



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)

(Investment Promotion Centre)

Centro de Promoção de Investimentos



- **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)

(Центр поощрения инвестиций)
(CENTRO DE FOMENTO DO INVESTIMENTO)

| 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

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, Hospitality, 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.*

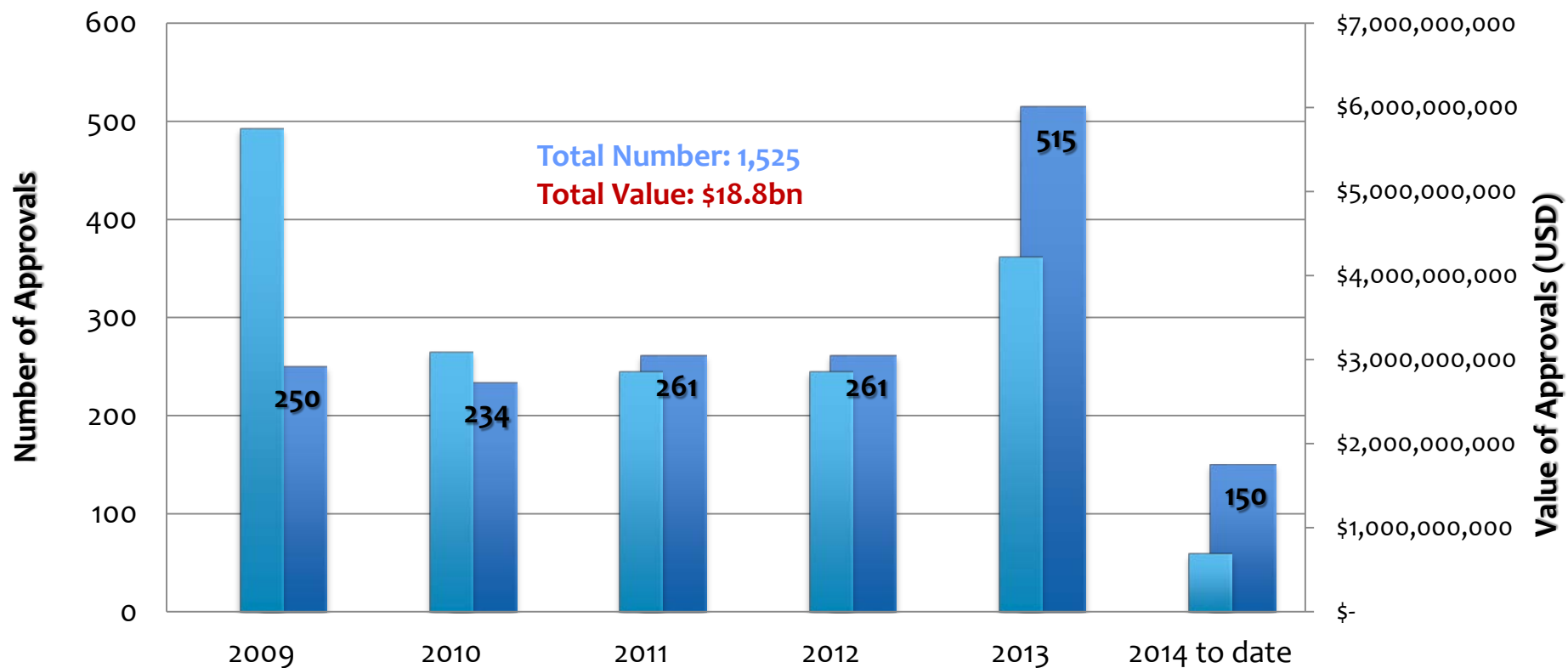
Agreements to prevent Double Taxation and Fiscal Evasion:

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



Investment Flows

CPI Approved Investments 2009-2014

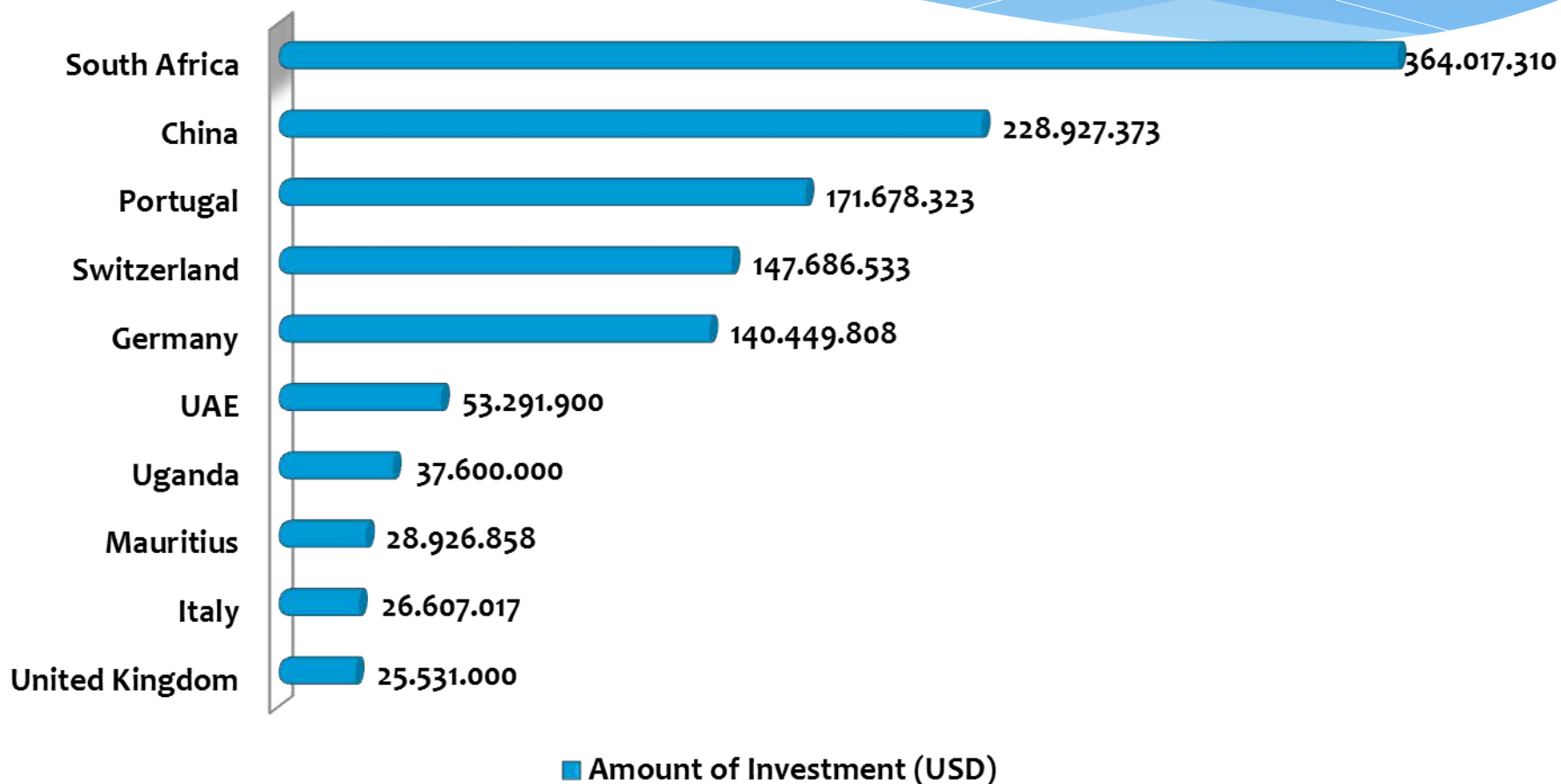




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(PROMOÇÃO DE INVESTIMENTOS - CPMI)
CENTRO DE PROMOÇÃO DE INVESTIMENTOS

10 MAIN FDI SOURCES IN 2013





JAPANESE INVESTMENT EM MOÇAMBIQUE



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(Instituto de Promoção de Investimentos)
CENTRO DE PROMOÇÃO DE INVESTIMENTOS



