

# Investment Climate and Business Opportunities for Japan

Tokyo, April 16 , 2013



# PRESENTATION STRUCTURE

- **I – Why should you invest in Mozambique**
  - General aspects and strengths
- **II – Mozambique-Japan Trade**
- **III - FDI Trends in Mozambique**
- **IV – Legal Framework on Investment**
- **V – Investment Opportunities**
  - Transport & Logistics
  - Mining, Oil & Gas
  - Energy
  - Agribusiness



# WHY MOZAMBIQUE



*Pemba Beach – Cabo Delgado Province*



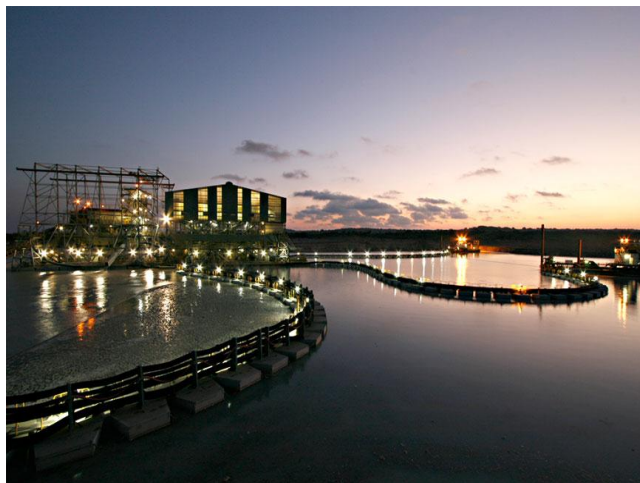
*Pemba Beach Hotel – Cabo Delgado Province*



*Train carrying coal to the port of Beira*



*Sorghum production – Manica Province*



*Titanium mining – Nampula province*



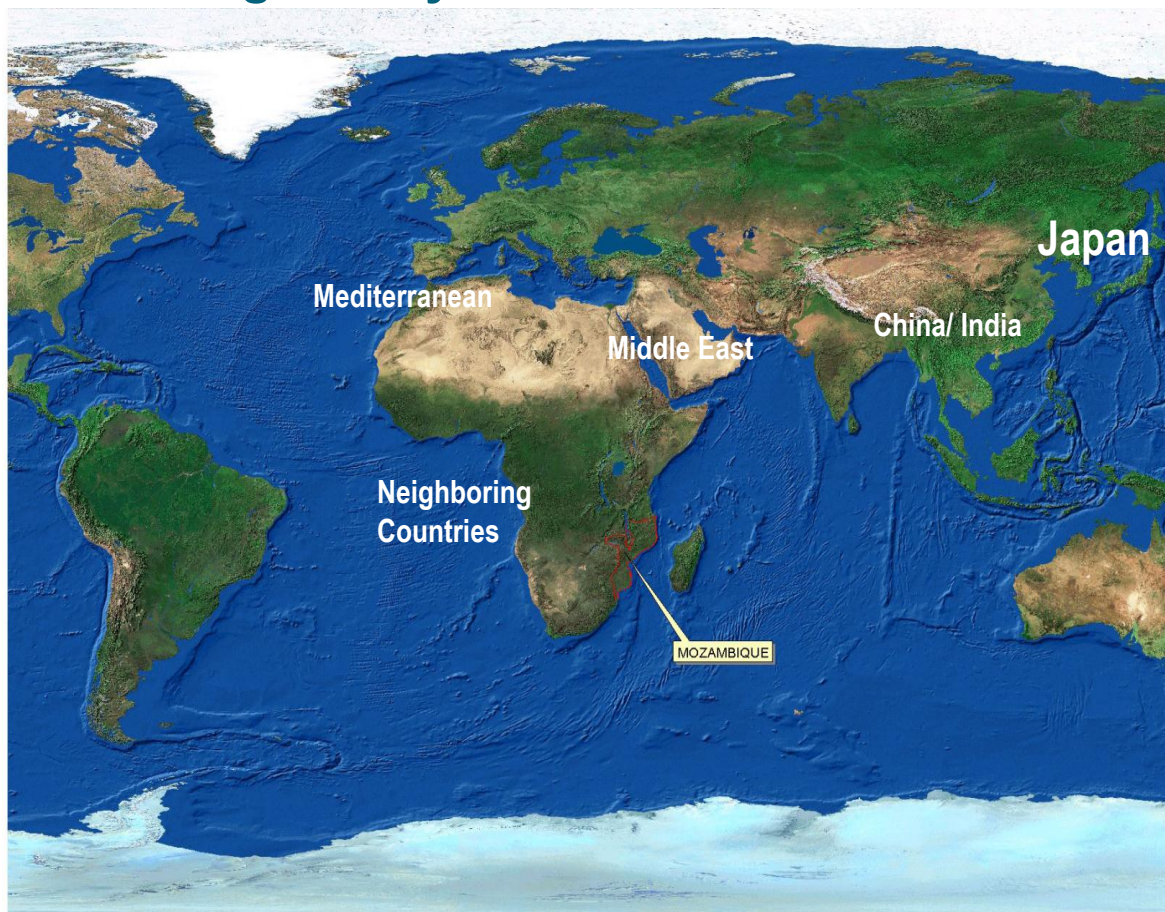
*Artisanal fishing*



# WHERE IS MOZAMBIQUE?

## - Strategic & Privileged Location-

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



From Japan to Mozambique  
Via

- ◆ Johannesburg (HK, Bangkok, Singapore, Beijing, etc.)
- ◆ Nairobi
- ◆ Addis Ababa
- ◆ Dubai
- ◆ Lisbon

