MOZAMBIQUE

IGC GROWTH WEEK 2010

- Mission of CPI
- Macroeconomic Indicators & Investment Trends
- Guarantees & Incentives for Investment
- Challenges for Business & Economic Development

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CPI - Investment Promotion Centre

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Mission

- **To promote the attraction of national and foreign direct investment;**
- **To provide institutional assistance to investors in the approval and implementation of investment projects;**
- **To promote, receive and register investment projects;**
- **To guarantee the concession of fiscal and customs incentives to investors;**
- **To promote business linkages between national and foreign companies, SMEs and large undertakings;**

CPI - Investment Promotion Centre

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Mission

- To identify potential financial partners and/or technological partners for joint ventures;
- To identify and disseminate investment opportunities;
- To promote programmes of assistance to the development of businesses, particularly national businesses.

Macro-Economic Indicators

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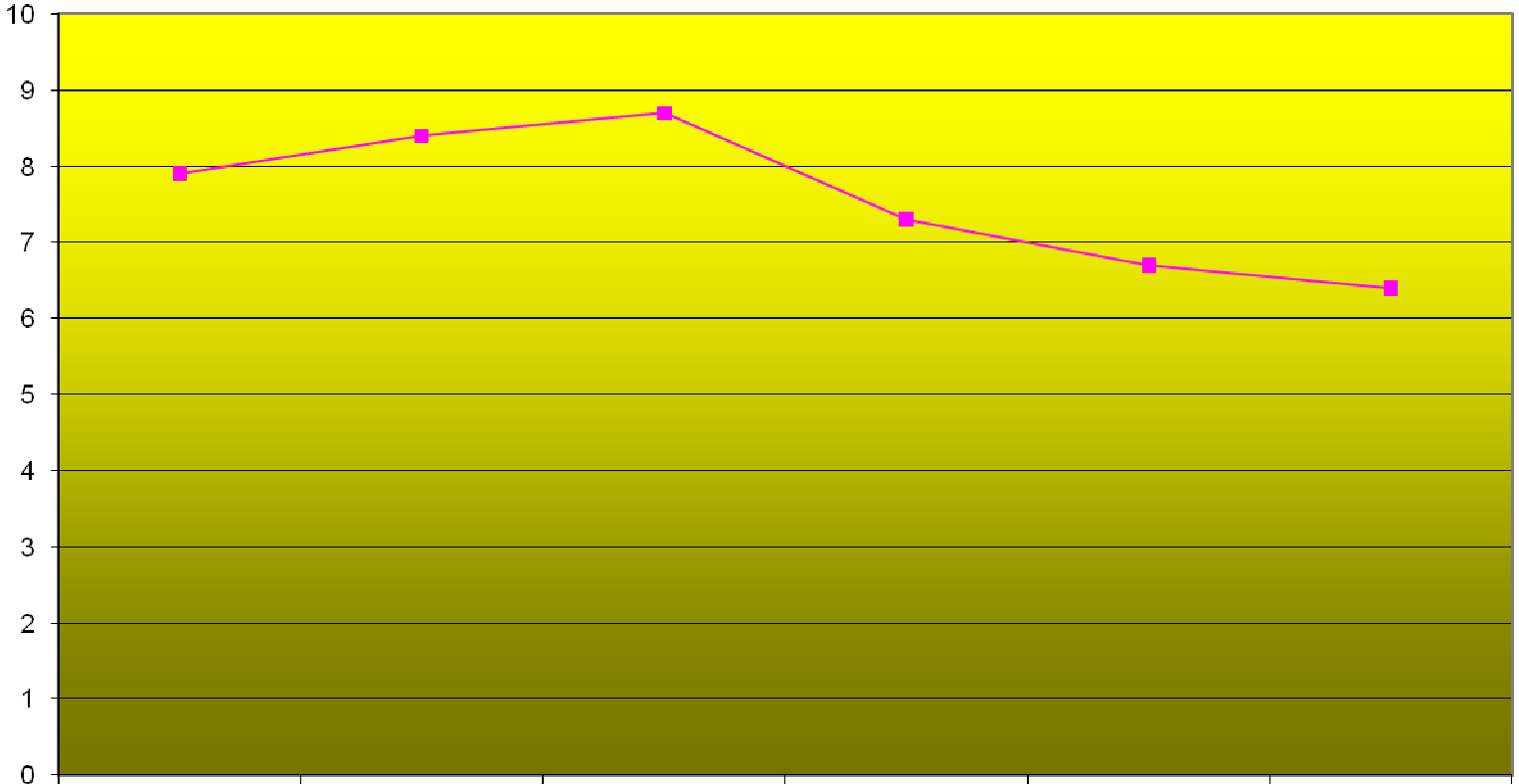
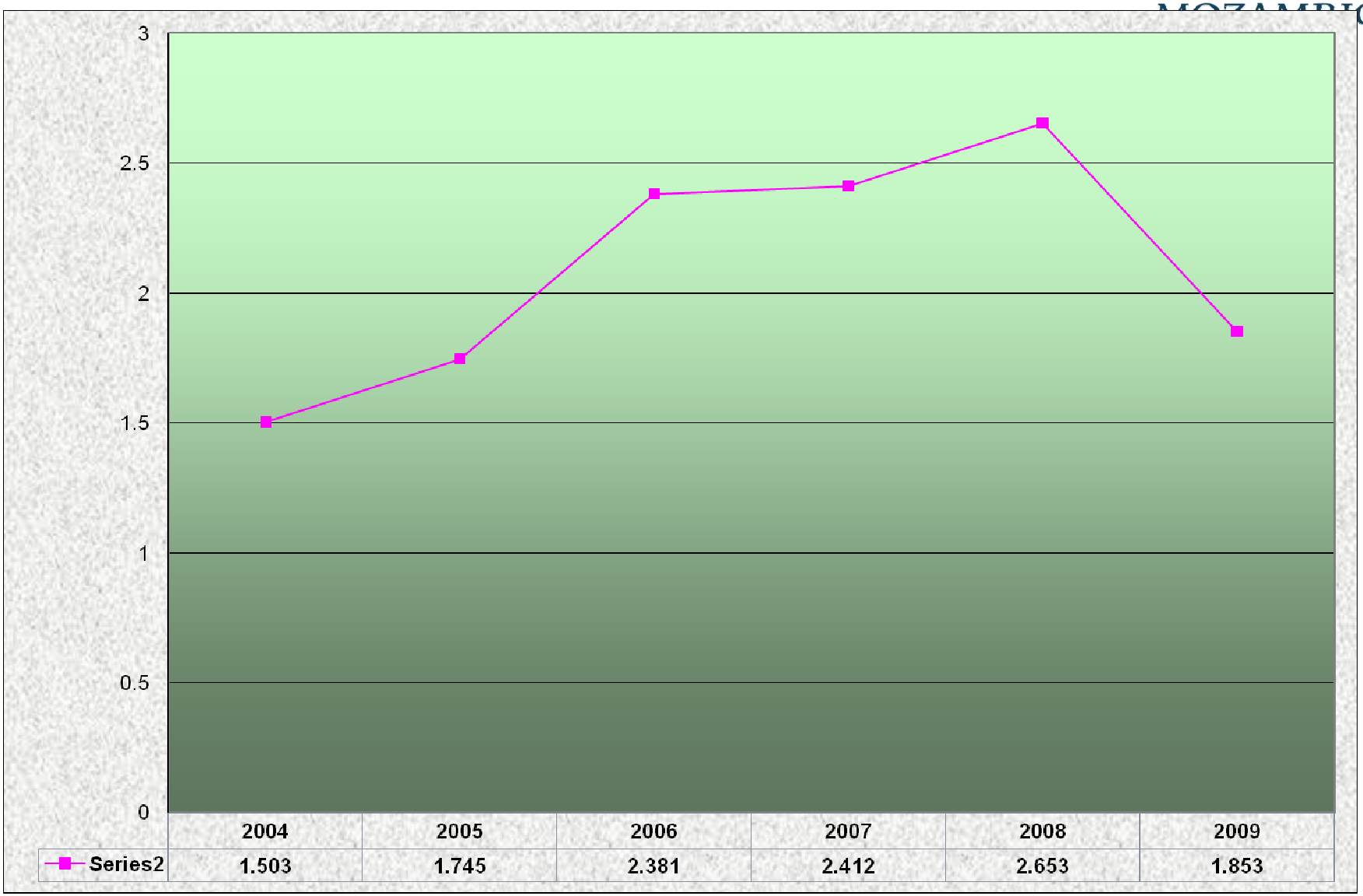
Indicators	2005	2006	2007	2008	2009
Nominal GDP (US$ Millions)	6.636,00	7.296,00	7.868,63	9.728	10.468*
GDP Per Capita (US$)	334,9	362,8	422,8	473	453.8
Average Annual Inflation (%)	13,1	8,1	12,1	9.8	8.0*
Exports (US$ Millions)	1.745	2.412	2.412	2.688	2.147
Imports (US$ Millions)	2.408	2.869	3.050	3.765	3.764
Average Exchange Rate MT/US$	23.10	25.50	24.00	25.00	27.8

