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Mozambique: Country Fact Sheet September 2023

Cape Town and the Western Cape – A Leading Regional Economy

1) Economic Overview - Mozambique

Mozambique has been one of Southern Africa's fastest growing economies in recent times with the country recording an average annual growth rate of 4.92% over the period 2013 - 2019, as demonstrated in Figure 1.

Although the economy contracted by 1.20% y-o-y to \$17.97bn in 2020 as the global Covid-19 pandemic took hold, the downturn was short-lived with the economy rebounding to \$18.38bn in 2021, equivalent to a 2.33% y-o-y growth rate. This recovery was underpinned in part by a continued recovery in services, increased liquefied natural gas production, and high commodity prices.

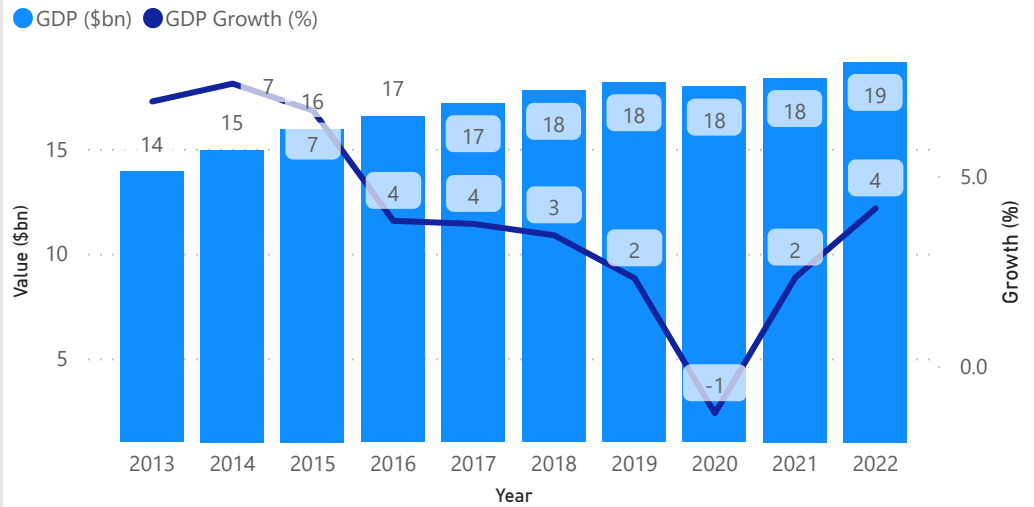
The trend continued into 2022, with Mozambique again proving to be one of Southern Africa's fastest growing economies with a y-o-y growth rate of 4.15% despite significant global challenges.

As illustrated in Figure 2, Mozambique's GDP per capita increased from a value of USD551.11 in 2013 to a high of USD604.01 in 2018 before easing to USD600.40 in 2019. This was equivalent to an average growth rate of 1.78% per annum over this period.

Reflective of the economic contraction recorded in 2020, the country's GDP per capita declined by 4.03% y-o-y to a value of USD576.22 in 2020, and further to USD573.11 in 2021. Despite the upward trend recorded in 2022, with GDP per capita increasing by 1.33% y-o-y to a value of USD580.73, GDP per capita remained below pre-Covid levels.

In terms of economic structure, the agriculture, hunting, forestry, and fishing sector accounted for the largest share of economic output in 2021 at an estimated 28.79% of gross domestic product (GVA). This can be observed in Figure 3. 'Other activities' followed in second place, accounting for an estimated 23.41% of economic output. The mining, manufacturing and utilities sector was the third largest source of economic output, accounting for an estimated 23.18% of GVA in 2021.

Figure 1: Mozambique's GDP, 2013-2022



Source: World Bank, 2023

Figure 2: Mozambique's GDP per capita, 2013-2022



Source: World Bank, 2023

Figure 3: Mozambique's Sector Contribution to GVA (%), 2021



Cape Town and the Western Cape – Source: Euromonitor, 2023

2) Trade

2.1) Mozambican Global Merchandise Trade

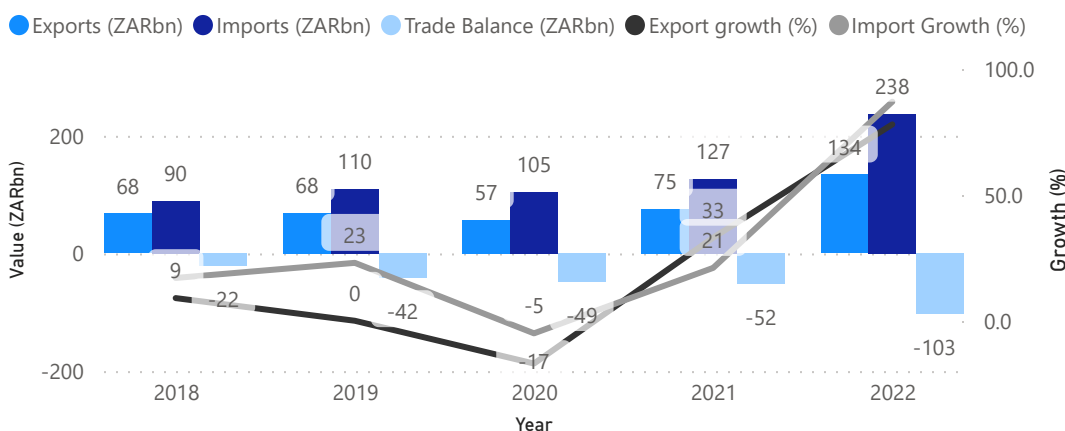
Despite a notable increase in goods export earnings in recent years, Mozambique's global trade balance has remained in deficit, with the trade shortfall widening from -ZAR21.83bn in 2018 to -ZAR103.39bn by 2022. This comes despite the country's export earnings surging from a value of ZAR67.95bn in 2018 to ZAR134.28bn in 2022, an increase of close-on 100% in value terms over the period, yet this was not enough to off set rising import costs which rose from ZAR89.78bn in 2018 to ZAR237.67bn by 2022. The net effect being a sharp widening of the country's global trade shortfall.

Mozambique's largest export category in 2022 was coal; briquettes, ovoids and related products which, at a value of ZAR33.33bn, accounted for 24.82% of total global export earnings. Unwrought aluminium was the second largest export category, generating ZAR27.85bn in export earnings which was equivalent to 20.74% of total exports in 2022. This was followed by exports of coke and semi-coke of coal and related products, which at a value of ZAR14.25bn accounted for 10.61% of export earnings.

Dried leguminous vegetables, with an average growth rate of 157.60% from 2018 to 2022, was the fastest growing export category. These dried leguminous vegetables were mainly exported to India, the United Arab Emirates, Vietnam, and Zimbabwe. This was followed by exports of petroleum oils, (excl .crude) which grew at an average of 157.53% per annum, and coke and semi-coke of coal which showed an average growth rate of 153.45% over the same period.

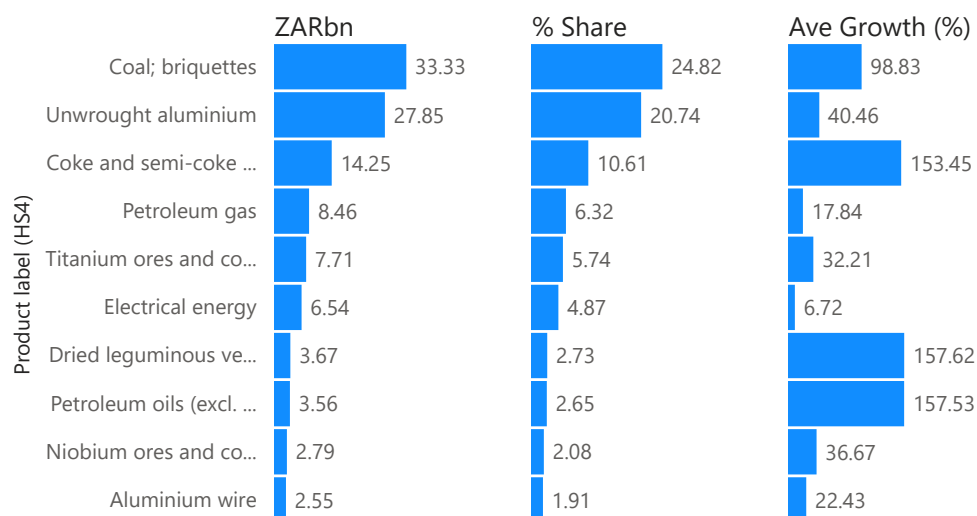
India, the United Kingdom, and South Africa were Mozambique's three primary export destination markets in 2022, with these three countries collectively accounting for 45.70% of the country's exports. India was Mozambique's largest export market in 2022, with ZAR29.16bn worth of the country's exports destined for this BRICS nation, representing a 21.72% share of the country's global exports in 2022. The United Kingdom followed accounting for ZAR16.28bn (12.13%) of Mozambique's exports in 2022, while South Africa was in third position accounting for exports to the value of ZAR15.93bn (11.86%) in 2022.