# MOZAMBICAN ECONOMY AT A GLANCE

**Area:** 799.380 km<sup>2</sup>

**Population:** 23 million

**Population Growth Rate:** 2.8

**GDP (Nominal):** USD 14.5 billion

**Per capita:** USD 614

**GDP Growth Rate:** 7.5%

**Trade:**

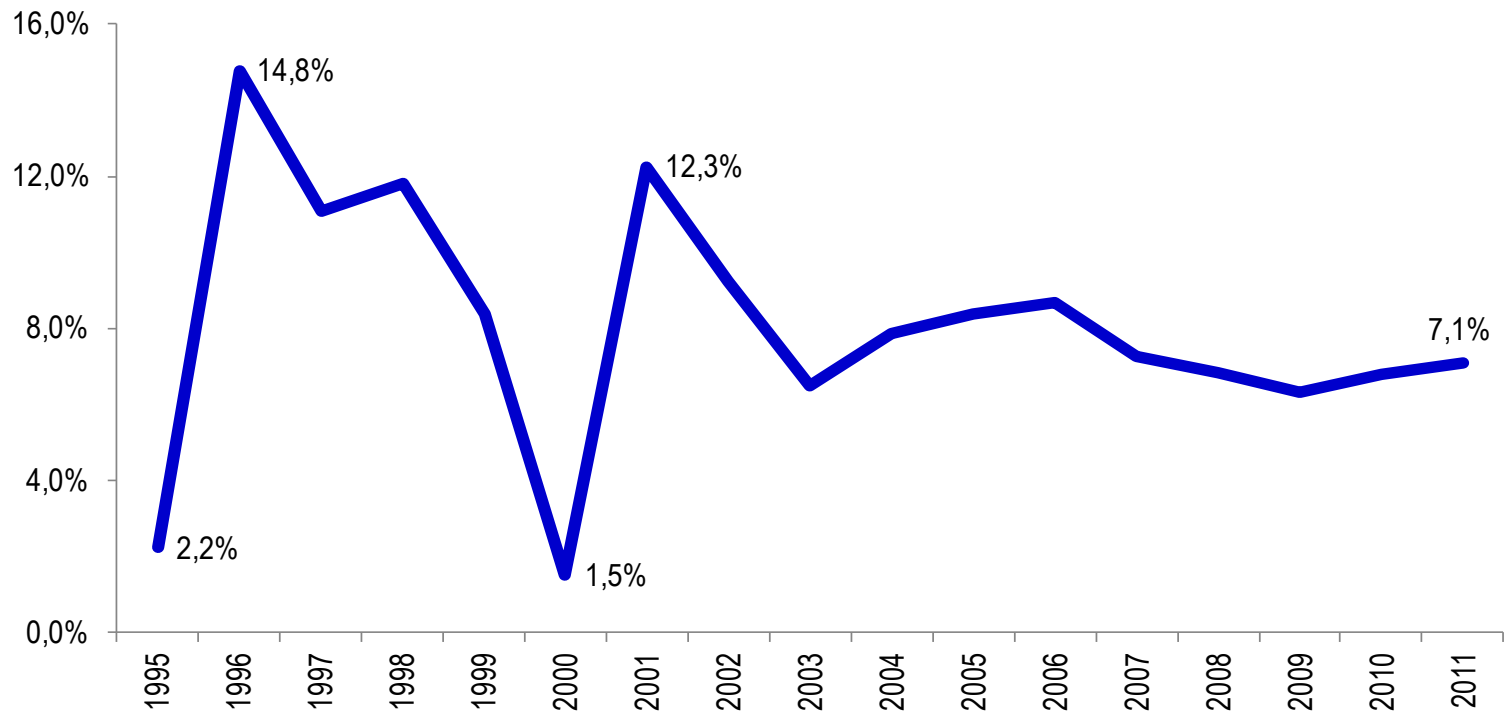
**Exports (2011):** USD 3.6 billion

**Imports (2011):** USD 6.3 billion

- **Inflation (CPI):** 2.09
- **Unemployment Rate:** 22%
- **Literacy Rate:** 50.4%
- **Exchange Rate MT/USD (2012):** 28.4



# ECONOMIC GROWTH RATE (1995-2011)



□ 8,1%, annual growth rate, one of the fastest among developing countries due to increase in domestic savings, access to international finance, technology transfer, FDI flows.



# WHY MOZAMBIQUE

- Rich and Diverse Natural Resources Base: Large tracts of arable land, forests, natural reserves of mineral resources, hydrocarbons, water and historical & cultural heritage;
- Increasing investment in infrastructures across the country (roads, airports...);
- Stable Investment Legislation (Predictable, Consistent Transparent and Protective for Investors);
- Political and social stability;



# WHY MOZAMBIQUE

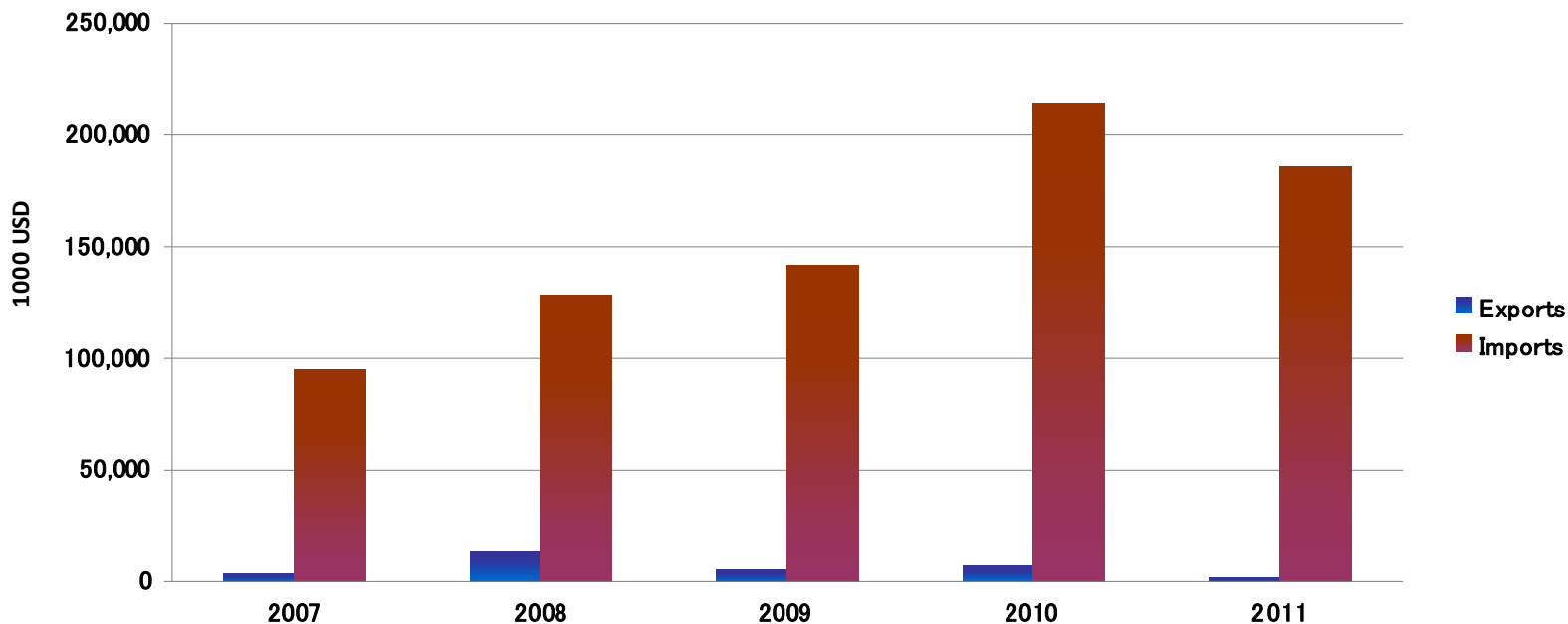
- 100% of investment ownership and control;
- Access to preferential markets: SADC, USA, EU, China, India;
- Competitive, educated & easily trainable labor force;
- One of Africa's most attractive economies for FDI;
- Welcoming attitude: hospitality, sincerity, friendliness



# **MOZAMBIQUE-JAPAN TRADE**



# MOZAMBIQUE-JAPAN TRADE



Source: INE

## Main Products Exported:

Crustaceans, Sesame, Cashew, Titanium, Seafood

## Main Products Imported:

Vehicles, Motorcycles, Wheat, Rice, Machinery and its parts, Electric conductors, Chemicals

