

INTERVIEW TRANSCRIPT

Dr. Danilo Nalá

General Director

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United World: Dr. Nalá, in order to know more about your career we would like you to share with us more information about your professional and academic background.

Dr. Danilo Nalá: I am a lawyer by profession with over 15 years of training. I received my degree from the Eduardo Mondlane University here in Maputo. I started my professional career in the public sector in the Customs Authority where I reached the Customs Deputy Director General position. Once reached that position I moved to the Tax Authority, as the Deputy Director General in internal control area during 10 years. My main function during those years in the Tax Authority office was to work on policy formulation and customs procedures with Southern African Development Community (SADC) and other countries with which Mozambique has trade relationships, including the World Trade Organization (WTO).

In 2007, His Excellency the Minister of Planning and Development invited me for the purpose of starting up this new project - GAZEDA. It was July of that year when we started working on the legal documents to create the institution. Finally, by December we presented all the documents to the Ministerial Cabinet, where it was approved and GAZEDA was created.

During 2008 we worked in staffing the institution both in terms of human resources and infrastructure. Another important aspect that we had to work with was getting our budget approved. The National Assembly approved the budget in 2009 and it is then when we were able to work at full speed.

United World: How does your experience as Deputy Director General of both Customs and the Tax Authority contribute to your performance at GAZEDA?

Dr. Danilo Nalá: My duties here at GAZEDA are a continuation of my job at the Customs Authority. Those two institutions have an intrinsic relationship. Today I work in order to develop Mozambique through attracting investment to the Nacala Special Economic Zone and to the Industrial Free Zones. Meanwhile, the investment attraction to the country, particularly to these zones, have a direct impact in the business climate of the country, it improves it. Exemption or reduction of fiscal duties and other customs charges payable on importation of goods are translated into the improvement of investment environment and, consequently, increase in investment projects. If on one hand GAZEDA has the power to approve investment projects and issue a certificate which guarantees tax exemption or reduction; on the other hand the Tax Authority has the power of executing what is the message of the certificate.

United World: 2010 is a landmark year for the Mozambique as it celebrates its 35 years of independence. Can you please share with us your visions on the current state of the nation?

Dr. Danilo Nalá: I see Mozambique as a country full of investment opportunities and unexplored potentialities. Sometimes I think that the substantial resources lacking such as oil, uranium, diamond, may be seen from a beneficial perspective. This is because, the scarcity of those resources make us find many ways to promote economy; either in agriculture, or service industry, or in transportation industry. This diversification of the economy has been achieved since our independence in 1975. We seek to increase our GDP by diversifying our sources of wealth. In other words, we seek to find ways to produce locally and with quality, and reduce the level of imports and increase raw material transformation capacity.

The 35 years of independence showed that we have grown up and are a mature nation. I think that Mozambique could have been more developed today if it wasn't for the civil war which lasted 16 years. If it wasn't for that regrettable incident the country today would be at another stage. However from 1992 to date, I believe we took a quantitative and qualitative leap, our level of growth is internationally recognized as good and sustainable. Such growth is guaranteed by our transparent democracy and by political and macroeconomic stability. In conclusion, the 35 years have been good and continue to be good and I believe that we will not need other 35 years for us to present ourselves under another type of sociopolitical and economic analyses.

United World: The title of our report will be “Mozambique: The Gateway to Southern Africa” as many countries in the region including Zimbabwe, Botswana, Malawi, just to name a few depend on Mozambique to have access to the sea. Despite that Mozambique also plays a key role in other social, political and economic development of the region. What do you believe should be Mozambique's role within the region?

Dr. Danilo Nalá: We can see the role of Mozambique from two perspectives, the first which is of corridor and of gateway of Southern Africa; the late term used for the input and output of goods. We have three major ports: Nacala, Beira and Maputo, thus, makes us a corridor. However, our intention is not only to be a corridor but also a country in which we will have a manufacturing sector. For example, lets look at the case of cooper being sold by Zambia through our port. Zambia can perfectly sell the raw material through our port, nonetheless, we offer a tax benefit to those companies that choose to transform the cooper in Mozambique before it is exported just as a raw material. This way instead of only being an entry and exit gateway, it can also be a transformation Gateway with added value.

United World: After the end of the civil war Mozambique has been commended by several international organizations for the reforms the country has done in order to facilitate the way of doing business, which consequently was translated into a higher inflow of Foreign Direct Investment (FDI). As the Director General of GAZEDA you play a key role in the attraction of FDI and the business climate of the country. Can you please share with us your views in the business climate of Mozambique?

Dr. Danilo Nalá: The business climate in Mozambique continues to improve every day, in spite of the fact that it is still under the influence of a bureaucratic system which will take some time to be replaced. When we talk about improvement of the business climate we have to look at the time it takes to open a company (licensing and registration), the facility to import and export capital, facility to import equipment and machinery, facility to hire labor, etc. All those aspects have been improving here in Mozambique.

The political and economic reforms introduced within the last years have contributed and still contribute to the improvement of the business environment in Mozambique. I am talking about the reforms introduced at the key-sectors level, which condition investment attraction and the business climate, namely tourism, employment, fiscal area and customs area, special economic zones and free zones. The introduction of these reforms afforded celerity in the process of dealing with documents, as well as in the decision process.

We are having permanent conversations with businessmen and with the international cooperation partners. We have been changing and, everyday, we see situations where the Ministerial Cabinet approves new rules which are all harmonized with more developed contexts.

