U.S. Country Commercial Guides

Mozambique

2019

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Doing Business in Mozambique

Market Overview

The Mozambique Country Commercial Guide (CCG) presents a comprehensive look at Mozambique's commercial environment using economic, political, and market analysis.

Mozambique's economic situation had been improving until Tropical Cyclone (TC) Idai hit the central region of Mozambique and TC Kenneth hit the northern province of Cabo Delgado in March and April 2019, respectively. The cyclone inundated entire neighborhoods and destroyed most homes, hospitals and schools in Beira. Until these Cyclones hit the country, economic growth was recovering gradually and becoming broader following the crisis that hit the counrty in 2015-16. Transportation, electricity, communications and commercial activities were severely disrupted. The Government estimated emergency assistance needs and reconstruction costs at around USD 1.5 billion (10% of GDP). On April 19, 2019, the International Monetary Fund (IMF) approved USD 118 million for emergency assistance under the Rapid Credit Facility (RCF) in the wake up of TC Idai. Though one of Africa's poorest nations, Mozambique's annual growth rate averaged 7% over the past decade. GDP fell to 3.1% in 2017, due to an economic crisis after the discovery in 2016 of $2 billion in government-backed loans made to three state-owned defense and security companies without parliamentary approval and notification to the IMF. Economic growth is projected to gradually rise to 8% over the next decade. GDP growth has traditionally been driven by the agriculture, construction, and financial sectors, while growth in the next decade is expected to be driven by the oil and gas industry due to the discovery of vast natural gas deposits.

Basic Economic Statistics:

- Total Population in 2018: 30 million
- Real GDP Growth in 2018: 3.3%
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- Nominal GDP in 2018: USD14.60 billion
- Nominal GDP in 2018 : USD 9 billion
- GDP per capita in 2018: USD539
- Total Exports in 2017: USD6.58 billion
- Total Imports in 2017: USD5.99 billion
- Total Imports from U.S. in 2018: USD113 million
- Exchange rate (June 2018): MZN 59 equal USD 1
- Average Inflation Rate (May 2018): 3.26%
- Commercial Bank Prime lending rate (June 2018): 22.50%

During the second half of 2016 the metical depreciated sharply, though it has since stabilized. The devaluation of the metical caused higher than expected inflation and forced the Mozambican Central Bank to impose harsh foreign currency control measures. The Mozambique Central Bank stabilized the foreign exchange (forex) market and rebuilt its international reserves to a relatively comfortable level. Borrowers in local currency face interest rates of up to 30%, which hinders entrepreneurship and business development, although such rates are beginning to decline slowly. To cover the government account deficit, the Government of Mozambique requested a USD283 million loan from the IMF, but this loan was put on hold due to the government's lack of transparency in its public debt portfolio. The IMF has maintained a technical assistance mission in Maputo, which consults frequently with the Mozambican government, but has declined to offer either a funded or unfunded program until such time as the Mozambican government institutes reforms in public financial management and provides additional details on the use of the $2 billion in government-backed commercial loans made to state owned companies.

The Government of Mozambique encourages foreign direct investment (FDI). Currently, FDI is largely in infrastructure and the extraction of minerals, including graphite, coal, and gemstones. FDI investment has slowed dramatically since 2015, largely due to the economic crisis, a drop in commodity prices, especially coal and aluminum, and slow negotiations in the development of hydrocarbon projects.

South Africa and Portugal are Mozambique's largest trading partners. Brazil, China, India, and Japan have established projects in Mozambique and are increasing their investments. The largest bilateral donor of development assistance is the United States, which until recently was not a major trade partner. However, U.S. involvement in the oil and gas sector will create significant demand for U.S. exports in that sector, as well as others, and the U.S. is likely to become the largest investor in Mozambique in the next decade.

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 Anadarko and ExxonMobil, valued at USD25 billion, signed in June 2019 and over $20 billion to be signed by end of 2019, respectively. Exploration activities by ExxonMobil, Rosneft, ENI, Sasol, 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 off-shore 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 power infrastructure that is concentrated in urban locations but is sparse throughout rural areas. Its limited transmission capacity runs the length of the country, connecting the northern and southern parts of Mozambique into a single grid. 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 the Tete Province on the Zambezi River. This dam supplies power to Mozambique, Zimbabwe, and South Africa. Mozambique has strong potential for hydroelectric and thermal power generation, as well as for solar and wind farms along its lengthy coastline. However, the underdeveloped power grid and bureaucratic hurdles make the development of power projects difficult and time consuming.

The transportation sector is expanding, driven by major investments in ports and road infrastructure. There are three major ports in the country: Maputo for the southern part of the country, Beira for the center, and Nacala for 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 planned oil and gas projects. Infrastructure and construction project development remain vibrant in Mozambique despite the general economic slowdown.

Mozambique currently ranks 135th out of 190 countries in the World Bank's Doing Business report, a slight improvement from its 138th ranking in 2018. Tight monetary policy and lower food price increases brought annual inflation down to low single digits at the end of 2018. Some improvements were made in insolvency legislation and streamlining procedures for registering property, paying taxes, and obtaining construction permits. However, registration of businesses, labor laws, and access to land and infrastructure continue to restrict economic opportunities. Myriad bureaucratic and infrastructure challenges, such as getting access to electricity and water, are often cited as barriers to doing business. Access to credit remains a major obstacle for companies to operate competitively.

Market Challenges

Despite Mozambique's investment potential, the business climate poses distinct challenges. The Central Bank, had 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 some donors have halted 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 an 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 have to be approved by the Central Bank.

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 USD10 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.

Money Laundering and Terrorism Financing

Mozambiqe has World's highest money laundering and terrorist financing risk. Of 125 countries assessed, Mozambique has the highest risk of money laundering and terrorism financing, according to a report issued by the Basel Institute of Governance on 19th August 2019.

Poor border controls and weak government institutions expose the country to cross-border crimes related to drugs and human trafficking. Mozambique is also vulnerable to other predicate offences including corruption, car theft and smuggling, robbery, cash smuggling, ilicit trade in precious metals and stones, customs fraud and goods smuggling.

Mozambique has high risk associated with corruption, which is pervasive problem in the country. The country also fares poorly on Financial Transparency and Standards. Mozambique is listed among the US INCSR list of major money laundering countries.

125 countries listed

0-low 10-high

Country	Ranking	Overall score	Change in score from previous year	Risk
MOZAMBIQUE	1	8.22	-0.06	
LAOS	2	8.21	-0.04	
MYANMAR*	3	7.93	0.43	
AFGHANISTAN	4	7.76	-0.52	
LIBERIA	5	7.35	-0.07	
HAITI	6	7.34	0.01	
KENYA	7	7.33	-0.07	
VIETNAM*	8	7.3	-0.07	
BENIN	9	7.27	0.02	

The score is based on 15 indicators in five areas: Quality of Anti-Money Laundering Framework, Bribery and Corruption, Financial Transparency and Standards, Public Transparency and Accountability, and Legal and Political Risks. With Mozambique as number 1(highest risk), the United States is ranked 72.

Source: **https://www.baselgovernance.org/basel-aml-index**

Mozambique is increasingly becoming a centre of attention of the United Nations Office on Drugs and Crime's (UNODC) efforts to combat the growing threat of illicit trade on the East African coast. From heroin from West Asia arriving and transiting through the region, to ivory and timber leaving its ports to reach Asian markets, the region is a growing hub with dire consequences to fragile economies.

Following the powerful tropical cyclones, which struck Mozambique in quick succession this past March and April respectively, terrorist and organized crime groups are taking advantage of the precarious situation for their illicit trade or recruit locals who are desperate to compensate for their losses.

In the northern part of the country, especially in the Cabo Delgado province, at the border with Tanzania, the situation has been deteriorating at a rapid pace. So-called terrorist groups have since January 2019 increased their intensity of attacks, which left more than a dozen dead in June alone.

In response to these challenges that threaten peace and stability in the country and the wider regional security of the Southern Africa Development Community (SADC) region, UNODC Executive Director recently identified Mozambique as a priority country to benefit from the rapid deployment of UNODC surge capacity, including assignment of a new member to coordinate a comprehensive offer of assistance bringing together expertise across UNODC's mandate areas.

