



REPUBLIC OF MOZAMBIQUE  
Agency for Promotion of Investment and Export (APIEX)

# MOZAMBIQUE & SOUTH AFRICA BUSINESS SEMINAR

***Business & Investment Environment in Mozambique***

by: *Lourenço Sambo* - Director General

&

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ARK HILLS CLUB-TOKYO-  
JAPAN, 02-FEB- 2018



Agência para a Promoção  
de Investimento e Exportações



# Presentation Layout



**1. WHY INVESTING IN MOZAMBIQUE**

**2. PRIORITY SECTORS**

**3- LEGAL FRAMEWORK**

**4-ROLE OF APIEX**

**WHY  
MOZAMBIQUE ?**

# Mozambican Economy: An Overview

**Maputo**  
Capital

**Portuguese**  
Official Language

**799,390 Km2**  
Total Area

**Coast Line**  
2500 Km

**28,871,863**  
Population

**Tropical**  
Climate

**Metical**  
Currency

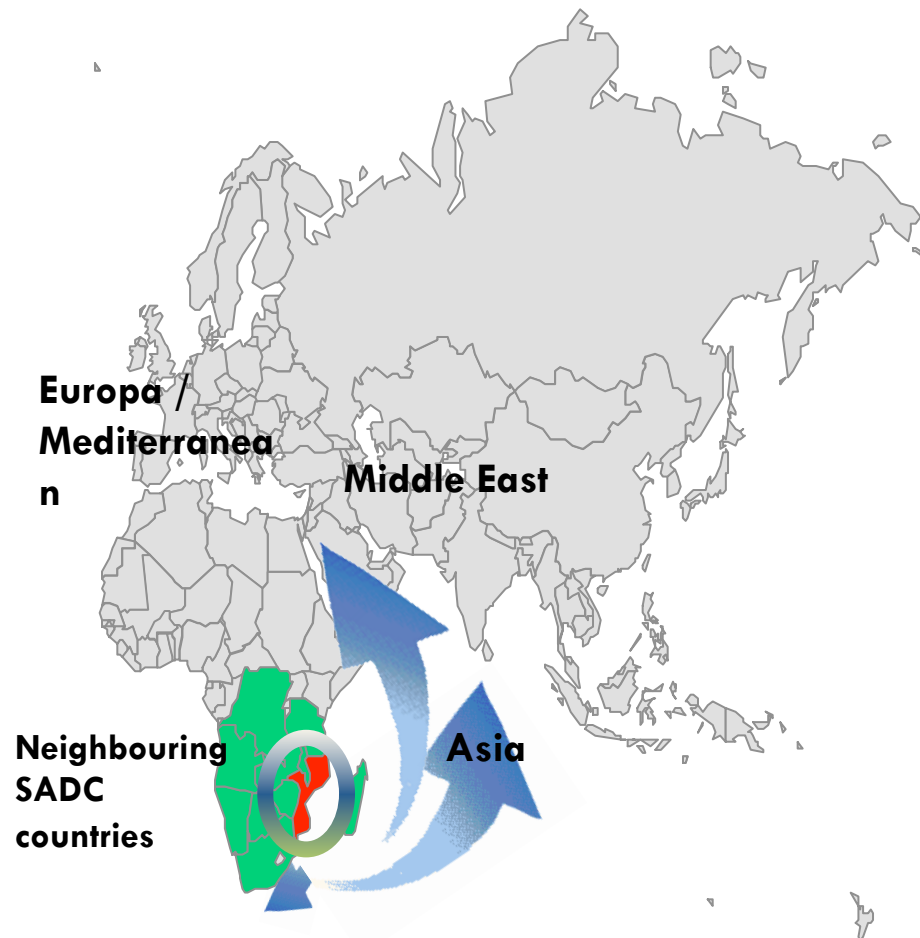


- Mozambique is rich in a wide range of mineral resources amongst which coal, hydrocarbons, precious stones, heavy sands...



# Mozambique at Glance

Mozambique has an advantageous geographic position, providing an ideal gateway to both international and regional markets



## Excelent Agro-ecological conditions

- Arable Land: ~36 million hectares
- Cultivated land: 5.4 Million Ha (15%)
- Climate: Tropical and Sub-Tropical
- Water resources: 13 rivers and 104 basins

## Location/Infrastructure

- Privileged access to Regional and international markets;
- Six development corridors: Pemba-Lichinga, Nacala, Zambezi Valley, Limpopo and Beira, Maputo)
- Three main ports (Maputo, Beira, Nacala\* )

\*Nacala Port is the **Deepest natural port** on the East Coast of Africa

# WHY MOZAMBIQUE



## COMPARATIVE ADVANTAGES

- **Geo-Strategic Location (as a gateway to SADC);**
- **Rich and Diverse Natural Resources Base;**
- **Sincerity, Hospitality, Friendliness.**



## COMPETITIVE ADVANTAGES

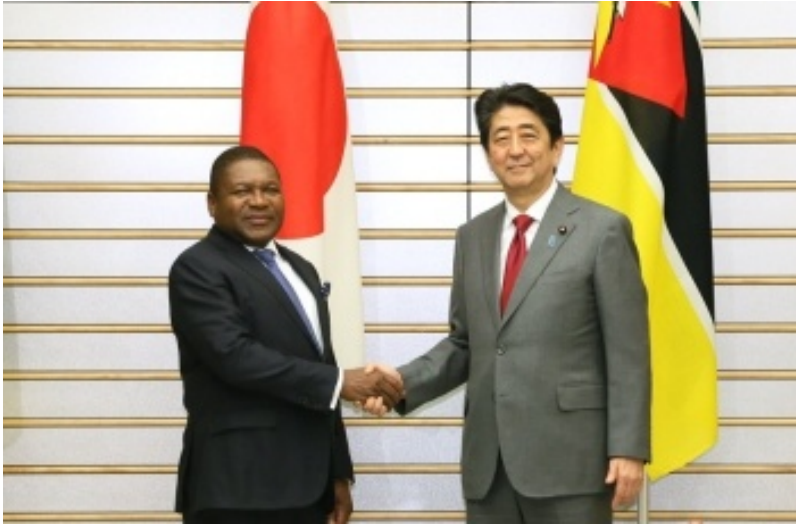
- **Second major Investment Destination in Africa in 2013;**
- **Stable Investment Legislation (Predictable, Consistent and Transparent);**
- **Access to preferential markets: SADC, USA, EU, Japan, China, India, etc.**



## WELCOMING INVESTMENT CLIMATE

- **Protection against property expropriation;**
- **Non-discriminatory treatment between foreign and domestic investors;**
- **No restriction to loans and payment of interests abroad.**

# Establishment of JETRO Maputo



Japan-Mozambique Summit Meeting in Tokyo, March 2017 Source: Ministry of Foreign Affairs



JOINT STATEMENT BETWEEN THE  
REPUBLIC OF MOZAMBIQUE AND JAPAN ON THE  
OCCASION OF THE OFFICIAL VISIT TO JAPAN  
BY PRESIDENT OF THE REPUBLIC OF MOZAMBIQUE,  
H. E. MR. FILIPE NYUSI, FROM 13 TO 16 MARCH, 2017

President Nyusi and Prime Minister Abe looked forward to the **establishment of the JETRO office in Maputo** in the joint statement.



