



MINISTRY OF AGRICULTURE

AGRIBUSINESS OPPORTUNITIES

July, 2009



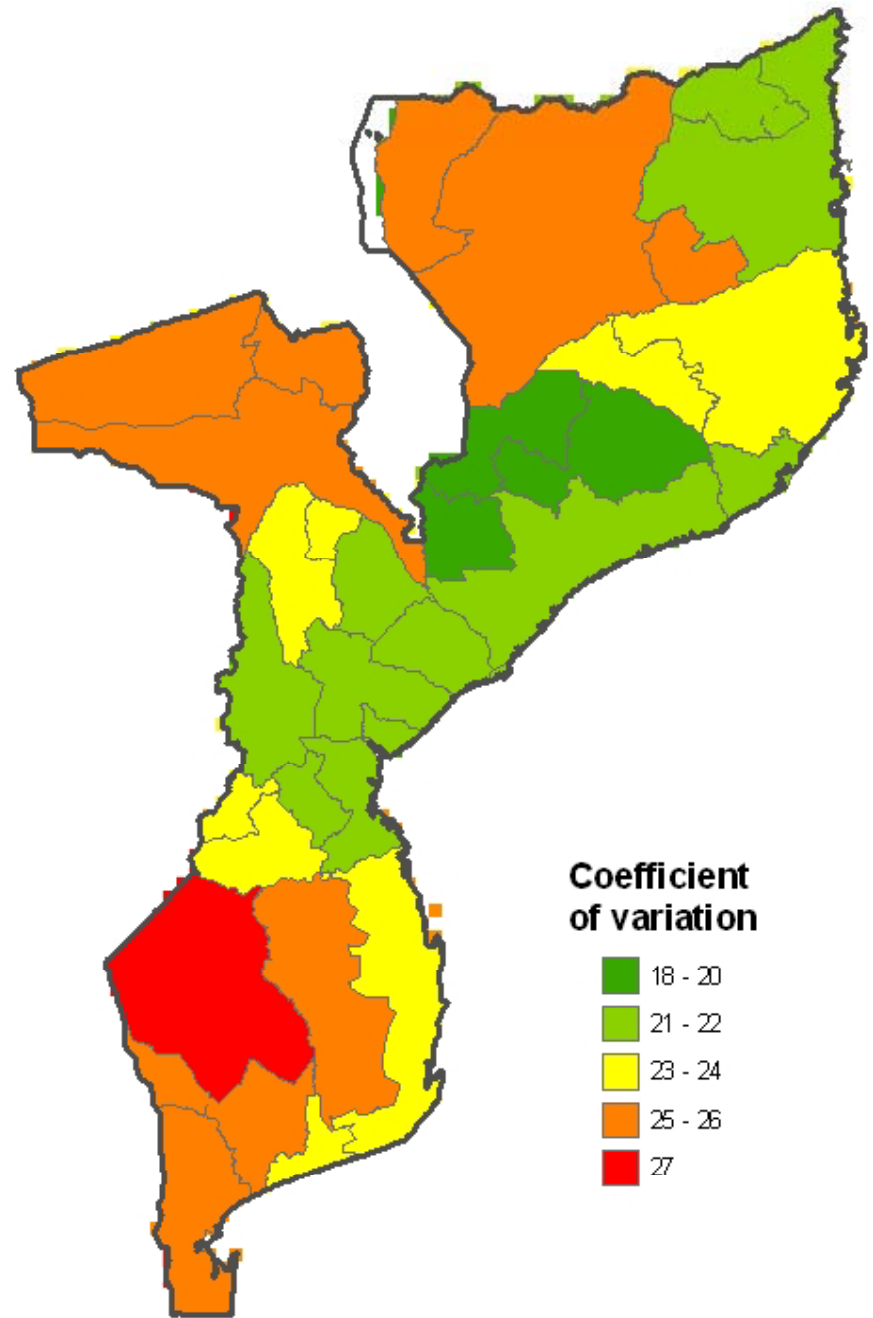
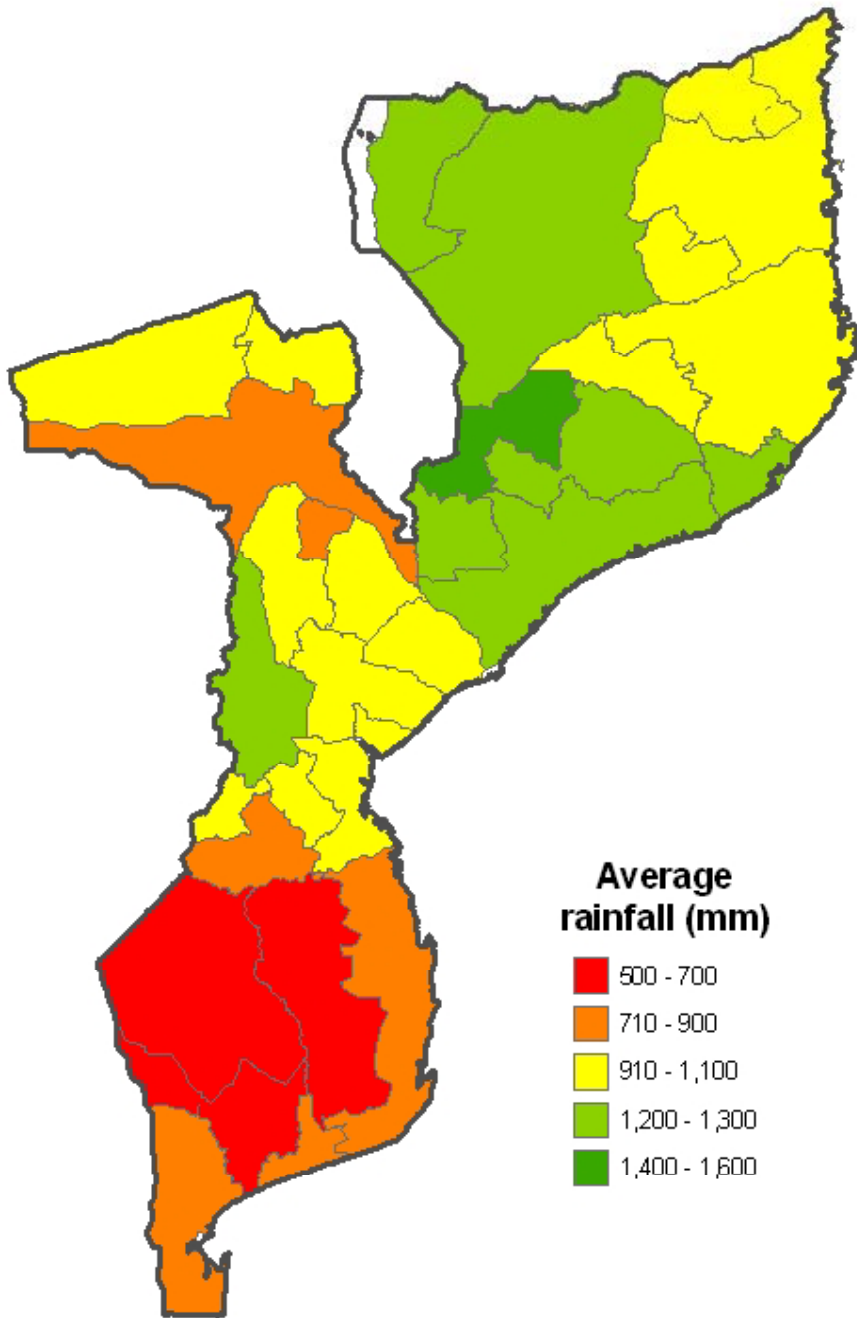
Content