**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



Jafriz

Seafood processing
Beira, Sofala

MANICA

SOFALA

INHAMBANE

GAZA

MAPUTO



Mitsubishi Corporation

MOZAL Aluminium Smelter,
Beloluane, Maputo

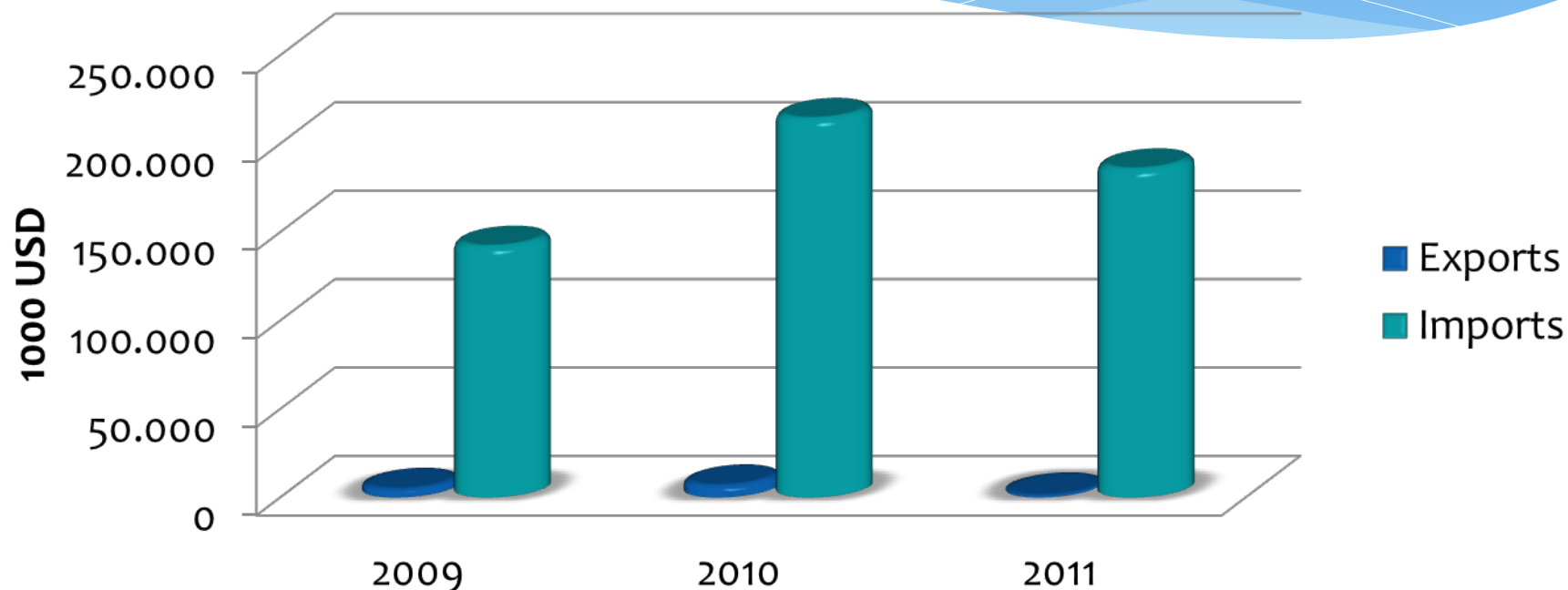


New way, New value

Wood chips
Maputo



MOZAMBIQUE-JAPAN TRADE



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

☐ 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

| | |
|----------|-------|
| *Minimum | 10.0% |
| *Maximum | 32.0% |

☐ 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



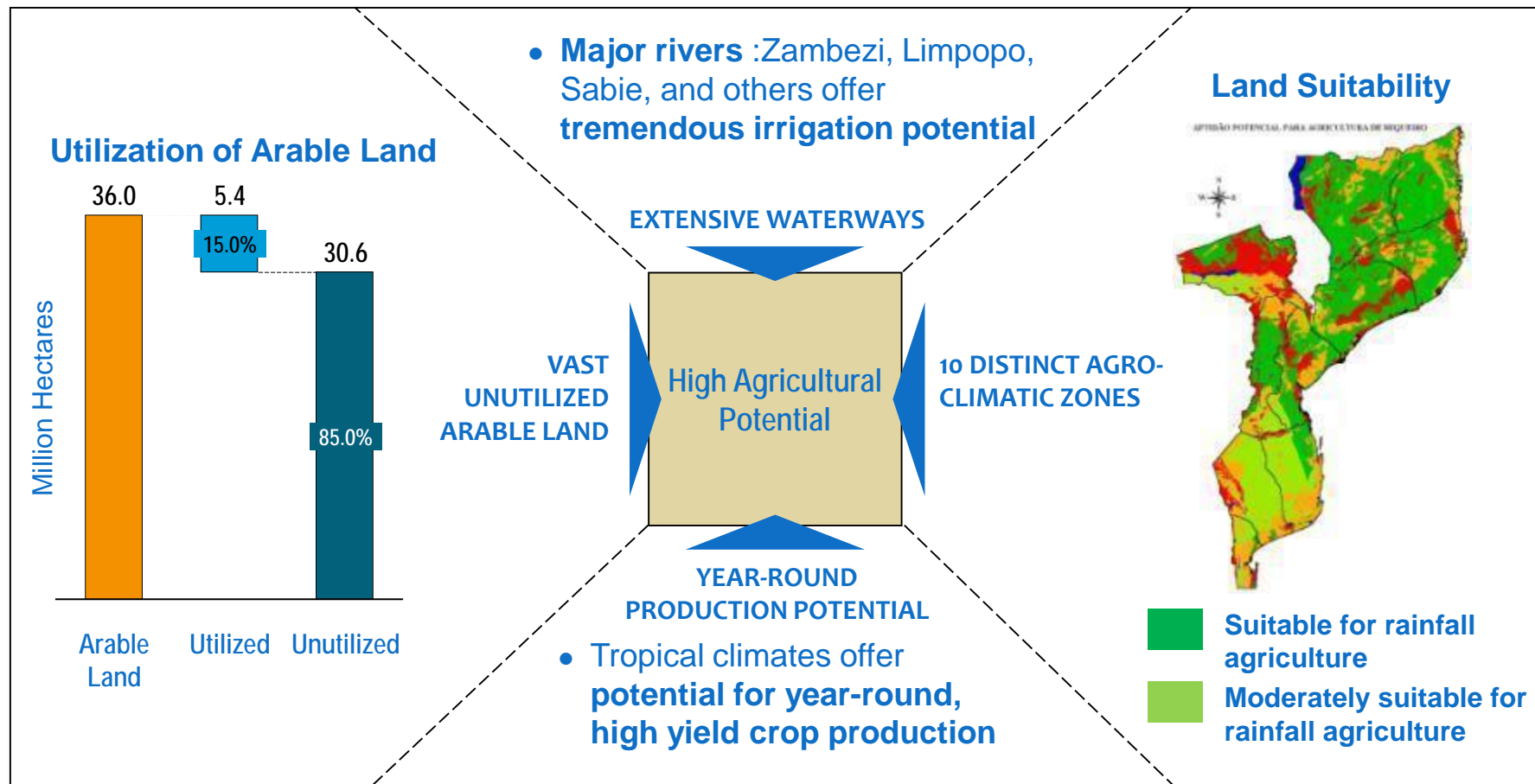
INVESTMENT OPPORTUNITIES



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





VALUE CHAINS WITH GREATEST OPPORTUNITIES



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(Investment Promotion Centre)