Mozambique-Japan Business Forum in Tokyo



JETRO Maputo Opening Ceremony, October 20<sup>th</sup> 2017

# Why Mozambique?

-Major investment destination in Africa

## Top 15 countries in Africa in terms of Economic Scale (2016)

Data source : IMF World Economic Outlook 2017 April

| 2016                         | Nominal GDP<br>(1 billion USD) | GDP per<br>capita(USD) | Population<br>(Million) |
|------------------------------|--------------------------------|------------------------|-------------------------|
| 1. Nigeria (World Rank 24th) | 405.95 (18.6%)                 | 2,210.64               | 183.64                  |
| 2. Egypt (32nd)              | 332.35 (15.2%)                 | 3,684.57               | 90.20                   |
| 3. South Africa (39st)       | 294.13 (13.5%)                 | 5,260.90               | 55.91                   |
| 4. Algeria                   | 160.78 ( 7.4%)                 | 3,944.43               | 40.76                   |
| 5. Morocco                   | 103.62 ( 4.7%)                 | 3,063.07               | 33.83                   |
| 6. Angola                    | 95.82 ( 4.4%)                  | 3,502.27               | 27.36                   |
| 7. Sudan                     | 94.42 ( 4.3%)                  | 2,384.45               | 39.60                   |
| 8. Ethiopia                  | 72.52 ( 3.3%)                  | 795.23                 | 91.20                   |
| 9. Kenya                     | 68.92 ( 3.2%)                  | 1,516.33               | 45.45                   |
| 10. Tanzania                 | 47.18 ( 2.2%)                  | 970.21                 | 48.63                   |
| 11. Ghana                    | 43.26 ( 2.0%)                  | 1,569.04               | 27.57                   |
| 12. Tunisia                  | 41.87 ( 1.9%)                  | 3,730.42               | 11.22                   |
| 13. DRC                      | 41.62 ( 1.9%)                  | 494.65                 | 84.13                   |
| 14. Ivory Coast              | 35.49 ( 1.6%)                  | 1,458.83               | 24.33                   |
| 15. Libia                    | 33.16 ( 1.5%)                  | 5,193.24               | 6.39                    |
| 26. Mozambique               | 11.28 (0.5%)                   | 392.44                 | 28.75                   |

## FDI into Africa between 2014 to 2016

Left : Flows  
Right : Stocks

Data source:UNCTAD

| FDI flows (mil \$)  | 2014           | 2015           | 2016           | FDI Stocks(mil \$)  | 2014            | 2015            | 2016            |
|---------------------|----------------|----------------|----------------|---------------------|-----------------|-----------------|-----------------|
| 1Angola             | 16543.2        | 16176.4        | 14363.6        | 1 South Africa      | 138905.6        | 126755.5        | 126837.2        |
| 2Egypt              | 4612.0         | 6925.2         | 8106.8         | 2Egypt              | 87485.0         | 94307.0         | 102324.0        |
| 3Nigeria            | 3357.0         | 3192.3         | 3485.3         | 3Nigeria            | 86671.2         | 89735.4         | 94184.1         |
| 4Ghana              | 3357.0         | 3192.3         | 3485.3         | 4Morocco            | 51192.0         | 49670.5         | 54784.2         |
| 5Ethiopia           | 1855.2         | 2192.7         | 3196.4         | 5Angola             | 25899.8         | 35181.9         | 49545.5         |
| 6Mozambique         | 4901.8         | 3866.8         | 3093.4         | 6Mozambique         | 24870.0         | 28736.5         | 31830.0         |
| 7Morocco            | 3561.2         | 3254.8         | 2321.8         | 7Ghana              | 23205.1         | 26397.4         | 29882.3         |
| 8South Africa       | 5770.6         | 1729.4         | 2270.4         | 8Tunisia            | 31563.0         | 34689.5         | 29304.8         |
| 9Congo              | 5502.6         | 1866.0         | 2006.0         | 9Algeria            | 26819.6         | 26232.3         | 27778.3         |
| 10Algeria           | 1506.7         | -584.0         | 1546.0         | 10Congo             | 22009.7         | 23875.7         | 25881.7         |
| <b>Africa Total</b> | <b>71254.0</b> | <b>61494.8</b> | <b>59373.0</b> | <b>Africa Total</b> | <b>743227.3</b> | <b>773070.6</b> | <b>836553.0</b> |

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# Major business activities by Japanese Companies

- 17 Japanese companies are already based in Mozambique (As of October 2017)
- 4<sup>th</sup> biggest number in the Sub-Saharan African region after South Africa(128), Kenya(38), Nigeria(22))

