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**Trade Policy Review Body  
3 and 5 May 2017**

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**TRADE POLICY REVIEW**

MOZAMBIQUE

MINUTES OF THE MEETING

*Revision*

*Chairperson: Ms. Irene Young (Hong Kong, China)*

This document contains the advance written questions by WTO Members and replies provided by Mozambique.<sup>1</sup>

**Organe d'examen des politiques commerciales  
3 et 5 mai 2017**

**EXAMEN DES POLITIQUES COMMERCIALES**

MOZAMBIQUE

COMPTE RENDU DE LA RÉUNION

*Révision*

*Présidente: Mme Irene Young (Hong Kong, Chine)*

Le présent document contient les questions écrites communiquées à l'avance par les Membres de l'OMC et les réponses fournies par Mozambique.<sup>1</sup>

**Órgano de Examen de las Políticas Comerciales  
3 y 5 de mayo de 2017**

**EXAMEN DE LAS POLÍTICAS COMERCIALES**

MOZAMBIQUE

ACTA DE LA REUNIÓN

*Revisión*

*Presidenta: Sra. Irene Young (Hong Kong, China)*

En el presente documento figuran las preguntas presentadas anticipadamente por escrito de los Miembros de la OMC, así como las respuestas facilitadas por Mozambique.<sup>1</sup>

<sup>1</sup> In English and Spanish only./En anglais et espagnol seulement./En inglés y español solamente.

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**ARGENTINA****Report by the Secretariat (WT/TPR/S/354)**

**Question 1:** In paragraph 2.14, it is stated that even Mozambique has made 14 notifications since 2009, whereas it had only made two notifications over the period between its accession to the WTO until the end of the previous review period, meeting notification obligations is quite burdensome and is an area where Mozambique will continue to need technical assistance. What kind of technical assistance does Mozambique need to improve its notification obligations taking into consideration the assistance received so far?

**Answer:** *Language barrier is a big constraint issue for Mozambique (all the internal documents are in Portuguese, as this is the country's Official language). There is need for translation into English. Additionally, due to official's mobility in the Government, some trained staff is no longer dealing with notifications and there is almost need for a frequent training. Mozambique needs assistance on management of notifications online tool, on the establishment of database for documents/regulation managed by the National Notification Authority and National Enquiry Points and this should be an ongoing process, for SPS. We do hope and even propose that the WTO Secretariat should develop some materials written in Portuguese to facilitate the process of understanding and that of preparing notifications, aware of the need for notifications in almost all the areas.*

*We also suggest and or request the adoption of training courses devoted to Portuguese speaking countries, even if not always but, at least once biennially. Short assignments by our partners can assist Mozambique to update its notification commitments and they would be an added value to enable us, to keep our notification commitments updated in the various areas.*

**Question 2:** In paragraph 3.12, refers to the pre-shipment inspection for certain goods. Could Mozambique indicate the basis and reasons for the inclusion of certain goods in the list of pre-shipment inspection?

**Answer:** *The need to protect and defend public health and security (pharmaceutical products, frozen meat, flour cooking oil, cosmetics); infant industry protection (sugar, oil, cement); road security (second-hand vehicles and tires).*

**Question 3:** In paragraph 3.13, it is stated that Mozambique is considering phasing out pre-shipment inspection. Is this requirement under the consideration of being removed?

**Answer:** *Mozambique is aware of the obligation under the implementation of the WTO Agreement on trade Facilitation. According to the Categories of the TFA obligations, for Mozambique, this is under category "C". Mozambique is expecting to benefit from technical assistance in view to capacity building as prescribed on the Agreement.*

**Question 4:** In paragraph 3.67, it is mentioned that a new decree on GMOs entered into force in 2014. Could Mozambique provide further information on the implication of the new decree for trade and production of products containing GMOs?

**Answer:** *The new regime on GMOs management aims to protect human health, the environment and biological diversity, applies to all public and private entities involved in the export, import, transit, research, discharge into the environment, handling and use of GMOs and their products throughout the national territory. Regarding to import, export and transit; import of GMOs and their products for human and animal consumption, as well as food processing, requires authorization from the National Biosafety Authority.*

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**The Ministry of Science and Technology, Higher Education and Vocational Training is the institution from which you obtain the necessary authorization for trading and or producing GMO goods.**

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## **BRAZIL**

### **TRADE POLICY REVIEW - REPORT BY MOZAMBIQUE**

#### **1 INTRODUCTION**

Page 3 (1.3) "Mozambique presented its last Trade Policy Review in April 2009 and, since then, several economic reforms, and trade regulations were introduced, in order to create a more conducive trade and investment environment, as well as predictability in its policies."

**Question 5:** Can the transfer of funds related to an investment be made freely and without delay, to and from Mozambique? What measures has the government taken to facilitate such flows?

**Answer: In general, the transfer of funds related to investment is possible, and it has been done freely. However, these types of operations must be registered by the Central Bank, in accordance with the Exchange Law and its regulations.**

#### **2 ECONOMIC ENVIRONMENT AND DEVELOPMENT**

Page 4 (2.9) "In order to ensure a stable flow of foreign capital to meet national development objectives, Mozambique's investment policy is based on the following pillars:

a) Security and protection of property rights, as established in the Investment and Agrarian Laws;"

**Question 6:** Are there any differences between national and foreign investments in the agricultural sector? Are there specific requirements for foreign investment in the agricultural sector, including with regards to the use of land?

**Answer: According to the National Investment Law, there is an equal treatment in carrying out their activities. The difference in agricultural sector is regarding to the duration of the Provisional Authorization to use the land (DUAT). Provisional authorization has a maximum duration of 5 years for national persons and 2 years for foreign persons.**

#### **4 FINANCIAL AND TAX SECTOR**

Page 6 (4.1) "The Government is implementing reforms in the financial sector to: 1) modernize and expand the financial system; 2) promote the entry of new financial institutions; 3) promote microfinance institutions; 4) increase the level of monetization; 5) expand financial services in rural areas; 6) develop financial services for SMEs and family businesses; and 7) improve the insurance, pensions and social security sectors."

**Question 7:** What are the main requirements for new financial institutions entering Mozambique? How long does it take to verify the chain of capital ownership of these financial institutions?

**Answer: REQUIREMENTS FOR ESTABLISHMENT OF BANKS AND OTHER CREDIT INSTITUTIONS AND FINANCIAL COMPANIES**

**BASIC LEGISLATION**

- i) Law 15/99, of 1 November (Law on Credit Institutions and Financial Companies);*
- ii) Law 9/2004, of 21 July (which introduces some amendments to the Law 15/99 of 1 November);*
- iii) Decree 56/2004, of 10 December (Regulations on Credit Institutions and Financial Companies);*
- iv) Notice 4/2005, of 21 May (Minimum capital requirements for Credit Institutions and Financial Companies)*

**CONSTITUTION REQUIREMENTS**

***In accordance with the Article 11 (1) of the Law on Credit Institutions and Finance Companies, new applicants should meet the following requirements:***

- i) They should take a form of public limited company*
- ii) Their share capital shall not be less than the legal minimum required (equivalent to USD 25 millions). This amount can be reduced to 50%, when the Head Office or main place of the business is located in Lichinga (northern part of country) or to 70% when the Head Office is in any another town, except Maputo, Xai-Xai, Beira, Quelimane and Nampula.*

***APPLICATION PROCESS (Article 14 of the Law on Credit Institutions and Financial companies)***

***All applications should be addressed to the Governor of Banco de Moçambique, along with all supporting documentation, and the decision shall be taken within 90 days, if no additional information is required from the applicants. After the authorization, the institution must be incorporated within a period of 3 months and commence the business within a period of 12 months or, otherwise, the authorization will lapse.***

***Banks cannot commence their business until they have been registered in a special register at Bank of Mozambique.***

**5 AGRICULTURE AND FISHERIES**

**Question 8:** Since the end of March, referring to SPS concerns Mozambique has suspended the import of meat from Brazil and chicken from all origins. This measure was adopted in the wake of reports about the results of investigations on meat-producing plants in Brazil. In this context, the Brazilian Government took several measures to reinforce the already strict inspections of meat-producing plants, including the suspension of the export licenses or the closure of plants involved in isolated irregularities. Investigations were initiated by Brazilian authorities themselves, and of the 4,837 animal product-processing units subject to federal sanitary inspections, only 21 were allegedly involved in irregularities. Three of those were already cleared to export after rigorous audit by the authorities. The information provided by Brazil, as well as the robust response by the Government, led major markets to quickly revert excessive restrictive measures towards Brazilian exports. Could Mozambique provide updated information about the suspension? Is Mozambique open to reconsider its decision in light of new developments and information? What are the actions taken by Mozambique to adjust the measure in order to minimize the negative impact on trade as required by the SPS Agreement?

**Answer: Mozambique appreciates the measures taken by Brazilian Government to reinforce the already strict inspections of meat-producing plants.**

**Mozambique Authorities are working on the issue and will take the necessary steps to adjust to the new developments, based on the outcomes to be received from the laboratorial analysis ordered.**

Page 7 (5.8) "In 2016, the Government prepared the Operational Plan for Food Production, which advocates for substantial increases in food production. With the implementation of this Plan, the expectation is to reduce the import levels of rice and chicken by 50% by 2019."

**Question 9:** Could Mozambique provide further details about the Operational Plan for Food Production? Does the Plan include trade measures to foster domestic production? Are there incentives for foreign companies to produce locally?

**Answer:** *Mozambique is a signatory of the Maputo and Malabo Declaration on Agriculture. Based on that, Mozambique approved the National Investment Plan (NIP). The Operational Plan for Food Production is a day-to-day plan for the NIP.*

*In 2016, the Government defined agriculture as one of the four main sectors to be given more attention. The specific objectives envisaged are/ to identify main products for national consumption and exports, aiming at defining the financing mechanism and carry out market analysis to boost the production of those main products.*

*All Provinces were instructed to identify their main commodities for food safety among maize, rice, vegetables, beans, potatoes, red meat, poultry (chicken and eggs) and fish. For export, the commodities are cashew nuts, tobacco, cotton, sugar cane, bananas, pigeon peas and fish.*

*For foreign companies to invest in Agriculture, they have incentives under the Investment law. These incentives are on equipment importation duties, as well as on taxes exemption (Years of grace for maturing the investment).*

#### 11 TRADE-RELATED TECHNICAL ASSISTANCE

Page 15 (11.6) "Mozambique needs trade-related technical assistance, as described below: (a) – (ff)"

**Question 10:** Could Mozambique provide further information about which of the areas identified as priorities for technical assistance are receiving more support from bilateral and multilateral sources and which areas are receiving less or no support?