UNODC is providing answers to some of the most pressing challenges on border control at sea and by air. In April 2019, UNODC launched its first training on Container Control at sea ports and air cargo. Mozambique is also in the process of establishing a Joint Airport Interdiction Task Force (JAITF) at Maputo international airport, through UNODC's AIRCOP Project, which will increase its ability to detect and intercept drugs, other illicit goods and high-risk passengers, including foreign terrorist fighters.

Source: https://www.unodc.org/unodc/en/frontpage/2019/July/unodc-assists-mozambique-to-address-growing-threat-of-illicit-trafficking-and-terrorism.html

Market Opportunities

Investment and export opportunities exist in:

Agriculture equipment
Construction (roads, railway, general infrastructure)
Energy (coal, hydropower, gas, solar, wind, biomass)
Fishing (prawns, hake, lobster)
ICT
Mining (coal, graphite, rare earths, precious metals)
Oil & Gas (exploration, distribution, infrastructure)
Tourism (hotels, resort, sports, leisure)
Transportation (ports, airports, logistics, freight)

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. Additionaly

APIEX controls a number of 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 made in writing.

U.S. Companies interested in establishing local entities or finding local distribution partners may contact the U.S. Commercial Service in Maputo for counseling on how to enter the market.

Political Environment

For background information on the political and economic environment of Mozambique please visit [U.S. Department of State website.]

Selling US Products & Services

Using an Agent to Sell US 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 complying 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 National Business Confederation (CTA), 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. YUM! Brand's KFC gained significant market share by opening seven stores throughout the country in a period of five years. YUM! also has developed a Pizza Hut franchise. Hertz and Avis rental car companies have local franchise partners, and the Dutch retailer Spar has several franchise agreements with supermarket operators. 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.

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.

Selling to the Government

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 USD10 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 a particular international donor or investment agency financing a project. 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 by borrowing from the multilateral development banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Advocacy

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click here for more information: https://2016.export.gov/advocacy/

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). Please refer to the Project Financing Section in Trade and Project Financing for more information. A helpful guide for working with the MDBs is the Guide to Doing Business with the Multilateral Development Banks.

The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Distribution & Sales Channels

Maputo is the capital city and the primary point of entry for imported products destined to southern Mozambique. Beira serves a similar role for the country's central provinces, while Nacala and Nampula are the respective sea and air points of entry for imported goods heading to the northern provinces. Most goods destined for southern Mozambique are imported by road from South Africa. Those destined to the central provinces of Mozambique often enter by road via the Beira corridor from Zimbabwe. Imported goods destined for the northern provinces generally do not enter by road due to poor conditions and long transit times, which make the use of air shipment to and warehousing in Nampula more attractive. Imported goods being sent as containerizd cargo are generally shipped to the three main ports: Maputo Port (southern), Beira Port (central), and Nacala Port (north). Due to the lack of large, established distributor networks, some distributors act as their own wholesalers and retailers. Most established large-scale distributors are based in the south or center of the country. Smaller distributors exist in the north and are expected to expand operations as construction on oil and gas projects move forward. New entrants to the distribution market are also expected in the northern region.

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

Express Delivery

There is no reliable local post or local express delivery company in Mozambique. However, Fedex, UPS, and DHL have operations in country, and the broader region, and can deliver to most major cities throughout the country. In some cases they can assist with customs and duties.

Selling Factors & Techniques

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 business people 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. firms 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.

eCommerce

Overview

According to the World Bank, 9% of the Mozambican population had access to the internet in 2015. Though the number is small in comparison to other countries, it is growing with the advent of low-cost smart phones. The Electronic Transactions Law approved in January 2017 provides the legal framework for developing e-commerce.

Current Market Trends

The e-Commerce industry is just starting in Mozambique, there are few options available as many Mozambicans do not have access to credit or debit cards and therefore cannot shop online. E-commerce is also hampered by the lack of shipping to locations outside of the major cities.

Domestic e-Commerce (B2C)

Domestic online sales transactions are currently insignificant but expected to grow with the emergence of an urban middle class.

Cross-Border e-Commerce

International online trade is a growing trend for local companies which purchase products from China. However, due to delivery delays and products that do not function as expected, many are skeptical of online purchases from foreign companies.

Popular e-Commerce Sites

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.

Online Payment

Few local sales transactions are done online, as consumers are hesitant to use credit and debit cards online. However, the limited choice of goods available from local stores is driving affluent consumers to international online stores, such as Amazon or European online stores despite the high importation costs.

Mobile e-Commerce

Mobile applications such as Mcel's mKesh and Vodacom's M-Pesa are used to facilitate the transfer of money and payment of services. Such platforms are commonly used in remote areas where users have limited access to banks and financial institutions.

Digital Marketing

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.

Major Buying Holidays

There are no major buying holidays in Mozambique apart from Family Day (December 25th). The Muslim holidays Eid al-Fitr and Eid al-Adha are celebrated by a fifth of the Mozambican population, and it is common practice to exchange gifts during these periods. Evening social events among the Muslim community to break the daily fast are common during the lunar month of Ramadan, leading to increased purchases of foodstuffs and non-alcoholic drinks during this period.

Social Media

Social media is commonly used by the informal sector/grey market to showcase products. Small enterprises commonly use platforms such as Facebook and Whatsapp to reach targeted groups or individuals.

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 Africa 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 in Maputo.

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.

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 audio, videotapes, 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.

Due Diligence

It is essential that U.S. companies investigate the credibility and reputation of a business prior to signing a contract or entering into an agreement. Due to limited access to information, companies might struggle to verify the legitimacy of the local entity.

There is no central repository of information or credit agency that publicizes financial information for Mozambican companies. The U.S. Commercial Service provides an International Company Profile (ICP) which can be used to obtain information on a potential business partner.

For more detailed due diligence and background reviews, U.S. companies are advised to contact international consulting firms with local offices.

Local Professional Services

For information on local providers of consulting, marketing, event management, legal, tax, and financial services, consult the U.S. Commercial Service or the Confederation of Business Associations (CTA).

Principal Business Associations

The major business associations that are relevant to U.S. companies are 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.

Web Resources

Mozambique Central Bank

Confederation of Business Associations (CTA)

Association of Commerce, Industry, and Services (ACIS)

Customs Authority

Leading Sectors for US Exports & Investments

Energy Sector

Overview

	2016e	2017f	2018f	2019f	2020f
Total Generation TWh	16.61	16.06	16.55	17.15	17.44
Total Consumption TWh	14.3	15.2	17.5	18.5	19.6
Total Capacity MW	4185.2	4185.9	4530.9	6036.4	-
Total Exports MW	338.7	-	-	-	-
Total Imports MW	223.5	-	-	-	-

Source: BMI and Mozambique National Institute of Statistics

Mozambique has the largest power generation potential of all Southern African Countries; it could generate 187 gigawatts of power from its 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 are changing the power sector and are expected to play a significant role in the future, with natural gas power plants 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 power distribution network and the bureaucracy involved in developing new power projects. Energy demand will be driven by industry and business, as the majority of the population cannot afford current tariffs, despite the fact that 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 tariff increases in the last two years, EDM is still selling power at a loss and hopes to have a cost reflective tariff by the end of 2019. At present, EDM is forced to subsidize tariffs to poor residential consumers, a strategy deemed unsustainable. According to national statistics a third of EDM's customers, who are concentrated in the city of Maputo and the surrounding province, generate 65% of EDM's revenue. EDM is making major structural and operational changes in order to finance its own generation projects. 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, 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). This is the second largest dam in Africa with a capacity of 2,075 MW. 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

Launched in 2013, Power Africa is a market-driven, U.S. Government-led public-private partnership to double access to electricity in sub-Saharan 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 550KV DC line, at an estimated cost of USD2.1 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 USD313 million.

Hydro

- 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. Thus, the dam may only be viable in the next five years.
- 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

- Ncodenzi: Phase 1 will have a capacity of 300MW, Phase 2 could increase output to 1,800MW.
- Moatize: Planned capacity of 1,800MW.
- Benga: Planned capacity of 1,500MW.

