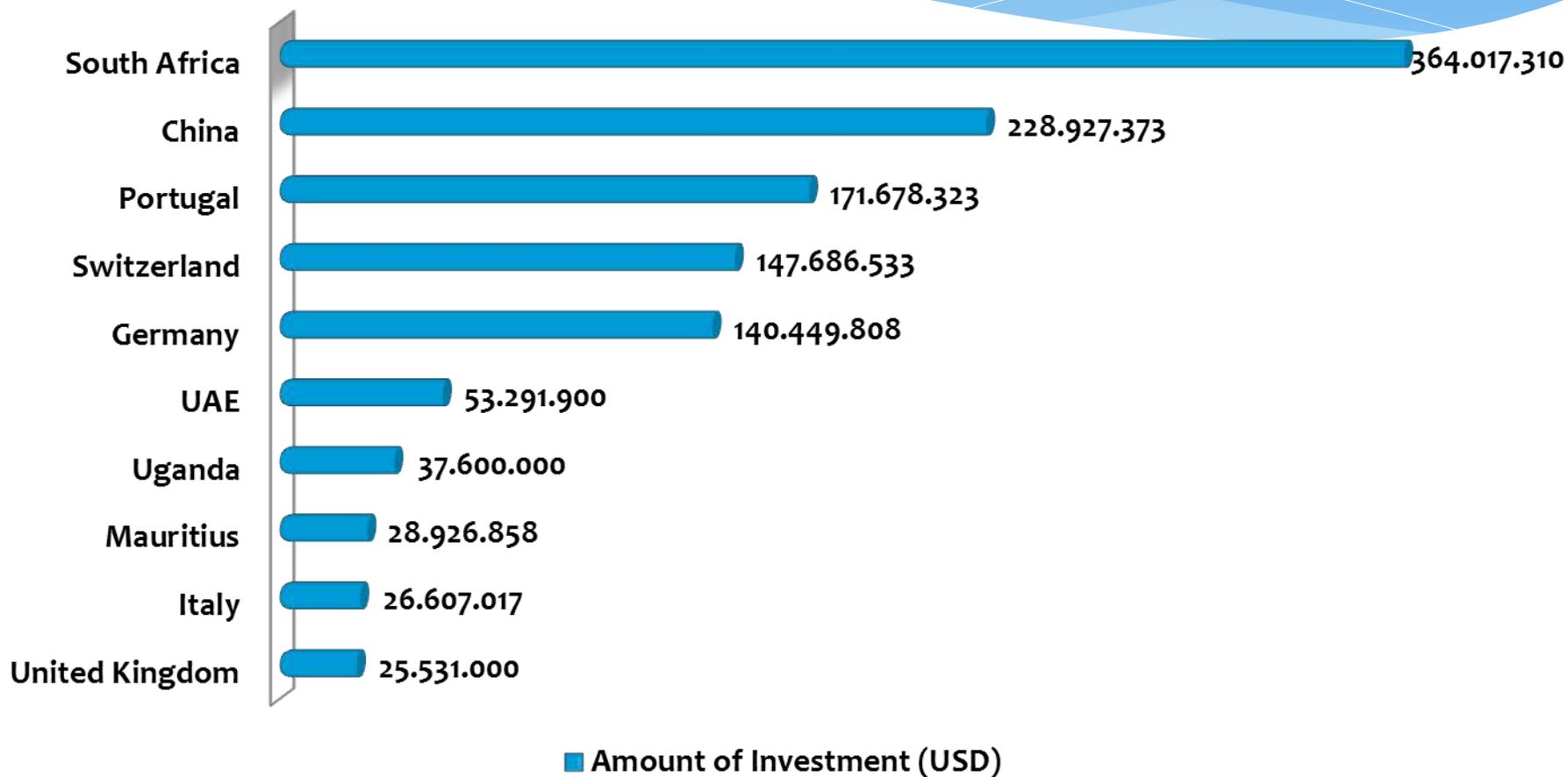
Investment Flows

CPI Approved Investments 2009-2014





10 MAIN FDI SOURCES IN 2013



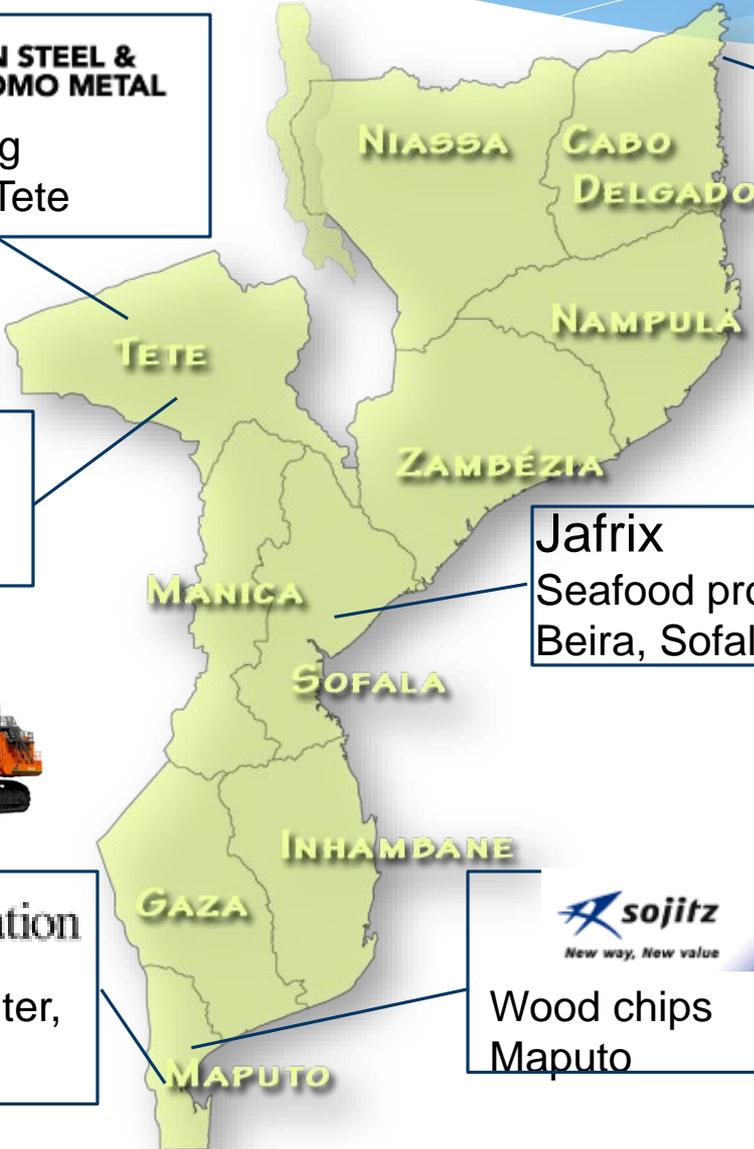


JAPANESE INVESTMENT EM MOÇAMBIQUE

 **NIPPON STEEL & SUMITOMO METAL**
 Coal Mining
 Revuboe, Tete



 **MITSUI & CO., LTD.**
 LNG Project
 Off-shore, Rovuma Basin



 *Sumitomo Corporation*
 Railways and Port
 Zambezia

HITACHI
 Technical Service
 Moatize, Tete



Jafrix
 Seafood processing
 Beira, Sofala

 **Mitsubishi Corporation**
 MOZAL Aluminium Smelter,
 Beloluane, Maputo

 **sojitz**
New way, New value
 Wood chips
 Maputo

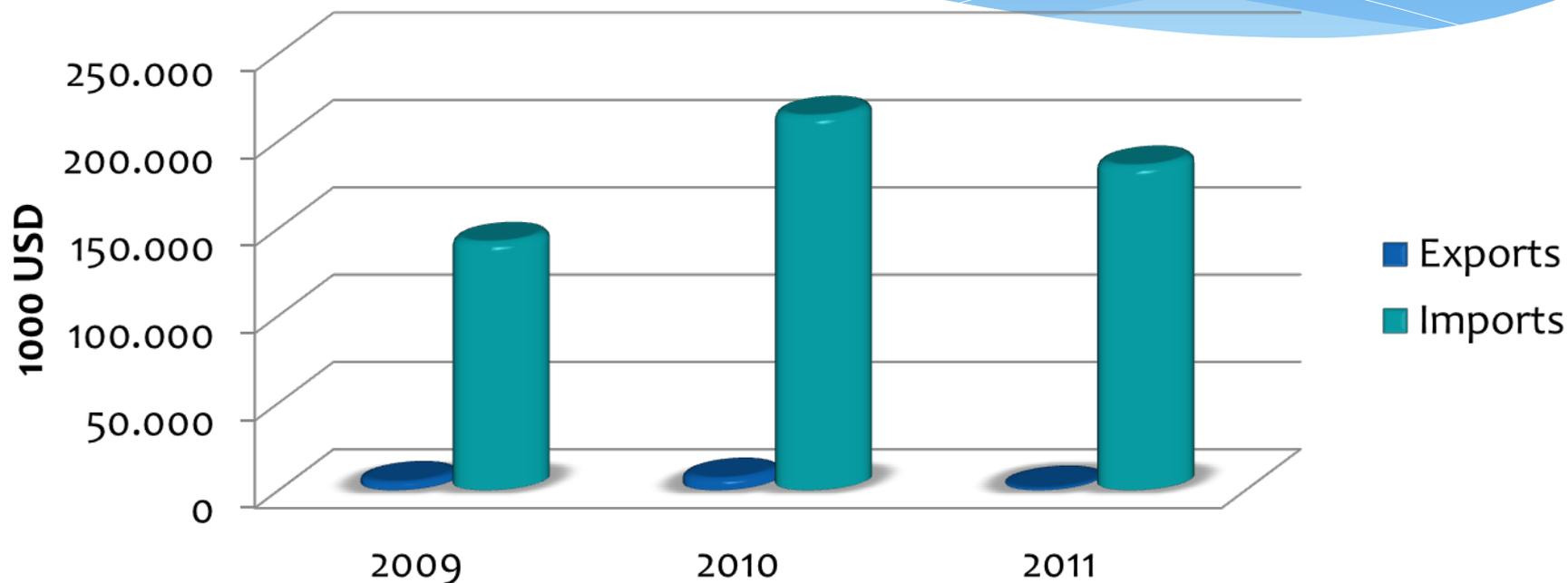


MOZAMBIQUE-JAPAN TRADE



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Main Exported Products: Crustaceans, Seeds and oleaginous fruits, Titanium ores and concentrates, Marine animal fats, leguminous vegetables.

Main Imported Products: Vehicles, Motorcycles, Trailers and semi-trailers, Cement, Tractors, Wheat, Rice, Machinery and its parts, Electric conductors, Glues, Artificial filament threads.



**INVESTMENT
INCENTIVES**



TAXATION SYSTEM



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(Инвестиционный Центр СЭЦА)

IMPORT CUSTOMS DUTIES

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

VAT 17.0%

CIT – General 32.0%
Agriculture 10.0%

PIT 10.0%
*Minimum 32.0%
*Maximum

Withholding Tax 20.0%



