

KCCI - Country Wrap: MOZAMBIQUE (JUN.'17)



Mozambique - An Overview

Almost five centuries as a Portuguese colony came to a close with independence in 1975. Large-scale emigration, economic dependence on South Africa, a severe drought, and a prolonged civil war has hindered the country's development until the mid-1990s.

Economic situation in Mozambique

More than half the population of Mozambique remains below the poverty line. Subsistence agriculture continues to employ the vast majority of the country's work force. Mozambique grew at an average annual rate of 6%-8% in the decade leading up to 2015, one of Africa's the strongest performances, but growth slowed in 2016 to about 3.5% as low commodity prices reduced export earnings. However, many forecasts predict an increase in growth in 2017 as coal exports grow. The government has planned to expand the Cahora Bassa Dam and build additional dams to increase its electricity exports and fulfill the needs of its burgeoning domestic industries. The sizable external debt burden, donor withdrawal, elevated inflation, and currency depreciation contributed to weak growth in 2016 and forebode weaker economic growth in the next few years. The government has also predicted sales of LNG which would generate several billion dollars in revenues annually sometime after 2022. In this regard, some important international consortiums are seeking approval for developing natural gas deposits off the coast of Cabo Delgado province, which posses the potential to become the largest infrastructure project in Africa.

Major agricultural commodities and revenue generating sectors

The important agricultural commodities of Mozambique include cotton, cashew nuts, sugarcane, tea, cassava (manioc, tapioca), corn, coconuts, sisal, citrus and tropical fruits, potatoes, sunflowers, beef and poultry. Country's other major revenue generating sectors are aluminum, petroleum products, chemicals (fertilizer, soap, paints), textiles, cement, glass, asbestos, tobacco, food, beverages.

Pak-Mozambique bilateral trade relations

Pakistan and Mozambique are in the process of strengthening bilateral relations in different fields. Both sides have also reviewed bilateral political, diplomatic, economic, trade relations and agreed to explore additional avenues of cooperation for the welfare of the peoples of both the friendly countries. Mozambique has potentials and opportunities to enhance bilateral trade and economic relations with Pakistan which can be explored through participation in exhibitions and frequent exchanging trade delegations. The country has also offered its full support and co-operation to the business community of Pakistan.

Trade between Pakistan and Mozambique

During FY16, Pakistan exported goods of worth \$ 99.22Mn as against exports of \$ 121.64Mn in FY15 showing decline of 18%. Pakistan's goods import stood at \$ 0.92Mn during FY16 as against imports of \$ 0.33Mn in FY15.

Potentials for enhancing Pak - Mozambique bilateral trade

-Mozambique is an import oriented country and Pakistan can export its full range of products to Mozambique.

-Pakistan is one of the largest exporters of Textile, Rice and cement and can meet the huge demand of rice and cement in Mozambique.

-Pakistan can also help Mozambique in building its industrial sector and meeting the requirements of plastic products.

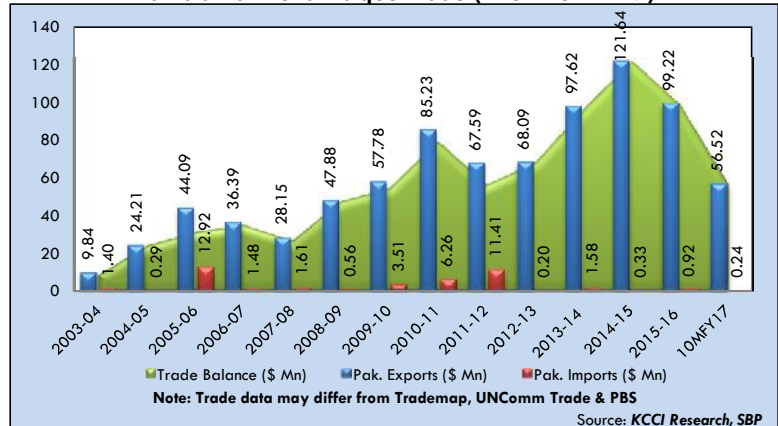
-Pakistani investors should search for establishing their industrial units in Mozambique as they will be facilitated with full infrastructure, utility and free land for it.

Economic Indicators

Indicators	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	33.79	35.01	3.61%
GDP per Capita	\$	1,200	1,200	0.00%
GDP growth	%	6.6	3.6	-3.00%
Forex Reserves	\$ Bn	2.58	1.54	-40.32%
External Debt	\$ Bn	9.74	9.55	-1.94%
Exports of Goods	\$ Bn	3.41	3.13	-8.23%
Imports of Goods	\$ Bn	7.58	5.15	-32.02%
Trade Balance	\$ Bn	-4.16	-2.02	51.51%
Current Account	\$ Bn	-5.83	-4.39	24.81%
FDI - at Home	\$ Bn	N/A	N/A	N/A
FDI - at Abroad	\$ Bn	N/A	N/A	N/A
CPI	%	3.6	17.1	13.50%
Prime Lending Rate	%	15	25	10.03%
Population	Mn	N/A	25.93	N/A
Unemployment	%	N/A	N/A	N/A
Literacy Rate	%	N/A	58.8	N/A

Sources: KCCI Research, CIA Factbook

Pakistan & Mozambique Trade (FY04-10MFY17)



Source: KCCI Research, SBP

Mozambique's Top 10 Trade Items (2016)

Imports Items	(\$ Mn)	Exports Items	(\$ Mn)
Mineral fuels, oils	1017	Mineral fuels, mineral oils	935
Machinery, mech. appliances	639	Aluminium, articles thereof	889
Electric machinery, equip., parts	424	Misc. chemicals	455
Vehicles other than railway	330	Tobacco, manufactured tobacco	234
Cereals	301	Ores, slag and ash	191
Inorganic chemicals	211	pearls, stones, metals	106
Pharmaceuticals	198	Ships, boats, floating structures	82
Iron/Steel Articles	194	Edible fruit and nuts	73
Aluminium, articles thereof	139	Sugars, sugar confectionery	49
Plastics, articles thereof	131	Fish, crustaceans, molluscs	44

Sources: KCCI Research, Trademap

Pakistan - Mozambique Top 10 Trade Items (2016)

Pakistan Export Items	(\$ Mn)	Pakistan Imports Items	(\$ Mn)
Cereals	39.73	Food industry residues	0.25
Other made-up textile artcl.	9.04	Oil seeds, oleaginous fruits	0.04
Salt; sulphur; earths and stone	7.60	Edible veg., certain roots, tuber:	0.04
Man-made filaments	1.14	Iron and steel	0.01
Plastics, articles thereof	0.42	Live animals	0.00
Machinery, mech. appliances	0.39	Tobacco, manufactured substitut	0.00
Wadding, felt, nonwovens	0.24	Salt; sulphur; earths, stone	0.00
Pharmaceuticals	0.20	Ores, slag, ash	0.00
Misc. chemicals	0.14	Mineral fuels, oils	0.00
Tobacco & manufactured substitut	0.14	Inorganic chemicals	0.00

Sources: KCCI Research, Trademap