United World: As we have discussed before you created GAZEDA in 2007 after the invitation of the Minister of Planning and Development. Can you please expand on the operations of GAZEDA and its history?

Dr. Danilo Nalá: Its is difficult to talk about the history of an Institution that is still starting up, but obviously for someone who starts up an institution from nothing, almost all moments are remarkable. Some of them are remarkable although they are not punctual moments. I am talking about moments in which a colleague and I myself

worked during some months preparing the documents to be presented to the Ministerial Cabinet with the support of the Ministry of Planning and Development and, obviously, the most remarkable moment was in December of 2007 when the project was approved, it was a moment of personal and professional achievement.

Other moments which are not least came after, the moment of approval of the first project by GAZEDA. In September 2009 we approved the first project belonging to *Cimentos de Nacala* (Nacala Cements). Although it was a project of our competence to approve, we endorsed it to the Minister of Planning for him to sign the first certificate of the Office of the Special Economic Zones. We celebrated this date with a ceremony which took place in Nacala and had the presence of businessmen, local leaders and members of the Government. On that day we handed over five certificates, *Cimentos de Nacala* signed by the Minister and the remaining four signed by myself. That was a moment in which we were able to collect fruits of the previous job.

United World: Dr. Nala, can you please take us back in time to the date in which the Ministerial Cabinet approved GAZEDA and the institution was created. How did you feel with the physical approval of GAZEDA?

Dr. Danilo Nalá: In 2007 I was working as a GAZEDA's collaborator. My function was to coordinate the project and I continued to do so for another six months, until they decided that there was a need to nominate a Director General. My nomination was made by the Prime-Minister. What I felt is that responsibility increases after an institution like GAZEDA is created and that from that moment the law elaborated by us would govern our professional life. The feeling that I had personally after leaving the Cabinet session was, "I got more work to do!".

United World: Can you give us a sense of the importance of your institution, since it was created how many projects have you approved?

Dr. Danilo Nalá: There are two components, one of companies' projects which already existed in the Special Economic Zone, and the other one which is of new projects that were starting from scratch. From the first batch (projects that already existed in those zones) we approved 10 projects. We are talking about companies that already existed and moved to this new regime, with the total value of 140 million of dollars with the total of 1,694 jobs to be created for nationals. With respect to projects completely new, which are 11 so far, with the total value of 105 millions of dollars and with an estimate of conception of up to 4,123 jobs. New projects have been submitted to GAZEDA, many of which are still being analyzed.

United World: Can you please expand on the incentives offered to companies looking into opening their shop in the Special Economic and Free Zones?

Dr. Danilo Nalá: We have the fiscal incentives and non-fiscal incentives. Whatever regimes, whichever company the fiscal exemption is total on imports. Either be

materials for factory construction or be raw materials. Concerning income taxes, the companies set for export, in other words, in the industrial free zone regime, they must export 70% of their production, so they have 10 years of fiscal exemption and have 50% reduction from the 11th to the 15th year and have got reduction in 25% for the rest of the life of the project. They shall pay only 75% of taxes for the rest of their life. The companies in the regime of the special economic zone which are not obliged to export can sell at the local market, those have only three years of exemption and have 50% reduction from the 4th to the 10th year and have 25% from 11th to the 15th year. We grant other non-fiscal incentives, the process of concession of pieces of land will be shorter, between 20 to 30 days. The industrial license and environmental license as well. Incentives in the migration area, in the employment of foreign workers, which are also non-fiscal and mainly, the fact that GAZEDA is available to approve projects in a quick fashion. Essentially those are the incentives that we grant.

United World: Lets pretend for one second that we are American businessmen with the intention of investing in Mozambique. Which steps should we take and how can we get in touch with GAZEDA?

Dr. Danilo Nalá: You must come directly to GAZEDA. We have our website on the internet which provides information on how to get to us. Another way to reach us is through the Ministry of Planning and Development. Finally, through Investment Promotion Center or through Mozambique's embassies abroad, in particular the embassy of Mozambique in China, in Indonesia, in South Africa and India, where we have been very active.

United World: With only two and a half years GAZEDA's contribution to the improvement of the business environment and the attraction of FDI can be felt. What is your vision for GAZEDA? Where do you think to position GAZEDA within five years?

Dr. Danilo Nalá: We want to position ourselves as a public institution that follows modernization and innovation models in its internal administration, as well as in the external contact and relation. As it is an autonomous institution, our aim is to guarantee the speedy processing of administrative works, showing professionalism and efficiency. At the level of management and development of the special zones we aim in the short term, to transform Nacala into a major metropolis in Eastern Africa. I would like to see Nacala as the an industrial and commercial center for the region. The work we are doing in collaboration with CDN, the road administration and the airport administration is all done in order to materialize that vision. Our objective is to guarantee that Nacala within five years can be the North's economic capital of Mozambique and within 10 or 15 the economic capital of the Eastern Africa region.

United World: What is the message you would like to convey to the readers of our report concerning your country and GAZEDA?

Dr. Danilo Nalá: Mozambique is the pearl of the Indian Ocean. With about 2,700 km of coast endowed with marine diversity, unexplored forests, and rich in natural and mineral resources, Mozambique is a land of opportunities and potentialities. GAZEDA is here to drive you and show you the business opportunities that Mozambique offers. We serve you right from your arrival at the Maputo International Airport. We are awaiting you in Mozambique, where your business has an added value.

United World: Thank you for your comments.

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