## Japanese Companies based in Mozambique Projects which Japanese companies are involved

**Tete**  
 ❖ **Hitachi Construction Machinery Mozambique**  
 Hitachi Construction 81%, Mitsubishi 19%

**Moatize coal mine**  
 Vale 80%, Mitsui 15%, EMEM 5%

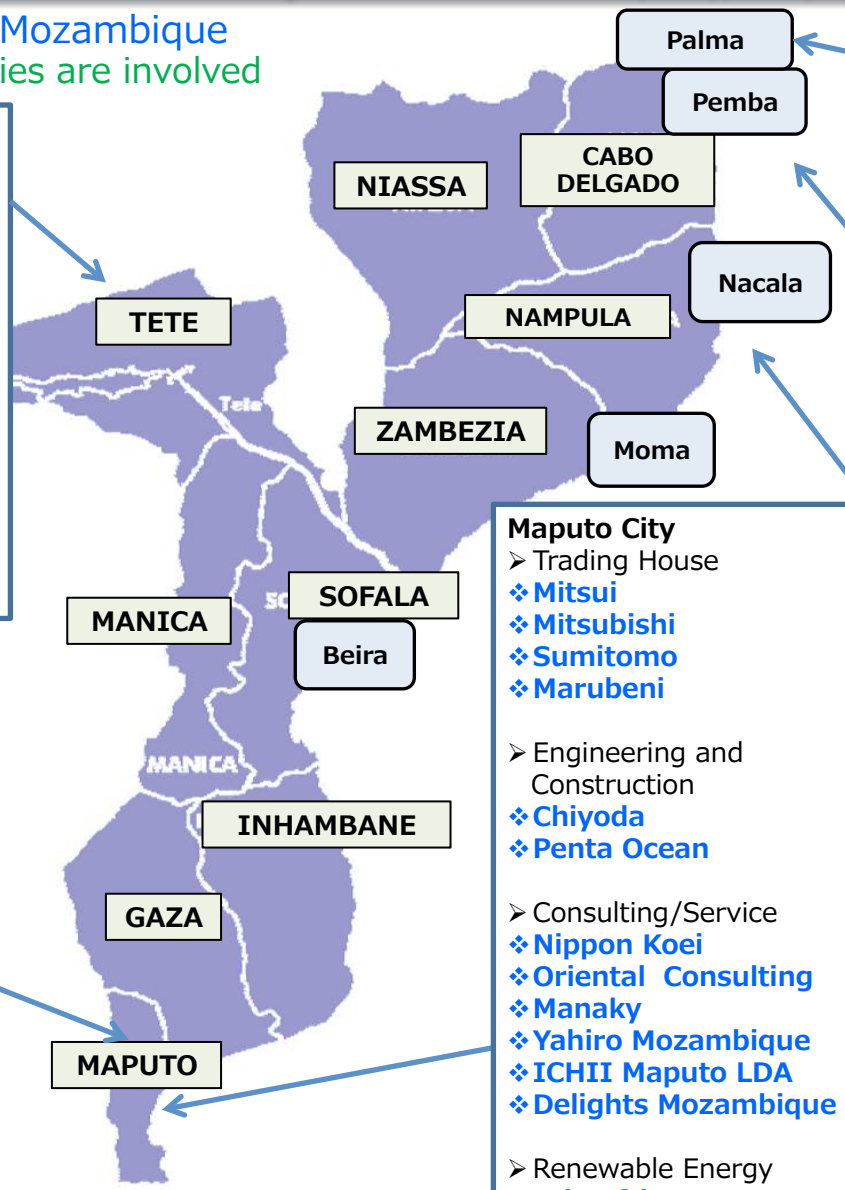
**Revuboe coal mine**  
 Talbot 58.9%, Nippon Steel and Sumitomo Metal 33.3%, POSCO 7.8%

**ACWA Power Moatize Termoelectrica**  
 Mitsui 15%, Acwa (Saudi Arabia) 70%, Vale 15%

**Maputo Province**  
 ❖ **A-One Enterprises, Lda**  
 Marine Products (Process clams)

**Mozal**  
 Aluminum smelting  
 (BHP Billiton 47%, Mitsubishi 25%, IDC 24%, Mozambique Government 4%)

**Maputo Gas Fired Combined Cycle Power Plant Development**  
 Sumitomo Corporation, IHI funded by JICA



**Cabo Delgado**  
 ❖ **Mitsui E&P Mozambique Area 1 Ltd**  
 Area 1  
 ※ Anadarko 36.5%, Mitsui 20%, ENH 15%, ONGC Videsh Ltd. 16%, Bhara 10%, PTTE&P 8.5%, Oil India Ltd. 4%

Area 4  
**JGC** (Plant Engineering)  
 ❖ **Nippon Biodiesel Fuel (ADM)**

**Maputo City**  
 > Trading House  
 ❖ Mitsui  
 ❖ Mitsubishi  
 ❖ Sumitomo  
 ❖ Marubeni

> Engineering and Construction  
 ❖ Chiyoda  
 ❖ Penta Ocean

> Consulting/Service  
 ❖ Nippon Koei  
 ❖ Oriental Consulting  
 ❖ Manaky  
 ❖ Yahiro Mozambique  
 ❖ ICHII Maputo LDA  
 ❖ Delights Mozambique

> Renewable Energy  
**Verde Africa**

**Nampula**  
**Nacala Corridor Project**  
 Vale 35%, Mitsui 35%, CFM 30%

Mineral Sand  
 Mitsui

**Inhambane**  
**Temane Gas Fired Cycle Power Plant**  
 Sumitomo corporation (EPC)



# Contribution by Japanese companies to Mozambican economy

## Trade Balance(to World) Export: 3,355 mil USD [2016]

|                          | mil \$     | % of Total  |
|--------------------------|------------|-------------|
| <b>Aluminum Products</b> | 887        | <b>26.4</b> |
| <b>Coal</b>              | <b>719</b> | <b>21.4</b> |
| <b>Electricity</b>       | 378        | <b>11.3</b> |
| <b>Natural Gas</b>       | 276        | <b>8.2</b>  |
| Tabaco                   | 206        | 6.1         |
| Heavy Sand               | 190        | 5.7         |

Data Source: Banco de Mozambique



Mozal Project(Mitsubishi:25%)



Moatize Coal Mine(Mitsui:14.25%)



Gas power Projects in Matola and Temane(EPC:Sumitomo)



Infrastructure Project in Nacala(Mitsui:35%)



Rovuma Basin Area 1 (Mitsui:20%)  
Area 4 (Engineering: JGC)

## Trade Balance( to Japan) Export: 78.1 mil \$ [2015]→126.4 mil \$[2016]

|                   | mil \$       | % of Total  | % change      |
|-------------------|--------------|-------------|---------------|
| <b>Coal</b>       | <b>104.7</b> | <b>82.8</b> | <b>+176.0</b> |
| Vegetable oil     | 9.5          | 7.5         | -28.1         |
| Fish, Crustaceans | 3.1          | 2.4         | +46.0         |
| Metals            | 3.1          | 2.4         | -64.9         |
| Precious stones   | 2.3          | 1.8         | -18.4         |

Data Source: Ministry of Finance, Japan



# BILATERAL TREATIES & 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**
- Brasil
- Singapore
- Turkey



- Portugal
- Mauritius
- United Arab Emirates
- The Autonomous and Special Administrative Region of Macau
- Italy
- South Africa
- India
- Botswana

