



JUN. 26

MOZAMBIQUE

## ENERGY AND NATURAL RESOURCES

## New Petroleum law

## Law No. 8/2026, of 3 June

After more than a decade, Mozambique has adopted a new Petroleum Law, replacing the 2014 framework and introducing a revised legal regime for the sector. The new law aims to strengthen state participation and establish a clearer, more structured and comprehensive regulatory framework governing petroleum operations. It reflects an effort to modernise the sector, align it with current economic and policy objectives, and provide a sounder basis for managing petroleum resources and investment activities.

The new framework is aligned with Mozambique's Five-Year Plan, which outlines a phased expansion of hydrocarbon exploration. This includes awarding of ten new concession areas and increasing prospecting licences from 2024 through to 2029. Particular emphasis is placed on the gas-rich Rovuma Basin, with a strong push for multiple new research areas in the initial years of the plan. The new law is also consistent with the Mozambique National Development Strategy, which identifies hydrocarbons as a cornerstone of long-term economic transformation and a key priority for government action. The main new features are the following:

- **General:** The new law takes a broader and more strategic approach by integrating economic governance, energy policy and long-term national interests. A key innovation is the introduction of guiding principles, including state control and sovereignty, transparency, sustainability and the promotion of domestic value creation and industrialisation.
- **Expanded scope to energy transition:** The scope of the law is broadened to encompass additional activities linked to petroleum operations, including the use of petroleum in high-pressure production and transport processes, as well as emerging areas such as carbon capture, storage and utilisation (CCSU) and emissions control and non-conventional hydrocarbons.

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- **Increased state participation:** The new law introduces a mandatory minimum non-dilutable 15% state stake, which can be increased to as much as 40%. This stake is held on a free-carry basis until production begins. This represents a significant departure from the 2014 Law, under which the state reserved the right to participate in petroleum operations. However, participation was discretionary and subject to contractual terms, with a general obligation to progressively increase its stake. Notably, the National Hydrocarbons Company (ENH) now also enjoys the right of pre-emption over any direct or indirect transfer of rights or interests.
- **Diversification of contractual models:** The 2014 Law recognised concession agreements as the only contractual model for petroleum operations. The 2026 Law introduces greater flexibility by allowing three types of agreements: concession agreements, production sharing agreements and risk service agreements. This brings Mozambique's framework more closely into line with international practice and allows investment structures to be tailored to different investment structures. Where justified, the government may also adopt additional contractual models. Petroleum agreements are now also subject to prior review by the National Petroleum Institute (Instituto Nacional de Petróleo – INP) before being approved by the government. The new regime also introduces a dedicated force majeure framework with clearer rules on risk allocation, providing greater legal certainty..
- **Operator rights and obligations:** – The new law introduces a more detailed and structured framework governing the rights and obligations of petroleum operators. It places greater emphasis on strengthening these obligations in line with international standards. In particular, it strengthens requirements relating to transparency, corporate social responsibility and operational oversight. This reflects a more comprehensive and modern approach to regulation and accountability in the sector. It also contributes to a more predictable and robust operational environment.
- **Stronger regulatory and audit powers:** The new law reaffirms the INP's role as regulator while significantly strengthening its institutional position by enhancing its functional and technical independence. This includes decision-making and sanctioning powers. The INP's remit now extends across the entire petroleum value chain, and it can conduct inspections and audits at any time, including detailed reviews of recoverable costs. The government's powers have also been broadly expanded. Overall, this reinforced institutional framework is a positive development. It enhances regulatory clarity and consistency and supports the effective implementation of petroleum projects.
- **Community rights and social responsibility:** The 2014 Law addressed community involvement through a largely procedural framework. In contrast, the 2026 Law strengthens this dimension by establishing respect for local community rights and the delivery of community benefits as binding guiding principles. The new law introduces more substantive obligations, including replacing non-binding arrangements with enforceable compensation agreements directly between operators and affected communities, broader socio-economic support measures focused on community well-being and human rights, and stricter conditions for resettlement. Operators are also subject to enhanced corporate social responsibility, reporting and monitoring obligations, reflecting a more structured, rights-focused approach to community engagement.

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- **Local content requirements:** The 2014 Law addressed local content through relatively general provisions on employment, national participation and procurement preferences. The 2026 Law builds on this approach by introducing more structured and enforceable requirements, including mandatory Local Content Plans to ensure the progressive development of the Mozambican workforce and greater national participation. It also requires partnerships with foreign entities to demonstrate genuine economic substance and expands mechanisms that give priority to Mozambican companies and ENH in upstream opportunities. Overall, the regime shifts from a high-level policy approach to a more interventionist framework, placing local content at the centre of sector regulation and industrial policy. However, the local content regime applicable to the petroleum sector is now expressly consolidated in Law 9/2026 of 3 June, which regulates these matters in greater detail.
- **Domestic supply and in-country value addition:** The 2014 Law required that at least 25% of petroleum and gas be allocated to the domestic market. The 2026 Law maintains this threshold but refines its application by expressly including LNG. However, the practical implementation of this obligation in the context of LNG projects remains unclear, as LNG presents distinct commercial, technical and logistical considerations from other petroleum products such as LPG and condensate. The new regime also introduces pricing rules, requiring domestic supply to be made available at adjustable prices below international levels in order to support industrialisation. It also imposes additional obligations on operators, including requiring them to deliver condensate to the state free of charge up to the delivery point.
- **Environmental regime:** The 2014 Law addressed environmental matters through a set of relatively broad provisions on land use, supervision, liability and environmental protection. The 2026 Law, however, introduces a far more comprehensive and stringent framework. It establishes a mandatory environmental management regime under which operators must adopt approved environmental management plans, makes approval of petroleum projects expressly conditional on prior environmental impact assessments, and introduces clear obligations to rehabilitate sites and to compensate for environmental and social damage.
- **Miscellaneous:** The new law introduces additional flexibility and greater clarity in several areas. The construction and operation of pipeline systems and infrastructure may now be authorised through direct or simultaneous negotiation, and the rules on unitisation are more fully developed, including in relation to cross-border deposits and non-conceded areas. The Government is required to issue implementing regulations within 90 days, and the transitional framework provides that key principles—such as economic sovereignty, national security, transparency, regulatory oversight, environmental protection, public health and human rights – apply immediately to existing contracts, while any subsequent amendments or extensions are governed by the new law.

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**Outlook and Investor Considerations**

Overall, the 2026 Petroleum Law reflects a clear shift towards a more interventionist and policy-driven framework, with the State assuming a more active role in shaping the sector. While this may increase regulatory complexity and compliance burdens, it also brings greater structure, clarity and alignment with national development objectives. Notably, it will be important to consider how this new regime interacts with the existing framework applicable to the Rovuma Basin projects, as the law does not expressly address this relationship, potentially raising questions around coexistence and applicability in practice.

From an investor perspective, the new regime may present a more demanding environment in the short term, but it also introduces a higher degree of regulatory clarity by addressing several areas that were previously unregulated or only loosely defined. In many respects, the framework moves closer to international standards and provides more structured solutions, which may, in practice, prove more favourable to investment. Although compliance requirements are strengthened, the clearer allocation of rights, obligations and procedures has the potential to improve predictability, reduce uncertainty and support the effective implementation of petroleum projects. ■

