Standard Bank

AFRICA **TRADE BAROMETER**

An overview of the current cross-border trade landscape of Africa

MOZAMBIQUE

HOW TO NAVIGATE THIS DOCUMENT

This report is designed for a better digital experience and ease of use. The digital navigation feature in the report helps you, the reader, move easily between different sections or topics in this and other reports.

Click on the sections in the Table of Contents to navigate to it.

Click on the Home button to navigate back to the Table of Contents.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB).

The SB ATB was launched in 2022 to create Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 4 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

To construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 258 firms across the 10 countries of interest.

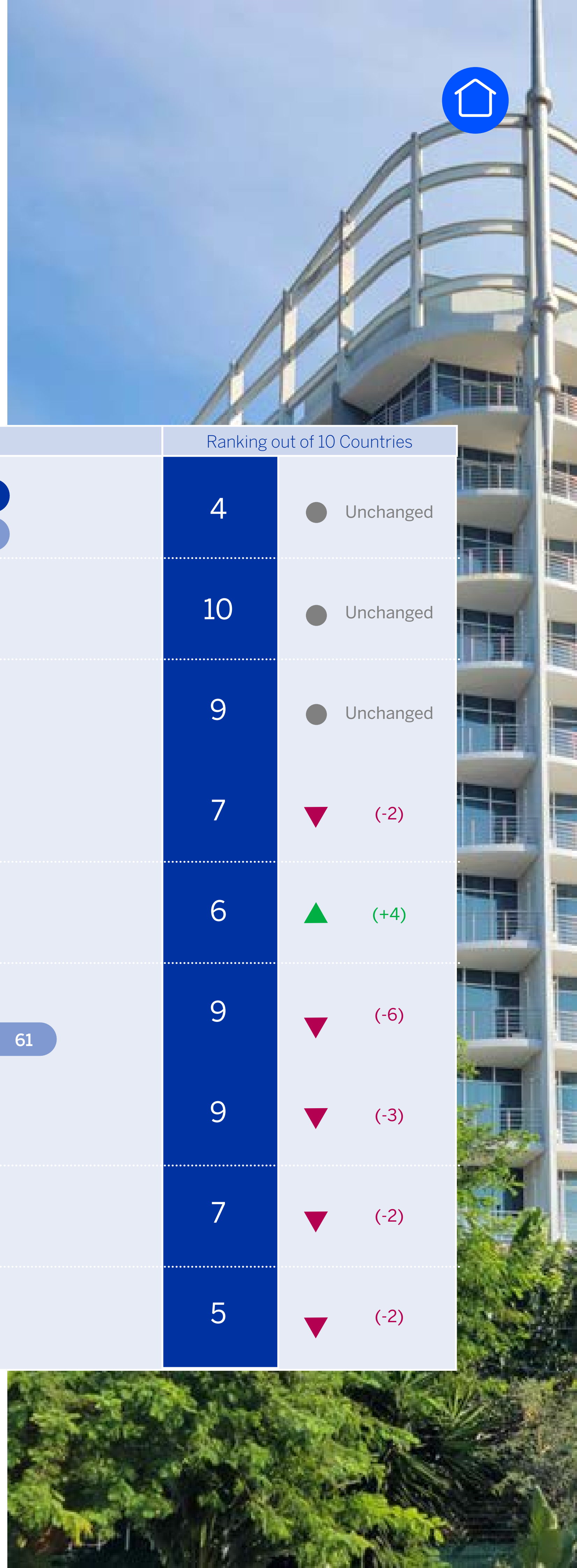
From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. It is important to note that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other.

The SB ATB is an aggregate of the SB QTB and the SB STB.

The table below shows Mozambique's relative performance in the seven broad thematic categories of the SB ATB.

Thematic Category	Indicator	August 2024	May 2023	Ranking out of 10 Countries	
Macroeconomic Stability	Business Confidence	59	59	4	Unchanged
Governance and Economy	Government Support on Trade	41	34	10	Unchanged
Infrastructure	Quality of Infrastructure	36	37	9	Unchanged
	Infrastructure Obstacles	54	52	7	(-2)
Access to Finance	Access to Credit	39	36	6	(+4)
Traders' Financial Behaviour	Credit Terms Extended to Clients	46	61	9	(-6)
	Credit Terms Advanced from Suppliers	43	54	9	(-3)
Foreign Trade	Ease of Trade	44	43	7	(-2)
Trade Openness	Trade Openness	51	55	5	(-2)

Note: All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.



This is the country report for Mozambique.

It contains an analysis of the primary and secondary data gathered specifically for Mozambique between July and September 2024 and showcases trends and opportunities in trade within the country. A consolidated report will complement the individual country analyses, synthesising data from the 10 African markets surveyed to provide a comparative perspective on the factors enabling and hindering trade. This will form the cornerstone of the trade barometer.

Mozambique's position in the overall SB ATB ranking rose from position 4 in May 2023 to position 3. With regards to the SB QTB, the country maintained its 3rd position. Conversely, Mozambique fell from 6th place to 9th in SB STB. Hence, although Mozambique maintained its ranking in the SB QTB and fell in the SB STB, her overall SB ATB position rose in relation to the other markets.

Mozambique rose to 3rd position in the annual SB ATB ranking.

Mozambique's macroeconomic environment has faced challenges in 2024, with GDP growth projected to slow to 4.6% from 5.4% in 2023. In addition, the country faces external pressures such as debt distress, food insecurity from El Niño-induced droughts, and flooding. However, inflation is projected to decline to 3.6% in 2024, down from 7.1% in 2023, supported by the IMF's Extended Credit Facility. Despite these challenges, Mozambique's economic outlook is buoyed by a surge in foreign direct investment (FDI) linked to mega-projects in the energy sector (solar and LNG) and expanding infrastructure.

Mozambique's business confidence index held steady at 59 in August 2024, reflecting a balance between optimism and lingering concerns. 55% of businesses expressed optimism, driven by rising FDI into projects like the Port of Maputo and a stable exchange rate. On the other hand, 20% remain pessimistic, citing perceptions that the economy is poor, high taxation, political instability, and the ongoing insurgency in Cabo Delgado. The ongoing insurgency in Cabo Delgado province and reliance on the extractive sector have tempered confidence, particularly in light of fluctuating commodity prices. Despite these challenges, businesses are hopeful for revenue growth, supported by expanding market demand and increased marketing efforts.

Mozambique's government support index for trade increased from 34 to 41 in August 2024, reflecting improved business sentiment towards government backing of cross-border trade. This rise is attributed to stabilised macroeconomic conditions and increased investments, particularly in LNG and SMEs. Notably, 33% of businesses now view the government as supportive, up from 19% in May 2023. Small businesses expressed the most optimism, benefiting from targeted government initiatives like the USAID credit fund for the agriculture and food sectors. However, businesses still advocate for tax relief and enhanced customs efficiency, indicating room for further improvements in trade facilitation.

Mozambique's quality of trade-related infrastructure index dropped slightly from 37 to 36 in August 2024. This decline reflects growing concerns about the resilience of the country's infrastructure, particularly its ports and roads, which are vulnerable to extreme weather events. Perceptions of port infrastructure quality declined, driven by concerns over the vulnerability of the Ports of Maputo and Beira to flooding. Similarly, road infrastructure perceptions have worsened, as recent cyclones severely damaged key roads, disrupting cross-border trade. On the positive side, perceptions of power supply infrastructure improved due to the launch of solar and gas projects, which are expected to boost Mozambique's energy generation and alleviate pressure on the grid.

The access to credit index for Mozambican businesses increased to 39 from 36 in May 2023, reflecting improved perceptions of credit availability. This improvement is driven by a 10% rise in businesses finding

Although Mozambique maintained its ranking in the SB QTB and fell in the SB STB, her overall SB ATB position rose in relation to the other markets.

The country faces external pressures such as debt distress, food insecurity from El Niño-induced droughts, and flooding.

Despite these challenges, businesses are hopeful for revenue growth, supported by expanding market demand and increased marketing efforts.

This decline reflects growing concerns about the resilience of the country's infrastructure.

credit access easier, particularly among small businesses. The easing of access is largely due to proactive monetary policies, with the Banco de Moçambique consistently lowering the policy rate from 17.25% in January 2024 to 13.5% by August 2024. On the other hand, a fall in both the percentage of businesses providing credit terms to clients (61% to 46%) and those receiving credit term advances from suppliers (54% to 43%) highlights a tightened credit environment since May 2023.

Mozambican businesses are increasingly adopting digital payment methods for cross-border trade. EFTs (73%) and international transfers (65%) are the most popular for cross-border sales, with similar trends observed for purchases, where 68% of small businesses also use digital financial services. This growing digital preference is driven by faster transaction times and enhanced security. Although cash is still used significantly, 54% for cross-border sales and 69% for domestic purchases, it is declining, particularly among larger businesses, reflecting security and currency fluctuation concerns.

Mozambique's ease of trade index increased slightly to 44 from 43 in August 2024, indicating marginal improvements in trading conditions. However, despite growing awareness of the African Continental Free Trade Agreement (AfCFTA), perceptions of its benefits are declining. Only 16% of surveyed businesses found trading within Africa easy, up from 10% in the previous survey, while 24% of businesses reported no benefits from AfCFTA participation, a notable rise from 12% in May 2023. Complexities in business regulations, currency variations, and high transport costs continue to hinder trade, overshadowing the AfCFTA's potential to reduce barriers and streamline intra-African trade.

Mozambique's cross-border trade is facing challenges, as indicated by the decline in the trade openness index from 55 to 51 in the August 2024 SB ATB survey. The decline is driven by a downturn in trade with South Africa, the country's dominant trade partner. Imports from South Africa have decreased to 39% from 43%, while exports to the country dropped to 35% from 40%. Despite this, Mozambique has increased its reliance on Asian markets, particularly China, where imports have risen to 49% of surveyed businesses compared to 31% in May 2023. Looking forward, the revitalisation of the Maputo Trade Corridor is expected to boost trade with South Africa, offering new opportunities for regional cooperation and economic growth in sectors like mining and agriculture.

In conclusion, Mozambique's ascent to the top three in the SB ATB tradeability rankings highlights a resurgence in its trade landscape, driven by strengthened perceptions of export and import growth, better credit access, and a more favourable trade environment. The rise in confidence in government support for trade has played a crucial role in this achievement. This progress is backed by solid economic indicators such as increased foreign direct investment, especially in the LNG sector, declining inflation, and a stable exchange rate, which foster a predictable economic climate. Ongoing improvements in the power sector and macroeconomic reforms under the IMF program further enhance the outlook for sustainable growth. However, challenges persist, including political instability, uncertainties related to the election results, and the need for continued enhancements in trade infrastructure and credit terms. Future iterations of the SB ATB will be pivotal in tracking whether Mozambique can maintain this upward trajectory, addressing these challenges while building on the progress achieved thus far.

Although cash is still used significantly, 54% for cross-border sales and 69% for domestic purchases, it is declining, particularly among larger businesses, reflecting security and currency fluctuation concerns.

The decline is driven by a downturn in trade with South Africa, the country's dominant trade partner.

This progress is backed by solid economic indicators such as increased foreign direct investment, especially in the LNG sector, declining inflation, and a stable exchange rate, which foster a predictable economic climate.

1 INTRODUCTION

Africa's largest bank, Standard Bank, has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB).

The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 4 of the SB ATB. Issue 1, 2 and 3 were published in June 2022, November 2022 and September 2023 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem.

Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 258 firms representing small businesses, big businesses, and corporates across the 10 countries. The survey is augmented by in-depth interviews with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

To complement the individual country reports, a consolidated report will be published, serving as a cornerstone of the trade barometer. This overarching document will synthesise the data from the various country analyses to offer a comparative perspective of the factors enabling and impeding trade across the 10 African markets surveyed.

This is the country report for Mozambique. It contains analysis of the primary and secondary data gathered specifically for Mozambique and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Mozambique between July and September 2024 for this fourth issue of the SB ATB.

The surveyed businesses in Mozambique were located in the following cities or towns: Maputo, Matola and Beira. In order to be representative, the majority of these (68%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. There were three in-depth interviews conducted in Mozambique as part of this issue. These were with representatives from the Association for Mozambican Miners, and the Ministry of Agriculture and Rural Development.

