

U.S. Country Commercial Guides



Mozambique Year 2020

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Doing Business in Mozambique

Market Overview

Mozambique is located in southern Africa on the Indian Ocean, with a surface area roughly the size of Texas and Louisiana. The country's coastline is over 1600 miles long extending from Tanzania to South Africa. Mozambique has had consistent economic growth but began to slow in 2016 mainly due to the impact of natural disasters, commodity price drops, COVID-19 and corruption. In 2016, three state-owned defense and security companies received \$2 Billion in loans without parliamentary approval. The discovery of these illicit loans resulted in the withdrawal of major donor funding to the state budget. In 2019, the economy was affected by Cyclones Idai and Kenneth. Cyclone Idai is the largest cyclone to ever hit the southern region of Africa and devastated the center of the country. The economy continues to suffer due to the economic slowdown from a drop in commodity prices and the COVID-19 Pandemic. Overall economic growth slowed from 2016–18, to an average of 3.7%, compared with 6.7% for 2015. GDP has contracted by estimated 1.3% in 2020 as a result of COVID restrictions. Economic growth is projected to gradually rise to 8% over the next decade due to the discovery of vast natural gas deposits.

Traditionally, GDP was driven by the agriculture, construction, and financial sectors. Although the agriculture sector employs approximately 70% of the population, the sector still needs major assistance. The Government of Mozambique flags it as a priority sector and injected a \$500 Million loan from the World Bank called the Sustenta Initiative meant to transform small holder farmers into sustainable producers.

Additionally, Mozambique possesses abundant mineral reserves of coal, graphite, rare earths and rubies. The Government looks to grow the mining sector and eventually move into mineral processing, starting with steel production. Furthermore, the Government of Mozambique has made tourism a key development sector due to the country's pristine beaches and diverse wildlife.

Mozambique is also planning to grow its massive power generation adding natural gas, renewable energy, and potentially more hydroelectric energy to the energy mix. Moreover, mega energy projects increase demand for adequate infrastructure to support development.

In June 2019, Mozambique and the United States Department of Commerce entered into a Bilateral Memorandum of Understanding on Commercial Relations and Priority Projects to help facilitate trade and investment in the areas of agribusiness, energy, infrastructure, fisheries, financial services and tourism—the first ever negotiated between the two countries.

Basic Economic Statistics:

- Total Population in 2020: 30 million
- Real GDP growth 2019: 2.2%
- Nominal GDP in 2019: \$15.3 billion
- GNI per capita in 2019: \$490
- Total Exports in 2018: \$5.2 billion
- Total Imports in 2018: \$6.8 billion
- Total Imports from U.S. in 2019: \$196 million
- Exchange rate (March 2021): MZN74 equal \$1
- Average Inflation Rate (May 2018): 3.26%
- Commercial Bank Prime lending rate (July 2020): 16.70%

In December 2019, the U.S. Government's Millennium Challenge Corporation (MCC) announced Mozambique's eligibility to develop a second compact after meeting MCC's suite of political, social, and economic scorecard

indicators. This new compact which will constitute a slate of development projects which will target strategic investments to eliminate selected binding constraints to unlock Mozambique's economic potential and reduce poverty through economic growth.

The Government of Mozambique encourages foreign direct investment (FDI). Currently, FDI is largely in the sectors of infrastructure and mining. FDI investment slowed dramatically since 2015, largely due to a drop in commodity prices, especially coal and aluminium, and slow negotiations in the development of large scale projects. Large FDIs resumed once the AREA1 LNG project reached its Final Investment Decision in June 2019.

South Africa is Mozambique's largest trading partner. China, India, the Netherlands and Portugal are also important trading partners. The largest bilateral donor of development assistance is the United States. U.S. and French investment in the oil and gas sector will create significant demand for U.S. exports. Because of their investment in the oil and gas sector, both countries will likely be among the largest investors in Mozambique in the next decade. Because Mozambican natural gas projects are targeting their exports to Asian and European markets, SouthEast Asia and Japan will likely become major importers.

Several megaprojects will be the key drivers for the Mozambican economy in the next five years and will provide both direct and indirect business opportunities. The most significant opportunities are the construction of separate onshore Liquefied Natural Gas (LNG) plants by separate consortia led by Total S.A. and ExxonMobil/ENI valued at \$23 billion and over \$20 billion, respectively. Exploration activities by ExxonMobil, ENI and others will provide further opportunities in the oil and gas sector.

The development of the Nacala Logistics Corridor, comprising multiple industrial projects and a transportation corridor valued in the billions of dollars, offers additional opportunities. The corridor will serve as the logistics backbone for the north of the country, providing services both for the offshore development of the country's hydrocarbon deposits (most of which are found in the northern region) and the development of the northern region's potentially lucrative inland agricultural and mining sectors.

Similar to other emerging markets, Mozambique has a very weak electricity infrastructure that is concentrated in urban locations but sparse throughout rural areas. Its limited transmission capacity separates the country's grid into northern and southern parts. It is common for industry and business to rely on backup generators for long periods of time due to intermittent power supply. One of the most successful infrastructure projects in Mozambique, the Cahora Bassa hydroelectric dam with a 2075MW capacity, is located in Tete Province on the Zambezi River supplying power to Mozambique, Zimbabwe, and South Africa. Mozambique has strong potential for hydroelectric and thermal power generation, as well as solar and wind along its lengthy coastline. However, the underdeveloped power grid and bureaucratic hurdles make the development of power projects difficult and time consuming. The Government of Mozambique is committed to a full electrification program projected to be completed by 2030. This includes large generation, transmission, and distribution projects.

Although less than a quarter of the population has access to internet, the Covid-19 pandemic played a crucial role in accelerating Mozambique's digital transformation. The ICT sector became an alternative means for ensuring continuity in economic development by supporting business, health, education and social activities while the country observes social distancing requirements. These activities created demand for complimentary solutions including data storage, cloud computing, and cyber security.

The transportation sector is expanding, driven by major investments in ports and road infrastructure. There are three major ports in the country: Maputo in the southern part of the country, Beira in the center, and Nacala in the north. The Nacala Port is considered one of the best deep-water ports in East Africa. The far northern ports of Pemba and Palma require substantial upgrades in order to provide logistics support for oil and gas projects. Infrastructure and construction project development remains vibrant in Mozambique despite the general economic slowdown.

Mozambique currently ranks 138th out of 190 countries in the 2020 World Bank's Doing Business report. Some improvements were made in dealing with construction permits, starting a business, procedures for registering property,

and obtaining construction permits. Bureaucratic and infrastructure challenges, such as getting access to electricity and water, are often cited as barriers to doing business. Access to credit also remains a major obstacle for companies to operate competitively. Mozambique scores well below the Southern African average in this metric.

Market Challenges

Despite Mozambique's investment potential, the business climate poses distinct challenges. The Central Bank has created a stable, albeit weak, macroeconomic environment, and there appears to be high level political commitment to attracting large scale investments. However, this masks a bureaucracy that remains largely unresponsive to the needs of the private sector, especially small-to-medium-sized enterprises. Most companies cite the slow pace of conducting business as one of the main challenges in Mozambique, mainly due to the lack of human capacity in areas necessary for business. In addition, the top-down, hierarchical decision-making process can hinder market efficiency. The Government's lack of transparency in foreign commercial loan acquisitions has caused rating agencies to downgrade Mozambique and donors to halt direct budget assistance to the government.

Even though the labor force is growing, the labor market is rigid, and highly trained personnel are scarce. In 2009, the Ministry of Labor began enforcing quotas to limit the hiring of foreign employees, though larger investors and those operating in free trade zones have some flexibility.

