



Republic of Mozambique

Investment Promotion Centre (CPI)

INVESTMENT CLIMATE AND OPPORTUNITIES IN MOZAMBIQUE

Japan, March 2015



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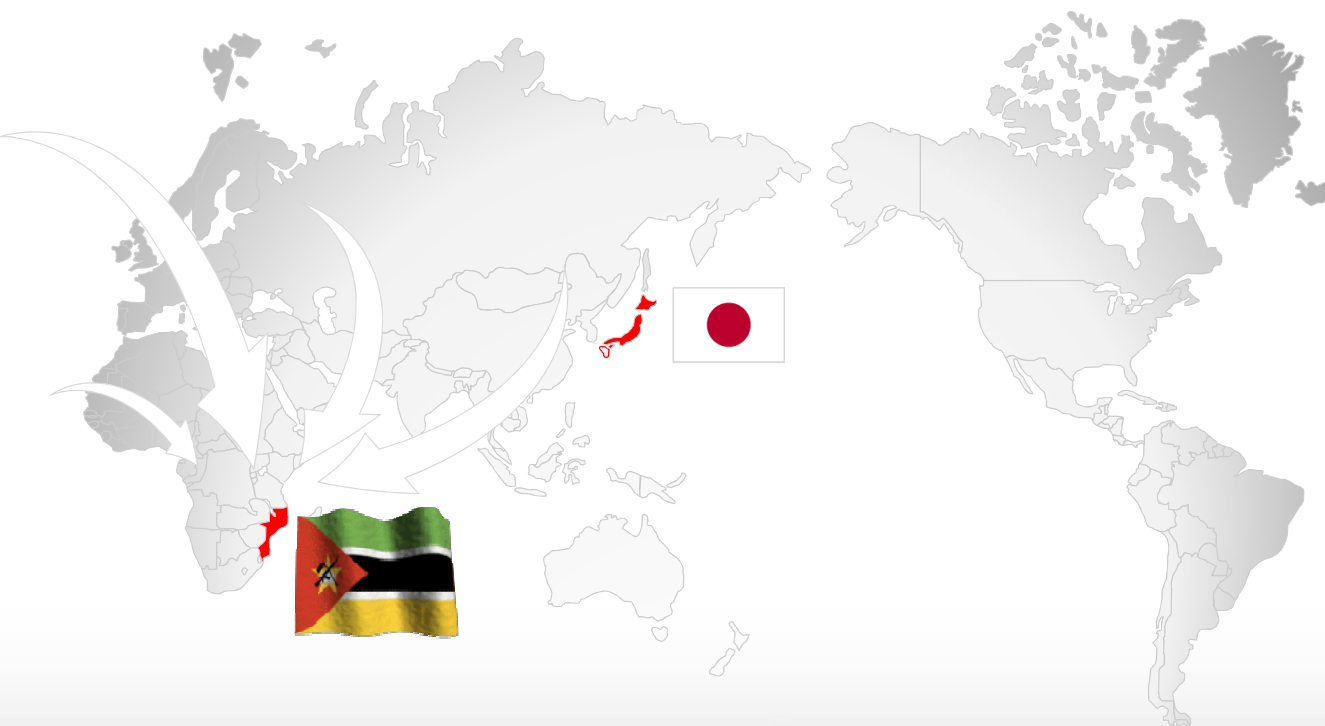
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MOZAMBIQUE AT A GLANCE