GENERAL INCENTIVES

- ❑ Exemption from payment of customs duties and VAT on the import of equipment classified as class “K” in the Customs Tariff Schedule including the accompanying spare and accessory parts.

- ❑ Tax Credit
 - Maputo City 5%
 - Other Provinces 10%

- ❑ Accelerated depreciation legal rates (+ 50%)

- ❑ Professional Training: 5% deducted from the taxable income - IRPC



Special Benefits



Special Benefits

- Creation of Basic Infrastructures
- Trade and Industry in Rural Areas
- Manufacturing & Assembly Industry
- Agriculture and Fisheries
- Hotels and Tourism
- Science and Technology Parks
- Large Scale Projects
- Rapid Development Zones
- Industrial Free Zones
- Special Economic Zones
- Mining Sector



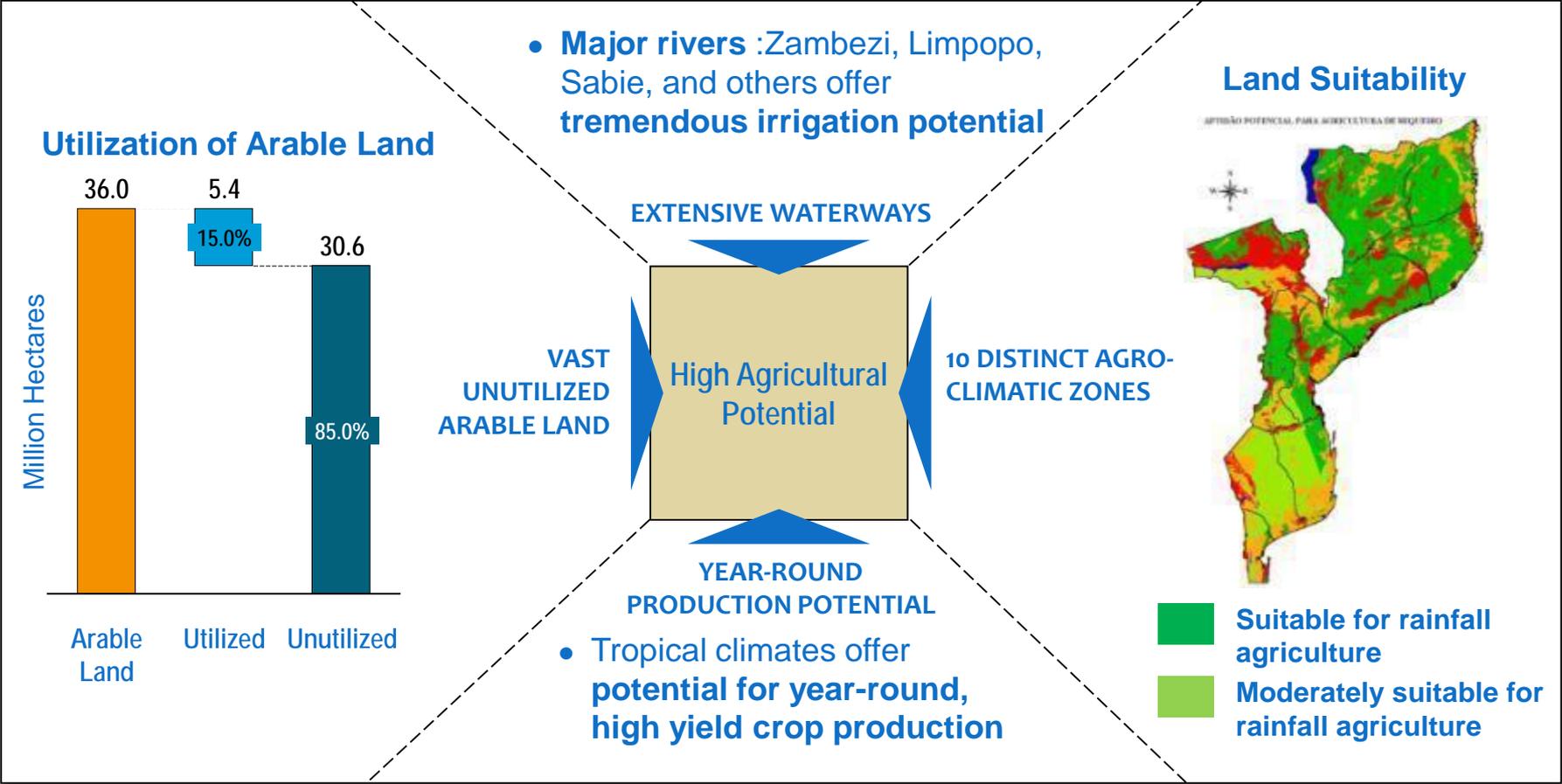
**INVESTMENT
OPPORTUNITIES**



AGRICULTURE & AGRO INDUSTRY

OVERVIEW – EXCELLENT CONDITIONS FOR AGRICULTURE

Mozambique has ideal growing conditions – plentiful water supply combined with diverse micro-climates to support a broad range of agricultural commodities



Source: Ministry of Agriculture; World Bank



VALUE CHAINS WITH GREATEST OPPORTUNITIES



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(Инвестичен Центар СМП)

Based on input from current and potential private sector investors in Mozambique, 12 key value chains have been identified, from which 4 have been prioritized

