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Mozambique proposes FSRU fix for South Africa gas crisis

Saga deep read · 09 November 2026 · Score 60

Mozambique has put forward a low-cost liquefied natural gas and floating storage and regasification unit (FSRU) solution aimed at addressing South Africa's ongoing gas supply shortage. The proposal positions Mozambique as a near-term gas supplier to its southern neighbour, leveraging the country's existing and developing LNG resources to meet cross-border energy demand.

The initiative centres on deploying an FSRU arrangement, which would allow LNG produced or aggregated in Mozambique to be shipped to South Africa and regasified for domestic consumption without requiring large-scale onshore terminal infrastructure. FSRU-based solutions are typically faster to deploy and less capital-intensive than conventional import terminals, making them an attractive option for markets facing acute supply constraints on compressed timelines.

South Africa has experienced persistent gas shortages that have weighed on industrial output and power generation, creating demand for supplementary supply sources. Mozambique, which holds substantial proven natural gas reserves and hosts multiple LNG development projects at various stages of advancement, is positioned geographically and resource-wise to serve as a primary supplier. The bilateral proposal reflects growing regional interest in integrating southern African gas markets and monetising Mozambique's upstream base through downstream cross-border arrangements.

The specific terms of the proposal, including pricing mechanisms, volumes, proposed FSRU vessel specifications, offtake structures, and project timelines, were not

disclosed in available reporting. It is also not confirmed at this stage whether the proposal has progressed beyond an initial offer or expression of interest to a formal government-to-government agreement or commercial heads of terms. The status of the initiative should therefore be characterised as a preliminary proposal pending further negotiation and assessment by both parties.

If progressed to a bankable structure, the arrangement would require coordination across LNG liquefaction, marine transport, FSRU leasing or ownership, and onshore gas distribution in South Africa. Regulatory approvals in both countries and financing arrangements would also need to be secured before any gas could flow. The proposal nonetheless signals Mozambique's intent to develop its role not only as a global LNG exporter but also as a regional gas hub serving immediate southern African demand.

Why this matters to partners and clients of Saga

This is a preliminary proposal with no confirmed contract or FID, so direct procurement outreach is premature. Norwegian companies active in FSRU technology, LNG marine transport, and floating regasification systems should monitor developments and build relationships with Mozambican state entities and South African gas buyers as the proposal matures. If a formal tender or EPC process is launched, subsea and offshore infrastructure suppliers should be positioned to respond.

PARTNER ANGLES

- **LNG:** FSRU vessel operators and LNG marine logistics specialists should track this corridor for potential vessel charter or long-term regasification contracts if the proposal advances to commercial terms.
- **Subsea/FPSO:** Any offshore offtake or subsea tie-in requirements linked to Mozambique's upstream LNG fields feeding this arrangement could create scope for subsea hardware and installation services.
- **Pipeline:** Onshore gas distribution infrastructure in South Africa needed to move regasified LNG from an FSRU berth to end users may require pipeline engineering and construction expertise.

- **Service:** Project management and FEED consultancies with FSRU integration experience should engage early-stage stakeholders in both Mozambique and South Africa to position for advisory roles.

Original source: Club of Mozambique →

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