



## Doing Business In Mozambique: A Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business In Mozambique

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### Market Overview

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Mozambique's economy, recovering from a devastating civil war and benefiting from macroeconomic reforms and large foreign investment projects, grew an average of eight percent per year during 1994-2005 – the best growth record for any country in sub-Saharan Africa over this period. Foreign direct investment, exports and revenue collection all increased markedly during this time. The period of mass privatization has ended, although some of the dozen remaining parastatals may still be sold off. The HIPC (Heavily Indebted Poor Countries) and Enhanced HIPC debt relief programs have given the government more breathing room to focus efforts to alleviate poverty, a key policy goal. These efforts received more support in late December 2005, when IMF forgave 100% of Mozambique's debt incurred prior to January 1, 2005 under the new Multilateral Debt Relief Initiative (MDRI). Real GDP growth for 2004 was nearly eight percent and it is currently estimated that real GDP growth for 2005 was around seven percent. Furthermore, the Mozambican government (GRM) expects an average real GDP growth rate of seven to ten percent over the next five years.

Maintaining this high level of growth hinges upon the success of several major foreign investment projects, continued economic reform and expansion of the agriculture/agribusiness, transportation, energy and tourism sectors. The economic growth comes from a low base; the current estimated per capita GDP for 2005 is \$345. The inflation rate for 2005 was 14%.

### Market Challenges

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Despite Mozambique's investment potential, the Mozambican business climate remains a challenging one. Generally good macroeconomic policies and a high-level commitment to attracting large-scale investments masks a bureaucracy that remains at times unresponsive to the needs of corporations, especially small-to-medium-sized enterprises. Permits are slow and difficult to obtain; corruption is problematic; the legal system is antiquated and cumbersome. Procedures to clear customs remain onerous.

Although under revision, the labor law is a serious impediment to businesses. The government has limited qualified staff, and this small pool of workers is under increased threat from the spread of HIV/AIDS. Mozambique functioned as a socialist economy in its first decade after independence in 1975, and the Constitution does not allow private ownership of land. Land can only be leased, although for renewable 50-year periods. Road infrastructure is generally poor, except for large stretches of the main south-north highway, the Beira corridor and the toll highway connecting Maputo with Johannesburg, South Africa. Cell phone coverage is quite good in most inhabited areas of the country, however.

### **Market Opportunities**

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American investment and export opportunities exist in construction, energy (natural gas, hydropower and bio-diesel), mining (tantalum, graphite and coal), fishing (prawns, lobster, pelagic fishes), aquaculture, tourism, agriculture/horticulture (cashews, sesame, tea, essential oils, vegetables, flowers, paprika, tobacco and fruits), telecommunications and transportation. Additional export possibilities lie in infrastructure projects in agriculture, transportation, education and health, which are financed by the World Bank, the African Development Bank, USAID and other donors, and NGOs.

Mozambique is eligible for trade benefits under the African Growth and Opportunity Act (AGOA), the European Union Cotonou Agreement, the Southern African Development Community (SADC) Trade Protocol and the U.S.-Mozambique Bilateral Investment Treaty, all of which increase the country's attractiveness for investments. Mozambique has submitted a compact proposal to the Millennium Challenge Corporation (MCC) and is currently working with the MCC towards the signing of a compact. The compact proposal, focused on the northern part of the country, contains several potential projects, including improving the business environment, water, sanitation and transportation infrastructure, investment in the agricultural sector and developing tourism.

### **Market Entry Strategy**

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Most companies find it advantageous to establish a local office in Mozambique to assist in dealing with local officials and clients. At a minimum, this involves registration with three ministries: the Ministry of Industry and Commerce, the Ministry of Planning and Development and the Ministry of Finance. Red tape, through reduced, remains a problem, and petty corruption can obstruct the securing of local licenses and permits. Most U.S. firms hire a consulting firm to assist with the registration process, and small-to-medium-sized businesses experience significant delays. The "Doing Business in 2006" World Bank Report identifies Mozambique as one of the most difficult countries in the world to start a business. Entrepreneurs can expect to go through at least 14 steps to a launch a business, in a lengthy procedure that according to the World Bank lasts, on

average, 139 days. Prospective investors use the government's Investment Promotion Center (CPI) for assistance in obtaining licenses and permits.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/7035.htm>

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### Using an Agent or Distributor

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An agent can be an advantage in establishing a market presence in Mozambique. Agents assist in overcoming red tape and in keeping abreast of regulatory changes. To locate an agent, U.S. firms may contact the Mozambican-U.S. Chamber of Commerce, a local consulting firm, or the Commercial Section of the U.S. Embassy.

### Establishing an Office

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Most companies find it advantageous to establish a local office in Mozambique to assist in dealing with local officials and clients. At a minimum, this involves registration with three ministries: the Ministries of Industry and Commerce, the Ministry of Planning and development and the Ministry of Finance. Red tape, though reduced, remains a problem, and petty corruption can obstruct the securing of local licenses and permits. Most U.S. firms hire a consulting firm to assist with the registration process, and small-to-medium-sized businesses experience significant delays. Prospective investors use the government's Investment Promotion Center (CPI) for assistance in obtaining licenses and permits.

## **Franchising**

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This business concept has only recently begun to take hold. The first fast-food franchises from South Africa entered the market in 1997; to date there are only a handful. The first U.S. fast-food franchise to enter Maputo was KFC (2003). A Franchising Association has been established.

## **Direct Marketing**

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The local banking, postal, debt collection and customs services are not adequate at this time to support direct marketing campaigns. Telemarketing may be possible, but could be poorly received by an audience unfamiliar with direct marketing. Door-to-door sales may have a place, and the Internet may also provide opportunity for direct marketing to a select population, including foreigners.

## **Joint Ventures/Licensing**

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Joint ventures with Mozambican companies are encouraged by the government and can help in dealing with regulatory issues and red tape.

## **Selling to the Government**

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Major government purchases are almost always subject to the procurement rules of the particular donor agency financing the project, since government funds for purchases are often not available.

Until the end of 2005, major projects managed by individual ministries were often the responsibility of the department that administered the project. In December 2005 the Council of Ministers approved a long-awaited procurement regulation, which was the result of work since 2002 by government officials, the donor community and the private sector. As of the drafting of this guide (early February 2006), the regulation is not yet in effect and it is too early to say what its exact impact will be on government tenders. It is clear, however, that the regulation has built in preferences, especially for small contracts, for companies that are majority-owned by Mozambican nationals. American companies interested in competing in a Mozambican-government tender should contact the Embassy for further information.

## **Distribution and Sales Channels**

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The line between wholesale and retail is still quite blurred. The war destroyed colonial distribution channels. A new national distribution system is coalescing, driven by local manufacturers attempting to distribute their products. For now, wholesalers are simply retailers who import in volume and sell to other retailers; these retailers (or "micro-retailers") then distribute these goods in the

countryside. The three principal sales regions are the northern, central and southern sections of the country. Few traders distribute in all three regions due to the distances involved and limited infrastructure in place. An estimated 50 percent of imported products are consumed in the three principal cities of Maputo (south), Beira (center), and Nampula (north). Many U.S. firms service Mozambican distributors or clients from offices and/or warehouses in South Africa.

### **Selling Factors/Techniques**

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Most local businesses lack working capital. Some U.S. exporters have increased sales by offering deferred letter of credit (L/C) terms, thus financing a substantial portion of the shipping/sales cycle. Leasing may also be an option. Two leasing companies exist. Promotional material should be written in the Portuguese language. Few American sales representatives have been able to justify traveling to Mozambique on the sales generated by one trip, although U.S. firms are encouraged to participate in catalog shows and trade fairs by sending promotional material to the Foreign Commercial Service (Johannesburg or Durban) or the U.S. Embassy when a trade fair is identified. Twenty-three U.S. firms participated in the Water Africa 2004 Trade Fair in Maputo (March 2004), and over 100 business leads were generated. In addition, a general international trade fair is held annually in September in Maputo and is attended by representatives from approximately 20 countries.

### **Electronic Commerce**

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No information is currently available.

### **Trade Promotion and Advertising**

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Government-owned Televisão de Moçambique (TVM) offers coverage in provincial capitals and Maputo. Foreign-based Rádio Televisão Portuguesa-África (RTP-África), Portuguese government-owned TV for Portuguese African speaking countries, and Rádio Televisão Miramar, owned by the Brazilian "Universal Church of the Kingdom of God," are also seen in Maputo and in other cities by satellite, and accept local advertising. Privately owned "SOICO-TV" (STV), currently broadcasting to the cities of Maputo, Inhambane, Xai-Xai and Beira, also accepts local advertising. Television advertising may be the most effective medium to reach affluent Mozambicans, the likely purchasers of imported products for both distribution and personal use. According to the ITU, six percent of households in Mozambique have a television (100,000 television sets estimated in Maputo), while 46% have a radio. Television advertising is inexpensive. A 30-second prime time spot at TVM may sell for as little as \$210. The only radio station with national coverage is the government-owned Rádio Moçambique. The second most popular Maputo station is Rádio Moçambique's FM station "Rádio Cidade." Both stations reach wide audiences.

## Pricing

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Product mark-ups in Mozambique vary greatly by product and geographic location. Duties on imported goods range from zero to 20 percent, depending on whether a product is a primary input, intermediate, or consumer good. A value-added tax of 17 percent is also assessed at the point of sale. These rates are in accord with the Southern African Development Community agreement, but apply to imports from all countries enjoying Most Favored Nation (MFN) treatment. Although the top rate is relatively high, the average duty paid on all imports is now nine percent on a trade-weighted basis, making the Mozambican tariff regime overall one of the lowest in Africa.