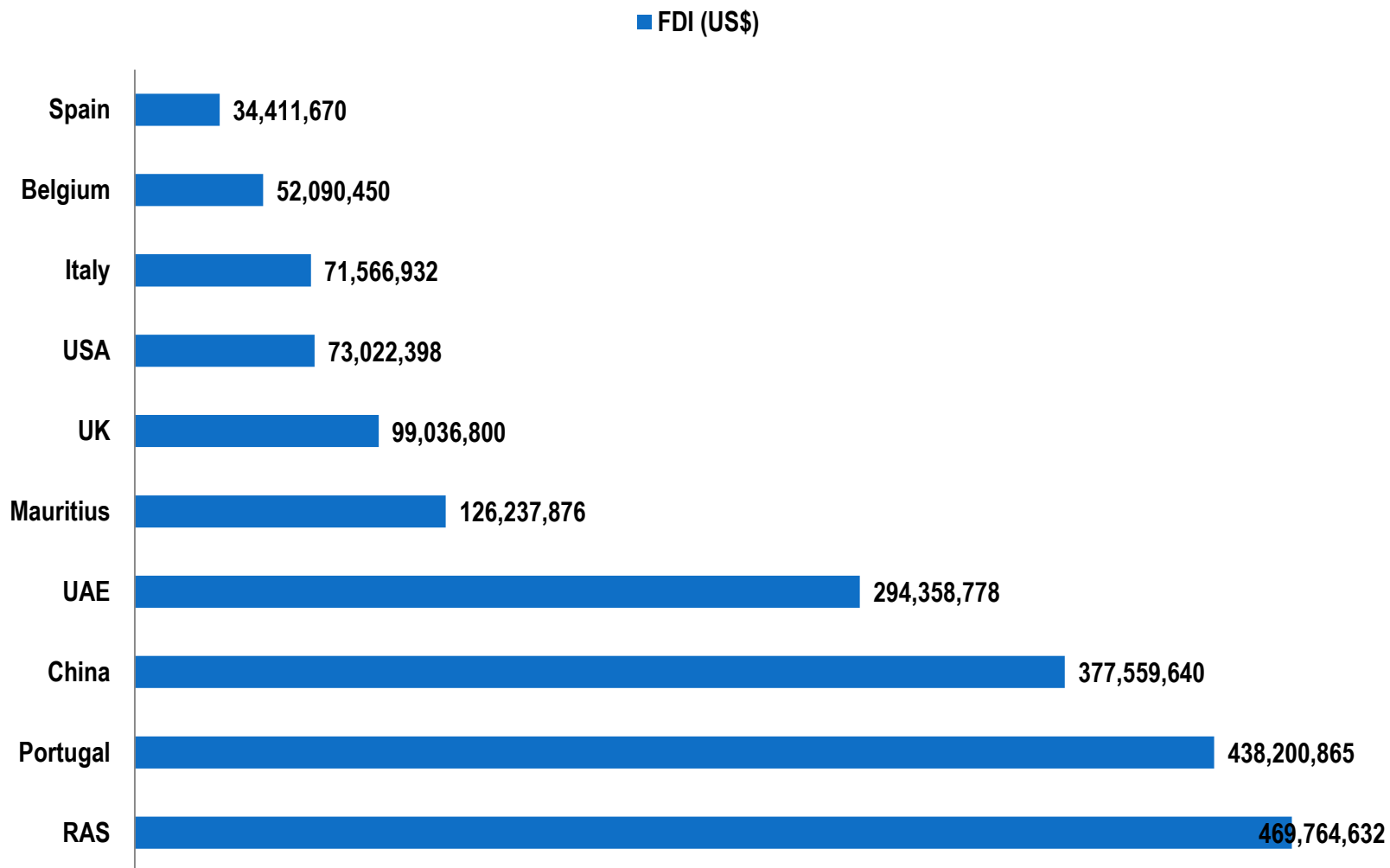


# **FDI TRENDS IN MOZAMBIQUE**



# FDI INFLOWS BY SOURCE COUNTRY

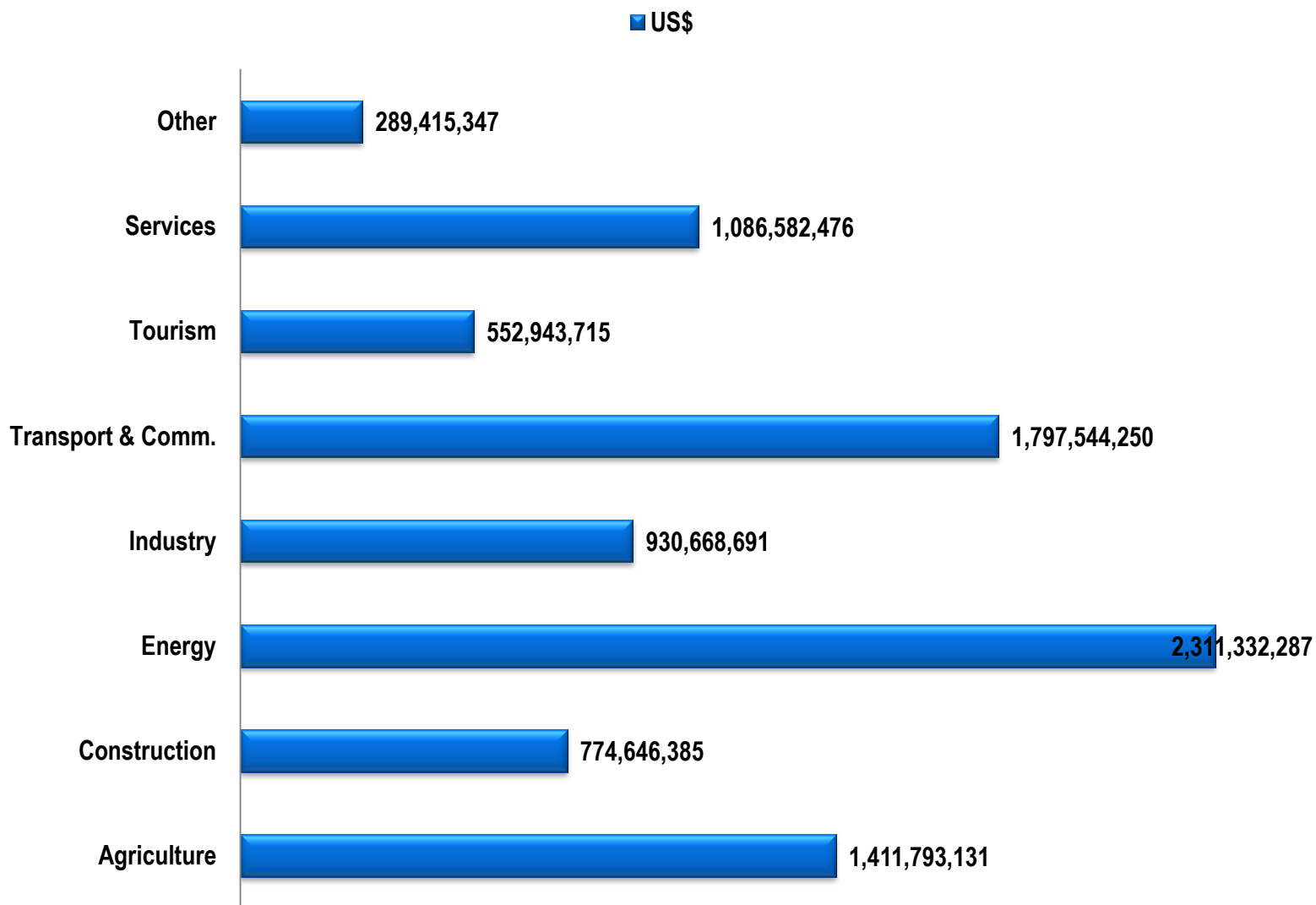
## TOP 10 (2010-2012)





# FDI INFLOWS BY SECTORS

2010 TO 2012





# FOREIGN INVESTORS IN MOZAMBIQUE



SASOL  
*reaching new frontiers*



RioTinto



## Mineral Resources



## Services



## Infrastructure





# JAPANESE INVESTMENT IN MOZAMBIQUE

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

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

**HITACHI**  
 Technical Service  
 Moatize, Tete



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

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





# LEGAL FRAMEWORK ON INVESTMENT

- **Investment Law;**
- **Regulation on Investment ;**
- **Code of Fiscal Benefits.**





# REGULATION ON INVESTMENT LAW

(FDI MINIMUM REQUIREMENTS FOR ELIGIBILITY FOR EXTERNAL REMITTANCE OF PROFITS AND INVESTED CAPITAL)

- Minimum value of Foreign Direct Investment: US\$ 100.000; or
  
- Generates annual sales not less than US\$ 300.000; or
  
- Registers annual exports of goods or services not less than US\$ 50.000; or
  
- Creates and maintains at least 25 direct employment positions for Mozambicans (From 2<sup>nd</sup> year of operations).