**Answer:** *Regarding technical assistance, Mozambique receives:*

**Areas receiving some assistance:**

- *Customs inspection and valuation*
- *Rules of origin*
- *Metrology, standardization and certification*
- *Support to reform the procurement system, but there is a continued need for technical assistance to consolidate the ongoing reforms and specially to implement e-Procurement*

**Areas receiving Less support:**

- *Training in international trade*
- *Training on the implementation of WTO Agreement on Trade Facilitation*
- *Customs Coordinated Border Management Testing laboratories*

**Areas receiving no Assistance at all:**

- *Trade Remedies and safeguard Measures;*
- *Interface between the Single Window and E- taxation Projects;*
- *Electronic Monitoring of International Transit;*
- *Training on price and transfer, fiscal base erosion and*

- **Specialized training in strategic planning, policy, economic and legal analysis for trade negotiations;**

***This is to mention some areas. Actually, the list of activities receiving no assistance is quite extensive, as needs are many.***

## TRADE AND INVESTMENT REGIMES

### 2.4 Investment Regime

Page 31 (2.32) "Investment in Mozambique (excluding the petroleum, natural gas and mining sectors) remains largely governed by the Investment Code, Law No. 3/1993.25 While compliance with the Investment Code is not obligatory in order to set up and run a business in Mozambique, only those companies (national or foreign) granted investment licences under the Code may enjoy the benefits contained therein. These include: protection of property rights, and compensation for expropriation; the remittance abroad of funds earned from investment activities; access to fiscal incentives under the Code of Fiscal Benefits (see Section 3.3.1); and dispute settlement."

**Question 11:** What are the requirements to obtain an investment license? Are they different between nationals and foreigners?

**Answer: In order to have an investment license, a national and or foreign person must submit the investment project with the identification of the investors, the documents of the implementing company registered in Mozambique, Tax Identification Number in Mozambique (NUIT), lease contract of the office in Mozambique and or land documents.**

**National and foreign investors have an equal treatment according to the Investment Law. The difference is only when a foreign investor want to have an eligibility for external remittances of profits and re-export of invested capital. There are minimum values of foreign direct investment established when using equity capital, according to the internal legislation and regulations).**

## 3 TRADE POLICIES AND PRACTICES BY MEASURE

### 3.3 Measures Affecting Production and Trade

Page 70 (3.104) "Over the review period, the Government of Mozambique has continued to reform its procurement regime; a new procurement Decree was introduced in 2010, replacing legislation dating back to 2006 (Decree No. 15/2010 of 24 May 2010). The 2010 Decree was then replaced by new Public Procurement Regulations, which entered into force on 6 June 2016 (Decree No. 05/2016 of 8 March 2016).

The objectives of legislative reform were to: increase transparency; reduce the use of direct procurement; include a flexible new contracting modality (call for quotes); increase business opportunities for foreign competitors; introduce a chapter on public works contracts; remove barriers to the submission of complaints by competitors; increase the thresholds for the application of limited tenders, small-size tenders and other forms of consultancy services; require the publication of award documents, including those of direct procurement; and organize the regulation in such a manner as to help technicians understand the requirements contained therein."

**Question 12:** What are the conditions for foreign competitors to participate in public procurements? Are foreign bidders always able to participate in the process?

**Answer: The Procurement Regulation approved by Decree no. 5/2016, dated 8<sup>th</sup> March, establishes 3 procurement regimes, which are:**

- **The General Regime: Open competitive bidding – open to all national and international suppliers, unless the bidding documents states that the tender is only for national suppliers, depending on the types of works, and or goods and services, respectively;**

**- The Special Regime: The Regulation approved by Decree no. 5/2016, dated 8<sup>th</sup> March, opens the possibility of adoption of other procedures for contracting goods and services due to treaties and international financing, when there is a requirement to apply specific contracting rules;**

**- Exceptional Regime: Congregates 7 different specific modalities that are exceptions to the General Regime. Basically 3 of these modalities (limited Tenders, Small Value Tenders and Shopping) are restricted to national suppliers or international suppliers domiciled in Mozambique for at least 5 years, seeing that that to be able to apply for these modalities the supplier must be registered in National Suppliers Registry maintained by the Functional Unit for Supervision of Procurement (UFSA).**

#### 4 TRADE POLICIES AND PRACTICES BY SECTOR

##### 4.5 Services Sector

Page 90 (4.65) "Financial access has increased significantly over the last decade. The number of bank branches rose from 228 in 2005 to 572 in 2014 and the credit-to-GDP ratio rose from 13.2% to 30% (.). The share of the adult population that has a bank account increased to 20% in 2014 and the share of adults financially excluded dropped to 60% in the same year."

**Question 13:** What are the prudential rules applicable to bank branches and how do these organizations differ from full subsidiaries regarding the banking supervision and operating requirements?

**Answer: All (eighteen) Commercial banks operating in Mozambique are subject to on-site and off-site supervision based on their risk profile and systemic importance. The Central Bank also does promote prudential meetings with the banks.**

**The prudential rules applicable to bank branches can be found on the Law n° 15/99 of November 1, Law of Credit Institutions and Financial Companies, in conjunction with the amendments introduced by Law no. 9/2004, of July 21 and other relevant legislation for the prudential supervisory process.**

**Currently Commercial banks operating in Mozambique do not have subsidiaries abroad or representative offices neither banking groups with foreign affiliates.**

Page 90 (4.68) "(.) The five largest banks, all foreign-owned, hold more than 80% of the system's assets. Almost 80% of bank agencies and ATMs are located in urban areas, around half in Maputo."

**Question 14:** Which measures has the Mozambican government taken or has planned to take in order to stimulate the reduction of banking concentration?

Page 91 (4.70) "In March 2013, the authorities adopted a Financial Sector Development Strategy 2013-22, aimed at deepening financial inclusion, which includes measures to enhance competition, consumer protection and financial literacy."

**Answer: The Central Bank has approved Rules for the opening and closing of branches (Aviso 1/GBM/2015; Regime for banking Agents (Aviso 3/GBM/2015; and the National Financial Strategy 2016/2022.**

**Question 15:** What measures shall be applied to increase financial inclusion without increasing portfolio risks for financial institutions? How does the Government plan to encourage these institutions to change their business models?

**Answer: Some measures have been implemented in order to increase financial inclusion without increasing portfolio risk for financial institutions. E.g. the Decree n°66/2014 of 29th October, which approves the regulation of Law n°14/2013 of 12 August, that establishes the legal regime and measures of prevention and repression in relation to**

***the use of the financial system and of non-financial entities for the purpose of money laundering, financing of terrorist and related crimes.***

***Indeed, Article 5(1) of this Law establishes that it is considered a valid identification document that one that meets cumulatively the following: be issued by a competent authority, it contains the holder's current photograph, if applicable, within the period of validity entered in it.***

***Article 2 (2) specifies that the information provided under Article 5(1), according to the category of the risk identified by the institution can be verified in the case of natural persons, against presentation of one of the following official documents:***

- i) identity card, receipt of identity card, passport;***
- ii) residence permit, voter registration card, work ID card, military ID card;***
- iii) refugee identification card, political exile card and driving licence.***

***Additionally, under Paragraph (3), it further specifies that in cases of low-risk clients, financial institutions and non-financial entities may also corroborate the information provided by these natural persons by accepting confirmation from two witnesses of recognized reputation to the community or concerned institution, or a declaration from the administrative entity responsible for the community.***

***Apart of the already implemented measures towards financial inclusion, there are still some challenges, namely:***

- i) introduction of Measures intended to fight money laundering and terrorist financing through the use of other measures of clients' identification without the use of documentation, (KYC-DD Know Your Client-Client Due-Diligence); i.e. the legal recognition for the use of biometric identification technology in the opening of accounts (banking and non-banking); and***
- ii) formalization and formal recognition of groups involved in revolving savings schemes and loans.***

***Some of the existing plans to encourage these institutions are highlighted in the National Strategy for Financial Inclusion 2016-2022:***

- i) promotion of the banking agent activities (approved by Notice no. 3/2015, of 4 May), with a view to expanding and diversifying the network of access points to financial services, with emphasis on rural areas;***
- ii) promotion of the simplified micro-insurance activities, both by the traditional model and by means of the mobile phone, aimed at MSMEs, farmers and the low-income population;***
- iii) carrying out an assessment of existing rural finance initiatives to identify and enhance synergies with private initiative;***
- iv) creation of regulation of payment services by companies with the view of hosting and follow up on innovative electronic payment initiatives that cannot yet be licensed without a partnership with banks.***

Page 91 (4.72) "In 2014, net bank assets reached 54.5% of GDP. The combined net assets of the six largest banks operating in Mozambique increased 22% year-on-year. Average return on equity was 20%, although this was higher for the three main banks. Non-performing loans rose by 75% from 2013, increasing from 2.19% to 3.03%. Local currency denominated loans increased, accounting for 75% of the total loan portfolio in the period, against 73% in 2013."

**Question 16:** Are there specific requirements for collaterals of loans in foreign currency? If so, how is this system of guarantees structured?

**Answer: The credit risk mitigation (CRM) framework implemented does not distinguish collateral requirements based on whether loans are in domestic or in foreign currency. However, the documentation used in collateralized transactions and for documenting on-balance sheet netting and guarantees must be binding on all parties and legally enforceable in all relevant jurisdictions. When the risk position and the collateral are not denominated in the same currency, the risk weight of the collateral that substitutes the risk weight of the counterparty for the collateralized portion is subject to a 20% floor.**

Page 91 (4.77) "Cross-border acceptance of deposits and lending by banks are allowed, but lending is subject to restrictions on the period, size, and interest rate of the loan. For the provision of these services through the establishment of a commercial presence, the incorporation of a company requires authorization, which is granted on a case-by-case basis by the Central Bank. In addition, the repatriation of earnings requires the approval of the Investment Promotion Centre and registration with the Central Bank. Furthermore, the sale of a branch of a foreign insurer requires prior authorization by the Minister of Finance; the establishment of branches of foreign insurers seems to be subject to an economic needs test; insurance mediation is reserved for Mozambican residents and companies with headquarters in Mozambique; and the majority of the members of the board of joint stock insurance companies must be resident in Mozambique."

**Question 17:** Are there specified timeframes for the Central Bank to grant these authorizations? Are these rules public and accessible to all stakeholders?