However, as a result of the import duty and transportation costs, prices on consumer goods imported from South Africa are generally significantly higher than in South Africa. Sales and discounts are not typical. Prices of necessities are tempered by the ability of the consumer to afford the item. High end products, like computers, are considerably more expensive than in developed country markets. Inventory carrying costs are high due to high interest rates.

## Sales Service/Customer Support

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The provision of service is an important factor in making a vehicle or equipment sale, as local availability of parts and technical expertise is inadequate. Foreign companies are increasingly making inventory and technicians available to service their sales in Mozambique.

## Protecting Your Intellectual Property

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There is a small Intellectual Property Rights office in the Ministry of Industry and Commerce. However, Mozambique's judicial system is grossly understaffed, inefficient and, at times, corrupt, offering only limited IPR protection. Please read, "Protection of Property Rights" in Chapter 6 and visit <http://www.wipo.int/about-ip/en/ipworldwide/pdf/mz.pdf> for more information on PIR in Mozambique.

## Due Diligence

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Verifying the bona fides of banks, agents, business partners, contractors, sub-contractors, and customers is extremely important in a developing country like Mozambique. A local consulting firm or the American Embassy can help in this regard. Business reputation is important in the small business community in Mozambique, so checking with other local business people is also useful.

## Local Professional Services

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Legal advice is essential if an investment is being considered. Law firms are not well established, and most lawyers practice as individuals. Many local consulting firms also offer legal counsel services for potential investors. The American Embassy can provide a list of local attorneys on request. The U.S.-Mozambique Chamber of Commerce may also assist in identifying lawyers.

## Web Resources

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### United States Government Contacts

#### **U.S. Embassy, Maputo, Mozambique**

<http://www.usembassy-maputo.gov.mz>

#### **U.S. Commercial Service**

<http://www.buyusa.gov/home/>

#### **Southern Africa Global Competitiveness Hub**

<http://www.satradehub.org/>

#### **USDA, Foreign Agricultural Service**

<http://www.fas.usda.gov/>

#### **US Foreign Commercial Service (South Africa)**

<http://buyusa.gov/southafrica/en/>

#### **US Trade and Development Agency (South Africa)**

<http://www.ustda.gov/USTDA/USTDA%20By%20Region/subsaharanafrica.htm>

### Mozambican Government and NGO Contacts

#### **INE – Instituto Nacional de Estatística**

[www.ine.gov.mz](http://www.ine.gov.mz)

#### **IPEX – Mozambique Export Promotion Institute**

[www.ipex.gov.mz](http://www.ipex.gov.mz)

#### **CPI – Mozambique National Investment Promotion Agency**

[www.cpi.co.mz](http://www.cpi.co.mz)

#### **Banco de Moçambique –**

<http://www.bancomoc.mz/>

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**CTA - Confederação das Associações Económicas de Moçambique**  
[www.cta.org.mz](http://www.cta.org.mz)

**U.S. – Mozambique Chamber of Commerce**  
[www.ccmusa.online.co.mz](http://www.ccmusa.online.co.mz)

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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### Agricultural Sector

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## **Natural Gas/Oil and Bio-Diesel**

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Considerable oil and gas exploration possibilities exist in the provinces of Gaza, Inhambane, Sofala, Zambézia, Nampula, Cabo Delgado, and related offshore areas. The government opened a bidding round in July 2005 for the exploration of several offshore blocks in an area known geologically as the Rovuma Basin, named for the Rovuma river that forms Mozambique's northern boundary with Tanzania. On January 31 the government announced that it was reviewing bids from seven companies, including one American company. A winner is to be selected in March.

In the south, the Pande gas field is a proven world-class natural gas deposit, with reserves of over 3.5 trillion cubic feet. SASOL (South Africa) completed construction of a natural gas pipeline from the Pande and Temané gas fields to its synfuel plant in Secunda, South Africa in 2004. In early 2005 SASOL routed some of this gas back to Mozambique through a newly built gas pipeline running from South Africa to Maputo (paralleling the highway from the border).

The Mozambican government has rights to several out-take points on the pipeline and is actively seeking investors in energy-intensive projects to use the natural gas.

Investors are now beginning to explore the investment possibilities of bio-diesel in Mozambique. While no large-scale investments are currently in place, this is an exciting new area for development.

## **Mining**

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Mozambique has commercially important deposits of coal (high quality coking coal), iron ore, titanium ore, apatite, graphite, marble, bentonite, bauxite, kaolin, copper, gold, and tantalum ores. Two of the largest investment projects in development are mining and processing ventures of "heavy sands" deposits, essentially mineral deposits brought down by rivers and built up into sandy bluffs. The Moma Heavy Sands (Kenmare Resources, Ireland) and Corridor Sands (Australia) projects together will require more than \$1 billion in investment in the next few years. Lack of electricity at the moment is a key constraint on the Corridor Sands project, and may delay its development for several years while a source of power is found.

Companhia Vale do Rio Doce (CVRD), a large Brazilian coal company, won rights to the world-class Moatize coal field in Tete province in late 2004. There may be possibilities for the provision of coal mining equipment for its operations. CVRD also is considering constructing a coal-fired power station, perhaps 1,600

megawatts in size. The building of this station would offer additional opportunities in Mozambique's construction sector.

Mozambique's mineral potential is largely unexploited, which explains why equipment sales in this area have been historically very small. Extensive exploration will be necessary to uncover the nation's full resource potential. Important commercial opportunities exist for foreign investors interested in developing known deposits or in doing exploration work.

### **Electric Power Generation**

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Mozambique has considerable hydropower potential. The Mozambican government is actively seeking investors to build a northern powerhouse at the Cahora Bassa dam (the southern bank powerhouse is in operation) and to construct a second dam lower down the Zambezi at Mepanda Uncua.

There is increasing regional demand for power, especially in South Africa. The electricity supply agreement between Cahora Bassa and South Africa's Eskom was revised in early 2004, yet electricity is still supplied for only a fraction of the international and regional price. Currently the Cahora Bassa Hydroelectric Company (HCB), which manages dam operations, is 82% Portuguese-owned and 18% Mozambican-owned, but in late 2005 the Mozambican and Portuguese governments reached an agreement whereby Mozambique will acquire an 85% ownership in HCB.

### **Telecommunications**

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Landlines account for only 20% of all telephone numbers currently in use in Mozambique; the remaining 80% are cellular. Mcel was the first cellular phone company in Mozambique. In December 2003 South African cellular provider Vodacom opened a second cellular provider network. All equipment for the construction of the GSM standard network is being imported, mostly from South Africa.

The parastatal TDM has authority to make autonomous decisions on network upgrades, expansions and the purchase of equipment. TDM plans to spend over \$200 million on modernization and expansion of its landline network over the next three years. The centerpiece of the planned upgrade is the construction of an entirely new basic network for the central and northern regions valued at \$50 million. The new trunk will be based on submarine and terrestrial fiber optic cables and microwave relay stations, and will replace the current expensive satellite relay service that is unable to handle the increasing call volume.

In addition to replacing its basic network, TDM is planning to expand its national service to bring coverage to rural areas and to upgrade its urban nodes. The European Union is financing a project to bring TDM coverage to all areas of

Inhambane and Gaza provinces. The Arab African Development Bank is currently completing a viability study to finance a similar project in the province of Tete.

The Internet is widely available, even in provincial capitals, and is largely unregulated, with ISP providers able to bring in their own bandwidth.

### **Construction Equipment, Architecture, Engineering and Construction Services**

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The Mozambican construction industry continues to grow. The rehabilitation and expansion of the road and rail network is continuing, with significant donor funding from the World Bank and other organizations. Rehabilitation of port and airport facilities also figures prominently on government and donor agendas. Construction of rural health and education facilities offers possibilities for additional sales.

Caterpillar and Komatsu currently dominate the construction equipment market. Financiers of infrastructure projects show a strong preference for leased equipment with service agreements. Domestic firms, in partnership generally with South African, Portuguese or Italian companies, provide construction, architecture, and engineering services. Given the significant cost advantage, American firms interested in entering this market would do well to consider forming similar partnerships with existing local construction and design firms.

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The major commercial ports are at Maputo, Beira, and Nacala. Long-term operating concessions in port and rail services will involve significant expansion and equipment upgrades. The MPDC recently assumed operation of the port of Maputo on a 15-year management concession agreement (extendable another 10 years), and is making significant infrastructure upgrades.

At Beira the port and railway parastatal, CFM, manages operations of the port; however a Dutch firm, Cornelder, took over the management of several terminals in 1998. The Beira port has made significant upgrades over the past decade. Beira is Zimbabwe's main port of entry to the world market. Political turmoil in Zimbabwe has slowed traffic through the port, with exports declining by approximately 40% since 2001. Reconstruction and management of the Sena line, which links Beira with the important NW city of Tete, was given by the Mozambican government to the firms RITES and IRCON (India) in 2004. The World Bank is providing \$104.5 million in soft loans (IDA funds), with RITES and IRCON investing an additional \$35 million, to restore this line. Reconstruction will require three and a half years. Given the current inoperative state of the entire

length of the line, significant purchases of equipment, rails, signals, and rolling stock will be a necessary part of the process

Two American companies, Edlow Resources Ltd and Railroad Development Corp., are shareholders in the Nacala Corridor Development consortium, which manages the port of Nacala and the rail line to Malawi. The Overseas Private Investment Corporation (OPIC) is lending the consortium \$30 million to improve both the port and the rail line. Development of the Nacala rail corridor, particularly to connect the line to the massive coalmine in Moatize, should lead to significant investment in port and railway equipment and rolling stock.

