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Mozambique LNG talks between Chapo and TotalEnergies collapse

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Mozambique President Daniel Chapo and TotalEnergies CEO Patrick Pouyanné have failed to reach an agreement on the stalled Mozambique LNG project, according to Africa Intelligence. The breakdown in high-level talks signals continued deadlock over one of sub-Saharan Africa's most consequential upstream gas developments, which has been suspended since a jihadist insurgency forced TotalEnergies to declare force majeure in April 2021.

The precise sticking points between Chapo and Pouyanné were not disclosed in the report, but the failure to conclude an agreement at head-of-state and CEO level underscores how deep the impasse remains. Mozambique LNG, anchored on the Area 1 block in Cabo Delgado province, was designed to produce approximately 13.1 million tonnes per annum of LNG and represented a transformative investment for Mozambique's economy. The project has attracted a broad consortium of international partners and long-term offtake commitments, all of which remain in limbo while the security situation and commercial terms remain unresolved.

The failure of the Chapo-Pouyanné meeting is significant because it removes the near-term prospect of a restart announcement. Diplomatic and commercial negotiations at this level typically represent the final escalation point before a project either moves forward or is fundamentally restructured. Without a framework agreement between the government and the project's lead developer, downstream engineering, procurement, and construction activity cannot resume, and contractors and service providers must continue to hold their positions or redeploy resources elsewhere.

For Mozambique, the stakes are substantial. The country's sovereign finances, infrastructure ambitions, and broader gas monetisation strategy — including the separate Coral Sul FLNG vessel, which continues to operate — are deeply tied to whether Area 1 can be brought back to life. TotalEnergies, for its part, faces pressure from shareholders and offtakers to clarify the project's trajectory. A prolonged stalemate risks triggering contract renegotiations among LNG buyers who have waited years for first cargo deliveries.

The security environment in Cabo Delgado has shown partial improvement following Rwandan and SADC military interventions, but TotalEnergies has consistently maintained that the security perimeter around the Afungi peninsula must meet a defined threshold before site works can safely resume. Whether the government and TotalEnergies differ on the security assessment, on fiscal terms, or on force majeure liability remains unclear from the available reporting. What is clear is that the project's future remains unresolved at the highest level, and a restart timeline cannot currently be projected with confidence.

Why this matters to partners and clients of Saga

Norwegian service companies with exposure to Mozambique LNG — whether through existing frame agreements, pre-positioned equipment, or prior engineering work — should monitor this development closely but take no procurement outreach action at this stage. The breakdown in talks means no restart timeline is in place and no new contracts or tenders are imminent. Relationship-building with TotalEnergies' project and supply chain teams in Paris and Maputo remains the appropriate posture, keeping Norwegian firms positioned for rapid mobilisation when a framework agreement is eventually reached.

PARTNER ANGLES

- **LNG:** Monitor TotalEnergies' Area 1 position closely; when talks resume, LNG plant module suppliers and liquefaction technology licensors should be ready to re-engage on scope that was paused at force majeure.

- **Subsea/FPSO:** Offshore pipeline and subsea tie-in scopes linked to the Area 1 gas gathering system remain on hold; track any restart signal as the trigger to re-activate pre-FEED relationships.
- **Drilling:** Development drilling campaigns planned for Area 1 are contingent on a project restart; rig owners and well services firms should maintain contact with the operator but avoid committing capacity solely to this project.
- **Pipeline:** Onshore pipeline and gas treatment infrastructure scopes tied to Mozambique LNG are suspended; a future framework agreement would be the earliest appropriate moment to re-enter discussions with EPC contractors active on the project.
- **Service:** Camp, logistics, and marine support service providers previously mobilised for Afungi should watch for any government security-clearance announcement as the likely precursor to site re-access and renewed procurement activity.

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