

O ECONÓMICO (MOÇAMBIQUE) · MOZAMBIQUE

Mozambique sets 20% local-content preference in oil & gas

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Mozambique's Council of Ministers approved on 13 October the Regulations implementing the Local Content Law and the statute of the authority responsible for its enforcement in the petroleum and gas sector. The framework operationalises Law No. 9/2026 of 3 June and introduces binding obligations for all companies operating in the country's oil and gas industry, with immediate implications for international service providers active or bidding in Mozambique.

The most commercially significant provision grants preferential treatment to bids with greater national participation, even when those bids are priced up to 20% higher than competing offers — provided the bids are otherwise closely ranked in technical evaluation. This price-preference margin is substantial and effectively narrows the competitive window for purely international bids that carry no local equity or supply-chain component. Companies unable to demonstrate credible Mozambican participation risk being displaced by less-experienced local or joint-venture competitors on cost grounds alone.

Beyond procurement preferences, the regulations set a minimum 20% Mozambican capital shareholding requirement in business partnerships covered by the law. The framework also introduces community supply and employment quotas tied to the specific geographic zones where projects are located — a provision with direct relevance to the large LNG developments in Cabo Delgado province. Penalties for non-compliance reach US\$300,000, signalling that enforcement is intended to be meaningful rather than symbolic. The dedicated regulatory authority established

under the statute will oversee compliance across both upstream and downstream activities.

For Norwegian service companies, the regulations represent a structural shift in how Mozambique's oil and gas market will be accessed going forward. International contractors that have historically operated as stand-alone entities will need to evaluate formal partnership structures with qualifying Mozambican firms — whether through joint ventures, subcontracting arrangements, or equity stakes — to retain competitiveness under the new scoring rules. The 20% capital threshold is a minimum, not a ceiling, and procurement evaluators will have discretion to favour bids with deeper local integration. Early movers that establish credible local partnerships before major procurement cycles open will be better positioned than those that attempt to comply at the point of bid submission.

The timing matters. Several LNG-linked infrastructure and services packages tied to Mozambique's northern projects remain in various stages of restart planning following the Cabo Delgado security disruptions. As project sponsors and operators prepare future tender rounds, local-content compliance will form part of bid qualification, not merely scoring. Norwegian companies — particularly in subsea installation, FPSO services, drilling, and well services — should treat this regulatory development as a trigger for in-market partner identification and due diligence, even if active procurement has not yet resumed.

Why this matters to partners and clients of Saga

The local content regulations are not yet a signed contract or open tender, so the immediate action for Norwegian service firms is monitoring and relationship-building rather than procurement outreach. Companies should begin mapping qualified Mozambican partners — contractors, engineering firms, workforce providers — who can satisfy the 20% capital and community-quota requirements before the next LNG-linked tender cycles open. Establishing these partnerships ahead of formal procurement gives Norwegian players a compliance-ready structure that competitors scrambling to comply at bid stage will lack.

PARTNER ANGLES

- **Subsea/FPSO:** FPSO and subsea contractors should identify Mozambican engineering or fabrication partners now to structure compliant joint ventures ahead of any resumed northern LNG infrastructure tenders.
- **Drilling:** Drilling service companies need to assess whether their existing Mozambique in-country entities meet the 20% national capital threshold or require restructuring before the next rig-contract cycle.
- **LNG:** LNG construction and commissioning specialists should map Cabo Delgado community suppliers capable of meeting geographic employment quotas, as these will be project-zone-specific obligations.
- **Pipeline:** Pipeline contractors planning to bid on any Mozambique gas-transmission work must factor the 20% price-preference gap into competitive pricing models when bidding against locally partnered rivals.
- **Service:** Well-services and oilfield-service companies should conduct early due diligence on Mozambican subcontractors and technical firms to build compliant supply chains before formal prequalification processes open.

[Original source: O Económico \(Moçambique\) →](#)

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