### **Agricultural Machinery**

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More people work in the agricultural sector (generally doing subsistence farming) than in any other in Mozambique. While commercial agriculture remains limited, it is expanding, especially in sugar, cotton, citrus, coconut, cashews, and tropical fruit crops. Diversification into non-traditional crops such as soybeans, pulses/legumes, sesame, and spices (particularly paprika) is moving forward. As moribund state-owned agricultural concerns are broken-up and privatized, new Mozambican and foreign (principally South African, but also Zimbabwean) buyers are interested in up-grading outdated agricultural equipment. The arrival of nearly 100 Zimbabwean farmers in Manica province offers another potential source of buyers. Currently, Massey Ferguson dominates the agricultural equipment market.

### **Food Processing and Packaging Equipment**

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As Mozambique's agricultural production increases, opportunities for food processing and packaging should grow. Local companies have indicated interest in canning, packaging, and vacuum packaging equipment. Mozambican agricultural exports to the U.S. receive U.S. tariff benefits under the African Growth and Opportunity Act (AGOA). Given the stringent phytosanitary requirements on fresh produce, the majority of opportunities are in the processed food arena, specifically the export of dried fruits, essential oils, jams/jellies, and fruit juices. Equipment for the manufacturing and packaging of such products will need to be imported.

### **Autos, Light Trucks, Van, Trucks, Trailers, Buses**

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As Mozambique's economy gains momentum, there is growing demand for right-hand drive passenger and hauling vehicles. Toyota dominates the passenger and light truck market. City and inter-city bus service offers opportunities for vehicle sales, as does inter-city truck hauling. With road upgrades in progress, additional mass transit and goods transport vehicles will be required. As of February 2006, 18-wheeler Freightliner brand (US) trucks were increasingly popular in Mozambique.

## **Wheat**

The domestic production of wheat is estimated at only 2,000 MT per annum. Estimated domestic demand for wheat in 2004 was 315,000 MT. Market requirements to increase milled flour protein levels to bake loaf bread means that 80-90% of projected imports need to be "hard" high protein varieties. Due to local climatic and soil conditions, 80-90% of regionally produced wheat is a "soft" low protein variety, creating a potential market for American wheat. Imports of American wheat are successfully sold in Mozambique on an annual basis under PL 480 programs.

## **Edible Oils**

The domestic production of edible oils each year falls short of projected demand. Traditional import sources to make up this shortfall are Argentina, Southeast Asia, South Africa, Zimbabwe, and Malawi. Domestically produced oils, mainly coconut, groundnut, and maize combined with lesser amounts of cotton seed, sesame, and sunflower oil, generally dominate rural markets and sales to the urban poor. The growing urban middle and upper class prefer to purchase imported oils -- primarily palm, soybean, and sunflower. Regional imports make up only a small portion of imports (around 4%), creating a potential market for American crude de-gummed sunflower and soybean oils that are refined locally. Imports of American crude sunflower seed oil are occasionally sold in Mozambique under PL480 programs.

## **Corn**

Corn is the staple grain in Mozambique. Barring natural disasters, total annual production usually is slightly higher than domestic demand, with excess production exported to Malawi and elsewhere in east and central Africa. However, Mozambique both imports and exports corn. Annual imports of up to 140,000 MT generally originate in neighboring South Africa and are shipped by train to meet urban requirements around Maputo. Despite significant improvements in production, Mozambique still has an overall cereal (corn, rice, wheat, sorghum, millet) deficit each year.

Production shortfalls in neighboring Zimbabwe, exacerbated by political problems that may continue on a more long-term basis, have created a general regional demand for cereal. Missing Mozambican imports of corn from Zimbabwe will need to be replaced in the future, and American corn may be a possibility.

## **Rice**

Rice is a traditional staple in only part of Mozambique, including Zambezia and some coastal urban areas. Its popularity, however, is growing in urban areas, encouraged by cheap imports from South Asia. American rice has been unable to compete with sales from China, Thailand, and other Asian countries. Should such sales diminish or cease, however, a potential market for American rice exists in Mozambique.

## **Processed Foods**

The re-exportation of significant quantities of American processed food goods from South Africa to Mozambique is a hallmark of the market. Urban consumers' consumption of processed foods continues to grow. Re-exports of American goods from South Africa are combined with South African and European (largely Portuguese) goods to meet increased demand. Direct marketing of processed foods to Mozambican importers may be a possibility.

## **Horticulture, Nuts**

Mozambique has a large, as-yet unrealized, horticultural/agricultural potential. Citrus fruits, sugar, cashews, macadamias, lychees, tropical fruits, vegetables, tobacco, and flowers (specifically roses) are all potentially commercially viable cash crops in Mozambique. The cashew sector performed well in 2004, growing substantially, and processors have formed a marketing association. Sugar production, largely destroyed during the civil conflict, has been rehabilitated and expanded. A macadamia nut plantation (Tenga, Ltd.) is operating in Niassa Province with American and South African investment. Inaugurated in 2003, this farm expects its first crop in 2008. In addition, there is potential to expand into non-traditional crops such as pulses/legumes, sesame and spices (paprika). Foreign investment in agricultural production will be necessary to make this a reality. The domestic and South African markets are capable of absorbing a modest amount of production. There are exports to the European market of citrus fruits and flowers. AGOA allows duty-free entry to the American market for most fresh produce, but phytosanitary regulations must be met -- a process that takes significant time. Agricultural processing of these same crops may be a more immediate way to take advantage of the American market. Dried fruits, essential oils, fruit peels, jams/jellies, canned fruits, and juices are all possible products that could be profitably manufactured and sold from Mozambique. Currently, almost 100 Zimbabwean farmers have established farms and produced varied crops in Manica and Tete Provinces. This influx of investment, technology, and know-how has created significant production gains for the central regions of Mozambique.

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Mozambique's trade weighted average tariff is 9%, one of the lowest in Africa. Duties on imported goods range from zero to 20 percent. A duty of 20 percent is levied on consumer goods; a value-added tax of 17 percent is also assessed at the time of importation. Import duties represent approximately 15% of government tax revenue.

### Trade Barriers

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Mozambique does not use import quotas. The often time-consuming and bureaucratic customs clearance procedures are considered by many to be a significant non-tariff barrier.

### Import Requirements and Documentation

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**Import Taxes and License Requirements** – No import taxes, aside from tariffs and VAT, are imposed, except on sugar and some luxury items. All importers must be licensed by the National Directorate of Trade, which is part of the Ministry of Industry and Commerce. Registration is straightforward and has not been used as a non-tariff barrier.

**Special Import/Export Requirements and Certifications** – All importers and exporters must be duly licensed by the Ministry of Industry and Commerce. Pre-shipment inspections are currently mandatory for all imports. The importation of live animals (other than domestic pets) requires veterinary certificates. Sanitary and phytosanitary requirements exist in legislation for the importation of foodstuffs and plant materials, but are rarely enforced in practice. Special import

permits and licenses are necessary for pharmaceuticals, firearms, munitions, and explosives. In July 2004 the Ministry of Agriculture tightened controls over the importation of frozen chickens. All products must bear a health certificate from the country of origin, certifying they are free of disease, or importers may face sanctions.

**Warranty and Non-Warranty Repairs** – Spare parts imported for repair purposes are subject to normal tariffs. Goods are not normally shipped to Mozambique for temporary repair.

**Industrial Free Zones/Warehouses** – The government issued Decree No. 61/99 on September 21, 1999, establishing industrial free zones (export processing zones). The decree set up an Industrial Free Zone Council, which approves companies as industrial free zone enterprises, thereby providing them customs and tax exemptions and benefits. There are two essential requirements for Industrial Free Zone status: job creation for Mozambican nationals and the exportation of at least 85% of annual production. Industrial Free Zone developers enjoy an exemption from customs duties, VAT and tax on the importation of construction materials, machinery, equipment, accessories, accompanying spare parts and other goods destined for the establishment and operation of the Industrial Free Zone. The processing of cashew nuts, fish and prawns are not acceptable industrial free zone activities. Free zone concessions are granted for a renewable period of 50 years. Mozambique's large export-oriented investment projects of recent years, such as MOZAL and SASOL, operate as industrial free zones.

#### **U.S. Export Controls**

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No information is currently available.

#### **Temporary Entry**

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Temporary entry is permitted for goods that are going to be used temporarily in Mozambique and then removed. In addition, goods in transit are exempt from customs duties. Such procedures work reasonably well at the ports of Beira and Nacala for shipments destined to Malawi, Zambia, and Zimbabwe. As the procedures are not frequently used for goods entering through the Maputo port, gaining the exemption can be complicated and time consuming.

#### **Labeling and Marking Requirements**

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Labeling requirements for foodstuffs and pharmaceuticals remain on the books from prior to independence, but are not enforced.

## Prohibited and Restricted Imports

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Mozambique prohibits the importation of pornographic materials and certain controlled substances, and carefully regulates the importation of pharmaceuticals, firearms, and explosives.

## Customs Regulations and Contact Information

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Further information on Mozambican customs regulations and guidelines can be obtained at the following website: [www.alfandegas.org.mz](http://www.alfandegas.org.mz), or by contacting the U.S. Embassy in Maputo.

## Standards

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### NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Trade Agreements

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**SADC Trade Protocol** – Mozambique is one of eleven members of the Southern African Development Community (SADC) currently implementing the organization's trade protocol, as discussed in Chapter 2. Tariffs have been eliminated on trade in certain goods with other implementing members. Tariffs on additional items are to be eliminated by 2012, although final details remain under discussion, and Mozambique has until 2015 to comply. If fully implemented, the protocol will give Mozambican products duty free access to a market of over 200 million people with a GDP of \$275 billion, with reciprocal treatment for the goods from ten other nations including South Africa.

**AGOA/GSP** – Under the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP), a wide range of Mozambican products receives duty-free entry to the United States. A key provision of AGOA is the duty-free entry of apparel manufactured in Mozambique, including apparel manufactured with third-country fabric. The preferential arrangements contain no reciprocal treatment for U.S. products entering Mozambique.