The 1997 Land Law grants a land use right roughly comparable to a lease. Though land can be leased for renewable 50-year periods, it cannot be used as collateral for financing. The bureaucratic process of acquiring rights to use land, as well as construction permits, can be lengthy and complicated. Companies are advised to approach the leasing of land with great caution and to consult with local attorneys to ensure sellers are legitimate and transactions are legal.

Though large improvements are being made, Mozambique has poor basic infrastructure, from dirt roads to insufficient and unreliable power supply to underdeveloped communications networks. Road infrastructure is generally poor, except for large stretches of the main north-south highway, and the highway connecting Maputo with the South African border. Cellular telephone coverage is primarily concentrated in urban areas and is sometimes unavailable in rural areas.

Commercial banks charge high interest rates, regardless of the Central Bank's standing lending facility, making it difficult for SMEs to find affordable financing. Payments for imported goods can be difficult, as foreign currency payments outside the country must be approved by the Central Bank. Moreover, opaque and bureaucratic import regulations can delay the clearance of goods from the Mozambican national customs agency.

Since October 2017 Islamic extremists have been carrying out attacks on both civilian and military targets in the northern part of Mozambique's northern-most Cabo Delgado Province, severely affecting local communities and the ability for businesses to operate in the area. This province is also where major natural gas reserves and minerals are located. As of early 2021, extremists had carried out more than 800 attacks in the area, resulting in about 2,600 deaths, of which approximately half were civilians, and displacing nearly 670,000 residents. Insurgents have occupied Mocimboa da Praia town since August 2020, causing significant transportation disruptions in northern Cabo Delgado Province.

A lack of transparency in government procurement and slowness in government decision making can delay projects and even make them unsustainable. Mozambican law requires public tenders for any government project valued at more than \$10 million, but tenders are often not issued and some that have been issued have not been competed fairly.

Due to the frequent use of legitimate businesses to conceal illicit activities, the practice of trade-based money laundering, and systemic corruption across many government sectors, the U.S. law enforcement community urges businesses and investors to practice caution and conduct proper due diligence when engaging in business ventures in Mozambique. By doing so, the best interests of both American and Mozambican trade partners can be promoted.

It is recommended that U.S. businesses seek assistance from reliable auditing and consulting firms or the U.S. Commercial Service to receive local market counseling and vetting for potential local partners.

Market Opportunities

Investment and export opportunities exist in:

- Agriculture equipment (tractors, farm trucks, harvesting equipment)
- Construction (roads, railway, general infrastructure)
- Energy (coal, gas, hydropower, solar, wind, transmission lines)
- Fishing (prawns, hake, lobster)
- ICT (wireless technologies, automation, data centers, and digitization)
- Mining (coal, graphite, rare earths, precious metals)
- Oil & Gas (exploration, production, distribution, general supply chain)
- Tourism (hotels, resort, sports, leisure)
- Transportation (ports, airports, logistics, freight)
- Healthcare

Market Entry Strategy

Creating local partnerships can be a useful way to help navigate the not so obvious business market. Investors and exporters should make frequent visits to Mozambique to establish new contacts and maintain current ones. Most companies find it advantageous to establish a local office in Mozambique to deal with officials and clients and to obtain information on potential business opportunities. Having a local office can also be advantageous when bidding for public tenders.

The Government of Mozambique created the [Agency for the Promotion of Investment and Exports \(APIEX\)](#) to serve as a one-stop shop for potential investors in Mozambique. Prospective investors are encouraged to consult APIEX for assistance in obtaining licenses and permits. APIEX can also assist in providing tax incentives to companies related to the use of local content, as well as companies' social responsibility policies. Additionally, APIEX controls several industrial zones that have major tax incentives. These zones are mostly industry specific and intended for manufacturing and export-oriented businesses.

Prospective investors are encouraged to seek local legal counsel. Corruption and bureaucratic obstacles can be addressed and minimized by working with local lawyers and by insisting that contracts and offers be put in writing.

U.S. companies interested in establishing local entities or finding local distribution partners may contact the U.S. Commercial Service for counseling on market entry.

Leading Sectors for U.S. Exports and Investment

Agribusiness

Overview

Although the agriculture sector stands as a national priority, Mozambique remains a net importer of food despite its high potential. In 2018, agriculture sector contributed to 24% of GDP and provided means of income to more than 70% of the population. The sector is dominated by crop production followed by minor shares of forestry, livestock and fisheries. The World Bank estimates that the agriculture sector's growth rate fell from 3.2% in 2018 to 1.2% in 2019, reflecting the impact of cyclones Idai and Kenneth as well as instability in the center and north of the country. Despite these setbacks, the agribusiness sector holds great potential due to Mozambique's unused arable land amounting to 36 million hectares in addition to favorable agro-ecological conditions. In February 2020, President Nyusi launched the SUSTENTA Initiative, a program supported by the World Bank, which aims to integrate rural households into sustainable agriculture and forest-based value chains. The total grant amount is valued at \$60 million to support farmers with: training, financing and improve supporting services. Furthermore, Mozambique's promising mining and gas sectors along with urbanization rise and growth of a middle-class fuels demand for local agriculture produce.

The government's agriculture sector approach aims to fuel development and eradicate poverty rather than establish sustainable enterprises. Most agriculture activity is conducted by smallholder farmers who receive support from the Ministry of Agriculture and Rural Development, foreign donors, as well as NGOs. Benefits range from seeds, pesticides, fertilizers and small grants. Farmers practice traditional farming methods and are unable to afford large scale equipment. The Government of Mozambique has committed to transforming smallholder farmers into sustainable entrepreneurs by allocating 10% of government expenditure budget to the sector.

There are a small number of small and medium enterprises who run commercial scale plantations. These are often challenged by inadequate water infrastructure, power outages, as well as inadequate storage and logistics infrastructure which results in food waste. Moreover, critics state that the agribusiness sector is constrained by underinvestment which results in low productivity and hinders access to markets.

Most agriculture equipment is purchased by the Ministry of Agriculture and Rural Development, and mostly funded by international donors, who avail the machinery to smallholder farmers through associations and NGOs. U.S. equipment manufacturers often compete against European, Chinese, and Brazilian companies.

Opportunities

Sustainable irrigation systems:

Mozambique is extremely vulnerable to the impacts of climate change. Alternating flood and drought events cripple farmer's ability to grow crops. Sustainable irrigation systems reduce risks associated with climatic changes. Furthermore, only 90,000 hectares out of 3,000,000 hectares are being irrigated according to the *International Journal of Water Resource Development*.

Agro-Processing:

Most food commodities, if not exported or consumed by the local market, end up turning into food waste. Smallholder farmers face difficulties in producing high quality and affordable products that meet adequate food safety standards. Mozambique's industrial policy aims to promote the expansion of agro-industrial activity by establishing 24 special-economic zones for agriculture. The government identified key products including horticulture, rice, soya beans, sesame, wheat, cashew nuts, maize, poultry and livestock as key products for this market.

Cold Chain Logistics:

Underdeveloped cold chain infrastructure contributes further to the deterioration of food security as well as loss in market opportunities. There is a significant need for the development and implementation of cold chain logistics to enhance maintenance, transportation, storage and handling conditions in alignment to compliance standards and good practices of commodities.

Machinery and Equipment Opportunities:

- Sustainable irrigation systems
- Second-hand equipment and machinery
- Cold Chain solutions (Infrastructure and Storage)
- Processing technologies
- Packaging
- Farming technologies

Design & Construction

Overview

Even though the construction sector stands as a backbone to Mozambique's economic growth and attracted huge investments to support operations of megaprojects within the past decade, it is underdeveloped in comparison to global standards. According to the IMF, the sector's contribution to the GDP fell from 2.8% in 2018 to 1.2% in 2019 due to severe economic disruption caused by cyclones Idai and Kenneth in 2019. These cyclones caused major damage in the center and north of the country in addition to damaging 90% of the buildings in the city of Beira. Analysts predict that building (?) infrastructure expenditure will rise amounting to \$6 billion per year by 2025 driven by natural gas exports.