**Answer: On the repatriation of earnings, the involvement of the Investment Promotion Centre is limited only to recognition of the status of foreign direct investor of the company that is requesting the repatriation of the gains.**

**The rest is with the Central Bank for registration and the Commercial Banks, in accordance with the foreign exchange legislation (Regulation of Law 11/2009 of the 11th of March and Decree 83/2010 of 31 December, attached for reference.**

**According to Article 64 of Decree No. 83/2010, of December 31, the deadline for the Central Bank to grant authorization is 15 working days, if the application is all in order.**

**The rules are in the public domain and they are available at the Bank of Mozambique website at [http://www.bancomoc.mz/fm\\_pgTab1.aspx?id=13](http://www.bancomoc.mz/fm_pgTab1.aspx?id=13).**

**On insurance companies registration and mediation, relevant information can be found at [www.issm.gov.mz](http://www.issm.gov.mz) (Instituto de Supervisão de Seguros de Moçambique - Insurance Supervision Institute of Mozambique).**

**See also:**

**<http://www.acismoz.com/lib/services/translations/Forex%20law%2011-2009.pdf>**

**and**

**<http://www.acismoz.com/lib/services/translations/Decree%2083-2010%20Foreign%20Exchange%20Regulation.pdf>**

**CANADA****Report by the Secretariat (WT/TPR/S/354)**

Part 3 Trade Policies and Practices by Measure: (2) Measures Directly Affecting Exports (2) Export taxes, charges and levies, page 62, paragraph 3.76.

The Secretariat's Report notes that fees on the export of raw and processed timber were introduced in 2011 to protect the environment. The Report notes that authorities have indicated that these fees were introduced so that forest use is sustainable through revenue collection in order to protect the environment, and to promote secondary processing so as to create jobs.

**Question 18:** Could Mozambique provide information on how the revenue collected through export fees is used to promote the sustainability of forest resources?

**Answer:** *In view to promote domestic processing industry aiming at creating more employment opportunities, the collected revenue has been channelled to a specific fund used for awareness activities for local communities and other stakeholders against wild fires. It is also used for reforestation activities such as preparation and establishment of nurseries and for planting activities. Part of the revenue is used for acquisition of vehicles and other equipment for law enforcement activities.*

Part 4 Trade Policies and Practices by Sector: (2) Agriculture and Fisheries (4) Fisheries, page 82, paragraph 4.21

**Question 19:** The Secretariat's Report notes that the emphasis of the Government's fisheries policy has shifted from exports to production for the domestic market through promotion of artisanal fisheries and aquaculture, while also taking measures to contain overexploitation. What measures are being taken to minimize overexploitation of fisheries resources?

**Answer:** *The Government has introduced some measures in order to minimize overexploitation of marine resources, which include the termination of issuance of new licenses for capture of shrimps, promotion of aquaculture, fishing of others species with commercial value, enforcement of legislation on non-fishing season and monitoring.*

**CHILE**

Informe: WT/TPR/G/354 (informe de Mozambique)

**2.3 Inversión****Párrafo 2.11, pág. 4**

"Con la fusión del Centro de Promoción de las Inversiones, la Oficina de las Zonas Económicas de Desarrollo Acelerado y el Instituto de Promoción de la Exportación, y la creación de la Agencia para el Fomento de la Inversión y las Exportaciones (APIEX), las actividades de inversión y promoción de exportaciones han quedado integradas en un solo organismo."

**Pregunta 20:** para Chile es de gran interés conocer cómo ha resultado esta fusión en la estrategia de Mozambique para su desarrollo económico y tener antecedentes de cómo esta nueva Agencia establecen las prioridades entre las inversiones extranjeras y las exportaciones de Mozambique.

**Answer:** *The establishing of the Agency for the Promotion of Investment and Exports (APIEX) is part of the Governments ongoing actions/ reforms to improve the business environment, optimization of resources, as well as of stimulating the promotion of private investment and exports, with a view to accelerating economic growth and modernizing the national economy.*

*The functions of the new agency are, among others: (i) development and implementation of actions to promote and manage processes towards to private and public investment awareness/realization, of national or foreign origin, and (ii) creation,*

**development and management of Special Economic Zones and Industrial Free Zones, and (iii) the promotion of national exports.**

## **2.4 Entorno Empresarial**

### **Párrafo 2.15, pág. 5**

“Se ha establecido una Plataforma Electrónica Integrada para la Prestación de Servicios cuyo objetivo, en una primera fase, es unificar el proceso de concesión de licencias de actividades económicas a fin de mejorar los servicios del sistema de ventanilla única en todo el país. La Plataforma permitirá también poner en contacto a los distintos actores de diferentes esferas económicas y de otra índole, con el objetivo último de facilitar y reducir los procedimientos, plazos y costes para el sector privado y contribuir de este modo al crecimiento económico del país.”

**Pregunta 21:** Al respecto, a Chile le interesa conocer si en dicha plataforma pueden participar empresas con domicilio fuera de Mozambique.

**Answer: *The Electronic Platform is still under development, in view to include on line services. Only then that companies, including those based in foreign countries, will be able to use all the facilities regarding to registration and licencing of economic activities in Mozambique on line.***

## **5. Agricultura y Pesca**

### **Párrafo 5.10, pág. 8**

“En un esfuerzo por aumentar la producción, la productividad, los ingresos y la contribución del sector pesquero a la economía nacional, el Gobierno aprobó en 2013 el Plan Estratégico para el Desarrollo de la Pesca del Atún y en 2008 la Estrategia de Desarrollo de la Acuicultura para el período 2008-2017”.

**Pregunta 22:** Para Chile es de gran interés conocer mayores antecedentes sobre esta estrategia, sus avances y desafíos, junto con pregunta si Mozambique considera necesario elaborar una nueva etapa de dicha estrategia.

**Answer:**

### **1) TUNA STRATEGY - Background:**

***The Tuna fishery had only been practiced by foreigners through the use of flagship tuna fleets and the employment of foreign labor, with production being retained on board and transferred or transhipped at sea for support and unloaded boats In foreign ports. The tuna fleet used Mozambican ports for pre-fishing inspection.***

***The benefits to the country were limited to the fees received to issue fishing licenses.***

***It is within this framework that the above strategy initiative is framed to ensure a greater and better contribution of the tuna fishery to the national economy.***

***The general objective for the development of the strategy was to stimulate a greater contribution of the tuna fishery to the socio-economic development of the country, by maximizing its benefits in the Exclusive Economic Zone of Mozambique (EEZ). In addition, the strategy was intended to promoting greater contribution of the tuna fishery to the food and nutritional security of the populations, to encourage the creation of a locally based national or foreign industrial fleet dedicated to tuna fishing. Furthermore, it was intended to promote greater contribution of the tuna fishery in the balance of payments, strengthening effective control over tuna fisheries in the EEZ and promotion of a sustainable tuna management.***

### **MAIN CHALLENGES:**

#### **(i) INFRASTRUCTURES**

***The problem that the fishing sector is facing has to do with the lack of port infrastructures to meet the potential demand of the national and foreign fleet. This is***

**because that the existing port infrastructures are obsolete, failing to ensure safety of fishing fleet and the efficient handling of fish.**

**(ii) FISHING VESSELS AND EQUIPMENT**

**The key challenge for the development of the national tuna fleet is that investment in the acquisition of fishing vessels entails large financial resources, and most national owners and entrepreneurs do not have the capacity, hence that they have to resort to joint ventures, public investment or charter contracts, using foreign flag vessels.**

**(iii) HUMAN RESOURCES**

**The tuna fishery is quite demanding from a technological and training point of view. However, existing training institutions in the country, namely the School of Fisheries and the School of Marine Sciences, are not qualified for the certification in accordance with the International Convention on Training and Seafarers for Fishing Fleet - STCW95 - F, and therefore, graduates from these institutions can only pursue their profession within the jurisdictional waters.**

**Considering that, tuna is a migratory species, and for the viability of fishing operations, an international certification is required since the fishing is done in the high seas and waters of third countries.**

**(iv) INSTITUTIONAL CAPACITY**

**Developing institutional capacity is very crucial for the sustainable management of fisheries resources. For years, the fisheries sector has concentrated its investments in training and research, targeting traditional fisheries, namely crustaceans (shrimp, prawn and lobster). At present, there is a lack of knowledge and capacity for tuna research and monitoring.**

**2) Aquaculture Development Strategy**

**Background: In Mozambique, aquaculture began in the 1950s, with the settlement of dams for fish farming, for agricultural workers.**

**In the early 1960s, three aquaculture research and demonstration canters were built by the then colonial government, namely in Sussundenga, Chokwé and Umbelúzi, for restocking of natural freshwater.**

**At the end of the 1990s, the aquaculture industry emerged in the provinces of Cabo Delgado, Zambézia and Sofala, focused on the cultivation of marine species, namely shrimp and algae. Commercial fish farming began in the 2000s, in the provinces of Manica and Tete with the farming of tilapia, and later there are companies of marine fish farming in Cabo Delgado and Zambézia.**

**The Aquaculture Development Strategy has as main objective ensure the potential use of aquaculture in a sustainable way, promoting social economic development.**

**Challenges:**

- i) lack of infrastructures for the development of aquaculture;**
- ii) access and availability of credit for small farmers;**
- iii) unavailability of feed and inadequate infrastructures of support.**

**The Aquaculture Development Strategy for the period of 2008-2017 will expire this year and a new strategy is envisaged in this area.**

## 9.2 Acuerdos Comerciales y otras Iniciativas preferenciales

Párrafo 9.4, pág. 14

"El 10 de junio de 2016, Mozambique firmó el Acuerdo de Asociación Económica Global con la Unión Europea, actualmente pendiente de ratificación por la Asamblea de la República. El proceso de ratificación podría tener lugar en 2017."

**Pregunta 23:** sobre el particular, nos gustaría contar con mayores antecedentes en que trámite legislativo de Mozambique esta este proceso, y que posibles efectos tendría el Brexit en este Acuerdo.

**Answer: Mozambique signed the Economic Partnership Agreement on June 10<sup>th</sup> 2016. The National Parliament ratified this Agreement on April 28<sup>th</sup> 2017.**

***With the United Kingdom, our expectations are to continue to have preferential market access after the UK has left the EU. In this regard, we look forward to engage with the UK to find the best way to improve our trade and economic relations, bilaterally or regionally, under SADC.***

## 10. Mozambique en la Organización Mundial de Comercio

Párrafo 10.1, pág. 15

"Después de que el Gobierno lo ratificase el 31 de octubre de 2016 (mediante la Resolución Nº 26/2016), Mozambique presentó su instrumento de aceptación del Acuerdo sobre Facilitación del Comercio de la OMC el 6 de enero de 2017. Además, se han notificado a la OMC todas las disposiciones de las categorías A, B y C y se ha creado un Comité Nacional para la Facilitación del Comercio."