**EU** – Under the terms of the Cotonou Agreement, certain Mozambican products currently enjoy reduced tariffs or duty-free entry into European Union member nations under an Everything But Arms (EBA) arrangement. Mozambique is

currently negotiating an economic partnership agreement with the EU as a member of a block of other SADC countries.

**Other Bilateral Trade Agreements** – In December 2005, Mozambique entered into a preferential trade agreement with Malawi. This agreement was an update of a similar agreement signed by the Portuguese colonial authorities with Malawi prior to Mozambican independence. It allows for free trade of goods originating in the two countries, excluding beer, certain soft drinks, tobacco, sugar, vegetable oil, chickens and eggs, office equipment, petroleum products, weapons, ammunition and explosives. The Mozambique-Malawi agreement has simpler rules of origin than those outlined in the SADC Trade Protocol. Mozambique also finished negotiations with Zambia for a preferential trade agreement, but as of January 10, 2006, had not yet signed a final agreement.

#### Web Resources

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SADC Trade Protocol: <http://www.sadcstan.co.za/protocol.html>

AGOA/GSP: <http://www.agoa.gov/>

Cotonou Agreement:

[http://europa.eu.int/comm/development/body/cotonou/index\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/index_en.htm)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Mozambique encourages foreign direct investment. CPI, the government's Investment Promotion Center, seeks to bring investors to Mozambique and should be a potential investor's primary contact with the government. CPI is particularly interested in increasing investment in the central and northern regions of the country in order to address large regional development imbalances.

Contact information for the Investment Promotion Center (CPI) is as follows:

Investment Promotion Center (CPI)  
Mahomed Rafique Jusob, Director  
Rua da Imprensa, 332 (ground Floor)  
Caixa Postal 4635, Maputo  
Tel: (258) (21) 31-33-75 or 32-24-57  
Fax: (258) (21) 31-33-25  
Internet: <http://www.mozbusiness.gov.mz> or [www.cpi.co.mz](http://www.cpi.co.mz)

Mozambique's Law on Investment, No. 3/93, dated June 24, 1993, governs foreign investment. Additional amendments were passed over the next two years: Decree No. 14/93 on July 21, 1993 and decree No. 36/95 on August 8,

1995. The law and amendments generally do not make distinctions based upon investor origin, nor do they limit foreign ownership or control of companies. The lengthy registration procedures can be problematic for any investor – national or foreign. Working with a local consulting firm or partner familiar with the requirements will facilitate the registration process. CPI assists foreign investors in obtaining licenses and permits. However, in general, large investors receive much more support from the government in the business registration process than small and medium-sized investors, who often must endure lengthy, overly bureaucratic delays.

The “Doing Business in 2006” (which covers 2005) report by the World Bank identifies Mozambique as one of the most difficult countries to start a business. Entrepreneurs can expect numerous bureaucratic hurdles that must be overcome sequentially to launch a business. In 2005 the average time to open a business was 139 days, although some within the business community feel that the process in reality might be moving slightly faster. The government, working with donors, hopes to shorten this period considerably in coming years.

To date Mozambique’s privatization program has been relatively transparent, with open and competitive tendering procedures in which both foreign and domestic investors have participated. Most remaining parastatals are in public utilities, making their privatization more politically sensitive. While the government has indicated an intention to take on partners in most of these utility industries, progress on privatization has been slow.

Government authorities must approve all foreign and domestic investment. Currently CPI handles the approval process for foreign investors. The investment approval process is automatic within 10 days if no objections are voiced by any of the following: 1) the relevant ministries; 2) the provincial governor for investments under USD 100,000 or 3) the Minister of Planning and Finance for investments between USD 100,000 and USD 100 million. The Council of Ministers must review investments over USD 100 million and those involving large tracts of land (5,000 hectares for agricultural investments, 10,000 hectares for livestock or forestry projects). The Council has 17 working days to voice an objection before approval becomes automatic. The government has not yet used these screening mechanisms to limit investment or to protect a domestic industry.

## **Conversion and Transfer Policies**

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Foreign exchange retention accounts are permitted for 100 percent of foreign exchange earnings without formal justification. These may be used to purchase imports. Investment registration and repatriation procedures must be followed to repay foreign loans and for the repatriation of invested capital, profits and dividends. Delays are uncommon beyond those typical for administrative processing in a developing country.

## **Expropriation and Compensation**

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Private property was nationalized throughout Mozambique following independence from Portuguese colonial rule in 1975. After Mozambique's turn away from socialism in the 1980s, citizens had a period of time to reclaim residential property. The government retained commercial property, but later sold it off as part of its privatization efforts. All but a handful of religious properties that were nationalized have been returned; negotiations are ongoing for the remaining few. It is worth noting, however, that there is no private ownership of land in Mozambique; all land is owned by the state.

While there have been no significant cases of nationalization since the adoption of the 1990 Constitution, Mozambican law holds that "[w]hen deemed absolutely necessary for weighty reasons of national interest or public health and order, the nationalization or expropriation of goods and rights...shall (result in the owner being) entitled to just and equitable compensation."

## **Dispute Settlement**

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In December 2005 the National Assembly approved major revisions to the commercial code - the result of a collaborative effort starting in 1998 between the Mozambican government, the private sector and donors. The previous commercial code was from the colonial period, with clauses dating back to the 19<sup>th</sup> century, and did not provide an effective basis for modern commerce or resolution of commercial disputes. The revised code is generally viewed as a very positive development.

To date the judicial system has been largely ineffective in resolving commercial disputes. Instead most disputes among Mozambican parties are either settled privately or not at all. The business community is still so small that a commercial dispute or accusation of illegal activity can seriously damage one's reputation.

In February 1999 the National Assembly passed alternative dispute resolution (ADR) legislation. The Center for Commercial Arbitration, Conciliation and Mediation (CACM), which is supported by USAID, offers commercial arbitration. CACM has two locations - one in Maputo and a second in the northern city of Nampula. CACM does not, however, deal directly with labor issues. For disputes between international and domestic companies, the law closely follows UNCITRAL, the United Nations Commission of International Trade Law. For domestic arbitration, the law is formulated to cover a wide range of potential disputes, including non-commercial issues. Mozambique acceded in mid-1998 to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. For disputes between American and Mozambican companies where a violation of the nations' Bilateral Investment Treaty (BIT) is alleged, recourse via international ADR under the BIT may also be available.

## **Performance Requirements and Incentives**

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Mozambique is generally in compliance with WTO Trade-Related Investment Measures (TRIM) obligations. A variety of tax incentives exist to encourage direct foreign investment, which vary according to the region of the country and the nature of the investment but often include a 50 to 80 percent reduction in taxes. Customs exemptions are possible for the importation of capital equipment and raw materials. To qualify, a minimum investment of USD 50,000 and pre-approval from CPI are required. The government grants special fiscal, labor and immigration arrangements to companies operating in designated Rapid Development Zones. Rapid Development Zones include the whole of Niassa Province, Nacala District, Ilha de Mocambique, Ibo Island and the Zambezi river valley. Investments in these zones are exempt from import duties on certain goods, from real property transfer tax and are granted an investment tax credit equal to 20% of the total investment (with a right to carry forward for five years).

Specific performance requirements are built into mining concessions and management contracts, and sometimes into the sale contracts of privatized entities. Investments involving partnerships with the government usually include milestones that must be met for the investor's project to continue.

Note: The process of obtaining a visa and related work permits in Mozambique is lengthy and overly bureaucratic. The Ministry of Labor must approve the employment of foreigners. The Ministry of Interior's immigration department issues a DIRE (a work permit/identification card) once the Ministry approves the application. Assistance through a local lawyer, consulting firm or an individual familiar with the process will facilitate obtaining necessary work permits.

## **Right to Private Ownership and Establishment**

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The legal system recognizes and protects property rights to building and movable property. Private ownership of land, however, is not allowed in Mozambique. Instead the government grants land-use concessions for periods of up to 50 years, with options to renew. The government at times has granted overlapping land concessions. Essentially, land-use concessions serve as proxies for land titles; however, they are not allowed to be used as collateral. Land surveys are being carried out throughout the country to enable individuals to register their land concessions. This process is moving slowly and will not provide any real legal protection to investors for some time to come. The Mozambican banking community uses property other than land, such as cars and private houses, as collateral.

## **Protection of Property Rights**

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The inefficient nature of the Mozambican judicial system makes protection of property rights extremely problematic. Pirated copies of audio, videotapes,

DVDs and other goods are sold in Mozambique. Intellectual property right infringement is not a significant problem for US companies, however, due to the small size of the local market.

The National Assembly passed a copyright and related rights bill in 2000. This bill, combined with the 1999 Industrial Property Act, brought Mozambique into compliance with the WTO agreement on the Trade Related Aspects of Intellectual Property Rights (TRIPS). The law guarantees the security and legal protection of industrial property rights, copyrights and other related rights. Recently private sector organizations have been working together with various government entities on an IPR task-force team in an effort to combat intellectual property right infringement and related public safety issues.

#### **Transparency of Regulatory System**

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Investors face a myriad of requirements for permits, approvals and clearances, all of which take a significant amount of time and effort to obtain. The difficulty of navigating the system creates space for corruption, and bribes are often requested or offered to facilitate transactions.

Regulations in the areas of labor, health and safety and the environment routinely are not enforced, or are enforced randomly to generate revenue from fines. In addition, civil servants have at times threatened to enforce antiquated regulations that remain on the books to obtain favors or bribes.

The government is aware of the problems and has launched a donor-funded effort to streamline procedures. In December 2005 the National Assembly finally approved a revised commercial code. The new commercial code is seen as a step forward in combating many of these issues.