Thermal Gas

- The Temane Plant will have a capacity of 400MW,

Web Resources

Electricidade de Moçambique (EDM – Mozambican utility)

Government Portal

Ministry of Mineral Resources & Energy

Mozambique Investment Promotion Center

FUNAE – Mozambique National Energy Fund

Power Africa

Agricultural Sector

For more information read the USDA - Foreign Agricultural Service's Mozambique: Agricultural Economic Fact Sheet.

Oil and Gas

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

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 transported via an 865 km pipeline to South Africa, with a link to southern Mozambique for domestic use. Additionally, Sasol will develop 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 USD1.4 billion.

Due to the discovery of over 180 tcf of natural gas reserves in the Rovuma basin by Texas-based Anadarko (Area 1) and Italian firm ENI (Area 4), Mozambique is expected to become a major exporter by 2023. Anadarko will build an LNG plant to process the gas they discovered in Area 1, off the northern coast of Mozambique near the border with Tanzania. It selected a joint venture of developers that includes McDermott (USA), Saipem (Italy) and Chiyoda (Japan) to construct the Afungi LNG Park valued at USD 25-30 billion. Anadarko expects to conclude several sales and purchase agreements (SPA) by year-end for liquefied natural gas (LNG) and they announced their final investment decision in June 2019 in the amount of USD 25 billion during the recent US-Africa Doing Business Summit Conference. This is a major investment for Mozambique and the first of such value in the entire African continent.

On June 1, 2017, ENI announced the final investment decision amounting to USD 8 billion for the construction of six subsea wells connected to a Floating Liquified Natural Gas (FLNG) production facility in Area 4, which is due for completion in mid-2022. The Engineering Procurement and Construction (EPC) contract was officially awarded to a consortium composed of TechnipFMC, JGC, and Samsung Heavy Industries. Furthermore, in 2018, ExxonMobil acquired from ENI a 25% indirect interest in the Area 4 block. As part of this agreement, ENI will lead all upstream operations, and ExxonMobil will lead the construction and operation of liquefaction facilities onshore to be located in the Afungi LNG Park.

Mozambique's National Petroleum Institute has awarded four concessions for petroleum exploration and production in offshore blocks in the Angoche and Zambezi Basins and in onshore blocks in the Mozambique Basin to four separate consortiums led by ExxonMobil, Sasol, ENI, and Delonex Energy (U.K.). However, none of the operators have started exploration or production activities, as agreements are still under negotiation with the government.

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 the Rovuma Basin natural gas production should be used locally to address the needs of the domestic market, and the Ministry of Mineral Resources and Energy launched a tender to identify companies interested in developing industrial projects to use the gas. Norway's Yara International was granted an allocation of 80-90 mcf/d of gas to produce 1.2-1.3m t/yr of fertilizers. Additionally, Royal Dutch Shell's Gas to Liquid (GTL) project will produce 38m b/d of liquid fuels such as diesel, naphtha, and kerosene. 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 Anadarko'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.

Web Resources

National Institute of Petroleum (INP)

National Directorate of Geology

National Hydrocarbons Company (ENH)

Ministry of Mineral Resources & Energy

Mozambique LNG (Anadarko's AREA 1 LNG Project)

ENI Mozambique

Delonex

TOTAL Mozambique

Sasol Mozambique

ExxonMobil Mozambique

Mining and Minerals

Overview

Mozambique has commercially important deposits of coal (high quality coking coal and thermal coal), graphite, iron ore, titanium, apatite, marble, bentonite, bauxite, kaolin, copper, gold, rubies, and tantalum.

Mozambique holds some of the world's largest untapped coal deposits. Vale of Brazil has made major investments in their coking coal mine. Their first coking coal shipments were in 2011. Vale, through its participation in the Northern Corridor Development (CDN) consortium, has refurbished the Nacala rail line, which runs through parts of Malawi to the deep-water Port of Nacala. Opportunities for the provision of coal mining equipment and railway logistics and equipment exist. Given the expectation that mining costs in South Africa will rise considerably over the coming years, Mozambique could gain a regional competitive advantage.

Two large investment projects focused on the mining and processing of heavy sands deposits are moving forward. The Moma Heavy Sands (Kenmare Resources) and Corridor Sands (BHP Billiton) projects together will require more than USD1 billion in investment.

Mozambique's mineral potential is largely untapped. Gold deposits in Niassa, Tete, and Manica Provinces have attracted domestic and international investor interest in recent years. Gold mining has been slow to develop as most of its activities are done by informal artisanal miners. However, increasing regulation of gold mining may lead to larger scale production, as the Government begins to require miners to formalize their legal status. Xtract Resources recently acquired a gold mining concession with estimated reserves of 2.97mnoz. Gold industry production is forecasted to grow 1.1% annually from 2016 to 2020.

Syrah Resources (Australia) made its first shipment of graphite from its Balama project in the second half of 2017 and formally inaugurated the project in April 2018. The Balama project has a production capacity of 350,000 tons per annum, which represents a 40% share of the worldwide graphite market. Syrah will export the majority of this production to the Chinese and U.S. markets. Mustang Resources Ltd. has announced the fast-tracking of its Caula Graphite and Vanadium Project in northern Mozambique. Valued at approximately USD44 million, this project is undergoing a definitive feasibility study and is slated to begin graphite production in mid-2019. Total graphite deposits are estimated at 700,000 tons from 5.4 metric tons of ore, with an associated vanadium content of the ore estimated at up to 1.02%. Baobab Resources (Australia) is developing a pig iron project in Tete Province to supply iron and steel for regional infrastructure projects.

Gemfields (UK) owns a 75% stake in Montepuez Ruby Mining Limitada, which commenced operations in February 2012, and represents a $130 million investment in developing northern Mozambican ruby deposits in a concession area of 2600 square kilometers. Gemfields estimates that their existing concession contains an estimated 467,000 carats worth of rubies in both primary and secondary mineralization. On July 16, 2018, Fura Gems Inc. (Canada) announces its acquisition of nine ruby assets in northern Mozambique from Mustang Resources Ltd. (Australia) and Regius Resources Group Ltd. (UK). On completion of the acquisition, Fura Gems will hold a ruby mining concession area of 1104 square kilometers in northern Mozambique. The acquisition was expected to be completed by end 2018 at which time Fura would hold effective interests in these projects of between 65% and 80% with the remainder held by local partners. Fura has announced its intention to invest upwards of USD 19 million in these projects over the next 3 years in a program of drilling, bulk sampling, and production mining.

Leading Sub-Sectors

Mining and refinery equipment, maintenance services and machinery, automation equipment and other efficiency improving services will be needed to improve profitability of mining projects.

Opportunities

Until international commodity prices recover Mozambique's mining sector will stagnate, except for maintenance of existing equipment. New opportunities could be found in graphite mining and iron ore/steel projects. Smaller coal miners may also require equipment and services.

Web Resources

National Directorate of Mines

Ministry of Mineral Resources & Energy

Government Portal

National Directorate of Geology

Transportation Sector

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 need to be 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 of Mozambique 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, Linhas Aéreas de Moçambique (LAM), which held a monopoly on domestic flights for decades until 2017. Based on a government tender which for the first time offered domestic routes to additional operators, a new airline called FastJet started operating domestic routes in late 2017. Routes under the same tender were awarded to at least two additional companies, one of whom is in the final stages of operational approval and is expected to begin flights on domestic routes prior to the end of 2018. The domestic aviation sector could hold large growth potential as Mozambique attracts foreign investors and strives to become a tourist destination. South African Airways, Kenyan Airways, Turkish Airlines, Qatar Airways, Ethiopian Airlines, TAP (Portugal) and TAAG (Angola) have regular international flights to Maputo. South African Airways and Kenyan Airways also have international flights to other Mozambican provincial capitals.

The oil and gas and mining sectors are expected to require 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/Matola, 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 use 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). MPDC announced plans to invest USD750 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, which is operated by Portos do Norte (PN). Nacala is a natural deep-water port, 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.

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 are no north-south routes in the country.

New investment in rail lines will be directly linked to the price of coal or other major export commodities. 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.

Road Freight

Road freight is the main form of domestic transportation; however, the road infrastructure is very poor and fragmented. 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. The largest company, Transportes Lalgy, covers the south and center of the country and provides links to South Africa, Eswatini, and Zimbabwe.