Figure 4: Mozambique's Global Trade, 2018-2022



Source: Trademap, 2023

Figure 5: Mozambique's Top Export Products, 2022: (Average Growth: 2018-2022)



Source: Trademap, 2023

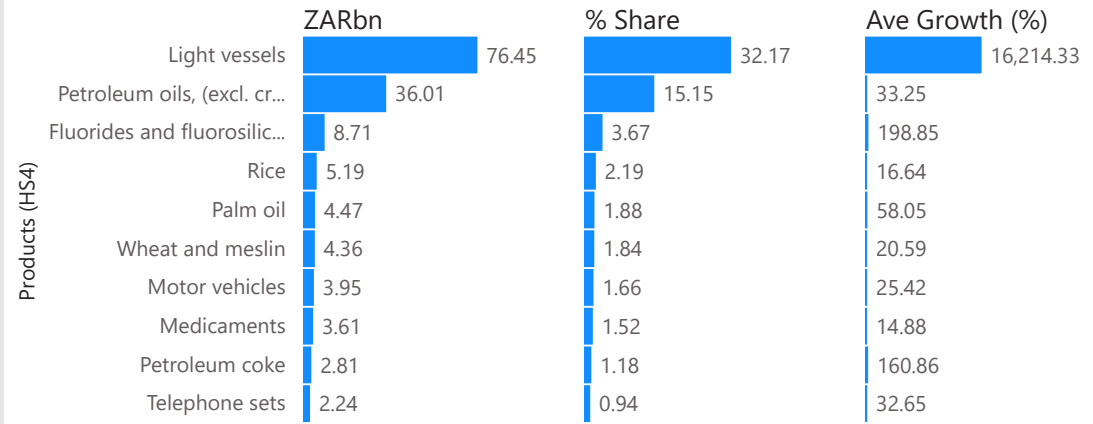
Figure 6: Mozambique's Top Export Markets (ZARbn), 2022



Source: Trademap, 2023

Light vessels dominated Mozambique's imports in 2022, which at a cost of ZAR76.45bn was equivalent to 32.17% of total import costs incurred in 2022, as shown in Figure 7. Petroleum oils, (excl. crude) placed second at a cost of ZAR36.01bn (15.15%), followed by flourides and flourosilicates at ZAR8.71bn (3.67%). Imported products that showed the highest growth rate over the five-year period 2018 to 2022 were light vessels with a five-year average growth rate of 16,214.33%. This was followed by flourides and flourosilicatess, (198.85%), and petroleum coke (160.86%).

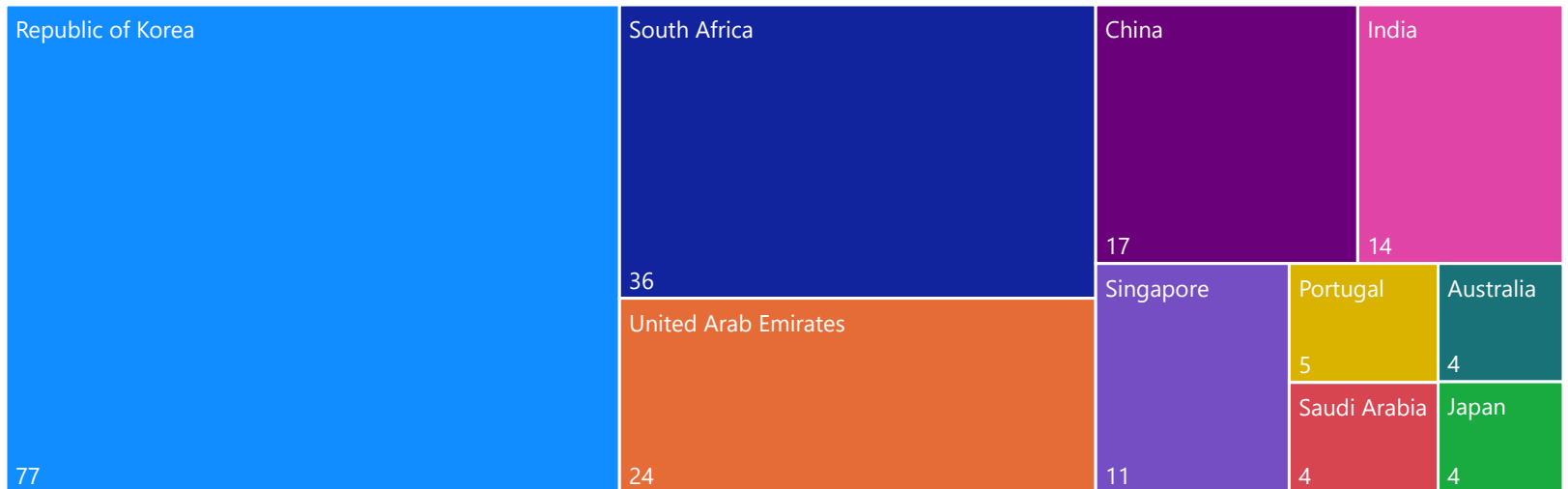
Figure 7: Mozambique's Top Import Products, 2022: (Average growth: 2018-2022)



Source: Trademap, 2023

In 2022, the Republic of Korea, South Africa and the United Arab Emirates were Mozambique's primary import source markets, with these three countries collectively accounting for 57.47% of the country's imports in that year, as shown in Figure 8. The Republic of Korea was the country's largest import source market in 2022, accounting for import goods worth ZAR76.90bn, equivalent to 32.35% of total global imports. South Africa followed with imports to the value of ZAR35.81bn (15.07% of total imports), and the United Arab Emirates was in third position with import goods to the value of ZAR23.87bn (10.04%). Asia remains the country's top source region for imports with five of the top ten import markets located on that continent.

Figure 8: Mozambique's Top Import Markets (ZARbn), 2022



Source: Trademap, 2023

2.2) Trade Agreements

Together with a number of other African countries, South Africa and Mozambique are bound by the Southern African Development Community (SADC) Free Trade Agreement and the Economic Integration Agreement. The main objectives of this economic integration were achieved in August 2008, when a phased programme of tariff reductions, resulted in the attainment of minimum conditions for the Free Trade Area. This means that 85% of intra-regional trade among the partner states were granted a zero duty status. Mozambique and South Africa also form part of the SADC-Economic Partnership Agreement (EPA). The SADC EPA is a development-focused trade agreement, granting asymmetric access to the partners in the SADC EPA group. In addition, South Africa and Mozambique are co-joined in the UK-Southern African Customs Union (SACU) and Mozambique Free Trade Agreement. This EPA establishes a free trade area between the SACU member states and Mozambique (SACUM) and the UK, and replicates the effects of the EPA between the EU and the SADC states (EU-SADC EPA) signed on 10 June 2016. It replicates the preferential tariff treatment of the EU-SADC EPA, except for the volume limitations on Tariff Rate Quotas.

Source: Southern African Customs Union, 2023

2.3) Bilateral Trade: South Africa and Mozambique

Bilateral trade between South Africa and Mozambique has increased substantially in recent years, with South Africa's exports to Mozambique increasing from a value of ZAR42.15bn in 2018 to ZAR95.34bn by 2022. 2022 saw a notable increase in South Africa's exports to Mozambique, with earnings surging from a value of ZAR63.97bn in 2021 to ZAR95.34bn in 2022, representing an increase of 49.03% y-o-y. This was underpinned mainly by a significant increase in exports of ferro alloys, coal and related products, and chromium ores and concentrates to Mozambique. In turn, South Africa's imports from the country surged by 33.97% y-o-y to a cost of ZAR15.54bn in 2022, up from a cost of ZAR11.60bn incurred in 2021.

South Africa recorded a consistent trade surplus with Mozambique throughout the period analysed, from ZAR29.14bn recorded in 2018 to ZAR79.80bn in 2022.