Area: 799.380 km²

Population: 25.727million

GDP (Nominal): USD 17.609 billion

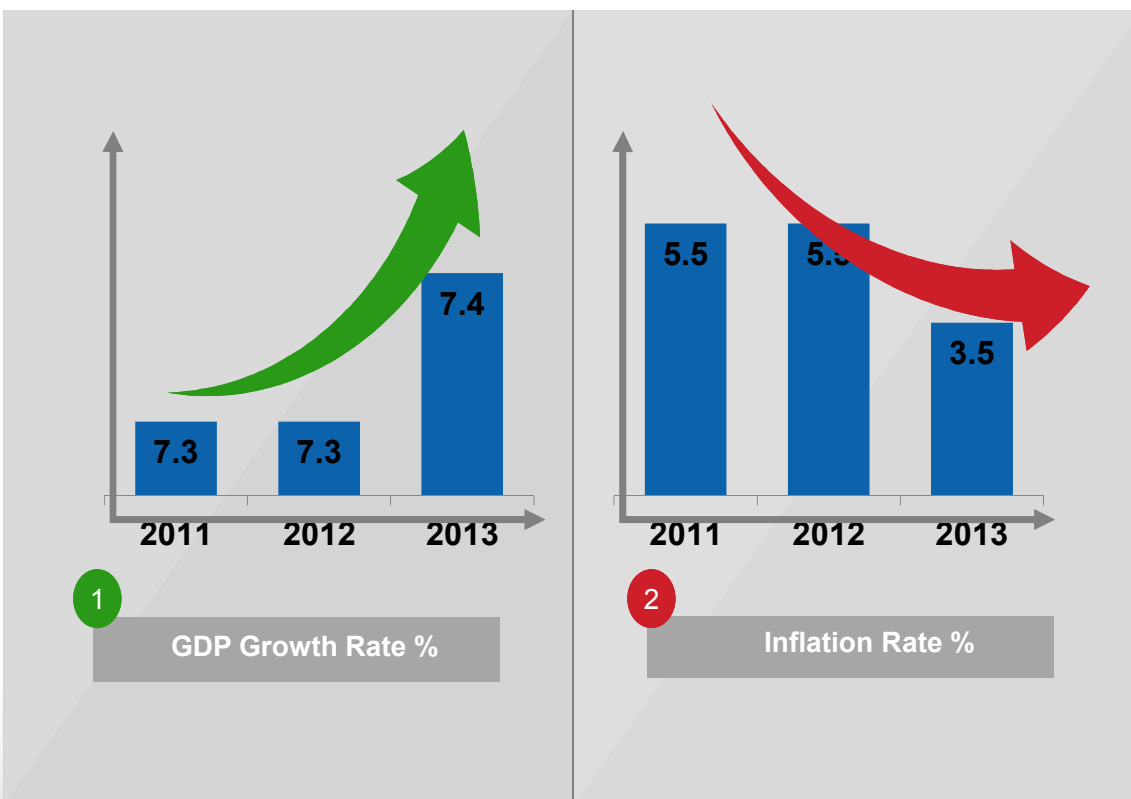
Per capita: USD 700

GDP Growth Rate (3rd Quarter 2014): 7.4%

2014 Inflation (CPI) : 2.6%

Source:INE.

MACROECONOMIC PERFORMANCE



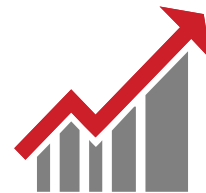
World's ten fastest-growing economies* Annual average GDP growth, %

	2001-2010		2011-2015
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	Ethiopia	8.1
Nigeria	8.9	Mozambique	7.7
Ethiopia	8.4	Tanzania	7.2
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

Source: The Economist, IMF

*Excluding countries with less than 10m population and Iraq and Afghanistan

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, China, India.

WELCOMING INVESTMENT CLIMATE

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



Investment Flows

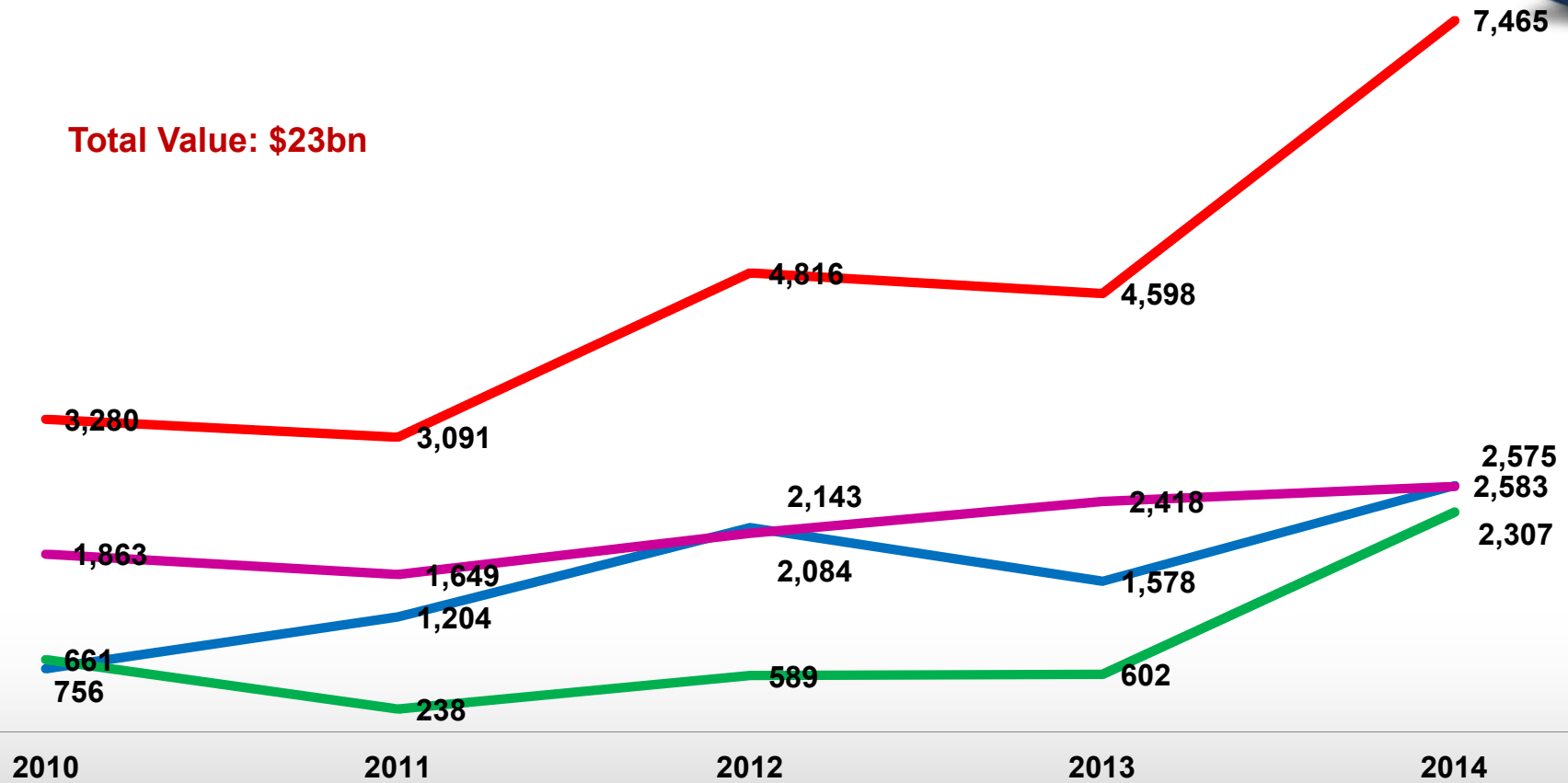
APPROVED INVESTMENT (2010-2014)