Leading Sub-Sectors

Aviation

- Airplane parts and maintenance services
- Airline management software
- Ground support equipment
- Passenger transport vehicles
- Cargo handling and logistics equipment
- Aircraft technician training systems
- Pilot and crew training systems
- Airport security systems
- Radio communication systems
- Program based air transport services

Ports

- Port automation equipment
- Port related machinery
- Port servicing vessels – cabotage vessels and tugboats
- Port security and safety equipment and training
- Port infrastructure

Rail

- Rail maintenance equipment
- Trains and cargo wagons
- Rail related machinery
- Rail security and safety equipment and training

Road Freight

- Road infrastructure equipment and machinery
- Trucks and spare parts
- Road freight services

The best prospects in this sector are for equipment and services related to port remodeling and maintenance. New coal terminals will be built at the Beira or Nacala ports. As port traffic increases there will be demand for new cranes, lifts, trucks, barges, and rolling stock. Railway construction, locomotives, and related services are also needed.

Opportunities

Newly built 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 has been announced for 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.

Web Resources

Government Portal

Ministry of Transport and Communications

Airports of Mozambique

Portos e Caminhos de Ferro de Moçambique (CFM)

Port of Maputo

Port of Beira

Port of Nacala

Ports of Pemba and Palma

Infrastructure Sector

Overview

The lack of available statistics for this sector make it difficult to quantify the scale of growth. Since 2016, the Mozambican construction industry has grown at a slower pace than in the previous decade due to lower GDP growth and an economic crisis. Many projects, including priority projects (roads, bridges, ports, power plants, railroads), are on hold as the government tries to restore confidence in the economy. Once the large natural gas projects are approved for the north of the country, the infrastructure sector is expected to dominate economic growth in the medium term.

Residential and commercial construction in the urban centers of Maputo, Matola, Nacala, and Pemba continues to offer trade and investment opportunities. Since 2010 Maputo's skyline changed dramatically, with new towers and commercial complexes being announced regularly. Though this segment has stagnated since the economic crisis of 2016, it is expected to pick up from 2018 as the economy improves. These projects are developed and financed by the local private sector as well as foreign real estate investors.

The infrastructure sector is dominated by Portuguese, Brazilian, Chinese, and South African construction firms, with Turkish, Japanese, and Italian companies recently entering the market. U.S. engineering/procurement/construction (EPC) contractors have also started to enter the market with McDermott' a participation in the joint venture that won the EPC contract to build Anadarko's onshore LNG park. The other partners in this joint venture include Saipem (Italy) and Chiyoda (Japan). Valued at USD25-30 billion, this project will be the largest U.S. infrastructure project in Africa.

The established machinery suppliers are Caterpillar and Komatsu with some Indian and Chinese brands also present in the market. Local banks are prepared to finance infrastructure equipment imports, though at high interest rates and generally not in values exceeding USD 50 million.

Major issues that affect the construction sector are the lack of skilled labor, government bureaucracy, corruption, slow tendering processes, and access to credit.

Leading Sub-Sectors

Best prospects for new and used construction equipment:

- Cranes
- Earth moving equipment
- Trucks and Machinery
- Pipes, wires, and cables
- Safety and security equipment
- General construction material
- Pumps
- Electrical equipment
- Fuels and Lubricants
- Power tools
- Generators
- Hand tools
- Iron and steel products

Best prospects for services:

- Architecture & design
- Engineering

- Insurance and financing
- Environmental compliance consultancy
- Standards compliance training
- Inspection services
- Lab analysis

Opportunities

Major infrastructure projects will focus on power generation, mining, oil and gas, road, and port and rail expansions. U.S. Companies will likely find medium- to long-term prospects rather than short-term opportunities.

Web Resources

Government Portal

Customs, Regulations & 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 2019 Doing Business Report ranked Mozambique 91th in trading across borders, from 106th in 2017. However, it should be noted that cost and time to export and import are all well under Sub-Saharan Africa averages within this indicator.

For more information and help with trade barriers please contact:

International Trade Administration

Enforcement and Compliance
(202) 482-0063
ECCommunications@trade.gov

Import Tariff

According to the Heritage Foundation's 2019 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 40th out of 47th countries in the Sub-Saharan Africa region, and its overall score is below regional and 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 Requirements & Documentation

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 announced its intention to impose new Portuguese-language labeling requirements on all foodstuffs entering the local market.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS's Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA's Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. OTE's data portal provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.,* the item's classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:
Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at: http://www.bis.doc.gov/licensing/exportingbasics.htm

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "Know Your Customer" guidance. BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a current seminar schedule for a list of upcoming seminars. BIS also provides online training.

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR. The EAR is available on the BIS website. And on the e-CFR (Electronic Code of Federal Regulations) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: http://apps.export.gov/csl-search or https://developer.trade.gov/consolidated-screening-list.html.

Temporary Entry

Temporary entry is permitted for goods which 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 & 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 is able to 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.

Contact Information

INNOQ
Bairro Zimpeto
Maputo - Moçambique
Fixed line: +258 21 344 600
Fax: +258 21 344 610
Mobile: +258 82 4756985
Email: info@innoq.gov

Publication of Technical Regulations

Notify U.S. (www.nist.gov/notifyus) 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.

Web Resources

National Institute for Normalization and Standard - INNOQ

SADC Trade Protocol

AGOA/GSP

Ministry of Health

Ministry of Industry and Commerce

U.S. Commercial Service Office Maputo

Investment Climate Statement

Executive Summary

The once-promising Mozambican economy, which had seen steady 8 percent growth for many years, skidded into economic crisis following the revelation of USD 2 billion in illicit government debt in 2016, causing the IMF to cancel a second tranche of its stand-by credit facility and donors to suspend direct budget support. In 2016, economic growth rates fell to 3.5 percent, the metical devalued by over 40 percent against the U.S. dollar, and inflation rates climbed above 20 percent. Through decisive actions, the Central Bank was able to stabilize the currency and reduce inflation rates to the single digits in 2017, although economic growth rates remained anemic at 3.8 percent.

Though experiencing an economic downturn, Mozambique remains a country full of potential.

Late 2017 marked the official entry of ExxonMobil into gas development in Mozambique, with the Government of Mozambique (GRM) approving a USD 2.8 billion sale of half of Italian company ENI's stake in the Coral South field. If ExxonMobil and Anadarko secure financing and sufficient sales and purchase agreements (SPAs), the consortiums could reach final investment decisions (FID) by 2019, which would eventually bring more than USD 40 billion in investment to the Liquefied Natural Gas (LNG) sector in Mozambique. In 2017, ENI's Floating LNG project became Mozambique's first LNG project to reach FID. It will be the first use of the floating offshore technology in Africa. Eight billion dollars of investment for this project was raised from 15 international banks and 5 export credit agencies.

Mozambique offers the experienced investor the potential for high returns, but remains a challenging place to do business. Investors must factor in corruption, an underdeveloped financial system, poor infrastructure, and operating costs. Transportation inside the country is slow and expensive, while bureaucracy, port inefficiencies, and corruption complicate imports. Local labor laws remain an impediment to hiring foreign workers, even when domestic labor lacks the requisite skills. The financial crisis also impacted the GRM's ability to secure financing for even the most critical infrastructure projects. Additionally, because of the economic crisis, inflation, and currency fluctuations local Mozambican partners selling imported products in the local currency had trouble making payments in U.S. dollars to suppliers.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	153 of 175	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2019	135 of 190	http://www.doingbusiness.org/rankings https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf
Global Innovation Index	2017	107 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in Partner Country (M USD, stock positions)	2017	USD 354	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2016	USD 480	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

The GRM is open to foreign investment, seeing it as a driver of economic growth and job creation. All business sectors are open to foreign investors, with the exception of a few sectors related to national security. The GRM reviews and approves each foreign and domestic investment; there are almost no restrictions on the form or extent of foreign investment.

APIEX (Agencia para a Promocao de Investimentos e Exportacoes – Agency for Promotion of Investments and Exports) is the primary investor contact within the GRM. It is a public institution with administrative, financial, and property autonomy, operating under the Ministry of Industry and Commerce. Its objective is to promote and facilitate private and public investment. It also oversees the promotion of national exports. Through APIEX, investors can receive exemptions from some customs and VAT duties when importing "class K" equipment, which includes capital investments.