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

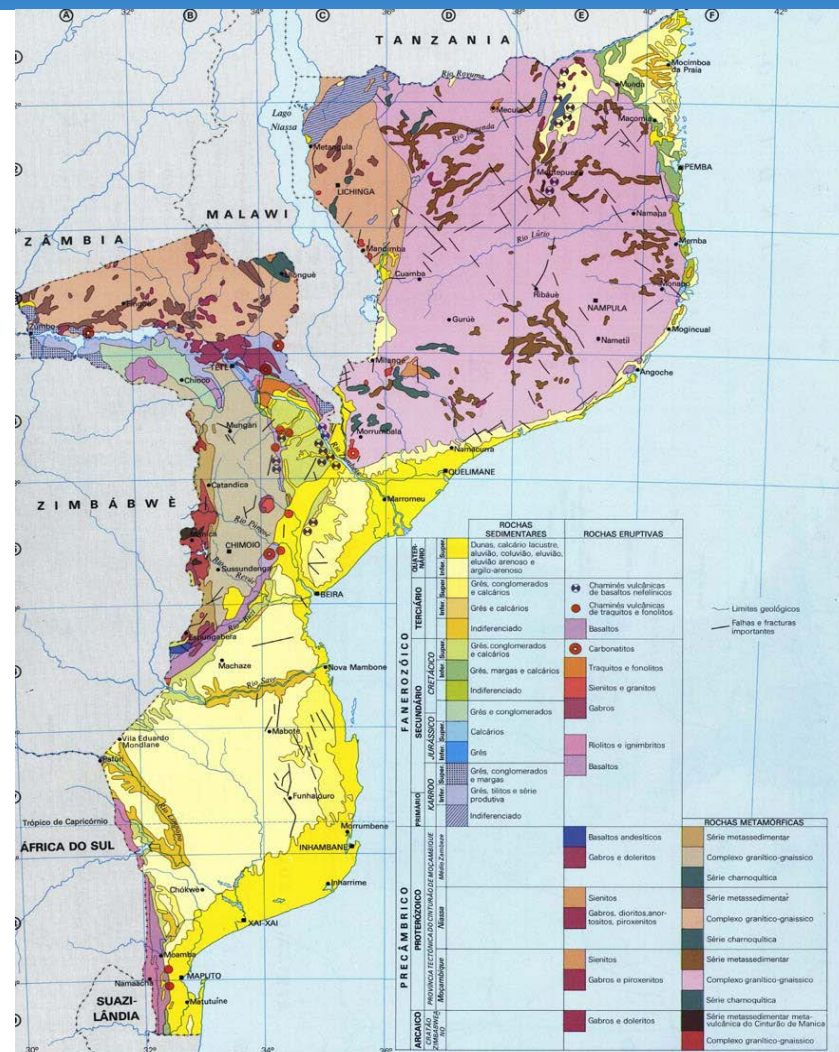


MINERAL RESOURCES



MINERAL RESOURCES POTENTIAL FOR EXPLORATION

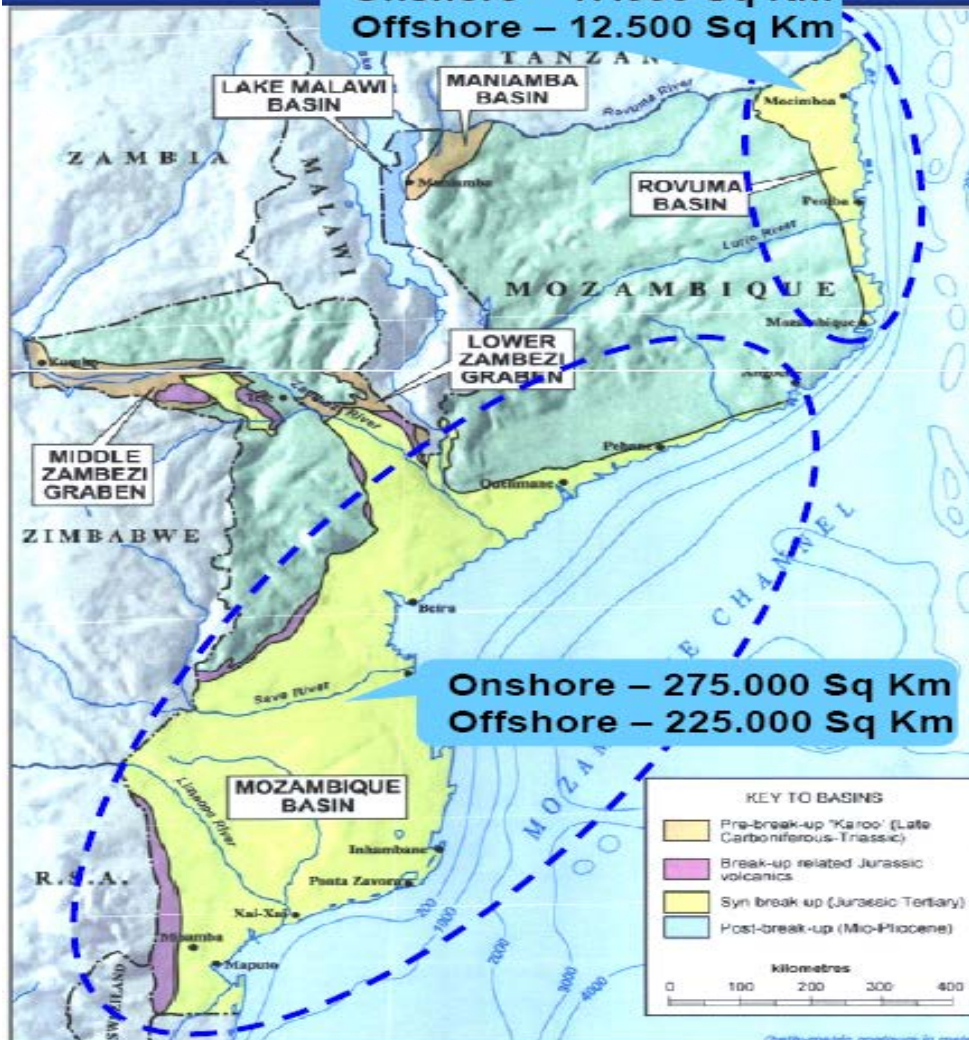
- ☐ Natural Gas;
- ☐ Coal deposits;
- ☐ Heavy mineral sands;
- ☐ Bauxite;
- ☐ Limestone;
- ☐ Rare Earths metals & tantalite;
- ☐ Gold;
- ☐ Gemstone;
- ☐ Graphite;
- ☐ Marble;
- ☐ Bentonite;
- ☐ Base metals;
- ☐ Phosphate.





OIL AND GAS

Onshore – 17.000 Sq Km
Offshore – 12.500 Sq Km



Sedimentary Basins
With potential for the
occurrence of Hydrocarbons



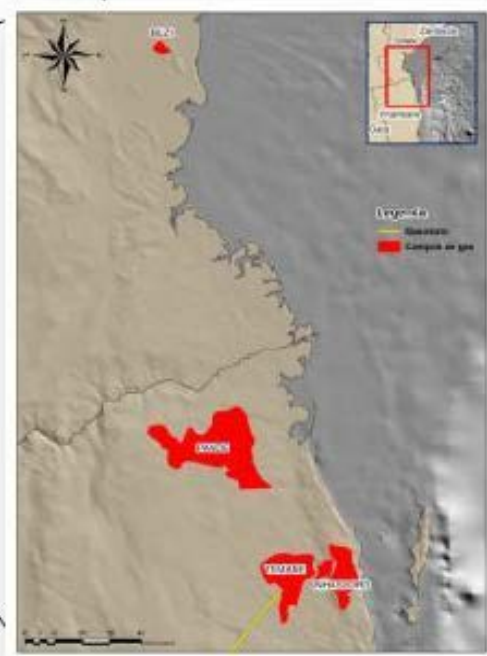
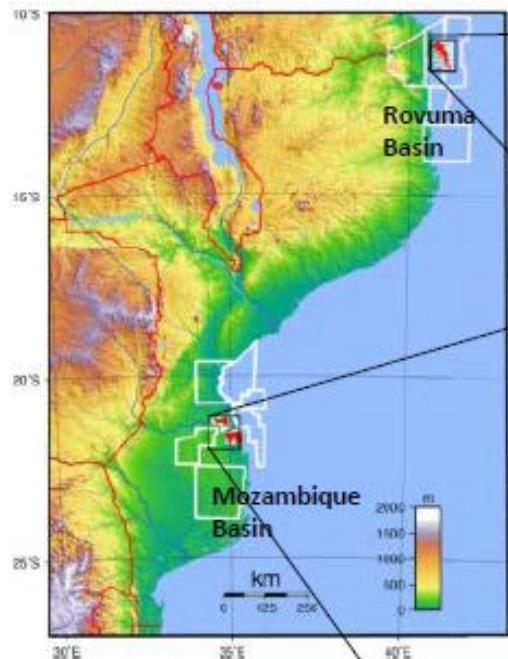
NATURAL GAS DISCOVERIES IN MOZAMBIQUE



