

MOZAMBIQUE ENERGY INDUSTRY BUSSINESS OPPORTUNITIES

lag/kr - Mozambique Energy
Industry Business
Opprtunities

BILATERAL TREATIES AND AGREEMENTS:

- Mozambique has signed investment promotion and reciprocal agreements with:
- Republic of South Africa; Germany; Algeria; Belgium; China; Cuba; Denmark; Egypt, the USA; Finland; Indonesia; Italy; Portugal; Sweden among others.

BILATERAL TREATIES AND AGREEMENTS:

To ensure regional cooperation in energy and environment protection Mozambique became part of Southern Africa Power Pools (SAPP) in order to inter-connect power transmission neighboring countries engaged to the African Cooperation Institutions, such as African Energy Commission (AFREC), New Partnership for African Development (NEPAD)

BILATERAL TREATIES AND AGREEMENTS:

and the Forum of Energy Ministers of Africa (FEMA).

Other agreements which bares the prevention of double taxation were signed by the following countries, namely Portugal; Mauritius; United Arab Emirates; and Macau:

SOME OF PRIVATE INVESTMENT IN ENERGY

- 1. Temane Natural Gas Project;
- 2. MOTRACO power transmission Line;
- 3. NORTHERN – Inhambane Power System;

SOME OF PRIVATE INVESTMENT IN ENERGY

4. Distribution of Petroleum products – 12 companies;
5. Moatize Coal Power Plant;
6. Temane Gas Power Plant.

LEGAL & REGULATORY SYSTEM

Favorable for investors:

- ✓ Electricity Law and Regulation – Law N^o 21/97;
- ✓ Petroleum Law and regulation;
- ✓ Natural Gas Law and Regulation;
- ✓ Legislation on Bio-Fuels (Resolution N^o 22/2009)

LEGISLATION ON INVESTMENT

Investment in Mozambique is bound to the following legislation, namely:

Investment Law;

Based on Law 3/93 of 24th June 1993 which foresees the guarantee for:

- Legal protection of property, rights on assets;
- Unrestricted import and repayment of loans and equity;

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LEGISLATION ON INVESTMENT

Investment Law;

- Free repatriation of dividends up to 100%;
- Dispute resolution under ICSID and ICC;
- Compensation in case of expropriation (only in case of security and health).
- **Regulation on Investment Law:** based on Law 4/2009 of January the 12th

LEGISLATION ON INVESTMENT

- Fiscal benefits Code, under this Law Mozambique guarantees Investors on:

Incentives

- Import of equipment, that is, Customs duties and Value Added Tax (VAT);
- Fiscal Credit on investment (5% to 10%);
- Accelerated depreciation;
- Reduction on Property Transfer Tax;

LEGISLATION ON INVESTMENT

Special Provisions

- Also under this Law special provisions are offered to investors in large scale projects and there is also Special Customs Regimes for Industries to investors under this Law.

MOZAMBIQUE ENERGY POTENTIALS

Hydro Potentials

Mozambique has a number of **Hydro Potentials** – in the following areas:

Cabora Bassa; Boroma, Lupata; Mphanda Nkuwa in Tete Province;

Mavuzi 1&2 in Manica province;

Lurio and Malema in Nampula province;

Massingir in Maputo province;

MOZAMBIQUE ENERGY POTENTIALS

Hydro Electric Power:

- 1) Cabora Bassa - 2075MW
- 2) Chicamba - 28MW
- 3) Mavuzi – 50MW

MOZAMBIQUE ENERGY POTENTIALS

- 4) Corrrumane - 17MW in Maputo;
- 5) Malema - 50MW in Napmpula province;
and
- 6) Lurio - 120MW bordering Nampula and
Cabo Delgado province

MOZAMBIQUE ENERGY POTENTIALS

Energy Consumption by Sector, 1999 (in thousand metric tons of oil equivalent)

- Industry - 1.628
- Transportation - 304
- Agriculture - 5
- Commercial & public services - 27
- Residential – 4.979
- Total - **6.943**

Natural Gas – 5 TCF;

Temane 1 Natural Gas, 500-1000MW, 700 km from Maputo; and

Pande Natural Gas;

- Gas from this point is distributed to the following enterprises operating at national level:
- Empresa Nacional de Hidrocarbonetos (ENH) in the northern province of Inhambane;
- Matola Gas Company;
- A majority of natural gas produced in Temane is exported to the Republic of South Africa.

Natural Gas – 5 TCF;

Natural Gas for Electric Energy Generation

- There are at present two enterprises dealing on the distribution of electric energy from, namely ELGAS and ENMO.
- As from the year 2010 it is projected that Mozambique shall produce around 34MGJ per year for internal gas consumption on the production of electric energy. 29MGJ shall be exported to the Republic of South Africa.

COAL

- **Moatize Basin Coal Reserves – 10 bMT, that is:**

Coal power station in Moatize:

- Moatize Coal mine with about 500 to 1000 MW
- Benga Coal Mine with around 450 MW

RENEWABLE ENERGY SYSTEMS

BIO-FUELS:

There is a complete Legislation for the introduction of bio-fuels in the country, namely:

- ✓ Bio-ethanol on sugar cane and sweet sorghum:
- ✓ Bio-diesel on copra oil, jatropha, seed oil, cotton seed oil, sunflower seed oil etc.

RENEWABLE ENERGY SYSTEMS (BIO-FUELS)

The government of Mozambique is encouraging this form of Energy as it brings employment opportunities, develop agro-industry in rural areas etc.;

Mozambique has just over 36.000.000ha of arable land to which oil products for bio – fuels can be introduced for bio-fuel needs as a its priority not forgetting food staples.

SOLAR SYSTEMS

This source is largely used in rural areas, mainly in hospitals, schools and other social centres.

In order to fight against poverty, mozambique is now concetrating its efforts on production of Bio-Fuels through prospection and exploration of oil and natural gas and, also through investment in other related Projects.

THANK YOU

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