**Pregunta 24:** en el párrafo se menciona la Creación de un Comité Nacional para la Facilitación de Comercio. Para Chile es una acción muy relevante y nos gustaría conocer sus avances en relación a cómo se establece la participación de todos los sectores productivos en dicho Comité Nacional.

**Answer: The National Committee for Trade Facilitation is composed by Representatives from institutions that play a role in the trade facilitation process. Concerning the participation of the private sector, the Confederation of Business Associations of Mozambique represents this segment. The Committee is open for participation of any stakeholders who can be invited, depending on the issues under consideration in a particular session of this Committee.**

## **Informe: WT/TPR/S/354 (informe de la Secretaria)**

### 2.3.4.1. Unión Africana

Párrafo 2.26, pág. 31-32

"Mozambique es miembro fundador de la Unión Africana (UA), organización sucesora de la Organización de la Unidad Africana (OUA) cuyo objetivo es la creación de una unión económica y monetaria. Bajo los auspicios de la OUA (y actualmente de la UA), el Tratado de Abuja de 1991 estableció la Comunidad Económica Africana (CEA) y previó un proceso de seis etapas y 34 años de duración destinado a la creación de un mercado común africano basado en la coordinación y armonización de medidas arancelarias y no arancelarias entre diversos grupos comerciales y subregionales (o comunidades económicas regionales). En 2008 se iniciaron las negociaciones para establecer hacia 2015/2016 una zona de libre comercio tripartita ampliada que abarcaría a los miembros del Mercado Común del África Meridional y Oriental (COMESA), la SADC y la Comunidad del África Oriental (CAO). Mozambique no se unió al acuerdo de creación de una zona de libre comercio, firmado en junio de 2015 por algunos de los Estados miembros tripartitos. Actualmente está a la espera de que finalice un estudio en que se identifiquen las posibles repercusiones económicas que su firma tendría para Mozambique; está previsto que los resultados definitivos estén disponibles a finales de 2016."

**Pregunta 25:** en el párrafo citado se menciona que Mozambique no se unió al acuerdo de creación de una zona de libre comercio, firmado en junio de 2015 por algunos Estados miembros tripartitos. Para Chile es de gran interés de conocer el estado de avance del estudio el cual está identificando las posibles repercusiones económicas que tendría para Mozambique participar de esta Zona tripartita.

**Answer: *The study has been concluded. We are still looking at the recommendations before a decision is taken on when to sign the Tripartite Free Trade Area Agreement.***

#### 2.3.4.3 Relaciones con los Estados Unidos

Párrafo 2.31, pág. 32

“Los Gobiernos de los Estados Unidos y Mozambique firmaron en 2015 un Memorando de Entendimiento sobre la asociación "Trade Africa" en el que identificaron conjuntamente los siguientes ámbitos de cooperación y asistencia técnica: facilitación del comercio; medidas sanitarias y fitosanitarias (MSF); obstáculos técnicos al comercio (OTC); y políticas para promover el comercio regional y atraer la inversión. El Memorando sirve de base para la prestación de asistencia técnica y la creación de capacidad.”

**Pregunta 26:** con respecto al párrafo mencionado, a Chile le interesa conocer esta experiencia de trabajo conjunto y las áreas de trabajo que se han realizado hasta la fecha. Chile ve con interés este proceso, ya que el año 2016 Chile presentó una propuesta de Memorandum de Entendimiento en materias comerciales e inversiones.

**Answer: *Mozambique received the proposal of the Memorandum of Understanding on Trade and Investment. As already mentioned due to language issue, the document is being translated into Portuguese, and only after that, is when the proposal will be subject to analysis and consideration. Upon due consideration, of the proposal we will revert to the Government of Chile accordingly.***

## CHINA

### Questions based on Report by the Secretariat (WT/TPR/S/354)

Summary, Para 3

“For most of the review period, Mozambique appeared to be enjoying a natural gas-fuelled boom until the disclosure in April 2016 of secret loans to the Government, which resulted in the IMF and other donors suspending financial support. The Mozambican authorities are currently engaged in discussions to resume financial support.”

**Question 27:** Has the IMF ever signed any new agreement with Mozambique in 2016? If yes, what's the main content of the agreement?

**Answer: *There is no new agreement signed between IMF and Mozambique. However, the Government is in discussions with the IMF for approval of a new program for technical and financial assistance to Mozambique. It is expected that the new programme will be approved.***

**Question 28:** Has the IMF resumed financial support for Mozambique currently?

**Answer: *The IMF has not yet resumed any financial support for Mozambique.***

Page 67, Para 3.89

“Mozambique promulgated its first historic Competition Law (Law No. 10/2013 of 11 April 2013) in 2013, and its implementing regulations in 2014 (Decree No. 97/2014 of 31 January 2014). This Law was the first step in Mozambique's efforts to establish a modern regime on competition as envisaged in Resolution No. 37/2007 of 12 November 2007, described in Mozambique's previous Review.”

**Question 29:** Please introduce the relationship between the Competition Law and other sectoral regulatory laws.

**Answer:** *The sectoral regulators cooperate with the competition Authority that oversees all the competition aspect. The sectoral regulators must cooperate bringing information or participating in the investigation (article 7 of the Competition Law).*

Page 67, Para 3.90

"Decree No. 37/2014 of 1 August 2014 approved the Organic Statute of the Competition Regulatory Authority (ARC) to enforce the provisions of the Competition Law. The ARC, once operational, will have authority to supervise, regulate, investigate and sanction, and will also be required to coordinate its activities with other regulatory authorities in the application of the Law (currently the Bank of Mozambique, the Communications Institute of Mozambique, the National Petroleum Institute, the Water Regulation Council, the National Institute of Civil Aviation, the National Institute of Insurance Supervision, the National Institute of Land Transport, the National Naval Institute, and the Institute of Information and Communications Technologies)."

**Question 30:** Please explain the relationship between the law enforcement authorities and the division of labour between these authorities.

**Answer:** *The sectorial regulators assure that the industry work according with the regulation of its sector, which includes law, decree and regulation approved by the regulators. In the event the sectorial regulators find any antitrust behaviour, they inform the Competition Authority to act, doing investigation and fining the companies.*

**Question 31:** How does the Competition Regulatory Authority (ARC) coordinate its activities with other sectoral regulatory authorities in the investigations?

**Answer:** *It is an understanding that this will be a practical issue when the Competition Authority starts. However, it may request data from the sectoral regulatory entities and request specialists to help on those markets that require more expertise to investigate any antitrust conduct.*

Page 67, Para 3.92

"Under the Law, prohibited anti-competitive practices include: horizontal agreements between competitors which aim to, or have the effect of, impeding, distorting or restricting competition; vertical agreements between companies and their customers and suppliers; and the abuse of dominant position by a dominant enterprise."

**Question 32:** Please specify the applicable standards, working procedures and typical cases of the exemption of monopolistic agreements and abuse of dominant market positions.

**Answer:** *According to the Competition Law the companies must submit the application for exemption clarifying the type of exemption they require. The Competition Authority will examine according to the law and economic analysis.*

## EUROPEAN UNION

### WT/TPR/S/354 – WTO Secretariat's Report

#### 1 ECONOMIC ENVIRONMENT

##### 1.3.2 Foreign direct investment (FDI)

###### Paragraph 1.24, page 22

FDI and growth both decreased in 2016 for various reasons, at the same time Mozambique's ease of Doing Business ranking showed no progress, concerted efforts are required to improve the business environment.

**Question 33:** What are the main reforms to improve the ease of doing business and investment climate?

**Answer:** *The main reforms to improve a business environment are:*

- 1. Starting a business indicator:**
  - a. Amendment of the Commercial Code;*
  - b. Streamlining of the e-BAU (electronic platform) aggregating the interoperability;*
  - c. Reviewing of the simplified license regime to introduce zero license without any cost for the businessmen and introduce new activities;*
  - d. Publishing the bylaws four times a week in the Official Gazette*
- 2. Getting electricity: streamline the procedure to connect power. Thus, the businesspersons exchanges documents interact only with the utility.**
- 3. Registering property:**
  - a. Reviewing of the Deed Property Code;*
  - b. Conclude the digitalization of the books of register.*
- 4. Protection minority investor: reviewing Commercial Code.**
- 5. Getting Credit:**
  - a. Implement the Private Credit Bureau Law and its regulation;*
  - b. Introduction of a collateral regime and its central for registration*
- 6. Enforcing contract**
  - a. Introduction of Mediation Service within the Courts;*
  - b. Reduction from two to one months the judicial holiday*
  - c. Reviewing of the Courts fees Code;*
- 7. Resolving insolvency: approval of the Regulation on the insolvency law.**

The EU notes that national statistics on actual investment stock and flows (not only on announced investments) are difficult to come by, even more at a disaggregated level.

**Question 34:** Could Mozambique indicate whether there is any plan to improve the production and the publication of FDI statistics?

**Answer:** *GAZEDA prepares annually, statistical information on investment projects approved under the Special Economic Zone/Industrial Free Zone Regime, including their degree of achievement. These data is incorporated in the reports to the Council of Ministers on the investment situation in the country.*

## **2 TRADE AND INVESTMENT REGIMES**

### **2.1 General Framework**

#### **Paragraph 2.3, page 23 and Table 2.1**

Table 2.1 contains Mozambique's principal trade-related laws and regulations up to April 2016. Mozambique launched the revision of its Labour Law in March this year. The EU considers a positive step to update the 10 year old law and to ensure that it answers to current needs and context.

**Question 35:** Could Mozambique inform on the timespan to conclude the on-going revision clarifying which were the main drivers leading to the revision?

**Answer:** *During the current year, the Government will prepare Terms of Reference for reviewing the legislation, in collaboration with social partners, in particular the employers' and employees' associations, Academia, and others stakeholders with the understanding and Knowledge of Labour Law. The review itself will take place in 2018. The main factors for this review are:*

- *the need to update the legislation to conform with the current stage of development of the country's economy;*
- *the need to conform the legislation to the ILO Conventions, following the recommendations from ILO experts.*

## **2.5 Framework for Business**

### **Paragraph 2.43, page 35**

The World Economic Forum has identified the most problematic factors for doing business in Mozambique as being: access to financing; an inefficient government bureaucracy; and corruption.

**Question 36:** Could Mozambique clarify whether there is any plan to address this issue? What is the Anti-corruption strategy that the Government intend to adopt?