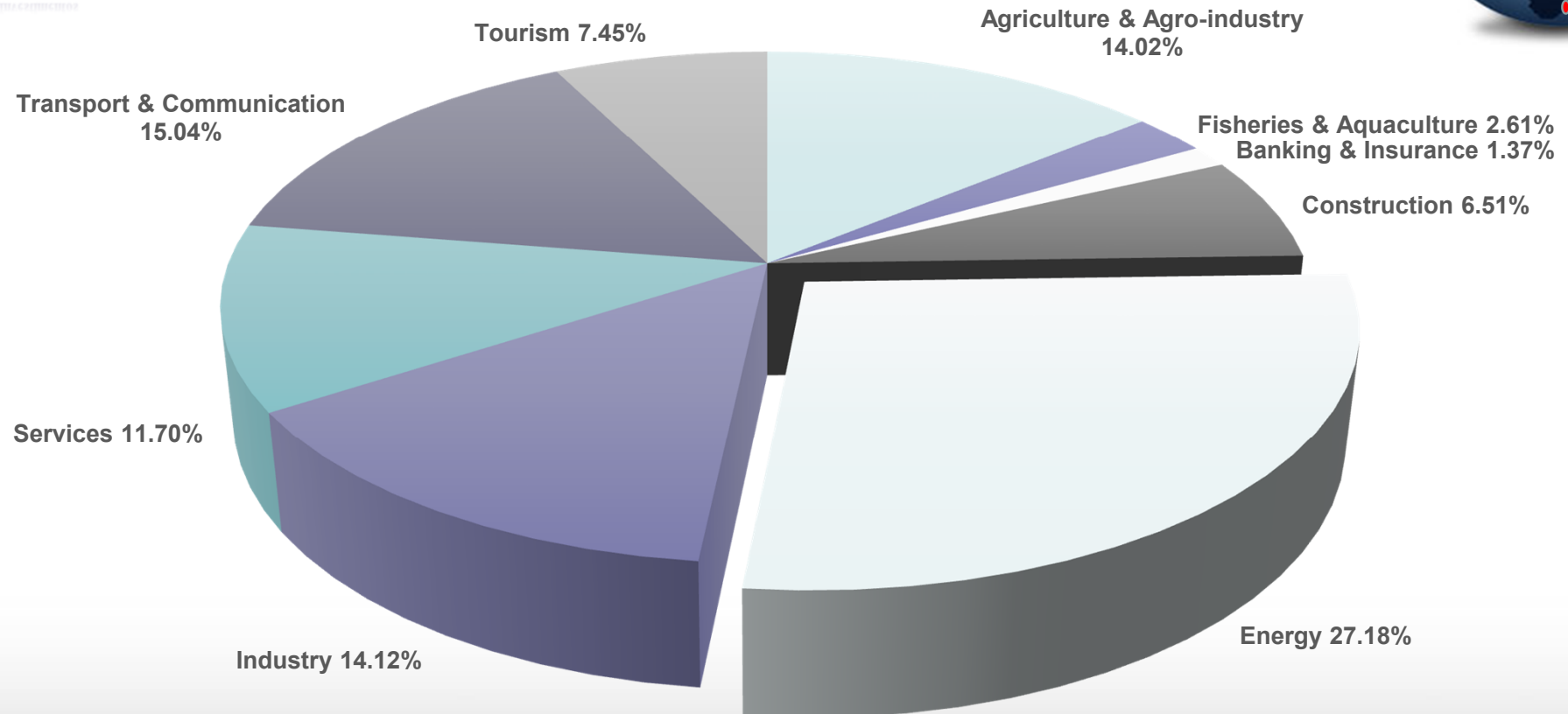
— Total — FDI — NDI — Shareholders Loans