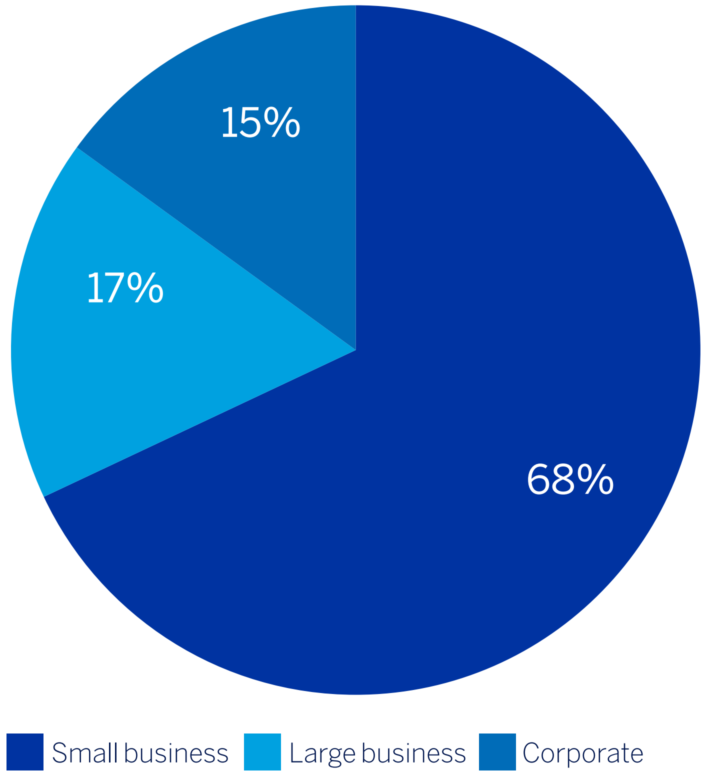
The fact that the majority of surveyed businesses were small businesses is a central value-add of the Standard Bank Africa Trade Barometer (SB ATB). Generally, aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore often not adequately represented.

Skewness towards small businesses of SB ATB.

The emphasis and findings in the SB ATB relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. Understanding the trade perceptions of all small businesses is key, as it aids in Africa's journey from a disjointed trading landscape to a more cohesive one where an extensive range of economic participants actively engage in trade with one another.

Notes: Certain survey findings in this report may differ from data at the aggregate level because data at the aggregate level is skewed by a few large businesses that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

Figure 1: Breakdown of surveyed businesses in Mozambique by business segment



Source: Standard Bank Africa Trade Barometer Issue 4

2 STANDARD BANK AFRICA TRADE BAROMETER ISSUE 4 COUNTRY RANKINGS

Mozambique rose one place in the Standard Bank Africa Trade Barometer ranking, from position 4 to 3.

In order to construct the Standard Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are macroeconomic environment, macroeconomic stability, government support, infrastructure constraints and enablers, trade openness, trader's financial behaviour and access to finance, and foreign trade and trading in Africa.

The SB ATB consists of the following two trade rankings:

- **The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB)** is constructed from a secondary research perspective. The SB QTB scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reports.
- **The Standard Bank Firm Survey Trade Barometer (SB STB)** is constructed from a primary data perspective. The SB STB scores and ranking by country are the averages of all the survey data collected from 2 258 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included.

Changes in the SB ATB rankings over the past year are driven mostly by the changes in the SB STB scores.

The SB ATB ranking of countries is relative as countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that on a common starting point of 0 and maximum point of 100, this is how the two markets fared.

Mozambique rose one place to reach 3rd place in this year's SB ATB rankings, from 4th in the May 2023 SB ATB (see Figure 2). This is despite falling to 9th place in the SB STB, from 6th place. Mozambique's SB QTB remained constant at 3rd place.

Mozambique's climb into the top three of the rankings sees the country regain its standing from the September 2022 SB ATB, and is a reflection of improved perceptions in export and import growth performance, access to credit, ease of trade and, significantly of all, government support on trade. However, challenges remain, particularly on perceptions of trade openness, quality of trade infrastructure and trade credit terms.

Figure 2: ATB, QTB and STB ranking, by country

1 = High tradability score — 10 = Low tradability score

Aug '24										
ATB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	4	8	6	5	3	9	7	10
Jan '22	1	7	3	5	8	4	2	9	6	10

Aug '24										
QTB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	3	4	6	7	8	5	9	10
Jan '22	1	8	3	6	4	9	6	2	7	10

May '23										
STB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Sep '22	3	4	1	2	7	9	8	5	6	10
Jan '22	4	2	6	5	9	8	7	10	1	3

Improved in Ranking — Remained in the same ranking — Declined in ranking

Source: Standard Bank Africa Trade Barometer Issue 4

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time. Red border indicates that the country has declined in the relevant ranking from May 2023, Green border indicates that the country has improved in ranking from May 2023, while Grey border indicates that the country has remained in the same position as in May 2023.

3 MACROECONOMIC ENVIRONMENT

Despite decelerating GDP, Mozambique's macroeconomic climate sees subdued inflation, and a surge in foreign currency investments.

A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy. Some factors that increase a country's trade and investment attractiveness are high GDP (indicating a strong production of goods and services); high GDP per capita (suggesting strong consumer purchasing power); low inflation (ensuring the local currency remains favourable for importers); high foreign direct investment (FDI) (indicating a generally business-friendly environment) and high merchandise trade as a percentage of GDP (reflecting substantial imports and exports).

Mozambique's economy is projected to experience slower growth in 2024, with real GDP growth expected to decelerate to 4.6% in 2024, down from 5.4% in 2023 (see Table 1).[1] The slower growth is partly due to the reduced impact of the initial benefits incurred when the liquified natural gas (LNG) production increased from the Coral South liquified natural gas (LNG) project,[2] which played a key role in boosting growth in previous years. As the project matures, its incremental impact on economic activity will be reduced. Coral South FLNG (Floating Liquefied Natural Gas) is a facility located offshore Mozambique that produces and exports liquefied natural gas (LNG) from deep-water gas fields in the Rovuma Basin. The Coral South project was initiated by Eni, which made a final investment decision in 2017 and construction involved collaboration among several international partners, including ExxonMobil and China National Petroleum Corporation (CNPC) and started production in 2022.[3] Between November 2022 and June 2024, the Coral Sul FLNG facility exported 4.48 million tonnes of liquefied natural gas (LNG) across 63 shipments.[4]

3.8

is the real GDP growth rate forecast for 2025, declining further from 2024.[5]

Another factor contributing to slower growth is debt distress, which remains a key issue despite signs of improvement in both domestic and external debt. While the country's debt is assessed as sustainable on a forward-looking basis,[6] debt service continues to place substantial pressure on public finances in the short term.

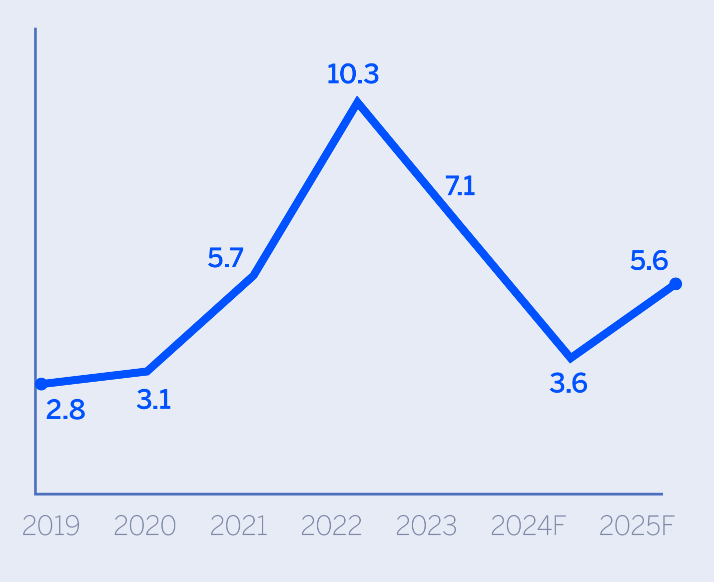
Mozambique is currently under the Extended Credit Facility (ECF) Arrangement with the International Monetary Fund (IMF). The ECF is designed to help the country with its public debt by addressing debt vulnerability and implementing structural reforms to improve macroeconomic stability and growth.[7] Mozambique has reached a settlement with creditors to pay USD 220 million of its USD 648 million outstanding debt from 2015. Given the high level of external debt, the government is seeking low or no-interest-rate sources such as the African Development Fund[8] and the World Bank, which are expected to provide budget support grants of USD 150 million and USD 20 million, respectively.[9]

The ECF is already bearing positive fruits. Inflation is projected to decline to 3.6% in 2024 (see Figure 3), down from 7.1% in 2023, nearing the midpoint of the Bank of Mozambique's target range. This decline is expected to provide greater stability to the macroeconomic environment. The Metical has also remained stable against the US Dollar, a break from the currency volatility of most of the countries profiled in the SB ATB. However, inflation is forecasted to increase to 5.6% in 2025–factors such as volatile commodity prices and negative impact of climate change are likely fueling the increase in inflation.

> Climate change definitely affects business. Cyclones, for instance, can wipe out things that took years to build, causing us to lose everything.
>
> Representative from the Association for Mozambican Miners

[1] Standard Bank African Markets Revealed, 2024.
[2] IMF Staff Country Report, 2024. Available here.
[3] LNG Industry, 2024. Available here.
[4] Mozambique Information Agency, 2024. Available here.
[5] Standard Bank African Markets Revealed, 2024.
[6] AfDB, 2024. Available here.
[7] IMF Staff Country Report, 2024. Available here.
[8] AfDB, 2024. Available here.
[9] IMF Staff Country Report, 2024. Available here.

Figure 3: Inflation rate (%, 2019 - 2025)



Source: Standard Bank African Markets Revealed Report

Note: 'f' represents forecasted data points.

Mozambique also faced significant challenges due to El Niño-induced droughts and flooding, worsening food insecurity in the central and southern region.[10] The 2023/24 rainy season, heavily influenced by El Niño, has resulted in persistent dryness, with many areas receiving less than half their usual rainfall.[11] This has taken a toll on the country's agriculture, with the crop sub sector—especially annual crops—being hit the hardest. Maize, Mozambique's most important staple food, was the most affected in terms of both area and production volume, with nearly 720,000 tonnes lost. This represents a financial loss of approximately USD 349 million, equivalent to 7% of the agriculture sector's GDP, underlining the severe economic impact of climate-induced agricultural disruptions in the country.[12]

Supporting macroeconomic stability and growth further is foreign direct investment (FDI). FDI is forecast to rise significantly, with projections indicating an increase to USD 4.9 billion by 2025, up from the USD 1.7 billion forecasted for 2024 (a 188% increase). Much of this improvement is driven by concessional finance and foreign investment linked to large export-orientated mega-projects, especially in LNG. Examples include the 100MW Montepuez solar plant in Cabo Delgado, the 60MW Angoche solar plant with a Battery Energy Storage System in Nampula, and a 100 MW floating solar project in Manica, utilising the Chicamba hydropower reservoir.[13]

Mozambique's foreign exchange reserves are also projected to rise from USD 3.5 billion in 2023 to USD 3.7 billion in 2024, with further growth anticipated to USD 4.9 billion by 2025. This positive trend is primarily driven by improving exports, which are showing signs of growth. This anticipated growth in exports, particularly from the LNG coal and aluminium sector, will improve Mozambique's foreign exchange reserves and enhance the overall economic outlook. However, challenges with foreign currency reserves persist. On July 25, 2024, Mozambican business leaders reported a US 400 million deficit in foreign exchange, which resulted in delays in international payments, financial penalties, and reduced invoicing for businesses. [14] This foreign currency shortfall is further straining the private sector, limiting its ability to engage in global trade and investment. To address this, business leaders urged the central bank to lower the mandatory reserve ratio, a move that could increase liquidity and ease access to foreign exchange. While such a measure may offer short-term relief, the underlying issue of foreign currency shortages remains a critical challenge for Mozambique's economic stability and growth.

There are challenges that will negatively impact Mozambique's macroeconomic economic environment, nonetheless, especially by worsening the fiscal environment.

There are increasing government spending pressures driven by security issues in Cabo Delgado,[15] the adverse effects of climate shocks on food security, and inflationary wage pressures, which became evident earlier in the year. Additionally, the general elections held on October 9, 2024, triggered protests, resulting in unrest across the country.[16] This has contributed to heightened uncertainties as investors and businesses take a more cautious approach, potentially delaying investment decisions and influencing market dynamics.

Table 1: Mozambique's macroeconomic indicators and their impact on tradability attractiveness

Indicator	Unit	2019	2020	2021	2022	2023	2024f	2025f
Nominal GDP	USD, billions	15.5	14.2	16.2	18.9	21.0	24.0	25.1
GDP per capita	USD	529.1	473.4	526.5	597.4	646.4	723.3	735.3
Real GDP growth rate	%	2.3	-1.2	2.4	4.4	5.4	4.6	3.8
Inflation rate	%	2.8	3.1	5.7	10.3	7.1	3.6	5.6
Lending interest rate	%	19.0	17.1	18.2	20.1	23.7	N/A	N/A
Merchandise trade	% of GDP	80.5	71.9	89.4	124.8	89.1	N/A	N/A
Exchange rate	USD per MZN	62.6	69.5	65.2	63.9	63.9	63.9	65.3
FDI	USD, billions	3.4	3.0	5.1	2.5	2.5	1.7	4.9
Trade (exports and imports as % of GDP)	%	105.6	99.9	112.1	135.6	N/A	N/A	N/A

Source: Standard Bank African Markets Revealed Report; World Bank Development indicators

Notes: Information collected is up to June 2024 and forecasts could have been revised by the time of publication. "f' represents forecasted figures.