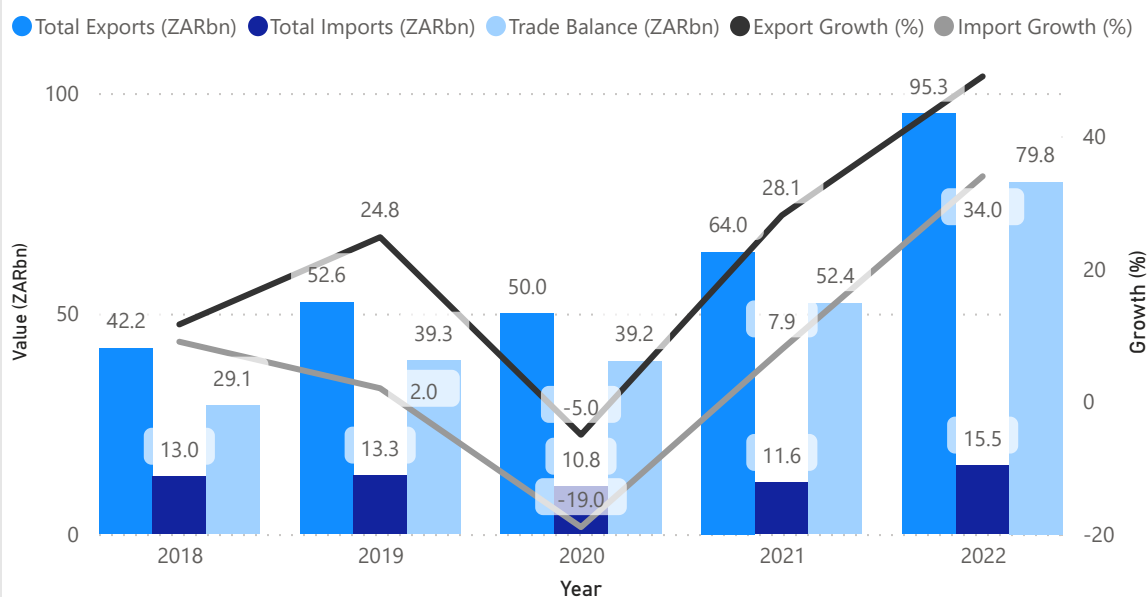
Ferro-alloys was South Africa's top export product to Mozambique in 2022, which at a value of ZAR16,563.61m, was equivalent to 17.37% of total export earnings from trade with Mozambique. Exports of chromium ores and concentrates followed in second place at a value of ZAR16,034.54m (16.82% of exports), with exports in coal; briquettes in third position at a value of ZAR10,824.97m.

Iron oxides and hydroxides exports were the fastest growing export category to Mozambique with a five-year average annual growth rate of 4,723.27% between 2018 and 2022. This was followed by coal; briquettes exports with a five-year annual average growth rate of 120.07%.

Petroleum gas was South Africa's top import product from Mozambique in 2022, which, at a cost of ZAR6,690.42m, accounted for 43.05% of all import costs incurred with Mozambique in that year. Electrical energy imports followed in second position at a cost of R4,671.08m (30.06% of import costs), with coal; briquettes in third place at a cost of ZAR795.36m.

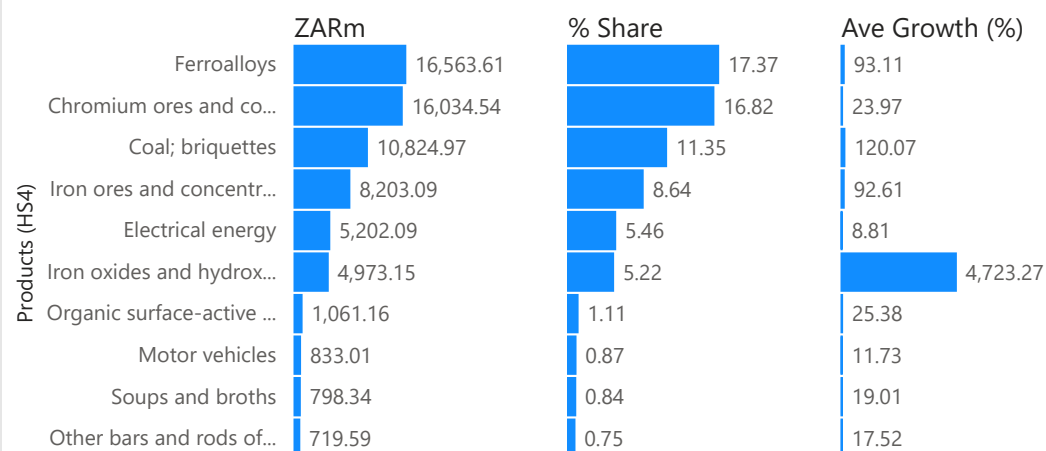
Other nuts was the fastest growing import category from Mozambique over the period analysed, growing by an annual average growth rate of 60.39% from 2018 to 2022.

Figure 9: South Africa's Trade with Mozambique, 2018-2022



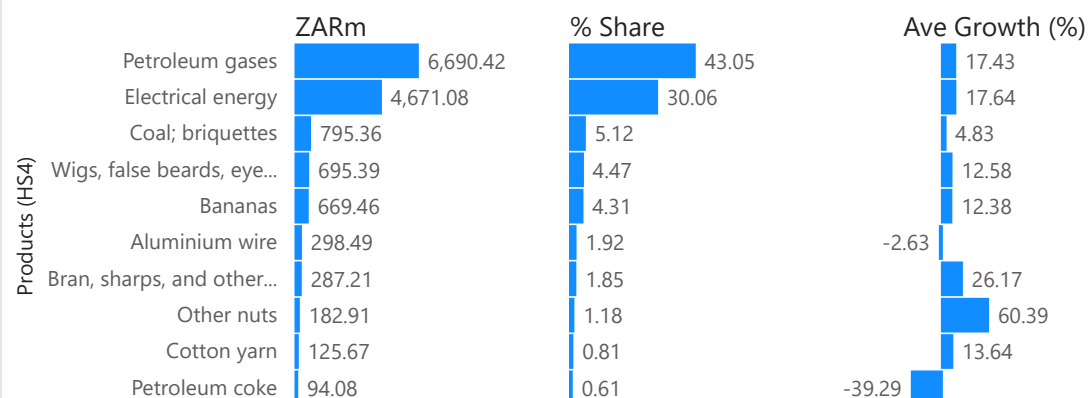
Source: Quantec, 2023

Figure 10: South Africa's Top Exports to Mozambique, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

Figure 11: South Africa's Top Imports from Mozambique, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

2.4) Bilateral Trade: Western Cape and Mozambique

Mozambique was the Western Cape's ninth largest export partner in 2022. Local export receipts from trade with Mozambique totaled ZAR4,364.91m in 2022, an increase of 44.30% on the value of ZAR3,024.96m recorded in 2021. This can be observed in Figure 12.

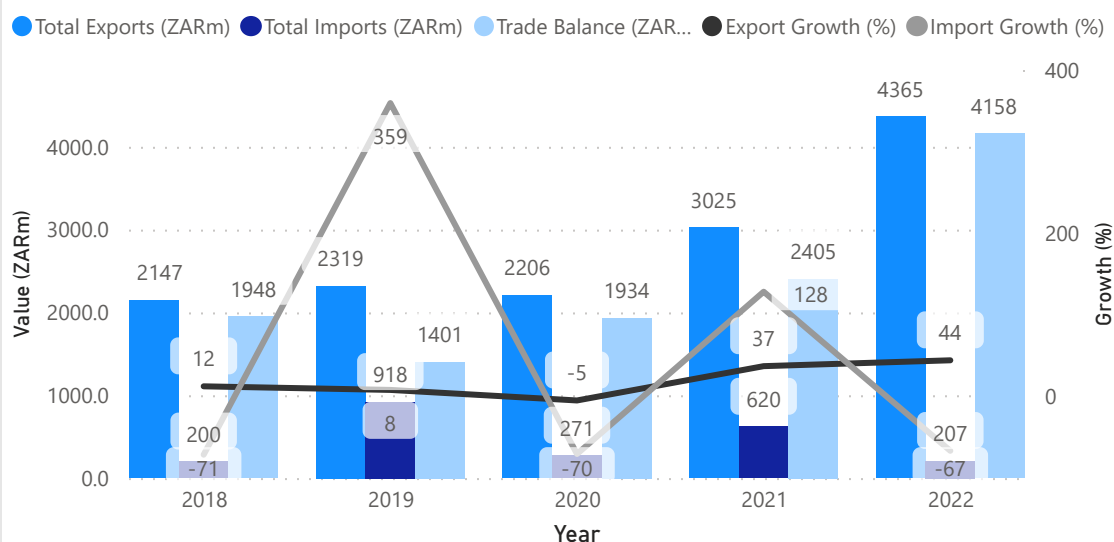
In turn, Mozambique was the Western Cape's 67th largest import source market in 2022. Import costs totaled ZAR207.17m in 2022, a decline of 66.57% y-o-y on the 2021 cost of ZAR619.79m incurred. This was attributed to lower import costs across a number of product categories including cane or beet sugar; coconuts, brazil nuts and cashew nuts; oil cakes; and molasses amongst others. The Western Cape recorded a trade surplus with Mozambique throughout the period analysed.