Total Value: \$23bn



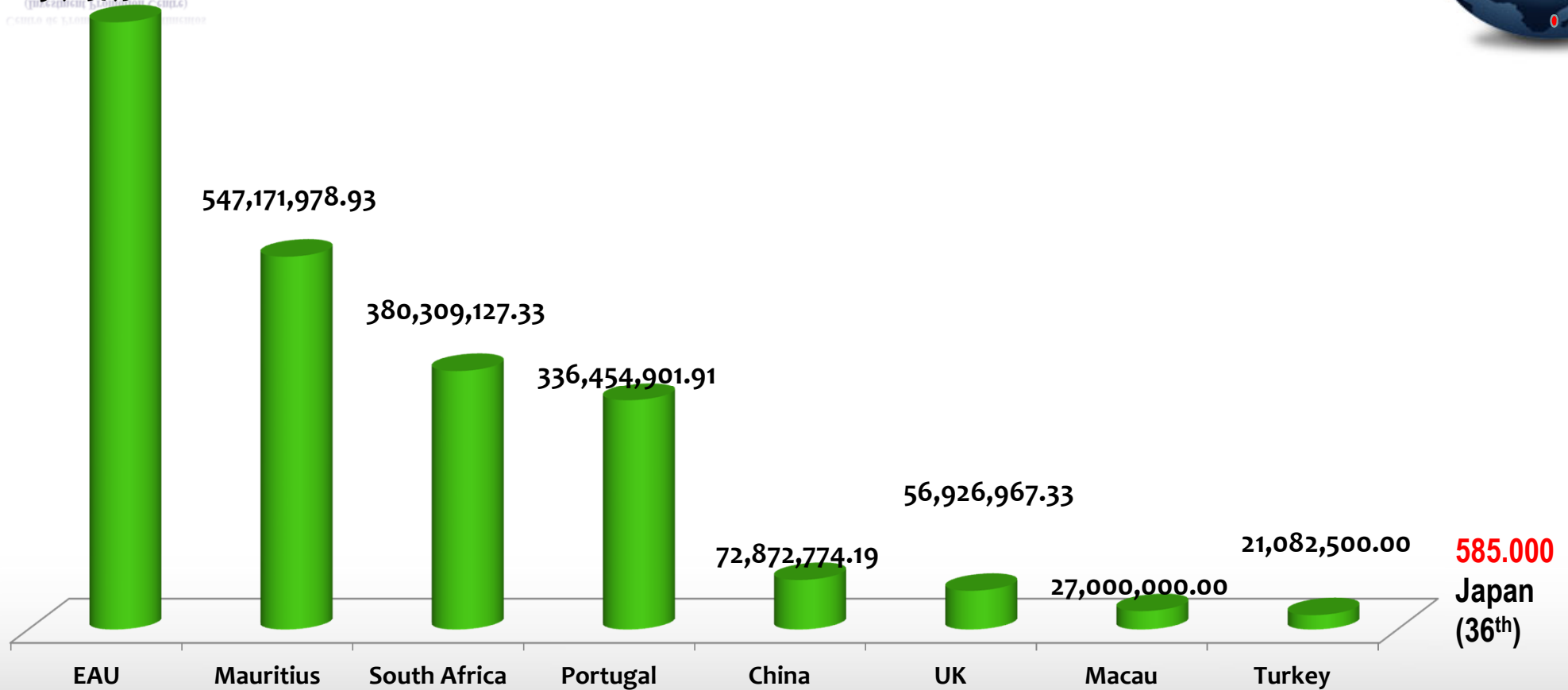
MAIN INVESTMENT SECTORS (2010-2014)



TOP 10 INVESTORS 2014



Centro de Promoção de Investimentos
Investment Promotion Centre
891,057,500.00



JAPANESE COMPANIES IN MOZAMBIQUE



Coal Mining
Revuboe, Tete

HITACHI Construction Machinery
Technical Service
Moatize, Tete



MOZAL Aluminium Smelter, Beloluane, Maputo



Wood chips
Maputo



Development of Natural Gas, Rovuma Basin, Cabo Delgado
- Coal mining / railway & development infrastructure, Tete & Nampla

ADM

Bio fuel,
agriculture
Pemba, Cabo Delgado

Branch offices & Other services:

Ichi Maputo (Used cars),
Kaneshiro (Recycle),
Sumitomo, Nippon Koei (Consulting), Mitsui, Mitsubishi, Chiyoda (Engineering), Yahiro (Estate Agency)