Historically, most construction activities were carried out by Portuguese companies, which targeted a portfolio comprised of civil and public works. The sector evolved to witness advanced technologies brought by energy, transportation, and ICT projects introduced by various international corporations. Chinese companies grew their market share within the past ten years, leading projects ranging from: housing, roads, sports facilities, airports, government buildings in addition to Africa's longest suspension bridge. Other major competitors come from Brazil, South Africa, and Turkey.

Financing remains a major setback, as the government struggles to raise capital for infrastructure projects in the country. Moreover, the sector is further crippled by bureaucratic measures, lack of communication among institutional and private players, and a shortage of a qualified workforce.

Sub-leading sectors

Low-cost residential solutions:

Almost half of the population lives under the poverty line and cannot afford adequate housing. The Government of Mozambique offers housing and construction finance through public-private partnerships. However, most housing is funded through short- and medium-term consumer loans. Additionally, depending on the availability of the land, mega projects may be responsible for implementing resettlement plans to restore and improve the lives of the displaced. **The government's reconstruction authority states that 300,000 households were damaged by the cyclone in Beira and are yet to be resettled.**

Commercial and Institutional buildings:

Mozambique witnessed a real estate boom the past five years fueled by economic development as well as an increase of people in urban areas. The growth of the middle class triggered great demand for retail and office complexes as well as residential buildings. Furthermore, the Government of Mozambique has funded the modernizing of its ministries and institutes. This funding stalled, however, since the economic crisis in 2016 and is expected to bounce back once the economy improves. Most projects are developed and financed by the local private sector as well as development finance institutions.

Sustainable and resilient infrastructure:

Due to its coastal position and rapid climate change, Mozambique stands vulnerable to natural hazards including cyclones, floods and coastal erosion. International donors allocated \$1.2 billion towards mitigating the damage from cyclones, but the government estimates that \$3.2 billion is required to conclude adequate restoration. Mozambique's national road are largely unpaved and requires massive upgrades in the coming decades.

Hotel and Leisure:

Mozambique aims to develop its bountiful tourism assets which includes coastal lowlands pristine beaches biodiversity areas well as afro-Mediterranean culture. Even though the growth curve is volatile, the tourism sector faces gradual increase amounting to \$242 million in 2018 compared with 196 million in 2015. The Government wants to turn the country into a major tourism destination:

- Best prospects for U.S. exporters
- New and second-hand construction equipment and machinery
- Road and railway maintenance equipment
- Low-cost housing construction technology
- EPC Contractors
- Quality Control and Safety consultants

Opportunities

Immediate opportunities are presented by Total's LNG plant valued at \$23 billion. The U.S. Exim Bank approved a loan up to \$4.7 billion to support the export of U.S. content related to the development and construction of the LNG plant. While still not at FID, ExxonMobil/ENI plans a similarly large investment in a second LNG plant co-located with the Total-led project.

Power Generation, Transmission and Distribution

Overview

	2017e	2018e	2019e	2020f	2021f
Total Generation TWh	16.7	16.8	17.0	17.4	18.1
Total Consumption TWh	14.2	14.4	13.6	13.5	13.7
Total Capacity MW	2641	2789	2826	2830	2834

Source: Business Monitor International

Mozambique has the largest power generation potential of all Southern African countries. It could generate 187 gigawatts of power from coal, hydro, gas, and wind resources, excluding solar. Most of the power currently generated is from hydroelectric projects, however, coal, gas, and renewable energy sources will have a significant impact in the future, with natural gas expected to provide 44% of total energy generation in the next decade.

Despite Mozambique's huge potential for generation capacity, only 34% of the population has access to electricity. This is due to an underdeveloped transmission and distribution network, lack of financing and the bureaucracy involved in developing new power projects. Near future energy demand will be driven by industry and business, as most of the population cannot afford current tariffs despite the fact, they are highly subsidized. To mitigate the cost of expanding the grid to rural areas, the Government of Mozambique has made rural electrification development a priority led by the Mozambique Energy Fund Institute (FUNAE), which focuses on smaller off-grid projects of less than 10MW.

[Electricidade de Moçambique](#) (EDM) is the sole utility in the country. Despite two recent tariff increases, EDM is selling power at a loss and had hoped to have a cost reflective tariff by the end of 2019. However, COVID-19 has forced EDM to instead reduce its tariffs to sustain industry and business activities. EDM is also forced to subsidize tariffs to disadvantaged residential consumers, a strategy deemed unsustainable. According to national statistics a third of EDM's customers, who are concentrated in Maputo and the surrounding province, generate 65% of EDM's national revenue. Mozambique is a net exporter of energy especially to countries through the Southern African Power Pool (SAPP) - South Africa being the largest importer. EDM is making considerable structural and operational changes to finance its own generation projects especially in loss reductions. This transformation could bring major opportunities for U.S. companies that provide automation technologies and other ICT solutions.

The first Independent Power Projects (IPPs) in Mozambique came online in 2015. These projects have paved the way for future IPP negotiations and, more recently, the standardization of tendering documents. Given EDM's weak financial capabilities, future IPPs will likely rely on development banks for financing.

The largest power generation plant in the country is the Cahora Bassa hydro dam, operated by the government owned Hidroelectrica de Cahora Bassa (HCB). HCB sells 65% of its existing generation to South Africa, and the remaining 35% is sold to the northern regions of Mozambique and to Zimbabwe. HCB's operations are located on the Zambezi River in Tete Province.

Mozambique recently commissioned several gas thermal plants, the latest of which is the Gigawatt 120MW plant commissioned in 2015 under a Power Purchase Agreement (PPA) with EDM. According to BMI Research, gas-based generation is expected to increase by 18.1% annually through 2025. Mozambique's first utility-scale solar power plant, a photovoltaic plant with a capacity of 40MW, was commissioned in Zambézia Province in 2017. There are numerous other greenfield opportunities for both solar and wind projects.

Mozambique has frequent power shortages mainly due to extreme weather events, forcing EDM to resort to expensive emergency power solutions.

Power Africa

Power Africa is a market-driven, U.S. Government-led public-private partnership aiming to double access to electricity in Africa. It offers private sector entities tools and resources to facilitate doing business in Africa's power sector.

In 2016, the Electrify Africa Act institutionalized Power Africa. Learn more about the full [Power Africa toolbox](#) or other [opportunities offered by Power Africa](#).

Leading Sub-Sectors

Supply of equipment and services:

- Turbines, engines
- Generators
- Cables and electrical components
- Substation components
- Power converters
- Transmission line components
- EPC services
- Financing and insurance services
- Solar panels and wind turbines
- Grid management software

Opportunities

Mozambique's domestic energy demand is increasing steadily and is expected to continue rising as the country industrializes. The Southern African Development Community (SADC) member countries are expected to have higher demand for power that could be met with Mozambican exports.

Transmission:

- The CESUL Back Bone is a priority transmission project that would run from the center to the south of the country and then into South Africa. The project will consist of two high voltage lines, one 400KV AC line and a 550 KV DC line, at an estimated cost of \$2.1 billion. This project has been broken down into three phases, the first of which consists of a 800km line from Maputo city to Inhambane province.
- The Mozambique-Zambia Interconnector will link the Mozambican and Zambian grids with two 400KV HVAC lines at an approximate cost of \$313 million.