[10] Standard Bank African Markets Revealed, 2024.
[11] United Nations Office for the Coordination of Humanitarian Affair, 2024. Available here.
[12] FAO, 2024. Available here.
[13] Africa50, 2024. Available here.
[14] Club of Mozambique, 2024. Available here.
[15] Economist Intelligence Unit: Mozambique, 2024.
[16] Crisis24, 2024. Available here.

4 MACROECONOMIC STABILITY

Business confidence holds steady, propped up by a stable exchange rate and rising FDI, yet tempered by concerns over instability and tax burdens.

MOZAMBIQUE'S BUSINESS CONFIDENCE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the August 2024 SB ATB survey results, Mozambique's business confidence index score remained unchanged from May 2023 at 59.

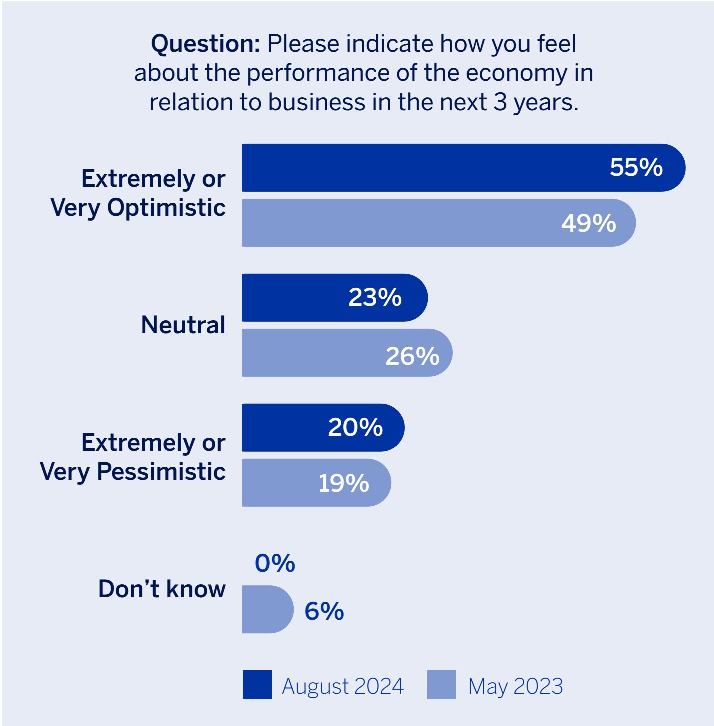
***

More surveyed businesses are optimistic about the performance of the economy in relation to the business environment, increasing to 55% from 49% in the May 2023 cohort. However, 20% remain pessimistic, marginally higher than the 19% recorded in the previous year's cohort (see Figure 4).

Positive perceptions about the performance of the economy can partly be attributed to growing FDI into key trade-related infrastructure projects such as the upgrade of Port of Maputo[17] energy projectors such as the operationalisation of Temane 450 MW project in 2025.

Additionally, the 1,500 MW Mphanda Nkuwa hydroelectric project on the Zambezi River, which commenced in 2024, is expected to bring in significant foreign direct investment (FDI) to the country. With a projected budget of USD 5 billion, the project is set for completion by 2030, and 70% of the funding will be provided primarily by foreign investors.[18]

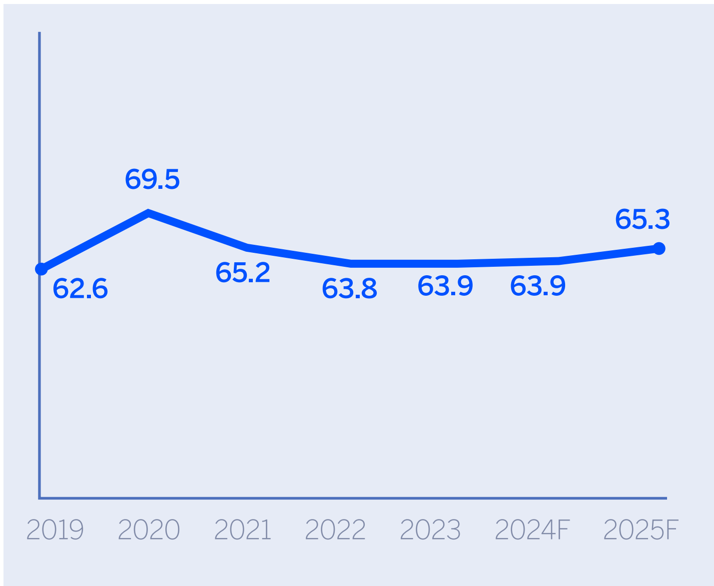
Figure 4: Mozambique businesses outlook of the performance of the economy



Source: Standard Bank Africa Trade Barometer Issue 4

Inflation and exchange rate are also supporting business confidence. Mozambique's inflation rate is projected to decline from 7.1% to 3.6% in 2024, largely due to tight fiscal policies and aggressive monetary measures implemented by the Central Bank of Mozambique (CBM). Moreover, the Metical has maintained stability against the USD, with no major fluctuations, and is expected to remain at approximately MZN 63.9 for the dollar this year, indicating overall stability in currency and prices within the economy (see Figure 5). This stability is supported by economic policies largely influenced by the implementation of reforms under a three-year ECF, which aims to restore macroeconomic stability and ensure debt sustainability.

Figure 5: Movement of Mozambican metical against the US Dollar (USD/MZN)



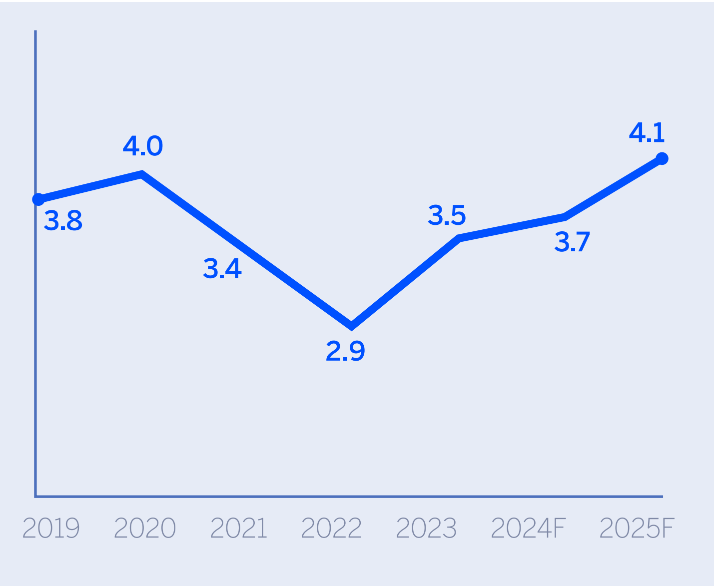
Source: Standard Bank African Markets Revealed Report

Note: 'f' represents forecasted data points.

[17] Club of Mozambique, 2024. Available here.
[18] Massango, 2024. Available here.

The growth in foreign exchange reserves is supporting the Metical. In 2023, foreign exchange reserves reached USD 3.5 billion, and they are expected to rise to USD 3.7 billion in 2024, with further growth anticipated to USD 4.1 billion in 2025 (see Figure 6). A steady number of infrastructure projects are boosting foreign exchange reserves such as Africa50 infrastructure projects, continued Sino-Mozambique relations and investments in liquefied natural gas (LNG).

Figure 6: Foreign Exchange Reserves (%)



Source: Standard Bank African Markets Revealed Report

Note: 'f' represents forecasted data points.

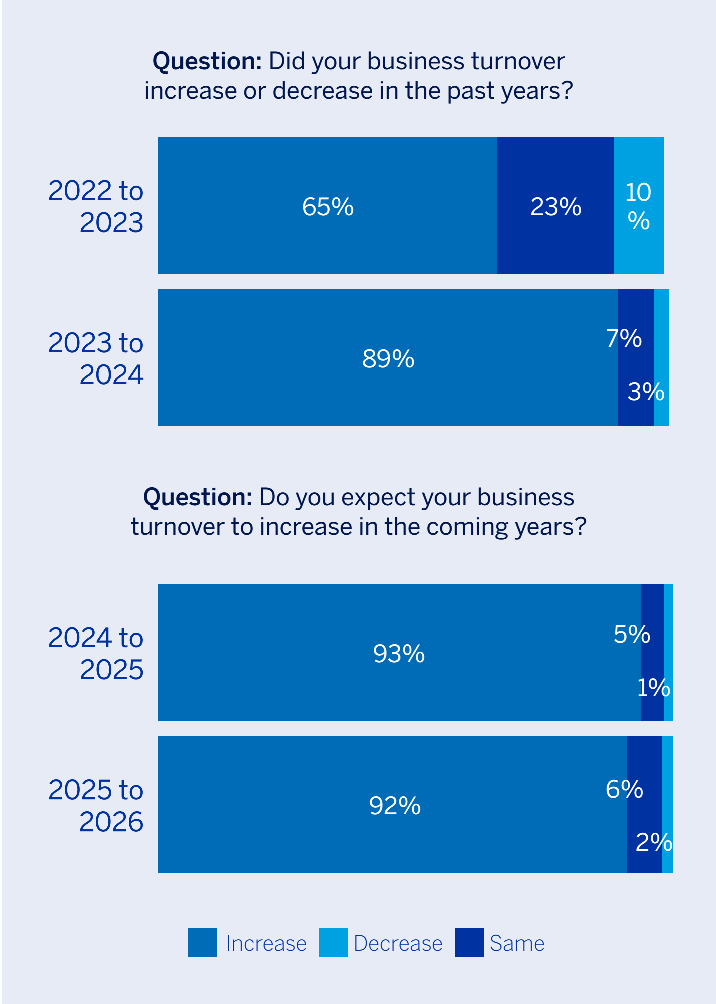
The main reasons for a negative outlook on the economy among surveyed businesses are perceptions of a poor economy (64%), high taxation (36%) and political instability (32%). The latter two, in particular, have seen a significant uptick as reasons for a negative outlook compared to the cohort last year. Mozambique's economy is predominantly driven by extractive sectors particularly LNG, agriculture and aluminium which makes the economy vulnerable to fluctuating commodity prices. With little to no local processing, it results in low job creation which can strain the economy and public expenditure.

Additionally, the security situation in northern Cabo Delgado province remains fragile due to the ongoing insurgency which might lead to social unrest and instability in the region.[19] The rise in insurgency poses a significant threat to both local and international mining and energy operations. Security risks have been cited as a key factor contributing to the delay in ExxonMobil's final investment decision.[20] ExxonMobil is leading the development and operation of future natural gas liquefaction facilities and related infrastructure for the Area 4 deepwater block off the Cabo Delgado coast, a project managed by Mozambique Rovuma Venture (MRV). MRV is a joint venture between ExxonMobil, Italy's Eni SpA (Eni), and China National Petroleum Corporation (CNPC).[21]

Surveyed businesses are largely optimistic about revenue growth (see Figure 7), citing growing market demand (72%), increased marketing activity (70%), and physical expansion (68%). However, they also recognised potential challenges, such as economic uncertainties from reduced customer demand (72%) and limited access to funding (69%), that could impact turnover.

The rise in insurgency poses a significant threat to both local and international mining and energy operations. Security risks have been cited as a key factor contributing to the delay in ExxonMobil's final investment decision.

Figure 7: Sentiments on turnover increases of Mozambican Businesses



Source: Standard Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

[19] Economist Intelligence Unit: Mozambique, 2024.
[20] Institute of Security Studies Africa, 2024. Available here.
[21] Information Agency of Mozambique, 2024. Available here.

5 GOVERNMENT SUPPORT

Surveyed businesses' perception of government support improves, elevated by stable macroeconomic conditions and invigorated investments

MOZAMBIQUE'S GOVERNMENT SUPPORT INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme government support. In the August 2024 SB ATB survey results, Mozambique's government support index score increased from 34 to 41.

***

A larger proportion of surveyed businesses feel that the government is supportive of cross-border trade, rising to 33% in this iteration of the survey compared to 19% in May 2023 (see Figure 8). Fewer surveyed businesses likewise say that the government is not supportive has declined to 41% compared to 50% last year.