#### **Efficient Capital Markets and Portfolio Investment**

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Mozambique has a small capital market of eleven commercial banks, of which four dominate the market. The banks compete for important clients and deposits. Access to credit for the private sector remains difficult and expensive – interest rates for loans generally fall between 17 and 22 percent per year. Access to capital in the rural areas is constrained by the fact that land leases cannot serve as collateral. Various entities, such as the Aga Khan Foundation and NovoBanco, offer micro-credit financing programs to partially fill this need. The tiny stock exchange, founded in October 1999, lists one company (a brewery, Cervejas de Mocambique) and five government bonds.

#### **Political Violence**

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There were few incidents of localized violence prior to the 2004 general elections. In May 2004 many opposition parties and the ruling FRELIMO party

subscribed to an electoral code of conduct, which was generally upheld during the campaign and the elections. However supporters of the opposition party RENAMO complained of intimidation and arbitrary arrests during the December 1-2 voting.

Political violence erupted in September 2005 in Mocimboa da Praia, a small coastal town in the far north, over the special election there to fill the position of the mayor, who died in office in 2004. At least eight persons were killed and nearly 50 injured in clashes between FRELIMO and RENAMO supporters. However the flare-up apparently was an isolated event; it did not provoke demonstrations or violence elsewhere.

Labor unions are becoming less vocal, and still do not have the financial and institutional capacity to be very effective. Protests rarely turn violent. As in many capital cities, crime is problematic in Maputo, where carjackings, muggings and breaking/entry into homes are commonplace. While such acts have been on the rise over the past few years, they have not reached the same proportions as in neighboring South Africa.

## **Corruption**

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Corruption is a serious problem in Mozambique. Bribe-seeking activity by officials is common. Senior officials often have conflicts of interest between their public roles and their private business interests. Bribery is considered a criminal offense in Mozambique, and political declarations have been repeatedly issued denouncing corrupt practices and promising actions against the guilty. Despite this, such actions have been extremely slow in coming. Investigations rarely result in convictions, unless the accused has relatively minor influence, and senior officials are seldom, if ever, investigated. The media is relatively unafraid to report on corruption allegations, however.

Over the past three years the United States has been one of the lead donor countries in providing assistance to the government to fight corruption. With US resources, the government set up an Anti-Corruption Unit in the Office of the Attorney General (renamed in 2005 the Central Office for the Combat of Corruption). This body is charged with investigating and prosecuting corruption-related crimes. As one result of its reorganization in 2005, the office is expanding in size by hiring more lawyers.

The National Assembly passed an anti-corruption bill in 2004 that updated previous antiquated legislation. Civil society has become more vocal on corruption-related issues, with some support from the US government. One US-supported NGO, Etica Mozambique, is active in pressuring the government to act against corrupt practices. Etica runs a civic education campaign to help citizens identify and protect themselves against corrupt officials or activities. Among other achievements, Etica established several corruption reporting centers that

give citizens free legal advice, and offer a mechanism for discreetly reporting corruption-related crimes to the Attorney General's office.

Mozambique is a signatory to the United Nations Convention Against Corruption.

### **Bilateral Investment Agreements**

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In December 1998 Mozambique negotiated a Bilateral Investment Treaty (BIT) with the US. The U.S. Senate ratified the treaty in November 2000, followed by the Mozambican Council of Ministers in December 2004. The US-Mozambique BIT came into effect on March 3, 2005. In June 2005 the US and Mozambique signed a Trade and Investment Framework Agreement (TIFA) that established a Trade and Investment Council to discuss bilateral and multilateral trade and investment issues.

Mozambique has also signed bilateral investment agreements with South Africa, Portugal, Zimbabwe, Mauritius, France, Italy, China, Egypt, Indonesia, Algeria, Switzerland, Germany, the Netherlands, Sweden, Denmark, the UK and Cuba.

South Africa is Mozambique's biggest trading partner and the largest source of foreign investment. Since 1995 Mozambique has engaged in regular discussions with South Africa to harmonize trade regulations and facilitate cross-border trade and investment. Other countries with significant investment in Mozambique include the United Kingdom, India and Portugal. The United States is a minor trading partner and has modest investments.

### **OPIC and Other Investment Insurance Programs**

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The Overseas Private Investment Corporation (OPIC) has provided financing to two ongoing projects in Mozambique – private investment in and management of transportation services along the Nacala corridor (port and railway) and tourism development on the coast.

Mozambique is a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank Group.

### **Labor**

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The estimated work force is approximately nine million, out of a total population of 19.4 million. However only approximately 500,000 are formally employed. In 2005 the government increased the country's minimum wage by 15%, making the new minimum wage for industry and services approximately USD 53 a month and the minimum wage for agricultural workers approximately USD 38 a month. This minimum wage applies only to those working in the formal sector; those working in the informal sector earn significantly less. Many people work several jobs to make ends meet, and often grow corn and vegetables on a small plot of

land for personal consumption. An estimated 81% of the labor force works in agriculture, 6% in industry and 13% in services. Nationwide literacy levels are estimated at 45% (2005 World Bank figure), with urban centers accounting for the majority of literate adults.

Labor unions created during the socialist years of the 1970s and 1980s remain weak and are disengaging themselves from the ruling party, FRELIMO. Total membership among Mozambique's fourteen unions is close to 200,000 persons. Labor unions are exerting pressure on the government to maintain extremely pro-worker provisions in new labor legislation currently under negotiation, although they are showing flexibility on major issues. The minimum wage, decided every year, remains a major concern for the unions. Potential investors should be aware that severance payments and other benefits could be costly. A new labor law is expected to pass in 2006. It is likely to significantly reduce the cost of hiring and firing workers and to generally make the formal labor market more flexible. It is essential to obtain reliable legal counsel on labor code requirements.

#### **Foreign-Trade Zones/Free Ports**

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The government issued Decree No. 61/99 on September 21, 1999, establishing industrial free zones (export processing zones). The decree set up an Industrial Free Zone Council, which approves companies as industrial free zone enterprises, thereby providing them customs and tax exemptions and benefits. There are two essential requirements for Industrial Free Zone status: job creation for Mozambican nationals and the exportation of at least 85% of annual production. Industrial Free Zone developers enjoy an exemption from customs duties, VAT and tax on the importation of construction materials, machinery, equipment, accessories, accompanying spare parts and other goods destined for the establishment and operation of the Industrial Free Zone. The processing of cashew nuts, fish and prawns are not acceptable industrial free zone activities. Free zone concessions are granted for a renewable period of 50 years. Mozambique's large export-oriented investment projects of recent years, such as MOZAL and SASOL, operate as industrial free zones.

#### **Foreign Direct Investment Statistics**

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Historical Data: The government established the Investment Promotion Center (CPI) in 1985. From January 1, 1990 through December 31, 2005 CPI approved a total of approximately 2100 projects involving over USD 3.6 billion in foreign direct investment. Some of these approved projects turned out to be smaller than planned or not implemented at all, for this reason, approved projects do not represent the actual FDI for any given year.

South Africa, Portugal, the United Kingdom, Japan and Ireland have been the top investors in Mozambique. In 2005, however, the top five investors were South Africa, the United Kingdom, Zimbabwe, Portugal and Sweden.

The following chart displays foreign direct investment approved by the CPI in Mozambique over the last 15 years. Most of the investment has been in the south, in and around the capital city, Maputo.

Year	#Projects	FDI \$ mil
1990	31	20
1991	25	21
1992	27	77
1993	29	46
1994	123	136
1995	166	60
1996	270	97
1997	184	558
1998	209	207
1999	235	101
2000	179	230
2001	129	528
2002	128	559
2003	112	122
2004	105	122
2005	139	165

#### **2005 Foreign Direct Investment:**

In 2005 CPI approved a total of 139 projects with a FDI value of USD 165 million. It is estimated that these approved projects will create over 15,000 jobs. Of this amount, U.S. FDI amounted to USD 1.6 million (for two projects). The breakdown by sector was as follows:

Sector	# Projects	FDI \$ Mill.
Industry	36	16.5
Mining/Energy	2	3.8
Agriculture & Agro-Industry	25	41.4
Banking/Insurance	1	1.9
Tourism/Hotels	38	84
Transport/Comm.	7	4.9
Construction	7	4
Aquaculture/Fishing	3	0.6
Other	20	7.5
Total	139	164.5

The following chart shows 2005 CPI-approved foreign direct investment by province, as well as the estimated number of jobs that will be created by the approved projects (if implemented).

Province	# Projects	FDI \$ Mill.	Jobs (est.)
Maputo	50	78.6	7,465
Gaza	9	42.2	1,119
Nampula	15	0.4	1,080
Sofala	14	13.2	1,813
Zambezia	6	2.3	521
Inhambane	20	10.8	984
Cabo Delgado	5	4.0	230
Manica	10	5.6	1,110
Tete	6	2.5	220
Niassa	4	5.0	503
Total	139	164.5	15,045

#### U.S. Foreign Direct Investment In Mozambique:

Several U.S. companies have investments in Mozambique. In 1996 Seaboard Corporation (Kansas) purchased a state-owned flourmill in Beira through the country's privatization of the state firm, Mobeira. The South African Bottling Company (SABCO), which is partly owned by Coca-Cola, owns Coca-Cola bottling plants in Maputo, Chimoio, and Nampula that provide national coverage. Another significant U.S. investor is Colgate-Palmolive. In addition, in early 2005, U.S. firms Railroad Development Corporation (RDC) and Edlow Resources (ERL), majority shareholders in the Nacala Corridor Concession Group, assumed ownership and management of the Nacala port and railway network. Other U.S. investments are represented in the following ventures: Tenga Ltd., a macadamia

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nut plantation in Niassa province, and Indian Ocean Aquaculture (IOA), a shrimp aquaculture project in Cabo Delgado. The U.S. Embassy in Maputo, Mozambique is able to provide a list of U.S. investments in Mozambique upon request.

