

Mozambique

November 2022

Executive Summary

This country fact sheet provides key trade and investment related statistics for Mozambique. Specifically, it shows Mozambique's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. Key findings and trends are outlined below:

Economy

- Mozambique's economy contracted for the first time in almost 30 years in 2020, impacted by the COVID-19 pandemic that hit the services and extractive sectors hard.
- A modest rebound in growth (2.33%) was seen in 2021, an outcome of recovery in agricultural growth and a relatively strong recovery in services.
- Growth is expected to accelerate in the medium term, averaging 5.7% between 2022 and 2024 as demand recovers and more economic benefits are expected from the start of major gas projects in 2022.

Trade

- South Africa's export receipts with Mozambique totalled ZAR63.92bn in 2021, a 28.02% y-o-y increase from the 2020 value of ZAR49.93bn. Associated import costs increased by 7.8% y-o-y to a value of ZAR11.59bn in 2021, up from ZAR10.75bn incurred in 2020.
- Iron ores and concentrates were South Africa's leading export product to Mozambique in 2021, at a value of ZAR14.75bn.
- Western Cape export receipts from its trade with Mozambique stood at ZAR2,855.07m in 2021, an increase of 31.82% y-o-y from the 2020 value of ZAR2,165.87m. Import costs stood at ZAR619.29m in 2021, 128.45% higher than the 2020 value of ZAR271.08m.
- Chromium ores and concentrates were the Western Cape's leading export product to Mozambique in 2021, at a value of at ZAR571.22m.

Investment

- According to FDI Intelligence's market statistics, a total of 46 foreign direct investment (FDI) projects (ZAR142.98bn capex) were recorded from South Africa into Mozambique over the period January 2003 to September 2022. Eight of these projects came the Western Cape.
- There is no record of Mozambique-based companies investing into South Africa over the period January 2003 to September 2022.

Tourism

- Pre-Covid 19, Mozambique accounted for over 1,3 million tourist arrivals per year. In 2020 a 68% decline in arrivals was seen, however, in 2021 South Africa received 522 866 arrivals, a 24% increase when compared to 2020.
- In 2019, the Western Cape received 13 942 tourist arrivals from Mozambique, a 28% increase when compared to 2018. However, because of the Covid-19 pandemic, arrival numbers have since declined with 2021 recording 2 597 tourist arrivals.

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1. Economic Overview

At independence in 1975, Mozambique was one of the world's poorest countries. The country was further impoverished by socialist policies, economic mismanagement, and a civil war from 1977 to 1992. Economic reforms undertaken by the government in 1987, including donor assistance and political stability from a multi-party election in 1994 helped to stabilise the economy. These steps propelled the country's GDP, in purchasing power parity terms, from USD4bn in 1993 to about USD37 billion in 2017, and to an estimated USD39bn in 2021.

The country's economy is reliant on its abundance of natural resources, water, and energy, as well as mineral resources and newly discovered natural offshore gas; three, deep seaports; and a relatively large, potential pool of labour. It is also strategically located; four of the six countries it borders (Tanzania, Malawi, Zambia, Zimbabwe) are landlocked and hence dependent on Mozambique as a conduit to global markets (World Bank, 2022).

In 2020, Mozambique's economy contracted for the first time in almost 30 years, owing to the COVID-19 pandemic that hit the services and extractive sectors hard. A modest rebound in growth was seen in 2021, an outcome of recovery in agricultural growth and a relatively strong recovery in services. According to the World Bank, growth is expected to accelerate in the medium term, averaging 5.7% between 2022 and 2024 as demand recovers and more economic benefits are expected from the start of Liquefied Natural Gas (LNG) production in 2022. These projects are expected to stimulate the extractives sector, increase demand for services, and boost exports. Output growth in agriculture is expected to remain significant, subject to favourable weather. However, due to the war between Russian and Ukraine, risks exist, of increasing international oil and wheat prices. Natural disasters, and a decline in the security in northern Mozambique, which may increase public spending pressures, among others also pose significant risks (World Bank, 2022).

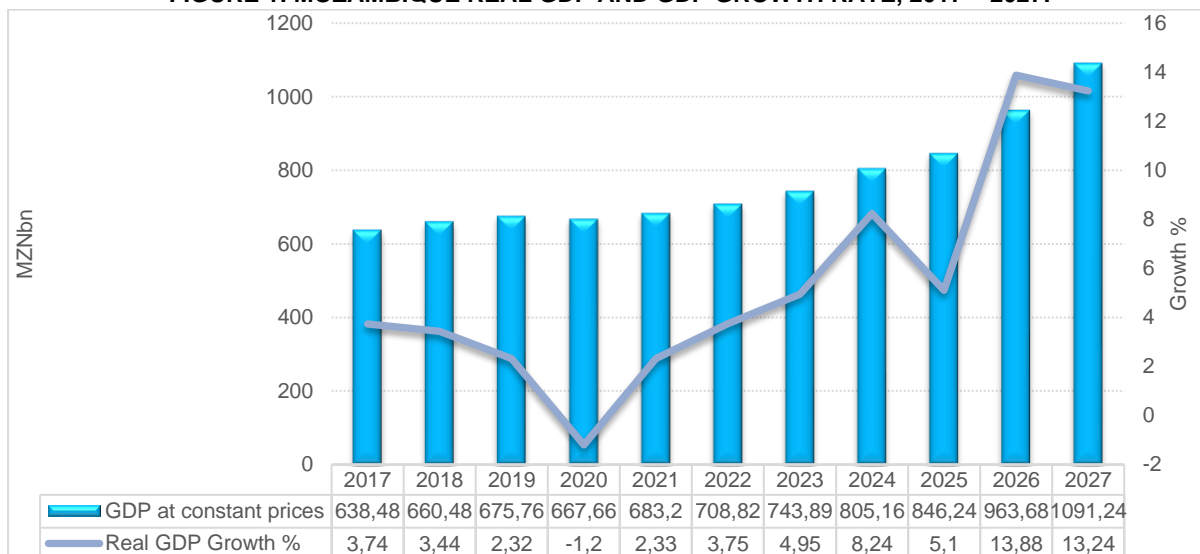
TABLE 1: ECONOMIC INFORMATION - MOZAMBIQUE

ECONOMIC INFORMATION - MOZAMBIQUE	
GDP (constant prices) (2022 est.)	MZN708.82bn
GDP growth (constant prices) (2022 est.)	3.75%
GDP per capita (constant prices) (2022 est.)	MZN21, 499.13
Inflation (average consumer prices) (2022 est.)	11.26%
Prime Rate (October 2022)	15.25%
Unemployment rate (2022)	3.98%
Total Exports (2021)	USD5.11bn
Total Imports (2021)	USD8.62bn

Sources: IMF, 2022; The Banco de Moçambique, 2022; National Institute of Statistics – Mozambique, 2022

Mozambique's past and future performance of real GDP is illustrated in figure 1 below.

