



Foreword by
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Chairman, FIRST
Advisory Council

I have great pleasure in introducing this official FIRST report on Mozambique to mark His Excellency President Armando Emílio Guebuza's visit.

The President's visit is particularly timely and will help focus the attention of international business leaders and policy makers on the many investment and trade opportunities that exist in Mozambique. Mozambique represents a welcome post conflict success story and is an African example of how the correct balance of development assistance, private investment and democratic government can make a distinctive difference.

Mozambique has enjoyed impressive economic growth since 1987 when the government embarked on a programme of macro-economic reforms designed to stabilise the economy. These reforms combined with international assistance and with the benefit of political stability since multi-party elections in 1994 have resulted in dramatic improvements in Mozambique's economic development – GDP growth of 7.2 per cent was achieved in 2011.

The agricultural sector employs 83 per cent of the workforce and accounts for some 80 per cent of the country's exports. Minerals make up an increasing share of exports and recent discoveries of substantial offshore assets is significantly increasing the contribution of the oil and gas sector to economic development. In particular, recent gas discoveries by Anadarko Petroleum and Eni have focused attention and interest on the significant economic potential of Mozambique. The Mozambican national oil company Empresa Nacional de Hidrocarbonetos (ENH) is likely to increase its participation in future energy projects and is due to launch fresh bidding rounds later this year. It is estimated that gas projects could result in US\$ 70 billion of investment in the next few years.

Mozambique is also endowed with significant coal reserves – Tete is the region at the heart of the country's coal industry and

is one of the world's richest underdeveloped coal reserves. The World Bank predicts that some USD 10 billion will be invested in known coal projects over the coming years. It is estimated that the country could be producing up to 100 million tonnes per year in the next decade. It has been announced that a bidding round for new coal prospecting and mining licences in the central Tete province will be launched later this year.

The Mozambican economy also benefits from the transit of goods to and from the African interior and investment in infrastructure to expand the Beira, Nacala and Maputo corridors (linking respectively Zimbabwe, Malawi and South Africa to the Indian Ocean) has increased significantly in recent years. Mozambique's impressive economic growth, its abundant coal and gas resources and the further potential of agricultural, telecommunications and finance sectors, offer an opportunity to accelerate and broaden the country's economic development. The challenge facing Mozambique is to ensure that the country's undoubted natural resource wealth is harnessed for the benefit of the people and lifts the nation into prosperity.

We warmly welcome Mozambique and are delighted that she has become a member of the Commonwealth. President Armando Emílio Guebuza's Official Visit to the United Kingdom, while providing an opportunity for private discussions, will give us all an opportunity to study what is happening in Mozambique and to weigh carefully the opportunities to work together even more closely.

We at FIRST are delighted to have been asked to produce this official publication to mark the Visit of President Armando Emílio Guebuza and hope that it contributes, in a small way, to its success and the further development of Mozambique's international relationships, especially in the areas of trade and investment. E