



Country Notes on Mozambique

Economic Overview

Mozambique is a country with enormous resources, endowed with a pleasant climate and a facilitating geographical location. Economic activity in Mozambique rests on a wide ranging initiatives in the field of agriculture, manufacturing, mining, construction and transport and a large number of specialised services. The Government has initiated effective measures for revival of economy such as elimination of subsidies, abolition of import licences, reduction of import tariffs, simplification of Customs procedures and major privatisation programmes for the banking sector and state manufacturing companies.

Agriculture

Agriculture plays a fundamental role in the development of national economy. It contributes about 28% of GDP. More than 78 per cent of the Mozambican population lives in the country side and their main activity is agriculture. The area of potentially arable land is estimated at 36 million hectares whereas less than 30% of this is actually cultivated. The main crops produced in the country are maize, rice, cassava, groundnut, bean and sugar cane. Most important exports are sugar, cotton and cashewnuts.

Energy Resources

Mozambique has a rich and diversified energy resources such as hydro power, natural gas and coal. In addition, there are bio mass resources, and proven potential of renewable energy resources such as solar and wind. A number of hydropower projects are being considered for development with the large scale Mepanda Uncua project entering the execution phase. Gas development projects are in reality in the southern & central part of the country.

Regarding solar energy, Mozambique has the advantage of being located within the so called sun-belt area stretching from 10th to the 26th parallel. Data available indicate that solar radiation reaches high values with average recordings of 5.0 kwh/m²/day.

Mozambique is richly endowed with coal reserves, estimated at 10 billion tons.

Mineral Resources

Mozambique has considerable mineral resources, though, unexploited to a large extent.

Both metallic and non-metallic minerals occur in large variety in Mozambique. The most important of these are : rare metals, gold,

copper, and iron ore. The table below gives the major mineral resources and their respective estimated reserves.

Asbestos	500 000 tons
Bauxite	6.13 million tons
Black Granite	2 million tons
Coal	15 835 million tons
Copper	382 000 tons
Gold	47 000 tons
Graphite	40 million tons
Iron Ore	254 million tons
Mica	72 000 tons
Natural Gas	27 TCF

Manufacturing Sector

The manufacturing sector is growing steadily since 2001. It registered a growth of 5.1 per cent in 2003 and is likely to maintain the growth during 2004. Apart from aluminium, other dynamic manufacturing sub-sectors are agricultural processing and construction materials. The industry has benefited from lower import tariffs on intermediate and capital goods.

Transport Sector

The land transport network is linked with the ports through railways which facilitates transport of the goods for the countries of the hinterland. Mozambique's five main sea ports are Maputo, Beiro, Nacala, Quelimane and Pemba. Efforts are being made to improve the coastal shipping system and reduce the costs of transporting merchandise so as to make them more competitive domestically and internationally.

Mozambique's Global Trade

The total imports and exports made by Mozambique during the years 2002 & 2003 are given below.

Year	Imports	Exports
	Value in Million US\$	
2002	1262.9	682.0
2003	1142	795

Imports

Machinery and equipment, vehicles, fuel, chemicals and metal products accounted for the bulk of the imports. Imported goods principally came from South Africa, France, USA, Australia, Japan and Malaysia.



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Exports

Aluminium has become the principal export product since 2001 and represents more than half of Mozambique's export earnings followed by electricity. Export of electricity is likely to increase in the coming years due to signing of new power export agreement between South Africa and Mozambique. Other items which contributed to export earnings are cotton, cashewnuts, fish, sugar and tyres.

Engineering Exports from India

Export of engineering goods from India to Mozambique has been steadily increasing over the years. From US\$ 11.69 million in 2002-03, the engineering exports have increased to US\$ 19.74 million during 2003-04 registering 68.86 per cent increase in the exports which is quite significant. Bicycles and parts, primary iron & steel, complete vehicles, Aluminium products, IC engines and parts and auto parts, accounted for the major share in the exports. The product wise global import of engineering goods by Mozambique vis-a-vis imports from India during the year 2002 are given below.