FIGURE 1: MOZAMBIQUE REAL GDP AND GDP GROWTH RATE, 2017 – 2027F

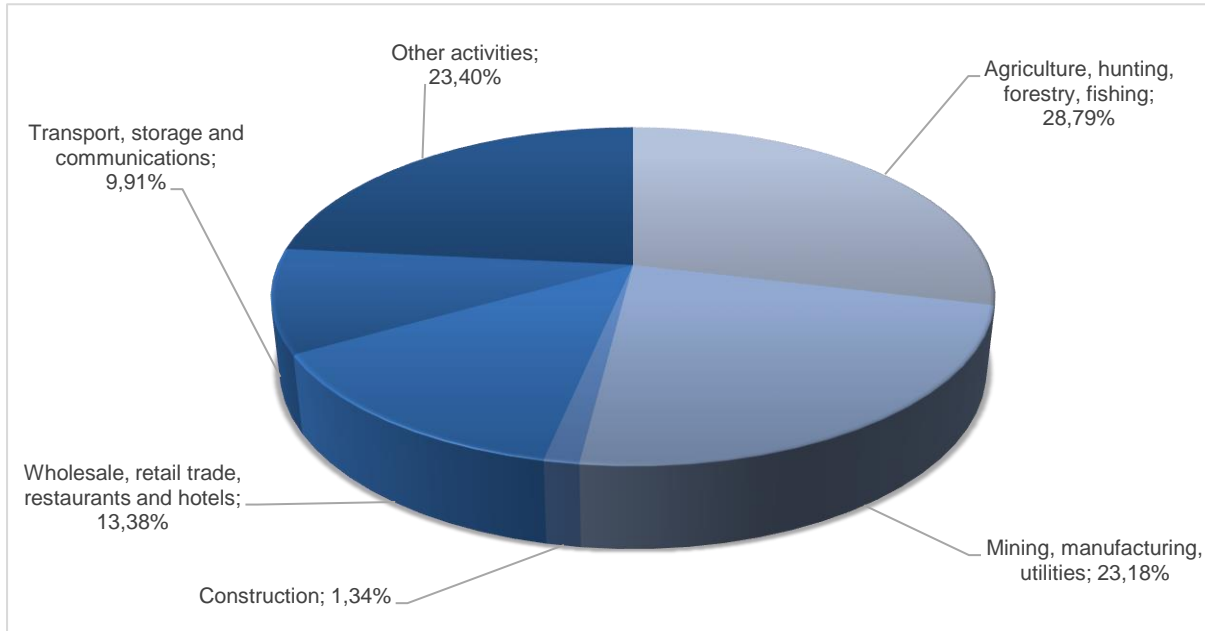


Source: IMF, 2022

1.1 Economic Structure

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 (GDP). The mining, manufacturing and utilities sector followed in second place, accounting for an estimated 23.18% of economic output. The wholesale, retail and restaurants and hotels sector accounted an estimated at 13.38% of GDP.

FIGURE 2: MOZAMBIQUE GDP SECTORAL CONTRIBUTION, 2021



Source: UNCTAD, 2022

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1.2 Mozambique's Sovereign Credit & Risk Ratings

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

Fitch Ratings latest rating of Mozambique was on 26 Aug 2022. The agency upgraded Mozambique's long-term foreign-currency issuer default rating (IDR) to 'CCC+' from 'CCC'. The key drivers to Mozambique's rating include the following: Mozambique was rated high for **financing constraints ease**. The country's financing constraints have considerably eased, with the agreement for extended credit facility of USD456m the IMF, and a further USD91m to be disbursed in 2022. According to Fitch, this programme will unlock additional concessional funding from other multilateral partners, after years of restricted access to external funding sources following the "hidden debts" scandal of 2016¹. Fitch listed **IMF's Programme Supports Fiscal Consolidation** as a second key driver of Mozambique's rating: Fitch forecasts GDP growth to accelerate to 7.7% in 2024 and remain high through 2026. They expect the IMF programme to serve as a policy anchor for gradual fiscal consolidation and the strengthening of the sovereign's institutional capacity, providing additional support for debt reduction. Furthermore, the rating also reflects the following key rating drivers, significant structural weaknesses due poor performance on governance and human development indicators. Also, high but falling government debt and expected gradual fiscal consolidation. The agency projected the fiscal deficit to gradually narrow to 3.3% of GDP in 2022 and 2.6% of GDP

¹ In 2016, information surfaced revealing that the Mozambican Government was responsible for over \$2 billion in government-backed loans secured between 2012-14 by state-owned defence and security companies without parliamentary approval or national budget inclusion; this prompted the IMF and international donors to halt direct budget support to the Government of Mozambique.

in 2023, from 5.7% in 2021. Another driver was the widening of the current account deficit (CAD), to 40% of GDP in 2022, from 21.9% in 2021, reflecting a much higher import bill. The main driver of the CAD will be the import of the platform for Eni's Coral Sul floating LNG project, which arrived in January at a cost of USD4.5 billion.

On 11th of March 2022, Moody's upgraded Mozambique's *outlook* from stable to positive and issued a Caa2 rating on its long-term issuer and senior unsecured debt. The key drivers of the positive outlook included prospects of broad-based improvements in Mozambique credit's profile led by Liquefied Natural Gas (LNG) production and the government's efforts to strengthen public governance, which may improve over time policy effectiveness from currently very weak levels. The Caa2 rating was motivated by credit weakness, including high government debt, susceptibility to foreign exchange risk as well as vulnerability to multiple sources of external shocks which suggests risk of default.

On 21 October 2022 Standard & Poor's (S&P) kept Mozambique's rating at CCC+ with a stable outlook. Although it warned of possible risk with regards to the delayed restart of the gas exploration projects. The stable outlook indicates that there is vulnerability and risk for investors – considers the country's current financial capacity and the uncertainties regarding future revenues. S&P forecasts that Mozambique's public debt will stand at around 90 per cent of GDP by 2025, with debt of state-owned companies accounting for 25 per cent of GDP, of which 70 per cent is linked to the development of natural gas projects. S&P's forecasts also point to economic growth accelerating in 2022, driven by the strong performance of the extractive sectors, and could grow further between 2024 and 2025 with the resumption of Total Energies' work and the start of gas exploration.