**Answer:** *Regarding the access to finance, the main measures are:*

#### **1. Implement the Private Credit Bureau Law and its regulation;**

- a. *- Introduction of a collateral regime and its central for registration,*
- b. *The use of the Stock Exchange to finance the companies.*

*Bureaucracy is the main focus of the government to assure that decisions are made on time with low cost for the citizens. The amendment of the civil servant law is one of the measures to assure that in case of non-compliance with the provisions of the law, the necessary action can be easily taken in view to fire then.*

*Regarding the corruption, the role of the Corruption Unit is very important and there is huge evolution on its role. Regularly, the Government promotes actions for awareness on that and give to the citizen's different ways of complaining on corruption acts.*

## **3 TRADE POLICIES AND PRACTICES BY MEASURE**

### **3.1.4.7 Excise taxes**

#### **Paragraph 3.39, page 52**

The report mentions that the special inspection regime as set out in Ministerial Diploma 59/2016 of 14 September 2016 charges higher fees for imported products than for domestically produced goods. This new regime for "control stamps" for alcoholic beverages was notified to the WTO in December 2016 (ref. G/TBT/N/MOZ/10) and shall enter into force in various stages throughout 2017. The European industry has expressed its concerns because it charges higher prices for the stamps for imported beverages than for domestic beverages. The Mozambican authorities have committed to amend the legislation to remove the fiscal discrimination.

**Question 37:** Could Mozambique clarify when this fiscal discrimination will be terminated? Is there any legislative initiative in place in this respect?

**Answer:** *Mozambique is aware of the fiscal discrimination on the implementation of stamps on alcoholic beverages. There is a legislative initiative in course to correct the difference in prices of stamps on imported and domestic alcohol beverages. It is expected that the new legislation will enter into force in 2018.*

***The Decree imposes that the products subject to stamp control, when imported to Mozambique must be declared already stamped. That is, they must be stamped in the preceding country. However, we pretend to evaluate the possibility in the future, the seals be attached in Mozambique, in bound Warehouses.***

Furthermore, it also requires that seals that provide proof of excise and tax payments are attached before importation. European companies are therefore prevented from attaching the seal in Mozambique, for instance in bonded warehouses and this works, de facto, as a technical barrier to trade.

**Question 38:** Could Mozambique clarify whether there are any plans to amend the current legislation allowing to attain the pursued objective - that is to address contraband concerns - on the basis of a less restrictive regime?

***Answer: The Decree imposes that the products subject to stamp control, when imported to Mozambique must be declared already stamped, what means that they must be stamped in the preceding country. However, we pretend to evaluate the possibility in the future, the seals be attached in Mozambique, in bound Warehouses.***

### **3.1.7 Standards and other technical requirements**

#### **Paragraph 3.48, page 56**

The EU commends the progress that Mozambique's National Institute of Standardization and Quality has made in recent years; however, there seems to be room for improvements as it could be considered using the services of the National Institute of Standardization and Quality and laboratories to support quality in value chain development.

**Question 39:** Is the development of quality infrastructure and laboratories being considered in value chain development?

***Answer: The National Institute of Standardization and Quality (INNOQ) has made a significant improvement regarding the quality infrastructure. However, the testing capacity at INNOQ has not yet reached a level that could contribute to export or even to protect the consumers. For conformity assessment, currently INNOQ relays on governmental laboratories mainly those from the Ministries of Agriculture, Sea, Inland Waters and Fisheries and Universities. These laboratories have limited capacity and in some cases, they are not accredited. The other issue is related to geographic location, Given the fact that most of them are in Maputo capital city, making it therefore challenging, mainly for the SME that are located in the northern and central regions of the county.***

## **4 TRADE POLICIES AND PRACTICES BY SECTOR**

### **4.5 Services Sector**

#### **Paragraphs 4.54 to 4.64, pages 88 to 90 (Telecoms)**

The EU welcomes positive developments in the field of Telecommunications in Mozambique, of which the new Telecommunications Law entering into force in June 2016 is a major milestone. The law addresses some of the sector's most relevant challenges, such as licensing, competition, interconnection, the promotion of investment, and quality and affordability of service. Nowadays, the main problem is that the fixed-line market is severely under-developed with negative consequences at the level of Internet access. One of the reasons for such under-development in fixed-line infrastructure is the exclusive licence granted to TDM (Telecomunicações se Moçambique) until 2028, which acts as a de facto barrier to investment in this market.

**Question 40:** With the aim of providing incentive for new entrants to compete in the fixed-line market, and as such spurring development of fundamental Internet access infrastructure, does Mozambique have plans to revoke the exclusivity rights of TDM in the fixed-line market prior to 2028?

**Answer: The exclusivity rights of TDM were terminated in December 2007. Being so, since then any interested operator can request licensing for fixed-line operation in Mozambique.**

#### **4.5.1 Financial services**

##### **Paragraphs 4.65 to 4.73, pages 90-91**

The EU welcomes the recent Financial Inclusion Strategy 2013–2022, which focuses on essential areas, such as access to and use of financial services and strengthening of the financial infrastructure. The EU understands that cross-border acceptance of deposits and lending by banks are allowed, but lending is subject to restrictions on the period, size, and interest rate of the loan.

**Question 41:** Given that these restrictions could lead to reduced access to finance for businesses and households alike, could Mozambique clarify what the rationale behind such restrictions is and whether there is any plans to withdraw these restrictions?

**Answer: The capacity to make assessments over safety and soundness of banks and banking groups is progressively being developed by the Central Bank, and this entity is concerned with issues like AML/CFT.**

**As the evaluation process gets robust and the legislation concerning these issues and other is improved and broadened, the Central Bank and other relevant stakeholders in the process, will be able to, gradually, remove the restrictions that possibly can hinder the access to finance for businesses and households alike.**

#### **WT/TPR/G/354 – Government's Report**

### **2 ECONOMIC ENVIRONMENT AND DEVELOPMENT**

#### **2.1 Economic environment**

##### **Paragraph 2.1, page 3**

The EU agrees with Mozambique's statement that its economy recorded strong growth. However, the EU notes a still high degree of criminal and economic insecurity. For example, the business community, in particular owners of SMEs (local and foreign), continue to be regular victims of organized kidnappings. This affects the economy and the confidence levels of small and medium investors (and job creation). Then, also the economic/financial crisis and default in February 2017 has affected the business community as a whole.

**Question 42:** Could Mozambique present what measures its Government is taking to effectively address the situation? Then, what are the Government's prospects to overcome the crisis?

**Answer: Kidnapping is one of the new organized crime phenomena that we are currently facing in Mozambique. To overcome the situation, early this year, in February, the Government started the process aimed at restructuring the Criminal Police Investigation, by creating a new National Criminal Investigation Service as an autonomous institution. In doing so, it's expected to have a State institution specialized in investigating the different types of crimes, including kidnapping, and work more closely with the Attorney General Office to facilitate the necessary prosecution of the criminals involved.**

**As part of the process, Authorities have been currently investing in a kind of on the job training of the personal and in providing the necessary equipment to facilitate the investigation. As result, many criminals, part of several organized crime groups were prosecuted and sentenced. It is suffice to say that the new Criminal Penal Code approved by Parliament in 2014, prescribes a sentence of 20 to 24 years of imprisonment for the perpetrators of kidnapping. This is the maximum penalty in Mozambique.**

### 3 Investments

#### Paragraph 2.11, page 4

The report refers to that the investment and export promotion activities have been integrated into a single agency, the Agency for the Promotion of Investments and Exports (APIEX).

**Question 43:** Could Mozambique clarify when APIEX will become operational, which changes will take place from the previous functioning and how the agency will function?

**Answer:** *APIEX is a public institution which purpose is the promotion and facilitation of investment, bringing together actions to promote public and private investment and exports. This Agency will become operational in the second half of 2017.*

#### Paragraph 2.14, page 5

The EU appreciates and welcomes the various initiatives on Private Public Dialogue (DPP) on the business environment. Nonetheless, further improvements seem necessary to facilitate the business environment. One example is the regulation on the hiring of foreign workers adopted in 2016, although it contained some positive features such as increasing the duration of short-term employment contracts from 1 to 3 months, it also added administrative requirements which make it much more complex and lengthy for companies to hire or renew contracts with foreign workers.

**Question 44:** Could Mozambique clarify if there are plans to review the regulation on hiring foreign labour to ensure that the procedures are less cumbersome and bureaucratic?

**Answer:** *The Government is preparing the Terms of Reference to review the legislation, in collaboration with social partners, in particular the employers' and employees' associations, Academia, and others stakeholders with understanding/ Knowledge of Labour Law. The review itself will take place in 2018. The main factors for this are:*

- *the need to update the legislation to conform with the current stage of development of the country's economy;*

*The need to conform the legislation to the ILO Conventions, according to the recommendations from ILO experts.*

### 7 MANUFACTURING

#### Paragraph 7.2, page 10

Regarding public funded agro-industrial complexes throughout the country, several appear to lack connection to supply of water and electricity which is a considerable constraint; the EU is of the view that more should be done to connect and provide agro-industrial complexes with water and electricity.

**Question 45:** Could Mozambique clarify whether there are any projects in the pipeline for improving the connection to supply of water and electricity of the public funded agro-industrial complexes?

**Answer:** *As part of the implementation of our Five-Year Program 2015/2019, the Government has undertaken, in 2016 a set of actions aimed at increasing energy availability, as well as improving the quality and reliability of supply to consumers as well as to economic undertaking, which include agro-industrial complexes.*

**KENYA****ECONOMIC ENVIRONMENT**

1. It is noted from the Secretariat Report that the extractive industries have been the most dynamic sector in the economy for the past few years, however, its contribution to growth remain limited as a result of infrastructure constraints among other factors.

**Question 46:** Kenya would like to know if there are any specific policy measures that the Government of Mozambique is implementing in order to address infrastructure constraints so as to maximize the contribution of the extractive industry to the growth of the economy.

**Answer:** *The strategic policy of the Mining sector provides for the promotion of infrastructure construction in a planned and integrated system in coordination with the other sectors of activity in order to foster the development of minerals and hydrocarbons.*

*It is in this context that the Ministry of Transport and Communications, in coordination with the sectors, including the Mineral Resources sector, approved the Strategy for an Integrated Development of the Transportation System with a view to the development of interconnected and/or combined systems, which are competitive, attractive and sustainable to facilitate investment. In addition, the Strategy for an Integrated Development of the Transportation System aims at leading regional economic integration and expanding development opportunities, while responding to the vicissitudes of nature and adapting to the use of the most efficient forms of energy and logistics in the extractive industry.*

2. The Secretariat Report indicate that the authorities reported that the Government was preparing a new Trade Policy and Commercial strategy to be finalized and issued by end of 2017 to replace the current 1998 strategy.