<i>Sl. No.</i>	<i>H.S. Chapter No.</i>	<i>Product Sector</i>	<i>Mozambique's total imports during 2002</i>	<i>Imports from India during 2002</i>
<i>(Value in US\$ million)</i>				
1.	72	Iron and Steel	32.18	1.93
2.	73	Articles of iron or steel	153.05	0.44
3.	74	Copper and articles thereof	1.16	
4.	76	Aluminium and articles thereof	16.56	0.77
5.	79	Zinc and articles thereof	1.03	
6.	80	Tin and articles thereof	0.13	
7.	82	Tools, implements, cutlery, spoons and forks of base metal & parts thereof of base metal	5.11	0.25
8.	83	Miscellaneous articles of base metal	3.81	0.07
9.	84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	135.95	1.58

<i>Sl. No.</i>	<i>H.S. Chapter No.</i>	<i>Product Sector</i>	<i>Mozambique's total imports during 2002</i>	<i>Imports from India during 2002</i>
<i>(Value in US\$ million)</i>				
10.	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers. Television image and sound recorders and reproducers, and parts and accessories	186.18	0.43
11.	86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment all kinds	3.32	-
12.	87	Vehicles other than railway or tramway and parts thereof;	91.17	6.01
13.	88	Aircraft, spacecraft, and parts thereof	2.50	-
14.	89	Ships, boats and floating structures	0.59	-
15.	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	18.28	0.38
16.	91	Clocks and watches and parts thereof	0.14	-
17.	92	Musical instruments; parts and accessories thereof;	0.10	-
Total			651.26	11.86

**EEPC INDIA****List of Importers of Engineering Goods in Mozambique**

<i>Name of importer</i>	<i>Items</i>
New Heights C.C. Av. Eduardo Mondlane No. 1780, Maputo Mozambique Tel/Fax : 258-1-31205	Hardware importers and distributors
Ayul Trading La No. 2983, R C Av. Eduardo Mondlane C.P. 2815, Maputo Mozambique Attn. : Mr. Deepak Kothari Tel. : 258-1-409245/6 Fax : 258-1-409247 E-mail : raz@ayulgroup.net	Stainless steel utensils and consumer durables
Maputo Mica Av. da. Zambia 116 Maputo, Mozambique Tel. : 258-1-408325/6 Fax : 258-1-408328 E-mail : maputomica@msn.com	Stainless steel utensils
KANES Av. Das F P L M No. 1954, P O Box 1318 Maputo, Mozambique Tel. : 258-1-460510 Fax : 258-1-460115 E-mail : kanes@teledata.mz	Agricultural machinery and hand pumps
Embalagens Holdains. LDA Av. das Industrias 151, Machava Maputo, Mozambique Tel. : 258-1-750043/750372 Fax : 258-1-750044 E-mail : holdains@teledata.mz	Packaging machinery, cardboard box making machinery
Merec Industries LDA Av. Do Trabalho No. 1107, CP1798 Maputo, Mozambique Tel. : 258-1-745269 Fax : 258-1-745441 E-mail : naik@sasseka.com	Rice mill machinery
Akil Comercial LDA Av. Josina Machel No. 350/R/C Maputo, Mozambique Tel. : 258-1-308451 Fax : 258-1-326060 E-mail : akilcomercial@hotmail.com	Electrical hardware, pipe fittings and wheel barrows

<i>Name of importer</i>	<i>Items</i>
Electro Leverense MOC. LDA Av Angola. No. 1950 Maputo, Mozambique Tel. : 258-1-466033 E-mail : Eleverense@ICL.com.mz	Electrical accessories
Empresa Nacional de Megaza Sarl Estrada Nacional No. 63/4, R/C Chimoio, Manica Mozambique Tel. : 258-51-22405	Agents and distributors for automotive parts
Mafuia Commercial LDA CP 176, Rus Gaivao Curado N 454 Beira, Mozambique Tel. : 258-1-3-324158 Fax : 258-1-3-323150	Importers of complete vehicles and auto parts
Auto Abdul Av. Milagre Mabote No. 39 R/C, Maputo Mozambique Tel. : 258-1-415683	Importers of auto parts

