

Mozambique

intra-Africa trade & tariff profile 2019



1. Introduction

Mozambique is only part of the Southern African Development Community (SADC).

- SADC is a Regional Economic Community (REC) which includes 16 member states - all the SACU countries, Comoros, DRC, Angola, Zimbabwe, Zambia, Mauritius, Mozambique, Madagascar, Malawi, Seychelles and Tanzania. 13 SADC member states are in a Free Trade Arrangement (FTA); Comoros, Angola and DRC are yet to join the FTA.



Members of the SADC FTA:

- | | |
|--------------|---------|
| ✓ | ✗ |
| Botswana | Comoros |
| Eswatini | DRC |
| Lesotho | Angola |
| Madagascar | |
| Malawi | |
| Mauritius | |
| Mozambique | |
| Namibia | |
| Seychelles | |
| South Africa | |
| Tanzania | |
| Zambia | |
| Zimbabwe | |

2. Intra-Africa trade

For 2019, 24% of Mozambique's world exports & 32% of world imports were to and from the rest of Africa. Intra-Africa exports amounted to almost US\$1.12 billion (7% less

than in 2018) & intra-Africa imports to almost US\$2.43 billion (18% increase compared to 2018 imports). The main export products are electrical energy, petroleum gas, bananas, coal and wigs.

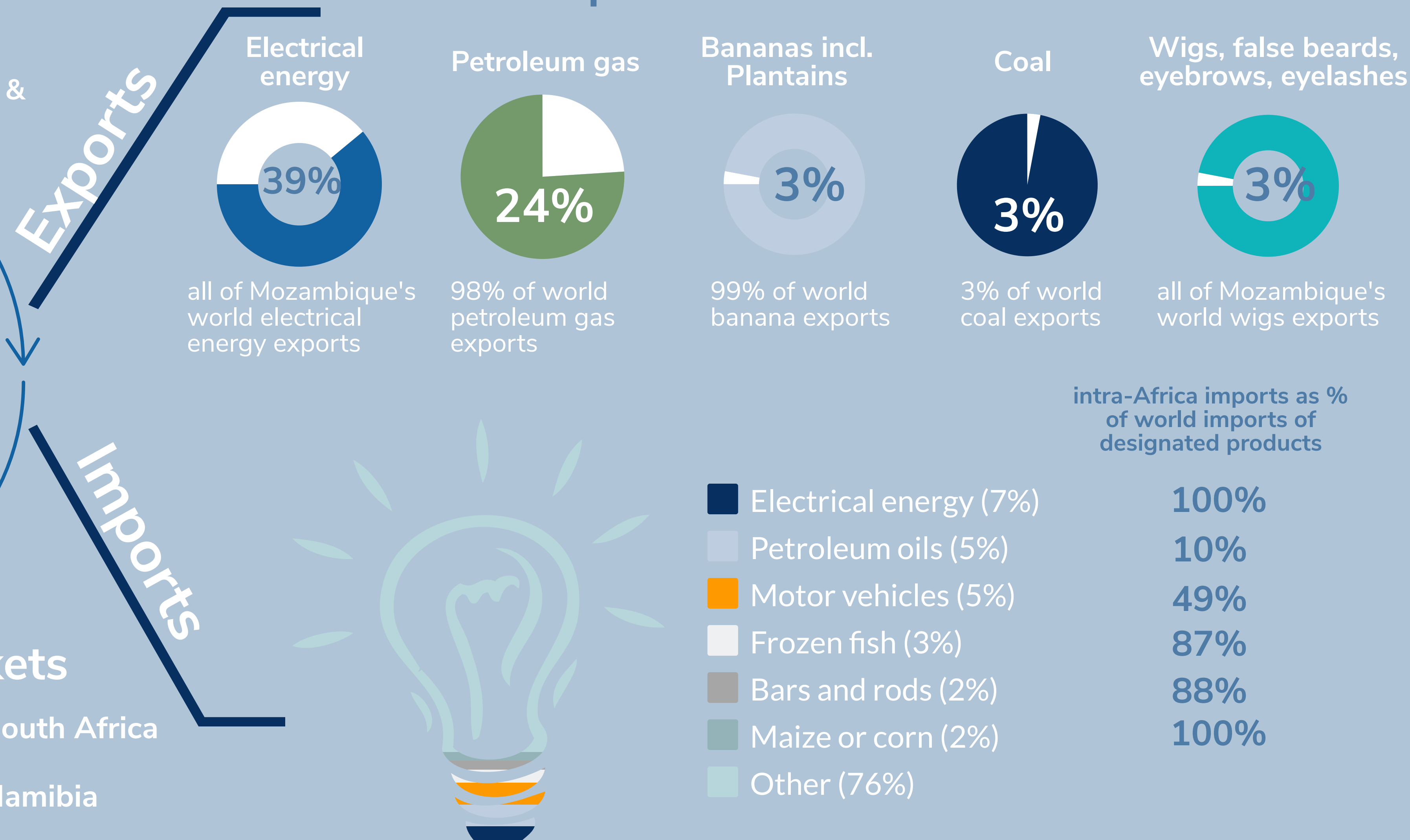
Mozambique mainly imports electrical energy, petroleum oils, motor vehicles, frozen fish, bars & rods and maize. The country almost entirely trades with fellow SADC member states.