Hydro-power:

- HCB (Hydroelectric Cahora Bassa) plans to expand the existing dam for an additional capacity of 1,250MW.
- Mphanda Nkuwa Dam will be located downstream from Cahora Bassa on the Zambezi River and will have a capacity of 1,500MW. This project is dependent upon the success of the CESUL Transmission Project.
- Lupata Dam, also located on the Zambezi River, will have a capacity of 416MW. This project is also dependent upon the success of the CESUL Transmission Project.
- Pavua Dam, located on the Pungué River in the center of Mozambique, will generate up to 120MW. This project is currently undergoing feasibility studies.

Thermal coal & gas:

- Ncodenzi coal Phase 1 will have a capacity of 300MW.
- The Temane Gas Plant will have a capacity of 400MW, EPC tender documents are expected to be released in late 2020.
- Other small scale project can be developed around the southern region. These can source fuel from existing pipelines.

Oil & Gas

Overview

Over the coming decade Mozambique is expected to become a major liquified natural gas (LNG) exporter due to the discovery of over 180 TCF of natural gas reserves in the Rovuma basin in the north of the country. These discoveries are spread over two concessions. The first is [AREA1](#) led by [Total S.A.](#) which plans to build up to six LNG plants. The first two plants reached final investment decision (FID) in 2019 valued at \$23 billion. Total selected a joint venture of contractors led by Saipem and McDermott to construct the facilities, including dedicated airstrip and port facilities located in the Afungi LNG Park. This project is expected to come into production in 2024 with exports destined for Asian and European markets as well as over 400 MMCF reserved for domestic uses.

The second concession named AREA4 is co-led by [ENI](#) and [ExxonMobil](#), where ENI will lead all upstream operations, and ExxonMobil will lead the construction and operation of LNG facilities onshore located in the Afungi LNG Park. In 2017, ENI announced the FID for \$8 billion for the construction of six subsea wells connected to a Floating Liquified Natural Gas (FLNG) production facility due for completion in 2022. The Engineering Procurement and Construction (EPC) contract was awarded to a consortium composed of TechnipFMC, JGC and Samsung Heavy Industries. AREA4 is also developing two onshore LNG trains, but the timeline for an FID remains uncertain.

Mozambique's current natural gas production is operated by [Sasol](#) (South Africa) in Inhambane Province, which holds proven reserves of 2.6 trillion cubic feet (TCF). The natural gas is produced and processed at a central facility in Temane and then exported via an 865 km pipeline to South Africa, with a link to southern Mozambique for domestic use. Additionally, Sasol is developing an integrated oil and liquefied petroleum gas project adjacent to its existing petroleum facility. The project includes 13 wells and an LPG production facility at an estimated cost of \$1.4 billion.

Exploration

All exploration concessions are assigned by the [National Petroleum Institute](#) (INP) through public tenders. Production contracts can then be negotiated once petroleum reserves are discovered.

In 2018, INP has signed concession contract for petroleum exploration and production in offshore blocks in the Angoche and Zambezi Basins and onshore blocks in the Mozambique Basin to four consortiums led by ExxonMobil, Sasol, ENI, and Buzi. As of June 2020, none of these operators had started exploration or production activities in these blocks.

Domestic Gas and Local Content

[Empresa Nacional de Hidrocarbonetos](#) (ENH), the state-owned hydrocarbon company, represents the Mozambican Government in petroleum operations. The law stipulates that ENH participate as a stakeholder in petroleum production operations, as well as exploration projects. ENH is also engaged in other national flagship projects, such as the oil and gas terminal expansion in the Port of Pemba, and the urbanization of the district of Palma, where the Area 1 and 4 natural gas business activities will be concentrated. In partnership with the Korean gas company Kogas, ENH is also operating a gas distribution network to provide households and industry with piped gas in the south of Mozambique.

The Government of Mozambique has determined that a portion of natural gas production should be used locally to address the needs of the domestic market, the National Petroleum Institute (INP) organizes tenders to identify companies interested in developing industrial projects. In 2016, Norway's Yara International was granted an allocation of 80-90 mcf/d of gas to produce 1.2-1.3 m t/yr of fertilizers. Additionally, Royal Dutch Shell won the concession for a Gas to Liquid (GTL) plant producing 38mb/d of liquid fuels such as diesel, naphtha, and kerosene. Unfortunately, both of those companies have abandoned their concessions. Finally, a Kenyan group, GLA, was awarded a concession to build a 250MW power plant. There is uncertainty as to whether the off take to which the government is entitled will be sufficient to provide natural gas to all three projects during the first phase of operations.

Leading Sub-Sectors

Engineering and steel structure fabrication services

Oil & gas machinery and services

Oil & gas drilling machinery and equipment

Maritime security equipment and services

Safety and security equipment and services

Opportunities

For the next five years, opportunities for U.S. equipment suppliers will be driven by the construction of Total's LNG plant, [ENI's FLNG](#) plant, and ExxonMobil's LNG plant. The LNG development plan includes two 180,000 cubic meter LNG storage tanks, condensate storage, a multi-berth marine jetty, and associated utilities and infrastructure. ENI's development plan foresees the drilling and completion of six subsea wells in addition to the construction and installation of a advanced technology FLNG with a future onshore liquefaction facility. ExxonMobil's development plan includes the construction of two liquefied natural gas trains which will each have the capacity to produce 7.6 million tons of LNG per year and related facilities. All three of the these project have an onshore base in the Afungi Park, hosting all the supporting infrastructure including accommodation facilities, port and airport infrastructure, as well as specialised tax and work visa regime.

Transportation

Overview

The development of oil and gas projects and the economic growth of neighboring countries will drive the transportation sector in Mozambique. All major ports are being expanded or upgraded, new roads and rail lines are required, the local airline needs to expand its fleet, and new airline operators are expected to enter the market in the next few years.

Mozambique is divided into three development corridors that link its ports to inland parts and neighboring countries: Maputo Corridor (south; linked with South Africa and Eswatini), Beira Corridor (center; linked with Zimbabwe), and Nacala Corridor (north linked; with Malawi and Zambia). These corridors include multiple transport logistics subsector and industrial developments.

Aviation

Mozambique has one national airline, [Linha Aérea de Moçambique \(LAM\)](#), which held a monopoly on domestic flights for decades until 2017. The market has since been liberalized though with high barrier to entry. Domestic routes have since been awarded to two additional companies. The domestic aviation sector could hold large growth potential as Mozambique attracts foreign investors and strives to become a tourist destination. Mozambique has direct flights to Angola, Ethiopia, Kenya, Qatar, Turkey, Portugal, and South Africa. South African Airways, Ethiopian and Kenyan Airways also have international flights to other Mozambican provincial capitals.

The oil & gas, mining, and tourism sectors are the drivers for private charter airline services, creating potential demand for air transport related goods and services for both cargo and passenger operations.

Marine

The major commercial ports are located in Maputo, Beira, Nacala, and Pemba. Port operators can be allocated long-term operating concessions by the state. [Portos e Caminhos de Ferro de Moçambique \(CFM\)](#), the state-owned port and rail company, has a stake in all port concessions. Major local ports are connected by rail and road to inland countries and mining regions. Malawi, Eswatini, South Africa, Zambia, and Zimbabwe all rely on Mozambican ports for part of their exports and imports.

The largest and most developed port is the Port of Maputo, which is operated by the [Maputo Port Development Company \(MPDC\)](#), a subsidiary of [Dubai Port World](#). MPDC announced plans to invest \$750 million to boost handling capacity to an annual 48 million tons a year by 2033.