TABLE 2: MOZAMBIQUE SOVEREIGN CREDIT RATINGS, 2022

CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	CCC+	Caa2	CCC+
OUTLOOK	Stable	Positive	N/a
DATE OF LAST CHANGE	21-10-2022	11-03-2022	26-08-2022
ACTION	n/a	n/a	Upgraded from CCC to CCC+

Sources: Standard & Poor's; Moody's Investors Services, 2022; & Fitch Ratings, 2022

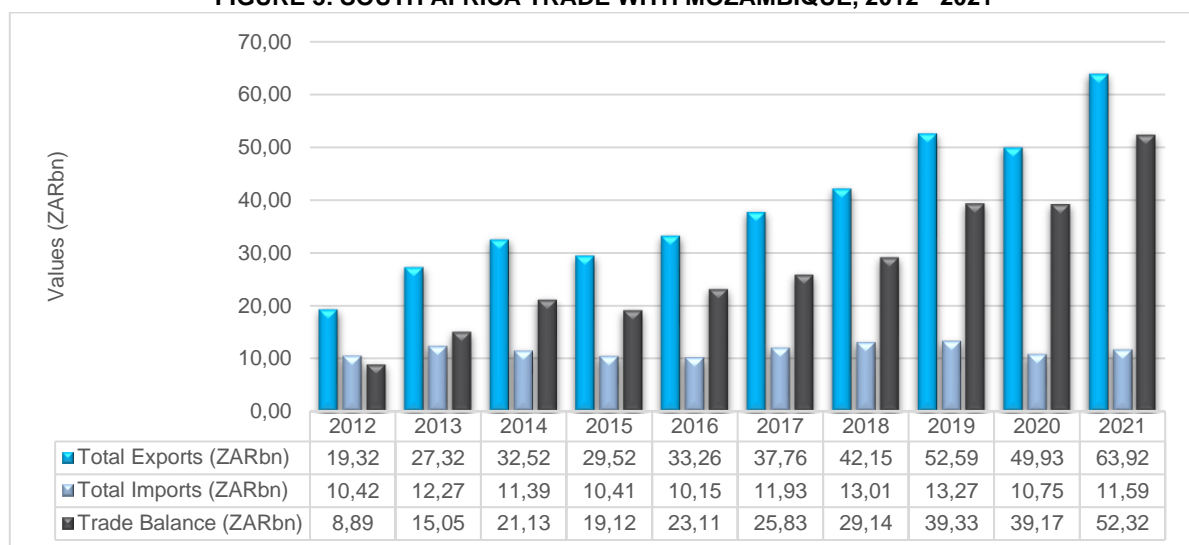
2. Trade

2.1 Trade with South Africa

Trade flows between South Africa and Mozambique have historically been skewed, with South African exports to Mozambique consistently outpacing imports from Mozambique. Accordingly, South Africa recorded a trade surplus with Mozambique throughout the period analysed, with the trade surplus rising sharply between 2015 until 2020. Mozambique forms part of the top five South African trade partners on the African continent. Mineral products account for the largest share of exports from Mozambique, whilst South Africa's exports to Mozambique are generally more diversified.

In 2021, South Africa's exports to Mozambique surged to a value of ZAR63.93bn, an increase of 28.02% on 2020s value of ZAR49.93bn. In a similar manner, South Africa's imports from Mozambique increased by 7.80% from a value of ZAR10.75bn in 2020 to ZAR11.59bn in 2021.

FIGURE 3: SOUTH AFRICA TRADE WITH MOZAMBIQUE, 2012 - 2021



Source: Quantec, 2022

Key Trade Products

Iron ores and concentrates were South Africa's top export product to Mozambique at a value of ZAR14, 751.51m (or ZAR14.75bn) in 2021, accounting for 23.08% of the export basket to the country. Chromium ores and concentrates followed in second place, reaching a value of ZAR9, 246.62m (or ZAR9.25bn) and accounting for 14.47% of total exports to Mozambique in 2021. Electrical energy came third at a value of ZAR4, 297.70m (or ZAR4.30bn), accounting for 6.72% of total exports to the country.

Iron ores and concentrates registered the **highest growth in exports**, increasing at an average annual rate of 237.74% per annum from 2017 to 2021. This was followed by coal (96.46%), and copper ores and concentrates (32.58%).

In turn, electrical energy was South Africa's top import product from Mozambique at a value of ZAR4, 306.92m, accounting for 37.15% of all import costs incurred by South Africa with Mozambique in the said year. Petroleum gases and other gaseous hydrocarbons placed second at a cost of ZAR3, 841.51m (33.14%), followed by wigs, false beards, eyebrows, and eyelashes at a value of ZAR623.13m (15.38%).

The **highest growth in imports** was seen for petroleum oils, other than crude, increasing at an average annual rate of 235.72% per annum from 2017 to 2021. This was followed by other nuts (87.11%), and cotton yarn (28.56%).

TABLE 3: SOUTH AFRICA TOP TRADED PRODUCTS WITH MOZAMBIQUE, 2021

SOUTH AFRICA'S EXPORTS TO MOZAMBIQUE, 2021				SOUTH AFRICA'S IMPORTS FROM MOZAMBIQUE, 2021			
RAN K	PRODUCT (HS 4)	VALUE 2021 (ZARm)	% GROWTH (avg.) 2017-2021	RAN K	PRODUCT (HS 4)	VALUE 2021 (ZARm)	% GROWTH 2017-2021
1	Iron ores and concentrates	14751,51	237,74%	1	Electrical energy	4306,92	12,19%
2	Chromium ores and concentrates	9246,62	29,44%	2	Petroleum gases and other gaseous hydrocarbons	3841,52	3,84%
3	Electrical energy	4297,70	6,19%	3	Wigs, false beards, eyebrows, and eyelashes	623,13	10,72%
4	Ferro-alloys	3599,06	17,20%	4	Bananas, including plantains,	572,45	9,54%
5	Coal	2653,74	96,46%	5	Petroleum oils, other than crude	381,58	235,72%
6	Other bars and rods of iron or non-alloy steel	840,85	17,95%	6	Coal	317,67	28,11%
7	Motor vehicles for the transport of goods	782,90	10,19%	7	Bran, sharps, and other residues	220,40	11,18%
8	Organic surface-active agents	777,31	14,43%	8	Aluminium wire	211,97	-12,35%
9	Copper ores and concentrates	636,74	32,58%	9	Other nuts	99,86	87,11%
10	Soups and broths	618,88	24,08%	10	Cotton yarn	96,09	28,56%
TOTAL EXPORTS		63 916,93	14,58%	TOTAL IMPORTS		11 592,32	3,49%

