

# Trade and investment

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**LOURENCE SAMBO** has been Director General of the Investment Promotion Centre – CPI, since July 2010. Before that he was Economic Adviser to the Minister of Planning and Development. A graduate of the University of Eduardo Mondlane in Economics, he holds a Master’s in Agricultural Business Management and an Engineering Master’s Degree.

After years of civil war followed by a planned economy, Mozambique is now open to the world and welcomes trade and investment. Over the last decade, some US\$20 billion of investment has poured into the country, with agriculture and agro-industry, industry, mining, banking and insurance, hotels and tourism, transport and communications, fisheries and aquaculture, civil construction and the energy industry, among the largest recipients.

The ongoing improvement in the country’s business environment, focusing on key issues such as the simplification of business start-up procedures, simplification of requirements and procedures for the licensing of economic activities, adoption of international norms, simplification of procedures for import and export operations, labour law reforms and infrastructure development, have played a key role in attracting and sustaining a high level of FDI.

Mozambique has also signed investment promotion and protection agreements with several countries, including the United Kingdom, Portugal, France, South Africa, Germany, Belgium, China, Denmark, Egypt, the United States, Finland, Indonesia, Italy, Mauritius, The Netherlands, Sweden, and Vietnam.

The Government has also put a number of investment guarantees in place, namely:

- Legal protection of property rights, including intellectual property rights;
- No restrictions on loans and interest payments abroad;
- Transfer of dividends abroad;
- Arbitration according to the rules of the International Centre for Settlement of Investments Disputes (ICSID) and of International Chamber of Commerce (ICC);
- MIGA and OPIC services on issues related to risk investment cover.

In addition, investors are offered fiscal incentives covering those economic sectors with extraordinary potential, including the following:

### **Agriculture and Agro-Industry**

This is a sector with enormous opportunities for the production of cereals, fruits, flowers, vegetables, for the local market and export. The Zambezi Valley, the Maputo Corridor, the Beira Corridor and the Nacala Corridor have extraordinary potential.

### **Energy**

Mozambique has a huge energy potential for hydro, natural gas, coal, solar and wind power, estimated at over 14,000 MW. Currently, the country generates slightly



The Port of Beira is the gateway to northern Mozambique

more than 2,000 MW, an output that is far below the growing domestic and regional demand resulting from industrialization. There also potential for biofuels.

#### **Mineral Resources**

There are unique opportunities for mining, with huge coal and natural gas deposits discovered recently. There are also significant deposits of heavy minerals, limestone, graphite, precious and semi-precious stones, and marble, among others. Investments are needed to add value to these resources.

#### **Livestock**

Mozambique has an excellent climate for livestock production with vast areas available for natural pasture and poultry.

#### **Aquaculture and Fisheries**

This sector is already one of the country's main export earners thanks to Mozambique's long Indian Ocean coastline rich in tuna sardines and shrimps, for example. There are also opportunities for prawn farming.

#### **Construction**

This sector offers enormous opportunities, given that Mozambique is in the midst of a nationwide reconstruction programme of roads, bridges, offices, ports and airports, and other key infrastructure.

#### **Trade**

There is an ever-growing domestic consumer market for all type of goods and services. Mozambique also offers outlets to the preferential markets of the Southern African Development Community (SADC), the European Union, the United States, and China.

#### **Tourism**

Mozambique has a 2,700-kilometre Indian Ocean coastline with magnificent beaches and islands. This

sector has already received substantial investments but the potential is unlimited. Mozambique also offers special fiscal benefits for investments in:

#### **Industrial Free Zones**

- Exemptions from payment of customs duties on the import of construction materials, machinery, equipment and accompanying spare parts;
- Exemption from payment of corporate tax for the first 10 tax years
- 50 per cent reduction of corporate tax from the 11th to the 15th tax year
- 25 per cent reduction of corporate tax for the remainder of a project's life

#### **Special Economic Zones**

- Exemptions from payment of customs duties on the import of construction materials, machinery, equipment and accompanying spare part;
- Exemption from payment of the corporate tax in the first five tax years
- 50 per cent reduction of corporate tax from the 6th to the 10th tax year
- 25 per cent reduction of corporate tax for the remainder of a project's life

#### **Mining**

- Exemption from payment of customs duties on the import of exploration and development equipment.
- Mozambique also offers access to the markets of the Southern African Development Community (SADC), the European Union, the United States, and China.

The Investment Promotion Centre (CPI) assists those seeking to invest in Mozambique. Acting as a "One Stop Shop", the CPI provides assistance to the investor, from project submission to implementation. 

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Aquaculture is an important export earner