Investment Opportunities



Rice



Soy



Maize



Banana

PRIORITIZED



Sugar Cane



Cassava



Cotton



Vegetables



Poultry



Cashew



Livestock



Forestry

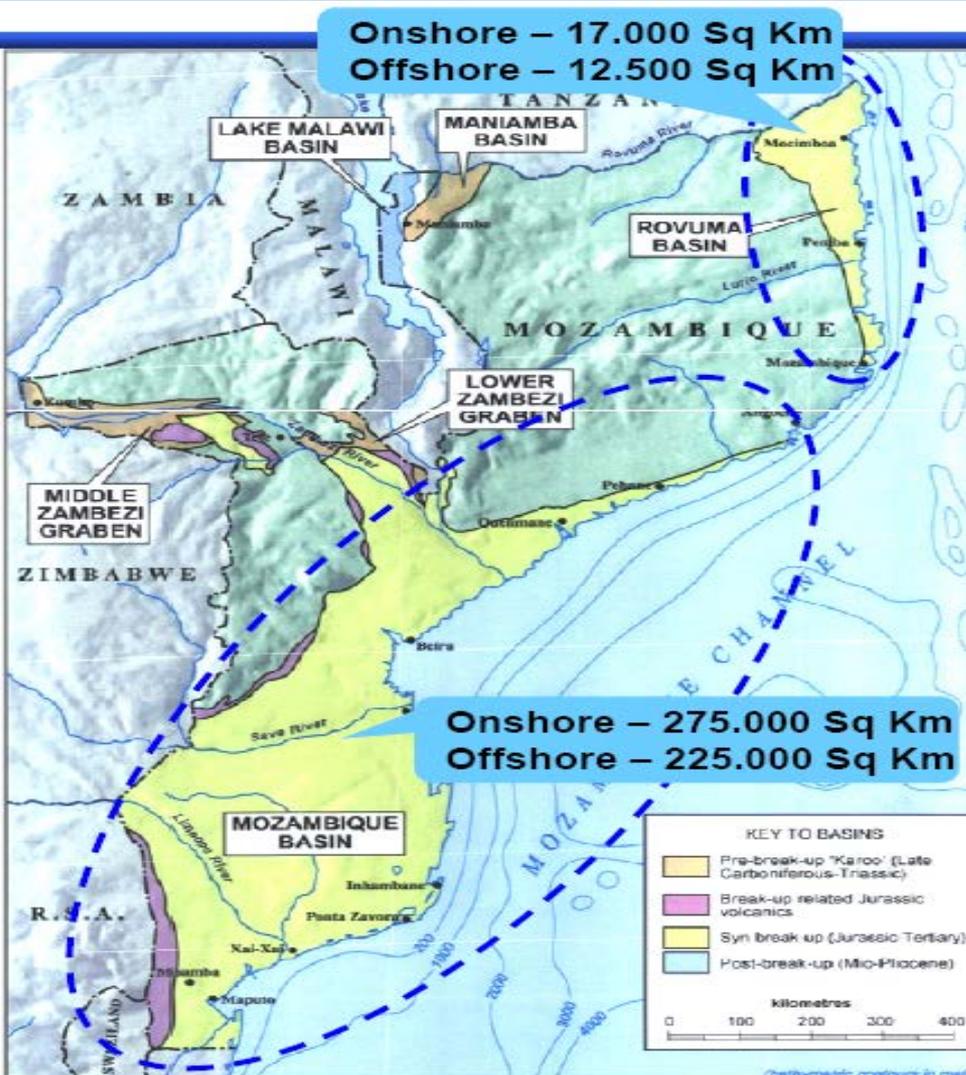
The image features a solid blue background. In the center, there is a white, thick-lined octagonal frame. Inside this frame, the words "MINERAL RESOURCES" are written in a bold, yellow, sans-serif font. The text is centered horizontally and vertically within the octagon. At the bottom of the image, there are several overlapping, semi-transparent blue shapes that create a wavy, layered effect, suggesting a horizon or a stylized landscape.

MINERAL RESOURCES



OIL AND GAS

Onshore – 17.000 Sq Km
Offshore – 12.500 Sq Km



Onshore – 275.000 Sq Km
Offshore – 225.000 Sq Km

Sedimentary Basins
With potential for the
occurrence of Hydrocarbons



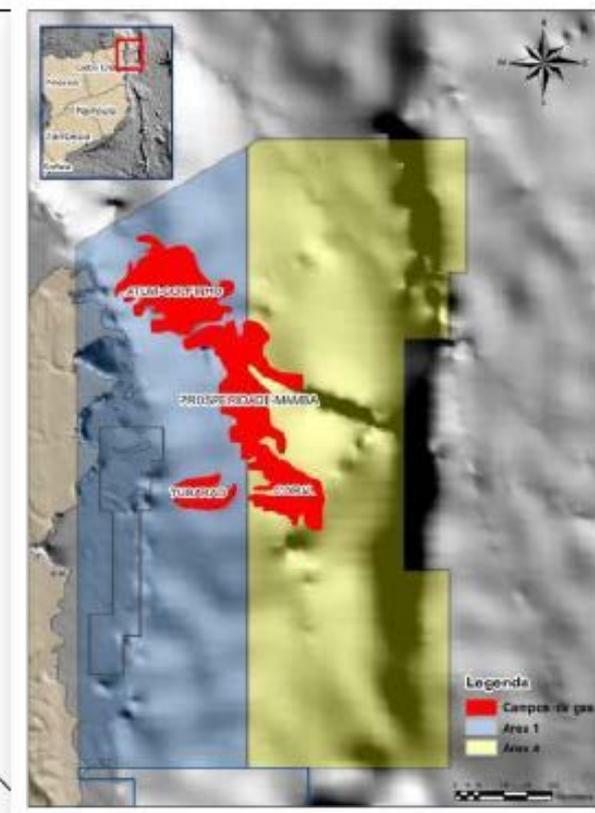
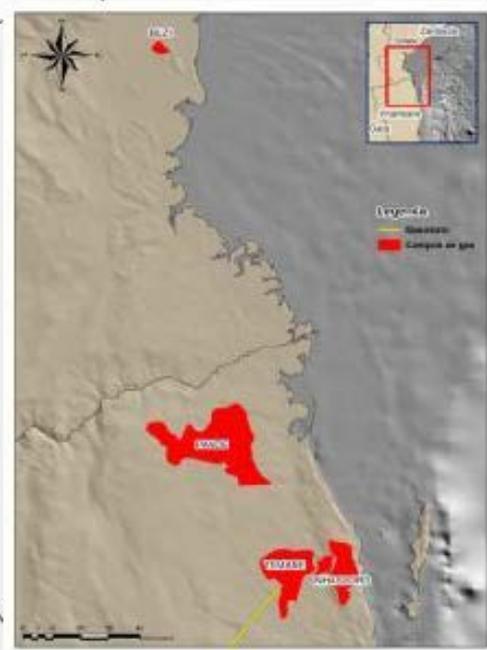
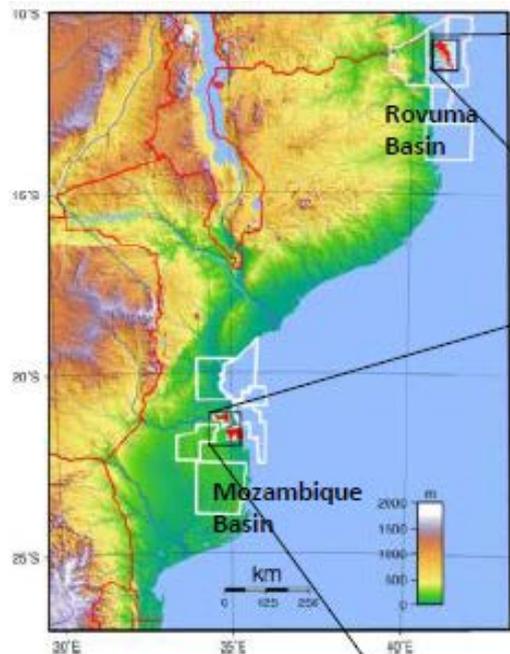
NATURAL GAS DISCOVERIES IN MOZAMBIQUE



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(расширение сотрудничества (СНД))

Центр по продвижению инвестиций



- Descobertas de gás desde 1961
- Recursos: 20 +Tcf
- Reservas Estimadas: 5+ Tcf

- Quantidade de gás de Nível Mundial
- Descobertas de gás desde 2010
- Recursos: 150+ Tcf