Contact information for APIEX is:

Agency for Promotion of Investments and Exports

Rua da Imprensa, 332 (ground floor)

Tel: (+258) 21313310

Ahmed Sekou Toure Ave., 2539

Tel: (+258) 21 321291/2/3

Mobile: (+258) 823056432

www.apiex.co.mz

www.apiex.gov.mz

Mozambique's Law on Investment, No. 3/93, passed in 1993, and its related regulations, govern national and foreign investment. In August 2009, Decree No. 43/2009 replaced earlier amendments from 1993 and 1995, providing new regulations to the Investment Law. In general, large investors receive more support from the government in the business registration process than small and medium-sized investors do. Government authorities must approve all foreign and domestic investments requiring guarantees and incentives. Regulations for the Code of Fiscal Benefits were established by Decree No. 56/2009 and approved in October 2009. The Code of Fiscal Benefits, Law No. 4/2009, passed in January 2009, can be found at: http://investmentpolicyhub.unctad.org/InvestmentLaws/laws/110.

The GRM, through the Confederation of Business Associations (Portuguese acronym - CTA), Mozambique's primary business and industry association, maintains an ongoing dialogue with the private sector, holding quarterly meetings with the Prime Minister and an annual meeting with the President. CTA provides feedback to the GRM on laws and regulations that impact the business environment.

Limits on Foreign Control and Right to Private Ownership and Establishment

Mozambique's investment law and its regulations generally do not distinguish between investor origin, or limit foreign ownership or control of companies. With the exception of Security & Safety, Media & Entertainment, and certain game hunting concessions, there were no legal requirements that Mozambican citizens own shares of foreign investments until 2011.

Law No. 15/2011, passed in August 2011 and often referred to as the "Mega-Projects Law," governs public-private partnerships, large-scale ventures, and business concessions. It states that Mozambican persons should participate in the share capital of all such undertakings in a percentage ranging from 5 percent to 20 percent of the equity capital of the project company. Implementing regulations were approved by the Council of Ministers in June 2012.

Article 4.1 in Law 14/2014, often referred to as The Petroleum Law, states that the GRM regulates the exploration, research, production, transportation, trade, refinery, and transformation of liquid hydrocarbons and their by-products, including petrochemical activities. Article 4.6 established state-owned oil company ENH as its exclusive representative for investment and participation in oil and gas projects. ENH typically owns up to a 15 percent of shares of the oil and gas projects in the country.

Other Investment Policy Reviews

Mozambique has undergone investment policy reviews by the following international organizations:

OECD Investment Policy Review (2013)
http://www.oecd.org/daf/inv/investment-policy/mozambique-investment-policy.htm

WTO Trade Policy review - Report by the Secretariat - Mozambique – Revision (2017)

https://www.wto.org/english/tratop_e/tpr_e/tp454_e.htm

UNCTAD Investment Policy Review (2012)
http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=222

Business Facilitation

APIEX is the government entity that promotes and facilitates investment in Mozambique. It provides support to investors for the following services: incorporation, business licensing, entrance visas, work permits, residence permits, identification and licensing of land, identification of business partners, troubleshooting, project monitoring, and implementation follow-up.

Lengthy registration procedures can be problematic for any investor – national or foreign – but those unfamiliar with Mozambique and the Portuguese language face greater challenges. Some foreign investors find it beneficial to work with a local equity partner familiar with the bureaucracy at the national, provincial, and district levels.

In 2019, Mozambique ranked 135 among 190 countries in the World Bank Doing Business report. The report highlights that it takes 17 days to start a business and 40 days to get electricity, a decrease from previous year statistics that were: 19 days to start a business, and 68 days to get electricity. Mozambique made starting a business more expensive by increasing the cost to publish the compay's deed. At the same time, Mozambique made starting a business less costly by replacing the business license with a notification of activity for some sectors.

Mozambique also made getting electricity faster by imposing new deadlines for connection procedures and streamlining processes. In 2019 The World Bank reports that Mozambique requires 118 days and 11 procedures to get a construction permit.

https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf

Outward Investment

The GRM does not promote or incentivize outward investment. It also does not restrict domestic investors from investing abroad. The law does request that domestic investors remit investment income from overseas, except for amounts required to pay debts, taxes, or other expenses abroad.

Bilateral Investment Agreements and Taxation Treaties

The United States negotiated a Bilateral Investment Treaty (BIT) with Mozambique that went into force on March 3, 2005. In June 2005, the two countries signed a Trade and Investment Framework Agreement (TIFA), establishing a Trade and Investment Council to discuss bilateral and multilateral trade and investment issues. The Council held its first meeting in October of 2006.

In 2016, the United States and the GRM held the fourth round of TIFA talks, continuing the collaborative work addressing trade constraints, improving Mozambique's business and investment environment, and expanding and diversifying trade between the United States and Mozambique. The talks also discussed how the U.S. Government could work with the GRM to meet its World Trade Organization (WTO) obligations, and advance trade facilitating activities related to sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT).

Mozambique has also signed bilateral investment agreements with Algeria, BLEU (Belgium-Luxembourg Economic Union), Brazil, China, Cuba, Denmark, Egypt, Finland, France, Germany, India, Indonesia, Italy, Japan, Mauritius, Netherlands, Portugal, South Africa, Sweden, Switzerland, Turkey, the United Arab Emirates (UAE), the United Kingdom, Vietnam, and Zimbabwe.

Mozambique does not have a bilateral taxation treaty with the U.S. Government, but has double taxation treaties with Portugal, Mauritius, Italy, South Africa, Botswana, India, Vietnam, Macau, Oman, and the UAE. Double taxation treaties with Qatar and Uruguay are under negotiation.

Legal Regime

Transparency of the Regulatory System

Investors face myriad requirements for permits, approvals, and clearances that take substantial time and effort to obtain. The difficulty of navigating the system provides opportunities for corruption and bribery when officials facilitate routine transactions. Regulations in the areas of labor, health and safety, and the environment often go unenforced, or are selectively enforced. In addition, civil servants have threatened to enforce antiquated regulations that remain on the books to obtain favors or bribes.

Draft bills are usually made available for public comments through the business associations or relevant sectors, or in public meetings. Changes to laws and regulations are published in the National Gazette. Public comments are usually limited to input from a few private sector organizations, such as CTA. There have been complaints of short comment periods and that comments are not properly reflected in the National Gazette. The GRM is considering a law that would make public consultation on future legislation mandatory.

International Regulatory Considerations

Mozambique is a member of the SADC (Southern African Development Community) and is a member of the organization's Free Trade Area. In June 2016, the GRM signed an Economic Partnership Agreement (EPA) with SADC, which includes Botswana, Lesotho, Namibia, South Africa, and eSwatini (formerly Swaziland). Mozambique exports aluminum under the EPA agreement.

The GRM ratified the Trade Facilitation Agreement (TFA) in July 2016 and notified the WTO in January 2017. A National Trade Facilitation Committee was established to coordinate the implementation of the TFA.

Legal System and Judicial Independence

Mozambique's legal system is based on Portuguese civil law and customary law. In December 2005, the Parliament approved major revisions to the Commercial Code – the result of a collaborative effort starting in 1998 between the Mozambican government, the private sector, and donors. The previous Commercial Code was from the colonial period, with clauses dating back to the 19th century, and it did not provide an effective basis for modern commerce or resolution of commercial disputes. The revised code went into effect July 1, 2006. In April 2018, the Council of Ministers passed new provisions for the Commercial Code, which will be debated in Parliament.

Laws and Regulations on Foreign Direct Investment

The Code of Fiscal Benefits, Law No. 4/2009, passed in January 2009, and Decree No. 56/2009, approved in October 2009, form the legal basis for foreign direct investment in Mozambique. Operating within these regulations, APIEX analyzes the fiscal and customs incentives available for a particular investment. Investors must establish foreign business representation and acquire a commercial representation license. During project development, investors must document their community consultation efforts related to the project. If the investment requires the use of land, the investor will also have to present, among other documents, a topographic plan or an outline of the site where the project will be developed.