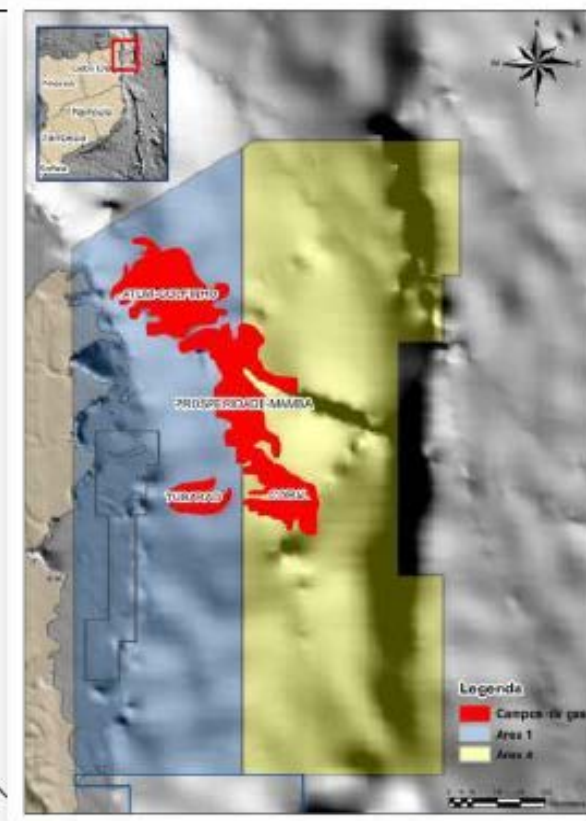
Centro de Promoção de Investimentos
(Investment Promotion Centre)

(распространение информации)

Служба 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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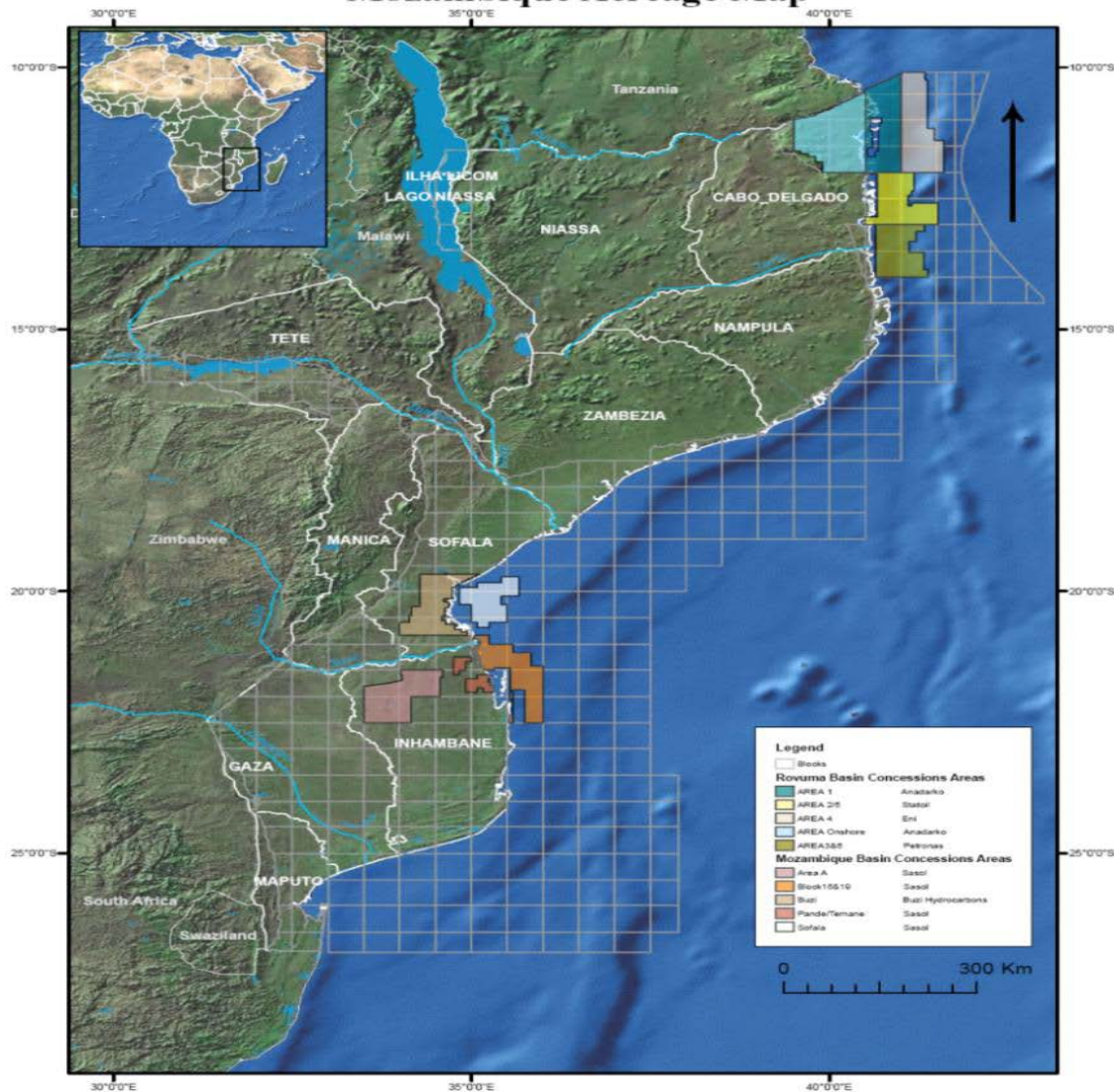
(PROMOÇÃO DE INVESTIMENTOS - CPI)