Coal related products including briquettes was the Western Cape's largest export category to Mozambique in 2022, which at a value of ZAR1,223.41m accounted for 28.03% of export earnings with the said country. Chromium ores and concentrates followed with export earnings of ZAR842.97m (19.3%), while other fermented beverages placed third at a value of ZAR362.81m (8.31%). Collectively these products accounted for 55.65% of the total export basket to Mozambique. Chromium ores and concentrates exports had the highest average growth rate of 634.98% over the five-year period, followed by refrigerator exports with a five-year average growth rate of 84.73%.

Unmanufactured tobacco products was the Western Cape's largest import category from Mozambique in 2022. At a cost of ZAR56.04m, these imports accounted for 27.05% of the total share of the province's imports from Mozambique in 2022. This was followed closely by bran, sharps and other residues imports at an associated cost of ZAR55.84m (26.95%); while coconut (copra) placed third at a cost of ZAR31.43m (15.17%).

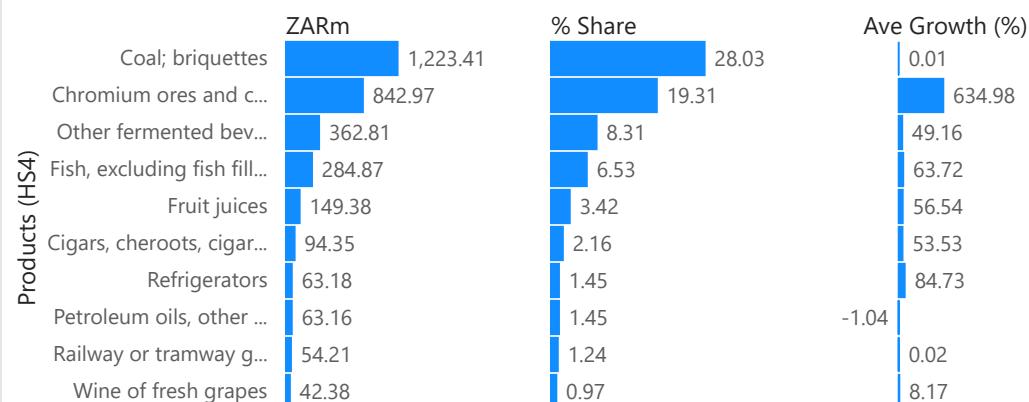
Imports of dates, figs and pineapples was the fastest growing import category from Mozambique, with a five-year annual average growth rate of 328.82%.

Figure 12: Western Cape's Trade with Mozambique, 2018-2022



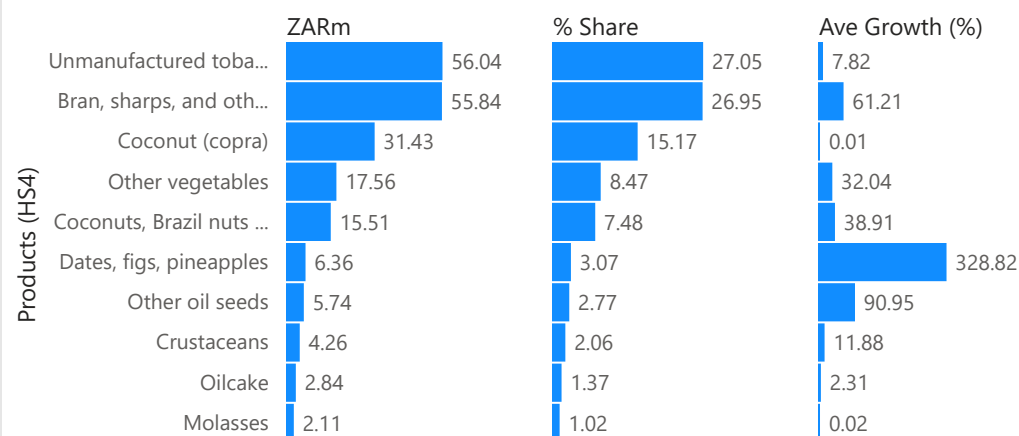
Source: Quantec, 2023

Figure 13: Western Cape's Top Exports to Mozambique, 2022: (Average Growth : 2018-2022)



Source: Quantec, 2023

Figure 14: Western Cape's Top Imports from Mozambique, 2022: (Average Growth: 2018-2022)



Source: Quantec, 2023

3) Foreign Direct Investment (FDI)

3.1) Global FDI in Mozambique

Mozambique benefited from 292 foreign direct investment (FDI) projects from January 2011 to June 2023. These projects represented a total capital investment (capex) value of ZAR795.31bn, which equated to an average investment of ZAR2.72bn per project. From 2011 to June 2023 a total of 55,866 jobs were created as a result.

In that period, the number of FDI projects varied from 27 in 2011, to a high-point of 51 in 2014, and most recently, to an estimated 2 projects in the first six months of 2023, as shown in Figure 15.

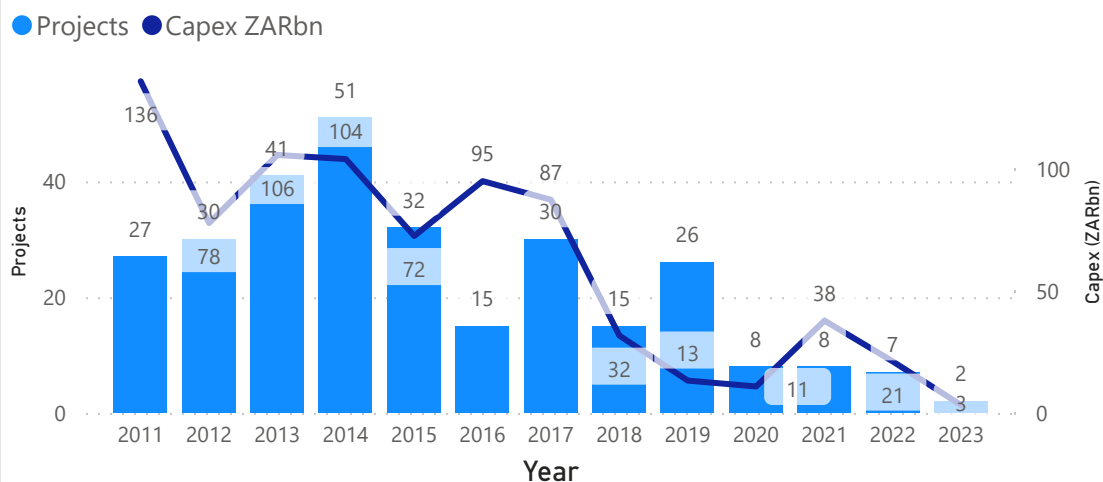
Similarly, the capex value of these projects varied from a high-point of ZAR135,803.49m in 2011, to ZAR105,597.49m in 2013 and most recently to an estimated ZAR3,150.84m in the first six months of 2023. These trends are shown in Figure 15.

South Africa was the main source of FDI into Mozambique when measured by capex during the period 2011 to June 2023. As is evident in Figure 16, FDI from South Africa to Mozambique totaled ZAR110.10bn during this period, with this capex invested across 35 projects.

India ranked second with a total capex of ZAR102.91bn invested in eight projects, while Italy was third, with a capex of ZAR100.00bn from 13 projects. Five of the top ten investing countries in Mozambique were from Europe, while South Africa was the only African country that invested in Mozambique.