# **PRIORITY SECTORS**



# PRIORITY SECTORS



**AGRICULTURE**



**INFRASTRUCTURE**



**ENERGY**



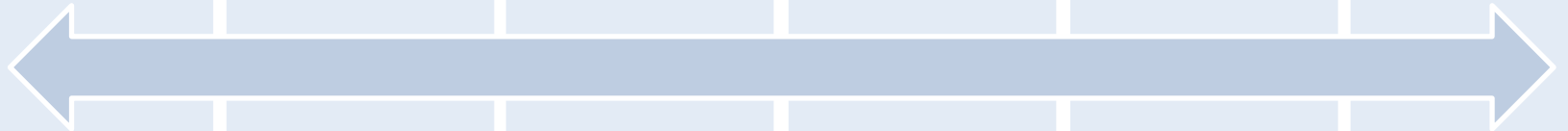
**MANUFACTURING**



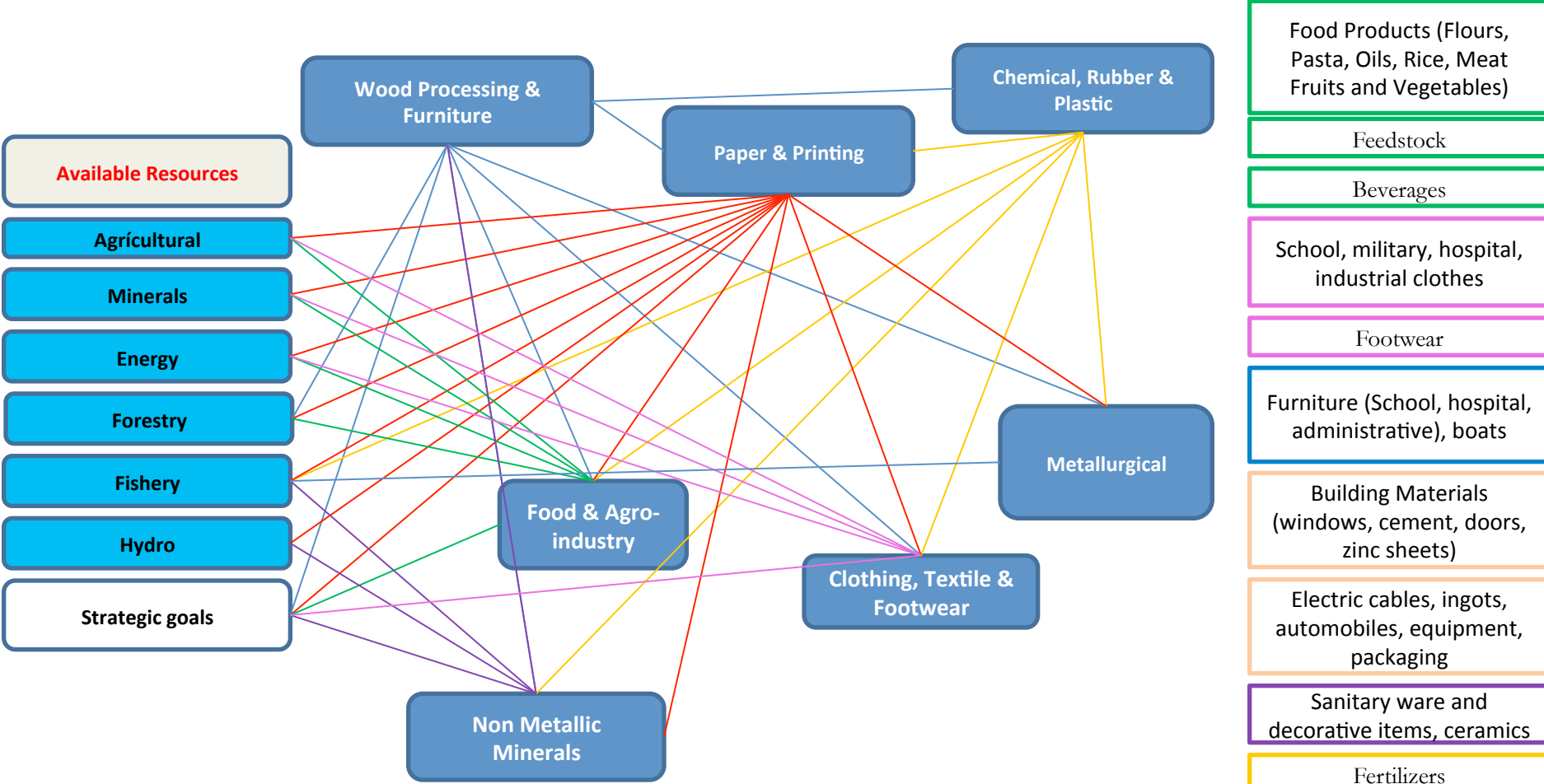
**TOURISM**



**OIL & GAS**



# PRIORITY INDUSTRIES- MAIN PRODUCTS



Key Sectors for the Promotion of Industrial Development

Trade & Industry

Agriculture e Food Security

Land, Environment & Rural Development

Public Works, Housing and Water Resources

Transport & Communication

Sea, Fishery & Inland Water

Education and Human Development

Science, Technology, Technical and Higher Education

Work, Employment and Social Security

Food Products (Flours, Pasta, Oils, Rice, Meat Fruits and Vegetables)

Feedstock

Beverages

School, military, hospital, industrial clothes

Footwear

Furniture (School, hospital, administrative), boats

Building Materials (windows, cement, doors, zinc sheets)