CENTRO DE PROMOÇÃO DE INVESTIMENTOS

OPERATORS

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

Mozambique Acreage Map

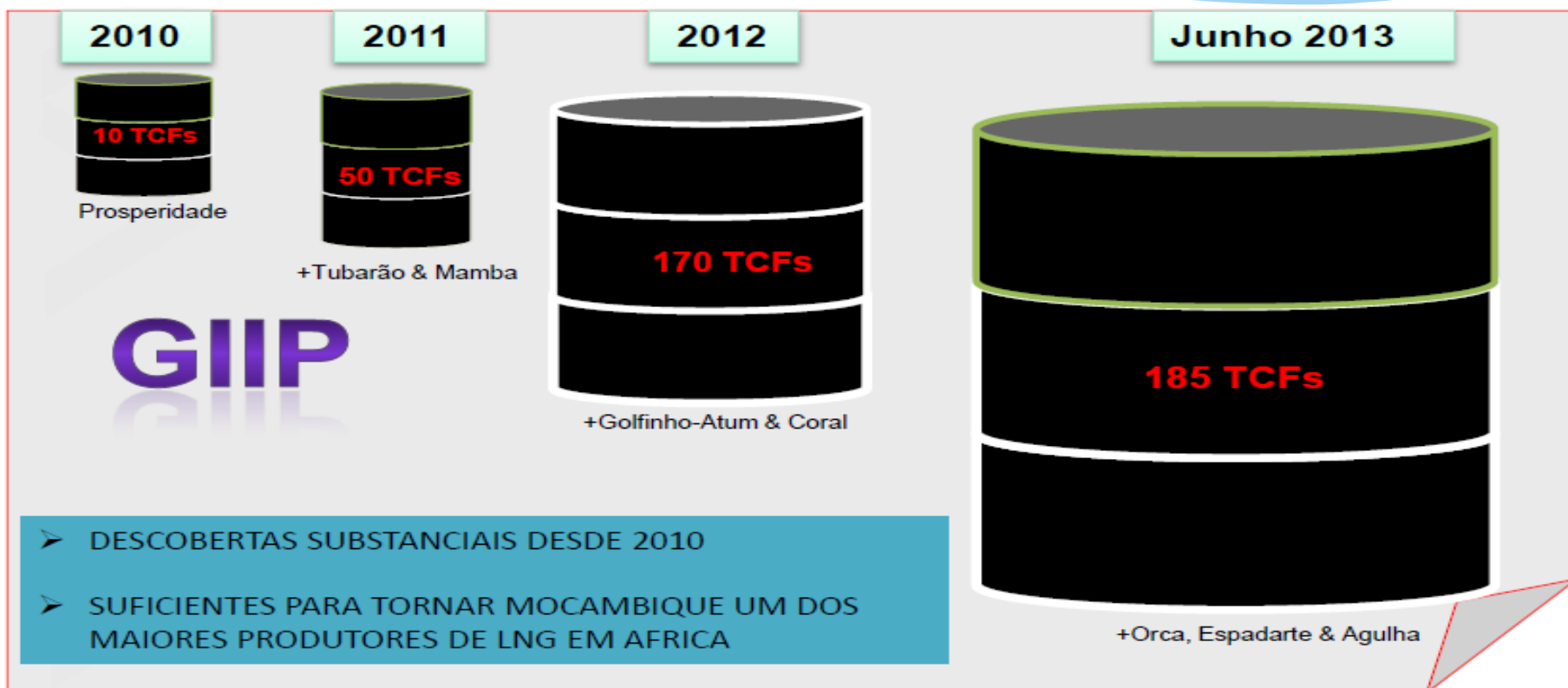




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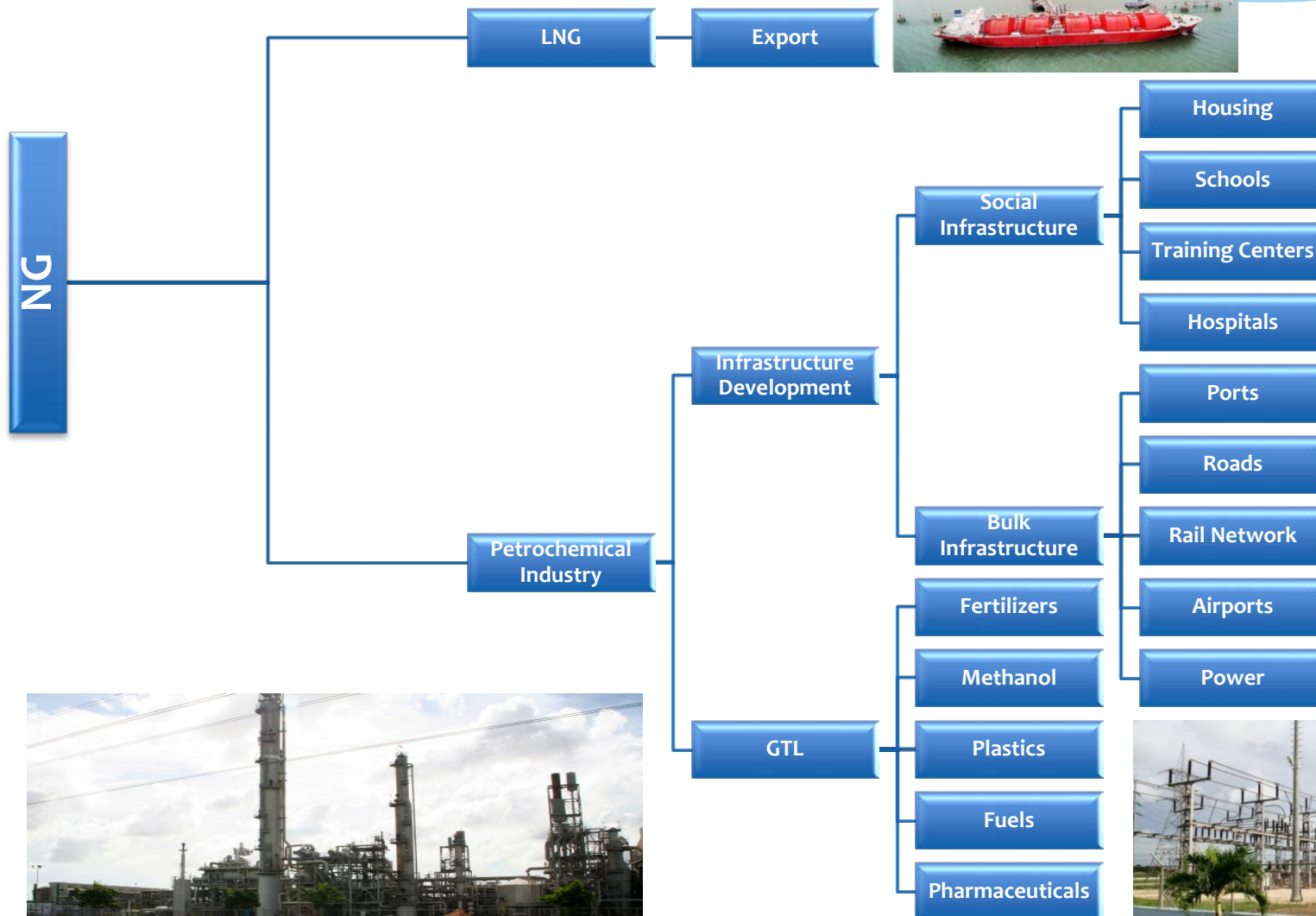
(Национальный Центр
по продвижению инвестиций)

ROVUMA BASIN – CONFIRMED RESERVES





FUTURE OPPORTUNITIES IN NATURAL GAS DOWNSTREAM





DOWN STREAM INVESTMENT OPPORTUNITIES



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(Պրոպագանդայի Սենտր)