#### Web Resources

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- <http://imf.org/external/country/MOZ/rr/index.htm>
- <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/MOZAMBIQUEEXTN/0,,menuPK:382138~pagePK:141159~piPK:141110~theSitePK:382131,00.html>

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## Chapter 7: Trade and Project Financing

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- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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### How Do I Get Paid (Methods of Payment)

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Mozambique's financial system provides for the most common methods of payment, including open account, letter of credit, cash in advance, documentary collections, etc. Standard and Poors' and Fitch recently issued a credit ratings for the Mozambican government. There is an Information Credit Bureau at the Central Bank that provides information on collection agencies in country. Law firms also perform collection functions, for a fee.

### How Does the Banking System Operate

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The Banking System – The financial system of Mozambique reflects recent policies undertaken by the government and the Bank of Mozambique (Central Bank). In 1994 liberalization of interest rates was approved, and between 1996 and 1997 the government began to sell financial institutions to private buyers. The merger of two banks, the International Bank of Mozambique (BIM) and the Commercial Bank of Mozambique (BCM), was completed in 2001. The re-privatization of Banco Austral to ABSA, the purchase of BNP Nedbank by African Banking Corporation, the closing of Credicorp, and more recently, the merger of Commercial Bank of Mozambique (BCI) and Banco de Fomento have streamlined and created major changes for the banking sector.

Grupo BIM dominates the Mozambican banking system. Grupo BIM controls 48% of the loan market and 52% of the deposit market, and has as its majority shareholder the Portuguese Commercial Bank (BCP). The second major player is BCI-Fomento. Standard Bank, Banco Austral – ABSA, and the African Banking Corporation also offer financial services in Mozambique.

Commercial banks in Mozambique are best suited for providing short-term loans, trade-related finance, and fee-based services. Medium-term loans are available, but stiff collateral requirements and high interest rates deter many in the commercial sector. Long-term finance other than mortgage-based lending is not generally available. Leasing is an area of growing commercial bank interest. Many foreign companies find it advantageous to obtain offshore financing for

their Mozambican operations. The range of services offered by domestic banks is limited, and innovation is not a hallmark of the sector.

#### **Foreign Exchange Controls**

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Foreign Exchange Controls Affecting Trade – Foreign exchange is available to importers and exporters to finance current account transactions. An application to purchase the necessary foreign currency must be approved by the Bank of Mozambique before an exporter or importer may purchase foreign currency from commercial banks or exchange houses. Such applications are routinely approved by the Bank upon presentation of documents relating to the goods in question within 15 days. Applications can be approved prior to the goods' arrival in Mozambique. Commercial banks and exchange houses may apply for authorization on behalf of their clients. Applications must include proof of the importer's/exporter's ability to finance the transaction. For advance payments in excess of USD 50,000, a performance guarantee from a banking institution may be required.

#### **U.S. Banks and Local Correspondent Banks**

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#### **Commercial Banks with Correspondent U.S. Banking Relationships:**

##### **Banco Austral ABSA**

Avenida 25 de Setembro, 1184  
Caixa Postal 757, Maputo  
Tel: (258) (21) 32-10-11  
Fax: (258) (21) 32-34-70

##### **Banco Comercial e de Investimentos (BCI)-Fomento**

Avenida 25 de Setembro, 1230 (4th Floor)  
Caixa Postal 75, Maputo  
Tel: (258) (21) 30-77-77  
Fax: (258) (21) 30-71-52

##### **Grupo de Banco Internacional De Moçambique (BIM)**

Avenida Samora Machel, 247  
Caixa Postal 2657, Maputo  
Tel: (258) (21) 32-32-08  
Fax: (258) (21) 32-93-89

### **Standard Bank**

Praça 25 De Junho  
Caixa Postal 1119, Maputo  
Tel: (258) (21) 32-45-97  
Fax: (258) (21) 30-81-04

### **União Comercial de Bancos**

Avenida Friedrich Engels, 400  
Maputo  
Tel: (258) (21) 49-43-69  
Fax: (258) (21) 49-86-75

### **African Banking Corporation**

Prédio 33 Andares, 1230 Av. 25 de Setembro, 1° Andar  
Caixa Postal 1445, Maputo  
Tel: (258) (21) 30-67-00  
Fax: (258) (21) 30-63-05

### **ULC – African Development Bank**

Edifício 33 Andares, Rua de Imprensa 256, 7° Andar  
Caixa Postal 4447 Maputo  
Tel: (258) (21) 30-04-51  
Fax: (258) (21) 43-12-90

### **U.S. Financial/Lending Institutions:**

#### **Chase Manhattan Overseas Corporation**

Block G, Pin Mill Farm  
164, Katherine Street, Sanddown  
Sandton 2196  
P.O. Box 651996, Benmore 2010  
Republic of South Africa  
Tel.: (27) (11) 444-1266

#### **HSBC Equator**

Prédio 33 Andares, Suite 522  
Rua Da Imprensa, 256, Maputo

Tel: (258) (21) 43-19-19  
Fax: (258) (21) 43-19-18

#### **Citibank**

Grosvenor Corner  
195 Jan Smuts Avenue, Rosebank  
P.O. Box 1800, Saxonwold, 2132  
Johannesburg, South Africa  
Tel.: (27) (11) 280-2200  
Fax: (27) (11) 280-2795  
E-Mail: karen.henwood@citibank.com

#### **Locally or Regionally Based MDB and IFI Offices:**

#### **African Development Bank**

5 Rue Jesse Owens  
01 B.P. 1712 Abidjan 01, Cote d'Ivoire  
Tel: (225) 21-46-16  
Fax: (225) 22-24-37  
E-mail: mherrlin@doc.gov

#### **International Finance Corporation (IFC)**

Avenida Kenneth Kaunda, 1224  
Maputo  
Tel: (258) (21) 49-28-41/51/71  
Fax: (258) (21) 49-28-93

#### **The International Bank for Reconstruction and Development ("World Bank")**

Avenida Kenneth Kaunda, 1224  
Maputo  
Tel: (258) (21) 49-28-41/51/71  
Fax: (258) (21) 49-28-93

#### **International Monetary Fund**

Av. Ahmed Sekou Toure 133  
Maputo  
Tel: (258) (21) 49-61-18

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Fax: (258) (21) 49-83-76

## Project Financing

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**General Availability of Financing** – Trade financing is readily available from Mozambican commercial banks. Medium-term project financing is more difficult and requires significant collateral. Long-term project financing is scarce. Venture capital in Mozambique is, at present, almost non-existent, although Grupo BIM may begin offering such in the near future.

**Availability of GSM Credit Guarantees** – The USDA provides GSM credit guarantees to assist in financing exports of U.S. agricultural products overseas. While no Mozambican banks are currently eligible for the program, eligible banks elsewhere in the region may be able to cover exports to Mozambique. Interested exporters are advised to contact the United States Department of Agriculture.

**Export-Import Bank** -- The Export-Import Bank of the United States (“Ex-Im”) offers loan guarantees, insurance, and project financing to encourage the export of American goods. Mozambique is eligible for short, medium, and long-term loans, loan guarantees, and insurance to finance private sector purchases of American goods. The Export-Import Bank has no pre-set financing limits. Additional information is available at [www.exim.gov](http://www.exim.gov).

**OPIC** -- The Overseas Private Investment Corporation is an independent U.S. government agency that can assist with project finance, through loans or loan guaranties, and political risk insurance in Mozambique, up to a total of \$400 million for projects with American involvement. OPIC has also created venture capital funds based in Johannesburg including: The New Africa Growth and Opportunity Fund and the Modern Africa Growth and Investment Corporation. Additional information is available at [www.opic.gov](http://www.opic.gov).

**MIGA** -- Mozambique is a member of the Multilateral Investment Guarantee Agency (MIGA), part of The World Bank Group. MIGA offers investment guarantees for private sector projects.

**IFC** -- The International Finance Corporation (IFC) and the Commonwealth Development Corporation provide medium-term loans and equity finance in Mozambique from their South African offices.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

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Country Limitation Schedule:  
[http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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## Chapter 8: Business Travel

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### Business Customs

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Mozambique's business class is small. The primary activities in Mozambique are still trading and retail sales, although this is changing. Many Mozambicans engaged in international trade take advantage of personal ties to Portugal, South Africa, Zimbabwe, the Middle East, Brazil, or India to accomplish their commerce, and many speak English.

Maintaining a good reputation and consistently doing right by others is important. The business community in Maputo is small enough so that most know one another fairly well. Competitors in one area may be partners in another. Nevertheless, potential investors should be on the lookout for questionable business practices, such as tax evasion and corruption. Many businesses do not produce accurate financial records. Accounting standards have not been defined and training is poor. The concepts of accounting, depreciation and asset management are not yet widely understood.

Business cards are generally exchanged. Mozambicans are usually on time for appointments, though the recent increase in business has caused many to overschedule. This is especially true of a core group of technocrats in government, who are in great demand.

### Travel Advisory

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Travel information from the Department of State is available on the Internet at: [www.travel.state.gov](http://www.travel.state.gov).

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### **Air Travel and Safety:**

There are daily flights from New York and Atlanta to Johannesburg on South African Airways (SAA)/Delta, with connecting SAA or Mozambican Airlines (LAM) flights to Maputo. In addition, SAA and United codeshare flights from Dulles to Johannesburg four times a week. Daily flights between Europe and Johannesburg are available on major European carriers out of Paris, Frankfurt, London, and Amsterdam. Other international flights to Mozambique originate in Lisbon, Nairobi, Dar-Es-Salaam, Durban, and Harare. In-country air travel is available on LAM and Air Corridor, a newly established private airline. Due to safety concerns, U.S. Government employees are not allowed to use Air Corridor. As there is no direct commercial air service between the United States and Mozambique, the U.S. Federal Aviation Administration (FAA) has not assessed Mozambique's Civil Aviation Authority for compliance with ICAO international aviation safety standards. For more information, travelers may visit the FAA's Internet web site at [www.faa.gov/avr/iasa/index.cfm](http://www.faa.gov/avr/iasa/index.cfm).