If the investment involves an area under 1,000 hectares and the investment is up to approximately USD 25 million the governor of the province where it will be located can approve the investment. APIEX has the authority to approve any project between USD 25 million and approximately USD 40 million. The Minister of Economy and Finance must approve national or foreign investment between approximately USD 40 million and USD 225 million. If the investment (national or foreign) occupies an area of 10,000 hectares or an area superior to 100,000 hectares for a forestry concession, or it amounts to more than USD 225 million, the project must be approved by the Council of Ministers.

On February 21, 2017, the GRM 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 USD 50 million to USD 500,000 for an investment visa. Under the new visa regulations, citizens of nations that have Mozambican embassies or consulates may now also request visas upon entry. The new border visa is valid for 30 days and allows two entries.

Competition and Anti-Trust Laws

Law 10/2013, passed on April 11, 2013, and known as the Competition Law, established a modern legal framework for competition in Mozambique and created the Competition Regulatory Authority. A budget has still not been allocated to this body, and the GRM needs to appoint a board of directors. The framework is inspired by the Portuguese competition enforcement system. Violating the prohibitions contained in the Competition Law (either by entering into an illegal agreement or practice, or by implementing a concentration subject to mandatory filing) could result in a fine of up to 5 percent of the turnover of the company in the previous year. Competition Regulatory Authority decisions may be appealed in the Judicial Court in Maputo for cases leading to fines or other sanctions, or to the Administrative Court for merger control procedures.

Expropriation and Compensation

While there have been no significant cases of nationalization since the adoption of the 1990 Constitution, Mozambican law holds that "when deemed absolutely necessary for weighty reasons of national interest or public health and order, the nationalization or expropriation of goods and rights shall (result in the owner being) entitled to just and equitable compensation." No American companies have been subject to expropriation issues in Mozambique since the adoption of the 1990 Constitution.

Dispute Settlement

ICSID Convention and New York Convention

Mozambique acceded in 1998 to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Investor-State Dispute Settlement

For disputes between U.S. and Mozambican companies where a BIT violation is alleged, recourse via the international Alternative Dispute Resolution may also be available. No investment disputes in the past ten years have involved U.S. investors. Investors who feel they have a dispute covered under the BIT should contact the U.S. Embassy.

International Commercial Arbitration and Foreign Courts

In 1999, the Parliament passed Law no. 11/99 on July 8 (Law on Arbitration), which allows access to modern commercial arbitration for foreign investors. The Judicial Council approved Resolutions No. 1/CJ/2017 and No. 2/CJ/2017 on August 25, 2017, creating the Regulations of Mediation Services in Judicial Courts and the Judicial Mediators' Code of Conduct. These new resolutions are designed to promote the mediation process as an alternative to litigation.

The Center for Commercial Arbitration, Conciliation, and Mediation (CACM) works under the Ministry of Labor and Social Security and offers commercial and labor arbitration. It has offices in Maputo and Beira, with 98 percent of commercial arbitration cases originating from Maputo province. During 2018, Center for Commercial Arbitration, Conciliation, and Mediation (CACM) handled 20 cases of commercial arbitration, and another 24 case are in progress. CACM has 247 arbitrators and 26 mediators throughout the country. One of the main constraints to the use of arbitration is that many contracts do not incorporate a clause that allows conflicts to be resolved via arbitration instead of in the courts.

Bankruptcy Regulations

In June 2014, the GRM passed a comprehensive legal regime for bankruptcy, streamlining the bankruptcy process and settings the rules for business recovery. Globally, Mozambique stands at 75 in the ranking of 190 economies on the ease of resolving insolvency according to the 2018 Doing Business Report..

Industrial Policies

Investment Incentives

The Code of Fiscal Benefits contains specific incentives for entities that intend to invest in certain geographical areas within Mozambique that have natural resource potential, but which lack infrastructure and have low levels of economic activity. Rapid Development Zones (RDZ) were also created to facilitate investment. Investments in these zones are exempt from import duties on certain goods and are granted an investment tax credit equal to 20 percent of the total investment (with a right to carry credit forward for five years). Additional modest incentives are available for professional training and in the construction and rehabilitation of public infrastructure, including but not limited to roads, railways, water supply, schools, and hospitals.

The Code of Fiscal Benefits, Law No. 4/2009, passed in January 2009, is available at: http://investmentpolicyhub.unctad.org/InvestmentLaws/laws/110. The Regulations for the Code of Fiscal Benefits are set forth in Decree No. 56/2009, which was approved in October 2009. APIEX can assist companies with the investment incentives stipulated in the Code of Fiscal Benefits.

Foreign Trade Zones/Free Ports/Trade Facilitation

Mozambique has seven free trade zones in the country, which provide a variety of fiscal exemptions depending on the sector of investment as well as the project location. Investors should pay close attention to documents and procedures requested in order to establish a business locally or to request fiscal and customs incentives if investing in an industrial free zone. Information regarding business registration and administrative practices are available at: http://www.portaldogoverno.gov.mz/por/Empresas/Registos.

Performance and Data Localization Requirements

The government generally does not require investors to purchase from local sources, nor does it require technology or proprietary business information to be transferred to a local company; however, the proposed "Local Content" law could create additional requirements in this realm.

Regulations for new mining and petroleum laws may require investors to give preference to local sources available in Mozambique if the goods or services are of an internationally comparable quality and competitively priced.

Companies may hire foreign workers only when there are not sufficient Mozambican workers available that meet specific job qualifications. The Ministry of Labor enforces quotas for foreign workers as a percentage of the workforce within individual private companies. All investments must specify the number and category of Mozambican and foreign workers.

There are currently no data localization policies in effect in Mozambique. The government agency responsible for enforcing IT policies and rules is:

UTICT – Unidade Técnica de Implementaçao da Politica de Informática
Technical Implementation Unit for IT Policy

Tel: (258) 21 309 398; 21 302 241
Mobile (258) 305 3450
Email: cpinfo@infopol.gov.mz
http://www.infopol.gov.mz

Protection of Property Rights

Real Property

The legal system recognizes and protects property rights to buildings and movable property. Private ownership of land, however, is not allowed in Mozambique. Land is owned by the State. The government grants land-use concessions called DUATs (Direitos de Uso e Aproveitamento de Terra, or a land-use title) for periods of up to 50 years, with options to renew for an additional 50 years. Essentially, land-use concessions serve as proxies for land titles. There is no robust market in land user rights and land use titles are not easily transferable. The process to award land concessions is not transparent and the government at times has granted overlapping land concessions. It takes an average of 90 days to issue a land title for most concessions. The Mozambican banking community uses property other than land – cars, private houses, and infrastructure – as collateral, as it is not possible to securitize property for lending purposes.

Investors should be aware of the requirement to obtain endorsement of their projects in terms of land use and allocation at a local level from the affected communities. APIEX assists investors in finding land for development and obtaining appropriate documentation, including agricultural land. The government advises companies on relocating individuals currently occupying land designated for development; however, companies are ultimately responsible for planning and executing resettlement programs.

Intellectual Property Rights

The Parliament passed a copyright and related rights bill in 2000, which, when combined with the 1999 Industrial Property Act, brought Mozambique into compliance with the WTO agreement on the Trade Related Aspects of Intellectual Property Rights (TRIPS). The law provides for the security and legal protection of industrial property rights, copyrights, and other related rights. In addition, Mozambique is a signatory to the Bern Convention, as well as the New York and Paris Conventions.

Despite enforceable laws and regulations protecting intellectual property (IPR) and providing recourse to criminal or administrative courts for IPR violations, it remains difficult for investors to enforce their IPR. The registration process is relatively simple and private sector organizations have been working with various government entities on an IPR taskforce to combat IPR infringement and related public safety issues.

Intellectual property rights enforcement in Mozambique remains sporadic and inconsistent. Mozambique's National Inspectorate of Economic Activities (INAE) increased seizures of counterfeit goods in 2017, confiscating Hewlett-Packard (HP) toner cartridges, Nike, Adidas, and Ralph Lauren and other falsely branded merchandise in several large busts, but raids and prosecutions remain rare overall. Pirated copies of audio, videotapes, DVDs, and other counterfeit goods are commonly sold in Mozambique.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

Financial Sector

Capital Markets and Portfolio Investment

The Mozambique Stock Exchange (BVM – Portuguese acronym) is a public institution under the guardianship of the Minister of Economy and Finance and the supervision of the Central Bank of Mozambique. Corporate and government bonds are traded on the BVM, and there is only one dealer that operates in the country, with all other brokers incorporated into commercial banks, which act as the primary dealers for treasury bills. The secondary market in Mozambique remains underdeveloped. Available credit instruments include medium and short-term loans, syndicated loans, foreign exchange derivatives, and trade finance instruments, such as letters of credit and credit guarantees.

