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CENTRO DE ESTUDOS ESTRATÉGICOS
E INTERNACIONAIS (CEEI)

**Emerging actors in Africa:
Impact and opportunities for EU-Africa and global relations**

OIL & NATURAL GAS

Latest Developments in Mozambique

Nelson Ocuane ¹

Abstract of the presentation

First Session, Maputo, 23-24 April 2012

ENH, the National Hydrocarbons Company of Mozambique, was established in 1981 as the commercial branch of the Government's research, production, processing and distribution of oil and natural gas. In 1997, ENH became a public company, enabling the State to participate as a stakeholder in commercial projects related to oil and gas (from research and production to distribution and selling). It is ENH who negotiates with private investors and is charged with protecting Mozambique national interests in those dealings, which must be approved in the framework of the National Development Plan.

The PPP presentation by Nelson Ocuane, chairman of ENH, provides an overview of the existing concessions for the research and development of oil and gas in Mozambique and the national legal framework for those activities (slides 7-14). The contracts concession regime of Mozambique is hybrid, comprising royalties, fees and corporate income tax and operations are based on Production Sharing Contracts – see slide 14 for an overview of government revenue sources from concession contracts. For a comparative overview of Mozambique with other oil and gas producing states in the world with regard to the priority given to maximizing government revenues, attracting investment and promoting the use of local goods and services,

¹ Nelson Ocuane is Chairman of the National Hydrocarbons Company of Mozambique (ENH).

see slide 9 in the PPP file. Slides 10-11 show the indicative timeline for a country to take full benefit of its resources from the initial stages of research and development until its full production capacity (mature stage). In this long-time path, the fiscal model the slide presents foresees that the fiscal regime is adapted along the evolving stages of production in a way that can guarantee stability to the companies and flexibility to the government. Mozambique's current fiscal regime was revised in 2007. As the country reaches its productive stage, in 10-20 years time, the fiscal regime could be adapted if the government estimates there is a need for it.

The presentation also provides an evolution of hydrocarbons research in Mozambique since 2000 (slides 18-21) and a comparison with other sedimentary basins in Africa (slides 22-25). An overview of natural gas discoveries (including some impressive reserves in North-eastern Mozambique) and concessions is given in slides 26-30. Slide 40 provides an overview of Mozambique investments between 2000 and 2011. In the discussion during the session, it was mentioned that in the Rovuma basin alone, the value of resources are estimated to be in the order of US\$ 300 billion.