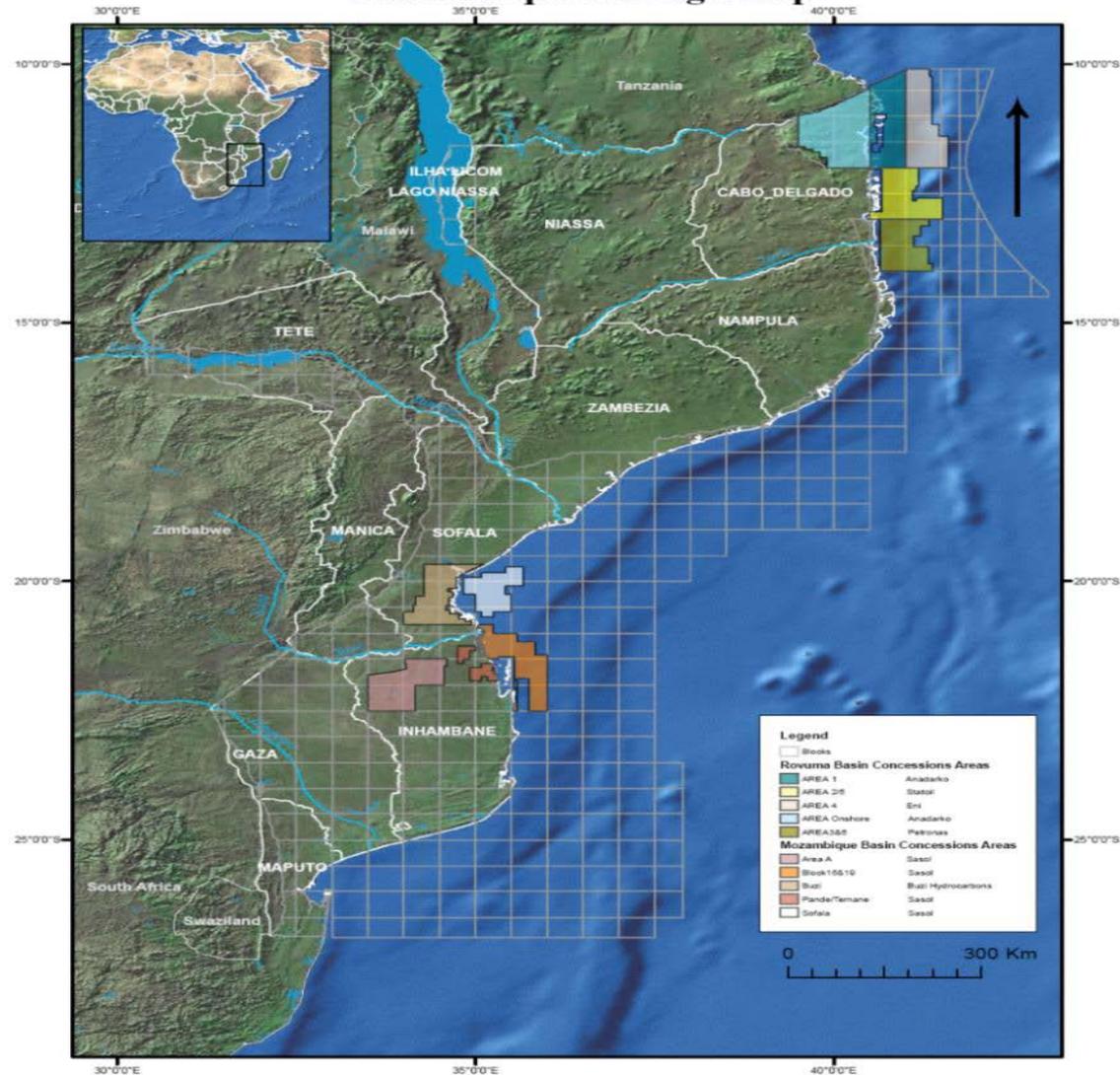
LICENSED ACREAGE



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Центр по продвижению инвестиций

