

Mozambique

Country Note



Republic of Mozambique is a country in Southeast Africa bordered by the Indian Ocean to the east, Tanzania to the north, Malawi and Zambia to the northwest, Zimbabwe to the west, and Swaziland and South Africa to the southwest. Mozambique has an abundance of natural resources: fertile plains that favour agriculture, large rivers, minerals, iron, extensive reserves of natural gas and fossil energy resources such as coal. In addition to these resources, Mozambique also has 2700 km of coastline and an ocean rich in fish and shellfish.

Why invest in Mozambique:

Rich Natural Resources

- Agriculture is currently the most important economic activity.
- The production of biofuels has been growing in recent years.
- Mozambique has huge reserves of untapped natural gas.
- Huge reserves of coal

Strategic Location

- Located near the world routes of oil, coal and other major minerals and foodstuffs, Mozambique offers strategic access to markets in SADC, AGOA and the European Union.
- The port of Maputo, as well as other major ports of Mozambique, namely Beira and Nacala, also have a strategic location in relation to the Indian Ocean.

Investment Incentives

- The Economic Areas with Accelerated Development (also known as "free economic zones") provide conditions more favourable to foreign investment.
- Favourable conditions for direct investment and facilitating the establishment of foreign companies and providing tax benefits

In recent years, deepening economic interests have become the most important vector of India-Mozambique relations. Indian companies have invested heavily in the energy resources of Mozambique and by some estimates these investments amount to almost a quarter of India's total FDI in Africa.

Bilateral Trade & Investment:

The value of trade between the two countries grew five-fold between 2010 and 2015, to reach USD 2.4 billion dollars in 2014-15. The slowdown in the commodity market caused a dip in the trade volume in 2015-16, to about USD 1.5 billion dollars. The most important export commodities from the Indian side are refined petroleum products and pharmaceuticals, whereas coal and cashew have been the leading items among Mozambican exports to India.

Gas: In 2014, two Indian Public Sector Companies, ONGC Videsh Ltd. and Oil India Ltd. completed the acquisition of 20% stake in Area 1 of the huge Rovuma gas block of Mozambique, at a cost of over USD 5 billion

Coal: In the coal mining sector, in July 2014, International Coal Ventures Private Ltd, a consortium of five Indian PSUs (SAIL, NMDC, RISL, CIL and NTPC) purchased a 65% stake in the coal assets sold by Rio Tinto. Other Indian companies with a presence in the coal mining sector include JSPL, JSW, Coal India Ltd, Tata Steel, Essar, Midwest Africa, Sunflag group, etc.

Indian investments in sectors other than mining include the Essar group's interest in developing a coal terminal at Beira port, and investments in commercial agriculture by companies like Pure Diets, Rajarambapu Group, HK Jalan group and Asian Tea Company. There is increasing interest by Indian companies in investing in newer sectors in Mozambique, including healthcare, education, information technology, pharmaceuticals, etc.

Sources:

Ministry of External Affairs, India: http://www.mea.gov.in/Portal/ForeignRelation/Mozambique_July_2016.pdf

APIEX, Mozambique: <https://www.cpi.co.mz/why-invest.html>