The second largest port, Beira, completed significant upgrades over the past decade and is Zimbabwe's main port of entry to the world market. [Cornelder de Moçambique](#) is the port operator.

The third largest port is Nacala, it is a natural deep-water port, it has recently been renovated, and is due to expand its operations to accommodate more containers and refrigerated cargo. [Nacala Port](#) could also become a logistics port for the oil and gas industry. The adjacent Nacala A Velha Port is a large coal terminal operated by Vale Moçambique. Nacala Port also services Zambia's and Malawi's exports and imports.

Further north, the ports of Pemba and Palma are expected to become key servicing and logistics ports for the oil and gas industry.

Rail

The rail network in Mozambique is comprised of east - west routes running from South Africa to the Port of Maputo, from Zimbabwe to the Port of Beira, and from Zambia/Malawi to the Port of Nacala. There is no north - south route in the country.

[Caminhos de Ferro de Moçambique \(CFM\)](#), the state-owned rail company, is under pressure to modernize rail lines to improve safety and cargo capacity, but it is struggling to meet this demand due to a lack of financing capacity and

technological know-how. CFM could welcome private rail operators to develop rail projects as part of joint ventures. Further opportunities exist for passenger rail services, particularly for commuter trains/metro lines in the capital city

Road Freight

Road freight is the main form of domestic transportation; however, the road infrastructure is very poor and fragmented. National roads in the center and north of the country have been vulnerable to armed attacks by guerilla groups in central Mozambique and Islamic insurgents in the north. The occupation of Mocimboa da Praia town and port in Cabo Delgado Province by violent extremists since August 2020 has blocked the main north-south paved road to Palma district and led to widespread transportation disruption in the north of the province. There is one major road, the EN1, linking the north and south of the country. Other primary routes are along transport corridors – largely running east/west in parallel to the rail links described earlier. There are no trucking companies that cover the entire country.

Marine Cabotage?

Leading Sub-Sectors

Aviation

- Airplane parts and maintenance services
- Airline management software
- Ground support equipment
- Cargo handling and logistics equipment
- Airport security systems
- Radio communication systems
- Program based air transport services

Ports

- Automation equipment
- Port related machinery
- Port servicing vessels – cabotage vessels and tugboats
- Security and safety equipment and training
- Port infrastructure

Rail

- Rail maintenance equipment
- Trains and cargo wagons

Road Freight

- Trucks and spare parts
- Road freight services

Opportunities

Newly refurbished? Nacala and Pemba airports are engaged in aggressive marketing in order to attract airlines to use their facilities for passenger and/or cargo services. Both airports are considered to be underutilized. A new airport to be financed by the Chinese Government is under construction near the southern city of Xai-Xai.

Given that new marine ports are being built and existing ports are expanding, there are opportunities for port infrastructure related exports. The Ministry of Transport and Communications has called on the private sector to invest in cabotage services and equipment.

Customs, Regulations and Standards

Trade Barriers

Mozambique does not apply import quotas. The often time consuming and bureaucratic customs clearance procedures are considered by many to be a significant non-tariff barrier. The 2020 Doing Business Report ranks Mozambique 94th in trading across borders, up from 107th in 2019. The cost and time to export and import are below Southern African averages within this indicator.

For more information and help with trade barriers please contact the International Trade Administrations [Enforcement and Compliance](#) department.

Import Tariffs

According to the Heritage Foundation's 2016 Index of Economic Freedom, Mozambique's trade weighted average tariff is 4.2%, and slow customs procedures interfere with the free flow of trade. Mozambique is ranked 37th out of 48 countries in the Sub-Saharan Africa region, and its overall score is below the world average. Duties on imported goods range from 0 to 25%. A duty of 20% is levied on consumer goods and a value-added tax of 17% is also assessed at the time of importation.

Import Taxes and License Requirements

No import taxes, aside from tariffs and VAT, are imposed, except on sugar and some luxury items. All importers must be licensed by the National Directorate of Trade, which is part of the Ministry of Industry and Commerce. Registration is straightforward and has not been used as a non-tariff barrier.

Special Import/Export Requirements and Certifications

All importers and exporters must be licensed by the Ministry of Industry and Commerce. Pre-shipment inspections are currently mandatory for all imports. The importation of live animals (other than domestic pets) requires veterinary certificates. Sanitary and phytosanitary requirements exist in legislation for the importation of foodstuffs and plant materials but are rarely enforced in practice. Special import permits and licenses are necessary for pharmaceuticals, firearms, munitions, and explosives.

Warranty and Non-Warranty Repairs

Spare parts imported for repair purposes are subject to normal tariffs. Goods are not normally shipped to Mozambique for temporary repair.

Industrial Free Zones/Warehouses

APIEX (Agency for the Promotion of Investment and Exports) is the agency responsible for developing and managing Special Economic Zones (SEZ) and Industrial Economic Zones (IEZ). These Zones offer financial incentives and specialized services for investors. SEZs are intended for the production or transformation of goods to be sold into Mozambique while IEZs focus on the manufacturing of goods for export.

Labeling/Marking Requirements

Labeling requirements for foodstuffs and pharmaceuticals are developed by INNOQ (National Institute for Normalization and Standards). There are specific norms for each product, but the regulations and enforcement are under the responsibility of the Ministry of Health. Labeling for all pharmaceuticals and some consumer products must be in Portuguese. The Government has re-affirmed its Portuguese-language labeling requirements on all foodstuffs entering the local market.

U.S. Export Controls

There are currently no U.S. Government export controls specifically related to Mozambique.

Temporary Entry

Temporary entry is permitted for goods that will be used temporarily in Mozambique and then exported. In addition, goods in transit are exempt from customs duties. Such procedures work reasonably well at the ports of Beira and Nacala for shipments destined to Malawi, Zambia, and Zimbabwe. As the procedures are not frequently used for goods entering through Maputo Port, gaining the exemption can be complicated and time consuming.

Prohibited and Restricted Imports

Mozambique prohibits the importation of pornographic materials and certain controlled substances, and carefully regulates the importation of pharmaceuticals, firearms, and explosives. Left-hand drive vehicles intended for commercial use are banned. In 2017, a ban on the import of chicken meat was adopted ostensibly due to local producers' phytosanitary concerns.

Customs Regulations

Further information on Mozambican customs regulations and guidelines can be obtained from the Customs Authority or from the U.S. Commercial Service.

Standards for Trade

Overview

[INNOQ](#) (National Institute for Normalization and Standards), in cooperation with the Ministry of Health and the Ministry of Industry and Commerce, is the entity responsible for overall standards issues in the country.

Standards

Mozambique is a member of the World Trade Organization (WTO) and is required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Testing, Inspection, and Certification

INNOQ is a member of the International Standards Organization (ISO) and can issue ISO 9001 certificates. They are the inspection body in charge of ensuring proper conduct by the private sector. INNOQ will accept foreign laboratory tests as long as they comply with Mozambican standards.

Publication of Technical Regulations

[Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Trade Agreements

The U.S. and Mozambique do not have an official trade agreement. In 2019, Mozambique and the United States Department of Commerce entered into a bilateral memorandum of understanding to help facilitate trade and investment in the areas of energy, infrastructure, agriculture, and tourism among other industries —the first ever negotiated between Mozambique and the United States. AfCTA?

Selling U.S. Products and Services

Distribution & Sales Channels

Mozambique is divided into three geographic areas namely North, Center and South, each of these is served by a major port with rail and road networks linking to major urban centers and neighboring countries (South Africa, Eswatini, Zimbabwe, Zambia and Malawi). The country also has a highway system linking all 11 provinces. There are no local logistic companies that cover the entire country on a scheduled basis, though trucking companies can deliver goods on a contractual basis. There are established scheduled routes serving the South African and Zimbabwean markets. The logistics infrastructure is underdeveloped and can cause delays or even turn the sale of certain perishables goods unviable.