Electric cables, ingots, automobiles, equipment, packaging

Sanitary ware and decorative items, ceramics

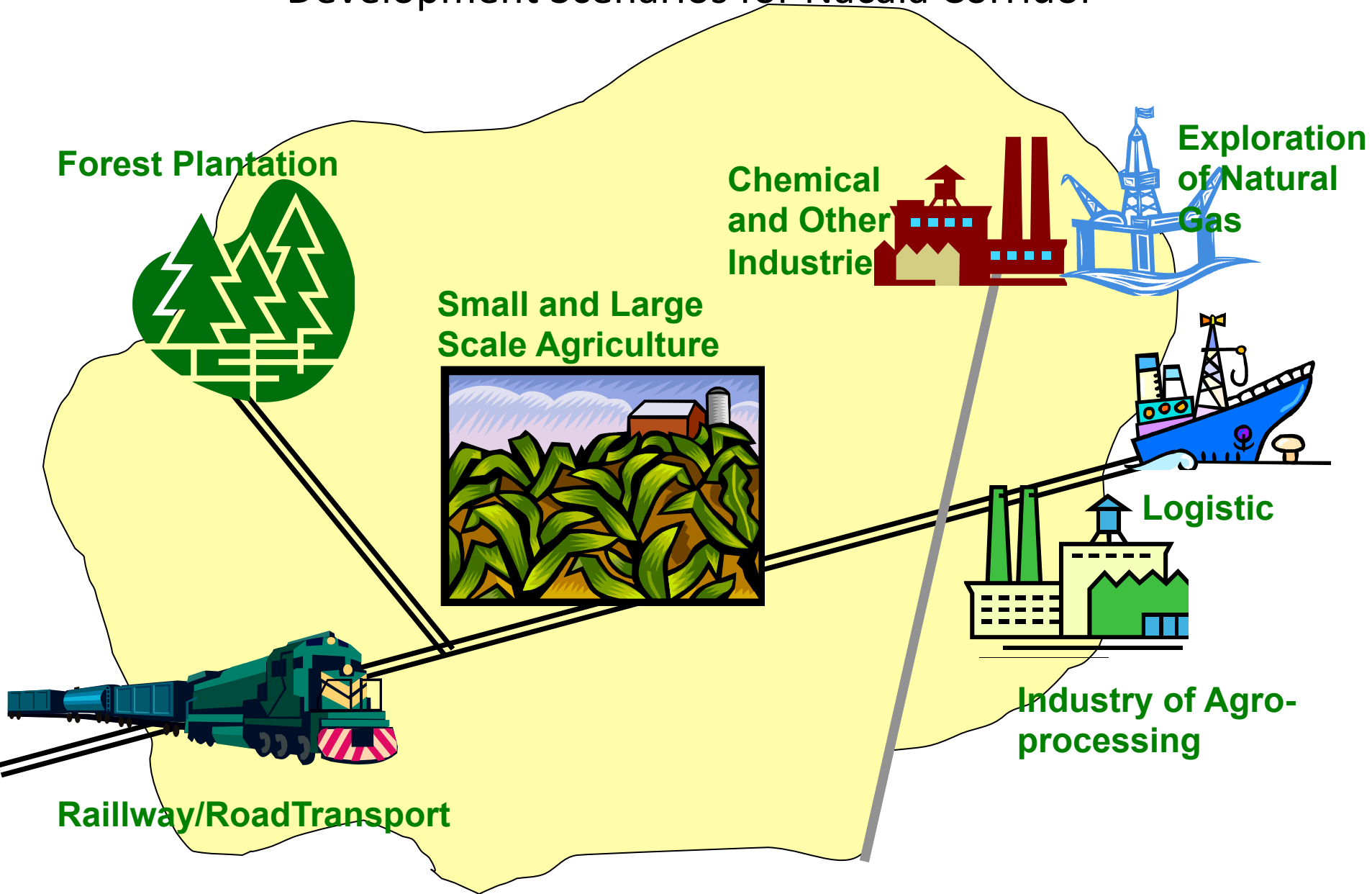
Fertilizers

Paints, detergents, varnishes, plastic products

Fuels (Methanol, GTL and GPL)

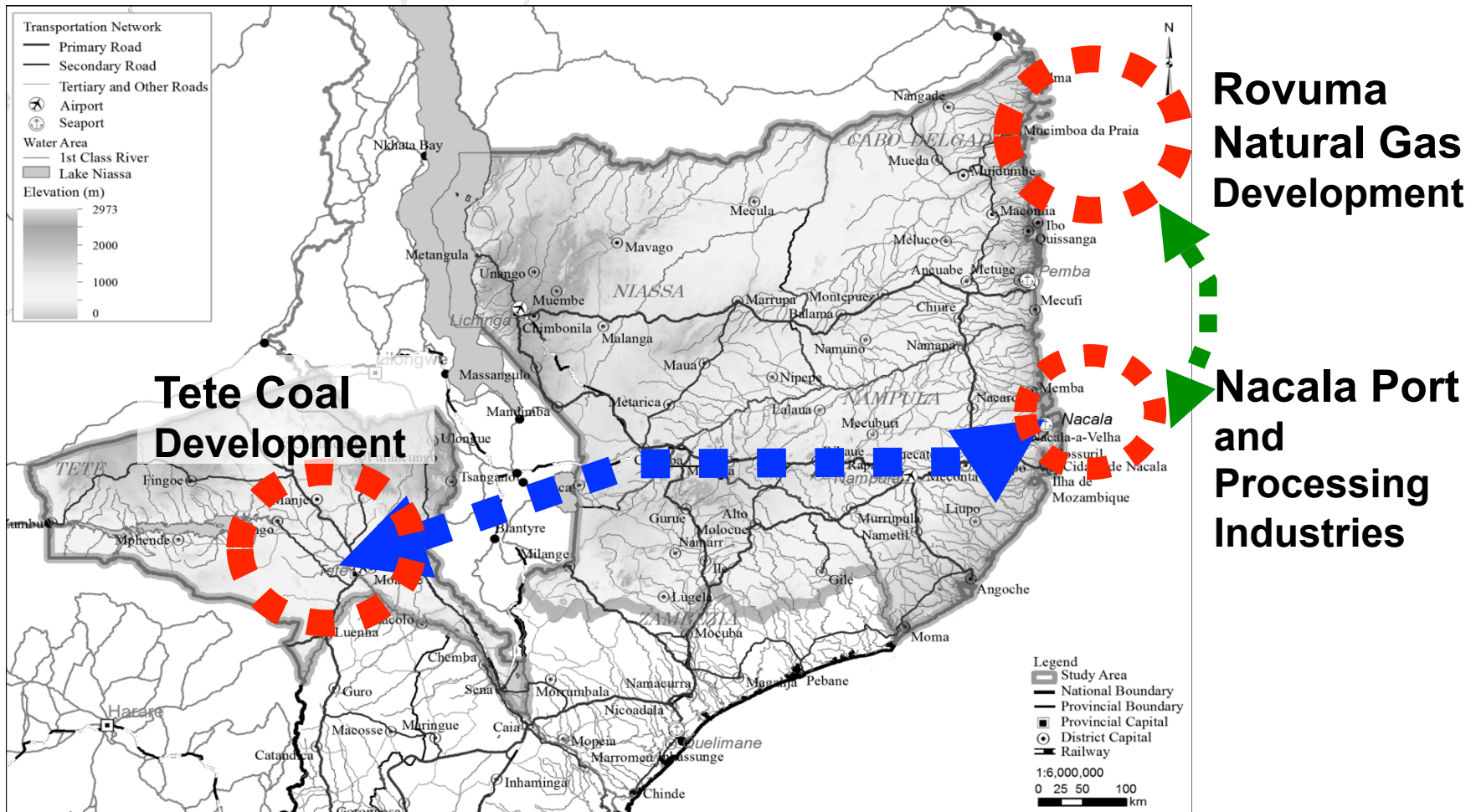
Packaging, paperboard, school book, receipts