Центр по продвижению инвестиций

Ports



Petrochemical



Railway



Rail Transportation



Accommodation



Pipeline



Power Generation



Health Care



Air Transports



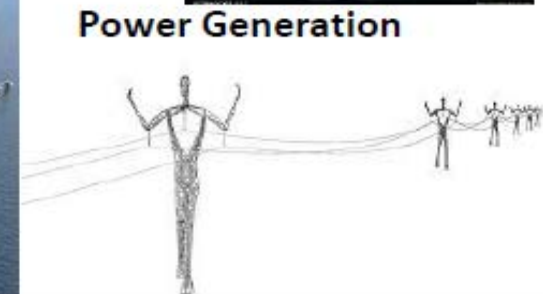
Petrochemical



LNG Development



Power Generation





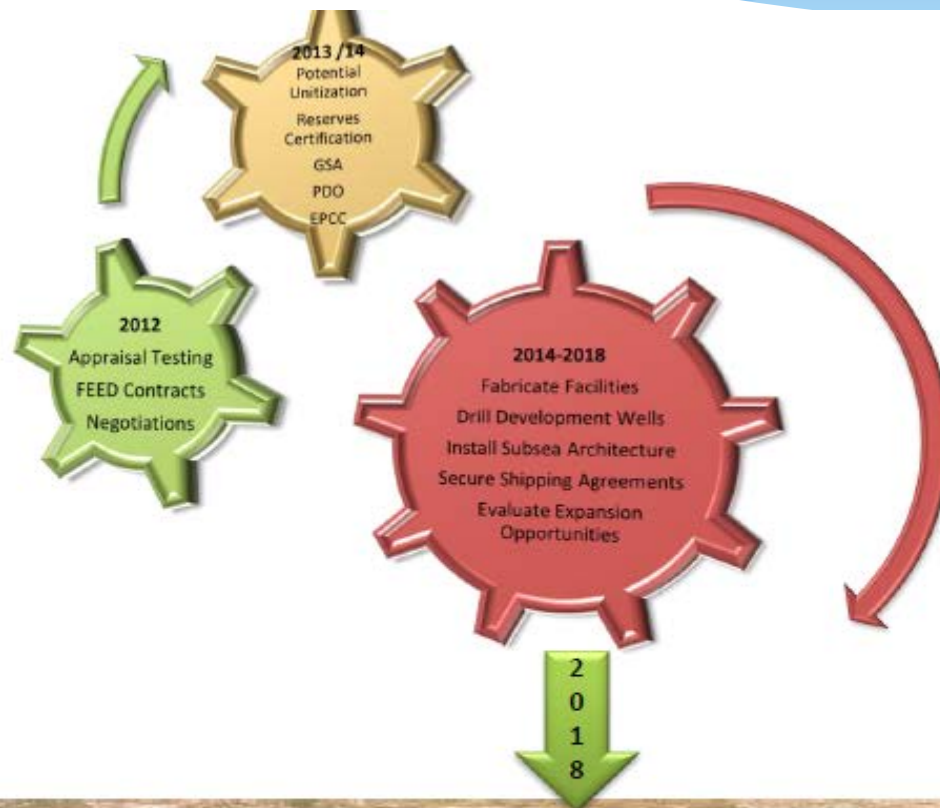
LNG PROJECT



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(Инвестиционный Центр)

Центр по продвижению инвестиций





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

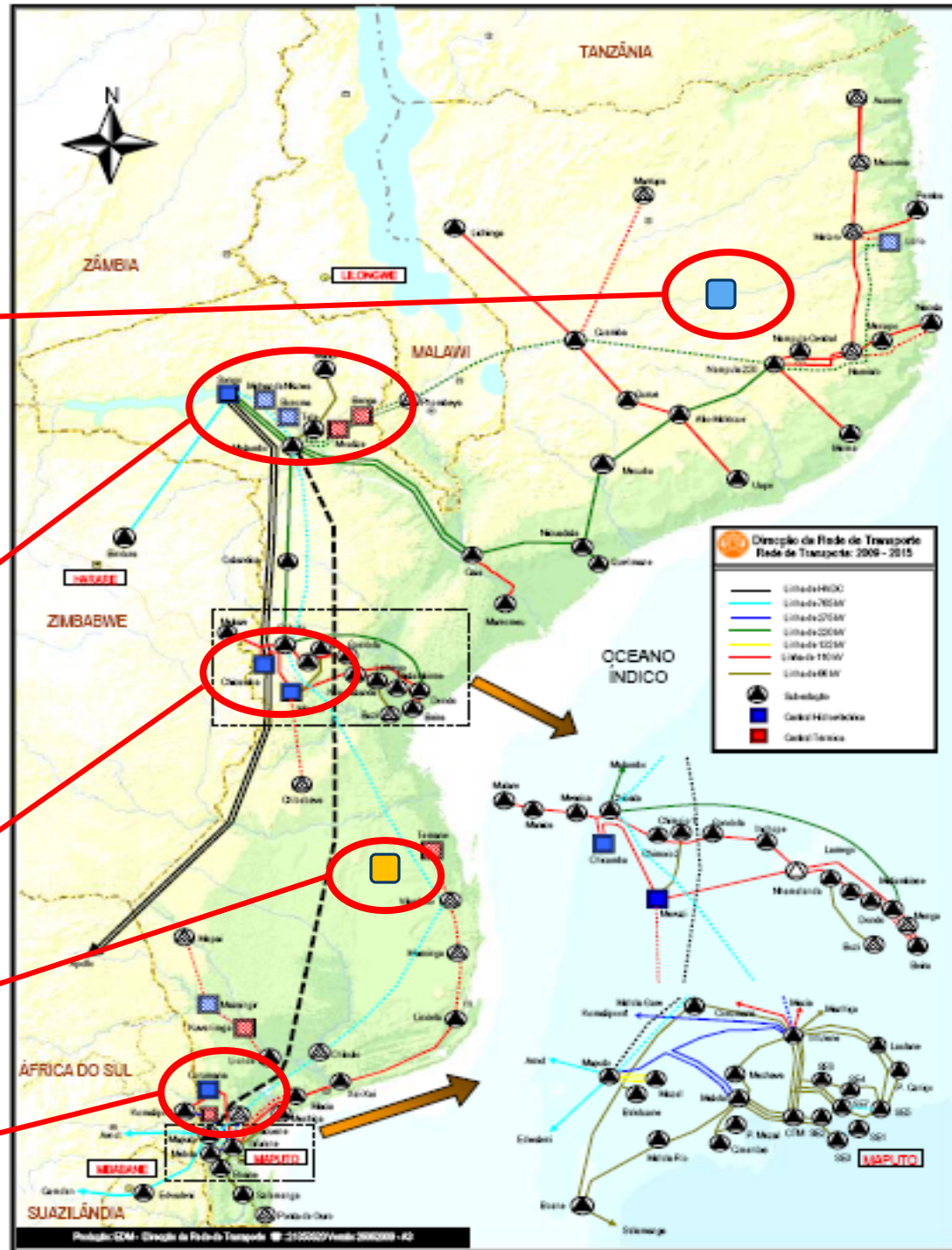
LURIO BASIN
120 MW + 80 MW

- CAHORA BASSA - 2075 MW (INSTALLED)
- CB North Bank - 1250 MW
- MPHANDA NKUWA - 1500
- BOROMA - 200
- MOATIZE (COAL) - 2400
- BENGÁ (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