# TAXATION SYSTEM

## IMPORT CUSTOMS DUTIES

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

## VAT **17.0%**

## Corporate Tax

- **General** **32.0 %**
- **Agriculture** **10.0%**

## Personal Income Tax

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

## Withholding Tax **20.0%**



# INVESTMENT INCENTIVES

## GENERAL

- Exemption of customs duties and VAT on the importation of equipment contained in class “K” of the customs tariff
  
- Fiscal Credit
  - Maputo City **5%**
  - Other Provinces **10%**
  
- Professional Training: **5%** deducted from the taxable income - IRPC



# INVESTMENT 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**



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(Investment Promotion Centre)  
Cen...  
(Investment Promotion Centre)

# 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 and Spain, **Japan (to be signed in 2013).**

## 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.



**Agriculture  
&  
Agro-industry**

**Fisheries  
and  
Aquaculture**

**Industry  
&  
Commerce**

**Transport  
and  
Communications**

**Special Economic  
Zones**

# **INVESTMENT OPPORTUNITIES**

**Energy**

**Tourism**

**Mineral  
Resources**



# TRANSPORT AND LOGISTICS





# GEOGRAPHICAL CONFIGURATION

Road transport considered efficient for distances not exceeding 500Kms. Therefore better for the East-West Orientation

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

Long Distances (North-South):  
Sea and Rail

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**NORTH**

**EXISTING RAIL LINES**

**RAIL LINES PLANED IN THE TRANSPORT SECTOR STRATEGY**

**CURRENT SITUATION OF THE COAL LOGISTICS**

**Legend**

**Airports**

**CENTER**

Moatize – Caia – Nicoadala – Macuse  
Murrumbidgee – Mueda – Namitanga – Dondo  
daonala Mutuali

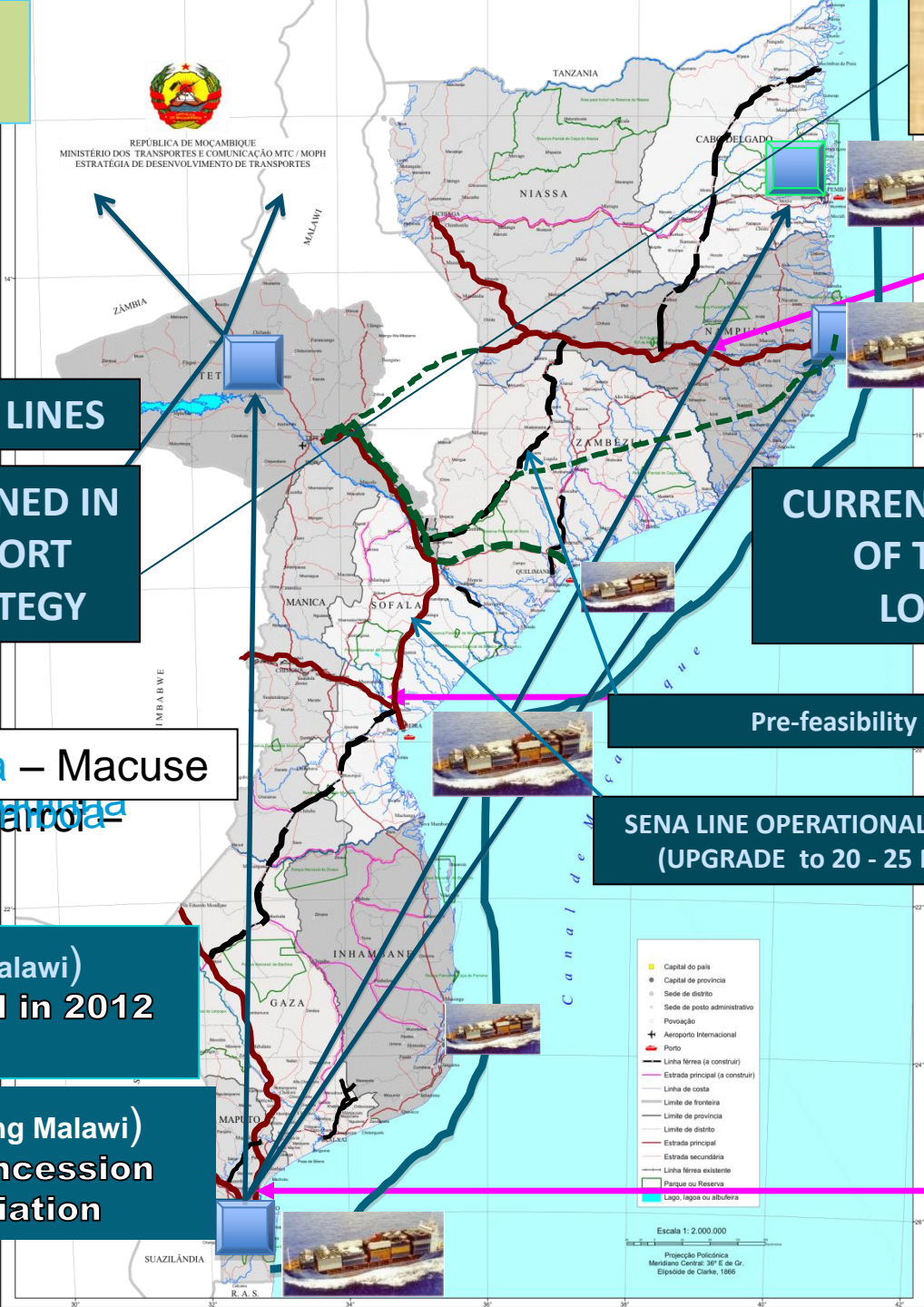
Pre-feasibility study done

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

Moatize – Nacala (via Malawi)  
Concession contract signed in 2012  
for 30MTPA in 3 years

Moatize – Nacala (Bypassing Malawi)  
Feasibility Study Done, Concession  
Agreement under negotiation

**SOUTH**





# **Mining, Oil & Gas**

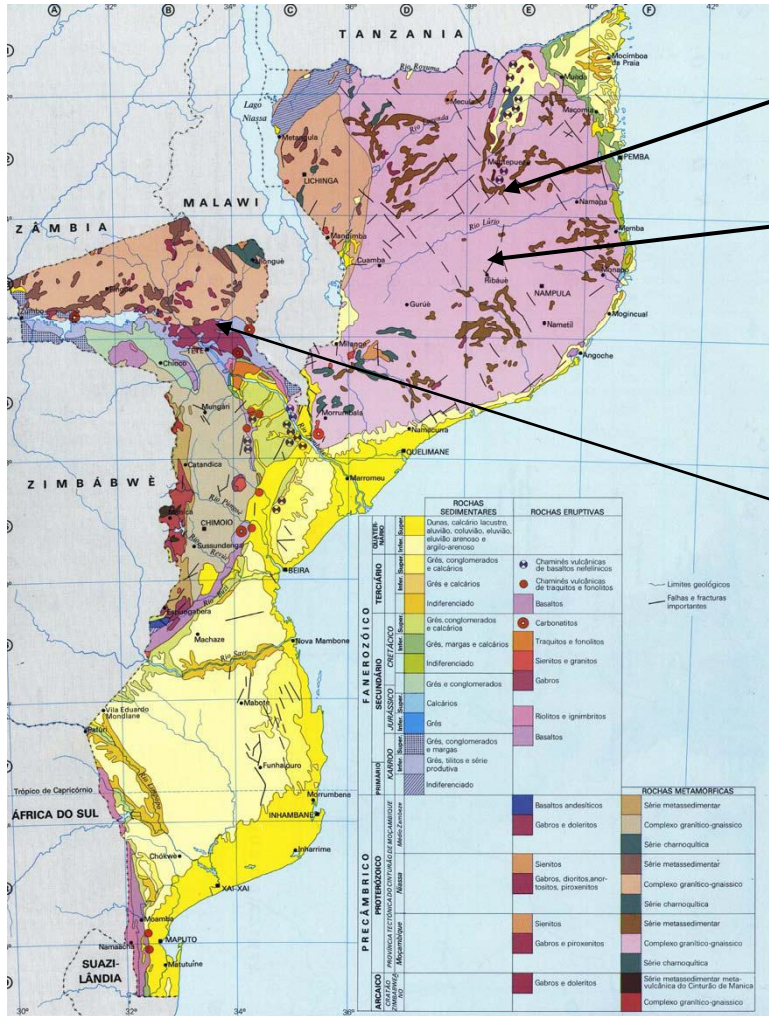


# PETROLEUM AND MINERAL RESOURCES ACTIVITIES IN MOZAMBIQUE

- **Top 12 countries with biggest gas reserves in the world (25% of Africa's total reserves);**
- **1,000 mining titles granted to national and foreign entities;**
- **More than 20 billion metric tones of confirmed coal deposits.**



