REPUBLIC OF MOZAMBIQUE
MINISTRY OF INDUSTRY AND TRADE

Trade and Investment in Mozambique
The Business Environment

Presentation Overview

PART I

Our Business Environment

- Legal Reform
- Industry and Trade
- Fiscal Incentives and Customs
- Infrastructure
- Labour, Tourism and Agriculture

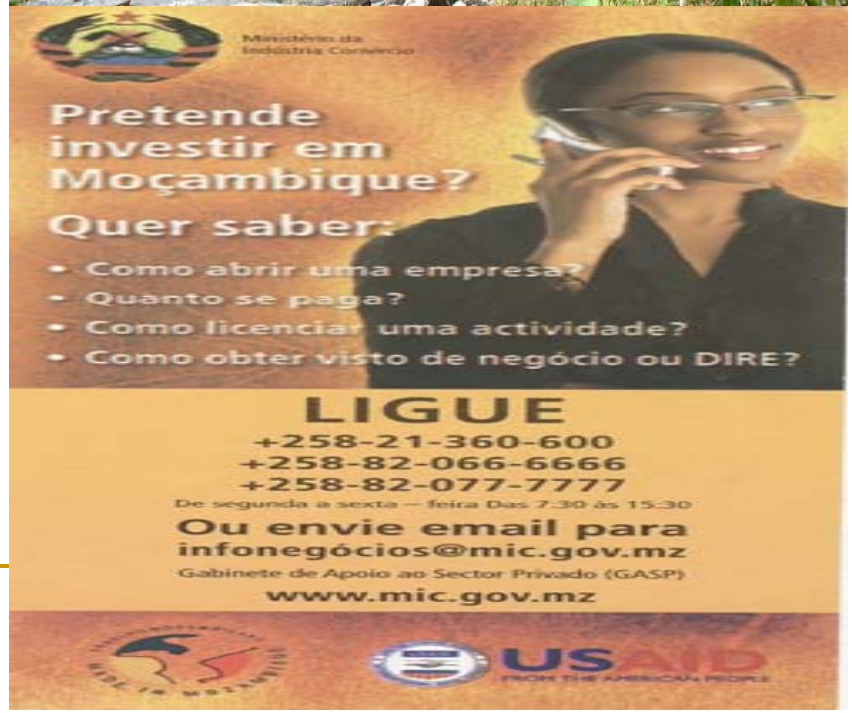
PART II

- Why Invest In Mozambique
- Investment Opportunities
- Specific Projects

Our Business Environment

Purpose – Removing barriers to investment:

- Reform the legislation to conform the new structures;
- Disseminate the necessary information to set up a business and inform investors about laws and procedures needed for economic activities;
- Build new and improve current infrastructures
- Financial access



Our Business Environment

1. The strategy for the improvement of the business environment has been approved with four strategic activities:
   - **Legal Reform**
   - **Fiscal and Financial Environment**
   - **Governance**
   - **Infrastructure**
2. The implementation of the strategy will be inclusive and involve different government actors and donor organisations.

Our Business Environment

1. **Legal Reform**

- Reduce bureaucratic processes and deregulate to start up a business;
- Eliminate the obligation of public inscribition;
- The new Commercial Code, introduce the individual company, The Single Owned Company etc
- Reduce the amount of minimal capital requirements for starting a business;
- Computerization of the company registry (the time to register a company dropped from 30 days to 1 day);
- Introduce a commercial dispute settlement section in the tribunal;
- Introduce arbitrage and conciliation in labour and commercial dispute settlements.

Our Business Environment

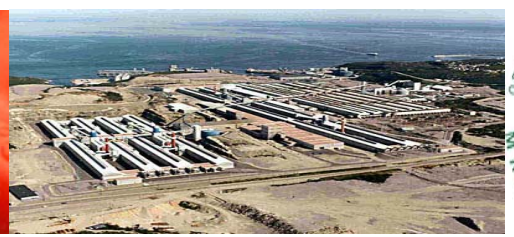
2. Industry and Trade

- Institutionalisation of the BAUs to assure simplicity, flexibility and velocity;
- Introduce a simplified licensing method which guarantees that a license is obtained upon presenting the tax identification card (NUIT);
- Simplification in the process to obtain licences for running rural restaurants and shops;
- Implementation of the Agriculture Commercialization Strategy;
- Implementation of the Regional Integration Strategy.