## Development Scenarios for Nacala Corridor



# Integration between Natural Resources Development and Regional Development

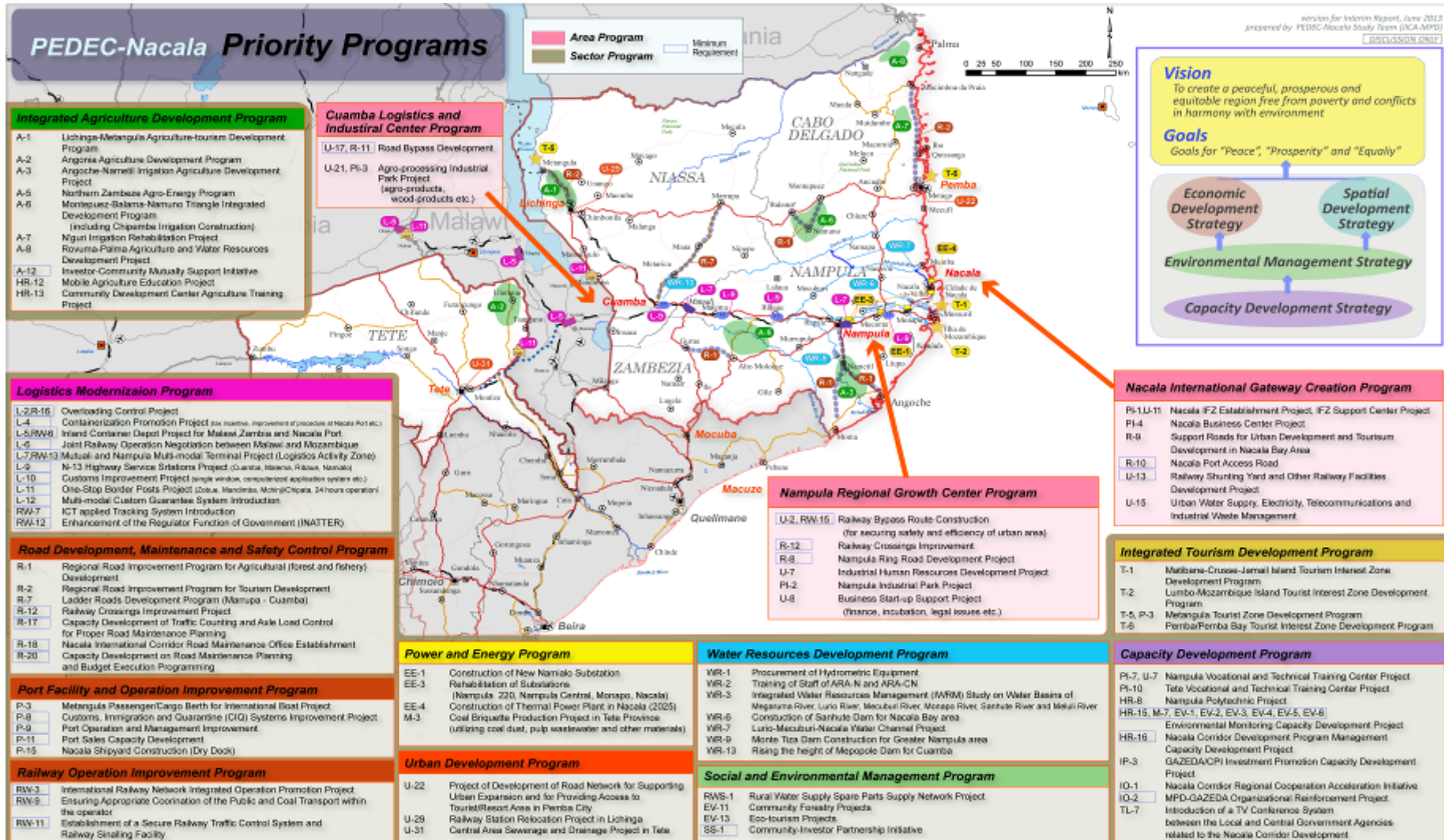
- Driving Forces to Transform the Regional Economy and Space (Mineral Resources Development)







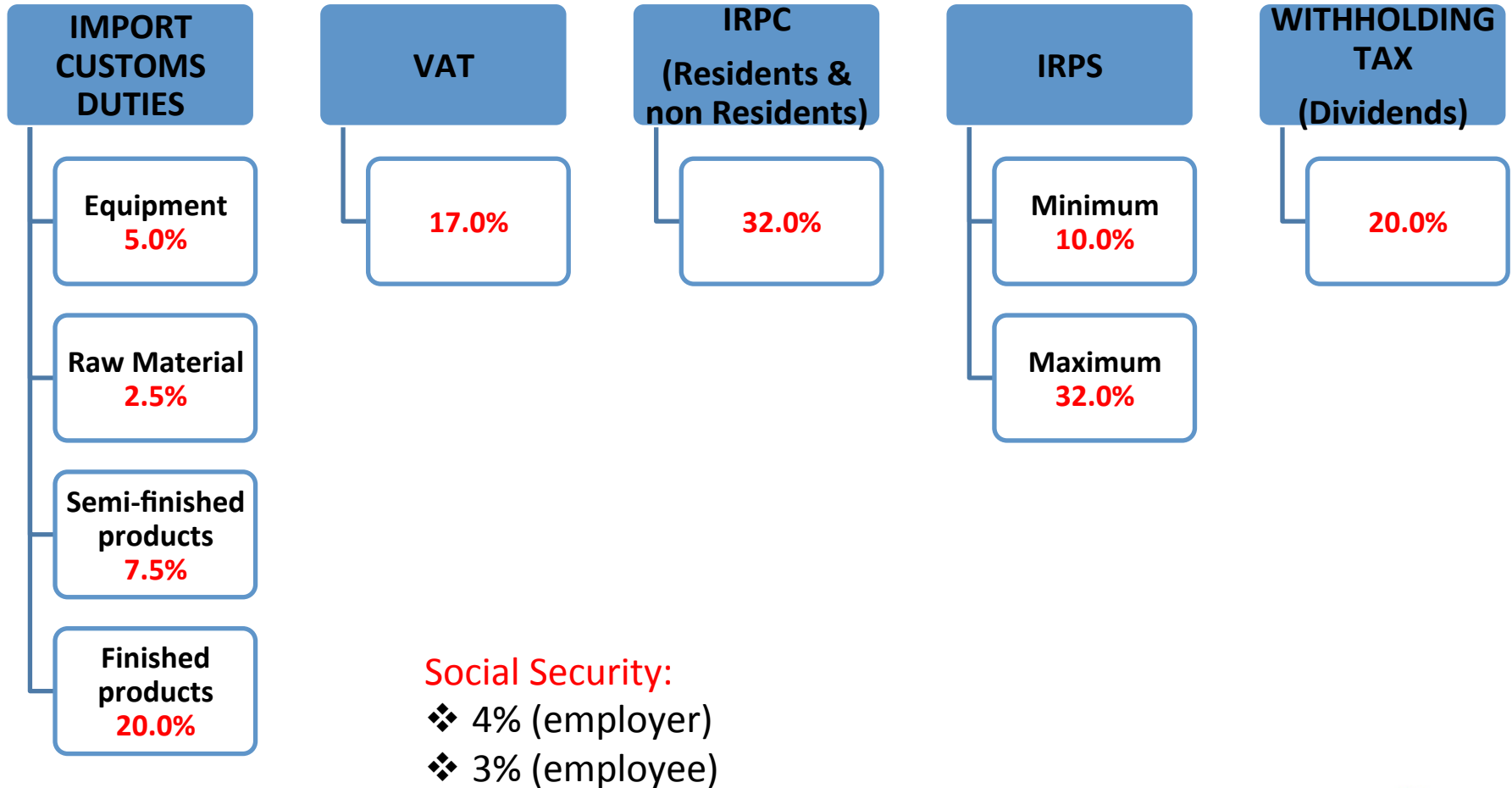
# Programs and Priority Projects



# **LEGAL FRAMEWORK**

***By Danubio Lado***

# TAXATION SYSTEM





# INVESTMENT GUARANTEES

- Legal protection of all property rights, including intellectual and industrial property;**
  
- Equitable compensation in case of expropriation;**
  
- Free remittance of funds abroad:**
  - Exportable profits;
  - Royalties and other similar payments;
  - Amortization of loans and payment of interest on loans
  - The proceeds of any compensation paid in conformity with the protection of property rights; and
  - Invested and re-exportable foreign capital.