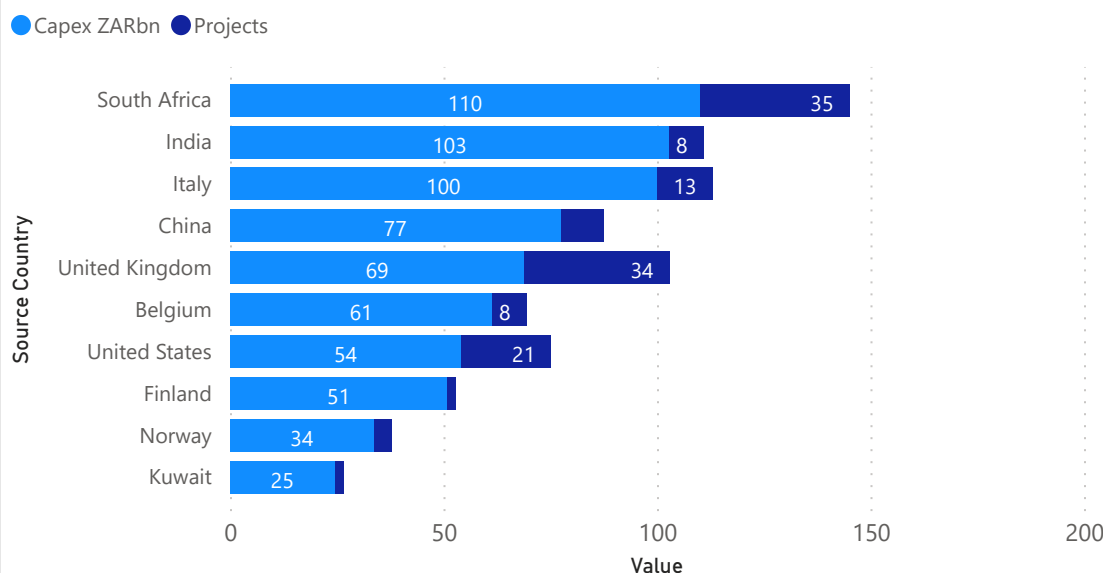
From January 2011 to June 2023, Mozambique's coal, oil and gas sector was the largest recipient of global inward FDI in terms of capex. As is evident in Figure 17, this amounted to ZAR324.02bn, invested across 34 projects. The real estate sector was the second largest recipient of FDI, with 20 projects valued at ZAR135.66bn in capex. The transportation and warehouse sector followed, with 34 projects worth ZAR87.90bn in capex.

Figure 15: FDI in Mozambique, 2011-2023



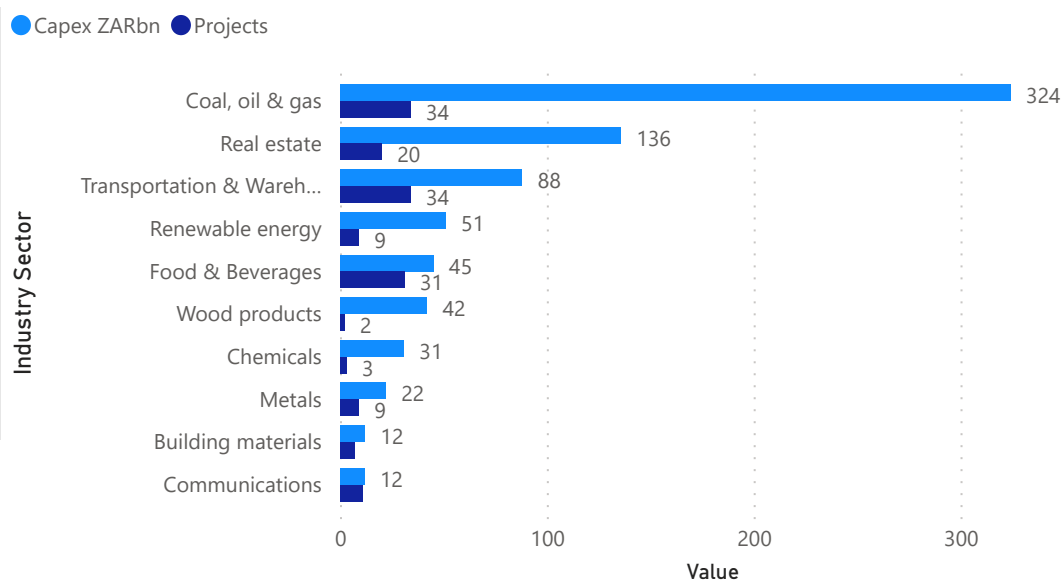
Source: FDI Markets, 2023

Figure 16: FDI in Mozambique by Source Markets, 2011-2023



Source: FDI Markets, 2023

Figure 17: FDI in Mozambique by Sectors, 2011-2023

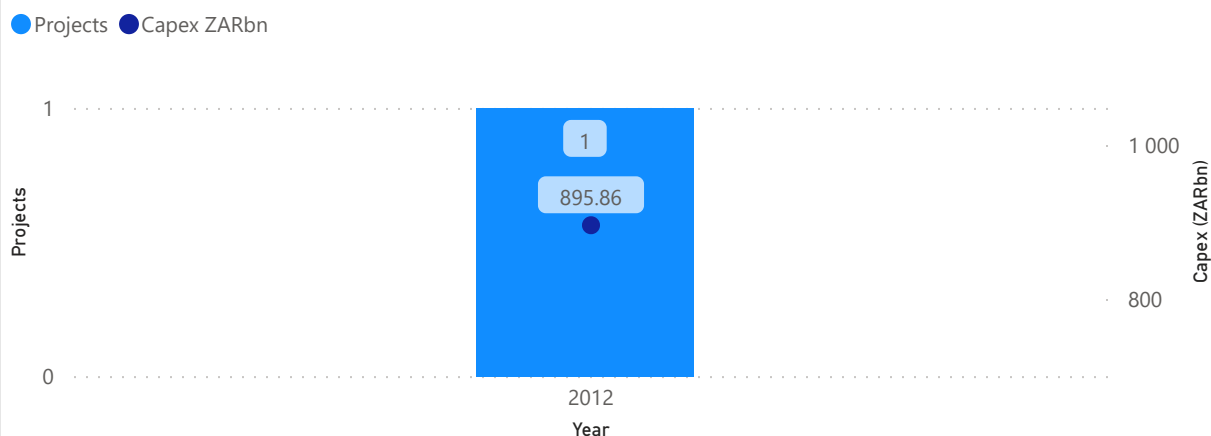


Source: FDI Markets, 2023

3.2) Global OFDI From Mozambique

In terms of outward foreign direct investment (OFDI), in 2012, Tropical Farms, a Mozambican-based company, invested in a single FDI project in the global economy. This project amounted to a total capex value of ZAR895.86m, and was the only outward investment recorded over the period analysed. 429 jobs were created as a result. A breakdown of these figures can be observed in Figure 18.

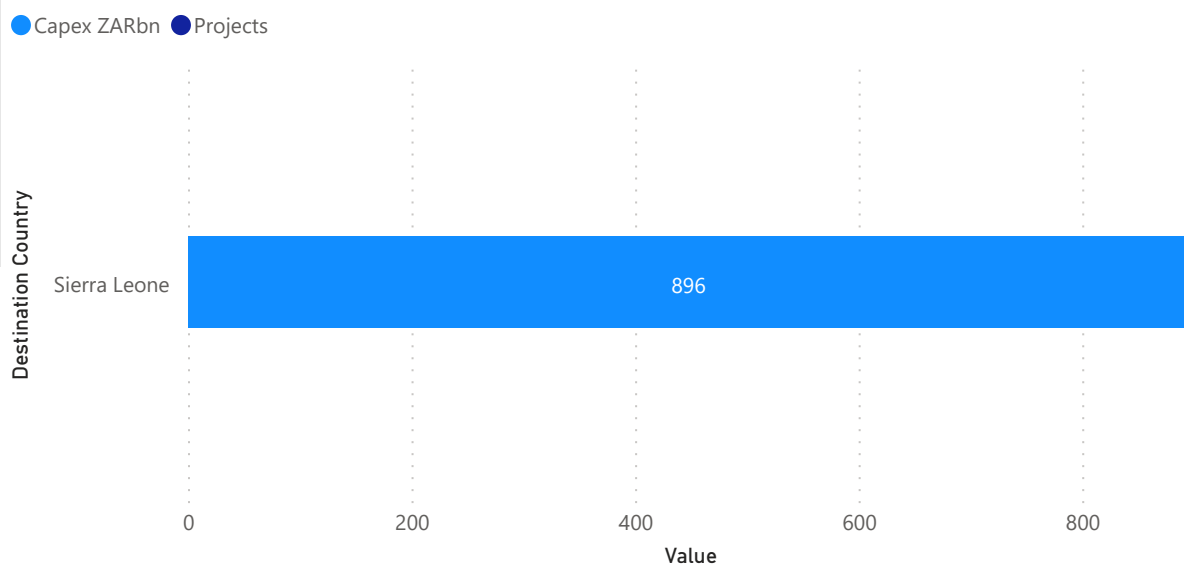
Figure 18: Trends in OFDI from Mozambique, 2011-2023



Source: FDI Markets, 2023

As highlighted in Figure 19, Sierra Leone was the only recipient of OFDI from Mozambique over the period 2011 to June 2023, with ZAR895.86m worth of capex invested in one project.

