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Mozambique: Optimism About Business Environment

14 July 2009

Maputo — The Mozambican business community is increasingly confident about improvements in the country's business environment, according to the latest issue of the Business Environment Index published by the consultancy company KPMG, and launched in Maputo on Monday.

This optimism is based on the reforms introduced by the government in order to improve the business environment, including the abolition of the requirement of a minimum amount of capital and a bank account before a company can be registered, and the approval last year of a new code of fiscal benefits.

The changes also include the introduction of a simplified tax system for small businesses, and a simplified licensing system, which allows licenses for business activities to be issued on the spot, in the presence of the applicant, rather than forcing him or her to wait for months.

There are regional differences. The lowest level of confidence is expressed by businesses in the northern province of Nampula who complain of obstacles to recruiting foreign labour, barriers to exports, and unfair competition from illegal imports.

Businesses in Zambezia and Tete provinces, however, show much greater optimism for the future, thanks to the improved provision of certain state services, such as water supply, electricity, and access roads.

In terms of sectors, the banking system, leasing and insurance, hotels and tourism, and transport companies showed the lowest rates of confidence, attributed to such factors as the world financial crisis, increased competition in markets and difficulties in access to credit.



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Assunto: Mozambique: Optimism about business environment

The businesses which are most optimistic are food and drink companies, thanks to the increased consumption of Mozambican products on the domestic market, and the increased ability of these companies to place their goods throughout the country. Manufacturing industry is also

Taking the economy as a whole, the factors that have contributed most to improved confidence are better water and electricity supply, and better roads. The negative factors are concerned with governance, and included organised crime and corruption.

The study says that "corruption is regarded as linked with organized crime, and with the red tape and bribery, which have been habitual in state institutions where papers are submitted for business activities".

Business people think that despite the efforts in the public sector to improve the environment in their area, red tape in the public sector is still a barrier to competitiveness. In five provinces (Gaza, Sofala, Zambezia, Cabo Delgado and Niassa), the study found that red tape was the single most important negative factor affecting business activity.

The study covered the last quarter of 2008 and the first quarter of this year, and was sponsored by the Irish embassy and German Cooperation, in partnership with the Confederation of Mozambican Business Associations (CTA) and the Mozambique-South African Chamber of Trade and Industry (CCIMOSA).

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