# POSSIBLE FUTURE DEVELOPMENTS IN MINING



**Base Metals (Cu,Ni,Zn)**  
Viability Studies and Exploration

**Phosphates**  
In Monapo  
- Studies and production  
3.5 million tons/annum of phosphates  
1,5 million tons/annum of iron

**Magnetite and ilmenite**  
Studies for iron production

## MINING POTENTIAL

1. Coal
2. Titanium
3. Construction Material
4. Precious Stones
5. Heavy Sands

1. Natural Gas
2. Aluminium
3. Phosphates
4. Tantalite
5. Others

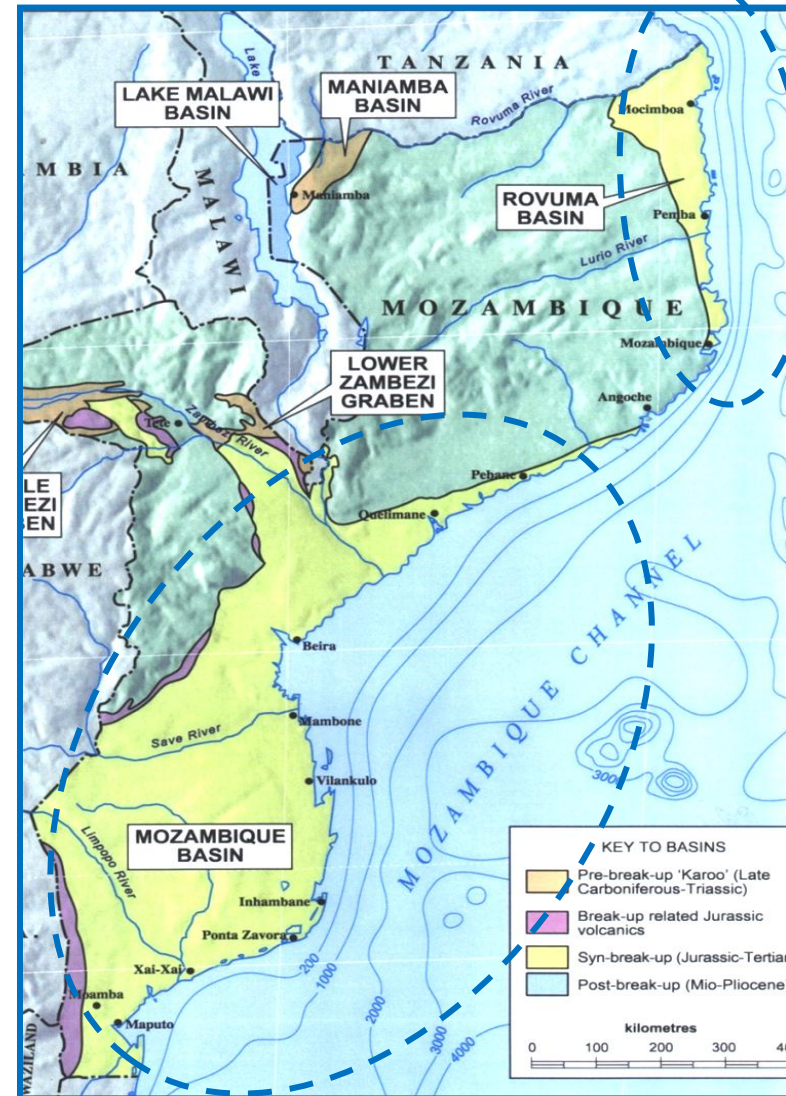


# SEDIMENTARY BASINS



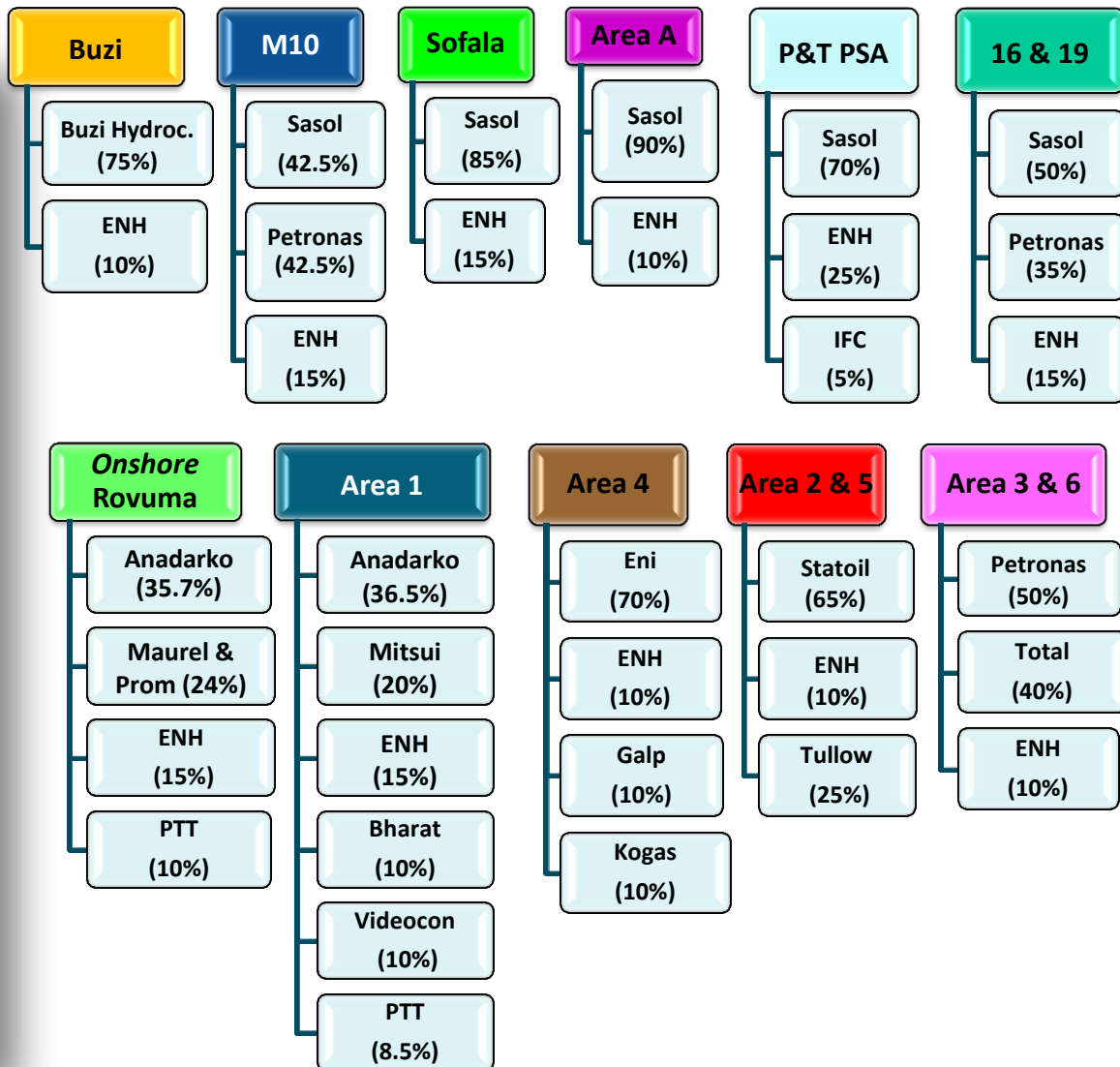
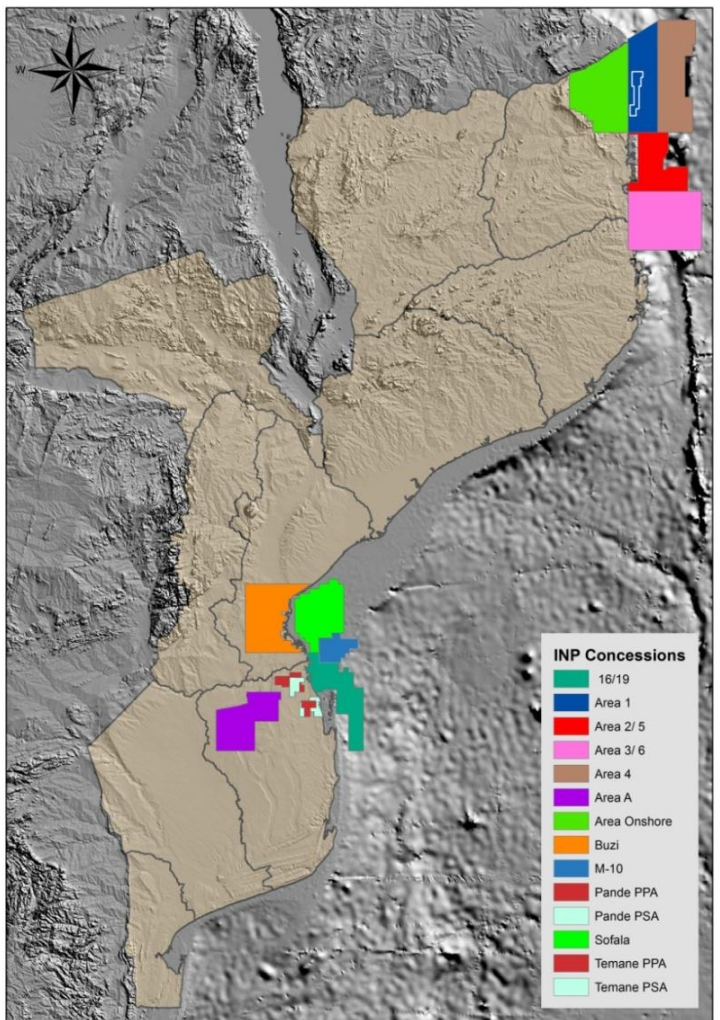
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- ◆ Rovuma Basin
- ◆ Mozambique Basin
- ◆ Maniamba Basin
- ◆ Middle Zambezi Basin
- ◆ Lake Niassa Basin