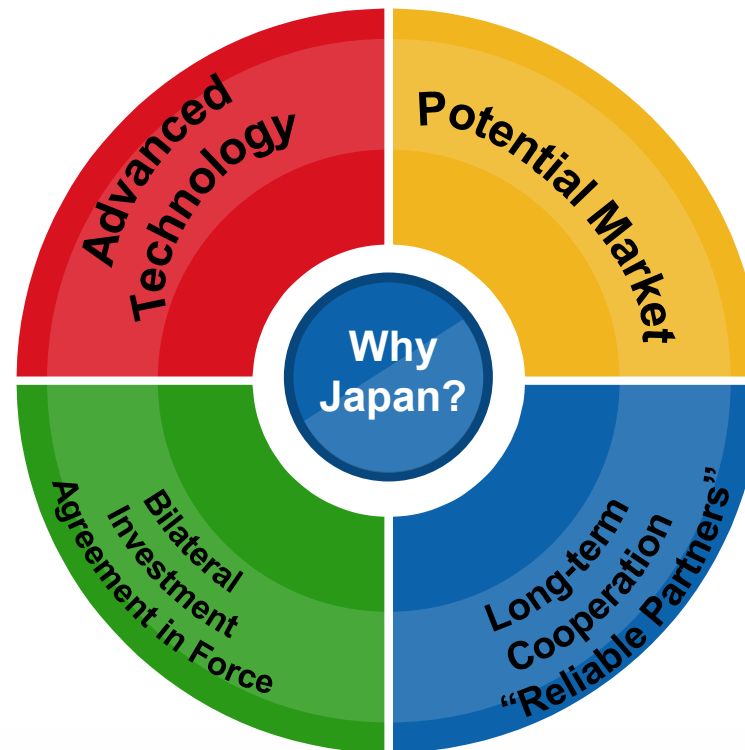


A-One Enterprises
Process of clams
Matola, Maputo



**Technology
 Know-how
 Management Skills
 Financial Resources**

**Mutual
 Commitment for
 Investment
 Promotion and
 Protection**



- **Large Domestic Market:** 127 million inhabitants (Aug, 2014, Statistics Japan) with purchase power
- **Japan's GSP Scheme:** Special Preferential Treatment for LDC – a) Duty Free, b) Quota Free (Preferential Imports without Ceiling Restriction)

<http://www.mofa.go.jp/policy/economy/gsp/>

CPI's Sustained and Developing Cooperation Partners:

- UNIDO:** Delegate Programme since 2000
- JICA:** JICA Advisor at CPI + New Project underway
- JETRO:** Training Programme in Preparation

Japan is a Strategic Business Partner because it is a country with



Legal Framework

BILATERAL TREATIES & AGREEMENTS



Centro de Promoção de Investimentos
(Investment Promotion Centre)

(Инвестиционный Центр)
Centro de Promoção de Investimentos

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



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



TAXATION SYSTEM



IMPORT CUSTOMS DUTIES

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

VAT 17.0%

IRPC – General 32.0%

IRPC – Agriculture 10.0%

IRPS

- 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**

SPECIFIC BENEFITS



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СЕНТРО ДЕ ПРМОУШО ДО ИНВЕСТИМЕНТО

- 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**



REQUIREMENTS OF ELEGIBILITY TO FOREIGN INVESTMENT



- **Minimum value of FDI – the foreign investor’s share capital is set at 100.000 US\$; or**
- **Annual Sales volume of 300.000 US\$ from the 3rd year of activities; or**
- **Annual Exports of Goods and Services equivalent to 50.000.000 US\$; or**
- **Creation and retention from the 2nd year of operation of at least 25 direct jobs for Mozambican citizens; and**
- **Submission of the investment project to CPI/GAZEDA.**

SETTING UP A BUSINESS IN MOZAMBIQUE



Foreign investors that intend to set up a business in Mozambique can choose between forms of enterprises such as commercial companies, or other forms of representation.

LEGAL ENTITY

- Approval of name
- Company's head office
- Corporate structure
- Commercial License

CPI

- Protection against property expropriation
- Tax and customs benefits
- No restriction to loans and payment of interests abroad



Oil and Gas



PRIORITY PROJECTS



- Agriculture;
- Gas and Coal Processing;
- Infrastructure & Power;
- Industrial Parks;
- Manufacturing;
- Human Resources Development (vocational training).



Agriculture

SOYBEANS



Soy cake is a considerable cost for the poultry industry and could be a key driver of domestic production substitution of imported chicken. Further opportunity to refine oil byproduct will increase alongside production.