Main destination markets

South Africa, Zimbabwe, Malawi, Zambia, Botswana & Eswatini



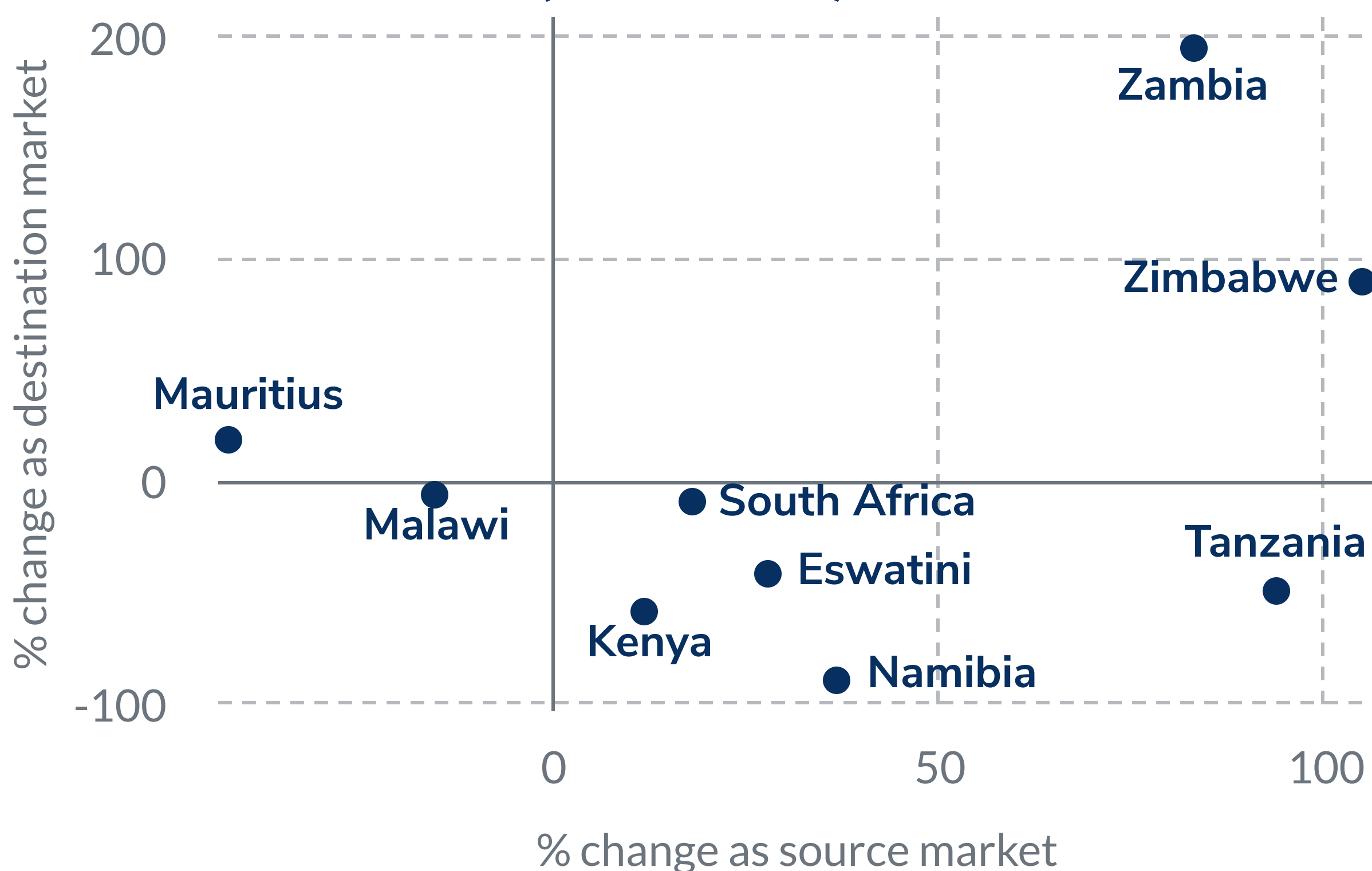
Mozambique's intra-Africa trade 2019



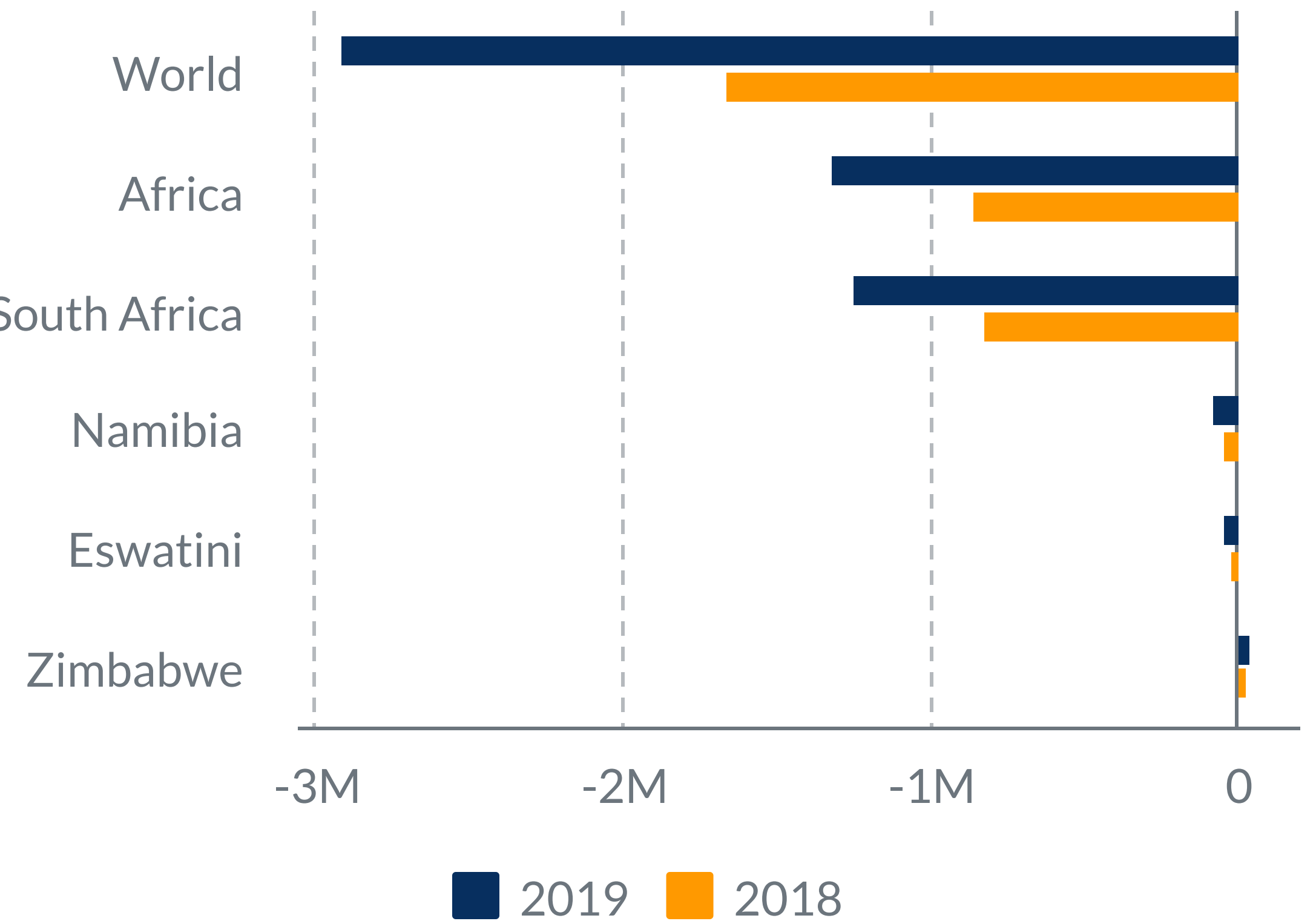
Main source markets

- | | | | |
|--|-----------|--|--------------|
| | Mauritius | | South Africa |
| | Eswatini | | Namibia |

% change in exports to & imports from main African trade partners (2018 to 2019)



Trade balance with designated trade partners 2018 & 2019



3. Intra-Africa tariffs & non-tariff cost of trade