GDP GROWTH (%)



	2004	2005	2006	2007	2008	2009
Series2	7.9	8.4	8.7	7.3	6.7	6.4

Exports (Billions USD)



	2004	2005	2006	2007	2008	2009
Series2	1.503	1.745	2.381	2.412	2.653	1.853

Main Exports

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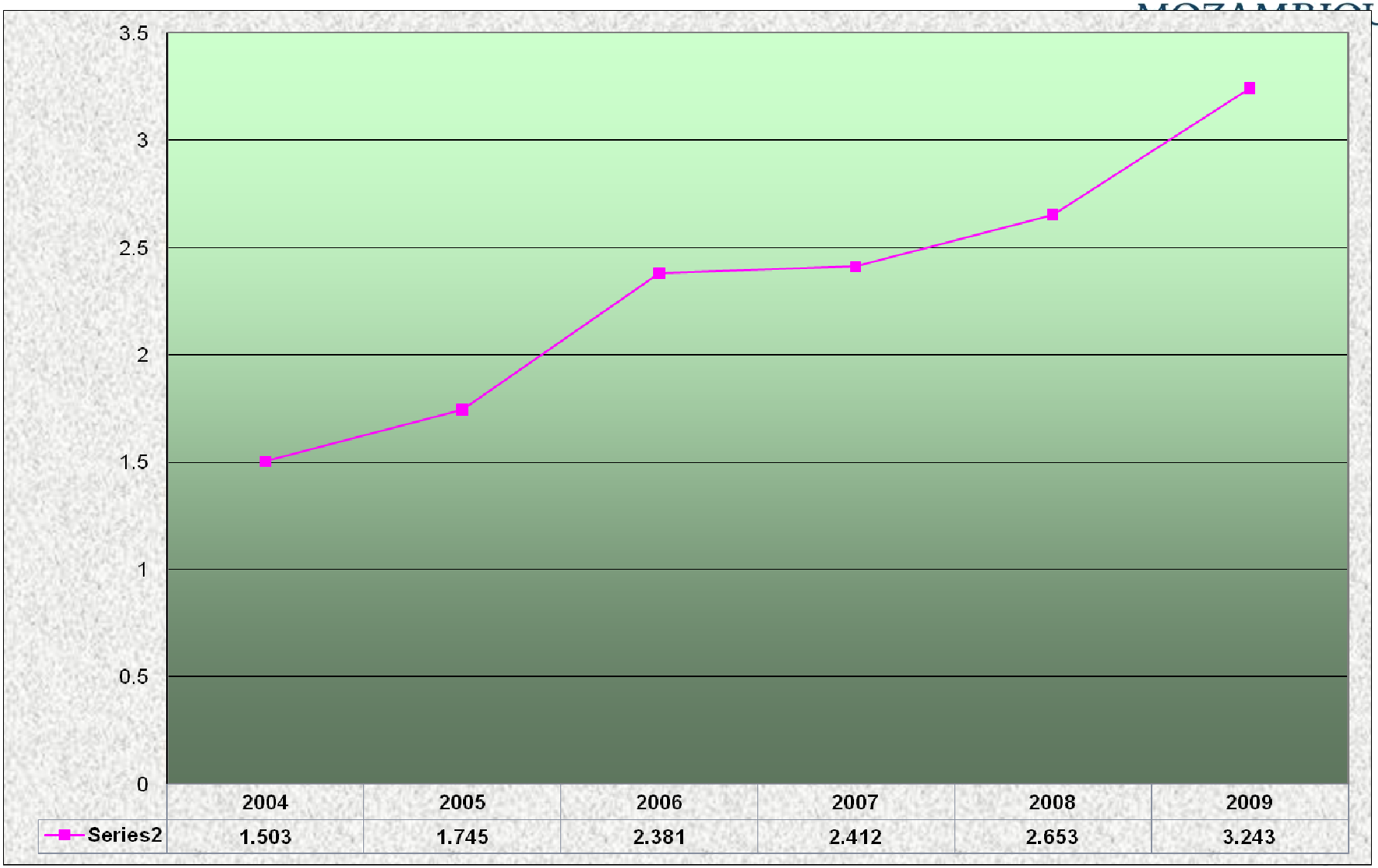
Product	Value (US$ Million)	% of Total
Aluminium	1.451.8	55.9
Electricity	221.2	8.5
Natural Gas and Bunkers	151.9	5.9
Prawns	45.0	1.8
Sugar	71.3	2.7
Tobacco	132.1	5.1
Cotton	48.0	1.9
Timber	25.5	1.0
Cashew nut and Kernel	23.3	0.9
Others	422.3	16.2
Total	**2.592.4**	**100**

Main Exports Markets:

Holland, South Africa, China, Spain, Portugal, United Kingdom, Zimbabwe, Kenya, Malawi, India, Germany, Japan.