List of Chambers of Commerce and Industry Associations in Mozambique

Mozambique Export Promotion Institute (IPEX) Av. 25 de Setembro, nº1008, 2 andar C.P. 4487, Maputo, Mozambique Tel. : 258-1-307257, 307258 Fax : 258-1-307256 E-mail : ipex@teledata.mz
Mozambique Chamber of Commerce Rua Mateus Sansao Muthemba, nº 452 C.P. 1836, Maputo, Mozambique Tel. : 258-1-49 19 70, 49 04 28 Fax : 258-1-49 22 11
International Trade Fair Corporation - FACIM Av. 10 de Novembro, Maputo, Mozambique Tel. : 258-1-42 37 13, 42 71 51/52 Fax : 258-1-42 71 29 E-mail : sogex@sortmoz.com
Mozambique and South Africa Chamber of Commerce and Industry Rua Mateus Sansao Muthemba, nº 452 C.P. 4211, Maputo Mozambique Tel. : 258-1-49 51 97 Fax : 258-1-42 71 29



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Standards and Quality National Institute
 Av. 25 de Setembro, nº 1179 2º andar, Maputo
 Mozambique
 Tel. : 258-1-42 14 98, 42 14 09
 Fax : 258-1-42 45 85

Mozambique Confederation of Trade Association
 Av. 10 de Novembro, Maputo
 Mozambique
 Tel. : 258-1-31 17 34/5
 Fax : 258-1-31 17 32
 E-mail : info@cta.org.mz

Mozambique Industrial Association
 Av. 24 de Julho, nº 2023
 C.P. 4379, Maputo
 Mozambique
 Tel. : 258-1-30 53 02
 Fax : 258-1-30 53 02

Investment Promotion Centre (CPI)
 Rua da Imprensa, nº 332
 Av 25 de Setembro, 2049
 C.P. 2049, Maputo
 Mozambique
 Tel. : 258-1-30 84 76
 Fax : 258-1-31 33 25
 E-mail : cip@teledata.mz

Mozambique Information Agency
 Rua da Radio Mocambique, 5º andar
 C.P. 896, Maputo
 Mozambique
 Tel. : 258-1-43 07 95, 42 86 03
 Fax : 258-1-42 15 06
 E-mail : aim@aimmpto.uem.mz

Other Aspects

Mozambique is a member of several international and regional trade agreements which bestows preferential level of tariff for the products originating from Mozambique.

SADC Protocol

Mozambique has joined the Southern African Development Community. SADC is a grouping of 13 countries of the Southern African Region - Angola, Botswana, Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The community aims to increase intra-regional trade through the SADC Protocol on Trade which was signed by the community members in December 1999. The protocol, with removal of trade barriers, will create a free trade zone among the SADC countries with

more than 200 million consumers and provide a good market opportunity for products manufactured in Mozambique.

This Protocol will enable overseas firms to make investments and develop commercial activities in Mozambique and will enjoy the privilege of counting on the regional development projects as well as for supplying to the countries of hinterland.

ACP and EU

The cotton accord is a new commercial agreement between 77 countries of the ACP (Africa, Caribbean and Pacific) group and the EU (European Union). The objective of this agreement is to establish an economic partnership between ACP and EU for sustainable development and gradual integration of ACP countries into the World economy. As per this agreement products originating in Mozambique will enjoy preferential access in EU.

African Growth and Opportunity Act (AGOA)

- AGOA allows some products mainly textiles and clothing manufactured in Mozambique duty and quota free access into the USA market.

Exim Bank's US\$ 20 Million Line of Credit to Mozambique

Export Import Bank of India has extended a Line of Credit of US\$ 20 million to the Government of Mozambique to support India's export of equipments, goods and services to Mozambique.

Under the LOC to Mozambique, the entire 100% of FOB contract value would be reimbursed by Exim Bank to the Indian exporters, whose contracts are approved by both sides, upfront upon the shipment of goods. Government of Mozambique has nominated Banco de Mozambique (central bank of the country) as the executing agency from Mozambique side.

The Line of Credit is expected to give boost to the Indo-Mozambique trade further, as there is considerable demand in Mozambique for Indian capital goods for infrastructure projects, rural electrification and transport sectors.

(Source : EEPCNet)