Imports from non-SADC member states face MFN applied duties. In 2019, a 20% import duty was levied on almost 15% of Mozambique's imports from outside SADC (measured in sales in USD). Only 2.71% of imports entered the country duty-free. For more than half of the imported goods a 5% duty had to be paid in 2019.

Only 1% of Mozambique's world exports (2% of intra-Africa exports) are to African countries not SADC member states. Export products include cane sugar, vegetable textile fibres, coal and tobacco. Mozambique's most important destination markets outside SADC in 2019 were Kenya, Nigeria, Ivory Coast and Uganda. However, in comparison to the year 2018, Kenya lost importance as destination market.

Also, 2% of intra-Africa imports (1% of world imports) are sourced from outside SADC with Liberia, Kenya and Egypt being the biggest source markets. Mauritania's power as supplying market declined by 74% in 2019, whereas Ghana gained in importance. In 2019, especially oils and preparations got imported into Mozambique from countries outside SADC.

MFN duty categories & % of national tariff lines in each category

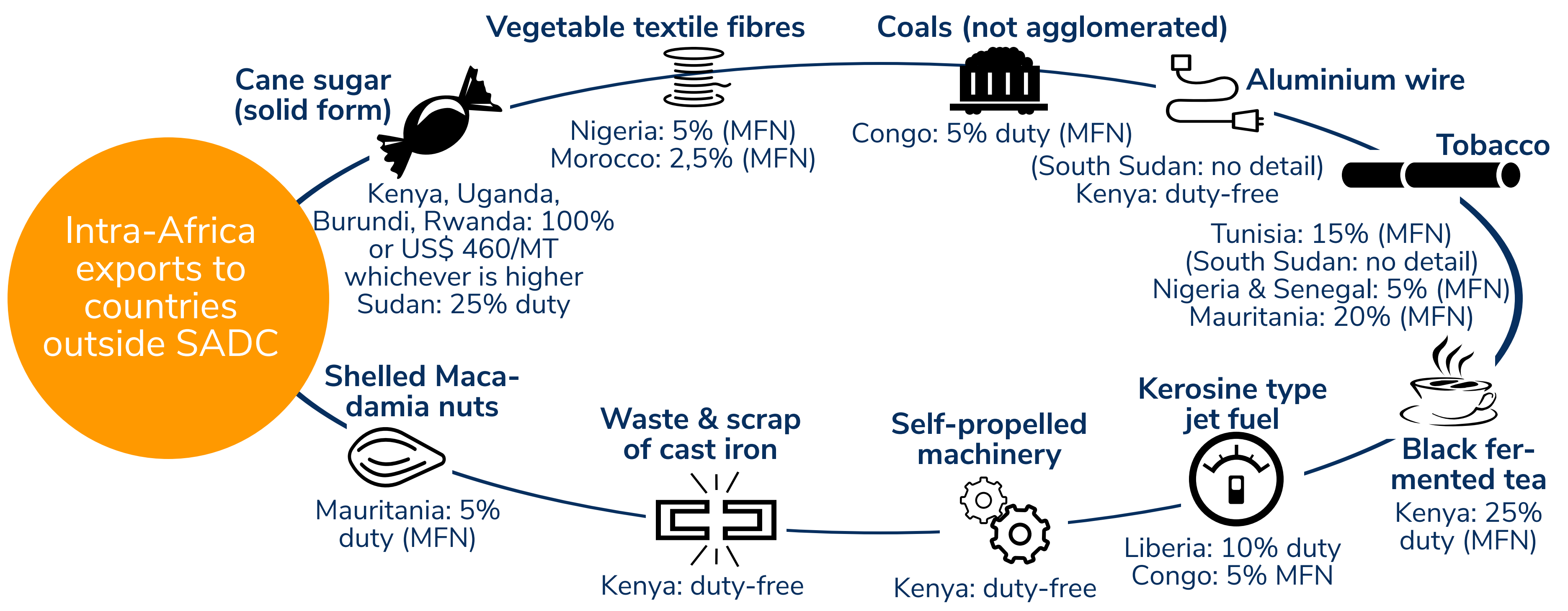
Duty-free 4%
seeds, fruits & spores, pro-vitamins & vitamins, Malaria diagnostic kits, vaccines, medicaments, machinery for agricultural use, equipment for physical training, beans