- **Introduction: Mozambique's economy & agricultural sector**
- **Market Opportunities**
- **Agri-businesses with high potential**
- **Constraints and Opportunities**

Mozambique



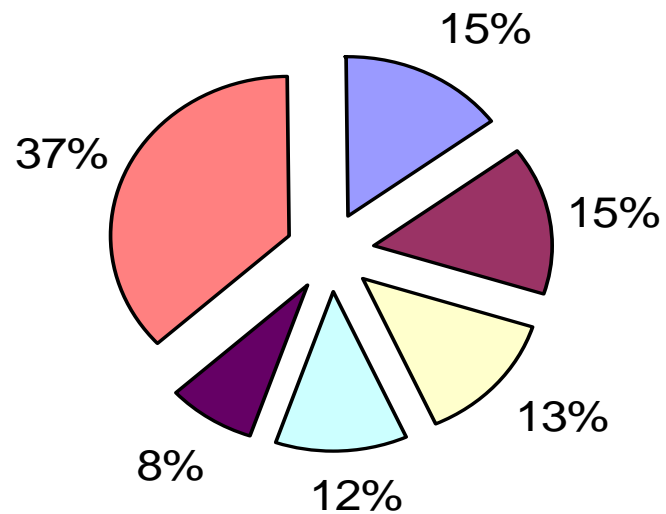
- **Bordering countries**
 - Tanzania
 - Malawi
 - Zambia
 - Zimbabwe
 - South Africa
 - Swaziland
- **Capital: Maputo**
- **Population: 20 530 714 (2007)**
- **Surface: 799 380 Km² (about the size of California)**
 - Firm Land 786 380 Km²
 - Internal waters 13 000 Km²
- **Coast line: 2,515 Km**
- **Main River: Zambeze**
- **Main Lake: Niassa (Malawi)**
- **Official language: Portuguese**



GDP Sectorial Analysis Last Quarter 2008

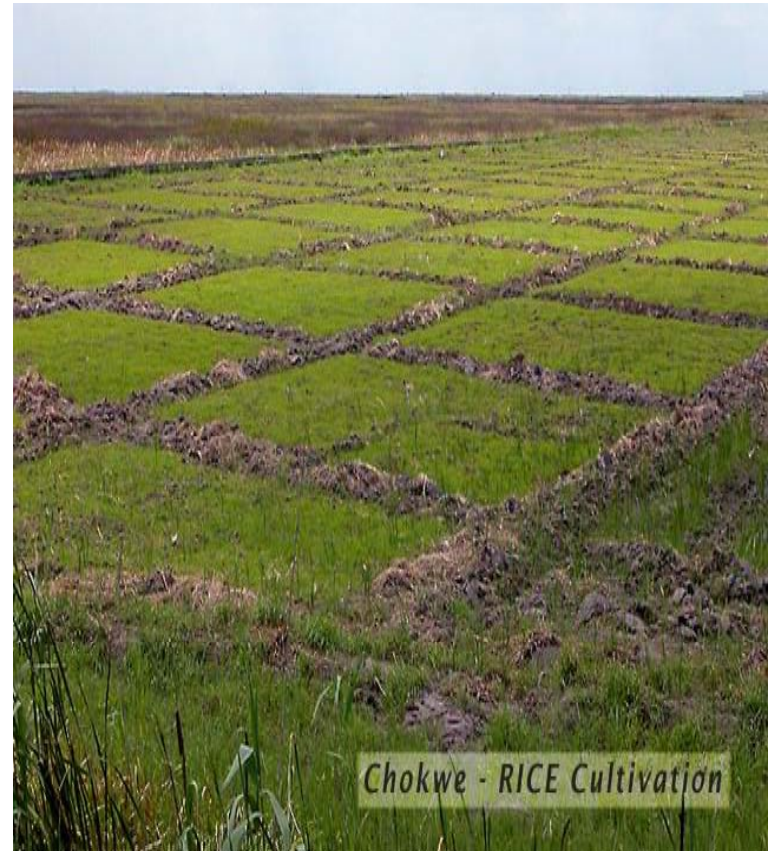
**GDP Contribution by Sector IV Quarter
2008**