Imports (Billions USD)



	2004	2005	2006	2007	2008	2009
Series2	1.503	1.745	2.381	2.412	2.653	3.243

Main imports

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Products	Value (US$ Millions)	% of Total
Alumina	528.7	21.3
Machinery	328.9	13.3
Fuels (Petrol and Gasoline)	461.0	18.5
Automobiles	182.1	7.3
Cereals	129.4	5.2
Electrical Power	83.3	4.0
Medicines	34.3	1.4
Sugar	2.3	0.09
Others	720.5	29.1
Total	2.471.4	100

Main Import Origins:

South Africa, Holland , USA, India, Portugal, China, Emirates, Japan, Pakistan, Thailand and German.

Projects Received and Approved

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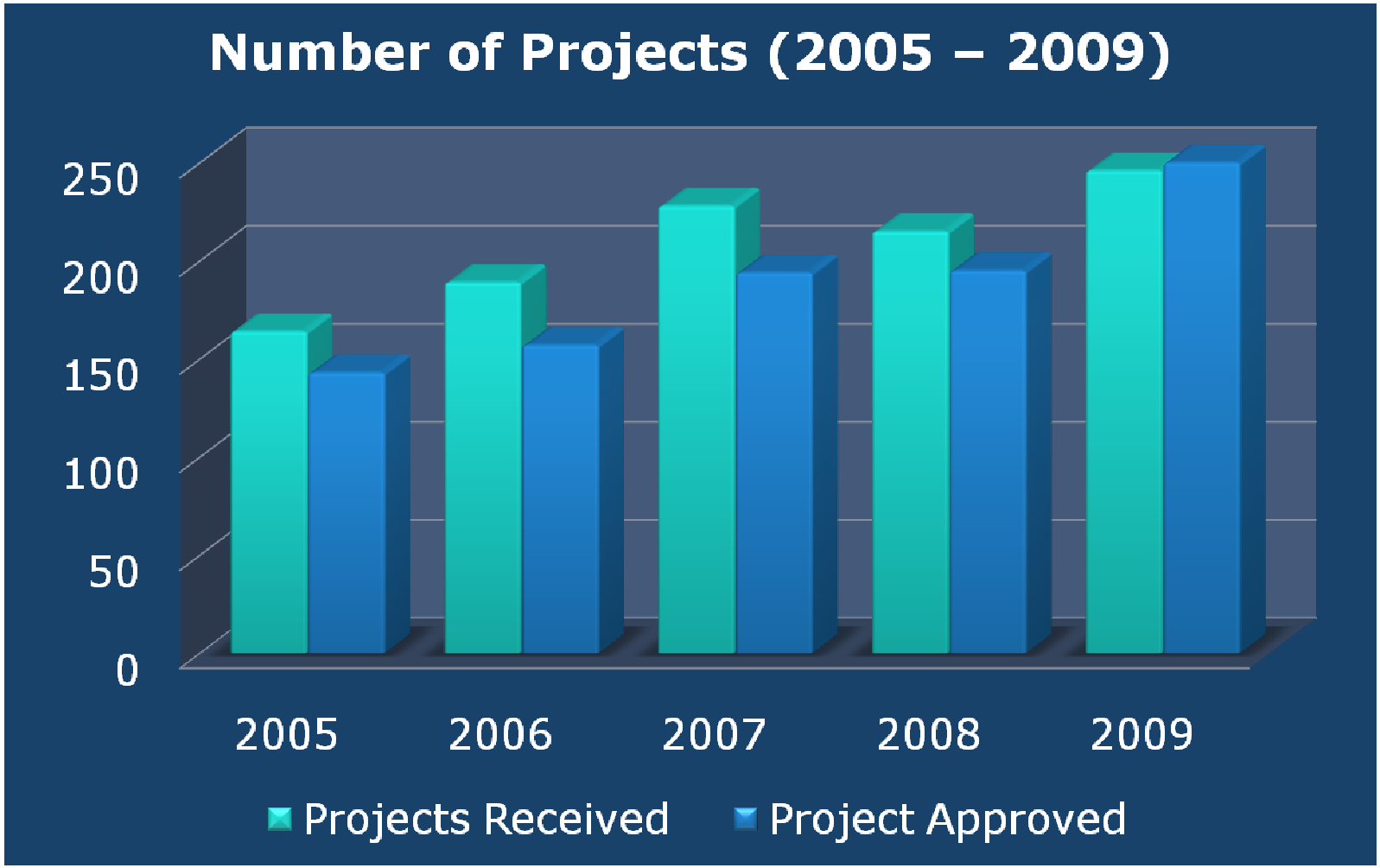
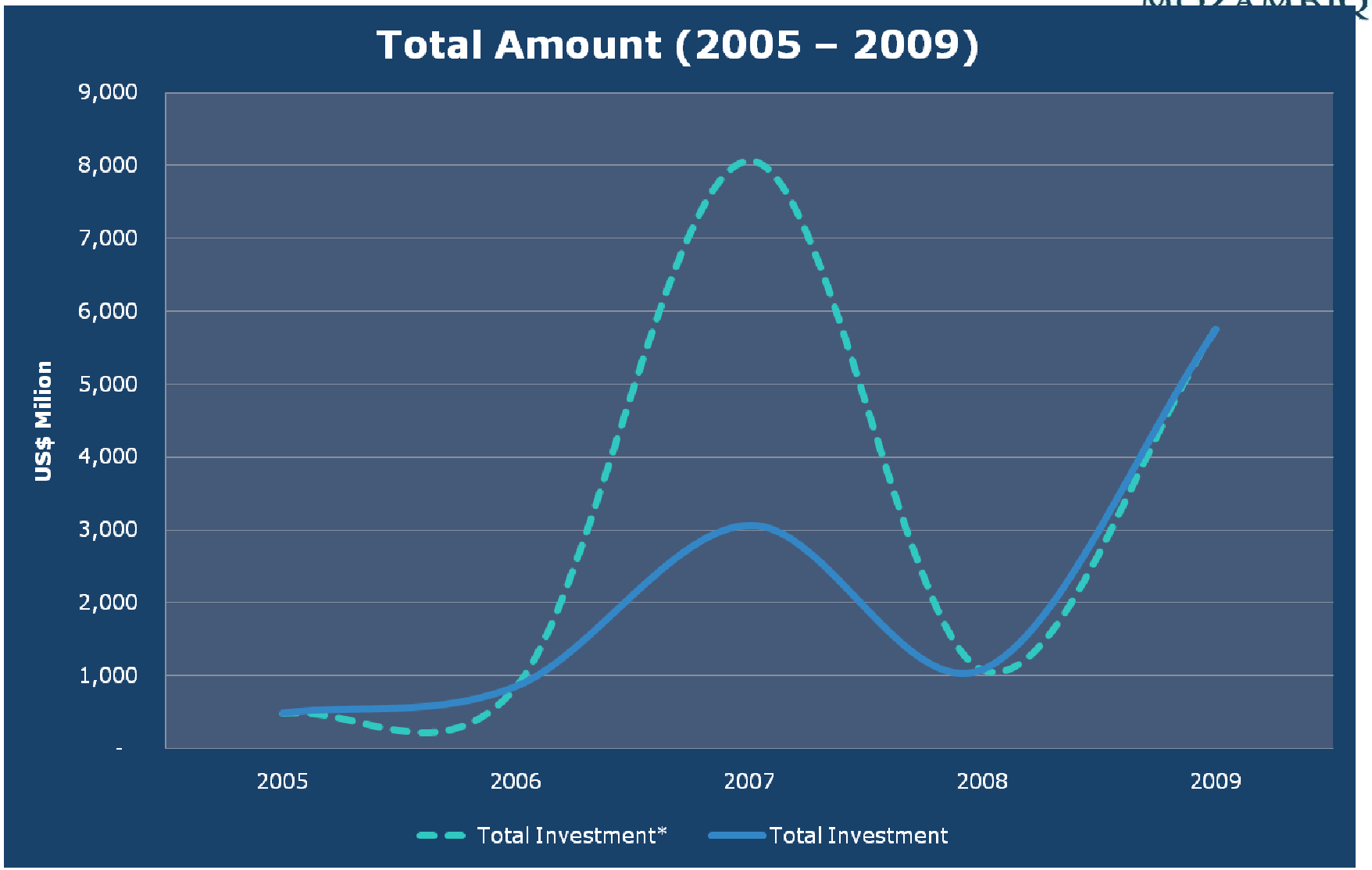
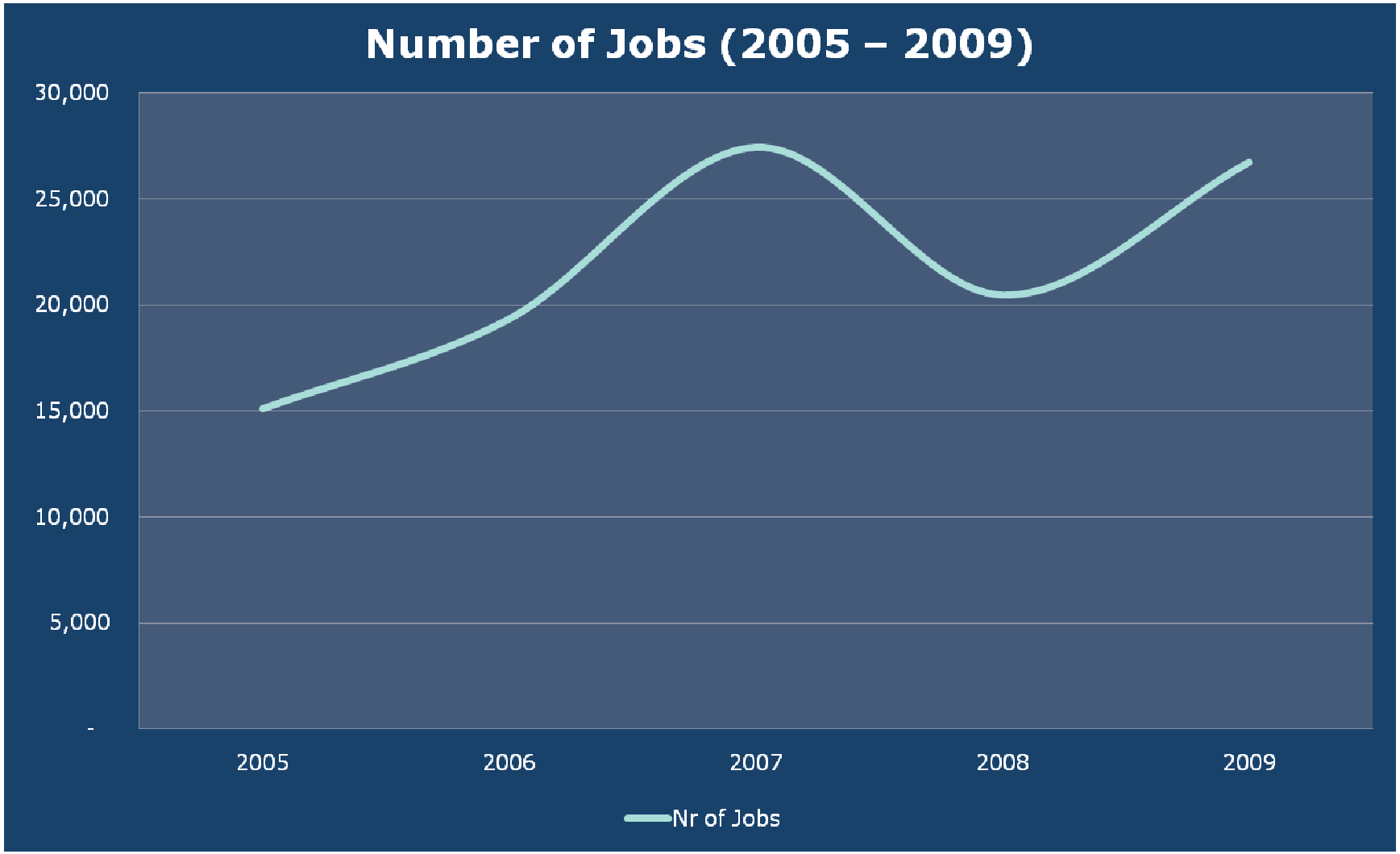