The GRM notified the IMF that it has accepted the obligations of Article VIII sections 2, 3, and 4 of the IMF Articles of Agreement, effective May 20, 2011.

Money and Banking System

The banking system remains stable, and the Central Bank has continued to address banking secrtor vulnerabilities. New regulations that increased adequacy rations and established minimum liquidity requirements have been in place since 2017; supervision and enforcement of prudential requirements have been strenghthened; and higher reserve requirements on foreign currency deposits have provided desincentives for intermediation in foreign currency. On average, banks remain liquid, well capitalized and profitable. However non-performing-loans (NPLs) reached 11% of total loans in February 2019, a considerable increase from the 4-6% in 2016. Seeking to strengthen the sector, the Central Bank increased shareholder capital requirements from USD 1 million to USD 25 million and raised the capital adequacy ratio from 9 to 12 percent. The Central Bank, in 2016, took administrative control over Moza Banco, Mozambique's fourth largest commercial bank, dissolving its board and replacing it with a provisional board. Moza Banco's shareholders failed to recapitalize the bank in March 2017. Following an open tender for proposals to purchase and thereby recapitalize Moza Banco, the Central Bank ultimately accepted a bid from its employees' pension fund, which purchased 80 percent of Moza Banco's shares.

The Mozambican Association of Banks (AMB) and KPMG reported in 2017 that the four largest commercial banks accounted for almost 98 percent of the profits in Mozambique's banking sector. The remaining 15 banks earned 2 percent of banking profits. The number of bank branches in Mozambique rose from 616 in 2015 to 637 in 2016 with the bulk of these branches concentrated in major cities; rural districts often have no banks at all. Credit is allocated on market terms but eligibility requirements exclude much of the population from obtaining credit. Banks request collateral, but since land cannot be used as collateral, the majority of individuals do not qualify for loans. Foreign investor export activities in critical areas related to food, fuel, and health markets have access to credit in foreign and local currencies. All other sectors have access to credit only in the local currency.

Foreign Exchange and Remittances

Foreign Exchange Policies

In December 2017, Mozambique approved new exchange control rules in Decree 49/2017. Residents in Mozambique are now required to remit export earnings to Mozambique into an export earnings account in foreign currency, which can only be used for specifically defined purposes. Under the new decree, the mandatory registration of foreign exchange operations will now be processed electronically in real time by the commercial banks. Applications for capital operations are now processed by commercial banks, and forwarded to the Central Bank of Mozambique. Foreign direct investment (FDI) up to USD 250,000 no longer requires prior authorization from the Bank of Mozambique and only needs to be registered with the commercial bank handling the transactions. Shareholder and intercompany loans made by foreign entities up to USD 5 million require no authorization from the Central Bank, provided the loans are interest free or lower than the base lending rate for the relevant currency, the repayment period is at least three years, and no other fees or charges apply.

A special foreign exchange regime for oil, gas, and mining sectors allows for greater flexibility in foreign exchange and financing operations. The law, which went into force in January 2018, stipulates that profits from petroleum rights are entirely taxed at an autonomous tax rate of 32 percent. It also guarantees tax stabilization for up to 10 years, starting from the beginning of commercial production with an investment amount of USD 100 million. The Ministry of Economy and Finance can also approve the use of U.S. dollars, if the company has invested at least USD 500 million and more than 90 percent of its transactions are in U.S. dollars. The law also revoked a 50 percent tax rate reduction related to the production tax that was available when extracted products were used locally.

Remittance Policies

Under the 2017 Decree, there is no longer an obligation to convert 50 percent of export proceeds into the local currency. The new decree only requires that a sufficient quantity be converted into the local currency to cover payments to residents locally.

Sovereign Wealth Funds

The GRM is exploring establishing a sovereign wealth fund for LNG revenues that are expected in the next decade. Currently there is an off-budget account for capital gains revenues. Article 5 of the 2017 Budget Law authorizes the government to save or spend windfall revenues on investment projects, debt repayment, and emergency programs. However, there are limited details on how off-budget spending should be planned and approved.

State-Owned Enterprises

In March 2018, the Parliament passed a new law that broadens the definition of state-owned enterprises (SOEs) to include all public enterprises and shareholding companies. Once published, the new law should unify SOE oversight and harmonize the corporate governance structure, placing additional financial controls, borrowing limits, and financial analysis and evaluation requirements for borrowing by SOEs. The law should also require the oversight authority to publish a consolidated annual report on SOEs, with additional reporting requirements for individual SOEs. In December 2017, the Council of Ministers also approved a decree to manage government guarantees and public debt that clearly defines the instruments for guarantees and state borrowing.

State-owned enterprises have their origin in the socialist period directly following Mozambique's independence in 1975, with a variety of SOEs competing with the private sector in the Mozambican economy. Government participation varies depending on the company and sector. SOEs are managed by the Institute for the Management of State Participation (IGEPE - Portuguese acronym). Following past privatization and restructuring programs, IGEPE now holds majority and minority interests in 128 firms, down from 156.

Some of the largest SOEs, such as Telecommunications of Mozambique (Information & Communication – landline telephones), Airports of Mozambique (ADM) and Airlines of Mozambique (Travel – airports and air transportation), and Electricity of Mozambique (Energy & Mining – electrical utility), have monopolies in their respective industries. In some cases, SOEs enter into joint ventures with private firms to deliver certain services. For example, Ports and Railways of Mozambique (CFM-Portuguese acronym) offers concessions for some of its ports and railways. Many SOEs benefit from state subsidies. In some instances, SOEs have benefited from non-competed contracts that should have been competitively tendered. SOE accounts are generally not transparent and not thoroughly audited by the Supreme Audit Institution. SOE debt represents an unknown, but a potentially significant liability for the GRM.

Privatization Program

Mozambique's privatization program has been relatively transparent, with tendering procedures that are generally open and competitive. Most remaining parastatals operate as state-owned public utilities, with government oversight and control, making their privatization more politically sensitive. While the government has indicated an intention to include private partners in most of these utility industries, progress has been slow.

Responsible Business Conduct

Larger companies and foreign investors in Mozambique tend to follow their own responsible business conduct (RBC) standards. For some large investment projects, RBC-related issues are negotiated directly with the GRM. Responsible business conduct is an increasingly high-profile issue in Mozambique, especially in the extractive industries, with some projects requiring resettlement of communities.

Business integrity initiatives are mainly supported by business associations, civil society organizations, and multinational companies. The Mozambican corporate social responsibility network, PACTUM, promotes initiatives and provides technical assistance to companies wishing to invest in the communities where they operate. CTA is reviewing a proposed "Business Code of Conduct," which will include monitoring, sanctions, and an enforcement mechanism. CTA also recently signed an MOU with the Central Office for Fighting Corruption (Portuguese acronym – GCCC) to cooperate on joint initiatives to prevent corruption in the private sector and improve good corporate governance. Under this MOU, the GCCC will also provide legal advice to the private sector. The organization IoDmz promotes business integrity initiatives, including the adoption of a Business Code of Ethics and a Business Pact against Corruption (BIPAC) in procurement and political funding. The Commercial, Industrial, and Services Association (ACIS) also promotes RBC through their own Code of Business Principles. Mozambique is a member of the Extractive Industries Transparency Initiative (EITI).

Corruption

The National Assembly passed an anti-corruption bill in 2004. Mozambique established an anti-corruption unit, the Central Office for Fighting Corruption (GCCC), within the Office of the Attorney General to investigate corruption-related crimes. In 2005, the government passed Decree 22/2005, which created provincial-level offices to combat corruption. The 2012 Law on Public Integrity banned government officials and parliamentarians from simultaneously holding positions in SOEs. Mozambique passed a Right to Information law in 2014, which came into force in January 2016, although there have been cases of some journalists being denied requests for information.