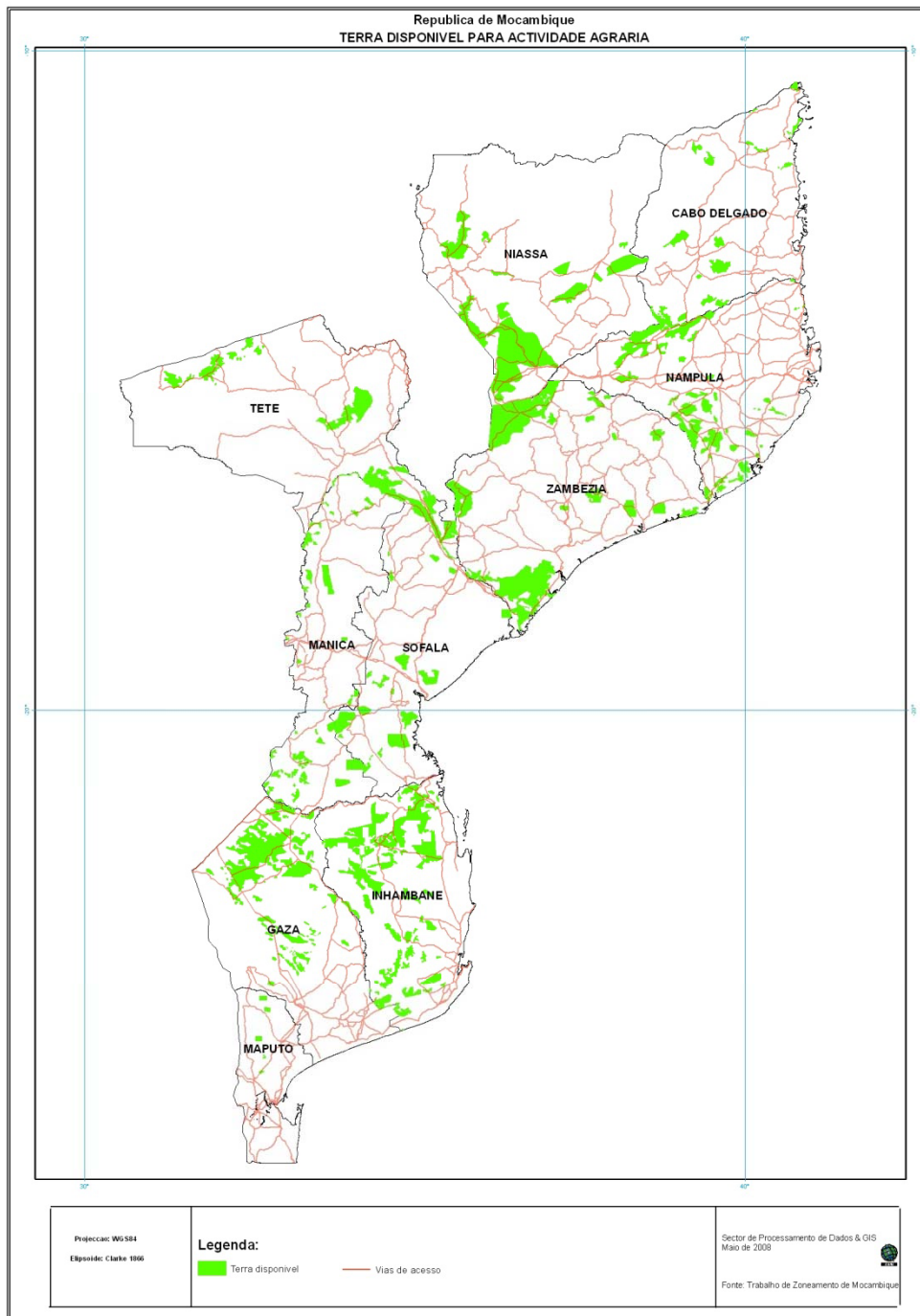
- Agriculture
- Industry
- Commerce
- Transport and Communication
- Services
- Other Sectors



Land

- Land is a State owned asset and may not be sold, mortgaged and pledged
- Maximum length of a concession is 50 years, renewable for further 50 years