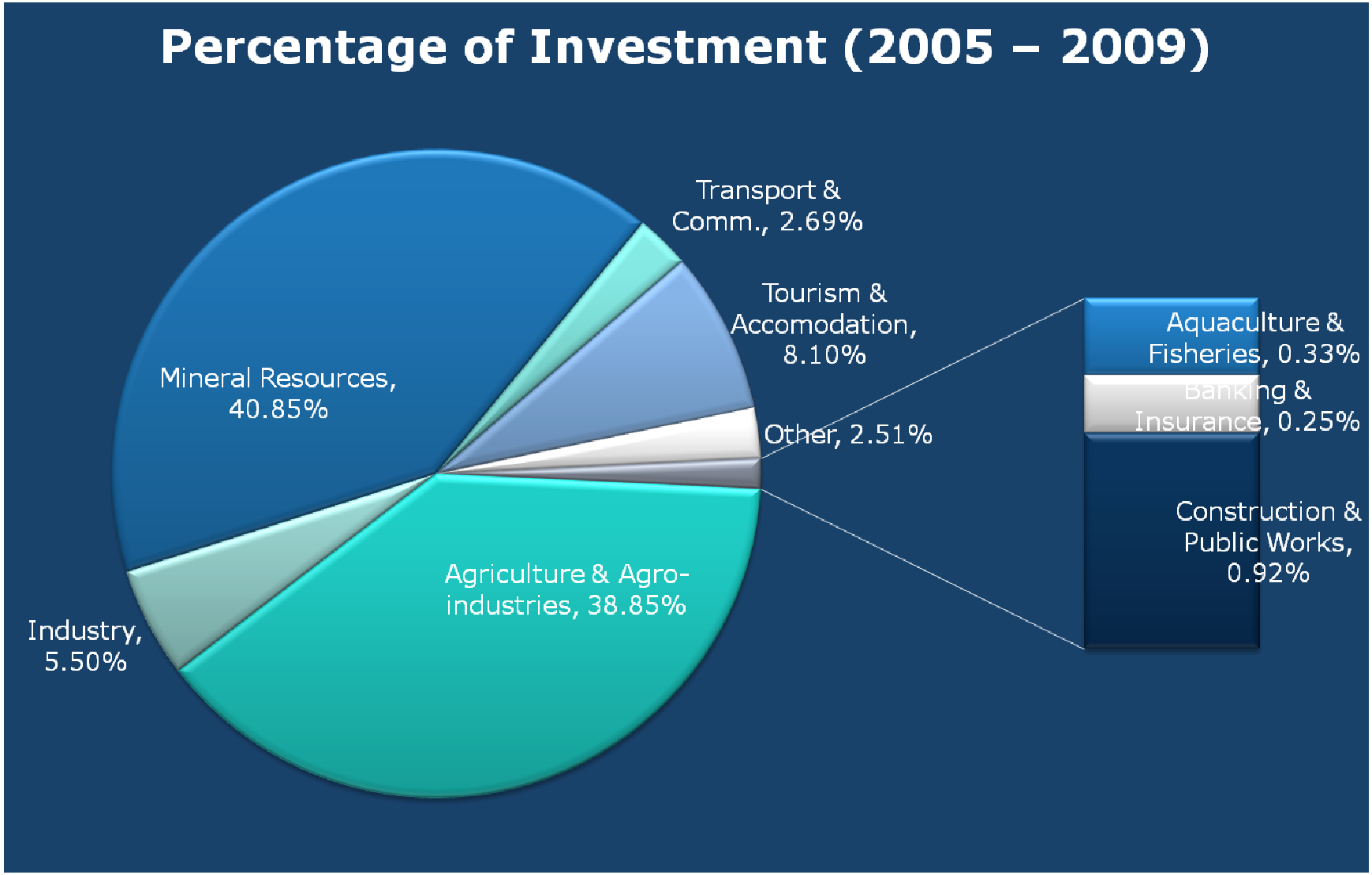
Total Private Investment



Jobs Created by Private Investment



Investment by Sector



Main Sources of FDI

Incentives and Guaranties for Investments

Investment Guarantees

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- Security and protection of property rights
- No restrictions on external loans and loan repayment
- External remittance of dividends
- Liberalized banking and exchange rates
- Arbitration by ICC or ICSID for dispute resolution
- Risk cover services by MIGA and OPIC