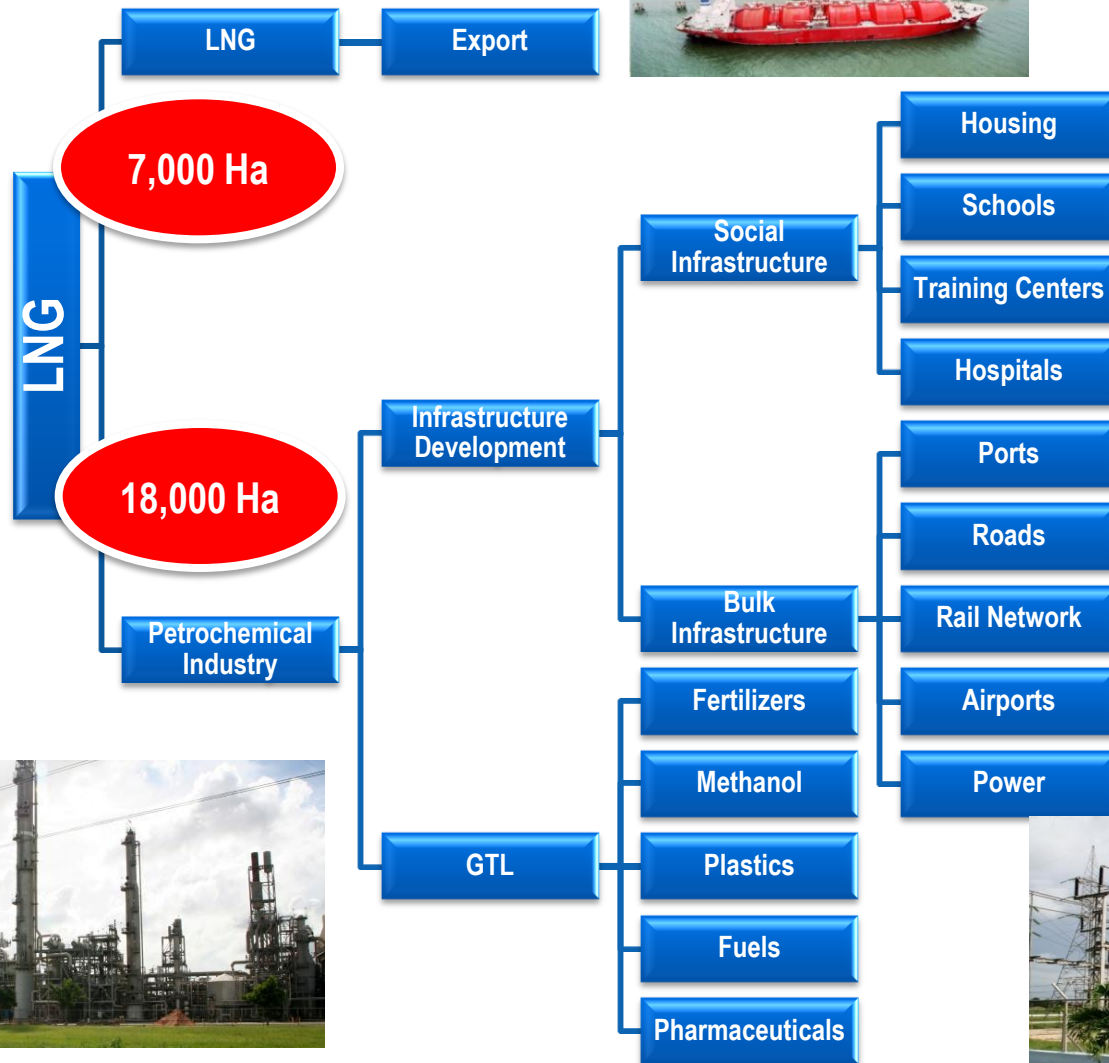


# CURRENT EXPLORATION CONCESSIONS





# FUTURE OPPORTUNITIES IN NATURAL GAS DOWNSTREAM

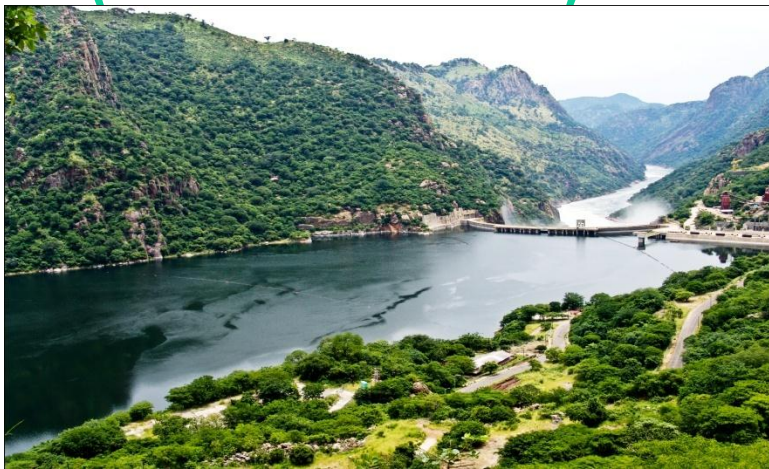




**ENERGY**



# EXISTING POWER INFRASTRUCTURE (GEN & TRANS)



**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  $\pm 533$  kV, including Substations with a total capacity of 5350 MVA;**