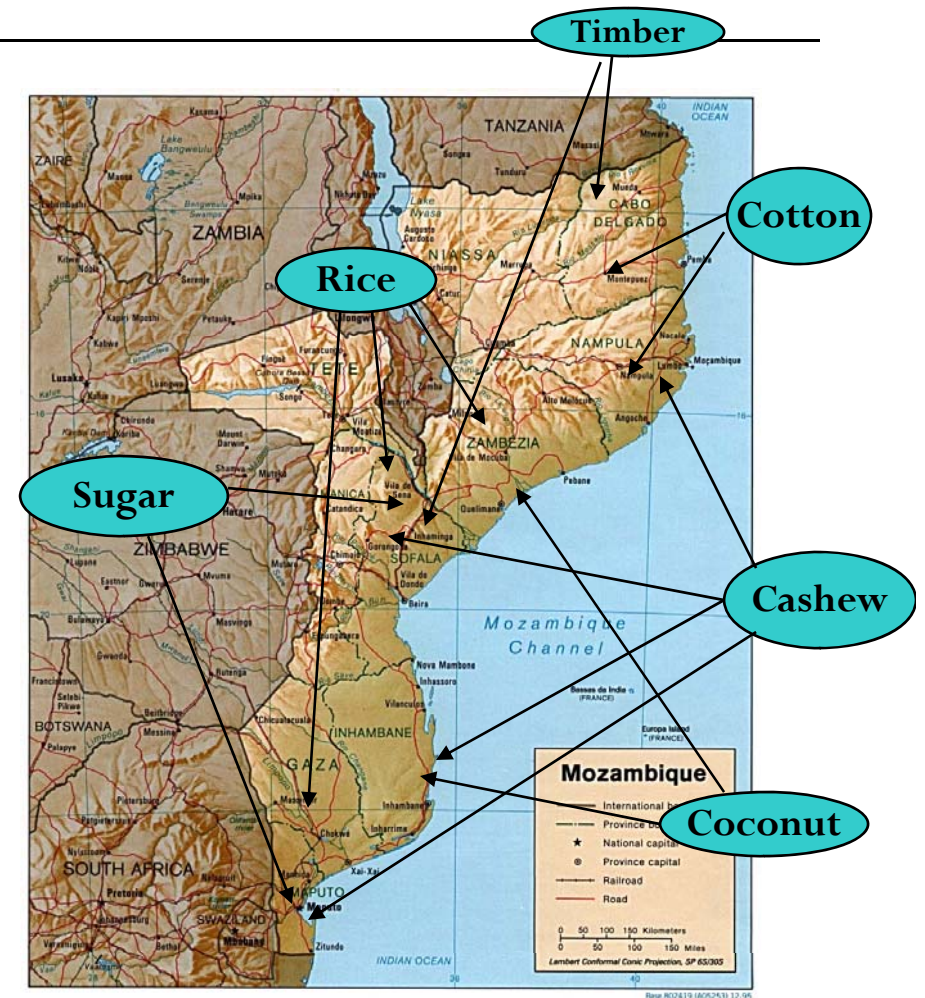
Results Land Available

Province	Total Area (ha)
C.Delgado	269.400,0
Niassa	1.220.400,0
Nampula	709.160,0
Zambézia	1.365.300,0
Tete	661.730,0
Manica	381.950,0
Sofala	408.650,0
Inhambane	1.071.660,0
Gaza	866.780,0
Maputo	11.000,0
Total	6.966.030,00

Agribusiness Investment Opportunities

- **Agriculture**

- Rice
- Wheat
- Maize
- Tea
- Vegetables
- Bio-Fuels
 - Jatropha curcas
 - Sugar cane
- Timber
- Cotton
- Copra
- Cashew nuts
- Citrus





Other Agribusinesses Opportunities

- **Biodiesel & vegetable oils: soya, sunflower, jatropha, coconut**
- **Horticulture & tropical fruits**
- **Cassava**
- **Meat & dairy products**
- **Others (honey, ginger, etc...)**
- **Inputs: seeds, equipment & agro-chemicals**



Export Market Opportunities

- High export potential, due to:
 - Geographic proximity, counter-seasonality, preferential access
- Most attractive markets:
 - **Southern African Development Community (SADC Trade Protocol)**
 - **European Union**
 - **China**
 - **India**
 - **Middle East**
 - **USA**



Rice

- 220,000 ha cultivated in a potential area of 900,000 ha.
- Domestic production: 220,000 tons paddy rice; average agricultural yield: 1 ton/ha at national level, with peaks of 5 tons/ha in irrigated areas (ex. Chókwè).
- Domestic consumption: 540,000 tons/year.
- SADC countries import almost 1.000.000 tons per year, of which more than 600.000 tons are destined for South Africa.
- Two countries in the region (Mozambique and Tanzania) are more suited to rice production but do not yet meet domestic needs.