It is common for goods to be sold in the informal market/gray economy.

Using an Agent to Sell U.S. Products and Services

In Mozambique, foreign companies commonly work with local agents or distributors. Local agents provide support in overcoming regulatory requirements and initial market barriers. Local agents can assist with compliance with local content regulations when tendering. Some U.S. firms supply the Mozambican market indirectly through regional distribution agents in South Africa. The number of agents that have access to distribution channels across the country is limited due to poor infrastructure. Note that it is very common for politically exposed people to be involved in business transactions. U.S. companies should conduct due diligence on local partners prior to entering into reseller agreements.

To find an agent, U.S. firms may approach the U.S. Commercial Service, the American Chamber of Commerce Mozambique, or the Commerce, Industry and Service Association (ACIS).

Establishing an Office

There are multiple company structures to choose from when establishing a legal entity in Mozambique, and it can be complicated. The most common legal structure used is the Limited Liability Quota Company structure (Sociedades por Quotas de Responsabilidade Limitada), similar to a U.S. LLC. A local legal services provider should be consulted when determining the best structure. Basic information on how to establish a company in Mozambique can be found on the World Bank's Doing Business website.

U.S. companies are strongly encouraged to contact the Mozambique Agency for the Promotion of Investment and Exports (APIEX) or a local consultancy firm that can provide general start-up information and assist with registration procedures and permits.

Franchising

Though franchising is limited in Mozambique, the emergence of a middle class with disposable income in urban areas such as Maputo, Beira, Nampula, and Tete is driving interest in goods and services provided by foreign franchising companies. The concept of franchising is relatively new, hence there is no franchise association or formal authority responsible for franchising activity. Legal protection of brands also remains weak. Franchise fees and royalty transfers may be difficult to remit due to bureaucratic processes for sending funds outside the country.

Direct Marketing

Direct marketing is a growing business trend driven by the growth of smart phones and exposure to social media. Numerous companies directly target clients through email campaigns, websites, and online ads.

The majority of the population does not have access to the internet and is unfamiliar with direct marketing. However, internet penetration within the emerging middle class is high and growing, particularly due to the prominent use of smart phones. Mobile applications and SMS messaging are also common ways of marketing directly to the client,

especially those in remote areas. Door-to-door sales are rare due to concerns about crime and difficulty traveling through non-metropolitan areas.

Joint Ventures/Licensing

With the goal of developing entrepreneurship, joint ventures with Mozambican companies are encouraged by the Government of Mozambique. Though there is no legal requirement to partner with a local entity in order to establish a company, the Government often requires partnerships with parastatals when a company bids for national projects or concessions. Having a partner can help U.S. companies comply with local content law and gain favor when bidding for government projects.

eCommerce

Assessment of Current Buyer Behavior in Market

According to the World Bank, 17% of the Mozambican population had access to the internet in 2016. Though the number is small in comparison to other countries, it is growing with the advent of low-cost smart phones. In 2017, the Government approved The Electronic Transactions Law providing the legal framework for developing e-commerce. Though the country's underdeveloped infrastructure is a major barrier to access for eCommerce businesses. Small enterprises commonly use free platforms such as Facebook and WhatsApp to reach targeted groups or individuals.

Local eCommerce Sales Rules & Regulations

The eCommerce industry in Mozambique is in its infancy, there are few options available as many Mozambicans do not have access to credit/debit cards and therefore cannot shop online.

The Bank of Mozambique is the leading regulator for eCommerce payments. It is working with commercial banks to establish a national online payment system that will allow local companies to sell products online. This process started in 2018 and as consistently been delayed, severely limiting the advancement of the eCommerce industry.

Market trends point to an increase in cross border sales as the middle class starts to look outwards for travel and shopping opportunities. Domestic sales have been stagnant due to lack of supporting infrastructure.

Local eCommerce Business Service Provider Ecosystem

Some pioneering enterprises are changing consumer habits and making sales online. The recently launched online grocery Izyshop is gaining market share. Other examples include Compras and Xava, which offer electronics. Online sales are expected to grow along with the emerging middle class. Few local companies advertise online. The bulk of the advertising that is done online consists of banners on websites and social media pages. Some companies have started using YouTube as a platform to reach customers.

Selling Factors & Techniques

Overview

Mozambique is a Portuguese-speaking country, but English is commonly spoken by the business community in Maputo and Beira. It is much less commonly spoken in the business community based in other towns/cities or in the northern provinces. Though the ability to speak the language is not required for success, it is a major advantage. Most businesspeople respond better to Portuguese promotional materials and generally require that contracts be done in Portuguese. The Government requires labeling in Portuguese for specific consumer products such as medicine and child formulas and has plans to expand Portuguese language labeling requirements to all foodstuffs.

Access to credit is often difficult and expensive in Mozambique and affects the ability of resellers to stock inventories or to make purchases. Letters of Credit (L/C), export credit financing, or other financing solutions are quite common.

U.S. firms are advised to network with industry stakeholders to learn about the market and engage with decision makers. Private entities, as well as government agencies, typically take long periods of time to make decisions. It is

important that U.S. firm's follow-up and remain persistent in order to obtain results. Networking opportunities include local and regional trade fairs and exhibitions organized by trade organizations. Industry-specific conferences are also hosted by government ministries or municipalities with the goal of highlighting business opportunities and seeking investment.

Trade Promotion & Advertising

The most commonly used advertising mediums are television, print, and radio. Due to low literacy rates (59%), visual and audio advertising are the most effective for consumer products. Billboards and television are the most common media used to target buyers in urban cities. Mass marketers rely on radio to reach target groups located in remote areas. Print media – newspapers and magazines – can be effective in marketing to literate market niches. Web advertising is the least expensive and is growing, fueled by the growing number of internet users. U.S. companies interested in building a brand presence in Mozambique should work with advertising agencies to identify the most appropriate solutions.

Pricing

Prices are generally determined by market forces except those for petroleum and certain agricultural products, which are fixed by the Government of Mozambique. Variable costs such as import duties and transportation play a key role in defining prices. Import duties on goods range from zero to 25%. But products imported from within the [Southern African Development Community \(SADC\)](#) may be exempt.

Mozambique operates under the value added tax system (VAT); a 17% rate is attributed to the product at the point of sale.

Before doing business in Mozambique, it is advisable that U.S. companies consult with local tax consultants and customs agents on how custom duties and VAT will impact the cost of goods. For more in-depth information on import duties, contact the U.S. Commercial Service.

Sales Service/Customer Support

Increased competition is creating demand for better service. Foreign companies are increasingly making inventory and technicians available to service their sales in Mozambique. Such services can be a competitive advantage and help build a good reputation with both resellers and consumers.

Local Professional Services

For information on local providers of consulting, marketing, event management, legal, tax, and financial services consult the [U.S. Commercial Service](#).

Principle Business Associations

The major business associations that are relevant to U.S. companies are the American Chamber of Commerce Mozambique, the [Confederation of Business Associations \(CTA\)](#) and the [Mozambican Business and Industry Association \(ACIS\)](#). CTA is the largest and most influential of these.

It is important to note that local business and association leaders may be closely linked to the political elite and thus have conflicts of interest with certain business sectors. U.S. companies are advised to conduct due diligence before committing to a partnership.

Limitations on Selling U.S. Products and Services

There are no limitations specific to U.S. products and services, though the Mozambican Government is establishing a local content law that require foreign companies to have a local partner. As of 2020, this law has not been approved by the Government, however the law is not specific as to what constitutes a local partner.