- **Demand** for soybeans is **increasing** due to the development of **poultry** and **soy oil** sectors;
- Government is actively **encouraging** growth of domestic soybean industry to **substitute imported soy cake**;
- Importation of high-priced soy cake is **driving up prices for domestic poultry**.
 - Leading component of domestic poultry cost is **feed** (~74%).
 - Local production of **soy cake** should reduce costs, improving competitiveness of the **poultry industry**.
 - **Export market opportunities.**



COTTON

Cotton has been an historically strong sector due to excellent agro-ecological conditions and potential for export



- Mozambique's cotton lint has a long history in accessing important international markets, traditionally in **Europe as well as recently in Asia**.
- The majority of production occurs in the North of the country in **Nampula and Cabo Delgado**.
- **Rising international prices** has increased the profitability of cotton production and potential for **levels of productivity**.



High Value Added from Processing

- Opportunities for **ginning of cotton for export of high quality cotton lint** and **processing of cotton seed into oil and cake**.
- Further opportunities exist in utilising **industrial processes** requiring cotton as a raw material (textiles, etc.).



Gas and Coal Processing

PETROCHEMICAL INDUSTRY



- Market : India
- Pre-FS Completed
- Strong support from the Japanese and Mozambican Governments

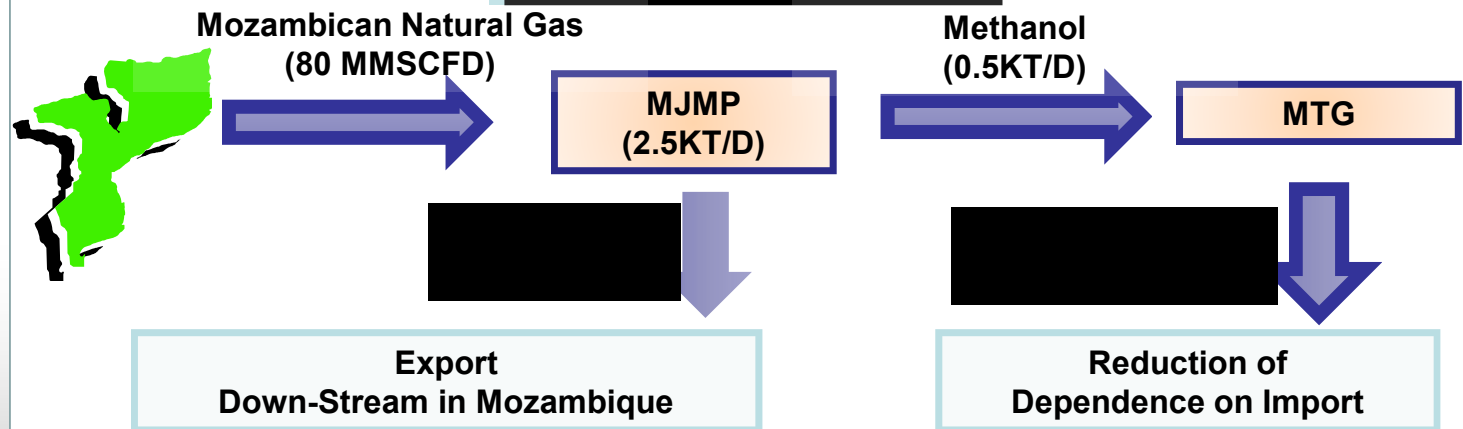
- Technology from Japan
- World's most prevalent Methanol Technology
- 700M\$, 0.5TCF
- 2.5KT/D