Surveyed small businesses have a more positive perception of government support compared to corporates and big businesses. 34% of surveyed small businesses have a more positive perception of the government's support for cross-border trade relative to big businesses (28%) and corporates (32%). This could be due to the Mozambican government's active support for the growth of SMEs, which account for 23% of GDP,[22] in order to diversify the economy and create more jobs.[23]

In partnership with the Millennium Challenge Corporation (MCC) the Government of Mozambique signed a USD 537 million Connectivity and Coastal Resilience Compact in 2023 to address critical macroeconomic challenges, particularly in the province of Zambezia.[24] The program targets two key structural constraints: poor agricultural policy and regulatory frameworks, and inadequate, climate-vulnerable road infrastructure. By improving rural transport networks and promoting private sector-led investment in agriculture, the initiative aims to increase market competitiveness and stimulate economic activity. Additionally, the program supports integrated climate management, exploring blue carbon credits and coastal resilience strategies. These reforms are designed to enhance Mozambique's economic productivity, attract investment, and build long-term resilience, contributing to sustainable, broad-based growth.

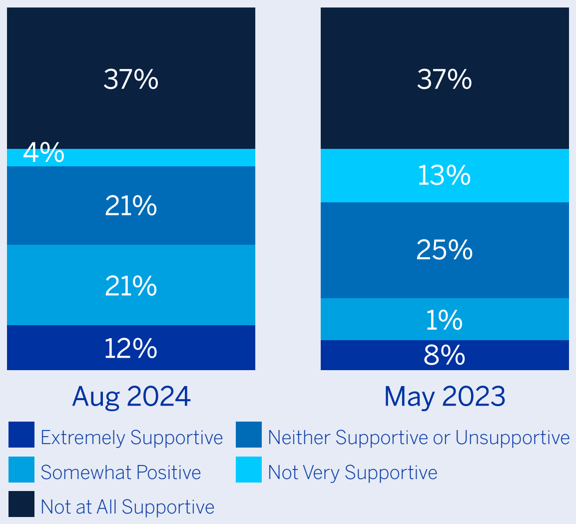
Enhanced perceptions of government support are also partly due to the stabilisation of the Metical exchange rate and the government's effective control of inflation. These factors have led to a steadier macroeconomic climate with stable pricing, which in turn has drawn investments into pivotal sectors, including LNG.

Additionally, the government introduced the Conformity Assessment Programme (CAP) for imported products to ensure they meet national quality and safety standards. Imported goods now require a Certificate of Conformity (CoC), verifying their compliance with Mozambican or international regulations. The Conformity Assessment program has played an important role to provide equal competition for local products as imported products have to meet quality standards. This has effectively worked as a form of "trade barrier" to protect the local manufacturing industry in order to avoid an influx of cheap products into the market that are of low quality.

Surveyed businesses feel that the provision of some form of tax relief will ease some of the frictions that inhibit their ability to engage in cross-border trade. 80% of surveyed businesses identified reduction of business taxes as an area where the government can support cross-border trade. They also identified legislation conducive to imports (79%) and promotion of AfCFTA (78%) as areas where the government can intervene.

Figure 8: Perceptions of government support for cross-border trade

Question: Please indicate how supportive your government is with regards to cross-border trading activities



Source: Standard Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

[22] Club of Mozambique, 2024. Available here.
[23] Club of Mozambique, 2024. Available here.
[24] Ministry of Economy and Finance - Republic of Mozambique, 2024. Available here.

6 INFRASTRUCTURE CONSTRAINTS AND ENABLERS

Diversifying energy sources boost perceptions of power infrastructure quality, but extreme weather events highlight the fragility of ports and roads.

MOZAMBIQUE'S QUALITY OF TRADE-RELATED INFRASTRUCTURE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, Mozambique's quality of trade-related infrastructure index score decreased slightly to 36 from 37 in May 2023

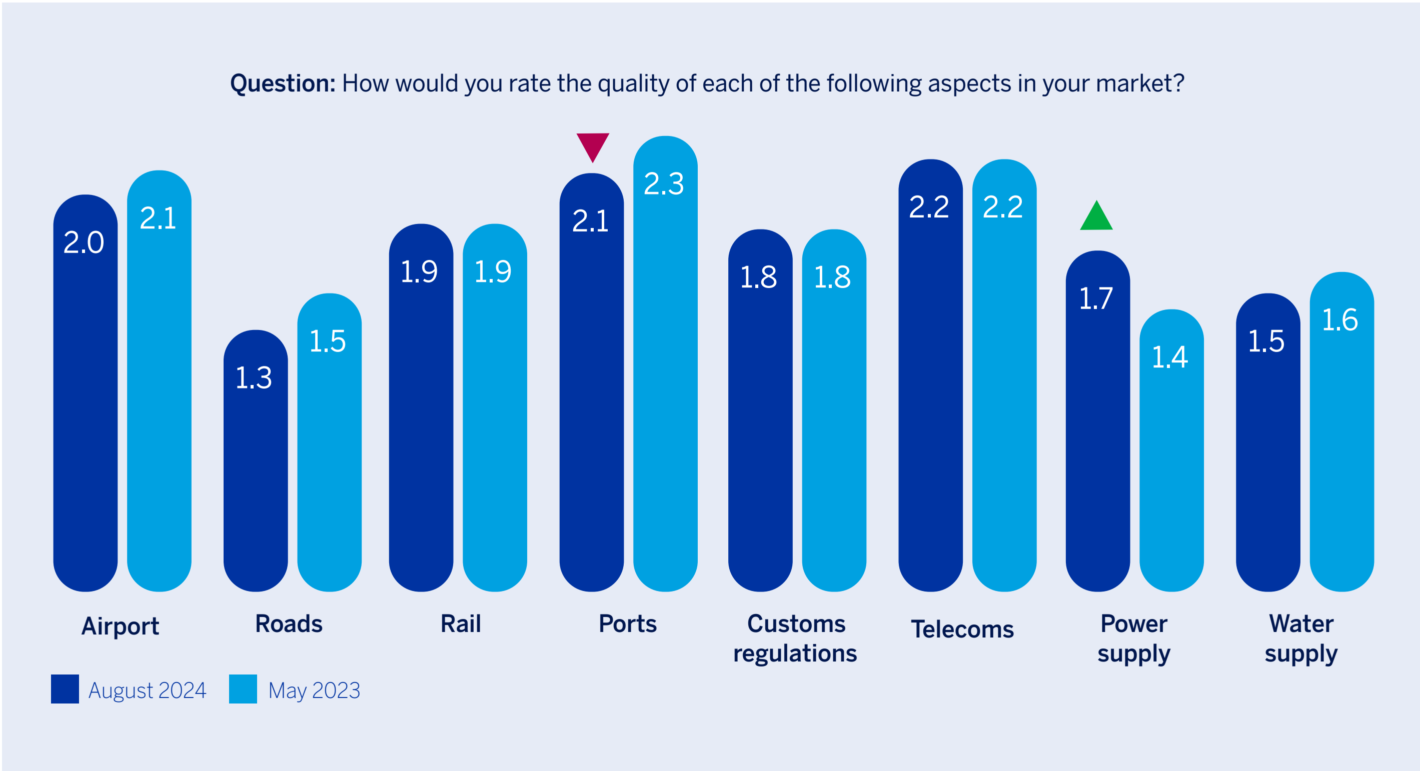
***

On average, surveyed Mozambican businesses perceived the quality of infrastructure to be slightly poorer in this iteration of the survey relative to the May 2023 cohort (see Figure 9). A significant increase (0.3 points) in the perception of the quality of power supply infrastructure was reported, as well as a significant decline in the quality of port infrastructure (0.2 points).

FAST FACT:

Despite a 492% increase between 2000 and 2022, Mozambique's energy-related CO_2 emissions only account for 0.02% of global emissions at 8 Mt CO_2.[25]

Figure 9: The perceived quality of various infrastructural aspects by businesses (5-point scale)



Source: Standard Bank Africa Trade Barometer Issue 4

Notes: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality. Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

> Despite having good infrastructure, we don't have the capabilities to withstand climate change.
>
> Representative from the Ministry of Agriculture and Rural Development

[25] IEA. Available here.

Improved perceptions in power supply infrastructure could be partially attributed to the development and launch of a series of solar and gas projects in Mozambique. In October 2023, government authorities in the Mecubúri and Larde districts of Northern Mozambique transitioned the districts' health units, schools, and water supply systems to solar. This initiative is expected to further benefit these communities by alleviating demand of local timber supplies for use as fuel, enabling timber that would have otherwise been used for fuel to be used for other economic purposes.[26] Another project is the 19MW Cuamba Solar PV Plant, which commenced commercial operations in November 2023.[27]

FAST FACT:

The Maputo-Katembe Bridge is the longest suspension bridge in Africa (3 kilometres), connecting the capital city of Maputo to the southern region.[28]

The increase in perceived quality of power supply infrastructure amongst surveyed businesses is a trend observed across the four waves of the ATB and is expected to continue as ongoing power supply projects become operational. One such project is the construction of the 450 MW Temane Thermal Power Station which is expected to provide power to 1.5 million households and boost the country's electricity generation capacity by 16%. Construction of Temane Thermal Power Station began in March 2022 and was reported to be at 65% completion in December 2023.[29] It is scheduled to go live by December 2024.[30] Construction of the 1,500 MW Mphanda Nkuwa hydroelectric project on the Zambezi river, 60 kilometres downstream from the Cahora Bassa dam, commenced in 2024. The project, which is expected to conclude by 2030, is primarily owned by Electricidade de Moçambique, Mozambique's publicly-owned electricity company, holding a 70% majority stake.[31]

An aspect that saw the most significant decrease in perception is port infrastructure. Surveyed businesses reported a significant decrease (0.2 point decline) in the quality of port infrastructure. This could be due to concerns that have been raised over the vulnerability of Mozambique's port infrastructure to extreme weather events and the potential increase in their frequency and intensity due to climate change. The Ports of Maputo (Mozambique's largest and a critical link to trade with South Africa, Eswatini, and Zimbabwe) and Beira are both highly vulnerable to flooding and require climate adaptation infrastructure interventions, such as the improvement of the existing sea wall and vegetative dune barrier, to bolster the ports' resilience.[32]

Despite sentiments of surveyed businesses, Mozambique's port infrastructure has been handling growing volumes. In 2023, the Port of Maputo increased its volume of trade by 16% compared to 2022.[33] The Port of Beira, Mozambique's second largest, handled a record high volume of cargo in July 2024, a 122% increase from volumes handled in the same period in 2023.[34] The Port of Maputo is being expanded, with planned investments to improve railway capacity and increased container and cargo terminal capacities. Around USD 600 million will be spent between 2024 and 2028 to expand the port infrastructure.[35] This will play a key role in boosting trade and foreign currency reserves.

Another aspect that was perceived to have declined in quality is road infrastructure, which could partly be explained to be due to the degrading effect of extreme weather. In May 2024, the Minister of Public Works announced that 14,000 kilometres of road was damaged and 5,000 kilometres of that, including 47 bridges, were completely destroyed by the passing of Cyclone Freddy in March 2023.[36] This damage–which took government, aid agencies, and non-profit organisations to build back from[37]–included roads connecting Mozambique to Malawi, limiting cross-border trade. Heavy rain and flooding caused by Cyclone Filipo in March 2024 also damaged 275 kilometres of road.[38]

Perceptions in the quality of rail infrastructure are expected to increase in the future, following the recent rehabilitation of the Vila Nova de Fronteira rail line which connects Mozambique to Malawi. In September 2024, the refurbished railway carried 1.2 million litres of fuel from Mozambique into Malawi, its first cargo in over four decades.[39] This development signals increased ease of trade between the two countries as well as Zambia and Zimbabwe through the revival of key segments in the four countries' rail network.

450MW

is the anticipated generation capacity of Temane Thermal Power Station, which is expected to provide power to 1.5 million households.

> Sometimes we have cyclones that destroy things that were created over many years. So, we stand to lose everything because of climate change.
>
> Representative from the Association for Mozambican Miners

[26] Pedro, 2023. Available here.
[27] RenewAfrica.Biz, 2023. Available here.
[28] IEA. Available here.
[29] Nhede, 2024. Available here.
[30] 360 Mozambique, 2024. Available here.
[31] Massango, 2024. Available here.
[32] Africa Climate Foundation, 2024. Available here.
[33] Venter, 2024. Available here.
[34] Cornelder de Moçambique, 2024. Available here.
[35] Club of Mozambique, 2024. Available here.
[36] Massango, 2024. Available here.
[37] Mozambique Travel, 2023. Available here.
[38] OCHA, 2024. Available here.
[39] Mwanza, 2024. Available here.

7 TRADE OPENNESS

Surveyed businesses report waning optimism for trade growth, discouraged by a downturn in trade with South Africa.