Horticulture and Tropical Fruits

- Agro-climatic conditions are perfect for growing tropical crops with high market potential worldwide (ex. banana, mango, chilly, pepper, papaya, pineapple, litchi) but also high-value intermediate crops (ex. paprika, flowers, oranges, tangerine, lemon, grapefruit, kiwi).
- **Advantages:** Preferential access to SADC and EU markets and the opportunity of growing counter-seasonal products with high market value (ex. Banana and Mango – RSA, Papaya – UE).



Sugar (2008)

- Area under cane 35.300 ha.
- Domestic production of cane: 2,10 mn tons;
- Average agricultural yield: 62,9 ton/ha
- Sugar production: 250.2 tons (90% raw)
- Domestic sales: 153.000 tons
- Exports: 93.700 tons (83% to preferential Mkt)
- Preferential Markets: EU, USA, SADC
- Prospects: expansion of sugar production is ongoing, targeting the EU market, under EBA Initiative starting in 2009.



Ethanol

- National biofuel policy approved March 2009. Feed stocks identified as viable:
 - **Ethanol:** Sugar-cane and Sweet sorghum
- 2 Bio-Etanol projects approved amounting 48.000 hectares, USD 710 millions, 5-8.000 workers
- **Prospects:** Mozambique, as LDC, has the opportunity to produce and export ethanol to EU, free of duties. The country has already received a wide range of projects for ethanol. Targeted markets: domestic (very small) international market, principally EU and Southern Africa



Biodiesel and Vegetable Oils

- Range of feedstocks available for production of biodiesel and vegetable oils:
 - **Coconut:** 12,1 million coconut trees in 140.000 hectares, principally in Zambézia and Inhambane provinces; some crude oil being exported to UK for biodiesel production and some production for own consumption by different companies
 - **Jatropha:** Express of Interest for investment in various provinces. First commercial farm of + 2.000 ha ongoing in Inhambane



Poultry (2008)

- Actual market structure:
 - Domestic production: 18.634 tons
 - Consumption: 36.000 tons
 - Imports (licensed): 4.932 tons
- Business value of +USD 100 million (50% in animal feed crops)
- Eggs production: 3.422.002 dozens



Cotton

- Cultivated on more than 250.000 Ha/year
- Agricultural yields of approximately 550 Kg/Ha
- Source of income for more than 300.000 rural families
- Business for more than 10 cotton companies

- Opportunities:
 - Direct cotton production: currently only 5% of national production comes from commercial producers; good to raise this to 50%
 - Investment in textile industry: currently 100% of the fibre is exported, compared to the African Union target of that each country should process at least 25% by 2012.



Wood: Potential and Processing

- 54,8 m ha of forests:
 - 26,9 m ha with potential for wood production
 - 14,7 m ha with potential for multiple uses
 - 13,2 m ha designated protected areas
- Forestation: 30.000 ha of forestation with exotic species
- **7,4 m ha potential for forestation**
- Installed industry capacity of 120.000 m³
 - Old and obsolete (25% yield)
 - Low recuperation and utilisation of installed capacity
- Hardwood logs are exported to Asia
- Need to: Increase value added in Mozambique
 - Ensure reforestation plans that are adequate and implemented



Constraints and Challenges:

- Poor infrastructure in the rural areas
- Poor water management due to lack of retention infrastructure and maintenance
- Low levels of agricultural productivity
- Unstable production and generally with too low quality standards for export
- Problems in post-harvest phase: handling, packaging and high transaction costs
- Lack of market information system in the rural areas
- Credit: limited access for farmers due to high interest rates at commercial banks (23% per year in Mtn) & banks' view of agriculture as high risk sector



Why Mozambique?

1. **Peaceful, safe, democratic and stable place**
2. **Availability of land for any business**
3. **Availability of work force at competitive cost and quick learner**
4. **Wide sources of electricity**
5. **Linkages opportunities in large projects**
6. **Infrastructure under massive development**
 - Ports and railways
 - Roads and bridges
 - Airports
 - Water distribution
 - Electricity generation and distribution
7. **Free access to world market**
 - SADC
 - USA
 - European Union



Thanks for your Attention