Our Technologies, Your Tomorrow



Local Contribution



MAJOR OPPORTUNITIES IN LOGISTICS



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Shipping Lines



Vessels Operators



Airfreight Operators



Transit & Supply Services



Clearing & Forwarding



Heavy Lift Transport





Infrastructure & Power

Infrastructure Development of Dry Ports



DRY PORTS

CUAMBA

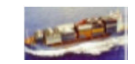
MUTARARA

MOATIZE

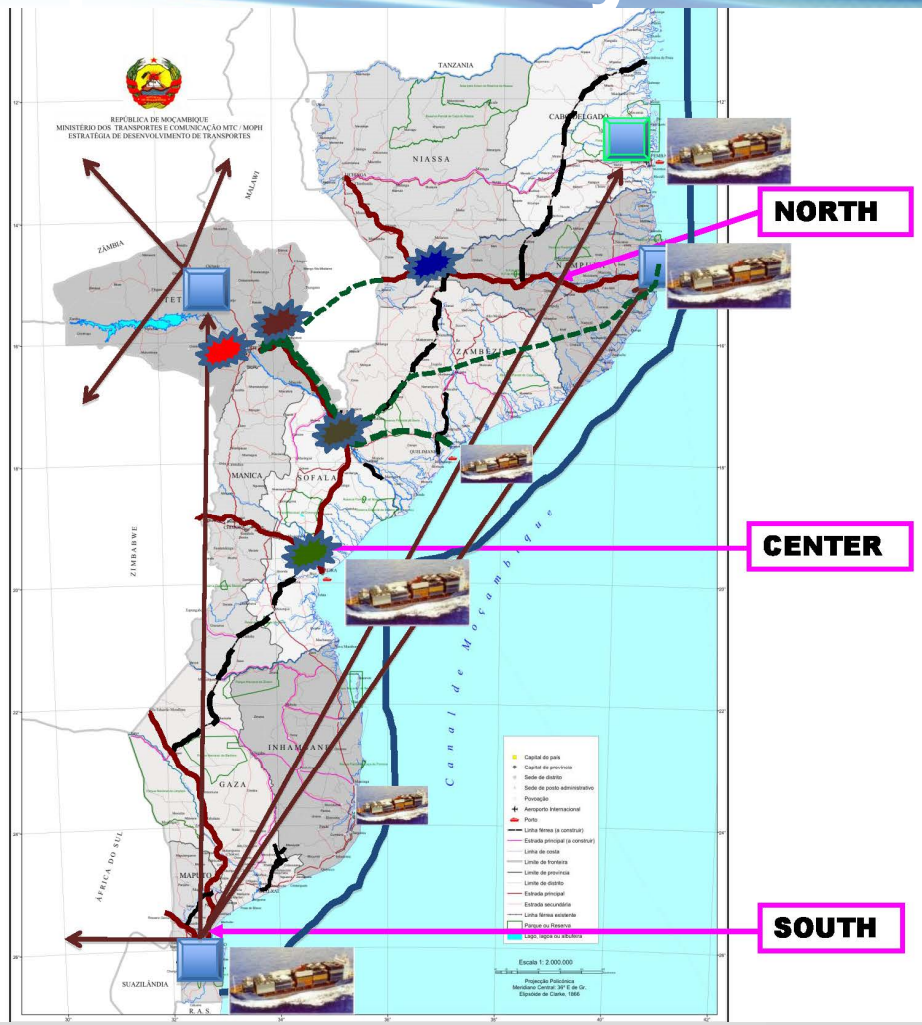
CATEME

DONDO

Airports



Ports



Source: MTC

POWER SECTOR

Comparative Advantages



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✓ Natural Resources

- ❖ Proven Gas reserves
- ❖ Proven Coal Reserves
- ❖ Proven firm Hydro Renewable Reserves