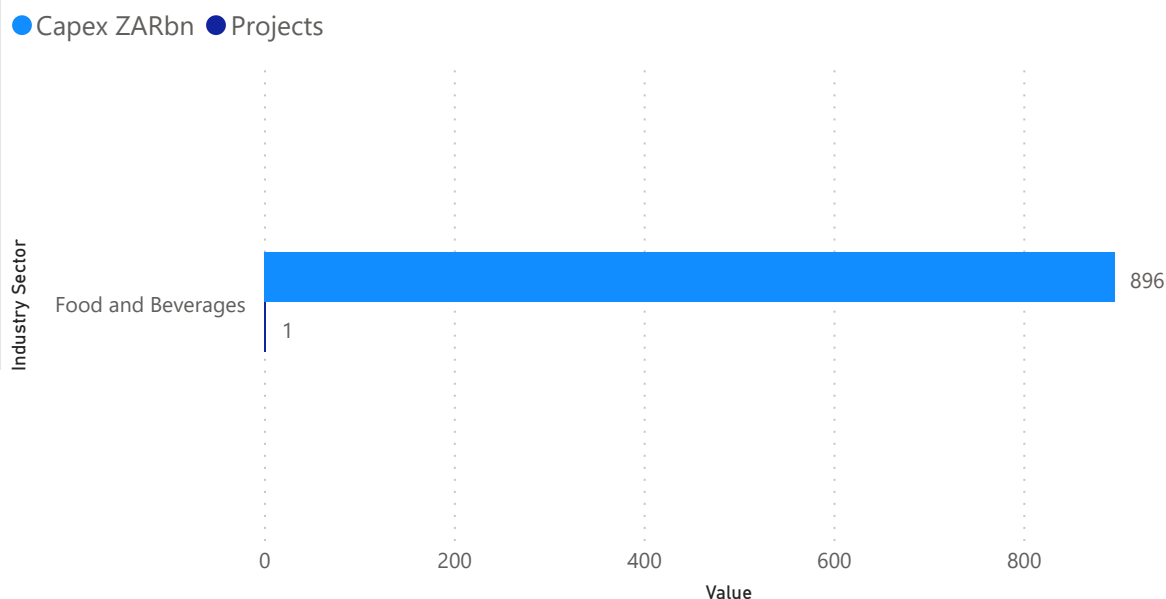
Figure 19: Destination Markets for OFDI from India, 2011-2023



Source: FDI Markets, 2023

OFDI from Mozambique was predominantly focused on the food and beverages sector, with the country investing ZAR895.86m in capex from 2011 to June 2023. This is indicated in Figure 20.

Figure 20: Top Sectors for OFDI from Mozambique, 2011-2023



Source: FDI Markets, 2023

3.3) Bilateral FDI: South Africa's FDI in Mozambique

South African-based companies invested ZAR110,102.85m worth of capex into Mozambique between 2011 and June 2023. This was spread across 35 projects, with an average capex value of ZAR3,146.23m per projects. An estimated 6,782 jobs were created as a result.

South African investment (measured by capex) into Mozambique peaked at a value of ZAR29,208.89m, which was invested in three projects, in 2014.

No FDI from Mozambique into South Africa was recorded in the period under review.

Investments in the real estate sector dominated South African investment into Mozambique during the period under review, with ZAR49,402.47m worth of capex invested across six projects in this sector.

Investments in the coal, oil and gas sector followed with investments in four projects worth ZAR47,500.31m.

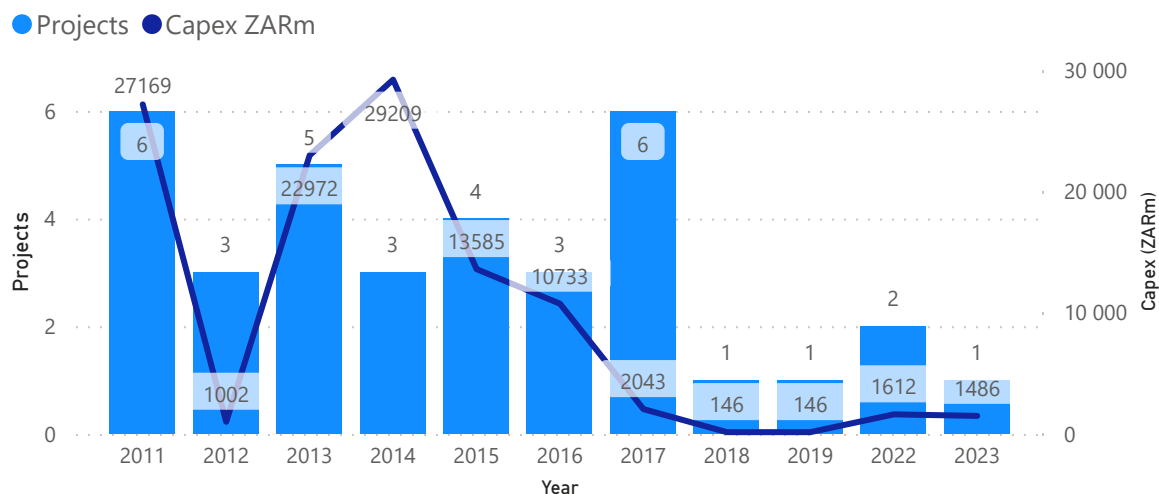
The top 10 South African companies that invested in Mozambique (as measured by capex) from January 2011 to June 2023 are listed in table 1.

Atterbury Property Developments was the top investor, having invested ZAR29,208.89m in three projects.

Sasol Petroleum International was the second largest investor, with an investment in a single project with an accumulative value of ZAR25,176.01m.

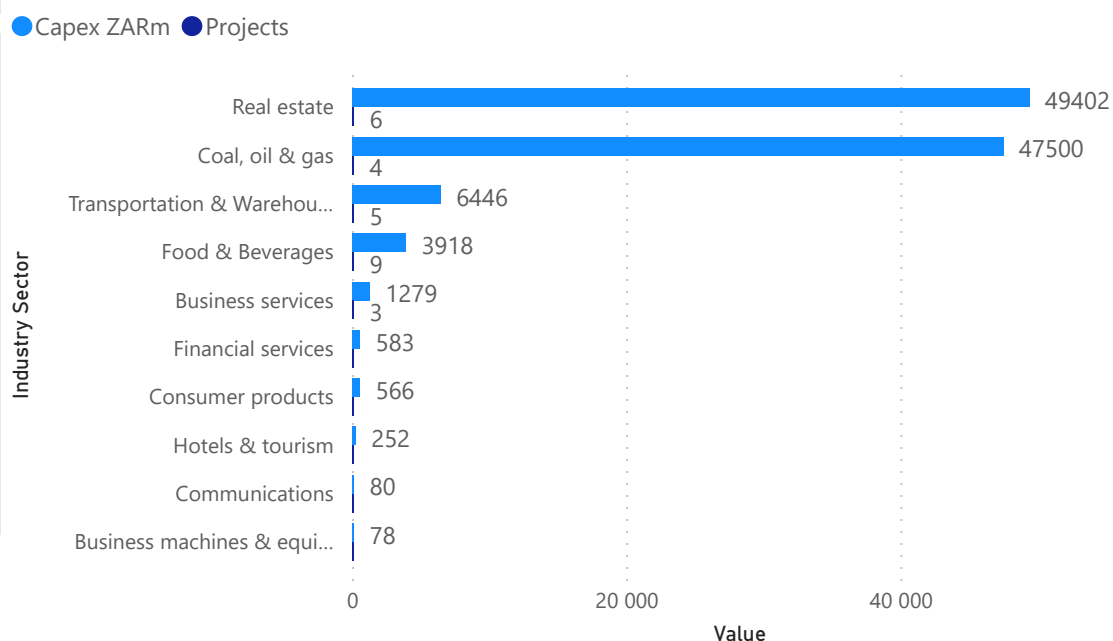
Beacon Hill Resources, the third largest investor, invested in two projects with a capex value of ZAR21,584.91m.