# TAX INCENTIVES

## GENERAL BENEFITS

### In Respect of Import of Goods:

- Exemption from customs duties and VAT on the import of capital equipment, spare and accessory parts.

### In Respect of Income Tax:

- Investment Tax Credit;
- Accelerated Depreciation ;
- Tax Deductions (Professional Training; Use of new Technology)

# TAX INCENTIVES

## SPECIFIC 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 Activities
- Oil & Gas operations



# INCOME TAX (IRPC) – SEZ

## Special Economic Zone **Developer**

IRPC exemption in the first 5 tax years

50% reduction in the rate of IRPC from the 6th to the 10th tax year

25% reduction in the rate of IRPC for the remaining life of the project

## Special Economic Zone **Enterprise**

IRPC exemption in the first 3 tax year

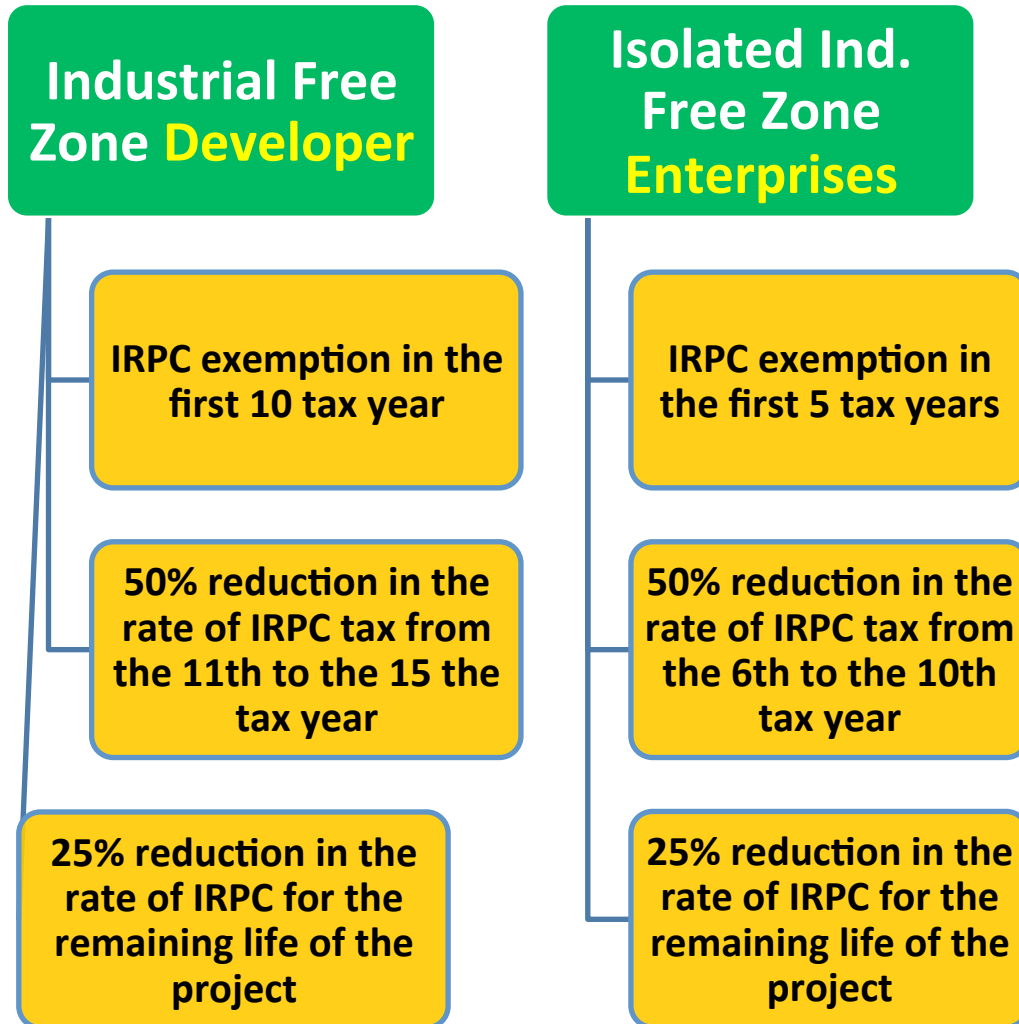
50% reduction in the rate of IRPC from the 4th to the 10th tax year

25% Reduction from 11th to 15th tax year

## Special Economic Zone **Service Enterprise**

50% reduction in the rate of IRPC tax for a period of 5 tax year

# INCOME TAX (IRPC) - IFZ



# Fiscal Benefits for SEZ and IFZ

## Special Regime (Customs Duties & Income Tax)

### Customs Duty and VAT Tax Exemption

Exemption from payment of customs duties and VAT on the import of construction materials, machinery, equipment, accompanying spare and accessory parts and other goods used in carrying out of the licensed SEZ's and IFZ's activities (the exemption includes also raw material)

### Income Tax

Exemption and reduction in the rate of the Corporate Income Tax (IRPC)