2.5% duties 20%
poultry, certain milk products, plants (rose bushes, mushroom spawn, ...), crude oil, vegetable materials, copper/ zinc ores, paper & cardboard, iron waste & scrap

5% duties 11%
mineral oils, natural gas, steam boilers & turbines, hydraulic engines, household machines, railway vehicle parts, tractors, ambulance cars, medical instruments

7.5% duties 30%
certain type of meat, rice, corn, fruit juices, yeasts, pies, painting, raw hides & skins, cotton yarn, ceramic tiles, torches, cash registers, lithium batteries, pens & markers

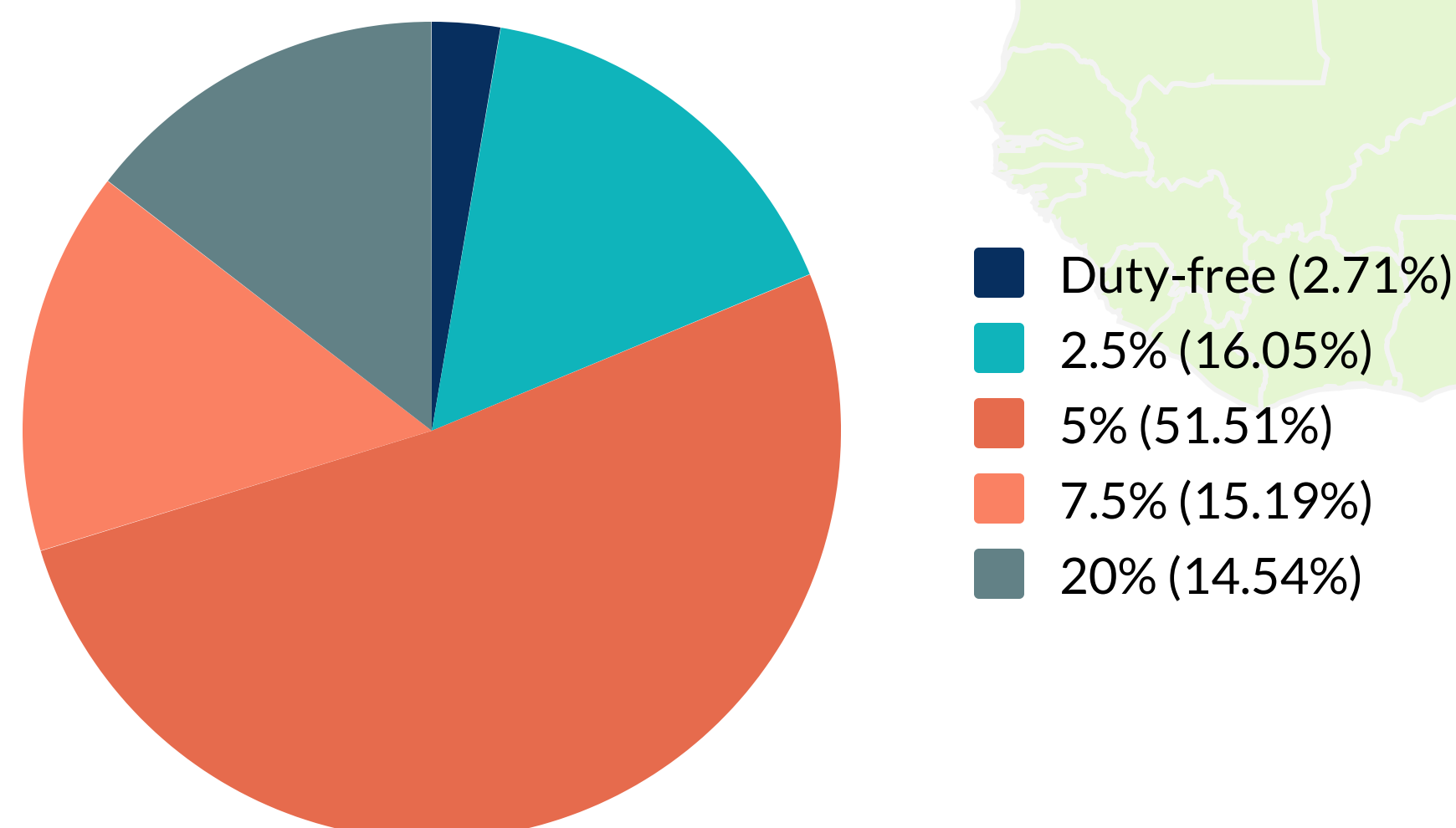
20% duties 35%
domestic animals, meat, fish, milk & cream, eggs, flowers, vegetables, shelled nuts, bananas, coconut oil, clothing accessories, cotton fabrics, clothing, glassware, kitchen machinery, hairpins