**Question 47:** Kenya would like to know the status of progress in the finalization of the new strategy. What are the salient areas of emphasis of the new strategy?

**Answer:** *A tender was launched to find a consultant with whom to work to update this Trade Policy and Strategy.*

**TRADE POLICIES AND PRACTICES BY MEASURE**

3. It is noted in the Secretariat Report that Mozambique's imports of horticultural products are subject to reference prices whereby during the harvest season, reference prices are maintained at high level. Outside this period, reference prices could be lowered in order to encourage importers to meet the supply deficit.

**Question 48:** Can the Government of Mozambique provide more information on the reference prices during the period under review including the specific products that are subjected to import reference prices.

**Answer:** *This regime applies only for small trade operators during the festive season and when there is a huge demand, for the importation of a limited quantity of goods.*

*The reference prices are fixed for clearance purposes and they are kept bellow the acquisition price (FOB). The list of products include horticultural and grocery products, namely potatoes, onions, cabbage, pepper, tomato, carrot, garlic, cucumber, green beans, lettuce, pumpkin, apples, citrus, eggs, fresh milk, powder milk, butter, beans, among others.*

4. There are tariff lines (at the HS eight-digit level) related to NAMA products where applied rates exceed the bound rate (**See page 43, Table 3.7 of the Secretariat Report**).

**Question 49:** Could the Government of Mozambique provide information on why the bound rates for these products were exceeded and if there are plans to rectify since it contravenes WTO commitments.

**Answer:** *We thank very much for the identified issue which is a divergence that has already been noticed. Mozambique will take them into consideration for the necessary amendments.*

#### **TRADE POLICIES AND PRACTICES BY SECTOR**

5. The agriculture sector accounts for a quarter of the GDP and is a driver of Mozambique's robust growth with an estimated 86% of the people depending on agriculture as their primary means of subsistence. However, the full potential of this important sector has not been realized due to low productivity.

**Question 50:** Kenya would like to know the steps that being taken by the Government of Mozambique in order to address issue of low productivity in agriculture sector.

**Answer:** *To address low productivity, the Government has already developed some programs that aim to change the status quo. These programmes are in line with the production function. Mozambique is expanding its irrigated areas from less than 40 thousand in early 2000 to more than 60 thousand currently. In 2015 the government started to implement the National Agricultural Mechanization Program, valued at US \$ 32.3 million. 87 Agrarian Service Centres were established and operationalized throughout the country. They contribute to improve the soil preparation and expansion of agriculture area. Additionally, the extension service increases the coverage to almost all the country and with assistance of cooperation partners. In 2015 was introduced program e-voucher for inputs (2015-2018)), which has benefited 25,000 families. The program aims to not only enhance the productivity but also encourage agro-dealers to sell inputs in the production centres.*

#### **NORWAY**

We appreciate Mozambique's support, as both member of the ACP and the LDC group, of the negotiations on fisheries subsidies.

**Question 51:** We would be interested to know whether the government has or is giving subsidies to its fishing fleet, whether industrial or artisanal, either directly or indirectly. We note that the Strategic Plan for the Development of Tuna Fishery in 2013 lasts until 2017. Did this include a subsidy policy?

**Answer:** *Aiming to strengthen the capacity of the fisheries sector, mainly the artisanal sector, within its limited capacities, the Government has devoted efforts in view to lend support to the fisheries' sector.*

**Question 52:** How is artisanal fishing defined in Mozambique? How far out to sea can they go? As artisanal fishing amounts to 90 of the tonnage taken, does any of the catch go to exports?

**Answer:** *Small-scale fishing are all fishing operations locally based and are characterized by the use of vessels with a maximum length of 10 meters, using ice for conservation, and engines with a power not exceeding 100 HP. If equipped with mechanical means they can go up to 6 miles, differently, they can go up to 3 miles of the coastal line.*

**Question 53:** Will there be a new strategic plan for tuna and/or for other types of fisheries, including artisanal?

**Answer:** *There will be the revision of the current tuna strategy.*

**Question 54:** As artisanal fishing amounts to 90 of the tonnage taken, does any of the catch go to exports?

**Answer:** *The biggest share is for domestic consumption. However, a small part of the catch is exported.*

**Question 55:** More shrimp (an export product) are caught by artisanal than by commercial fishing, so does artisanal catch also go to the larger markets?

**Answer:** *It is also exported to SADC and Asian markets.*

Major depreciation of the Metical has increased the competitiveness of Mozambican tradables. However, the ability of companies to respond to this opportunity appears limited due to problematic business conditions, notably corruption, cumbersome bureaucracy and access to financing, ref. WEF and WB rankings and the Secretariat report p. 35 – 2.43.

**Question 56:** What measures does the Government plan to take to improve the business conditions?

**Answer:** *The main reforms to improve the business environment are:*

1. **Starting a business indicator:**
  - a. *Amendment of the Commercial Code;*
  - b. *Streamlining of the e-BAU (electronic platform) aggregating the interoperability;*
  - c. *Reviewing of the simplified license regime to introduce zero license without any cost for the businessmen and introduce new activities;*
  - d. *Publishing the bylaws four times a week in the Official Gazette*
2. **Getting electricity:** streamline the procedure to connect power. Thus the businessmen exchanges documents interact only with the utility.
3. **Registering property:**
  - a. *Reviewing of the Deed Property Code;*
  - b. *Conclude the digitalization of the books of register.*
4. **Protection minority investor:** reviewing Commercial Code.
5. **Getting Credit:**
  - a. *Implement the Private Credit Bureau Law and its regulation;*
  - b. *Introduction of a collateral regime and its central for registration*
6. **Enforcing contract**
  - a. *Introduction of Mediation Service within the Courts;*
  - b. *Reduction from two to one months the judicial holiday*
  - c. *Reviewing of the Courts fees Code;*
7. **Resolving insolvency:** approval of the Regulation on the insolvency law.

The African Union recently hosted a round of negotiations on moving towards an African Common Market (CFTA).

**Question 57:** How does the Government view the progress of the negotiations and which opportunities does the Government envisage that the CFTA may open up for Mozambique?

**Answer:** *The negotiations on CFTA are progressing and when the CFTA is concluded, this will enlarge our market opportunities.*

Business Climate restrictions are reported by Norwegian companies operating in Mozambique, especially with regards to financial transfer and use of skilled foreign personnel.

Labour Law (Law No. 23/2007 of 1 August) and its subordinate regulation (Decree no. 55/2008 of 30 December) establishes that hiring foreign citizens beyond the quota is subject to authorization by the Minister. The quota is 10 % for companies with less than 10 workers, 8 % for companies with 10 - 100 workers, and 5 % for companies with more than 100 employees. This hampers trade and potential investments.

**Question 58:** Does the Government have any plans to revisit relevant legislation to make it more attractive to invest in Mozambique?

**Answer:** *The Government is preparing the Terms of Reference to Review the Labour Law. It is important that any matters that constitute obstacles can be included in this process.*

*However, it is also important to assure that Mozambique hire foreign workers that are necessary for the country and with a clear methodology for the transfers of know how.*

The Foreign Exchange Law (Law No. 11/2009 of 11 March and its subordinate regulation (Decree No. 83/2010 of 31 December) makes the requirement that companies remit their earnings from export to Mozambique and convert 50 % thereof to local currency. This represents an obstacle to trade and investment, and is often referred to as an "export surrender" requirement.

**Question 59:** Will the Government consider making revisions so as to make Mozambique more attractive to foreign investors and to facilitate trade?

**Answer:** *The concern has been noted and it will be taken into consideration in the process of improving the business environment.*

## SINGAPORE

### PART I: QUESTIONS REGARDING THE SECRETARIAT REPORT

#### **2 Trade and Investment Regimes**

Page 30 (Para 2.26)

1. We note that Mozambique has launched a study to identify the possible economic impact of its entry into the Tripartite Free Trade Area (FTA).

**Question 60:** Could Mozambique share with us the key conclusions of its study?

**Answer:** *The study has been done and the Government will soon appreciate the conclusions and recommendations of the referred study.*

## KOREA, REP. OF

Page 31 (Para 2.4.1): Legal and Regulatory Framework for investment

In order for foreign investors to remit profits outside of the country and re-export invested capital, a minimum value of foreign direct investment (FDI) of Mt2.5 million is required. Otherwise foreign investors must meet one of the following three requirements: (a) generate an annual sales volume of not less than three times Mt2.5 million as from the third year of operations; (b) register annual exports of goods and services with a value equivalent to Mt1.5 million; or (c) create and maintain

from the second year of operation direct employment for at least 25 Mozambican nationals who are registered with the social security system.

**Question 61:** Could Mozambique please explain why a minimum value of investment of Mt 2.5 million is required for foreign investors to remit profits outside of the country and re-export invested capital?

**Answer:** *The investment Law 3/93, of 24 June, sets a number of objectives, among other, the following:*

- a) *the development, rehabilitation, modernization or expansion of economic infrastructure for the operation of productive activities or for rendering services necessary for supporting productive economic activities and promoting the country's development;*
- b) *the expansion and improvement of national production capacity;*
- c) *the creation of jobs for national workers and the raising of professional skill levels of the Mozambican labour force;*
- d) *the increase and diversification of exports;*
- e) *the rendering of productive services and of those generating foreign currency;*
- f) *the reduction and substitution of imports;*
- g) *direct or indirect contribution towards improving the balance of payments and government budget revenue;*

*The minimum value of foreign direct investment set at 2.5 million meticaís and the other alternative requirements stipulated by the Regulation of the Investment Law, for the purpose of eligibility for the remittance of profits and re-exported invested capital, were defined as performance requirements in order to meet the basic guiding principles and investment objectives set above.*

*The minimum value of 2.5 Million meticaís is not mandatory. The investor can use or opt to use the alternative requirements set by the Regulation, which are aligned with the investments objectives, clearly sated by the regulation, that may be based on the following:*

- a) *annual sales volume;*
- b) *annual exports of goods and services with minimum value established; or*
- c) *create and maintain from the second year of operation, direct employment for at least 25 Mozambican nationals who are registered with the social security system.*

**Question 62:** Could Mozambique please reconsider the alleviation of the requirements for the remittance of profits and its withholding tax, considering the burden for small companies and the issue of double taxation?