Our Business Environment

2. Industry and Trade

- Transfer activities and responsibilities from Government ministries to BAUs and local institutions;
- Creation of a programme to promote competition;
- Create a a Business Information Centre which disseminates information and processes necessary to run a business in Mozambique;
- Creation of an institute to support Small and Medium Sized companies;
- Institutionalize a single inspection mechanism for all economic activities.



Our Business Environment

3. Fiscal benefits and Costumes

- Introduce the new costumes register with the updated tariff structure;
- Introduce new fiscal benefits with the view to promote special economic zones;
- Approve the simplified income tax law for small contributors;
- Computerize the tax identification card (NUIT) system (also at district level);
- Costumes scanning with new modern technologies;
- In the process of adopting single window procedures for goods being imported by sea.

Our Business Environment

4. Infrastructure - Energy

The ministerial diploma n°. 118/2005 has been reviewed :

- Defines the incentives and taxes regarding petrol;
- Lower electricity cost to incentivise production during 21:00-07:00 hours;

Decentralise licensing activities to provinces regarding:

- Resales of petrol
- Electricians

Our Business Environment

5. Labour

Approved a more flexible labour law which foresees:

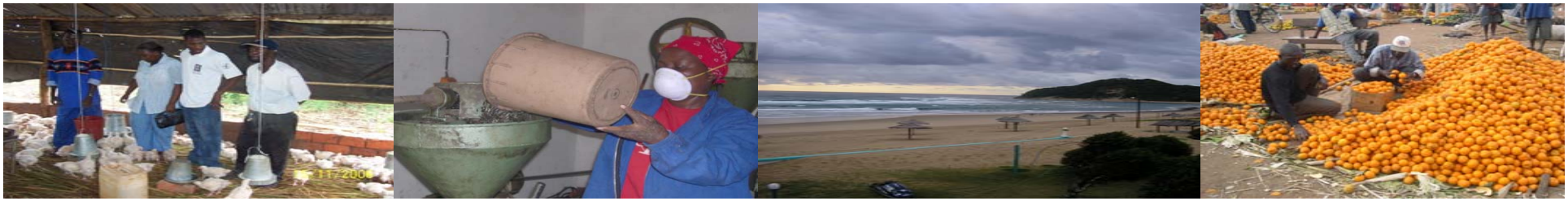
- A system of quotas in order for companies to hire foreign employers;
- Facilitates the hiring and firing of employers.

6. Tourism

- Identified areas suitable for tourism activities;
- Deregulation and decentralisation of licensing procedures to small entrepreneurs in the tourism sector

7. Agriculture

- Identification and partitioning of land for agricultural, touristical and industrial purposes