Source: Quantec, 2022

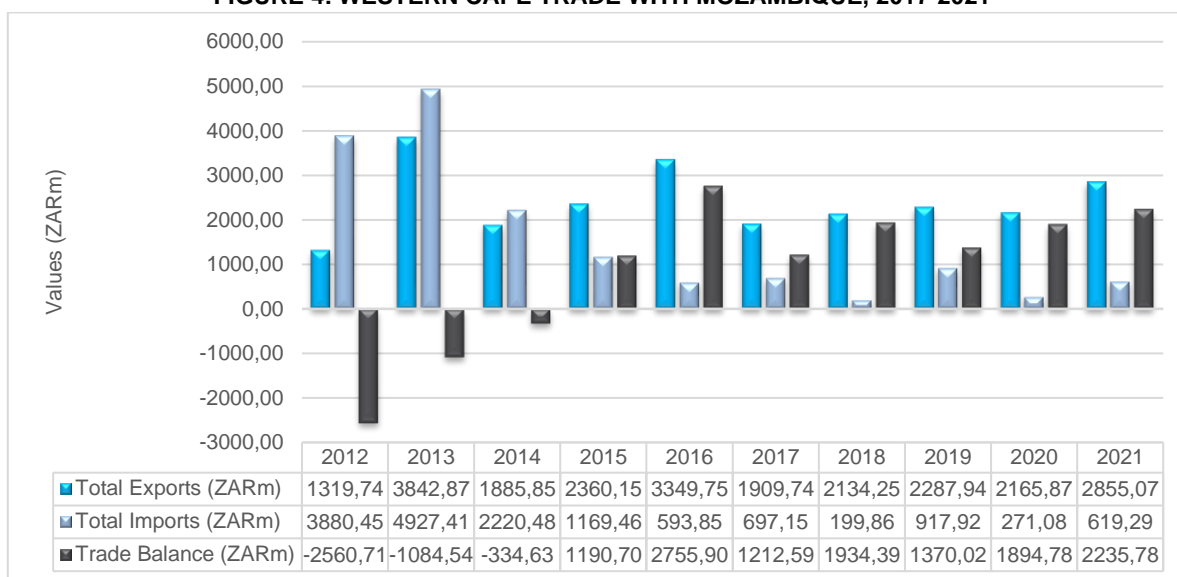
2.2 Western Cape Trade with Mozambique

Mozambique is an important trade partner for the Western Cape on the African continent. In 2021 Mozambique was the Western Cape's 6th largest export market and the 7th largest import market on the African continent. Like South Africa, mineral products account for the largest share of exports from Mozambique to the Western Cape, while the Western Cape's exports to Mozambique are diversified and the key product being petroleum oils.

In 2021, the Western Cape exported goods to the value of ZAR2, 855.07m to Mozambique. This was an increase of 31.82% from a value of ZAR2, 165m recorded in 2020. The rise in exports can be attributed to increases in the exports of coal (34,667.43%), fruit juices (381.57%), and machinery for sorting, screening, separating (418.97%).

In a similar manner, imports increased by 128.45% from a value of ZAR271.08m in 2020 to ZAR619.29m in 2021. The increase can be attributed to increases in the imports of petroleum oils (4915.25%), molasses resulting from the extraction or refining of sugar (1234.88%) and coconut copra (230.22%).

FIGURE 4: WESTERN CAPE TRADE WITH MOZAMBIQUE, 2017-2021



Source: Quantec, 2022

Key Traded Products

The Western Cape's dominant export product to Mozambique in 2021 was chromium ores and concentrates at a value of ZAR571.22m, equivalent to 20.01% of all export receipts earned by the Western Cape from Mozambican export trade in the year. Coal placed second at a value of ZAR387.33m (13.25%), followed by Fish, excluding fish fillets and other fish meat at a value of ZAR275.86m (9.66%).

The Western Cape's **highest growth export product** categories over the five-year period leading up to and including 2021 were chromium ores and concentrates (612.56%), machinery for sorting, screening, separating, washing, crushing, grinding, mixing, or kneading (316.65%) and monitors and projectors, not incorporating television reception apparatus (197.54%).

The petroleum oils, other than crude category dominated products imported from Mozambique by the Western Cape in 2021, valued at ZAR356.14m. This was equivalent to 57.51% of all import costs incurred by the Western Cape with Mozambique in the said year. Unmanufactured tobacco placed second at a cost of ZAR63.91m (10.32%), followed by Coconuts, Brazil nuts and cashew nuts at a value of ZAR38.36m (16.19%).

The Western Cape's **highest growth import product** categories over the five-year period leading up to and including 2021 were coconuts, Brazil nuts and cashew nuts (151.78%), other oil seeds and oleaginous fruits (82.10%), and oilcake and other solid residues (78.65%).

TABLE 4: WESTERN CAPE TOP TRADED PRODUCTS WITH MOZAMBIQUE, 2021

WESTERN CAPE'S EXPORTS TO MOZAMBIQUE, 2021				WESTERN CAPE'S IMPORTS FROM MOZAMBIQUE, 2021			
RANK	PRODUCT (HS4)	VALUE 2021 (ZAR m)	% GROWTH, (avg.), 2017-2021	RANK	PRODUCT (HS4)	VALUE 2021 (ZAR m)	% GROWTH, (avg.), 2017-2021
1	Chromium ores and concentrates	571,22	612,58%	1	Petroleum oils, other than crude	356,14	-
2	Coal	378,33	-	2	Unmanufactured tobacco	63,91	17,64%
3	Fish, excluding fish fillets and other fish meat	275,86	57,49%	3	Coconuts, Brazil nuts and cashew nuts	38,36	151,78%
4	Other fermented beverages (for example,	190,03	27,39%	4	Bran, sharps, and other residues	33,18	35,83%

	cider, perry, mead)						
5	Fruit juices (including grape must)	171,89	56,88%	5	Cane or beet sugar and chemically pure sucrose	29,09	-
6	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing, or kneading	74,57	316,65%	6	Other vegetables	21,68	-
7	Wine	58,47	4,32%	7	Coconut (copra), palm kernel or babassu oil	18,85	-
8	Refrigerators, freezers	50,37	72,48%	8	Cotton yarn (other than sewing thread)	12,26	9,23%
9	Monitors and projectors	36,62	197,54%	9	Oilcake and other solid residues	9,78	78,65%
10	Cheese and curd	35,64	8,23%	10	Other oil seeds and oleaginous fruits	9,06	82,10%
TOTAL EXPORTS		2855,07	0,49%	TOTAL IMPORTS		619,29	72,67%

Source: Quantec, 2022

2.3 Trade Agreements

Table 5 below lists trade agreements relevant to Mozambique.