✓ Financing

- ❖ Corporate balance
- ❖ Possible to refinance after COD

✓ Hydro Base

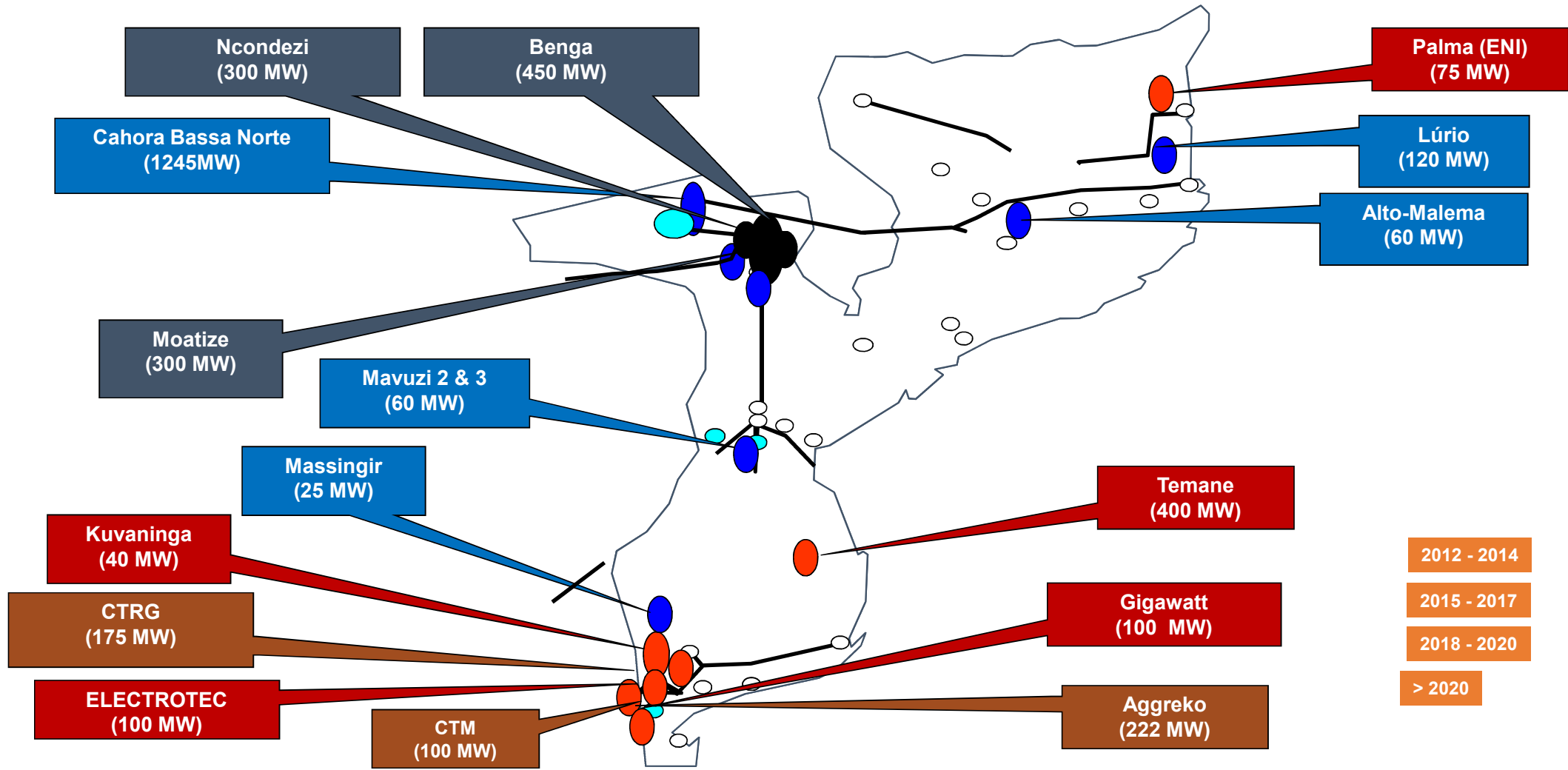
- ❖ No FSA
- ❖ Long Term PPA

✓ Thermo Base (Coal)

- ❖ Coal as a waste product from mining



GENERATION EXPANSION PLAN 2012 - 2020



HOW MAY CPI 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.

PROMOTIONAL MATERIAL



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СЕНТРО ДЕ ПРОМОЌО ДЕ ИНВЕСТИМЕНТОС



BOOK OF OPPORTUNITIES

Joint Venture with Mozambican Companies

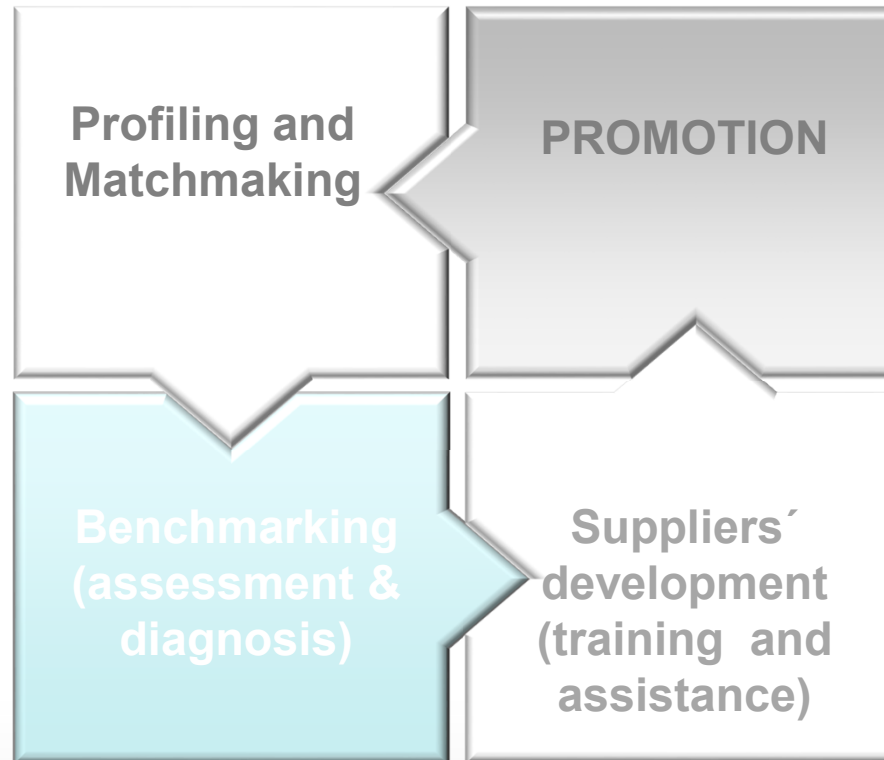


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January 2015

SPX: SERVICES OFFERED



- Profiling the potential suppliers competences and capacity;
- Match the potential suppliers to the national and international large buyers.

- Techniques and management gaps diagnosis;
- Designing of action plans for improving the suppliers competitiveness.

- Promotion of the goods and services of the potential suppliers to the large buyers;
- Organize meeting joining buyers and potential suppliers;
- The potential suppliers can visit and attend the national and international exhibition..

- Improving the potential suppliers skills and abilities;
- Formulation of investment, financing and technology partnerships proposals.

ARIGATOU GOZAIMASHITA !



Questions ?



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