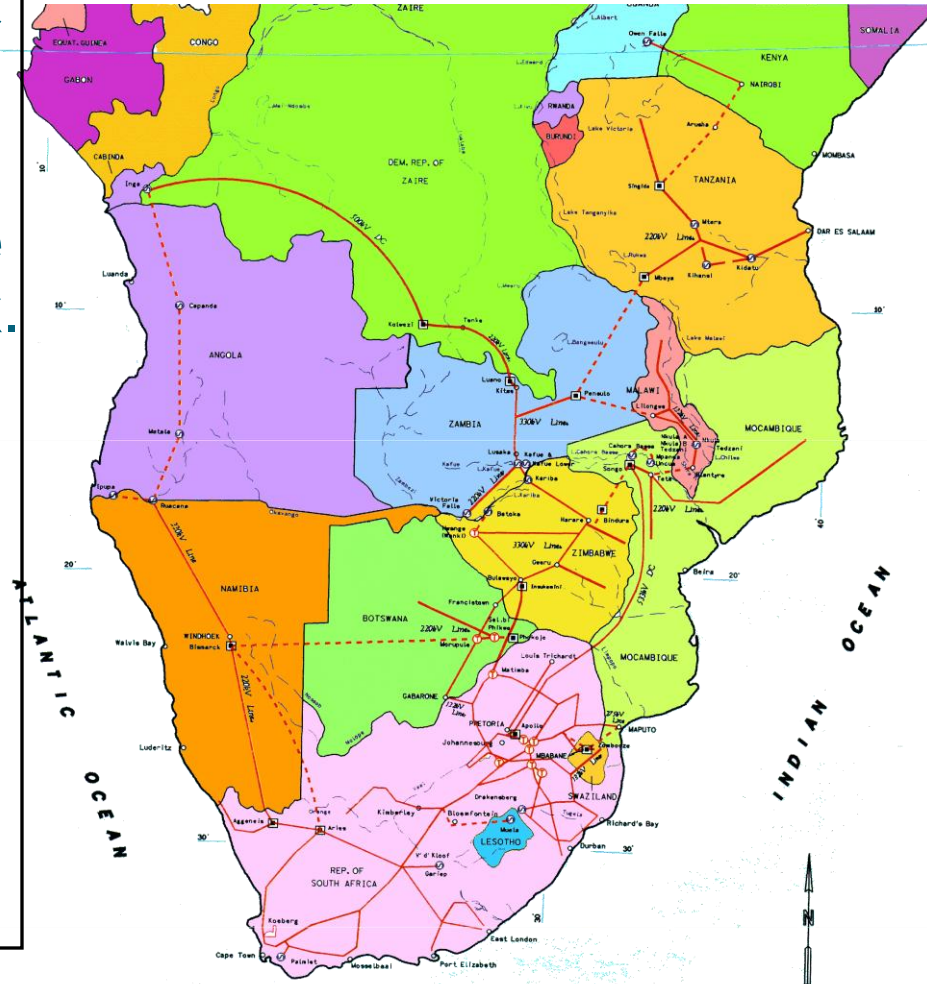
# OPPORTUNITIES



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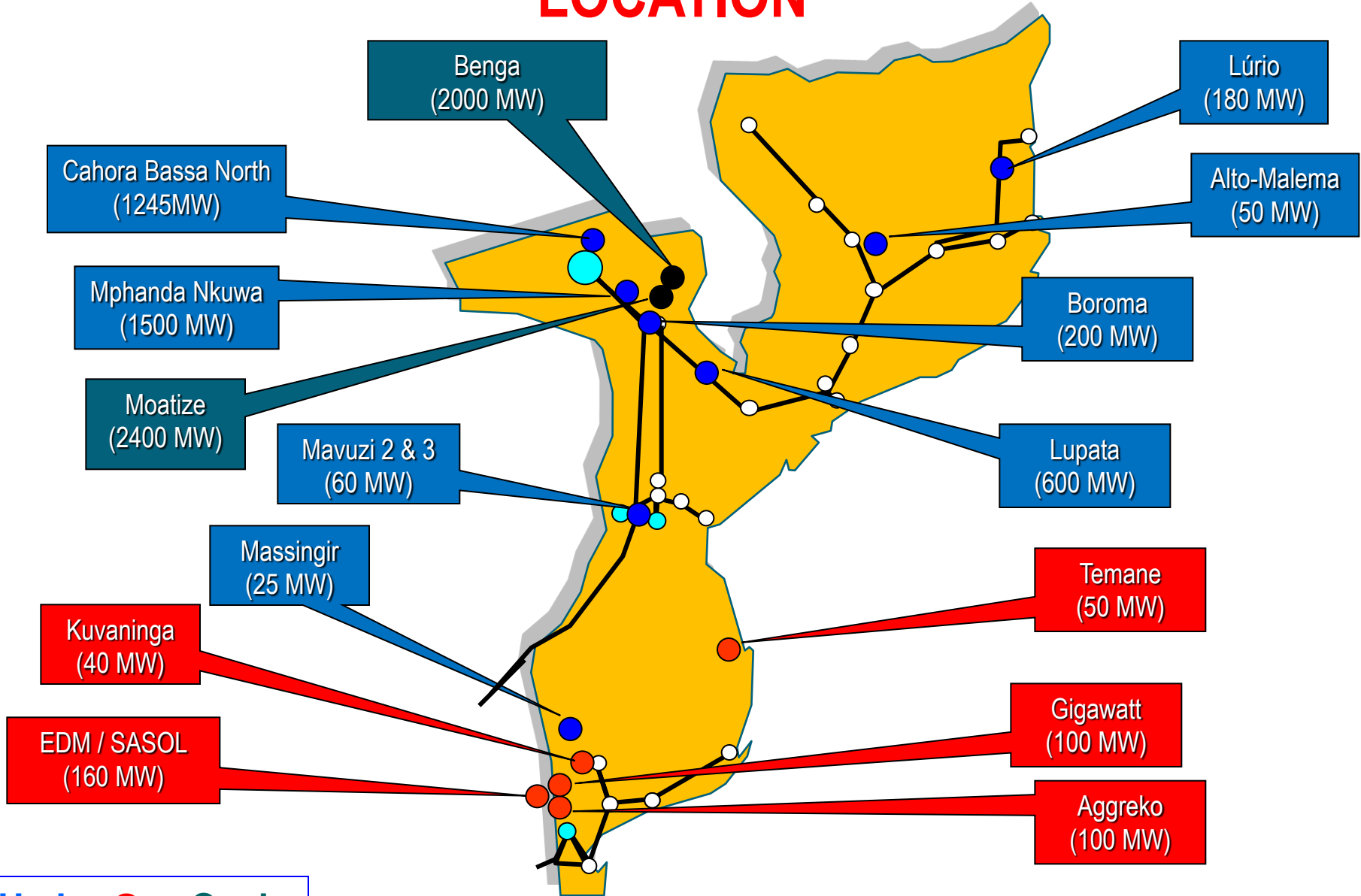
- **Hydro** potential: 12000 MW
- **Natural gas:** reserves & exploitation
- **Coal:** reserves/exploration
- Potential for **Renewable Energy** development: approx. 5.2 kWm<sup>2</sup>/day
- Growing **Electricity Needs:** more than 12 % per annum
- Regional market **(SAPP):** energy shortage around 2000MW per annum