Figure 21: FDI from South Africa in Mozambique, 2011-2023



Source: FDI Markets, 2023

Figure 22: FDI from South Africa in Mozambique by Sectors, 2011-2023



Source: FDI Markets, 2023

Table 1: South African Companies Investing in Mozambique, 2011-2023

Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Atterbury Property Developments	3	29 208.89	1857	Real estate
Sasol Petroleum International	1	25 176.01	146	Coal, oil & gas
Beacon Hill Resources	2	21 584.91	258	Coal, oil & gas
Shoprite	5	10 593.81	1192	Food & Beverages
Terrace Africa	1	9 736.32	619	Real estate
Republic of Mozambique Pipeline Investments Company (Rompc)	1	3 221.43	904	Transportation & Warehousing
Grindrod	2	2 225.83	157	Coal, oil & gas
FPT Group	1	1 486.45	70	Transportation & Warehousing
Clover Industries	1	796.15	285	Food & Beverages
Westfalia Fruit	1	796.15	285	Food & Beverages

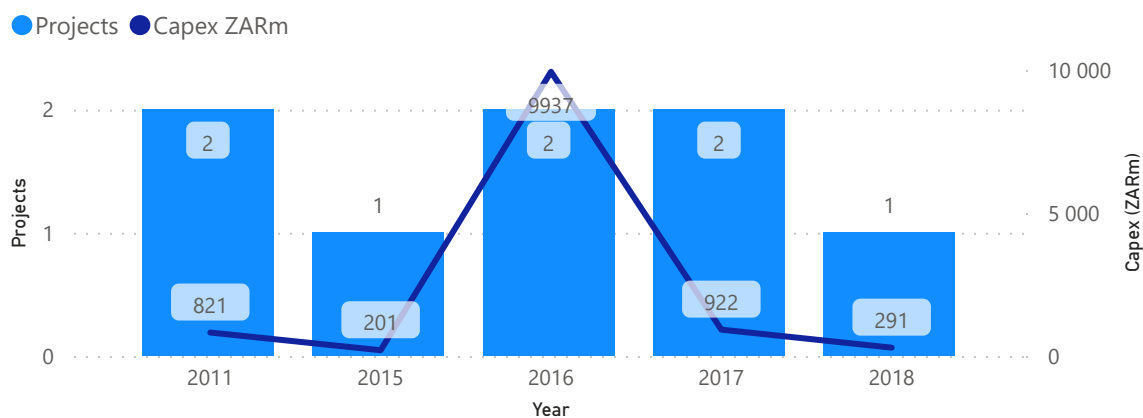
Source: FDI Markets, 2023

3.4) Bilateral FDI: Western Cape's FDI in Mozambique

Western Cape based companies invested in eight projects in Mozambique at a cumulative capex value of ZAR12,026.56m between 2011 and June 2023. These investments were made by four Western Cape companies and generated 1,506 jobs. Investments by Western Cape companies in Mozambique peaked at ZAR9,937.25m in 2016, which was invested in two projects. This can be seen in Figure 23.

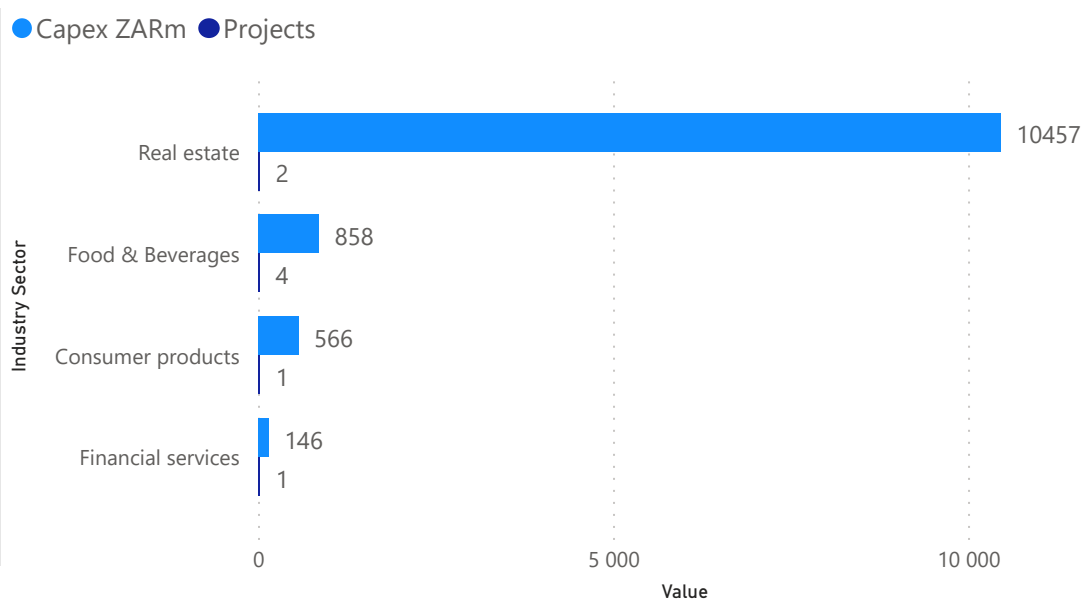
No FDI from Mozambique into the Western Cape was recorded over the period 2011 to June 2023.

Figure 23: FDI from the Western Cape in Mozambique, 2011-2023



Source: FDI Markets, 2023

Figure 24: FDI from the Western Cape in Mozambique by Sectors, 2011-2023



Source: FDI Markets, 2023

The majority of capex from the Western Cape (ZAR10,457.28m) was invested in two projects in the real estate sector, as shown in Figure 24.

The food and beverages sector followed, having attracted four projects worth ZAR857.51m from the Western Cape.

The consumer products sector placed third, having benefited from one project worth ZAR566.05m, while the financial services sector landed ZAR145.73m worth of investment.

Shoprite was the top Western Cape based investor (when measured in terms of capex) into Mozambique from January 2011 to June 2023, as shown in Table 2. The company invested in five projects in the food and beverages sector, with an associated capex value of ZAR10,593.80m. Novare Equity Partners and The Foschini Group followed with each company investing in one project worth ZAR720.98m and ZAR566.05m respectively.

Table 2: Western Cape Companies Investing in Mozambique, 2011-2023

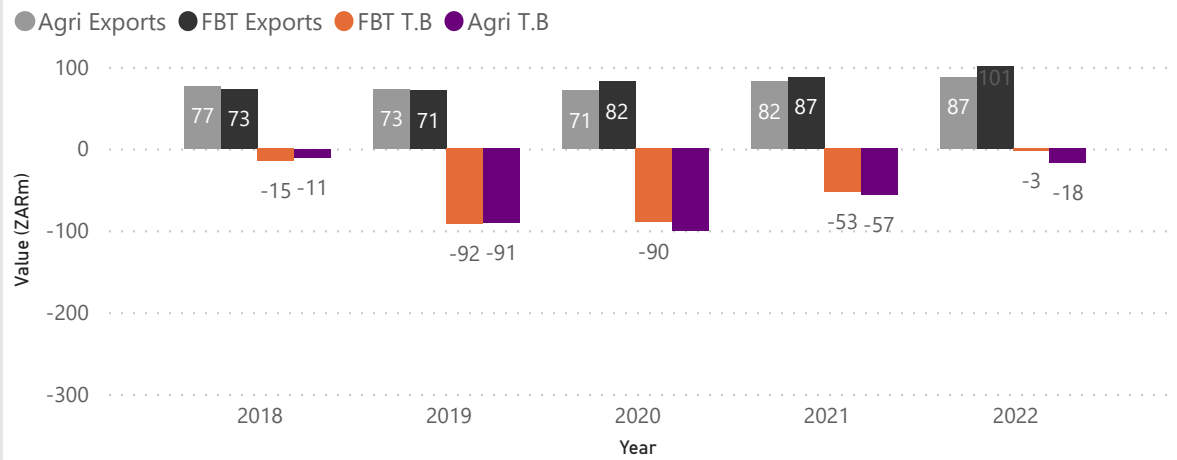
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Shoprite	5	10 593.82	1192	Food & Beverages
Novare Equity Partners	1	720.98	114	Real estate
The Foschini Group	1	566.05	179	Textiles
Carrick Wealth	1	145.73	21	Financial services