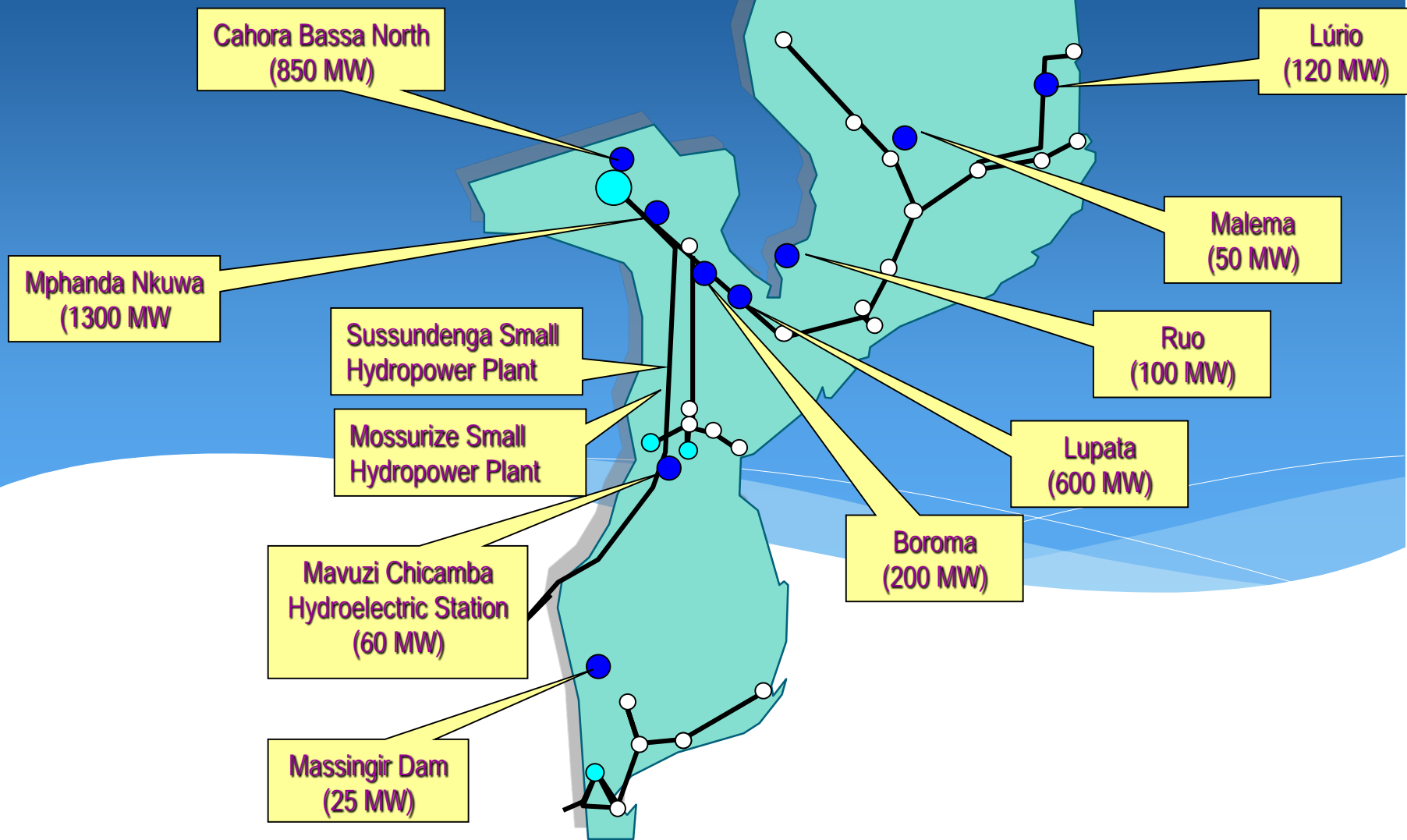


POTENTIAL HYDRO POWER PROJECTS



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(распространение средств)
CENTRO DE PROMOÇÃO DE INVESTIMENTOS



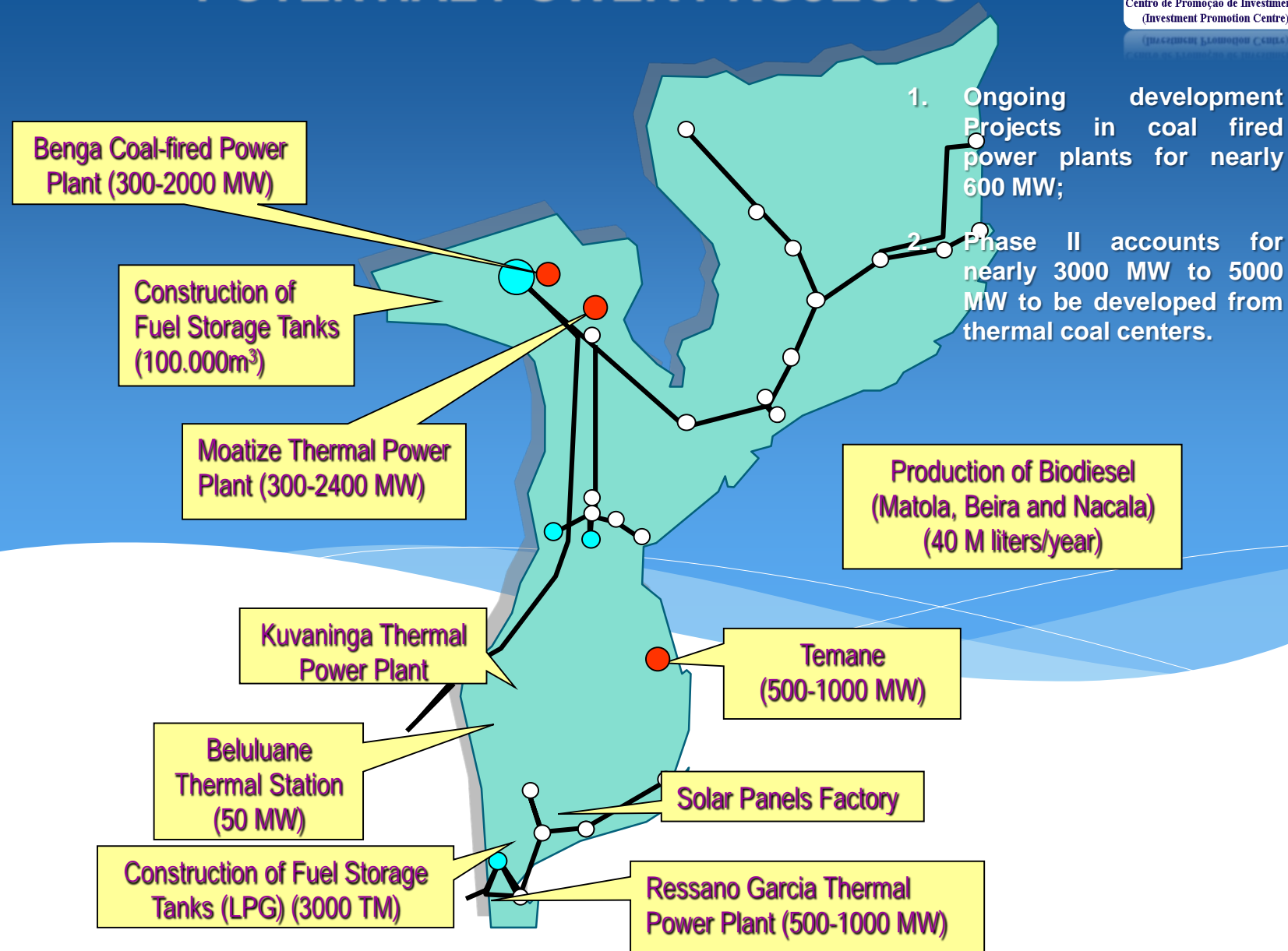


POTENTIAL POWER PROJECTS



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(PROMOÇÃO DE INVESTIMENTOS - CPMI)
CENTRO DE PROMOÇÃO DE INVESTIMENTOS





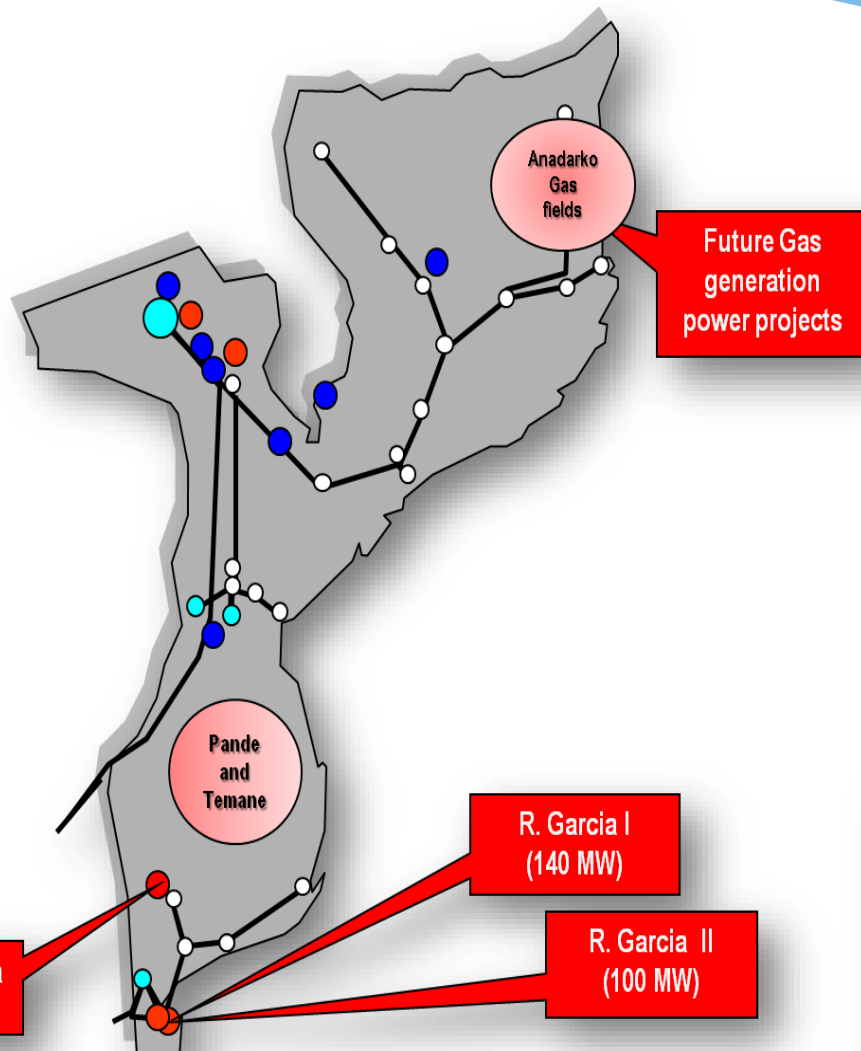
POTENTIAL ENERGY FROM NATURAL GAS



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(Investment Promotion Centre)

(Промоцентър на инвестициите)

Centro de Promoção de Investimentos



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)

(KUS&)



RENEWABLE ENERGY RESOURCES AND POTENTIAL

❑ **Geothermal** energy is one of the renewable energy options, assuming that Mozambique is covered partially by the RIFT VALLEY;

❑ There are about 38 water springs which average between 50 to 100 degrees Celsius.