## SAPP (Southern African Power Pool)





# GENERATION PROJECTS: GEOGRAPHIC LOCATION



**Hydro Gas Coal**



# AGRIBUSINESS INVESTMENT OPPORTUNITIES



# LAND



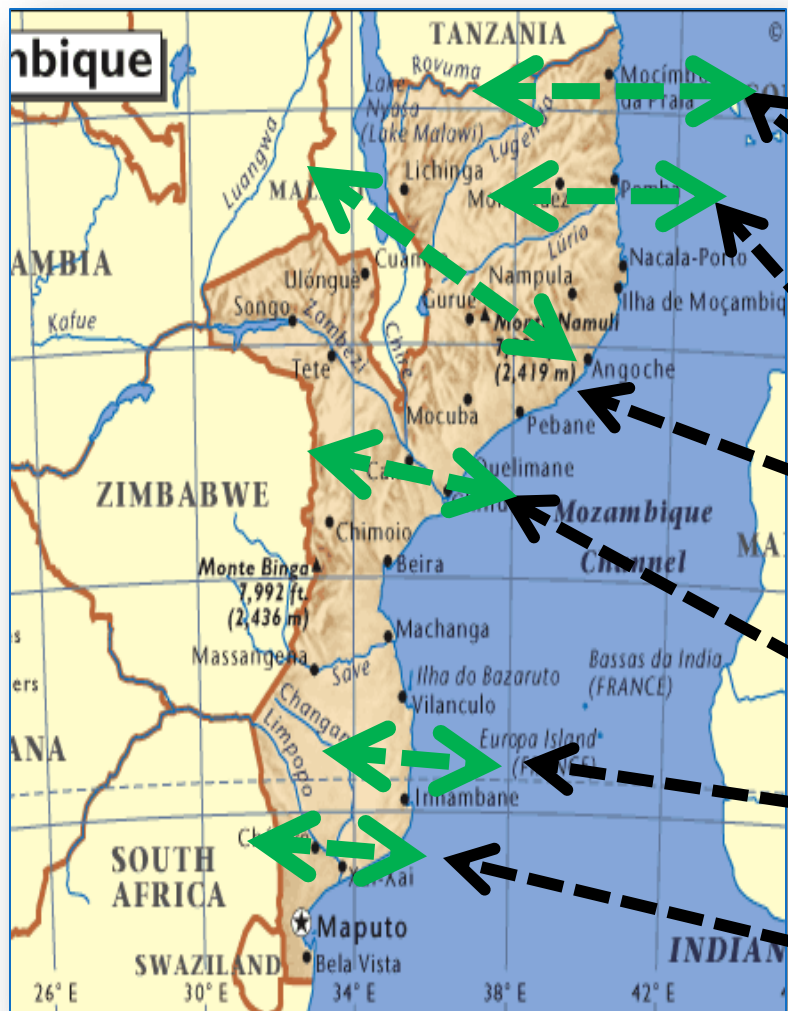
- ❑ **Land Ownership:**  
State owned (cannot be bought, sold, mortgaged or alienated)
- ❑ **Land Concession:**  
50 years, renewable for an equal period



# DEVELOPMENT CORRIDORS & PRODUCTS

## CORRIDORS

## MAIN PRODUCTS



CORRIDORS	COUNTRIES LINKED	KEY PRODUCTS
Pemba-Lichinga	Malawi	cotton, cashew nuts, sesame, beans, maize and timber
Nacala	Malawi, Zambia	cotton, cashew nuts, beans, sesame, maize and timber
Zambezi Valley	Malawi, Zambia	cotton, cashew nuts, sesame, beans, maize, rice, teas, coconuts and timber
Beira	Zimbabwe	rice, sugar, horticultures, poultry products, chicken and eggs
Limpopo	RSA, Zimbabwe	rice, sugar, horticultures, poultry products, chicken and eggs
Maputo	RSA, Swaziland	horticultures, chicken and eggs, fruit and sugar



# PERSPECTIVES AND CHALLENGES

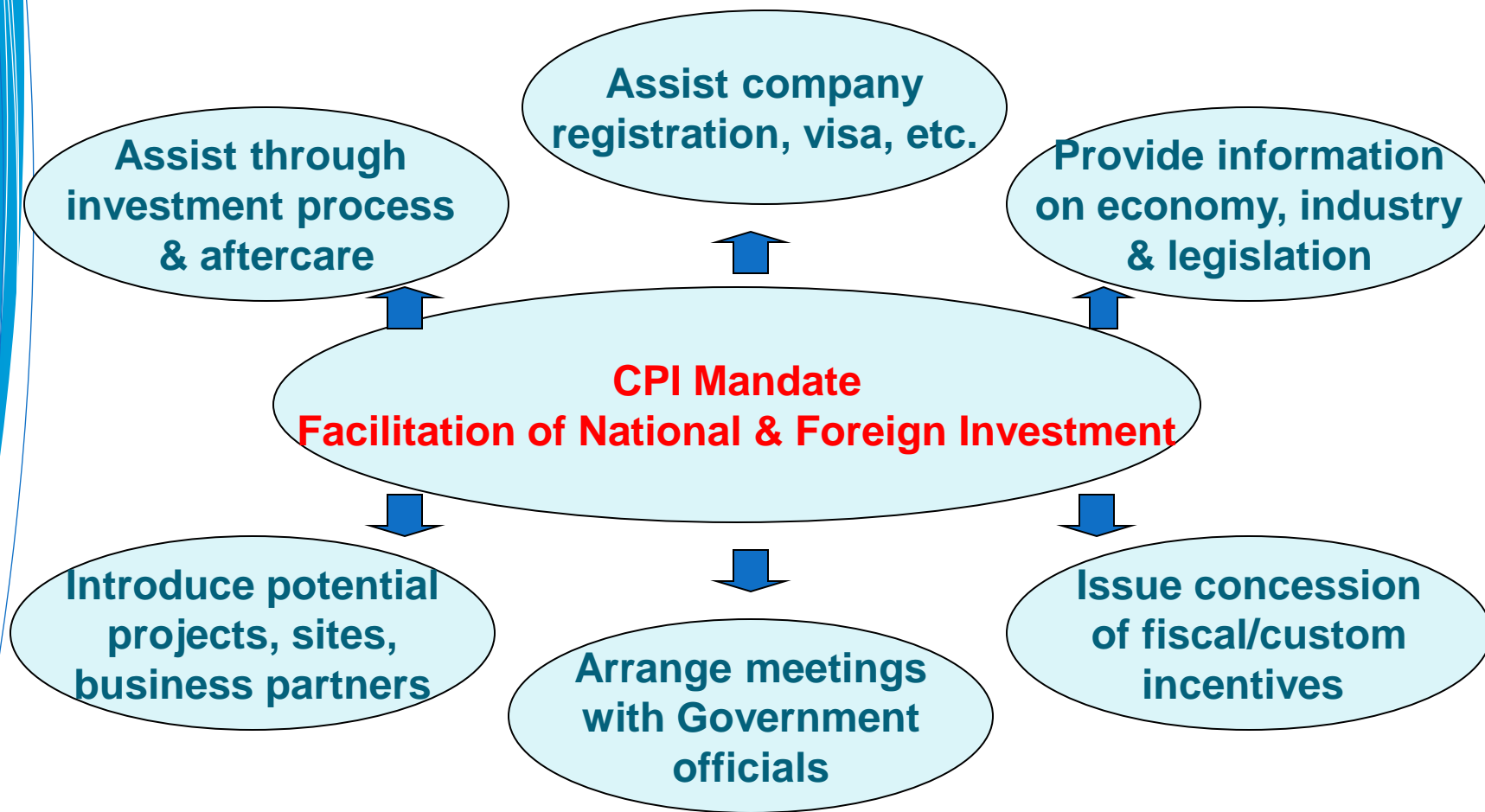
- ✓ Investment in the gas field will double the GDP;
- ✓ To improve the economy's competitiveness;
- ✓ To process the natural resources locally;
- ✓ To improve the agricultural sector yield and increase productivity;
- ✓ To invest in quality training, particularly in technical areas;
- ✓ To improve logistic infrastructure networks that link to the interior of the Country;
- ✓ To increase domestic savings, enabling the expansion of domestic investment;





# WHAT CAN CPI DO FOR 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.





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(Investment Promotion Centre)

# ARIGATOU GOZAIMASHITA!



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