Source: FDI Markets, 2023

4) Western Cape Agribusiness Trade with Mozambique

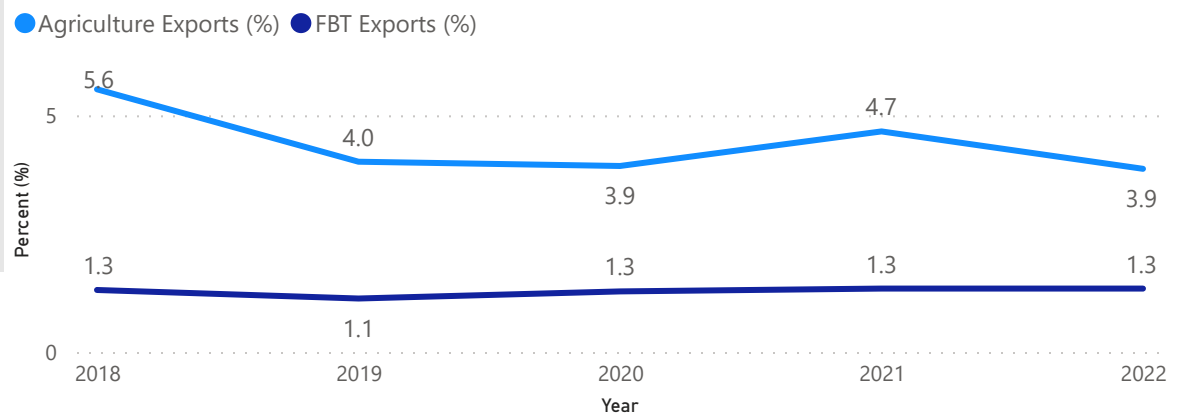
Over the years, the Western Cape has imported more agribusiness products from Mozambique than it has exported. Agriculture exports fluctuated from ZAR76.72m in 2018 to ZAR86.51m in 2022. In parallel, exports of food, beverages and tobacco (FBT) products from the Western Cape fluctuated from ZAR72.55m in 2018 to ZAR101.37m in 2022. The province's trade in agribusiness products with Mozambique remained firmly in a deficit throughout the period under view as a result, as evident in Figure 25.

Figure 25: Western Cape's Agriculture and FBT Trade with Mozambique, 2018-2022



The Western Cape accounted for a modest share of South Africa's agribusiness exports to Mozambique. In 2022, the province accounted for an average national share of 3.87% of primary agricultural exports and 1.30% of FBT exports to Mozambique, as shown in Figure 26.

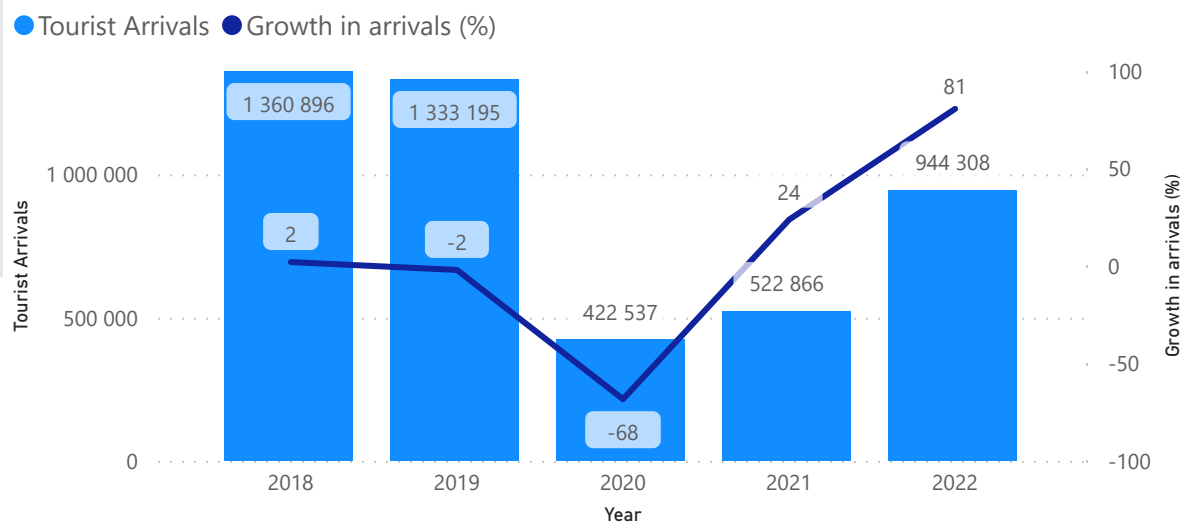
Figure 26: Western Cape's Share of National Agri and FBT exports to Mozambique, 2018-2022



5) Tourism from Mozambique to South Africa and the Western Cape

South Africa welcomed 994,308 tourists from Mozambique in 2022, reflecting an 80.60% y-o-y growth when compared to 2021. This is evident in Figure 27.

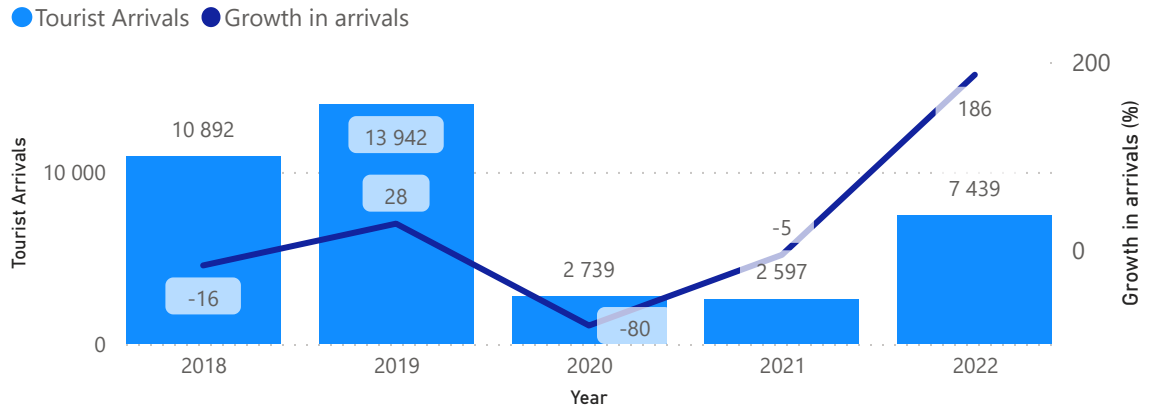
Figure 27: Tourist Arrivals from Mozambique in South Africa, 2018-2022



5) Tourism from Mozambique to South Africa and the Western Cape

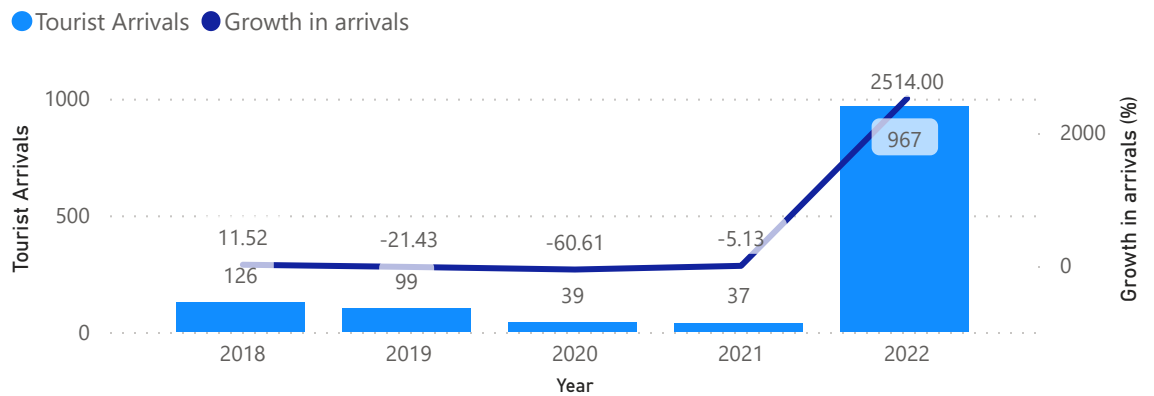
In 2022, 7,439 tourists from Mozambique visited the Western Cape, as seen in Figure 28. This reflects a recovery of 53.36% when compared to 2019 and a y-o-y growth of 186.45% in relation to 2021.

Figure 28: Tourist Arrivals from Mozambique in the Western Cape, 2018-2022



Source: South African Tourism, 2023

Figure 29: Mozambican Passenger Movement through Cape Town International Airport, 2018-2022



Source: South African Tourism, 2023

Mozambican passenger movement to Cape Town (via air) picked up in 2022, with a year-on-year growth of 2,513.51% when compared to 2021 and a recovery of 976.77% in comparison to 2019.

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