# FISCAL BENEFITS FOR SEZ

## (IRPC-Corporate Income Tax)

### Special Economic Zone **Developers**

IRPC exemption in the first 5 tax years

50% reduction in the rate of IRPC from the 6th to the 10th tax year

25% reduction in the rate of IRPC for the remaining life of the project

### Special Economic Zone **Enterprises**

IRPC exemption in the first 3 tax years

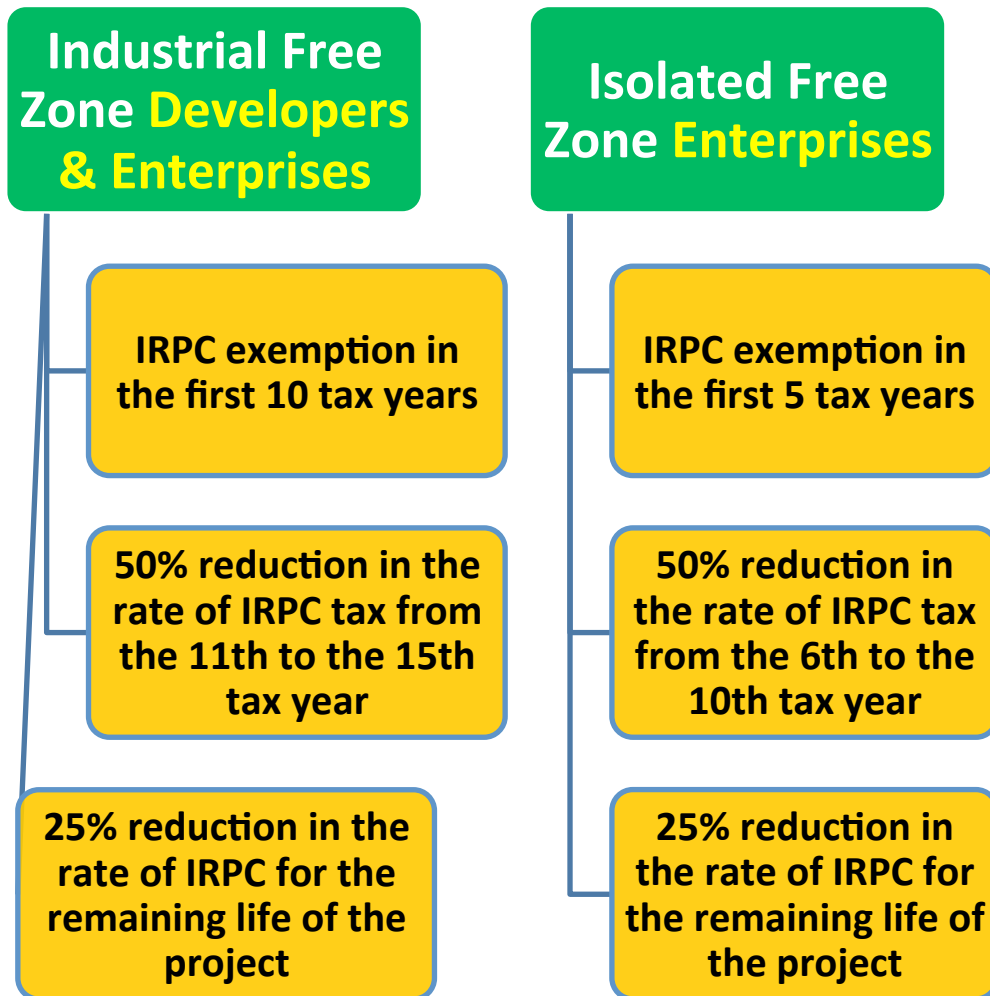
50% reduction in the rate of IRPC from the 4th to the 10th tax year

25% reduction in the rate of IRPC from the 11th to the 15th tax year

### Special Economic Zone **Service Enterprises**

50% reduction in the rate of IRPC for a period of 5 tax years

# FISCAL BENEFITS FOR IFZ (IRPC-Corporate Income Tax)

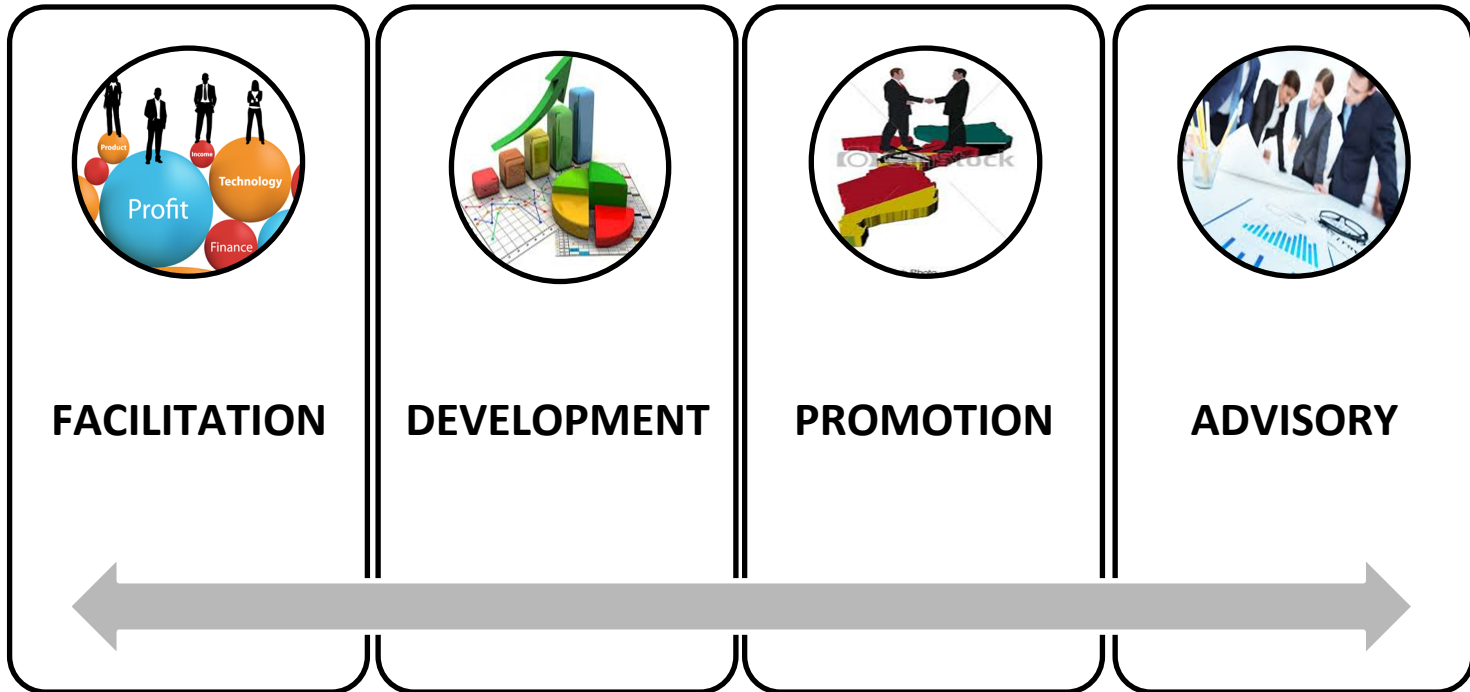




# **ROLE OF APIEX**

***By Danubio Lado***

# APIEX's PILLARS



# HOW MAY APIEX ASSIST YOU?



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.

**FOR A GREATER &  
BETTER MOZAMBIQUE  
TO EVERYONE**

**THANK YOU!  
OBRIGADO!  
ARIGATOU GOZAIMASU !**



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