TABLE 5: MOZAMBIQUE TRADE AGREEMENTS, 2022²

	TYPE OF AGREEMENT	COUNTRIES INVOLVED	MAIN OBJECTIVE/TERMS	PRODUCTS INVOLVED
Southern African Development Community (SADC)	Free Trade Agreement & Economic Integration Agreement	Angola; Botswana; Comoros; Democratic Republic of the Congo; Eswatini; Lesotho; Madagascar; Malawi; Mauritius; Mozambique; Namibia; Seychelles; South Africa; Tanzania; Zambia; Zimbabwe	The SADC Free Trade Area was achieved in August 2008, when a phased programme of tariff reductions that had commenced in 2001 resulted in the attainment of minimum conditions for the Free Trade Area - 85% of intra-regional trade amongst the partner states attained zero duty.	Most products
EPA SADC - Southern African Development Community	Free Trade Agreement	Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden; Botswana; Eswatini; Lesotho; Mozambique; Namibia; South Africa	<p>The SADC EPA is a development-focused trade agreement, granting asymmetric access to the partners in the SADC EPA group. They can shield sensitive products from full liberalisation and deploy safeguards when imports from the EU are growing too quickly. A chapter on cooperation identifies trade-related areas that can benefit from funding. The agreement also contains a chapter on sustainable development, which covers social and environmental matters.</p> <p>The EU grants 100% duty-free and quota-free access to all imports coming from Botswana, Lesotho, Mozambique, Namibia, and Swaziland. The access to the EU market is permanent, full, and free to all products. The EU removes customs duties on 98.7% of imports coming from South Africa, under specific quantity quotas.</p> <p>Countries that are part of the Southern African Customs Union remove customs duties on around 86% of imports from the EU. Mozambique</p>	<p>The new market access includes better trading terms mainly in agriculture and fisheries, including for wine, sugar, fisheries products, flowers, and canned fruits.</p> <p>On its side, the EU will obtain meaningful new market access into the Southern African Customs Union (products include wheat, barley, cheese, meat products and butter).</p>
Global System of Trade Preferences among Developing Countries (GSTP)	Partial Scope Agreement	Algeria; Argentina; Bangladesh; Benin; Bolivia, Plurinational State of; Brazil; Cameroon; Chile; Colombia; Cuba; Ecuador; Egypt; Ghana; Guinea; Guyana; India; Indonesia; Iran; Iraq; Korea, Democratic	The GSTP was established in 1989 as a framework for preferential tariff reductions and other measures of cooperation, including "para-tariffs, non-tariff measures, direct trade measures including medium and long-term contracts and sectoral agreements", to stimulate trade between developing countries.	

² More information here: <http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=508&lang=1&redirect=1>

		People's Republic of; Korea, Republic of; Libya; Malaysia; Mexico; Morocco; Mozambique; Myanmar; Nicaragua; Nigeria; Pakistan; Peru; Philippines; Singapore; Sri Lanka; Sudan; Tanzania; Thailand; Trinidad and Tobago; Tunisia; Venezuela, Bolivarian Republic of; Viet Nam; Zimbabwe)	Today, only preferential tariffs are covered by the Agreement.	
United Kingdom - SACU and Mozambique	Free Trade Agreement	Botswana; Lesotho; Namibia; South Africa; Eswatini; Mozambique; United Kingdom	The SACUM-UK EPA establishes a free trade area between the SACU member states and Mozambique (SACUM) and the UK and replicates the effects of the Economic Partnership Agreement between the European Union and the Southern African Development Community States (EU-SADC EPA) signed on the 10th June 2016. It replicates the preferential tariff treatment of the EU-SADC EPA, with the exception of the volume limitations on Tariff Rate Quotas.	Most products
Southern African Development Community (SADC) - Accession of Seychelles	Free Trade Agreement	Botswana; Eswatini; Lesotho; Madagascar; Malawi; Mauritius; Mozambique; Namibia; Seychelles; South Africa; Tanzania; Zambia; Zimbabwe	For Seychelles' accession to the SADC trade protocol in 2015, the parties involved remarked that it will enhance trade in the region and lead to economic growth. Seychelles eliminated tariffs on 91.7% of its tariff lines for imports from other SADC members. By 2026, 97.5% of Seychelles' tariffs will be liberalized. The other SADC parties will liberalize between 93.8% and 100% of their tariffs for imports from the Seychelles.	Most products
Africa Growth and Opportunity Act (AGOA)	Unilateral assistance measure	Granted by the US to 39 Sub-Saharan African (SSA) countries	Preferential access to the US market through lower tariffs or no tariffs on some products	Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7,000 product tariff lines.

Sources: World Trade Organization, 2022; European Commission, 2022; Southern African Development Community, 2022; TRALAC, 2022

2.4 Tariffs

The table below shows tariffs imposed by Mozambique on South Africa's exports in 2022.

TABLE 6: TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY MOZAMBIQUE, 2022

HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %	HS CODE AND PRODUCT DESCRIPTION	TARIF F, %
H01: Live animals	0	H33: Essential oils, perfumes, cosmetics, toiletries	0	H65: Headgear and parts thereof	0
H02: Meat and edible meat offal	0	H34: Soaps, lubricants, waxes, candles, modelling pastes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	0
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Alb8.uminoids, modified starches, glues, enzymes	0	H67: Bird skin, feathers, artificial flowers, human hair	0
H04: Dairy products, eggs, honey, edible animal product	0	H36: Explosives, pyrotechnics, matches, pyrophorics	0	H68: Stone, plaster, cement, asbestos, mica, articles	0
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	0	H69: Ceramic products	0
H06: Live trees, plants, bulbs, roots, cut flowers	0	H38: Miscellaneous chemical products	0	H70: Glass and glassware	0
H07: Edible vegetables and certain roots and tubers	0	H39: Plastics and articles thereof	0	H71: Pearls, precious stones, metals, coin	0
H08: Edible fruit, nuts, peel of citrus fruit, melons	0	H40: Rubber and articles thereof	0	H72: Iron and steel	0
H09: Coffee, tea, mate, and spices	0	H41: Raw hides and skins (other than fur skins) and leather	0	H73: Articles of iron or steel	0
H10: Cereals	0	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	0	H43: Fur skins and artificial fur, manufactures thereof	0	H75: Nickel and articles thereof	0
H12: Oil seed, oleagic fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	0
H13: Lac, gums, resins, vegetable saps and extracts	0	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish, and seafood food preparations	0	H48: Paper & paperboard, articles of pulp, paper, and board	0	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	0	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	0	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	0	H52: Cotton	0	H85: Electrical, electronic equipment	0
H21: Miscellaneous edible preparations	0	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits, and vinegar	0	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	2
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats, and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime, and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag, and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0

H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated, or laminated textile fabric	0	H92: Musical instruments, parts, and accessories	0
HS28: Inorganic chemicals	0		0	H94: Furniture, lighting, signs, prefabricated buildings	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H95: Toys, games, sports requisites	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H96: Miscellaneous manufactured articles	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H97: Works of art, collectors pieces and antiques	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H99: Commodities not elsewhere specified	0