Mozambique Acreage Map

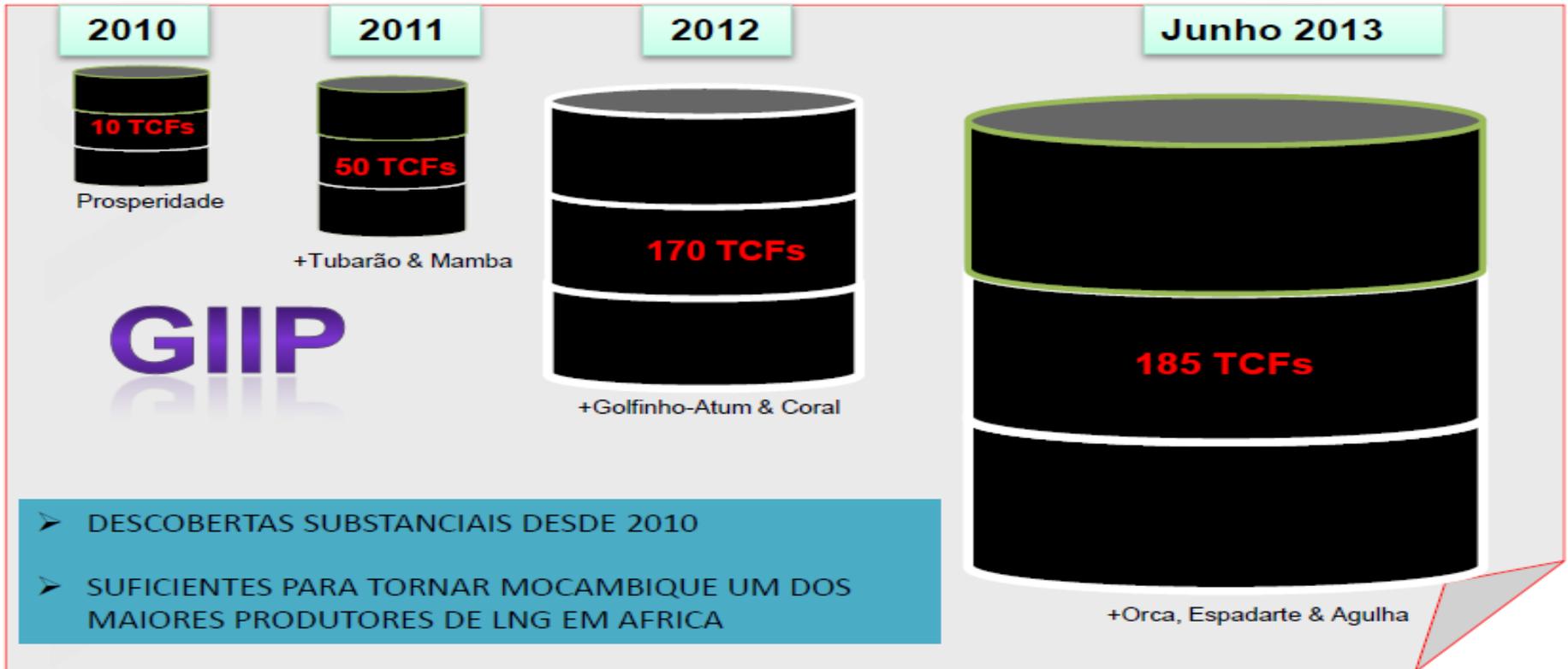


OPERATORS

- Anadarko
- Buzi Hydrocarbons
- ENI
- ENH
- PETRONAS
- SASOL
- STATOIL

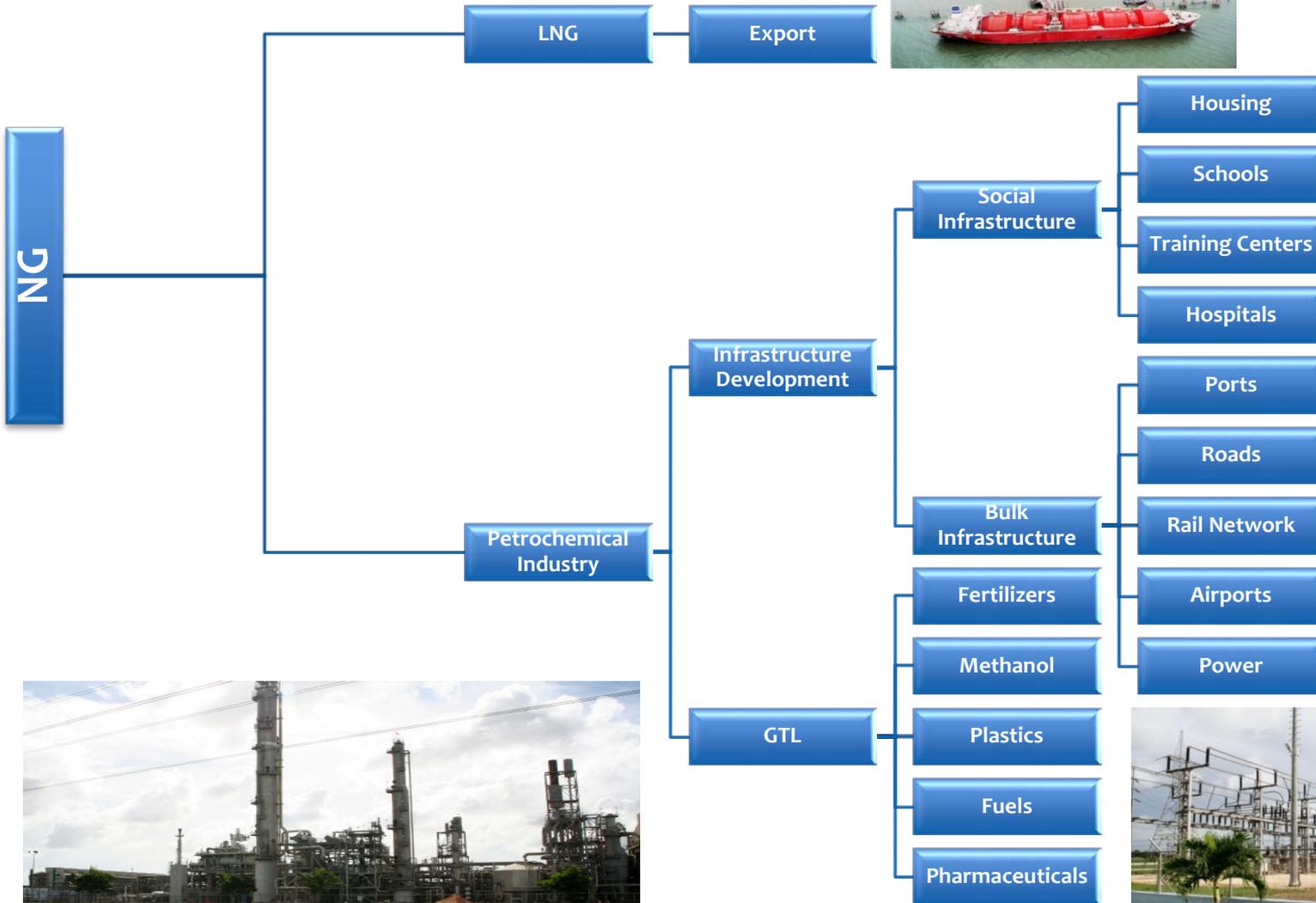


ROVUMA BASIN – CONFIRMED RESERVES





FUTURE OPPORTUNITIES IN NATURAL GAS DOWNSTREAM





DOWN STREAM INVESTMENT OPPORTUNITIES



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(Инвестмент-Промоушн Сентра)
Центр по Промоции Инвестментов

Ports



Petrochemical



Railway



Rail Transportation



Accommodation



Pipeline



Power Generation



Health Care



Air Transports



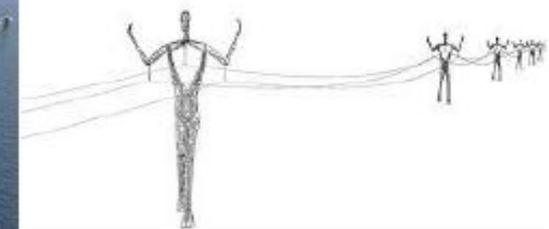
Petrochemical



LNG Development



Power Generation





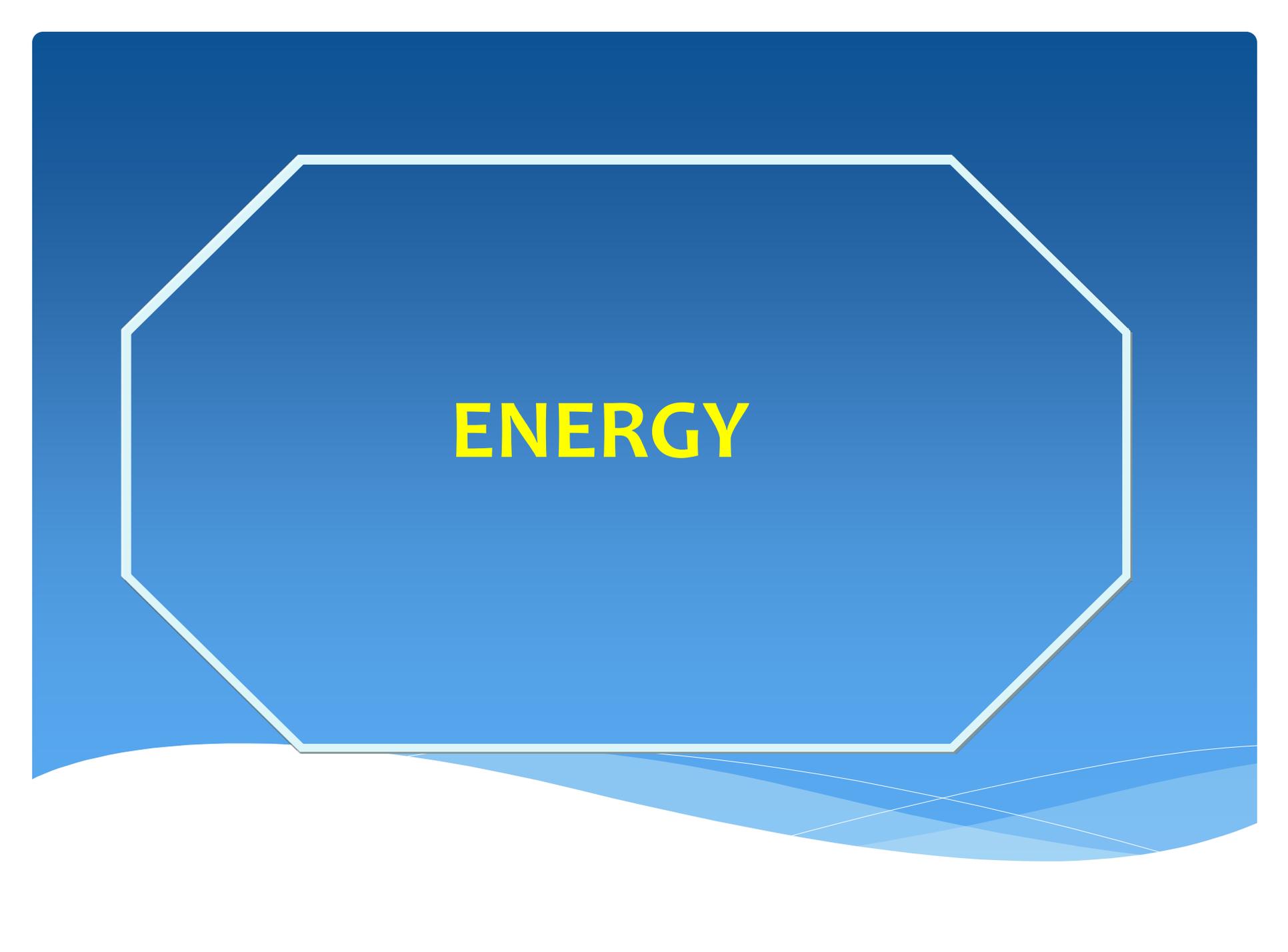
LNG PROJECT



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(Investment Promotion Centre)

(Инвестициони Центар Србија)
Centre of Investment Promotion of the Republic of Serbia



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ENERGY



HYDRO-POWER POTENTIAL: 12.000 MW



Cahora Bassa (2075 MW)



Chicamba & Mavuzi (90 MW)



**Matambo - Caia HV
Transmission lines**

**Transmission lines from 66 to 400 kV in AC: 5216 Km and 900 Km in DC
at ± 533 kV, including Substations with a total capacity of 5350 MVA;**