MOZAMBIQUE'S TRADE OPENNESS INDEX SCORE

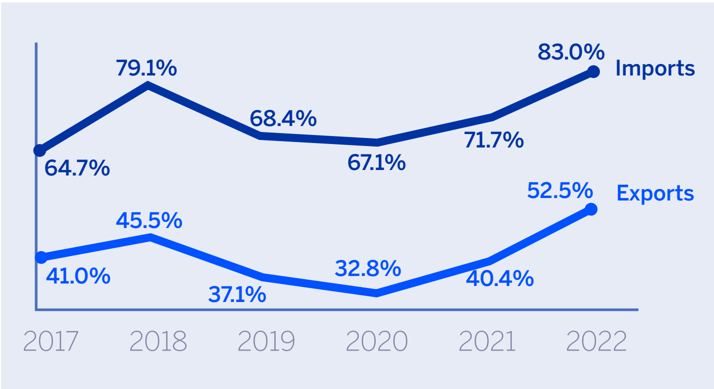
Source: Standard Bank Africa Trade Barometer Issue 4

The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the August 2024 SB ATB survey results, the trader perceptions on the degree of challenges impacting trade score declined from 55 to 51.

***

56% of surveyed businesses trade exclusively in the domestic market, a slight decrease from the 60% in the May 2023 cohort. Likewise, the proportion of surveyed businesses that import their goods between the August 2024 and May 2023 cohorts increased slightly from 40% to 41%. The proportion of surveyed businesses that export increased between surveyed business cohorts from 8% to 12%. On a national level, both imports and exports have grown substantially (see Figure 10). This increase in trade could be driven by an increase in commodity exports, including oil and fuel, which are subject to significant price fluctuations. These factors collectively suggest a dynamic shift in the market where surveyed businesses are seeking to capitalise on the favourable conditions presented by the global commodity market.

Figure 10: Imports and exports (% of GDP)



Source: World Bank

Of the surveyed businesses that import, most (55%) source their goods from international wholesalers, a significant increase compared to 36% recorded in May 2023. Of the businesses surveyed in Issue 3 of the ATB, most (41%) sourced imports from international retailers, an activity which dropped to 13% in Issue 4 of the ATB. This suggests that surveyed businesses have shifted import sourcing from purchasing from international retailers to purchasing from international wholesalers.

The majority (24%) of businesses that import operate within the power and infrastructure sector. Import activity amongst surveyed businesses has grown across the last three waves of the ATB, possibly linked to the developments in power supply infrastructure discussed in the previous chapter.

Southern Africa is the largest source of imports for Mozambique amongst surveyed businesses. 63% of surveyed businesses source imports from Southern Africa, in contrast to 66% of surveyed businesses in the May 2023 cohort. This is likely driven by a slight decrease in imports from South Africa sourced by surveyed businesses which declined to 39% from 43% amongst the May 2023 cohort.

South Africa remains the dominant import source market for surveyed businesses, despite the observed decline in import activity. This decline could be attributed to challenges in South Africa's freight logistics sector which has decreased the country's capacity to handle the trade of goods efficiently, which may cause surveyed businesses to seek imports from more efficient sources.[40]

FAST FACT:

In 2022, Mozambique's total intra-African merchandise trade amounted to approximately USD 4 billion, an increase of 7% from the year before.[41]

> China is a good market to explore, considering Asia's accessibility and the increasing trade volume with Africa.
>
> Representative from the Ministry of Agriculture and Rural Development

[40] Southern Africa's Freight News, 2024. Available here.
[41] Tralac, 2023. Available here.

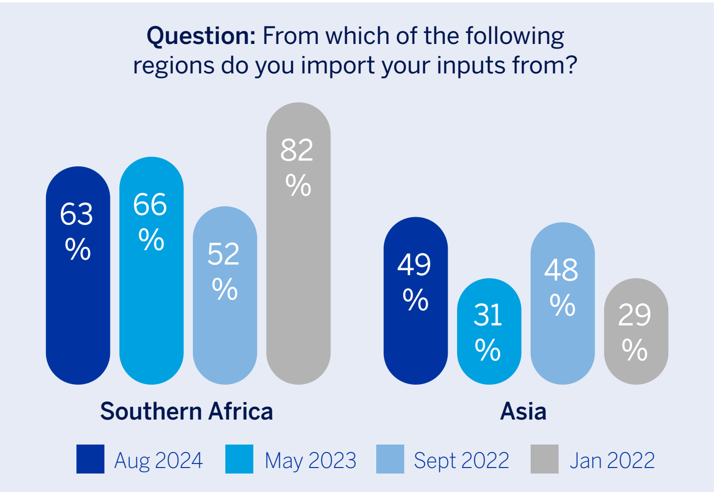
A four-year view of the SB ATB reveals that Asian markets have performed as substitute import sources to South Africa (see Figure 11). 49% of the businesses surveyed in August 2024 source imports from Asia, in contrast to 31% in the May 2023 cohort, and 48% in the September 2022 cohort. When imports from Asia declined in May 2023, imports from Southern Africa rose. Additionally, when imports from Southern Africa declined in September 2022, imports from Asia rose.

FAST FACT:

Between 2017 and 2022, Mozambique's imports from China grew by 20.1% year-on-year, from USD 1.11 billion in 2017 to USD 2.76 billion in 2022.[42]

China is the prominent Asian import market. 19% of surveyed businesses exported to China in August 2024 in contrast to 7% of surveyed businesses in May 2023. Surveyed businesses have expressed that they are incentivised to trade with China due to the ability to place larger orders, the access to high quality products and the lower cost of products sourced from China.

Figure 11: Import source regions



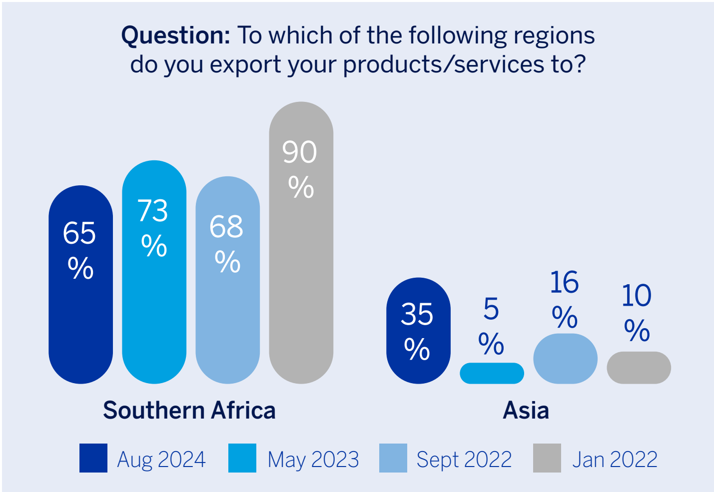
Source: Standard Bank Africa Trade Barometer Issue 4

On the export side, a majority (85%) of surveyed businesses that export goods sell directly to international end consumers and export in the power and infrastructure sector (31%). These activities are consistent with those of surveyed businesses that import.

Southern Africa is also the largest export market for surveyed businesses, though the proportion of exporters has declined slightly to 65% from 73% in the May 2023 cohort. As is the case with import markets, this decline is driven by a decline in exports to South Africa. Exports to South Africa amongst surveyed businesses have declined to 35% from 40% in May 2023.

Fluctuations in exports to Southern Africa follow a similar trend to imports, with Asian markets serving as substitutes (see Figure 12). When exports to Asia declined in May 2023, exports to Southern Africa rose. Additionally, when exports to Southern Africa declined in September 2022, exports to Asia rose.

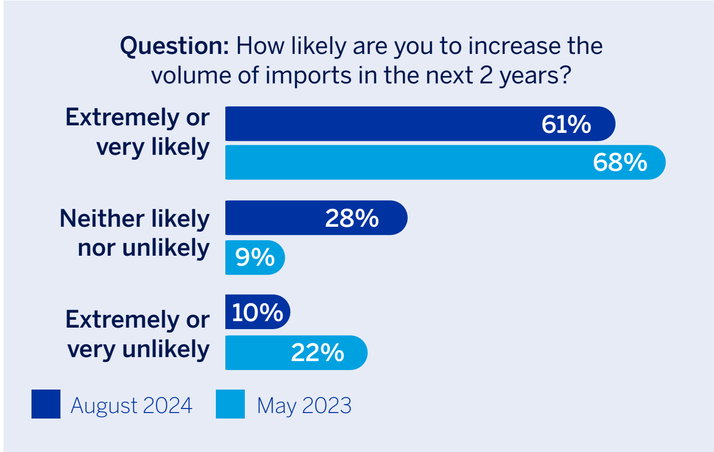
Figure 12: Export source regions



Source: Standard Bank Africa Trade Barometer Issue 4

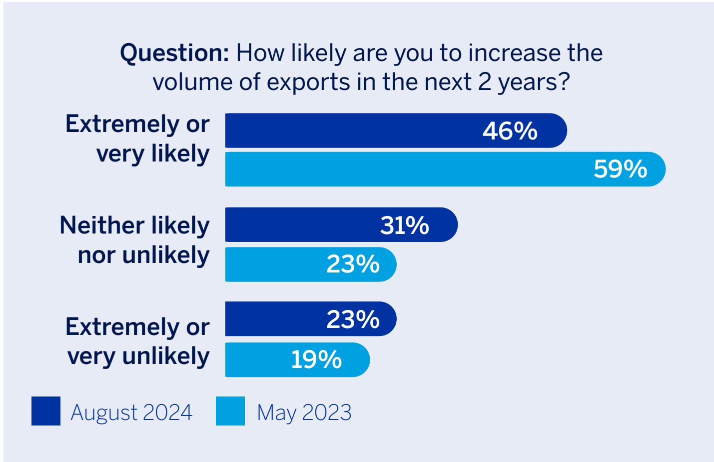
Fewer surveyed businesses are optimistic about trade growth compared to the May 2023 cohort, with 7% less saying that import volumes are likely to increase (see Figure 13) and 13% less saying export volumes will increase (see Figure 14) in the next two years. This could be a result of the downturn in trade activity with the cohort's dominant trade partner, South Africa.

Figure 13: Importers' perceptions on their likelihood to increase import volumes over the next 2 years (%)



Source: Standard Bank Africa Trade Barometer Issue 4

Figure 14: Exporters' perceptions on their likelihood to increase export volumes over the next 2 years (%)



Source: Standard Bank Africa Trade Barometer Issue 4

Despite this, trade with South Africa is expected to grow in the future with the development of the Maputo Trade Corridor connecting Mozambique to Mpumalanga. This revitalised route, underpinned by substantial investments, enhances infrastructure, easing access to global markets for the region's businesses. Consequently, the corridor promises mutual economic benefits, fostering regional cooperation and offering the potential for Mpumalanga to emerge as a key hub for commerce, notably in mining, agriculture, and manufacturing.[43]

> We depend a lot on China as we don't have industries to produce what we need. We export our wood to China, and they sell it back to us as furniture at a huge markup.
>
> Representative from the Association for Mozambican Miners

[42] OEC. Available here.
[43] GQ South Africa, 2024. Available here.

8 TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Perceptions of access to credit from financial institutions among surveyed businesses have improved while credit arrangements with suppliers have declined.

MOZAMBIQUE'S ACCESS TO CREDIT INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing credit, 50 neutrality and 100 indicates no difficulty in accessing credit. In the August 2024 SB ATB survey results, Mozambique's access to credit index score increased to 39 from 36 in May 2023. This means that surveyed businesses in Mozambique generally perceived access to credit to be easier in this iteration of the survey compared to May 2023.

***

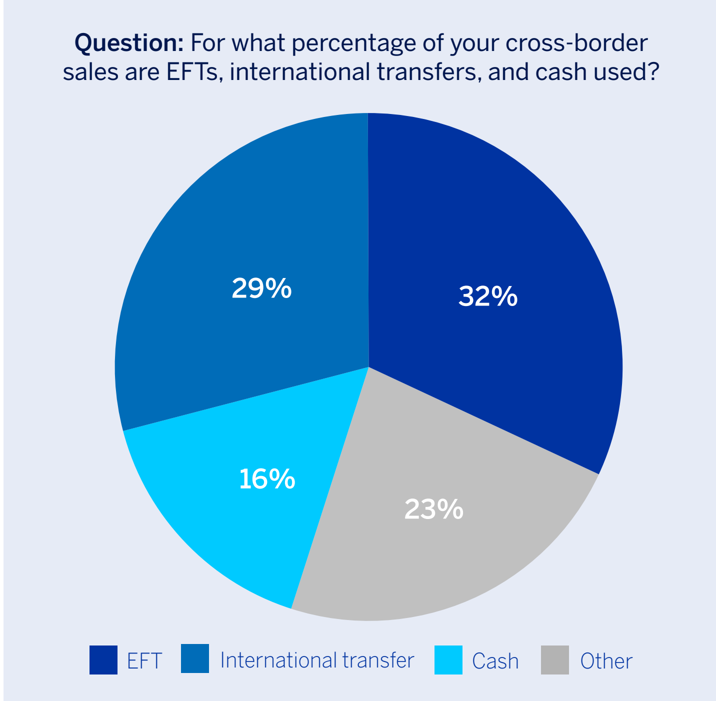
The three most adopted payment methods among surveyed businesses in Mozambique for cross-border sales are EFTs (73%), international transfers (65%) and cash (54%)—with 77% of cross-border sales facilitated through these methods (see Figure 15). Hence, although cash is still used significantly, most transactions are facilitated using digital payment methods. This is true even for surveyed small businesses where at least 63% and 68% of their cross-border sales and purchases, respectively, are facilitated through digital financial services (DFS).[44] Surveyed small businesses prefer DFS primarily due to faster transaction processing times (44%) and enhanced security (25%). This addresses their primary concern associated with cash transactions—loss of money/security risks (56%).