Source: TradeMap, 2022

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

3. Foreign Direct Investment

3.1 Foreign Direct Investment between South Africa and Mozambique

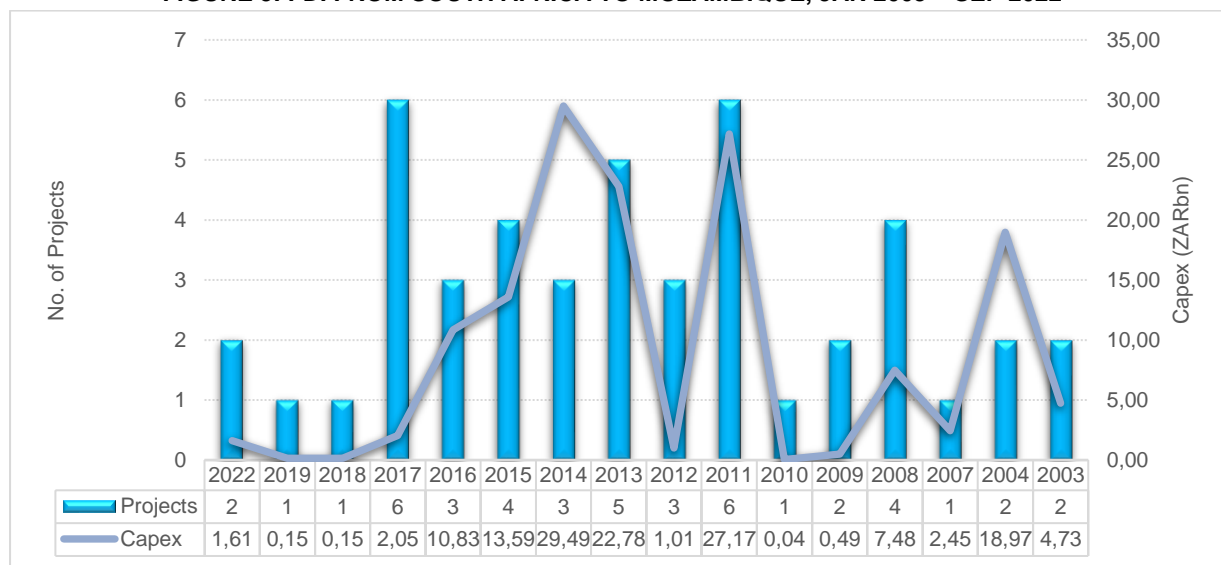
3.1.1 Mozambique FDI to South Africa

There is no record of Mozambique based companies investing into South Africa over the period January 2003 – September 2022.

3.1.2 South African FDI to Mozambique

The figure below shows foreign direct investment (FDI) investments made by South African based companies into Mozambique over the period January 2003 to September 2022. Over the period under review, South Africa made a total of 46 outward investment projects into Mozambique. These projects represented a capex value of ZAR142.98bn and led to the creation of 10, 139 jobs.

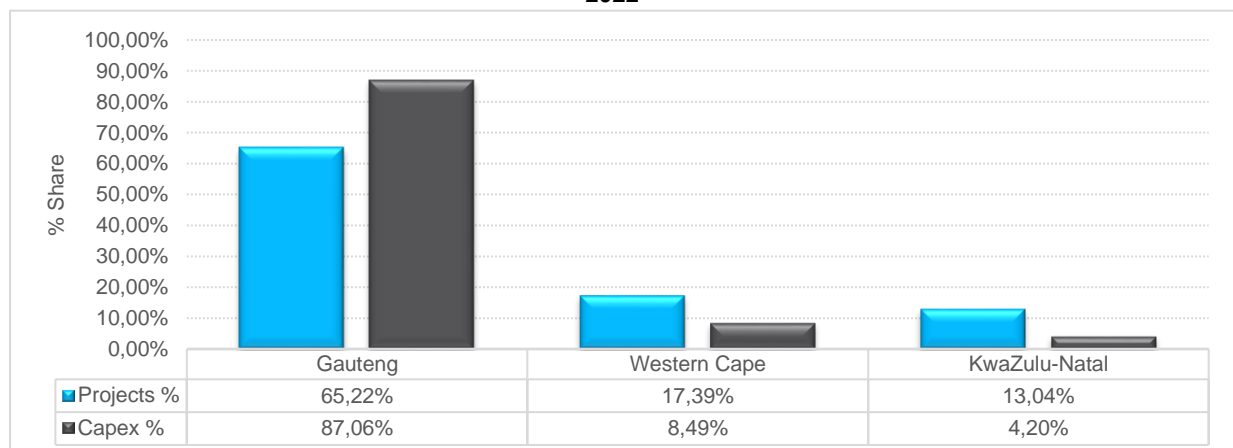
FIGURE 5: FDI FROM SOUTH AFRICA TO MOZAMBIQUE, JAN 2003 – SEP 2022



Source: FDI Intelligence, 2022

In terms of outward FDI from South Africa into Mozambique **by provinces** between 2003 and September 2022, Gauteng invested with the greatest number of projects into Mozambique, accounting for 65.22% of all related FDI projects undertaken. It was followed by the Western Cape (17.39%) and KwaZulu-Natal (13.04%) in second and third place respectively.