ONGOING POWER PROJECTS

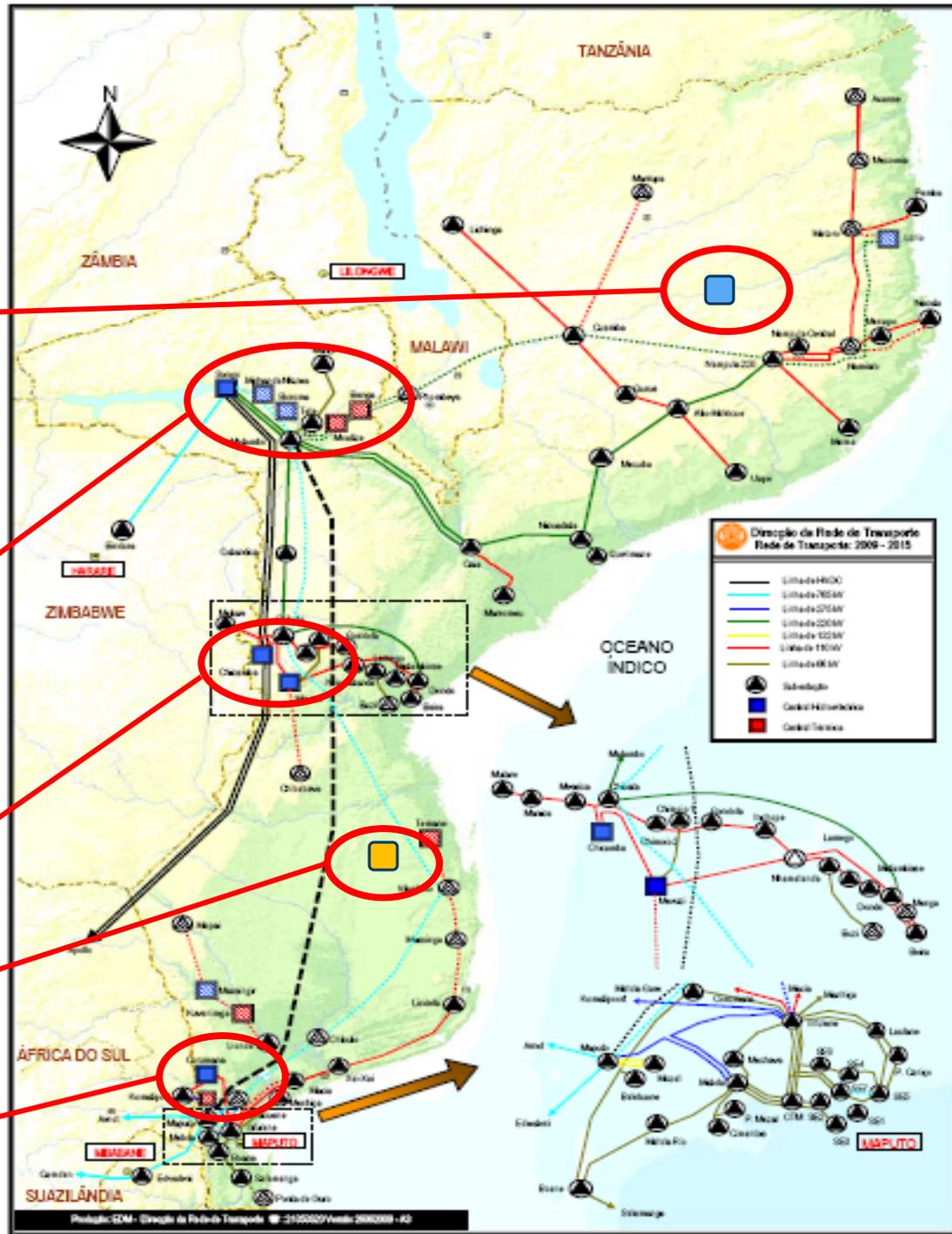
LURIO BASIN
120 MW + 80 MW

- CAHORA BASSA - 2075 MW (INSTALLED)
- CB North Bank – 1250 MW
- MPHANDA NKUWA – 1500
- BOROMA - 200
- MOATIZE (COAL) – 2400
- BENGGA (COAL) – 2000
- NHATSANGA (COAL) - F.S.

- CHICAMBA – 40 MW
- MAVUZI I – 50 MW
- MAVUZI II & III 70 MW

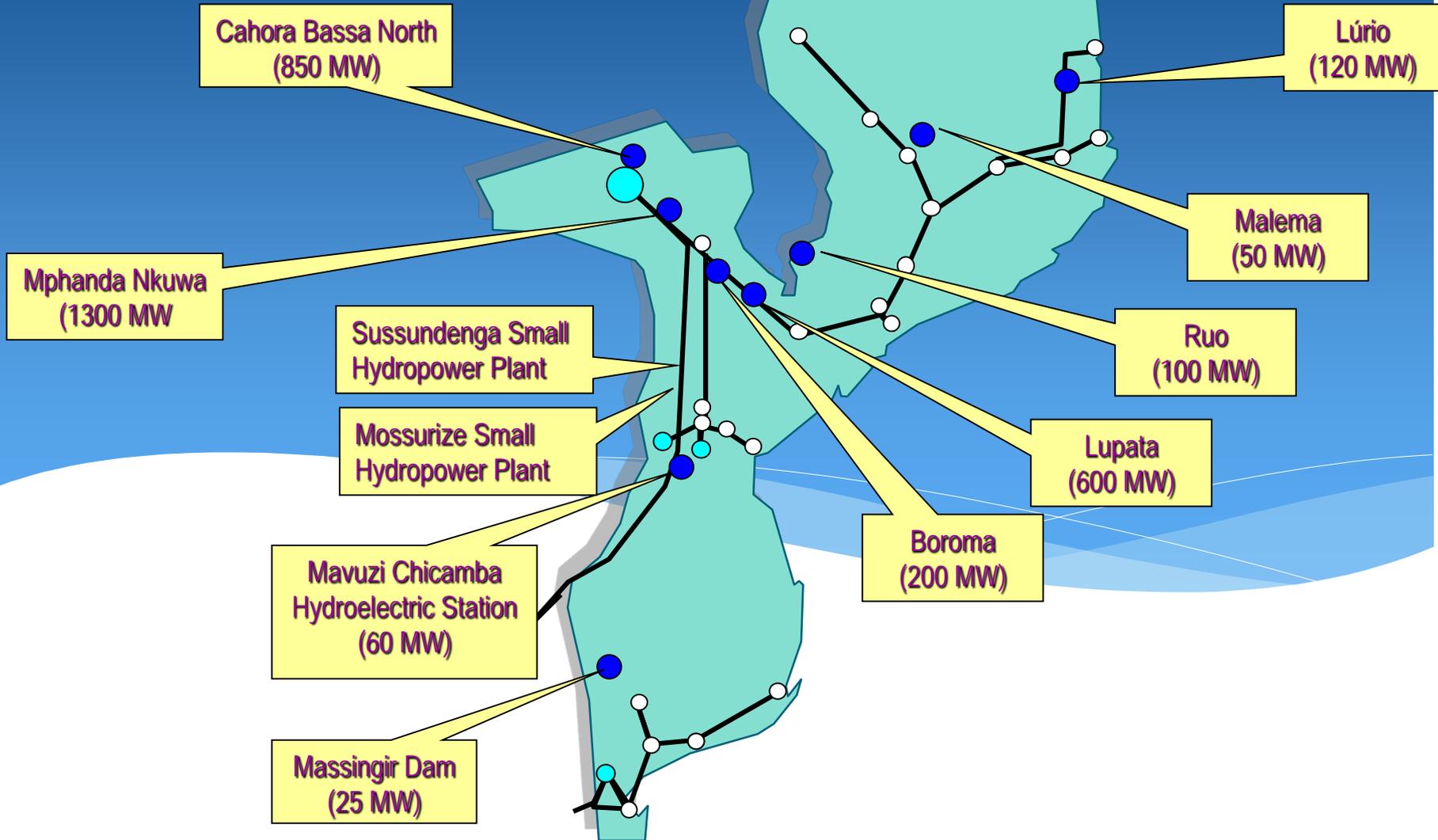
TEMANE (GAS)
50 MW

R GARCIA (GAS)
240 MW





POTENTIAL HYDRO POWER PROJECTS





POTENTIAL POWER PROJECTS



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(PROMOÇÃO DE INVESTIMENTOS)

Benga Coal-fired Power Plant (300-2000 MW)

Construction of Fuel Storage Tanks (100.000m³)

Moatize Thermal Power Plant (300-2400 MW)

Kuvaninga Thermal Power Plant

Beluluane Thermal Station (50 MW)

Construction of Fuel Storage Tanks (LPG) (3000 TM)

Temane (500-1000 MW)

Solar Panels Factory

Ressano Garcia Thermal Power Plant (500-1000 MW)

Production of Biodiesel (Matola, Beira and Nacala) (40 M liters/year)