There is an airport departure tax, payable only in cash in U.S. dollars or South African rand or meticaais, of \$20 or its equivalent for long-distance international flights, and \$20.00 or its equivalent for regional flights (those within Southern Africa). A domestic departure tax of \$8.00 is levied.

### **Road Travel, Traffic Safety and Road Conditions:**

While in a foreign country, US citizens may encounter road conditions that differ significantly from those in the United States. The information below concerning Mozambique is provided for general reference only, and may not be totally accurate in a particular location or circumstance.

The main south-north highway is passable from Maputo to Pemba, though vehicles must cross the Zambezi by ferry. The road network connecting provincial capitals is in fair condition, but can be riddled with potholes and other obstacles during the rainy season. A new toll road has improved travel between Maputo and South Africa.

Banditry along major highways continues to threaten the safety of road travelers. Periodically, the U.S. Embassy has restricted embassy personnel from traveling on certain roads or has imposed certain restrictions on road travel. Embassy personnel are prohibited from traveling outside cities after dark because of the increased risk of banditry, poor road conditions in some areas, the poor maintenance of many vehicles in the country (e.g. no headlights or rear lights), as well as the threat imposed by livestock that graze on roadsides. Travel outside Maputo often requires a four-wheel drive vehicle, which creates an additional security risk since these vehicles are high-theft items. Public transportation is limited. Travelers contemplating overland travel may wish to

contact the U.S. Embassy for the most current information on road travel safety. Please refer to the Department of State's Road Safety page for more information at the following web page:  
[http://travel.state.gov/travel/tips/safety/safety\\_1179.html](http://travel.state.gov/travel/tips/safety/safety_1179.html). While domestic and international bus and train travel is not recommended, bus service to destinations in South Africa has improved.

### **Credit Cards and Currency:**

Credit cards are increasingly accepted throughout Mozambique in major cities., Hotels, modern shops and restaurants can be expected to accept Visa. MasterCard and American Express are not widely accepted. Outside major cities, credit cards are rarely accepted. Most shops and restaurants quote goods and services in the local currency, the "metical" (plural "meticais"), but many will also accept U.S. dollars or South African rand. Dollars can be exchanged at any bank facility, exchange house, and at many hotels. Currency imports or exports in excess of \$50 must be declared. Travelers are not allowed to take more than 500,000 meticais (about \$20 worth of local currency) out of the country. Please note that charge limits are in effect on most credit card transactions, and hotel bills need to be settled every few days. Traveler's checks are rarely accepted and are often subject to exorbitant cashing fees.

Please note that currency can only be converted legally at locations authorized by the Mozambican government. It is against the law to destroy Mozambican currency; offenders can expect jail sentences and fines. The South African rand is frequently accepted as legal tender, although this is more common in the southern part of the country than in the north. Please see the Department of State's information on customs regulations at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1468.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1468.html).

### **General Security, Crime and Criminal Penalty Information:**

Travelers to Maputo often arrive from Johannesburg without checked luggage. Flights with short connection times are a particular problem. The Commercial Section recommends that travelers bring essentials and a change of clothes in their carry-on bag. Travelers departing Maputo have also encountered similar difficulties.

The security situation in Maputo continues to require caution. Street crime is common in Maputo and other urban centers. Police and soldiers, whose authority should not be challenged, patrol some city streets. There are certain areas in the city of Maputo where pedestrian traffic is prohibited, e.g., in front of the presidential offices located north of the Hotel Polana on the seaside of Avenida Julius Nyerere. The most common threat facing U.S. citizens visiting

Mozambique is street crime. Muggings, including purse snatching, and pick pocketing, are common, both in Maputo and secondary cities. Over the past year there has been a significant increase in attacks on foreigners. Americans have been victims of sexual assault and robbery. Visitors must be vigilant when out in public areas and should not display jewelry or other expensive items. Isolated areas should be avoided. Joggers and pedestrians frequently have been mugged, even during daylight hours. Visitors should not walk at night, even in well-known tourist areas. In a few areas landmines may still present a hazard. Check with locals for information before leaving well-traveled roads. The police are poorly paid, poorly equipped, and lack the professionalism that U.S. citizens are accustomed to in the United States. Mozambican law requires that all persons carry an identity document, such as a passport, when out in public, and produce it if requested by police. A copy of passport identity and visa pages is acceptable.

The loss or theft abroad of a U.S. passport should be reported immediately to the local police and the nearest U.S. Embassy or Consulate. If you are the victim of a crime while overseas, in addition to reporting to local police, please contact the nearest U.S. Embassy or Consulate for assistance. The Embassy/Consulate staff can, for example, assist you to find appropriate medical care, contact family members or friends and explain how funds could be transferred. Although investigation and prosecution of crimes is solely the responsibility of local authorities, consular officers can help you to understand the local criminal justice process and to find an attorney if needed.

In addition, while in a foreign country, a U.S. citizen is subject to that country's laws and regulations, which sometimes differ significantly from those in the United States and may not afford the protections available to the individual under U.S. law. Penalties for breaking the law can be more severe than in the United States for similar offenses. Persons violating Mozambique's laws, even unknowingly, may be expelled, arrested or imprisoned. Penalties for possession, use or trafficking in illegal drugs in Mozambique are severe, and convicted offenders can expect long jail sentences and heavy fines. Engaging in illicit sexual conduct with children or using or disseminating child pornography in a foreign country is a crime prosecutable in the United States.

For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet website where the current Travel Warnings and Public Announcements, including the Worldwide Caution Public Announcement, can be found. This website is at: <http://travel.state.gov>.

Up-to-date information on safety and security can also be obtained by calling 1-888-407-4747 toll free in the U.S., or for callers outside the U.S. and Canada, on a regular toll-line at 1-202-501-4444. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

**Registration/Embassy Location:**

Americans living or traveling in Mozambique are encouraged to register with the nearest U.S. Embassy or Consulate through the State Department's travel registration website, <https://travelregistration.state.gov>, and to obtain updated information on travel and security within Mozambique. Americans without Internet access may register directly with the nearest U.S. Embassy or Consulate. By registering, American citizens make it easier for the Embassy or Consulate to contact them in case of emergency. The U.S. Embassy is located in Maputo at 193 Avenida Kenneth Kaunda, telephone (258) (21) 49-27-97. The after-hours telephone number for use in emergencies is (258) (21) 49-07-23. The consular section's fax number is (259) (21) 49-04-48. The consular section's email address is [consularmaputo@state.gov](mailto:consularmaputo@state.gov). The Embassy's general website is <http://www.usembassy-maputo.gov.mz>.

Please read the complete Travel section for further information.

**Lodging Information:**

Hotels charge for no-shows, and most will debit one day's room rate for no-shows and reservations canceled with less than twenty-four hours' notice prior to arrival. Therefore, advance planning and prompt notification of changes well in advance of the twenty-four hour limit are necessary otherwise such charges will be assessed to the intended traveler.

**Currency Information:**

Some vendors will accept U.S. dollars (or South African rand), particularly in the southern part of the country, in lieu of the local currency, the metical. Embassy Maputo recommends against the use of travelers' checks, as transaction charges are uniformly high. There are no currency import/export restrictions in affect at this time. Mozambican Airlines (LAM) accepts the American Express credit card.

**Hotel accommodations available in Maputo are:****Hotel Polana**

Avenida Julius Nyerere, 1380  
Tel.: (258) (21) 49-10-01/7  
Fax: (258) (21) 49-14-80

E-mail: [res@polana-hotel.com](mailto:res@polana-hotel.com)

Internet access: Rooms at the Polana are wired for Internet access; guests can also access the Internet through the hotel business center. The Polana also has a 'mobile office' (a laptop computer and other equipment) available for rental.

### Holiday Inn

Av. Marginal 4016  
Tel.: (258) (21) 49-50-50  
Fax: (258) (21) 49-77-00

E-Mail: himaputo@southern.sun.com  
Internet access: Holiday Inn rooms are wired for Internet access; guests can also access the Internet through the hotel business center.

### Hotel Cardoso

Av. Martires de Mueda, 707  
Tel.: (258) (21) 49-10-71/5  
Fax: (258) (21) 49-18-04

E-mail: info@hotelcardoso.co.mz  
Internet access: Guests can access the Internet through the hotel business center.

### Hotel Rovuma Carlton

Rua da Se, 1114  
Tel.: (258) (21) 30-50-00  
Fax: (258) (21) 35-03-05

E-mail: reserves.africa@pestana.com  
Internet access: Guests can access the Internet through the hotel business center.

### Hotel Avenida

Avenida Julius Nyerere, 627  
Tel.: (258) (21) 49-20-00  
Fax: (258) (21) 49-96-00

E-mail: bookings@hotelavenida.co.mz  
Internet access: Guests can access the Internet in their rooms and through the hotel business center.

### Hotel Terminus

Rua Francisco Orland Magumbue, 587  
Tel.: (258) (21) 49-13-33  
Fax: (258) (21) 49-12-84

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E-mail: [termhot@terminus-hotel.com](mailto:termhot@terminus-hotel.com)

Note: Hotel Terminus rooms are wired for Internet access. Guests can also access the Internet through the hotel business center.