Trade Financing

Methods of Payment

To pay for imports, Mozambican firms need to justify their payment to the Bank of Mozambique and obtain authorization to make foreign payments. This is a common practice but can be lengthy and cause the importer to take more time to process payments.

Outflow of foreign currency is regulated by the [Central Bank](#). Mozambique's financial system provides for the most common methods of payment, including open account, letter of credit, cash in advance, documentary collections, etc. Standard and Poor's and Fitch issue credit ratings for the Government of Mozambique and have recently downgraded their ratings. There is an Information Credit Bureau at the Central Bank that provides information on collection agencies in the country. Law firms also perform collection functions for a fee.

Banking Systems

The banking system is largely dominated by foreign-owned financial institutions. There are 19 commercial banks out of a total 40 financial institutions. The largest banks are [Millennium BIM](#) (Portuguese and Mozambican shareholders), [BCI](#) (Portuguese and Mozambican shareholders), and [Standard Bank](#) (South African shareholders). These three banks hold over 70% of all financial assets including deposits and loans. They also cover all major cities and areas of economic growth. Local commercial banks provide most services expected from commercial banks, including some investment banking services. The largest banks have representation offices in Europe, the United States, and China.

It is a common practice for companies and individuals to hold multiple currency accounts. The U.S. dollar, euro, and South African rand are common commercial currencies. Foreign currency payments are accepted in most formal commercial establishments, especially with the U.S. dollar.

Interest rates in Mozambique can be very high for loans in local currency (metical), usually between 11% and 25% for guaranteed loans. The use of credit cards is relatively new, making small payments sometimes inconvenient, however in the capital city of Maputo credit cards are regularly used. Mozambican businesses and consumers continue to adopt formalized financial payment systems.

Foreign Exchange Controls

Foreign exchange is available to importers and exporters to finance current account transactions. An application to purchase the necessary foreign currency must be approved by the [Bank of Mozambique](#) before an exporter or importer may purchase foreign currency from commercial banks or exchange houses. Such applications are routinely approved by the Central Bank within 15 days, upon presentation of documents relating to the goods in question. Applications can be approved prior to the arrival of goods in Mozambique. Commercial banks and exchange houses may apply for authorization on behalf of their clients. Applications must include proof of the importer's/exporter's ability to finance the transaction. For advance payments in excess of \$50,000, a performance guarantee from a banking institution may be required.

Loans in foreign currency are only available to exporters and some approved projects that benefit the country.

US Banks & Local Correspondent Banks

There are no U.S. banks in Mozambique, here is a list of correspondent banks:

[ABSA](#)

[Banco Comercial e de Investimentos \(BCI\)](#)

[BancABC](#)

[Banco Moza](#)

[Banco Único](#)

[Millennium BIM](#)

[Standard Bank](#)

[Société Générale Moçambique](#)

Project Financing

General Availability of Financing— Trade financing is readily available from Mozambican commercial banks. Project financing is available from commercial banks and some specialized banks. Financing for large projects is commonly done with development banks willing to take on emerging market risks that private banks are not. Venture capital in Mozambique is a new concept and not readily available.

Availability of United States Department of Agriculture Export [Credit Guarantee Program \(GSM\)](#) – The USDA provides GSM credit guarantees to assist in financing exports of U.S. agricultural products overseas. While no Mozambican banks are currently eligible for the program, eligible banks elsewhere in the region may be able to cover exports to Mozambique. Interested exporters are advised to contact the [United States Department of Agriculture, Foreign Agriculture Service](#)

Multilateral Development Banks

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help U.S. businesses learn how to get involved in bank-funded projects, and advocate on behalf of U.S. bidders. Learn more by contacting the [Commercial Liaison Offices to the African Development Bank](#) and [the World Bank](#).

[Export-Import Bank](#) -- The Export-Import Bank of the United States offers loan guarantees, insurance, and project financing to encourage the export of U.S. goods and is keenly interested in the Mozambican market. Consult the [Country Limitation Schedule](#) for more information on the banks available services for the Mozambican market.

[DFC](#) -- U.S. International Development Finance Corporation (DFC) is America’s development bank. DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world today. It can assist with project finance, through loans or loan guaranties, and political risk insurance in Mozambique.

Protecting Intellectual Property

Despite the Government’s firm public stand against piracy, the weak Mozambican judicial system can make protection of intellectual property rights problematic. Pirated copies of DVDs, as well as counterfeit goods are commonly sold in Mozambique, although not produced in any significant volume. Enforcement is rare and highly selective. Firms entering the Mozambican market with their own intellectual property (IP) should consult local legal services providers on how to safeguard their IP.

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on [Protecting Intellectual Property](#) and Stopfakes.gov for more resources.

Selling to the Public Sector

The Public Procurement Regulations governing the public tender process apply to all municipalities and (majority) state-owned companies. Public tenders are required for all government procurements over \$10 million. The regulations cover products, services, and concessions in general, and are subject to some industry-specific regulations, such as mineral resources, public private partnerships, and large-scale projects, for example. The Unit for the

Supervision of Acquisitions (UFSA) within the Ministry of Economy and Finance's National Directorate of State Assets (DNPE) is responsible for applying and overseeing the Public Procurement Regulations.

Purchases may also be subject to the terms defined by international donors or investment agencies financing specific projects. In order to be eligible, the general bid standards stipulate that all individual or legal persons from Mozambique or abroad must demonstrate to the Government that the company is legal, financially and technically qualified, and has a taxation record.

U.S. companies interested in competing in a Government of Mozambique tender should contact the U.S. Commercial Service for further information on the tender process and how to apply for official U.S. Government advocacy.

Many government entities finance public works projects with borrowing from the multilateral development banks. Please refer to "Project Financing" Section for more information.

Business Travel

Business Customs

Mozambicans consider personal relationships an essential part of doing business, and whether business is international or domestic, knowing their partners well is exceedingly important. Newcomers to the market should expect to discuss business face-to-face. Doing business by email or phone without first developing a business relationship is not common in Mozambique and can be challenging. Many Mozambicans engaged in international trade take advantage of personal ties to Portugal, South Africa, Zimbabwe, the Middle East, Brazil, or India for their commerce.

Because of historical ties to Portugal, Mozambicans have a Southern European business culture that is less punctual and quite social. Meetings, receptions, and even conferences commonly start late. Patience and flexibility are essential for success in Mozambique. Business cards are generally exchanged.

Maintaining a good reputation with government officials and local clients is important. The business community in Maputo is small and most businesspeople know one another; competitors in one area, may be partners in another. Many studied together at school or university. Furthermore, the concept of family extends to close friends, including business partners, resulting in quick dissemination of information and few secrets.

Potential investors should be cautious in selecting partners. Questionable business practices are common, such as tax evasion and corruption. Though accounting standards have recently been redefined to meet international standards, training remains weak and many businesses do not maintain accurate financial records, especially small and medium enterprises. The concepts of accounting, depreciation, and asset management are not yet widely understood beyond the largest companies.

Note that Mozambican drivers use the left side of the road and use right-hand drive vehicles.

Travel Advisory

NOTE: Air travel routes may change during the COVID-19 pandemic.

Travel information from the Department of State is [available on the Internet](#).

Johannesburg, South Africa, is the regional hub for air travel throughout Southern Africa. Both South African Airways (SAA) and Mozambique Airlines (Linhas Aereas de Moçambique, LAM) offer 45-minute flights between Johannesburg and Maputo several times a day. American and European airlines offer flights through Johannesburg daily. Other international flights direct to Mozambique originate in Addis Ababa, Dar-Es-Salaam, Doha, Durban, Harare, Istanbul, Lisbon, Luanda, and Nairobi. Domestic air travel is available on LAM and other carriers, but prices are high.