1. Ongoing development Projects in coal fired power plants for nearly 600 MW;

2. Phase II accounts for nearly 3000 MW to 5000 MW to be developed from thermal coal centers.



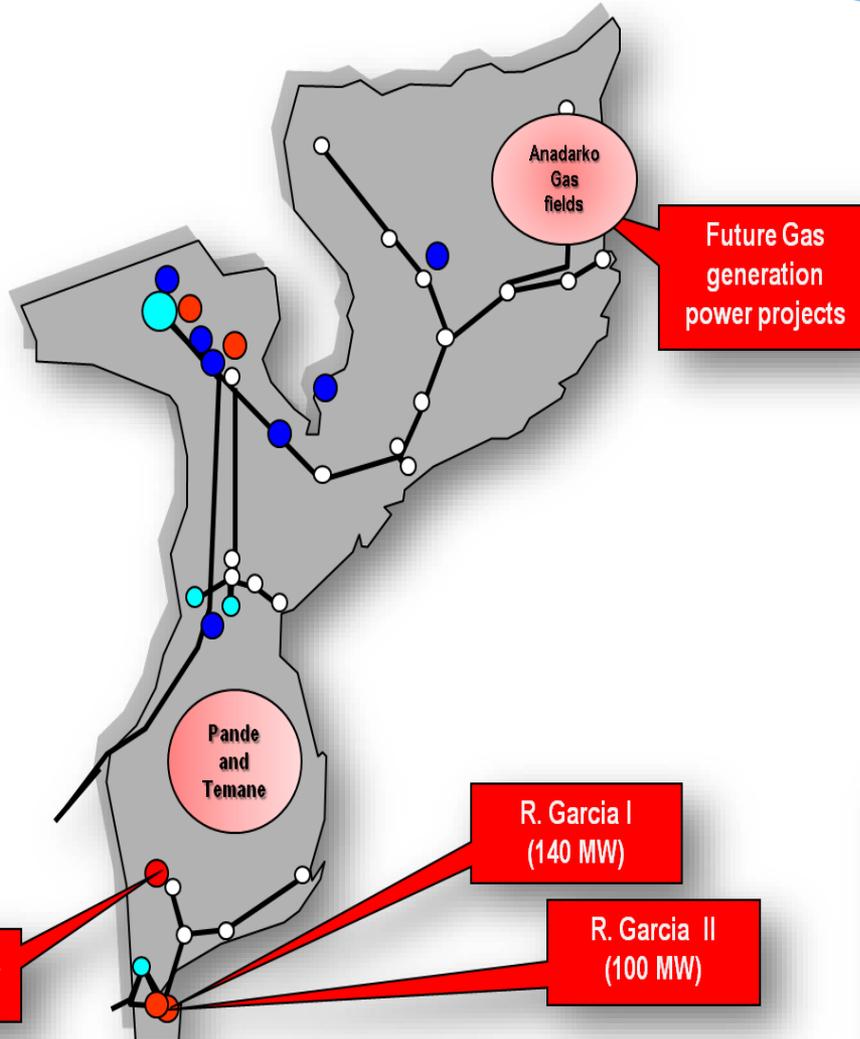


POTENTIAL ENERGY FROM NATURAL GAS



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(Промоційний Центр СІІІІА)
Центр промощення інвестування



Nearly 278 MW have been installed from thermal natural gas



PRS-1 Ressano Garcia



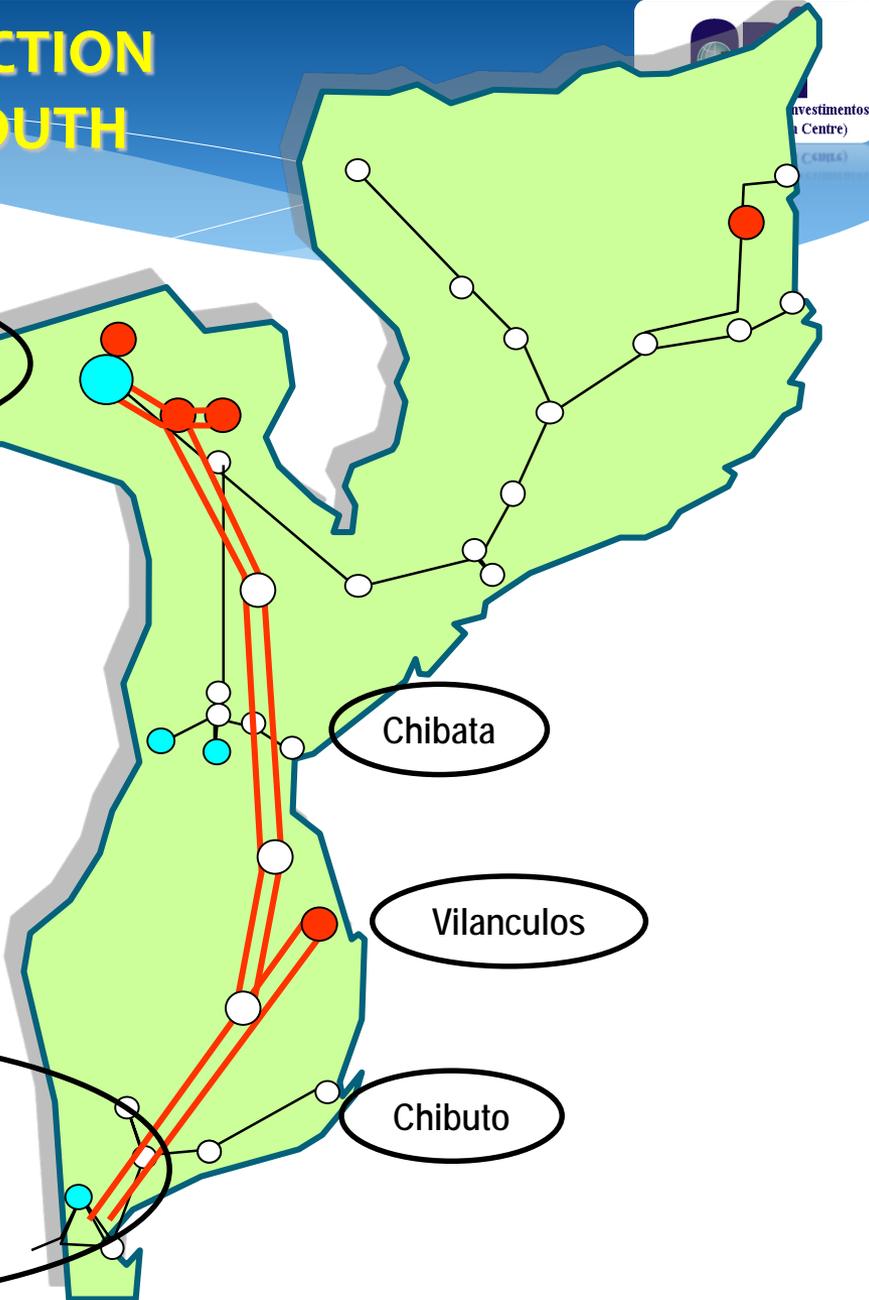


INTERCONNECTION CENTER - SOUTH

Power Generation
Centre

Phase I: (1x400 kV, HVAC + 1x800 kV, HVDC)
= 3,100 MW
Cost estimate: 1,800 MUSD
Phase II: (1x800 kV, HVDC = 2,900 MW)
Cost estimate: 512 MUSD
Total cost (Phase I+II) = 2,400 M USD

Load Centre



Chibata

Vilanculos

Chibuto

Investimentos
a Centre)

(SISA)



RENEWABLE ENERGY RESOURCES AND POTENTIAL

- ❑ **Geothermal** energy is one of the renewable energy options, assuming that Mozambique is covered partially by the RIFT VALLEY;
- ❑ **Wind** resources are characterized to be significant. However, the available data shows that there are some sites where deep research is recommended;
- ❑ There are about 38 water springs which average between 50 to 100 degrees Celsius.
- ❑ The strong wind blows from June to August, in the Northwest direction.



**TRANSPORT AND
COMMUNICATIONS**

GEOGRAPHICAL CONFIGURATION

REPÚBLICA DE MOÇAMBIQUE
 MINISTÉRIO DOS TRANSPORTES E COMUNICAÇÃO MTC / MOPH
 ESTRATÉGIA DE DESENVOLVIMENTO DE TRANSPORTES

Long Distances
 (North-South):
 Sea and Rail

EXISTING RAIL

RAIL LINES PLANED
 IN THE TRANSPORT
 SECTOR STRATEGY

CURRENT
 SITUATION OF THE
 COAL LOGISTICS

Legend

Moatize – Caia – Macuze
 (Concession contract under negotiation)

Savana.