Mozambique's imports from outside SADC and corresponding import duties

94% of Mozambique's world imports of light-vessels are sourced from outside SADC; also 91% of calendars (of any kind), 74% of natural barium sulphate, 38% of beauty or make-up preparations, 32% of cotton and 18% of mixes & dough of flour.

Categories of MFN duties & % of 2019 imports in each category AUSSTAENDIG



Of the **top 20 import products**, the highest tariffs (=20%) were applicable to imports of calendars of any kinds, margarine and beauty or make-up preparations. A 7.5% duty was levied on cement clinkers; a 5% import duty had to be paid for light & medium oils and preparations, refrigerate equipment, self-propelled bulldozers, (semi-)trailers and gaseous hydrocarbons. Other imports levied a 2.5% tariff in 2019 include:

- cotton
- crude palm oil
- malt (excl. roasted)
- light-vessels

- Liberia (39%)**
Medium oils and preparations (5%)
Light oils and preparations (5%)
Women's or girl's trousers (20%)
- Kenya (25%)**
Light-vessels (2.5%)
Calendars of any kinds (20%)
Gaseous hydrocarbons (5%)
- Egypt (11%)**
Cement clinkers (7.5%)
Mixes and doughs of flour (2.5%)
Calcium carbonate (2.5%)
- Mauritania (6%)**
Double salts and mixtures of ammonium sulphate (2.5%)
Refrigerating equipment (5%)
Malt (excl. roasted) (2.5%)
- Ghana (5%)**
Natural barium sulphate (2.5%)
(Semi-)trailers (5%)
Prepared binders for foundry moulds or cores (7.5%)

The non-tariff cost of bilateral trade between Mozambique & designated African trade partners

The ESCAP-World Bank trade cost database include the cost of transportation and the time to complete import procedures and obtain necessary information as non-tariff costs affecting bilateral trade between trade partners. The data shows that the overall cost of bilateral trade between Mozambique and Chad was the highest in year 2017, followed by trade with Lesotho & Cameroon. The cost of trade for manufactured goods with Zimbabwe and South Africa was the lowest. As can be seen from the graph, there was a significant difference between the cost of trade of agricultural goods in comparison to the cost of trade of manufactured goods between Mozambique and Botswana, Kenya and Tanzania. Furthermore, in most cases the cost of agriculture trade was higher than for trade in manufactured goods, except for manufactured goods trade between Mozambique and Russia.