There is no direct commercial air service between the United States and Mozambique.

Visa Requirements

A visa is required for most foreign travelers to Mozambique. There are a few exceptions for citizens of several African nations. Under the new visa regulations, citizens of nations that have Mozambican embassies or consulates may now also request visas upon entry for the purposes of tourism or business (a category that includes business meetings, exploratory business trips, and market research but specifically excludes paid employment of any sort). Those seeking border visas should be prepared to provide documentation related to their place of stay, their return travel plans, and their business contacts. Invitation letters for those visiting friends or conducting business are strongly recommended when feasible but are not required. The new border visa is issued at the discretion of the interviewing officer, is valid for 30 days and allows two entries. Foreigners in Mozambique without a valid visa can expect to pay up to a \$100 fine for each day they are in Mozambique illegally. The fine can be assessed upon departure or while in Mozambique. The Government of Mozambique approved a new regulation to facilitate visas for foreign nationals intending to invest in projects in Mozambique. The measure reduced the minimum investment amount required from \$50 million to \$500,000 for an investment visa.

Travelers are advised to check both visa validity and length of stay permitted as they often differ. Travelers are generally only allowed to stay for 30 days at a time. Any visa overstay is subject to large fines. Visas can be obtained at Mozambican embassies or consulates and cost between \$100 and \$290 depending upon length of validity and single or multiple entry. For information on Mozambican visas issued in the U.S. visit [website](#).

Passports of all travelers who wish to enter Mozambique must be valid for six months upon arrival and must contain at least three clean (unstamped) visa pages each time entry is sought.

U.S. companies that require travel of foreign business persons to the United States will find relevant information from the [U.S. Department of State](#).

Currency

The Metical is the local currency of Mozambique. The U.S. Dollar, EURO, and South African rand are commonly used for business transactions. VISA and Master Card are accepted in all POS and ATMs; American Express is not commonly accepted. ATMs and POS are widely available in urban areas but scarce in rural areas. It is recommended that U.S. travelers convert some foreign cash currency into the local Metical.

Telecommunications/Electronics

The Mozambican postal service is slow and unreliable. Federal Express, DHL, Skynet, and UPS delivery services are available. Telephone and wireless services are reliable in major urban centers.

Mobile phone service (GSM standard) is available in all provincial capitals and many district capitals and all network operators offer 4G mobile internet services in urban areas. Tmcel and Vodacom have roaming agreements with most South African, European, and U.S. mobile operators.

Several hotels and restaurants in cities offer internet access through their business centers, or Wi-Fi connections in their facilities. There are also internet cafes in provincial capitals and some secondary cities.

Transportation

Basic services necessary for the business traveler are available in Maputo, Beira, and to a lesser degree in other major cities. Outside these major urban centers, arranging for travel and accommodation is difficult. In Maputo and other major cities with airports, rental cars with drivers are available from [Avis](#), [Hertz](#), [Imperial](#), [Sixt](#), and [Europcar](#) (National Car Rental's international network).

Language

Portuguese is spoken in all urban areas and in many provincial capitals, though in many smaller villages only local languages are used. English is understood by some members of the business community, as well as many senior government officials but is not widely used.

Health

Medical facilities do not meet U.S. standards and most medical providers do not speak English. Medicines are not always available, and travelers who may be taking routine prescription medication should plan to bring a supply to cover the length of their visit. There are both public and private medical facilities in the city of Maputo. All health care institutions and providers require payment at the time of service and may even require payment before service is given. While some private clinics accept credit cards, many medical facilities do not. Doctors and hospitals outside of Maputo generally expect immediate cash payment for health services. Outside of Maputo, available medical care ranges from very basic to non-existent.

Malaria is prevalent in Mozambique. Travelers to Mozambique should take malaria prophylaxis. Plasmodium falciparum, the serious and sometimes fatal strain of malaria in Mozambique, is resistant to the anti-malarial drug chloroquine. Because travelers to Mozambique are at high risk for contracting malaria, the Centers for Disease Control and Prevention (CDC) advises that travelers should take one of the following anti-malarial drugs: mefloquine

(Lariam), doxycycline, or atovaquone/proguanil (Malarone), and each of these medications need to be started prior to arriving in Mozambique. The CDC has determined that a traveler who is on an appropriate anti-malarial drug has a greatly reduced chance of contracting the disease.

Immunizations

NOTE: Given the COVID-19 Pandemic the Mozambican Government requires all incoming travelers to show a negative COVID-19 test.

All travelers should carry a World Health Organization (WHO) vaccination card with them while traveling in Africa to show proof of yellow fever vaccination. This yellow WHO vaccination card is required for entrance to most countries in Africa for any traveler over one year of age. While proof of yellow fever vaccination is not officially required by some African countries, the rules are not uniformly enforced. To avoid any possibility of being refused entry due to a layover in a yellow fever country or an unplanned change of an itinerary by an airline, it is advised that all travelers over one year of age have a yellow WHO card documenting yellow fever vaccination, regardless of a country's published policy that may state otherwise. A record of all other vaccinations, either on the yellow card or a separate form, is recommended but is not an official document required for travel.

Other immunizations strongly recommended are 1) Hepatitis A 2) Typhoid Fever 3) Hepatitis B 4) Rabies; for prolonged stays, or those who anticipate any activity that might bring them in direct contact with wild animals; and 6) Influenza. Travelers should ensure that their routine immunizations including Tetanus/Diphtheria (Tdap or Td), Measles/Mumps/Rubella (MMR), Polio (IPV), and Varicella are current.

Illness Prior to Travel: If you are sick with symptoms of influenza-like illness, you should not travel. These symptoms include fever, cough, sore throat, runny or stuffy nose, body aches, headache, chills, and fatigue. Travel can resume after you are at least 24 hours free of fever (100F or 37.8C), or free of signs of a fever without the use of fever-reducing medications. Flights arriving in Maputo may be specifically targeted for screening.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the CDC's hotline for international travelers at 1-877-FYI-TRIP (+1-877-394-8747) or via the [CDC's Internet site](#). For more information about outbreaks of infectious diseases abroad, consult the [World Health Organization's \(WHO\)](#) website. Further health information for travelers is available [here](#).

The Department of State strongly urges U.S. citizens to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuation. Please see the [Department of State's information on medical insurance overseas](#).

Local Time, Business Hours and Holidays

Local time is GMT +2.

Business hours are generally 8:00am to 5:00pm, while government offices function from 7:30am to 3:30pm. It is common for NGOs and Diplomatic institutions to close early on Fridays, closing times range from 11:00am to 3pm on Fridays.

National Holidays in Mozambique:

January 1	New Year's Day
February 3	Mozambican Heroes Day
April 7	Mozambican Woman's Day
May 1	Worker's Day
June 25	Independence Day
September 7	Lusaka Agreement Day

September 25 Revolution Day
October 4 Peace and Reconciliation Day
November 10 Maputo Day (Maputo city only)
December 25 Family Day

Temporary Entry of Materials or Personal Belongings

Product samples that have no commercial value may be imported without paying duties, and those with commercial value may be imported duty free for up to 12 months. Samples used at exhibitions may be imported on a temporary basis but cannot be sold or removed from the exhibition without customs authority. Furthermore, customs officials require a guarantee of 10% of actual duty payable, and re-export of these goods must take place within 180 days after the closing of exhibitions. However, this period may be extended up to one year. If the goods are not re-exported within the specified periods, they will be considered to have been imported for consumption, subject to normal customs formalities.

Investment Climate Statement (ICS)

Click here to access the 2020 Investment Climate Statement.