Moatize – Nacala (via Malawi)
 Under construction

Moatize – Nacala (Bypassing Malawi)
 Under negotiation

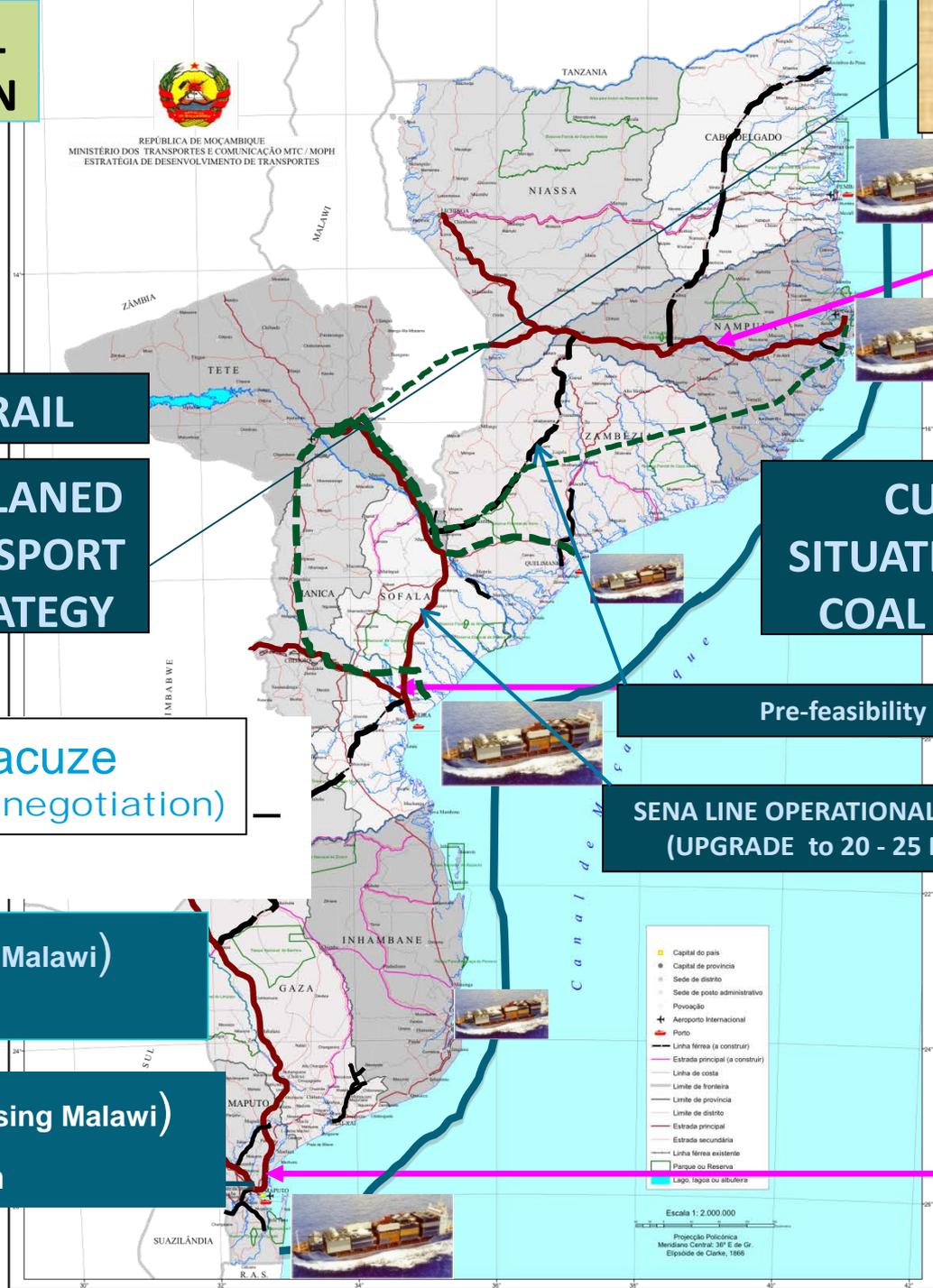
Pre-feasibility study done

SENA LINE OPERATIONAL (Capacity 6 MTPA)
 (UPGRADE to 20 - 25 MTPA in 3 years)

NORTH

CENTER

SOUTH





**SPECIAL
ECONOMIC
ZONES**



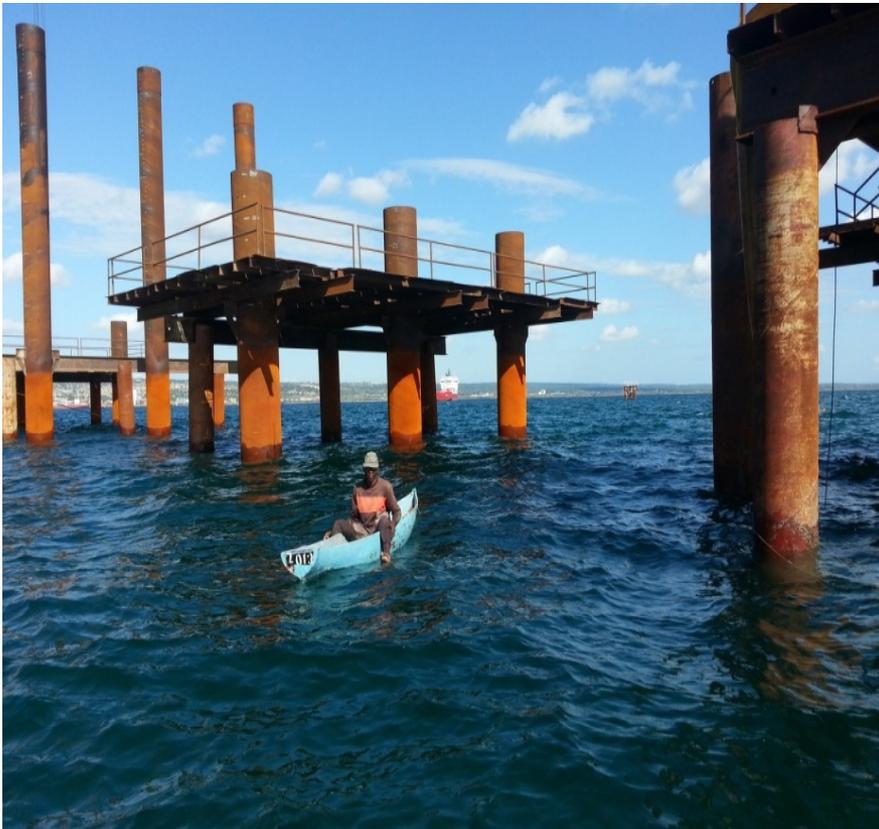
NACALA PORT

- The Port of Nacala is the third largest with deep waters in Africa's Eastern Coast;
- The port is undergoing rehabilitation and expansion.





COAL TERMINAL



The project is being implemented by Vale Mozambique. In addition to the maritime terminal and deep water port, it also includes the construction of a branch rail line in an extension of 200 kilometers, linking the Moatize coal basin, through Malawi, until that district.



RAILWAY LINE



The railway line is one of the largest infrastructures, comprising the Nacala Corridor, linking the Port of Nacala to the hinterland countries (Malawi and Zambia).



NACALA INTERNATIONAL AIRPORT



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(Investment Promotion Centre)

(Национальный Центр
Службы по Промоции Инвестиций)

Under construction, it will feature a runway 3,400 meters long and 45 meters wide, which will allow the landing of large aircraft such as the Airbus A340.





NACALA DAM



The Nacala Dam will help increase the water supply capacity, from 4.2 to 6.6 million cubic meters, as well as increase their availability, from the current 7,200 cubic meters per day to 25 billion intended to supply the Nacala SEZ.



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Центр по продвижению инвестиций

INVESTMENT OPPORTUNITIES

- Themed Special Economic Zones;
- Agro-processing;
- Technology Parks;
- Tourism;
- Services;
- Industry;
- Cotton Processing Industry;
- Textile industry;
- Infrastructure, among others.



INVESTMENT PROMOTION CENTRE

Offers a package of services to assist national and foreign investors facilitating access to incentives offered by the Government and the establishment of their businesses.





Centro de Promoção de Investimentos
(Investment Promotion Centre)

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THANK YOU!