FAST FACT:

In 2022, 68.5% of Mozambique's adult population had an active mobile money account. The growth of mobile money is supported by a growing non-bank agent network, which grew by 52.3% to 147,519 in 2022.[45]

There was a notable decline among surveyed small businesses in terms of the use of card particularly for cross-border sales (see Figure 16). It declined to 10% in this iteration of the survey, in contrast to 45% in the May 2023 survey. The decline in the use of card among surveyed small businesses coincides with a decline in the number of card access points in Mozambique. As of October 2023, there were 1,507 ATMs (compared to 1,710 in December 2020) and 27,226 point-of-sale (POS) terminals (compared to 36,541 in December 2020).[46] Interestingly, the number of cards in circulation rose from 3.1 million to 3.9 million during the same period.[47] This development could, in part, explain the decline in the use of card and increase in use of EFTs and international transfers among surveyed small businesses. This is because EFTs and international transfers are linked to cards, but allow for cardless payments.

Figure 15: Proportion of cross-border sales by payment method

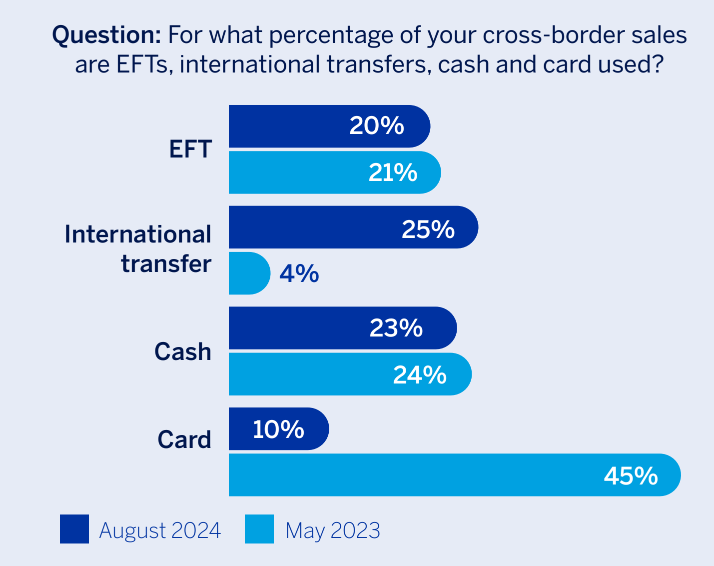


Source: Standard Bank Africa Trade Barometer Issue 4

> "The business opportunity exists and people in the trade sector are growing. They start opening small companies with micro-credit, and begin to see a bright future ahead of them, and that changes their way of living."
>
> Representative from the Ministry of Agriculture and Rural Development

[44] DFS includes EFTs, international transfers, card and mobile money.
[45] Banco de Moçambique. Available here.
[46] 360 Mozambique. Available here.
[47] 360 Mozambique. Available here.

Figure 16: The proportion of cross-border sales for small businesses by payment method

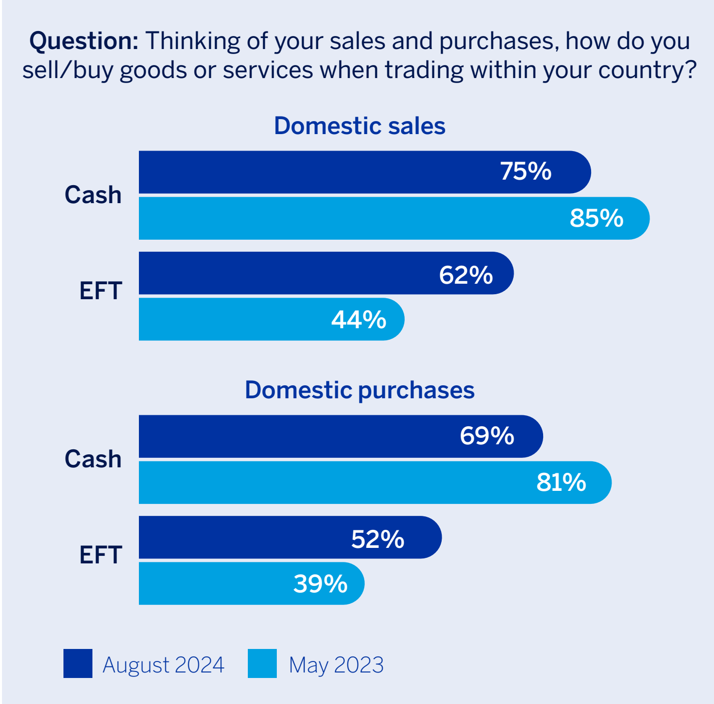


Source: Standard Bank Africa Trade Barometer Issue 4

Cash remains the most widely used method of payment for domestic transactions among surveyed businesses in Mozambique. 75% of surveyed businesses use it for domestic sales, and 69% for domestic purchases. That said, the use of cash has significantly declined while the use of EFTs has significantly increased in this iteration of the survey, in contrast to May 2023 (see Figure 17).

The survey results for Mozambique show that the bigger the surveyed business, the less it uses cash, and the more it uses EFTs, for domestic transactions. Cash dominates among small businesses, accounting for 40% of domestic sales and 44% of domestic purchases. Big businesses report a more balanced use of cash and EFTs, with cash still maintaining an edge as their preferred payment method (40% for domestic sales) while EFTs follow (at 18% for domestic sales). Corporates mainly use EFTs for domestic transactions (53% for domestic sales) compared to cash (10% for domestic sales). This progression from cash to EFTs across business segments can be attributed to the typology of each business segment, with small businesses buying and selling in smaller quantities to merchants and consumers who prefer using cash.

Figure 17: Comparison between the use of cash and EFTs for domestic transactions among surveyed businesses

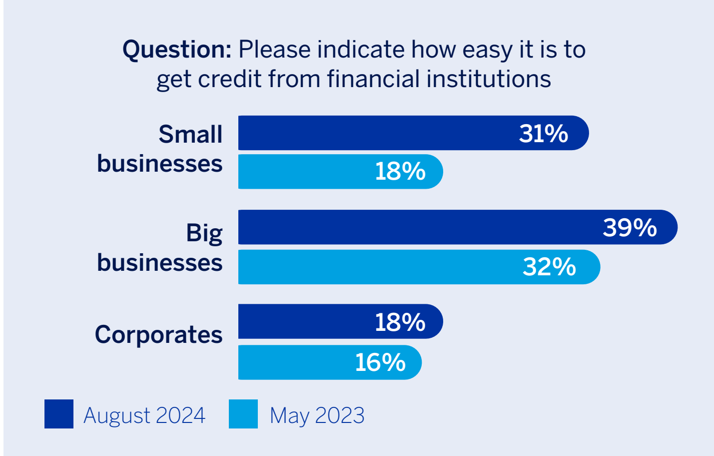


Source: Standard Bank Africa Trade Barometer Issue 4

The growth in adoption and usage of DFS among surveyed businesses in the country coincides with developments in Mozambique's National Payment System (NPS), which in November 2023 introduced a Real-Time Gross Settlement (RTGS) platform.[48] According to the Governor of Banco de Moçambique, the launch of the new RTGS platform is part of a broader project to modernise Mozambique's National Switch, which favours the digitalisation of payment methods.[49] Subsequently, Banco de Moçambique is reviewing Law no. 2/2008, of 27 February (the NPS Law), with the aim of aligning its regime to the current context of the NPS, taking into account developments and good international practice.[50]

Perceptions of ease of credit access have improved among surveyed businesses in this year's survey, in contrast to the May 2023 survey (see Figure 18). There was a 10-percentage point increase in those perceiving credit access as easy (either somewhat or extremely easy). This sentiment is largely driven by small businesses, who reported a 13-percentage point increase in this regard. This positive shift can, in part, be attributed to proactive monetary policy, with the Banco de Moçambique Monetary Policy Committee consistently reducing the policy rate from 17.25% in January 2024 to 13.5% in August 2024.[51]

Figure 18: Proportion of surveyed businesses who found it easy to access credit by business size



Source: Standard Bank Africa Trade Barometer Issue 4

The improved perceptions on ease of credit from financial institutions observed in this year's survey is in contrast to the decline in the use of credit arrangements with suppliers that was also observed. The proportion of surveyed businesses that benefit from credit arrangements from their suppliers declined from 54% in May 2023 to 43% in August 2024. This was largely driven by small businesses and corporates, who reported a 15 and 19 percentage point decline, respectively. There was also a significant decline in surveyed businesses extending credit terms to their own clients (see Figure 19).

FAST FACT:

In 2022, Mozambique had 32 Credit Institutions, which includes Banks (15), Microbanks (12), Credit Unions (4), and Investment companies (1).[52]

Figure 19: Proportion of surveyed businesses offering credit terms to their clients

Source: Standard Bank Africa Trade Barometer Issue 4

10%

of small businesses cross-border sales are received via card, a significant decline from 45% in the May 2023 survey.

75%

of surveyed businesses use digital channels for cross-border sales, including EFTs, international transfers, card and mobile money.

31%

of surveyed businesses reported access to credit to be somewhat or extremely easy, a significant increase from 21% in May 2023.

---

[48] Banco de Moçambique. Available here.
[49] Banco de Moçambique. Available here.
[50] Further Africa. Available here.
[51] Banco de Moçambique. Available here.
[52] Banco de Moçambique. Available here.

9 FOREIGN TRADE & TRADING IN AFRICA

Despite the growing awareness of AfCFTA, surveyed businesses' perceptions on the benefits of participating in AfCFTA are declining.

MOZAMBIQUE'S EASE OF TRADE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Ease of trade can vary between 0 and 100, where 0 indicates an ease of trade with other countries, 50 neutrality and 100 indicates an extreme difficulty in trading with other countries. In the August 2024 SB ATB survey results, Mozambique's ease of trade index score slightly increased to 44 from 43 in May 2023. This means that the perceptions of surveyed businesses in Mozambique with regard to the ease of trade with foreign markets slightly improved from May 2023.

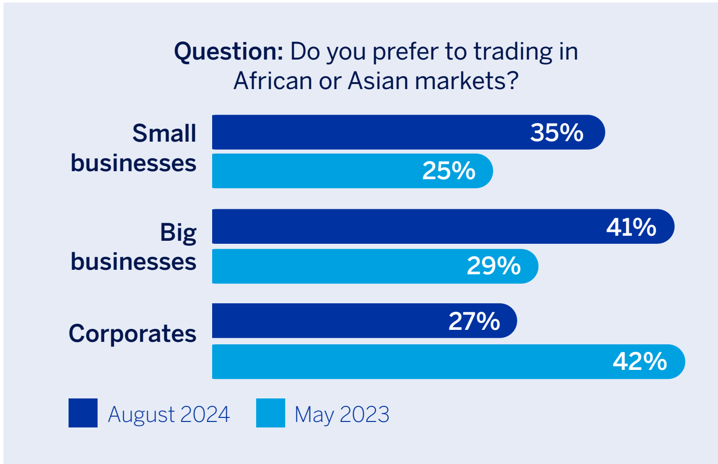
***

The majority of surveyed Mozambican businesses prefer to trade with countries that are either in Africa (34%) or Asia (31%). While Africa remains the most preferred trading partner for surveyed small and big businesses, the majority of surveyed corporates prefer Asian markets (see Figure 20). Despite this distinction, the rationale for preferred trading partners remains the same across business segments, with all segments citing good quality products (46% of all surveyed businesses) as their main reason for their preferred trading partners. A closer look partially explains the uniformity in rationale. The majority of surveyed businesses either source their inputs directly from China, or from Chinese suppliers operating in Africa.

81%

of surveyed corporates are aware of the AfCFTA, more than tripling from the May 2023 cohort.