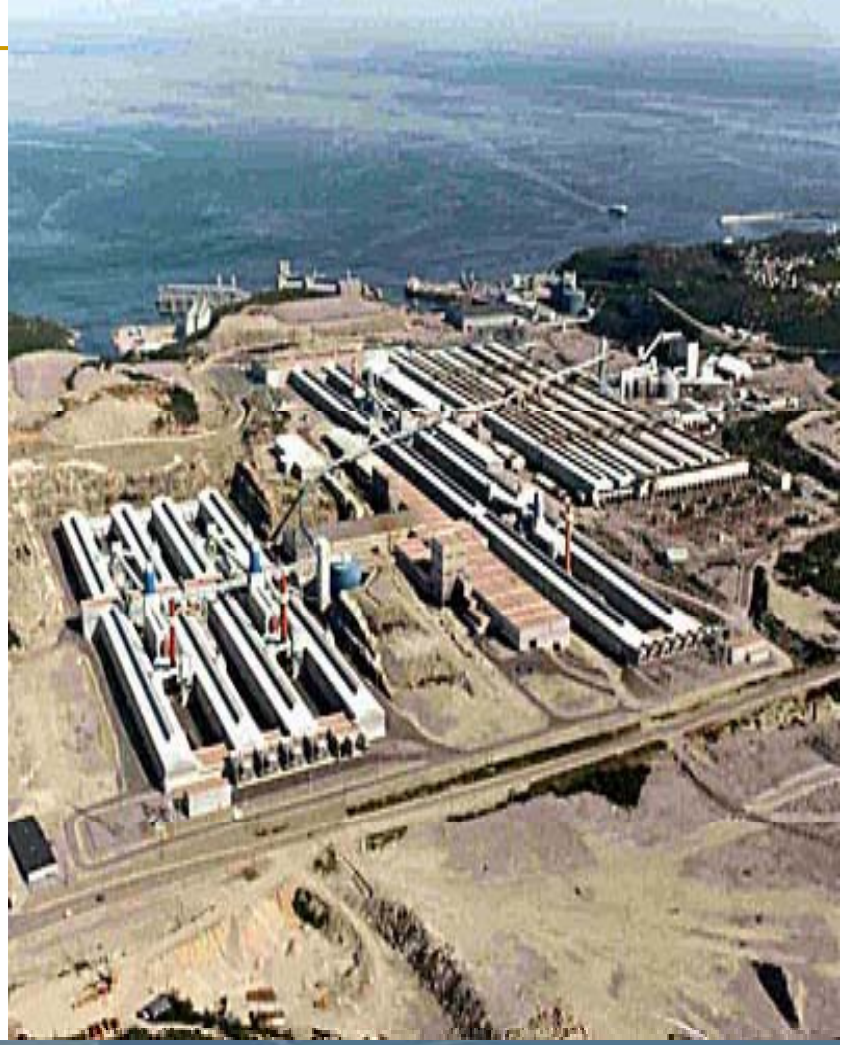
Why invest in Mozambique?

- Due to its geographical location (map);
- Due to its growing economy and increasing demand for products and services;
- Due to its access to major markets such as SADC, the EU and the USA through trade agreements;
- Due to its political, social and economic stability;
- Due to high investment protection measures;
- Due to its diverse investment opportunities.

Investment Opportunities

I. Industry

- Textile and garments
- Food processing
- Wood and furniture
- Building and equipment
- Recycling
- Chemicals
- Mechanical engineering, metal industries



Investment Opportunities

II. Agriculture

- Agriculture is the backbone of the economy
- Vast areas of land are available for investment

III. Tourism

- Coastal tourism
- Eco-tourism

IV. Energy

- Hydro power potential of 14,000 MW
- Thermal power potential
- Over 50 potential sites

Investment Opportunities

V. Banking and Insurance

- Banks are concentrated in Southern region

- **VI. Construction and construction materials**
  - Surge in demand in recent years
- **VII. Forestry**
  - vast areas of forestry resources in Manica, Sofala, Zambézia, Nampula, Cabo Delgado and Niassa

Investment Opportunities

- **VIII. Bio fuels**
  - Areas have already been identified for potential bio fuel projects
- **IX. Mineral Resources**
  - Natural gas, coal, gold, titanium, tantalite, marbles, and precious stones are only some of the mineral resources available for extraction
- **X. Fisheries and aquaculture**
  - 2,700 km of Indian Ocean coastline offer plenty of opportunities within this sector

Specific Projects

In 2005 the Companhia Vale do Rio Doce (CVRD) made prefeasibility studies for potential satellite projects which could benefit from the Moatize coal mine.

This study was handed over to the Government of Mozambique, who is able to share the prefeasibility study with interested investors upon signing a confidentiality agreement.

The satellite projects consist of:

1. **Cement Plant** with a previewed initial investment of US$17,637 Million in Tete/Moatize.
2. **Coking Plant** with a previewed initial investment of US$141,754 Million in Beira/Sofala.

Specific Projects

3. **Aluminium Smelter** with a previewed initial investment of US$1,854 Billion in Dondo/Sofala.
4. **Biodiesel Plant** with a previewed initial investment of US$149 Million in Nacala/Nampula.
5. **Steel Mill** with a previewed initial investment of US$29 Million in Dondo/Sofala.
6. **Ferro-alloy Plant** with a previewed initial investment of US$52 Million in Dondo/Sofala.
7. **Charcoal** with a previewed initial investment of US$39,2 Million in Honde/Manica.

Thank you for your attention