

Mozambique lays out the capitalist red carpet for SA

Star

By Derek Tommey 1/3/89

Marxist Mozambique, which has been virtually closed to South Africans since 1974, is now laying out the capitalist red carpet for South African investors.

It also intends extending the same carpet to tourists in about a year's time.

The news of Mozambique's change of heart was conveyed to a group of businessmen in Johannesburg by Mr Americo Magaia, president of the Mozambican Chamber of Commerce.

Mr Magaia said he been deputed by the Mozambican government to channel all investment inquiries to the proper authorities so that anyone wanting to invest in Mozambique should first approach him.

He said these authorities

would decide within 90 days of receiving an application whether a company could invest in Mozambique.

He told the 60 businessmen at the meeting there was a more favourable climate for foreign investors in Mozambique.

Since the beginning of 1987 Mozambique has been running an economic rehabilitation programme based on IMF and World Bank guidelines.

DEVALUATION

One result is that Mozambique's currency, the metical, has been devalued seven times in this two-year period from 42 to 678 to the US dollar.

Another is that foreign trade has been liberated. Importing and exporting is no longer a government monopoly.

Any private company operating in Mozambique can do its own importing and exporting.

Industry was provided with foreign exchange to enable it to import spare parts and raw materials so that it could operate at acceptable standards, he said.

Exporters could retain 60 percent of their foreign currency earnings, said Mr Magaia.

This was to ensure they could maintain and expand their operations.

He said there were no more empty shops in Maputo.

Retailers were given a foreign currency allocation every two months and were importing goods from all parts of the world.

At the same time a new code had been introduced, providing incentives for

foreign investment.

A foreign company could invest in Mozambique and retain 100 percent of its capital and 100-percent control.

There was no stipulation that foreign firms had to have Mozambican shareholders, though some firms liked to have a Mozambican partner.

The incentives included exemption from tax and other levies. Foreign firms are allowed to repatriate capital and profits provided they earn enough foreign capital to cover the costs of doing this.

Preference was given to foreign investments which increased export earnings or saved foreign currency by reducing imports.

He said there was much scope for investment in Mozambique in agriculture, commerce, transport,

fishing, manufacturing and domestic air travel.

Negotiations were taking place with various groups which had the capital and expertise to rehabilitate and re-open hotels.

A businessman at the conference said that before Mozambique could develop a tourist industry it needed the tourists.

VISAS

This would happen only when Mozambique made it easier to get a visa. He said that where tourists went, you would find businessmen a year later.

Mr Magaia said that because of the security problem, there were places where tourists could not be allowed to go at present.

Great emphasis was being laid on improving the transport system.

Sats was helping Mo-

zambique improve the line to Maputo and the British government was providing assistance for overhauling the line to Zimbabwe.

Much was being done to improve the roads. The intention behind this effort was to improve Mozambique's foreign currency earnings.

He said the economic recovery programme was going well and producing good results, but that it had led to prices rising faster than incomes and had created a social problem.

● Mrs Trudi Schwartz of the Lowveld Liaison Committee said the Mozambican Trade Office in Johannesburg usually took about a week to process a visa.

The current cost of staying in a Maputo hotel was R87 a night for single room and a continental breakfast.