Figure 20: Preferred trading partner by business segment

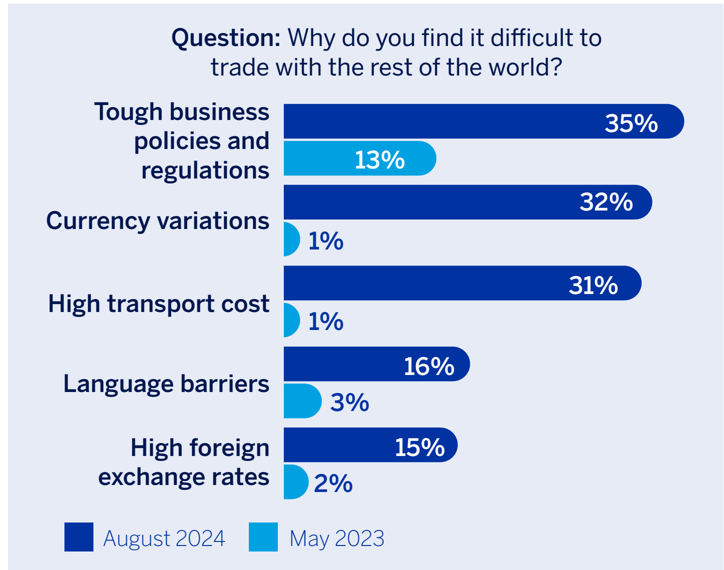


Source: Standard Bank Africa Trade Barometer Issue 4

China is the most significant trading partner in Asia for surveyed businesses in Mozambique. The nature of their involvement in trade with China is centred on importing raw materials (51%) and buying final goods and services directly from China (36%). The majority of surveyed businesses cited bigger orders in terms of quantity (73%), good quality products (67%) and lower cost of products (64%), and simple trading processes (64%) as the most important elements in doing business with China. China's decision to grant zero-tariff treatment to three additional Mozambican products—cashew nuts, macadamia nuts, and pigeon peas – in September 2024, is part of a three-year export agreement encompassing 400 products, and poised to, part of a three-year export agreement encompassing 400 products, is poised to significantly enhance bilateral trade ties between the two countries.[53]

Surveyed Mozambican businesses found it more difficult to trade with the rest of the world in this iteration of the survey in contrast to the May 2023 survey. The percentage of businesses reporting trade with the rest of the world to be easy significantly declined to 8% in August 2024 from 19% in May 2023. This is largely attributed to significant increases in the percentage of businesses reporting tough business policies and regulations (35% from 13% in May 2023), currency variations (32% from 1% in May 2023), high transport costs (31% from 1% in May 2023), and language barriers (16% from 3% in May 2023) (see Figure 21).

Figure 21: Traders rationale for the difficult trading dynamics with the rest of the world



Source: Standard Bank Africa Trade Barometer Issue 4

> The benefits of trading with China are the prices offered. Additionally, we must consider the fact that China offers products based on the needs of the company. There are different qualities, and we are the ones choosing the quality that is affordable for us.
>
> Representative from the Association of Mozambican Miners

73%

of surveyed businesses said access to large order quantities is an important element in doing business with China, an increase from 60% in May 2023.

[53] Club of Mozambique, 2024. Available here.

The proportion of surveyed businesses who find trading with the rest of Africa easy (either very easy or extremely easy), significantly improved in this year's survey (16%), in contrast to the May 2023 survey (10%). This positive trend is primarily attributed to a significant rise in businesses reporting access to high quality and cheaper products, easier trading procedures and better trading relationships (see Figure 22). For surveyed Mozambican businesses, this observation is largely attributed to trade relations with South Africa, which has been the main import and export destination across all iterations of the SB ATB.

FAST FACT:

South Africa is Mozambique's main African trade partner, accounting for 76% of Mozambique's intra-African trade in 2022.[54]

Figure 22: Reasons businesses find it easy to trade with the rest of Africa

Source: Standard Bank Africa Trade Barometer Issue 4

The perception of improved intra-African trade dynamics can also be attributed to the significant growth in awareness of the African Continental Free Trade Agreement (AfCFTA), to which Mozambique is a signatory. The AfCFTA is an initiative which looks to improve the level of intra-African trade by creating a single market for goods and services and lowering trade barriers.

Awareness of the AfCFTA amongst Mozambican businesses significantly increased. The percentage of respondents that are aware of the AfCFTA increased to 45% compared to 18% in the May 2023 cohort. The rise in awareness is evident across business segments, but more pronounced among corporates, where it has reached 81% (see Figure 23).

The growth in awareness of the AfCFTA can, in part, be attributed to Mozambique's ratification of the agreement in early 2023. Mozambique is the 47th African country to sign the agreement, lagging behind other countries participating in the SB ATB. The decision to sign the agreement was based on a couple of key resolutions. Firstly, Mozambique would be granted access to the AfCFTA Adjustment Fund, which is designed to alleviate any adverse effects stemming from the AfCFTA's implementation. Secondly, Mozambique is set to adopt the Pan-African Payment and Settlement System (PAPSS), aiming to streamline and facilitate commercial transactions within Africa.[55]

FAST FACT:

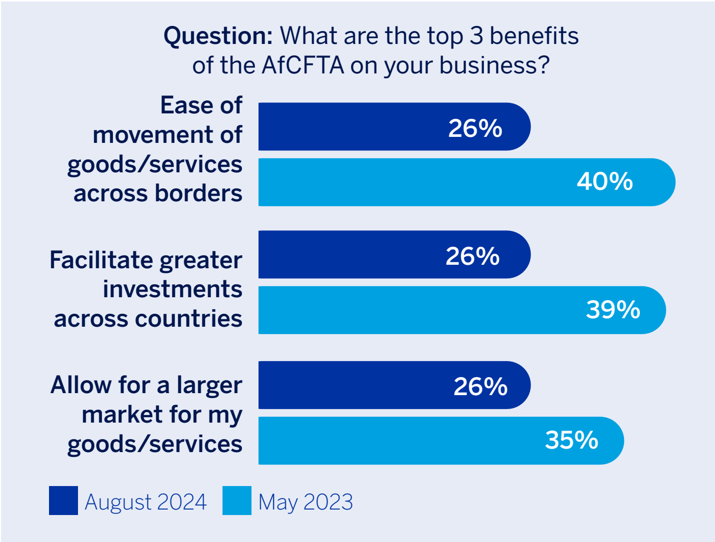
The Guided Trade Initiative (GTI) aims to catalyse trade under the AfCFTA through preferential tariff arrangements. The GTI began in late 2022 with 8 participating countries trading selected goods. As of 2024, 30 more African countries will be covered by the GTI as well as an increase in the scope of products to be traded, including bio pesticides, packaged moringa, tea, coffee, and meat products, among others.[56]

Figure 23: Awareness of the African Continental Free Trade Area by business segment

Source: Standard Bank Africa Trade Barometer Issue 4

However, there is a perception among surveyed businesses that there will be no benefits by participating in the AfCFTA in contrast to the May 2023 survey. 24% of surveyed businesses reported no benefits associated with the AfCFTA, a significant increase from 12% in the May 2023 cohort. This negative trend corresponds to a decline in the percentage of businesses reporting the top three benefits of the AfCFTA during the same period (see Figure 24). However, this sentiment could change in future iterations of the SB ATB as Mozambique is set to participate in the Guided Intra-African Trade Initiative for Goods, coupled with the expected launch of the country's National AfCFTA strategy.[57]

Figure 24: Expected benefits of the African Continental Free Trade Area



Source: Standard Bank Africa Trade Barometer Issue 4

> The key challenges to trade are compliance with legislation and trade infrastructure.
>
> Representative from the Ministry of Agriculture and Rural Development

> The AfCFTA will facilitate regional trading and improve the movement of people across borders. It will also allow African currencies, through PAPSS, to be easily exchanged which will support trading.
>
> Representative from the Ministry of Agriculture and Rural Development

[54] Tralac, 2023. Available here.
[55] Club of Mozambique. Available here.
[56] Africa24. Available here.
[57] Club of Mozambique. Available here.

CONCLUSION

Mozambique's significant rise to the top three in the tradeability rankings marks a momentous return to its status in the September 2022 SB ATB. This climb is a testament to enhanced perceptions of the country's export and import growth, improved access to credit, and an easier trade environment. Above all, it underscores the increased confidence in government support for trade, which has emerged as a cornerstone of Mozambique's trade strategy.

Behind this improved outlook are tangible economic indicators: Mozambique has seen a surge in foreign direct investment flows, particularly in the burgeoning Liquified Natural Gas (LNG) sector, which is poised to transform the country's export dynamics. Complementing this is a period of declining inflation and a stable exchange rate, providing a level of predictability and fiscal discipline that is attractive to investors. These economic achievements are further bolstered by efforts to enhance the power sector, a move set to address one of the critical infrastructures needed for sustained economic growth. Additionally, the implementation of the IMF programme points to a commitment to macroeconomic reforms and fiscal responsibility, setting a firm foundation for future prosperity.

Nonetheless, Mozambique's road ahead is not without its challenges. Political instability remains a concern, and the anticipation of upcoming election results injects a degree of uncertainty that could give pause to potential investors. This, coupled with lingering perceptions of limited trade openness, the need for improvements in trade infrastructure, and more favourable trade credit terms, indicates that while progress is evident, the journey toward optimal tradeability is ongoing. As Mozambique continues to navigate these challenges, whether or not the momentum of recent gains can be sustained shall be the core of future assessments of the SB ATB.

APPENDICES

Appendix 1: Standard Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 4, 2024

The Standard Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Standard Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Namibia, Angola and South Africa, while half of the countries saw their scores decrease from May 2023 (see Table 2).

Countries that have retained their ranking from May 2023:

- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)

Countries that have improved in their ranking from May 2023:

- Mozambique (4th to 3rd position)
- Nigeria (6th to 5th position)
- Tanzania (8th to 4th position)
- Zambia (9th to 8th position)

Countries that have declined in their ranking from May 2023:

- Kenya (5th to 6th position)
- Ghana (3rd to 7th position)
- Uganda (7th to 9th position)

Table 2: Standard Bank Africa Trade Barometer (SB ATB) scores by country

	Africa Trade Barometer (ATB) Score		ATB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	14	46	3	7
Kenya	16	32	5	6
Mozambique	29	35	4	3
Namibia	47	50	2	2
Nigeria	19	29	6	5
South Africa	100	100	1	1
Tanzania	25	25	8	4
Uganda	4	25	7	9
Zambia	9	15	9	8

Source: Standard Bank Africa Trade Barometer Issue 4

August 2024 May 2023

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 2: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 4, 2024

The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reported facts.

SB QTB scores remained the same for Mozambique, Nigeria, Uganda, Angola, Namibia and South Africa, while most countries had their scores decline from May 2023 (see Table 3).

Countries that have retained their ranking from May 2023:

- Mozambique (3rd position)
- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)
- Nigeria (4th position)
- Uganda (9th position)

Countries that have improved in their ranking from May 2023:

- Zambia (7th to 6th position)
- Kenya (6th to 5th position)
- Tanzania (8th to 7th position)

Countries that have declined in their ranking from May 2023:

- Ghana (5th to 8th position)

Table 3: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

	Quantitative Trade Barometer (QTB) Score		QTB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	20	27	5	8
Kenya	22	26	6	5
Mozambique	36	37	3	3
Namibia	45	46	2	2
Nigeria	25	32	4	4
South Africa	100	100	1	1
Tanzania	20	23	8	7
Uganda	11	18	9	9
Zambia	21	23	7	6

Source: Standard Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 3: Standard Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 4, 2024

The Standard Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected from the primary research surveys conducted with 2 258 businesses.

Except for Zambia, SB STB ranks have changed in this wave for all countries, while the majority of the countries saw their scores rise (see Table 4).

Countries that have retained their ranking from May 2023:

- Zambia (10th position)

Countries that have improved in their ranking from May 2023:

- Ghana (7th to 5th position)
- Uganda (9th to 6th position)
- Tanzania (3rd to 1st position)
- Namibia (4th to 2nd position)
- Kenya (8th to 7th position)

Countries that have declined in their ranking from May 2023:

- Mozambique (6th to 9th position)
- Angola (1st to 3rd position)
- Nigeria (5th to 8th position)
- South Africa (2nd to 4th position)

Table 4: Standard Bank Survey Trade Barometer (SB STB) scores by country

	Survey Trade Barometer (STB) Score		STB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	79	100	1	3
Ghana	37	18	7	5
Kenya	34	18	8	7
Mozambique	25	22	6	9
Namibia	79	53	4	2
Nigeria	31	22	5	8
South Africa	44	67	2	4
Tanzania	100	65	3	1
Uganda	34	12	9	6
Zambia	0	0	10	10

Source: Standard Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 4: Selected Macroeconomic Indicators for Mozambique

This appendix is structured around the thematic categories of the Standard Bank Africa Trade Barometer: macroeconomic stability, trade openness and foreign trade, access to finance and infrastructure. These are important in evaluating the trade environment and prospects of a country. Within each theme, specific indicators have been selected to quantify elements contributing to the overall trade climate. The data spans from 2019 to the forecasted values for 2024 and 2025, offering a temporal perspective on trends and potential future directions.