Specific Incentives

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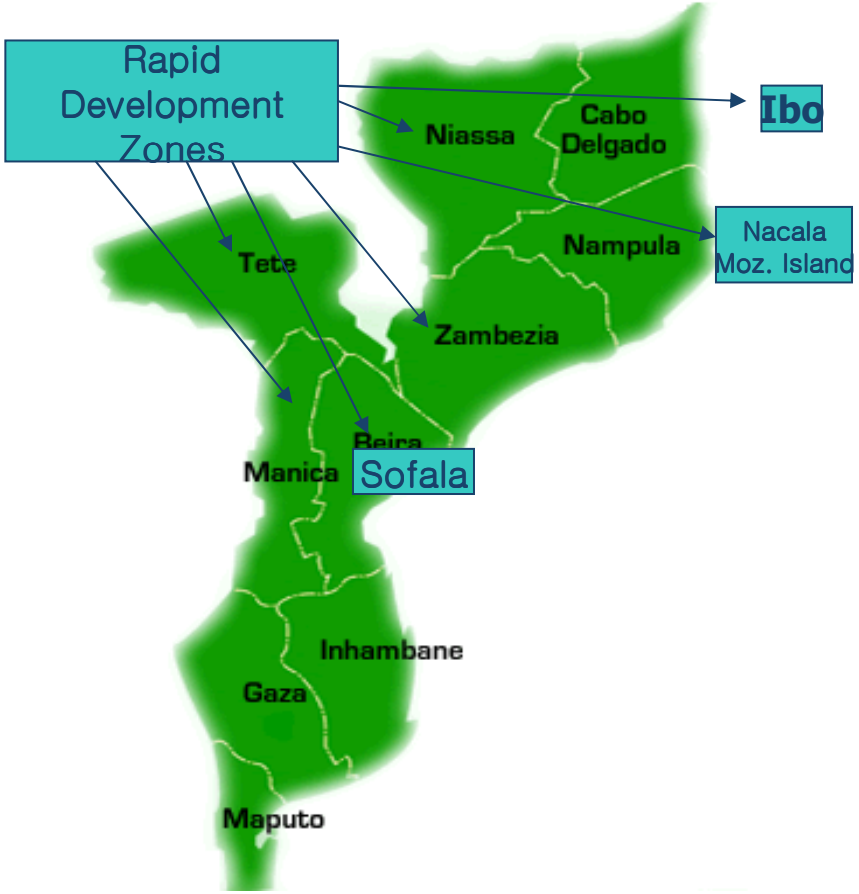
- Agriculture and Fisheries
- Hotels and Tourism
- Manufacturing Assembling Industries
- Creation of basic infrastructures
- Rural commerce and industry
- Science and technology parks
- Large projects
- Rapid Development Zones
- Export Processing Zones
- Special Economic Zones



Main Investment Opportunities Sectors

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Tourism

Energy

Mining

Transports & Communications

Export Processing Zones

Agriculture & Agro-processing

Challenges for Business & Economic Development

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I- Policy Review on FDI trends, performance and impact on:

- **Mega-projects and their impact**

a) FDI inflows through mega-projects;
b) Impact on GDP, value-added and investment;
c) Employment and skills transfers;
d) Trade diversification and the balance of payments;
e) Linkages and supply chain development;
f) Other effects and pitfalls.

Challenges for Business & Economic Development

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I - Policy Review on FDI trends, performance and impact of:

- **FDI outside of mega-projects and impact on:**

a) Agriculture;
b) Tourism;
c) Banking and Finance;
d) Other Sectors.

Challenges for Business & Economic Development

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II – Development of an oriented FDI strategy

- **The emergence of "mega-projects", first among which the Mozal aluminum smelter, accounts for much the increase in FDI flows over the past few years.**

- **A number of other mega-projects have followed more recently, including the development of the Maputo Corridor, Sasol, Heavy Sand in Moma.**

Challenges for Business & Economic Development

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II – Development of an oriented FDI strategy

- **Need to:**
  - ✓ analyze in some detail the impact of these projects, including in terms of value-addition, job creation, poverty reduction, generation of tax revenue or skills transfers;
  - ✓ define a strategy to leverage FDI for sustainable development and poverty reduction;
  - ✓ maximize the contributions of FDI in achieving Mozambique's development objectives, in particular sustainable development, poverty reduction and skills building, through a strong and competitive private sector;

Challenges for Business & Economic Development

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II – Development of an oriented FDI strategy

- **Need to:**

  - ✓ maximize the impact of mega-projects and the opportunities for spillovers and linkages;
  - ✓ diversify the sectors of destination of FDI;
  - ✓ diversify the countries of origin of foreign investors.

Challenges for Business & Economic Development

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II – Development of an oriented FDI strategy

❖ Need to:

✓ optimize the impact of FDI on the national economy, including in terms of:

- job creation;
- transfer of skills, know-how and technology;
- value-addition and growth;
- development in rural areas;
- export creation and diversification;
- linkages with national firms and SMEs;
- supply-chain development.

Challenges for Business & Economic Development

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Thank You!

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