FIGURE 6: OUTWARD FDI FROM SOUTH AFRICA TO MOZAMBIQUE, BY PROVINCE, JAN 2003 – SEP 2022

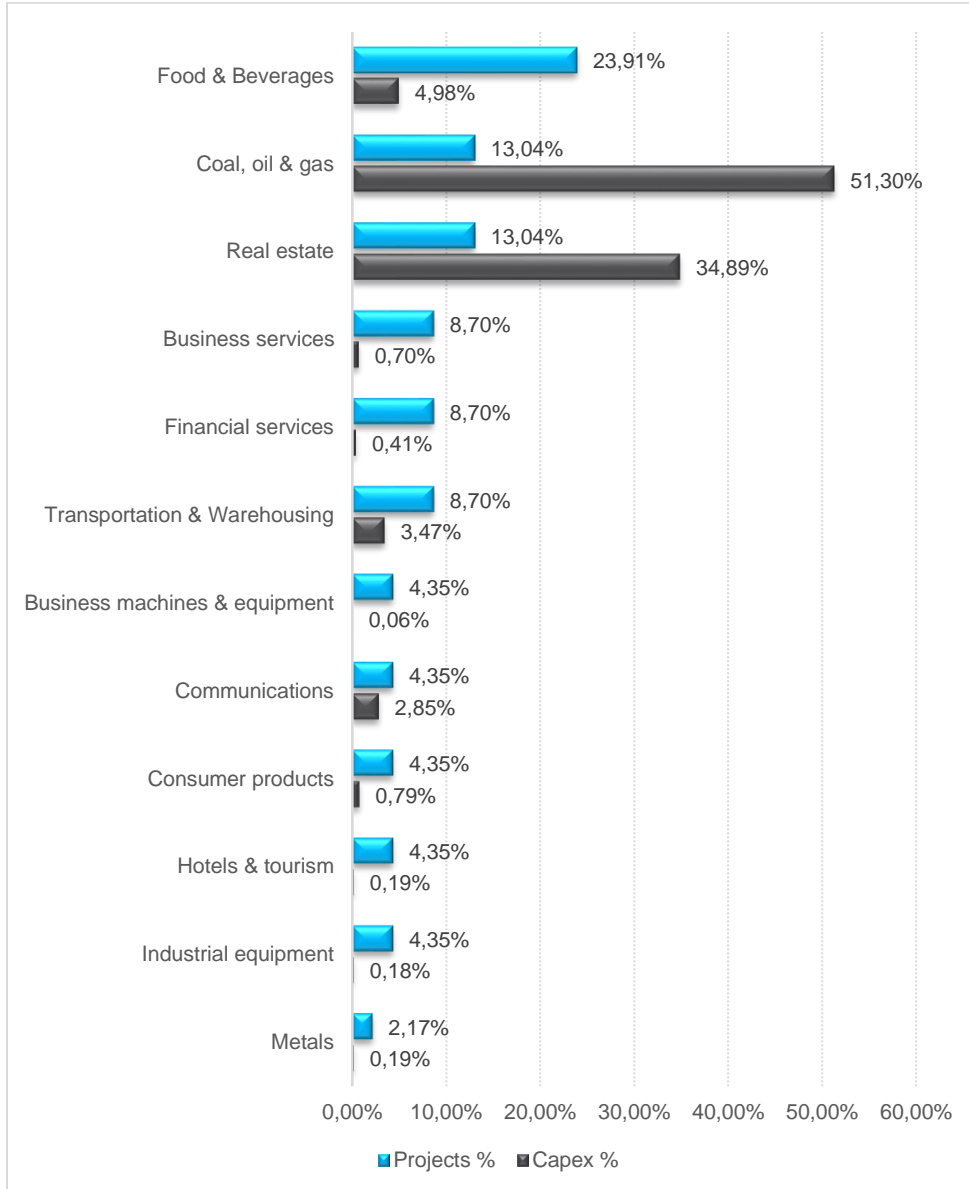


Source: FDI Intelligence, 2022

In terms of the sector classification of outward FDI by South Africa into Mozambique as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following Mozambican sectors were the key recipients of South African FDI over the period, January 2003 – September 2022:

- The food and beverages sector with 11 projects accounted for 23.91% of total outward FDI projects by South Africa into Mozambique. The relative share of capex stood at 4.98%.
- Coal, oil, and gas with 6 projects (13.04%) and 51.30% of capex.
- Real estate also with 6 projects (13.04%) and a relative capex share of 34.89%.

FIGURE 7: FDI FROM SOUTH AFRICA TO MOZAMBIQUE BY SECTORS, JAN 2003 – SEP 2022



Source: FDI Intelligence, 2022

The top 10 South African companies investing into Mozambique from January 2003 to September 2022 are tabled below. The Shoprite Group made the most investment (5 projects) into Mozambique over the period under review, with projects valued at ZAR10.70bn.

TABLE 7: TOP 10 SOUTH AFRICAN COMPANIES INVESTING IN MOZAMBIQUE (BY PROJECTS), JAN 2003 – FEB 2022

RANK	INVESTING COMPANY	SECTOR	PROJECTS	CAPEX (ZARm)	JOBS
1	Shoprite	Food & Beverages	5	10 703	1 229
2	Atterbury Property Developments	Real Estate	3	29 494	1 968
3	Tongaat Hulett	Food & Beverages	3	3 763	908
4	Beacon Hill Resources	Coal, oil & gas	2	21 585	255
5	Grindrod	Coal, oil & gas	2	2 226	157
6	SASOL	Chemicals	2	25 842	452
7	Standard Bank Group	Financial services	2	291	44
8	ABSA Bank MoCambique	Financial services	1	146	22
9	Astral Foods	Food & Beverages	1	796	285
10	Aveng Group	Metals	1	331	32
Total			46	142 978	10 139

Source: FDI Intelligence, 2022

3.1.3 Western Cape FDI into Mozambique

At total of eight FDI projects were recorded from the **Western Cape investment into Mozambique** over the period January 2003 – September 2022, as shown in table 8 bellow. These projects represented a total capital investment of ZAR12.14bn, which equated to an average investment of ZAR1.52bn per project and created 1, 633 jobs.

TABLE 8: WESTERN CAPE FDI INTO MOZAMBIQUE (BY PROJECTS), JAN 2003 – FEB 2022

DATE	INVESTING COMPANY	DESTINATION STATE	SECTOR	BUSINESS ACTIVITY	CAPEX (ZARm)	JOBS
Mar-18	Carrick Wealth	Not Specified	Financial services	Business Services	145,73	22
Dec-17	Novare Equity Partners	Maputo	Real estate	Construction	720,98	203
Jun-17	Shoprite	Cabo Delgado	Food & Beverages	Retail	205,556	132
Jul-16	Shoprite	Tete	Food & Beverages	Retail	205,556	132
Jul-16	Shoprite	Tete	Real estate	Construction	9831,406	656
Aug-15	Shoprite	Tete	Food & Beverages	Retail	205,556	132
Nov-11	The Foschini Group	Not Specified	Consumer products	Retail	566,046	179
Feb-11	Shoprite	Not Specified	Food & Beverages	Retail	254,644	177
TOTAL					12 135	1 633

Source: FDI Intelligence, 2022

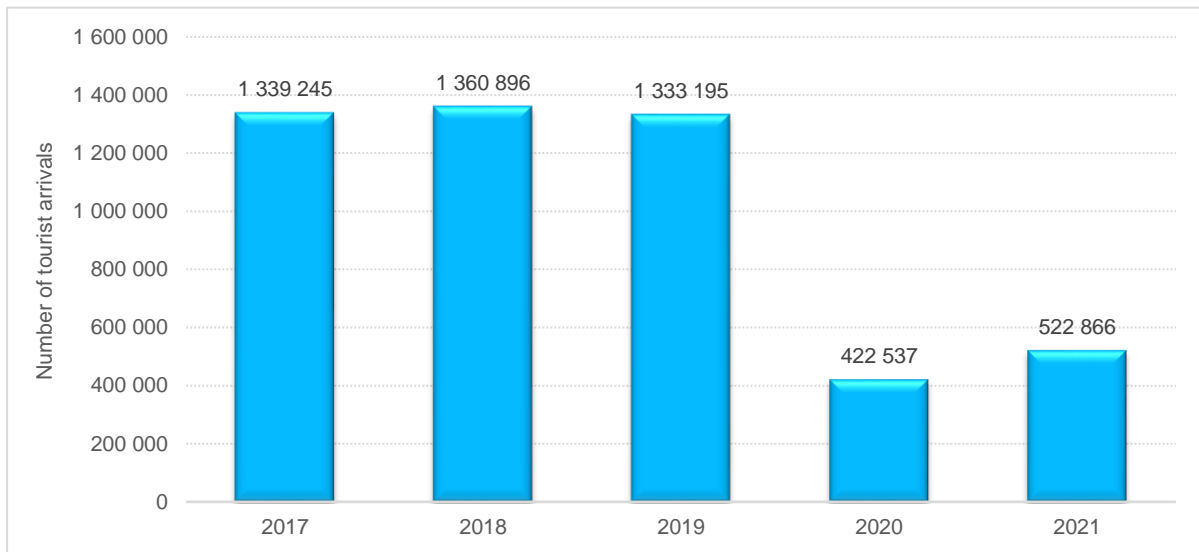
4. Tourism

4.1 Mozambique's Tourist Arrivals into South Africa

The graph below shows the tourist arrivals from Mozambique into South Africa between 2019 and 2021. Pre-Covid 19, Mozambique accounted for over 1.3 million tourist arrivals per year. In 2020 a 68% decline in arrivals was seen, however, in 2021 South Africa received 522, 866 arrivals, a 24% increase when compared to 2020.