Table 5: Mozambique macroeconomic overview

Thematic Categories	Indicator	Unit	2019	2020	2021	2022	2023	2024**	2025**
Macroeconomic Stability	GDP per capita	USD	529	473	527	597	646	723	735
	Real GDP growth rate	%	2.3	-1.2	2.4	4.4	5.4	4.6	3.8
	Inflation rate	%	2.8	3.1	5.7	10.3	7.1	3.6	5.6
	Exchange rate stability (USD/MZN)	USD per MZN	62.6	69.5	65.2	63.8	63.9	63.9	65.3
	Policy interest rate	%	13.5	11.0	13.3	15.6	17.3	14.8	12.3
	FX reserves	USD, billions	3.8	4	3.4	2.9	3.5	3.7	4.1
	Lending interest rate	%	19	17.1	18.2	20.1	23.7	N/A	N/A
	Domestic debt (% of GDP)	%	19	22.7	24	25.5	25.1	22.1	20.3
	External debt (% of GDP)	%	84.2	89.4	83.7	54.7	50.5	45.1	40.2
	Domestic debt (% of GDP)	%	30.6	35.6	43.7	50.7	49	46.6	45.1
	External debt (% of GDP)	%	17.8	20.5	19	16.5	17.1	15.8	15.1
Trade Openness and Foreign Trade	Trade (exports and imports as % of GDP)	%	105.6	99.9	112.1	135.6	N/A	N/A	N/A
	Balance of Trade*	USD, billions	-4.1	-4.2	-4	-6.5	-1.7	-1.2	-2.8
	Merchandise of Trade (% of GDP)	%	80.5	71.9	89.4	124.8	89.1	N/A	N/A
	Current account (% of GDP)	%	-16.1	-26.5	-21.2	-36.4	-10.5	-6.8	-12.9
	Trade as % of GDP		105.6	99.9	112.1	135.6	N/A	N/A	N/A
	Exports of goods and services	USD, billions	5.7	4.5	6.5	9.4	9.5	9.7	9.9
	Imports of goods and services	USD, billions	-9.8	-8.7	-10.5	-15.9	-11.2	-10.8	-12.6
Access to Finance	Domestic credit to private sector (% of GDP)	%	21.3	23.9	23	21.3	18.8	N/A	N/A
	Gross capital formation (% of GDP)	%	40.9	44.8	40.4	38.6	N/A	N/A	N/A
	Net official development assistance and official aid received	USD, billions	1.8	2.6	2.3	2.6	N/A	N/A	N/A
	Personal remittances received (% of GDP)	%	5.7	2.8	4.6	1.3	3.2	N/A	N/A
	FDI	USD, billions	3.4	3	5.1	2.5	2.5	1.7	4.9

Infrastructure	Individuals using the internet (% of population)	%	14.6	16.3	17.4	N/A	N/A	N/A	N/A
	Access to electricity (% of population)	%	29.7	30.6	31.5	33.2	N/A	N/A	N/A
	Mobile cellular subscription (per 100 people)	Ratio	48.78	49.6	42.67	42.07	N/A	N/A	N/A
	Air freight tonnage	million ton-km	6.4	2.4	2.6	N/A	N/A	N/A	N/A
	Container traffic at ports	TEUs***, thousands	411.9	417.5	440.6	420.5	N/A	N/A	N/A

Source: Standard Bank African Markets Revealed Report | World Bank. Available here.

Notes: *Negative values indicate that a country is a net importer, while positive values indicate it is a net exporter.
**2024 and 2025 data points are estimates.
***TEUs refers to twenty-foot equivalent unit.
N/A denotes that the relevant data was unavailable from the specified source.

Appendix 5: Key Results of the Standard Bank Africa Trade Barometer Issue 4 Survey in Mozambique

This appendix presents the key results of the main questions asked to businesses in Mozambique as part of the fourth edition of the Standard Bank Africa Trade Barometer. The results are structured according to the SB ATB thematic categories: macroeconomic stability, trade openness and foreign trade, infrastructure, government support, as well as traders' financial behaviours and their access to finance. **Not all questions in the SB ATB survey are presented here.** The questions selected for inclusion have been chosen for their closed-ended nature and being succinct enough for a concise presentation. Questions pertaining to the general profile of businesses and individual respondents, or those requiring open-ended responses, have been omitted. This approach ensures that the findings detailed in the following table are directly relevant and valuable for interpreting the trade dynamics within the Mozambique context.

Table 6: Key findings of the survey

Thematic Categories	Question	Responses								
Macroeconomic Stability	Thinking of your business turnover over [from 2020 to 2021], please indicate if turnover increased, decreased or remained the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		33%	35%	24%	4%	3%	–	–	–	–
	Thinking ahead [from 2024 to 2025] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		93%	1%	5%	N/A	N/A	–	–	–	–
	Thinking ahead [from 2025 to 2026] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		92%	2%	6%	N/A	N/A	–	–	–	–
	Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.	Extremely optimistic	Very optimistic	Neutral	Not very optimistic	Not at all Optimistic	Refused	Don't know	–	–
		7%	48%	23%	15%	5%	N/A	0.5%	–	–

Infrastructure	[Road infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	7%	8%	43%	37%	0.5%	N/A	–	–
	[Water supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	9%	11%	51%	23%	1%	N/A	–	–
	[Telecommunications] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		6%	18%	27%	43%	6%	0.5%	N/A	–	–
	[Ports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		6%	8%	30%	50%	3%	1%	2%	–	–
	[Airports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		4%	14%	24%	50%	6%	1%	1%	–	–
	[Customs and trade regulations] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		1%	13%	15%	61%	7%	0.5%	2%	–	–
	[Power supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		4%	11%	15%	53%	16%	0.5%	N/A	–	–
	[Rail infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		5%	10%	25%	51%	8%	1%	N/A	–	–
Trade Openness and Foreign Trade	How likely are you to increase the volume of imports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		15%	47%	28%	8%	2%	–	–	–	–
	How likely are you to decrease the volume of imports in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		11%	25%	47%	13%	4%	–	–	–	–
	To what extent do importation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		6%	25%	34%	16%	18%	–	–	–	–
	To what extent do importation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		5%	23%	32%	19%	21%	–	–	–	–
	How likely are you to increase the volume of exports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely	–	–	–	–
		38%	8%	31%	19%	4%	–	–	–	–
	How likely are you to decrease the volume of export in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely	–	–	–	–
		20%	25%	40%	15%	N/A	–	–	–	–
	To what extent do exportation-related taxes, including tarrifs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		6%	23%	30%	16%	24%	–	–	–	–

Trade Openness and Foreign Trade (Cont.)	To what extent do exportation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact	–	–	–	–
		5%	21%	32%	13%	29%	–	–	–	–
	In your view would you say trading with the rest of Africa is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused		–
		5%	12%	46%	21%	7%	9%	0.5%		–
	In your view would you say trading with the rest of the world (OUTSIDE OF AFRICA) is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused		–
		4%	5%	49%	22%	8%	12%	0.5%		–
	Are you aware of the African Continental Free Trade Area Agreement?	Yes	No	–	–	–	–	–	–	–
		45%	55%	–	–	–	–	–	–	–
	What are the top 3 benefits of the AfCFTA on your business?	No benefits (Exclusive)	Ease the movement of goods/ services across borders	Allow for a larger market for my goods/ services	Allow for greater competition	Promote the availability of more products and services to choose from	Contribute to the movement of capital and people across borders	Facilitate greater investment across countries	Promote industrial development across the countries	Other
		24%	26%	26%	20%	24%	19%	26%	19%	N/A
Government Support	Please indicate how supportive your government is with regards to cross-border trading activities.	5 - Extremely supportive	4	3	2	1 - Not at all supportive	Refused	Don't know	–	–
		12%	21%	21%	4%	37%	2%	3%	–	–
Traders' Financial Behaviour and Access to Finance	Please indicate how difficult or easy it is to get credit from financial institutions	Extremely easy	4	3	2	1 - Extremely difficult	Refused	Don't know		–
		10%	21%	19%	5%	40%	1%	4%		–
	Why do you prefer using cash to pay for your goods or services when trading with suppliers in other countries?	Minimal cost/ fees	Allows for negotiations	Limited knowledge in other payment methods	Convenient - easy to deal with	Privacy	Other	–	–	–
		13%	29%	35%	29%	27%	N/A	–	–	–
	What challenges, if any, do you encounter when using cash when trading with suppliers in other countries?	Fraud	Loss of money/ security risks	Fluctuating exchange rates	Customs declarations	Inconvenience - of carrying large amounts of money	Other	–	–	–
		21%	63%	33%	15%	15%	N/A	–	–	–
	What benefits or incentives would encourage you to entirely switch to formal channels (such as cards, electronic payments, international transfers) when trading with suppliers in other countries?	Faster transaction processing times	Minimal document requirements	Competitive exchange rates	Guaranteed security	Recorded transactions	Other	–	–	–
		50%	35%	29%	31%	15%	N/A		–	–
	Do you offer credit terms to your clients?	Yes			No			–	–	–
		46%			54%			–	–	–
	Do you have credit terms arrangements with your suppliers?	Yes			No			–	–	–
		43%			57%			–	–	–

ABOUT THE RESEARCH

The Standard Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 4 of the SB ATB. Issues 1, 2 and 3 were released in June 2022, November 2022 and September 2023, respectively. Data collection (both primary and secondary research) for Issue 4 was carried out between July and September 2024 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and in-depth interviews with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. A total of 2 258 businesses were surveyed and 30 in-depth interviews were conducted across the 10 countries in Issue 4.

In Mozambique, 213 businesses were surveyed. 47% of these businesses were in Maputo, 25% in Matola and 28% in Beira.

The breakdown of surveyed businesses in Mozambique by business segment was as follows:

- 68% were small businesses
- 17% were big businesses
- 15% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than MT 210,000, large businesses as those with a turnover of between MT 210,000 and 1.9 billion and corporates as those with a turnover of more than MT 1.9 billion.

The breakdown of surveyed businesses in Mozambique by industry is as follows:

Table 7: Breakdown of surveyed businesses in Mozambique by industry

Industry	%	Industry	%
Wholesale and retail trade; repair of motor vehicles and motorcycles	15	Construction	2
Agriculture, forestry and fishing	14	Information and communication	2
Transportation and storage	12	Administrative and support service activities	2
Manufacturing	9	Human health and social work activities	2
Mining and quarrying (includes oil & gas)	7	Arts, entertainment and recreation	1
Accommodation and food service activities	6	Professional, scientific and technical activities	1
Financial and insurance activities	6	Other service activities	1
Education	6	Water supply; sewerage, waste management and remediation activities	0
Real estate activities	6	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0
Public administration and defence; compulsory social security	6	Activities of extraterritorial organisations	0
Electricity, gas, steam and air conditioning supply	3		

The breakdown of surveyed businesses by staff complement was as follows:

- 26% had below 5 employees
- 43% had 5 - 10 employees
- 12% had 11 - 20 employees
- 8% had 21 - 50 employees
- 5% had 51 - 100 employees
- 4% had 101 - 1 000 employees
- 1% had 1 001 - 5 000 employees

With regards to individual respondent characteristics within the businesses, 46% were female and 54% were male.

The breakdown by their job titles is as follows:

- 31% were heads of departments
- 16% were general managers
- 12% were owners, partners or co-owners
- 10% were chief accountants
- 8% were financial directors
- 3% were managing directors
- 3% were executive generals
- 2% were director generals
- 2% were chief executive officers (CEOs)
- 2% were treasurers

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three in-depth interviews conducted in Mozambique as part of Issue 4. The interviews were held with representatives from the Association for Mozambican Miners, and the Ministry of Agriculture and Rural Development.

The survey and in-depth interviews were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks.

***

In-depth details on how the Standard Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

***

The research was produced by Standard Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

DISCLAIMER

This report contains independent research conducted by The Standard Bank of South Africa Limited and its third-party suppliers.

This report is for the general information of the public. The views and opinions (Information) expressed in this report are for information purposes only and do not necessarily reflect the official policy or position of The Standard Bank of South Africa Limited and/or any of its affiliates, subsidiaries and holding companies (Standard Bank Group). The Information was produced by Standard Bank Group as per the date stated and may be subject to change without prior notification. Opinions expressed are our current opinions as of the date appearing on this report only. This report is based on information that we consider reliable, but the Standard Bank Group does not warrant or represent (expressly or impliedly) that it is accurate, complete, not misleading, or as to its fitness for the purpose intended or that it is free from errors or omissions. The Standard Bank Group and its employees, agents and representatives accept no liability for any loss, damage or claim arising from the use of any Information presented in this report and it should not be relied upon as such.

The information provided in this report does not constitute advice and is not to be relied upon as independent professional advice of any kind. Before acting on any advice or recommendations in this report, recipients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.