**Answer:** *The alleviation of the requirements for the remittance of profits and the withholding tax, including the double taxation treaty, are matters that need a coordinated approach with relevant entities, namely the Revenue Authority and Central Bank. The question has been noted and will be taken for further consideration by those.*

#### **Government Report/Other Questions**

**Question 63:** In case of staffs of the foreign invested company, they are issued only one month valid visas by the government of the Mozambique. In this regard, they have to go to other country

and re-enter to Mozambique every month until they acquire permanent resident card (DIRE). Could Mozambique please extend the validation of visa for the staffs of foreign invested company up to 3 months?

**Answer: According to Immigration Regulations, foreigners are allowed to stay up to 3 months in Mozambique. The foreign staffs can get a Business Visa, which allow staying in the country for 30 days. It can be extended up to 60 days. They are not required to leave the country during these 3 months period. Nevertheless, the Government approved a new Decree, which will provide a more flexible visa regime to investors, staff and their family (the Decree is under process of publication at Official Gazette). We will soon provide the details of this new visa regime.**

## UNITED STATES

PART I: QUESTIONS ON THE SECRETARIAT REPORT (WT/TPR/S/353)

### SUMMARY

Page 5, paragraph 2: Please explain the exact objectives of the Mozambican Government's Strategy for the Improvement of the Business Environment in Mozambique 2013-2017 (EMAN II ("Strategy"))? Specifically, please reply to the following:

**Answer: The actions of EMAN II Strategy are focused on two main macro objectives:**

- 1. the simplification of the business cycle; and**
- 2. improving competitiveness**

**Question 64:** What concrete steps are being taken by the Mozambican government to stimulate growth of micro, small, and medium enterprises?

**Answer: To undertake reforms regarding to the opening and formalization of companies. These reforms are related to saving time for obtaining licenses; standardization and concentration of the requirements for the formalization of a business. For this purpose, a software applicative was developed.**

**Through the Institute for Promotion of Small and Medium Enterprises, IPEME, actions are being carried out that promote and encourage micro, small and medium scale entrepreneurship initiatives. These efforts are done through grants, subsidized credit lines, training to improve the quality of service provision, and agreements with financial institutions to support such initiatives.**

**Question 65:** How are the reforms around this Strategy being implemented? What Ministries and other actors are involved in coordinating and/or undertaking those reforms?

**Answer: The Council of Ministers and the Prime Minister supervise the implementation of the Strategy. Due to the nature of the activities, there is a Steering Committee coordinated by the Ministry of Industry and Trade, the Inter- Ministerial Group for the Removal of Investment Barriers, GIRBI, which monitors the implementation of the EMAN. At the provincial level, the Steering Committees are led by the Provincial Governors, and they are referred as Provincial Inter-sectorial Groups-GIP.**

**Question 66:** How is this Strategy addressing concerns (e.g., bureaucracy) of the private sector? Does it include discussion platforms?

**Answer: The implementation and management structure of this Strategy includes the private sector, as part of the implementation and monitoring process.**

**Question 67:** How is the implementation of this Strategy being tracked down?

**Answer:** *There is an electronic tool to monitor this strategy, the SIMEMAN Platform (Strategy monitoring system for improving the business environment). With this tool, it is possible to measure the degree of execution of the actions and produce information with impact to private sector.*

*This tool is backed by the sectors with responsibility for implementing the EMAN, including the private sector. It produces monthly, semi-annual and annual statistical/quantitative reports. Then, the Ministry of Industry and Trade prepares an analytical/qualitative report which is sent to the Council of Ministers and shared with the civil society.*

Page 8, paragraph 17: The Secretariat's Report notes that Mozambique requires the use of customs brokers and pre-shipment inspection requirements. Those practices are prohibited under the WTO Trade Facilitation Agreement (TFA), which Mozambique has ratified.

**Question 68:** Please identify what plans Mozambique has to remove those requirements.

**Answer:** *Mozambique is aware of the obligation under the implementation of the WTO Agreement on trade Facilitation. According to the Category of this obligation, for Mozambique, PSI is under category "C". However, Mozambique has already opened a window, where regular importers/exporters can be registered within the Single Window System and process the documents and release the goods with no need to use any Customs Broker.*

Page 9, paragraph 25 and Page 62, paragraph 3.75:

**Question 69:** The Secretariat's Report notes that Mozambique continues to apply an 18% export tax on raw or unprocessed cashew with the goal of encouraging domestic processing and promoting employment. However, given that the production of cashew has declined significantly in recent years with follow-on negative effects for processors as well as producers, does Mozambique have any plans to review this export tax and, if so, with what goal and timeline?

**Answer:** *Mozambique is currently reviewing this legislation on unprocessed cashew export tax and its expected that it will be concluded early 2018.*

Page 10, paragraph 31: The Secretariat's Report notes that Mozambique joined the Berne Convention for the Protection of Literary Artistic Works and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired or Otherwise Print Disabled in 2013.

**Question 70:** Please clarify if Mozambique has plans to join any additional WIPO agreements on copyright such as the WIPO Performances and Phonograms Treaty (WPPT) or the WIPO Copyright Treaty (WCT)?

**Answer:** *Mozambique, through ratification of the Berne Convention in November 2013, is an Integrant Part of WIPO, in the area of Copyright and Related Rights. At the moment, the intention is to ratify the Marrakesh Treaty and to establish closer relations with WIPO, in order to stagger ratification of other Treaties that may be appropriate.*

Page 11, paragraph 38-39: The Secretariat's Report references the Telecommunications Law (Law No. 4/2016), which seems to take concrete steps to improve services and reduce costs of mobile networks. However, the country remains without regulations to allow the growth of mobile money as an additional means of providing limited banking services to rural Mozambicans.

**Question 71:** Please explain when Mozambique will publish mobile money regulations.

**Answer:** *The existing regulations for telecommunications and financial services are enough to regulate mobile money services. In fact, the existing 3 mobile operators are operating mobile money services that are growing at rapid pace. The financial service*

***regulator has relaxed the requirements for subscribers to have mobile money accounts and we believe they are satisfactory, as both mobile operators as well as subscribers are not complaining.***

### **3 TRADE POLICIES AND PRACTICES BY MEASURE**

#### **3.1 Measure Directly Affecting Imports**

##### **3.1.1 Customs procedures and requirements**

###### **3.1.1.1 Pre-shipment inspection**

Page 39, paragraph 3.12:

**Question 72:** Please clarify what Mozambique's plans are to phase out Pre-Shipment Inspection, as the current contract with Intertek was extended through December 2017.

***Answer: Mozambique is aware of this obligation under the implementation of the WTO Agreement on trade Facilitation. According to the Category of this obligation, Mozambique follows under category "C" with not more than five years to implement it. Mozambique is now expecting to receiving the necessary technical assistance as prescribed on the Agreement.***

Many traders are complaining about different fees charged in the import and export processing weakening the Mozambique competitiveness. These fees are not charged based on the service provided, but volume of trade. This includes fees for scanning, export terminals, single window and PSI.

**Question 73:** Please identify the Government's plans to streamline and reduce these costs in line good international practices

***Answer: Regarding PSI, this will be revised under the implementation of the WTO Agreement on Trade facilitation.***

***Regarding the fees for scanning, Single Window and Export Terminal, the Government option on the public Private concessions is because of the budget constrain and reduced funds for these activities.***

***Mozambique is working towards consideration of the claim that the fees that the charged are considered higher. There are negotiations taking place with the concessionary parts as to verify at what extent these fees can be revised and make the price accessible for the traders.***

###### **3.1.7 Standards and other technical requirements**

Page 8, paragraph 13: The Secretariat's Report note that while steps have been taken to improve its record on making notifications to the WTO, notification issues remain outstanding in various areas.

**Question 74:** Since the last TPR, please describe in detail what, if any, technical assistance Mozambique has sought and received related to improving its WTO notifications.

***Answer: Mozambique has received technical assistance in: stakeholder awareness seminars are undertaken on the functions of the enquiry point benefits of accessing information from the enquiry point; TBT meeting National Committee.***

***In addition has sought technical assistance on twinning the enquiry point staff with congener institution to get practical side of the enquiry point/notification process. Capacity building to the regulators in matters of technical barriers to trade.***

**Question 75:** In addition, Mozambique is part of the EU-SADC Economic Partnership Agreement. Please clarify whether Mozambique is receiving any related technical assistance here with regards to its notifications, particularly on WTO TBT notifications.

**Answer:** *Regarding EU-SADC Economic Partnership Agreement Mozambique have not received technical assistance however it is part of SADC-TRF project that has just been approved by SADC secretariat it is due to be implemented by Mozambique government.*

### 3.1.7 Standards and other technical requirements

Page 57, paragraph 3.52: As noted in Mozambique's previous Review, demands for voluntary standards typically originate in the private sector, via the Confederation of Economic Associations (CTA), and are communicated to the INNOQ. The INNOQ has a three-year strategic plan for standard setting, which it develops in consultation with stakeholders. Proposed standards are considered by one of the INNOQ's five sectoral technical committees.

**Question 76:** Please explain whether there are any restrictions or exceptions to foreign industry/stakeholders and the foreign private sector participating in the CTA and technical committees.

**Answer:** *The Technical Committees (TC) are comprised of different stakeholders from private sectors, public institution, researchers, business organizations and other interested parts within the country. Stakeholders' participation is independent from being or not a member of CTA although being advisable to work with business community organized in associations or other forms. The foreign industry/stakeholders participation in TC is subject of their established in the country (operating locally); otherwise, they cannot be allowed to do so.*

Furthermore, regional standards from the SADC, the ARSO, the EAC, and the EU may also constitute a source for the development of Mozambican standards.

**Question 77:** Please explain whether standards developed by the U.S. standard setting bodies can be a source for the development of Mozambican standards. If so, what is the process to have them considered?

**Answer:** *Standards from any source (including from the U.S.) than international standard setting bodies or SADC Standard Cooperation on Standardization SADCSTAN may be used as reference material (bibliography), cannot be adopted as they are as Mozambican standards.*

Finally, after approval of voluntary standards, the INNOQ gazettes them annually or whenever necessary. As of 2015, there were 915 approved Mozambican standards.

**Question 78:** Please identify where interested persons can obtain copies of the 915 approved Mozambican standards.

**Answer:** *The approved standards can be obtained at INNOQ's headquarters. INNOQ has got a library where national and international are stored and sold. Any interested part may approach the library officer to get a copy of any approved standards, and if necessary, to buy for future use. INNOQ is currently working in order to make standards more accessible to stakeholder located far from Maputo through electronic means.*

Page 57, paragraph 3.54: Information was not available in the Secretariat's Report regarding the number of technical regulations in force. As indicated in Table 3.19, Mozambique has notified five technical regulations to the WTO. It has also notified its 2003 Quality Policy and Implementation Strategy and its 2003 Industrial Licensing Regulation.