Though Mozambique has made progress developing the legal framework to combat corruption, the policies and leadership necessary to ensure effective implementation have been insufficient.

Mozambique ranked 15^{8th} out of 180 countries in Transparency International's 2017 Corruption Perceptions Index. Corruption is a concern across the government, and senior officials often have conflicts of interest between their public roles and their private business interests. There are also frequent reports of corruption and bribe-seeking among Mozambican police forces.

A few civic organizations and journalists remain vocal on corruption-related issues. One NGO, the Center for Public Integrity (Portuguese acronym-CIP), continues to publicly pressure the government to act against corrupt practices. CIP finds that many local businesses are closely linked to the government and have little incentive to promote transparency. Despite strong rules prohibiting the bribery of public officials, enforcement remains limited.

Resources to Report Corruption

Contact at government agency or agencies responsible for combating corruption:

Ana Maria Gemo
Central Anti-Corruption Office (Gabinete Central de Combate a Corrupçao)
Avenida 10 de Novembro, 193
+258 82 3034576
gabinetecorrupçao@yahoo.com.br

Contact at "watchdog" organization

Fatima Mimbire
Project Coordinator Extractive Industries
Center for Public Integrity (Centro de Integridade Publica)
Rua Fernao Melo e Castro, 124
+258 82 5293957
fatima.mimbire@cipmoz.org

Political and Security Environment

Between 2013 and 2016, Mozambique experienced waves of politically motivated violence due to a simmering armed conflict between GRM forces and the main opposition party Renamo. Tensions peaked in 2016, a year that saw GRM forces deploy armed convoys along the country's two main commercial highways to counter Renamo attacks. Thousands of Mozambicans sought asylum in neighboring Malawi to avoid the conflict. International human rights organizations described alleged human rights violations against the refugees and their families carried out by GRM forces, as well as allegations of mass graves. Political killings, attacks on public transportation, and kidnappings were also attributed to Renamo by Human Rights Watch.

After a cessation of hostilities was declared in December 2016, the GRM and Renamo made significant progress towards a lasting peace in 2017 and early 2018. In February 2018, the GRM and Renamo reached an agreement on government decentralization. In the recently approved decentralization agreement, it creates a system of indirectly-elected governors, district administrators, and mayors selected by the party or coalition that receives the most votes in assembly elections at each of these levels. The parties continue to negotiate on the issue of demilitarization and integration of Renamo combatants.

On the security front, the GRM faces significant challenges in its efforts to combat transnational and organized crime, prevent the spread of violent Islamic extremism, and curb poaching and illegal wildlife trafficking. In October 2017, organized Islamic extremists carried out unprecedented attacks against government facilities in the north of the country, killing at least two police personnel. Since that time, Islamic extremists have sought to terrorize the local population through night-time attacks on rural villages, which lack security personnel, in which villagers are murdered, valuables are stolen, and houses are burned. These attacks have, thus far, been isolated to the districts of Mocimboa da Praia, Palma, Nangade, Macomia, and Quissanga in Cabo Delgado province, and since June 2018 have occurred on an almost weekly basis. Increased deployments of military and police personnel in the impacted districts have not curbed the attacks or eliminated the Islamic extremist group. These attacks highlight long-simmering economic and social risk factors for radicalization in the north and underscore the need for national counterterrorism and counter-violent extremism (CVE) strategies.

Labor Policies and Practices

The labor market is dominated by the informal economy with the vast majority of people (approximately 80 percent) working in subsistence agriculture, particularly in rural areas. People in cities often work in informal trade.

There is an acute shortage of skilled labor in Mozambique. As a result, many employers import foreign employees to fill these skill gaps. The GRM maintains quotas that limit the number of foreign nationals a business can employ in relation to the number of Mozambican citizens it employs. The government passed a labor regulation in 2016 strengthening the requirement for employers of foreign nationals to devise a skills transfer program that trains Mozambican nationals to eventually replace the foreign workers.

The constitution and law provide that workers, with limited exceptions, may form and join independent trade unions, conduct legal strikes, and bargain collectively. The law requires government approval to establish a union. The government has 45 days to register employers' or workers' organizations, a delay the International Labor Organization (ILO) deemed excessive. Approximately 3 percent of the labor force are affiliated with trade unions. An employee fired with cause does not have a right to severance, while employees terminated without cause do. Unemployment insurance does not exist and there is not a social safety net program for workers laid off for economic reasons.

OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC), an independent U.S. government agency that assists with project finance, through loans or loan guaranties, and political risk insurance, signed an investment incentive agreement with Mozambique in 1999, which was ratified in 2000. The African Banking Corporation of Mozambique received funding to expand its SME lending portfolio in Mozambique, and Chemonics International received funds for management, scientific, and technical consulting services from OPIC. Potential for OPIC investment is likely to increase in line with Mozambique's own expected economic growth due to commercialization of Mozambique's natural resources.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) (USD M USD)	2016	USD 11,400	2016	USD 11,000	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or International Statistical Source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**

U.S. FDI in Partner Country (M USD, stock positions)	N/A	2017	USD 354	BEA data available at http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm
Host Country's FDI in the United States (USD M USD, stock positions)	N/A	N/A		
Total Inbound Stock of FDI as % host GDP	N/A	2016	3%	

* Host country source: http://www.ine.gov.mz/estatisticas/estatisticas-economicas;

Table 3: Sources and Destination of FDI

Annex table 1. FDI inflows, by region and economy,			
From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***			
Inward Direct Investment		**Outward Direct Investment**	
Inward Source Country		Outward	Amount
USA	USD 251,814	N/A	
China	USD 139,043		
Hong Kong, China	USD 115,661		
Singapore	USD 77,646		
Netherlands	USD 69,658		

*Source: https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

Contact for More Information on the Investment Climate Statement

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Trade & Project 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 common 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 31% 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 USD50,000, 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

Commercial Banks with correspondent U.S. banking relationships:

Barclays

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

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. Mozambique is eligible for short, medium, and long-term loans, loan guarantees, and insurance to finance private sector purchases of U.S. goods. The Export-Import Bank has no pre-set financing limits.

OPIC -- The Overseas Private Investment Corporation is an independent U.S. government agency that can assist with project finance, through loans or loan guaranties, and political risk insurance in Mozambique. OPIC has also created venture capital funds based in Johannesburg including: The New Africa Growth and Opportunity Fund and the Modern Africa Growth and Investment Corporation.

MIGA -- Mozambique is a member of the Multilateral Investment Guarantee Agency (MIGA), part of The World Bank Group. MIGA offers investment guarantees for private sector projects.

IFC -- The International Finance Corporation (IFC) and the Commonwealth Development Corporation provide medium-term loans and equity finance in Mozambique from their South African offices.

Financing Web Resources

Commercial Liaison Office to the African Development Bank

Commercial Liaison Office to the World Bank

Export-Import Bank of the United States

Country Limitation Schedule

OPIC

U.S. Trade and Development Agency

Small Business Administration Office of International Trade

USDA Commodity Credit Corporation

U.S. Agency for International Development

Bank of Mozambique

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 fairly well; 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

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 FastJet, 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 USD100 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 USD100 and USD290 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 businesspersons 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 fax service are fairly 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 3G mobile internet services in urban areas. MCel and Vodacom have roaming agreements with most South African, European, and U.S. mobile operators.

Several hotels in Maputo, Beira, and Pemba offer internet access through their business centers, or wifi 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, rental cars with drivers are available from Avis, Hertz, Imperial (South Africa), Car Premium, 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 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

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 12pm to 3pm on Fridays.

2019 National Holidays in Mozambique:

January 1	New Year’s Day
February 4	Mozambican Heroes Day
April 8	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 amounting to 10% of actual duty payable, and re-export of these goods must take place within 180 days after the closing of exhibitions; this period may be extended up to one year. If they are not re-exported within the specified periods, they will be considered to have been imported for consumption, subject to normal customs formalities.

Travel Related Web Resources

U.S. State Department Visa Website

U.S. Embassy, Maputo, Mozambique

U.S. Center for Disease Control Travel Site

Embassy of the Republic of Mozambique in Washington, DC

Fixed and Mobile Network Operators

Telecomunicações de Moçambique (TDM)

mCel

Vodacom

Movitel