In 2021, travellers from Mozambique were led by those travelling to visit friends and relatives, followed by business and personal shoppers as well as those travelling for holidays.

FIGURE 8: MOZAMBIQUE TOURIST ARRIVALS INTO SOUTH AFRICA, 2017 - 2021



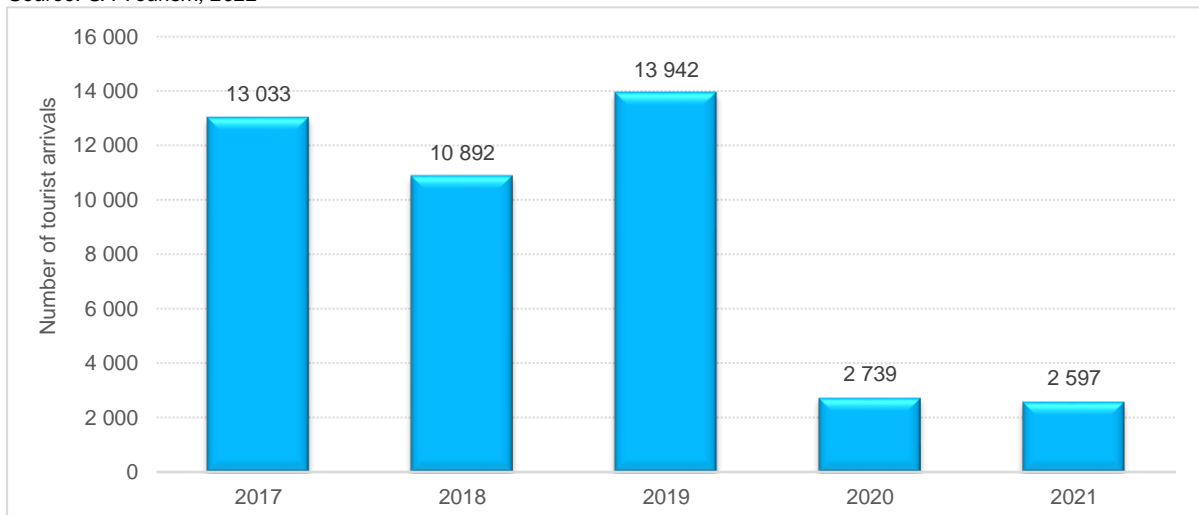
Source : SA Tourism, 2022

4.2 Mozambique's Tourist Arrivals into the Western Cape

Tourist arrivals from Mozambique into the Western Cape between 2019 and 2021 are shown in figure 9 below. In 2019, the Western Cape received 13, 942 tourist arrivals from Mozambique, a 28% increase when compared to 2018. However, as a result of the Covid-19 pandemic, arrival numbers have since declined with 2021 recording 2 597 tourist arrivals. In 2021 Mozambique ranked as the Western Cape's 5th largest source market from the African continent.

FIGURE 9: MOZAMBIQUE TOURIST ARRIVALS TO THE WESTERN CAPE, 2017 - 2021

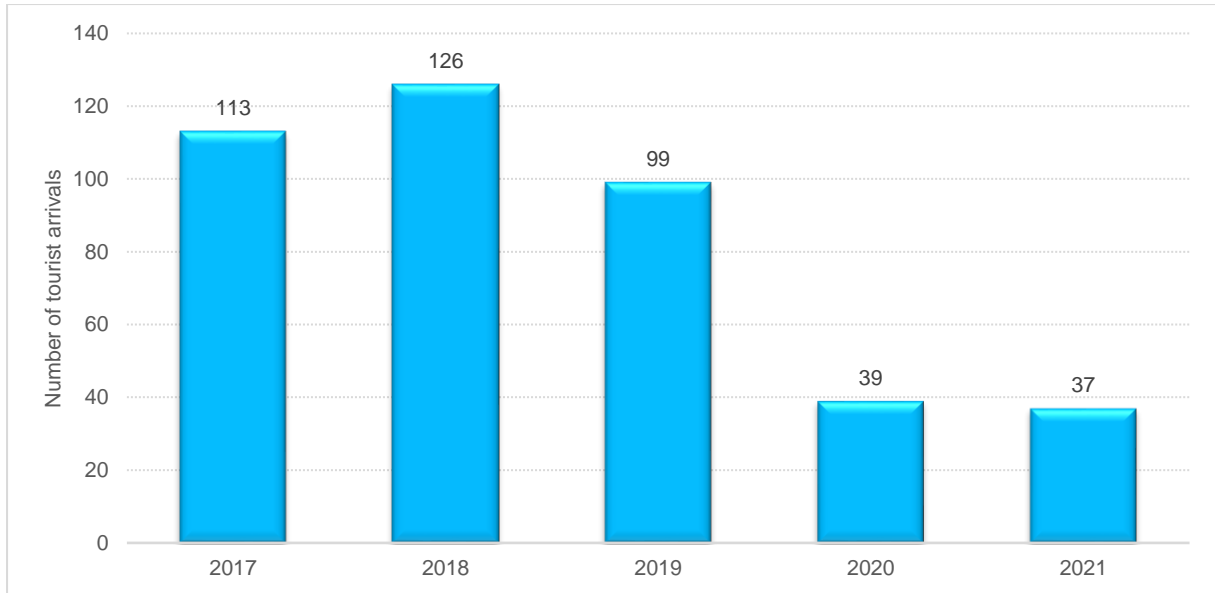
Source: SA Tourism, 2022



Mozambique tourist arrivals to Cape Town via air are illustrated below. In pre-Covid-19 times, tourist arrivals from Mozambique to Cape Town (via Air) were at a high, with 126 arrivals recorded for 2018. However, the numbers have declined since then.

In 2021 only 37 arrivals were recorded, the lowest documented over the review period, showing a -5,1% decline when compared to 2020. The low base of tourists via air underlines the significant proportion of Mozambican tourists travelling to South Africa by road.

FIGURE 10: MOZAMBIQUE TOURIST ARRIVALS TO CAPE TOWN VIA AIR, 2017 - 2021



Source: StatsSA, 2022

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