#### Hotel Monte Carlo

Av. Patrice Lumumba, 620

Tel.: (258) (21) 30-40-48

Fax: (258) (21) 30-89-59

E-mail: [mocambique@montecarlo-hotel.net](mailto:mocambique@montecarlo-hotel.net)

Carlos Luzio, Manager

#### Hotel Tivoli

Av. 25 de Setembro, 1321

Tel.: (258) (21) 30-76-01/8

Fax: (258) (21) 30-76-09

E-mail: [Tivoli@teledata.mz](mailto:Tivoli@teledata.mz)

#### VIP Hotel

Av. 25 de Setembro, 692

Tel: (258) (21) 35-10-00

Fax: (258) (21) 35-10-01

E-mail: [hotemaputo@viphotels.com](mailto:hotemaputo@viphotels.com)

#### Girassol Hotel

Av. Patrice Lumumba, 737/739

Tel: (258) (21) 36-03-60

Fax: (258) (21) 36-03-30

E-mail: [girassolbahia@visabeiramos.co.mz](mailto:girassolbahia@visabeiramos.co.mz)

#### Indy Village – Guest House

Av. Dom Sebastião, 99

Tel: (258) (21) 49-87-65

Fax: (285) (21) 49-96-43

E-mail: [indyvillage@visabeiramos.co.mz](mailto:indyvillage@visabeiramos.co.mz)

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While there are no five star lodgings available in Beira, suitable lodging can be found at:

#### Hotel Tivoli

Av. Bagamoyo, 336  
Tel.: (258) (23) 32-03-00  
Fax: (258) (23) 32-03-01

E-mail: h.tivoli-beira@teledata.mz

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#### Hotel Embaixador

Rua Correia Brito, 13  
Tel.: (258) (23) 32-31-21  
Fax: (258) (23) 32-37-88

#### Hotel Mocambique

Av. Bagamoyo, 13  
Tel.: (258) (23) 32-9351/4  
Fax: (258) (23) 32-50-60

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Basic lodging may be found in Nampula at the:

#### Atlas Hotel Apartamentos

Av. Samora Machel, 23  
Tel.: (258)(26) 21-82-22  
Fax: (258)(26) 21-82-33

#### Bamboo Hotel

1465 Estrada Rapale, Bairro Natikiri  
Tel.: (258)(26) 21-78-38/21-74-75  
Fax: (258)(26) 21-78-03

Email: bamboo@teledata.mz

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#### Hotel Tropical

Rua Macombre  
Tel.: (258) (26) 21-32-20/22/32

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Fax: (258)(26) 21-63-59

**Five-Star Lodging in Pemba may be found at the:**

**Pemba Beach Hotel**

Av. Marginal, 5470  
Tel: (258)(72) 21-770 / 777  
Fax: (258)(72) 21-779

Email: pembabeach@teledata.mz

In Beira, Nampula, and Pemba rental cars and drivers are available from Avis, Imperial, and Moti car rental.

**Visa Requirements**

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U.S. citizens are required to obtain visas to enter Mozambique. While visas are now available at all land borders and at the Maputo airport, it is still recommended to obtain one prior to arrival to avoid delays and possible harassment. The standard business or tourist visa obtained abroad is valid for a 30-day stay, and open for a period of 3 months. It is not unusual, however, for shorter duration visas to be issued. Travelers are advised to check both visa validity and length of stay permitted, as these often differ. Any visa overstay is subject to large fines (\$100/day). If a traveler intends to interrupt a stay in Mozambique with a trip to a neighboring country, he should request a multiple entry visa. At the land borders only single entry visas are granted. Citizens of South Africa and other neighboring countries are not required to obtain visas for most types of travel.

Visas may be obtained at the following locations outside of Mozambique:

**Embassy of the Republic of Mozambique**

1990 M Street, NW, Suite 570  
Washington, DC 20036  
Tel: (202) 293-7146  
Fax: (202) 835-0245

**Embassy of the Republic of Mozambique**

48 Charles St.  
Munckleneuk  
Pretoria, South Africa

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Tel.: (27) (12) 344-4603 or 401-0300/4  
Fax: (27) (12) 326-1101

#### Consulate of the Republic of Mozambique

7th floor, Cape York Building  
252 Jeppe Street  
Johannesburg, South Africa  
Tel: (27) (11) 336-1821  
Fax: (27) (11) 336-9921

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

United States Embassy – Maputo, Consular Section: <http://www.usembassy-maputo.gov.mz/consular.htm>

#### Telecommunications

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**Communications** - Postal service is slow and unreliable. Federal Express, DHL and Skynet delivery are available. Telephone and fax service are fairly reliable in major urban centers, but can be expensive. In major cities, public phones are increasingly available. They require the purchase of an inexpensive phone card, sold by the phone company and various shops. Elsewhere in the country, public phones must be accessed at the local office of the national telephone company, TDM. Cellular telephone service is available in all provincial capitals and many district capitals. GSM standard is used. M-Cel and Vodacom have roaming agreements with South African and many European companies.

**Internet Availability** – Several hotels in Maputo and Beira offer Internet access through their business centers, or offer connections for laptop computers in the hotel room. There are also Internet cafes in provincial capitals and some secondary cities. See above for hotel Internet access information.

Cyber-cafes can be found in Maputo at:

#### Hotel Rovuma Carlton

Rua da Se, 1114

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Tel.: (258) (21) 30-50-00  
Fax: (258) (21) 35-03-05

Contact: Ms. Orbai Nala or Acucena Solomone  
Tel.: (258) (21) 305735  
Fax: (258) (21) 305737  
E-mail: cafeinternet.hr@tdm.mz

### Transportation

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Business Infrastructure - Basic services necessary for the business traveler are available in Maputo, Beira, and to a lesser degree in Nampula and Pemba. Outside these major urban centers, arranging for travel and accommodation can be difficult. In Maputo, rental cars with drivers are available from Avis, Hertz, Imperial (South Africa), and Europcar (part of National Car Rental's international network).

### Language

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Portuguese is spoken in all urban areas and in much of the countryside, though in many smaller villages only the local languages are used. English is understood by some members of the business community, as well as government officials in major cities.

### Health

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Medical facilities are rudimentary, and most medical providers do not speak English. Medicines are not always available. There are both public and private medical facilities in the city of Maputo. All health care institutions and providers require payment at the time of service, and may even require payment before service is given. While some private clinics accept credit cards, many medical facilities do not. Doctors and hospitals outside of Maputo generally expect immediate cash payment for health services. Outside of Maputo, available medical care ranges from very basic to non-existent.

Malaria is prevalent in Mozambique. Travelers to Mozambique should take malaria prophylaxis. *P. falciparum* malaria, the serious and sometimes fatal strain in Mozambique, is resistant to the anti-malarial drug chloroquine. Because travelers to Mozambique are at high risk for contracting malaria, the Centers for Disease Control and Prevention (CDC) advises that travelers should take one of the following anti-malarial drugs: mefloquine (Lariam), doxycycline, or atovaquone/proguanil (Malarone). The CDC has determined that a traveler who is on an appropriate anti-malarial drug has a greatly reduced chance of contracting the disease. In addition, other personal protective measures, such as

the use of insect repellent, help reduce malaria risk. Travelers who become ill with a fever or flu-like illness while traveling in a malaria-risk area, and up to one year after returning home, should seek prompt medical attention and tell the physician their travel history and what anti-malarial(s) they have or had been taking.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC's Internet site at <http://www.cdc.gov/travel>. For more information about outbreaks of infectious diseases abroad, consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

The Department of State strongly urges American to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuation. Please see the Department of State's information on medical insurance overseas at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1470.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html).

#### **Local Time, Business Hours, and Holidays**

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Holidays:

January 1	New Year's Day
February 3	Heroes' Day
April 7	Women's Day
May 1	Workers' Day
June 25	Independence Day
September 7	Lusaka Agreement Day
September 25	Revolution Day
October 4	Peace and Reconciliation Day
November 10	Maputo City Day (Maputo only)
December 25	Family/Christmas Day

#### **Temporary Entry of Materials and Personal Belongings**

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No Information is available at this time.

#### **Web Resources**

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State Department Visa Website:  
<http://travel.state.gov/visa/index.html>

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Visa Information:

<http://www.unitedstatesvisas.gov/>

United States' Embassy, Maputo, Mozambique:

<http://www.usembassy-maputo.gov.mz>

United States' Embassy, Maputo, Consular Section: <http://www.usembassy-maputo.gov.mz/consular.htm>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

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**Contacts**

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### United States Government Contacts

**U.S. Embassy, Maputo, Mozambique**

<http://www.usembassy-maputo.gov.mz>

**U.S. Commercial Service**

<http://www.buyusa.gov/home/>

**South Africa Global Competitiveness Hub**

<http://www.satradehub.org/>

**USDA, Foreign Agricultural Service**

<http://www.fas.usda.gov/>

**US Foreign Commercial Service (South Africa)**

<http://buyusa.gov/southafrica/en/>

**US Trade and Development Agency (South Africa)**

<http://www.ustda.gov/USTDA/USTDA%20By%20Region/subsaharanafrica.htm>

### Mozambican Government and NGO Contacts

**INE – Instituto Nacional de Estatística**

[www.ine.gov.mz](http://www.ine.gov.mz)

**IPEX – Mozambique Export Promotion Institute**

[www.ipex.gov.mz](http://www.ipex.gov.mz)

**CPI – Mozambique National Investment Promotion Agency**

[www.cpi.co.mz](http://www.cpi.co.mz)

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**Banco de Moçambique**

<http://www.bancomoc.mz/>

**CTA - Confederação das Associações Económicas de Moçambique**

[www.cta.org.mz](http://www.cta.org.mz)

**U.S. – Mozambique Chamber of Commerce**

[www.ccmusa.online.co.mz](http://www.ccmusa.online.co.mz)

**Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

**Trade Events**

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/home/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.