❑ **Wind** resources are characterized to be significant. However, the available data shows that there are some sites where deep research is recommended;

❑ 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

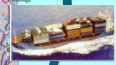
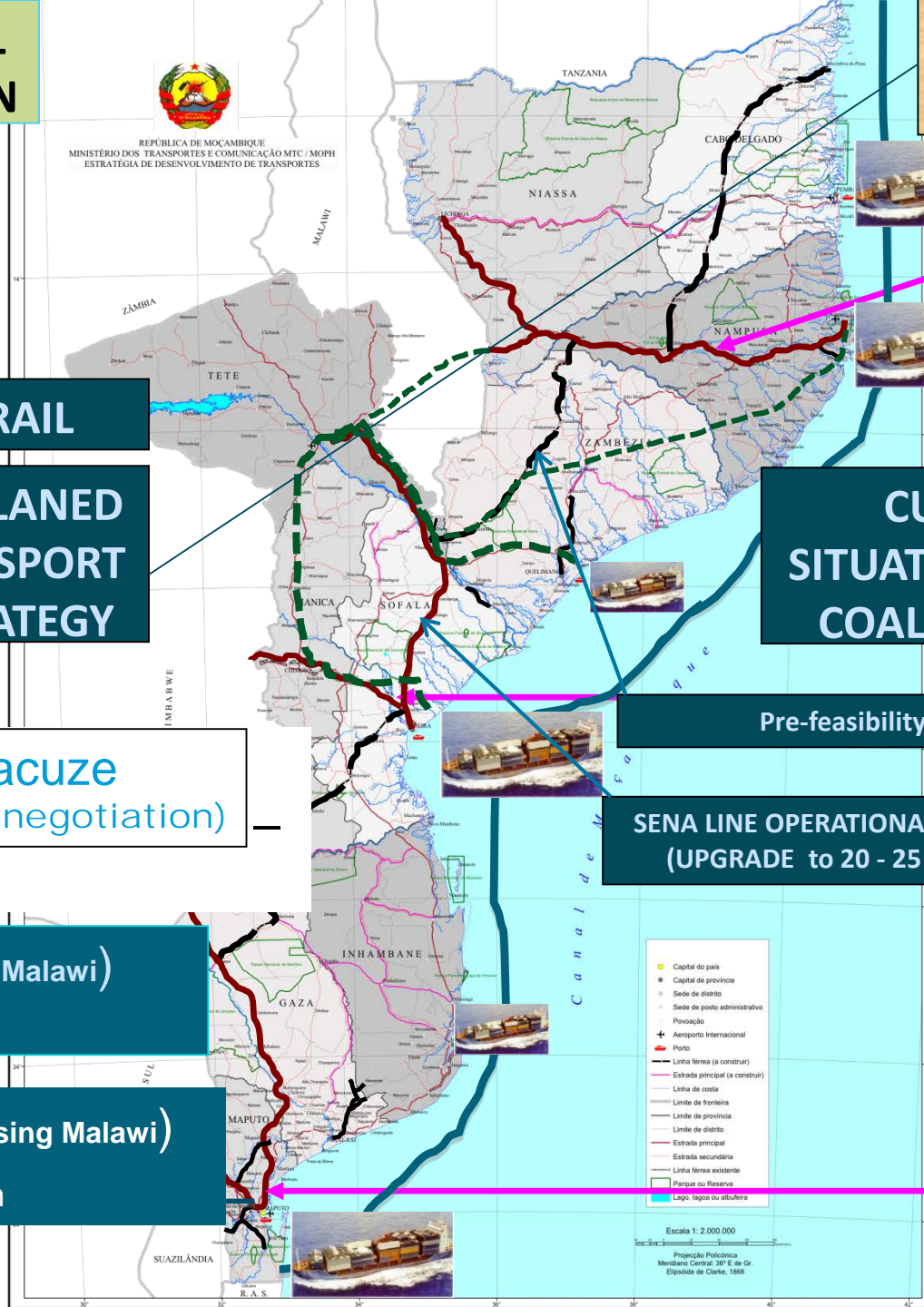
NORTH

CENTER

Pre-feasibility study done

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

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

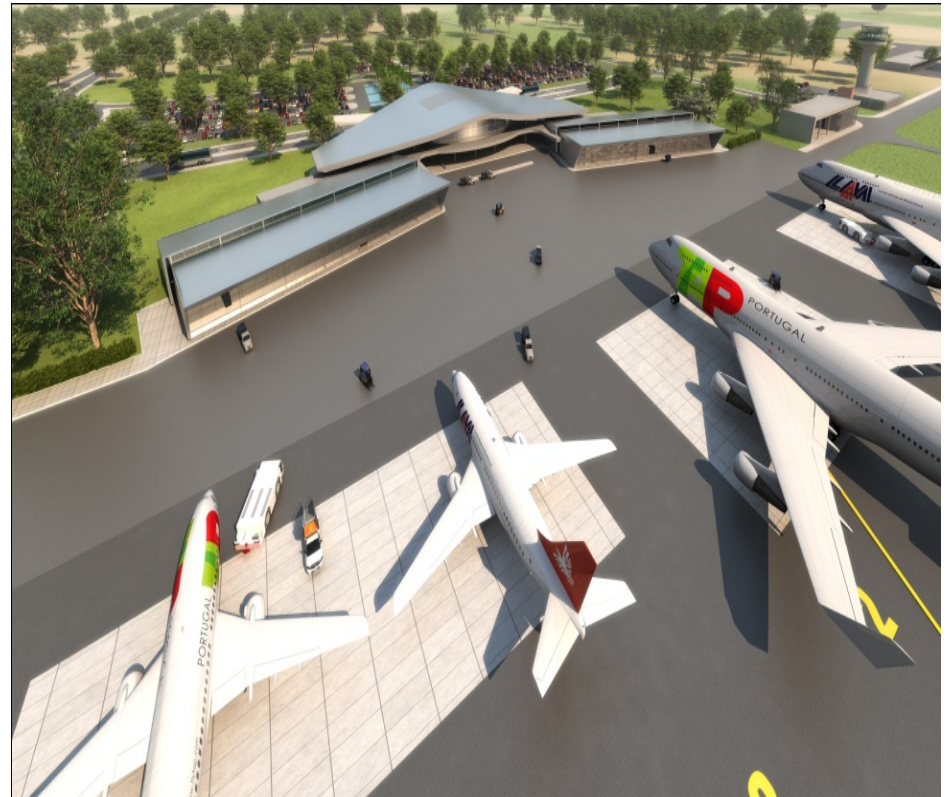


The railway line is one of the largest infrastructures, comprising the Nacala Corridor, linking the Port of Nacala to the hinterland countries (Malawi and Zambia).



NACALA INTERNATIONAL AIRPORT

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.



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.





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(Investment Promotion Centre)

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THANK YOU!