**Question 79:** Please identify when Mozambique plans to centralize its regulations so as to provide information to interested stakeholders on all its technical regulations.

**Answer:** *Mozambique plans to centralize all technical regulation in 2 years*

### 3.1.8 Sanitary and Phytosanitary requirements

Page 60, paragraph 3.67: The Secretariat's Report states that "A new decree on GMOs entered into force in 2014 (Decree No. 17/2014)."

**Question 80**: Please provide a copy of this decree.

**Answer: *Related Legislation will be provided later.***

### 3.3 Measures Affecting Production and Trade

#### 3.3.4 State trading, state-owned enterprises and privatization

Page 69, paragraph 3.100: The Secretariat's Report states that Mozambique last notified the Working Party on State Trading Enterprises in 2009 and that the notification stated that Mozambique did not have any state trading enterprises. At the same time, the Secretariat's Report also indicates that there is at least one entity, National Sugar Distributor that may qualify as a state trading enterprise, as defined in paragraph 1 of the Understanding on the Interpretation of Article XVII of the General Agreement on Tariffs and Trade 1994.

**Question 81**: Please explain why this entity has not been notified previously and clarify whether Mozambique will need to amend its notification. In addition, given that Mozambique has not made a notification since 2009, despite have a biennial requirement to do so, please identify when Mozambique will make its next required notification(s).

**Answer: *The necessary attention will be taken to look at this issue and act accordingly.***

Page 70, paragraph 3.102: Regarding SOEs, the report notes that during 2016, 45 state-participated companies and 15 public enterprise companies were evaluated as part of this process, with 27 being elected for restructuring. At the same time, 40 non-strategic companies have been earmarked for liquidation.

**Question 82**: Please provide an update on the liquidation of the 40 non-strategic companies and the restructuring of the 27.

**Answer: *During the process of restructuring of the Public Enterprises companies, out of the 27 companies which were evaluated, 13 companies are in the process of restructuring, of which 10 are companies with state participation and 3 are public.***

***In general, the process involves the identification of a strategic partner for the viability of the business, resizing of the organic and functional structure, restructuring of debts, until the total sale of the Government shares.***

***With regard to the 40 companies identified for the closure and liquidation, we have concluded the process for eight companies. For the remaining companies, we are in the process of identification of mechanisms for the administrative withdrawal of the majority of the companies, which their existence is just purely legal existence.***

#### 3.3.4 Government Procurement

Page 70, paragraph 3.104: Mozambique is neither an observer to, nor a member of, the WTO's Agreement on Government Procurement (GPA).

**Question 83**: Given that observership provides opportunities to engage with GPA Members on government procurement issues more broadly, such as the efforts that Mozambique has made to reform its procurement regime, without taking any obligations, has Mozambique considered requesting to become an observer to the GPA?

**Answer: *Mozambique has taken note of this issue for due consideration.***

Page 71, paragraph 3.106: The Secretariat's Report notes that Mozambique's public procurement regulations no longer apply to public enterprises or enterprises where Mozambique has an equity share.

**Question 84**: Please explain whether Mozambique has plans for legislation relating to the procurement by public enterprises. If so, please provide a timeline for when the new legislation will be considered.

**Answer: *The Government is preparing specific legislation to govern the functioning of public enterprises or enterprises where Mozambique has an equity share, which includes specific procurement rules for these enterprises. DNPE/UFSa is not in a position to inform the timeline for the enforcement of the new legislation.***

Page 71, paragraph 3.109: The Secretariat notes that all procurement procedures must meet several criteria including transparency, openness, and information, and that there must be adequate advertising of the intention to contract.

**Question 85**: Please identify the procurement procedures and where the procurement opportunities were published. Please also clarify whether there are electronic sources where such procedures or opportunities may be found. Finally, please identify any plans for the implementation of an electronic procurement system.

**Answer: *The contracting entities must publish the following notices, in the most adequate media for the access of the interested stakeholders, i.e. notice board, procurement portal, newspaper, or radio:***

- *launching of a tender/bid, containing all relevant information for potential interested suppliers to access the bidding documents;*
- *results of the tender evaluation;*
- *cancelling or invalidation of the tender/bid;*
- *suspension of the tender/bid.*

***DNPE/UFSa makes available for the contracting entities the Procurement Portal ([www.ufsa.gov.mz](http://www.ufsa.gov.mz)) to publish their tenders/bid notices, and make available bidding documents for download.***

***DNPE/UFSa together with CEDSIF (both under the Ministry of Economy and Finance), have established a strategy to implement e-Procurement in Mozambique in the next 3 years, in a phased process. The Government needs financial and technical assistance to implement the e-Procurement strategy.***

### **3.3.6 Intellectual property rights**

Page 73, paragraph 3.113: The Secretariat's Report states that about 50% of the 2008–2018 IP Strategy has been implemented so far.

**Question 86**: Given that there is only one year left before the end of the Strategy's time-frame, what are Mozambique's plans for implementing the rest of the Strategy? Will Mozambique be re-evaluating the 2008–2018 IP Strategy or developing a new 10-year strategy?

**Answer: *Mozambique will re-evaluate the 2008-2018 IP Strategy, taking some activities note done for the new 10-year strategy.***

Also, one particular plan in the IP Strategy was for the creation of an inter-sectoral commission to take action to combat infringement.

**Question 87**: Please clarify where this inter-sectoral commission has been constituted. What is the organization, mission, staffing, and resourcing of the commission?

**Answer: The inter-sectoral commission to take action to combat infringement is INAE – National Economy Activities Inspectorate, INAE is a national public institution under the Ministry of Industry and Commerce, with the mission of ensuring legality in the exercise of economic activities in the areas of industry, commerce, tourism, transportation, culture, energy, environment, Mineral resources and services. It was created by the Council of Ministries through Decree No. 46/2009 of 19 August.**

**The operation of INAE is based on resources financed by the State budget.**

**At national level, INAE has 171 staff members in 11 provincial delegations, of which 25 are based at Maputo headquarters and 90 are inspectors.**

**In collaboration with the Industrial Property Institute, the INAE takes action against infringement in Mozambique.**

Page 74, paragraph 3.115: The Secretariat's Report notes that Mozambique signed the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (WIPO VIP Treaty), in August 2013, and that the "ratification process is ongoing."

**Question 88:** As part of this ratification process, does Mozambique anticipate amending its laws, or will the act of ratification of the treaty be considered "self-executing"?

**Answer: With the signing of the Marrakesh Treaty, Mozambique started the revision of the Law on Copyright and Related Rights. The Law under review provides for articulation regarding the facilitation of access to published works for people with blindness, visual impairment or any other incapacitated form. On the other hand, there is an ongoing process for the ratification of the Marrakesh Treaty.**

### 3.3.6.1 Industrial property

Page 75, box 3.1: In the table entitled, "Key changes introduced by the 2015 Industrial Property Code," it is indicated that there was "Introduction of the regional trademark registration system" and "Incorporation of the protection regime for denominations of origin and geographical indications into the Code." For "Introduction of the regional trademark registration system": Please provide background information on the functionality of this system and whether there are other countries involved in this system.

**Answer: The regional trademark system is called "Banjul Protocol". It now has 9 members States, and Mozambique is still to join the system; Mozambique is not yet a signatory to the Banjul system and one of the reasons for including the regional trademark registration system in the new code is that at a given moment Mozambique could become an integral part of the Banjul protocol and thus, not needing much time for the new Revision of the code.**

For "Incorporation of the protection regime for denominations of origin and geographical indications into the Code":

**Question 89:** Please provide details regarding the following:

- a) Does it consist of filings by interested parties?
- b) Is there examination? If there is examination, what are the grounds for refusing protection?
- c) Is there publication for notification?
- d) Is there an opposition period/proceeding?
- e) Is there cancellation proceeding?

**Answer:**

- a) Affirmative! The said parties are: Grouping, organization, producers, processors, and official industrial property agents. See article 167 of the Mozambican Industrial Property Code.**
- b) Affirmative! There is. The ground for refusing protection see articles 175 and 176 of the Mozambican Industrial property Code.**
- c) Affirmative! There is. See article 240 (c) of the Mozambican Industrial Property Code.**
- d) Affirmative There is. See article 178 and 179 of the Mozambican Industrial Property Code.**
- e) There is. See articles 22, 23, 24, 25 and 26 of the Mozambican Industrial Property Code.**

**3.3.6.1 Industrial property**

Page 77, table 3.32: The table in the Secretariat's Report lists IPR fines for infringement of patents, industrial designs, counterfeiting, and geographical indications. It does not include any information for fines for copyright infringement. The Copyright Act 2001 Article 65 says that criminal infringement is punishable by "imprisonment and corresponding fine," but the Act does not say what this corresponding fine is or how it is determined.

**Question 90:** Please provide information regarding the calculation of fines for copyright infringement, in-line with the information provided for infringement of other areas of IP in Table 3.32.

**Answer: Regarding to copyright infringement, the Copyright Law is governed by the Penal Code.**

**In its Article 72.1, it says, "The fine is fixed between a minimum of three days and a maximum of two years; and under 72.2, it mentions that "Each day of fining, it is equivalent to 5% of 1(one) to 4 (four) minimum wages. Finally, Under Article 72.3, it indicates that the Court determines the number of days of fine to be applied to each convicted person taking into account the degree of his guiltiness.**

**Current minimum wage is fixed at 3,996.00 Meticais.**

**3.3.6.2 Copyright and related rights**

Page 77, paragraph 3.126: The Secretariat's Report notes that the mission of the National Institute of Books and Records (INLD) includes "helping authors to reduce the high level of piracy for music."

**Question 91:** What steps is the INLD taking to accomplish this mission? What has INLD seen in terms of success stories and, separately, challenges in connection with this mission?

**Answer: In the area of anti-piracy, INLD has as its mission to recommend legislation to protect the author. Regarding to the fight against piracy, it was approved in 2001 the regulation which becomes mandatory the affixing of stamps in phonograms, Decree No. 27/2001, of September 4th. This Decree compels the sealing of all phonograms produced in Mozambique or exported for sale or for any form distribution. It was also approved in 2003, the Ministerial Decree no. 8/2003 of January 15th, which establishes the rules of procedure for the mandatory affixing of stamps on phonograms.**

### **Success stories and challenges**

**After coming into force of the regulation for the compulsory affixing of stamps on phonograms, several dissemination campaigns were organized, which culminated with the entrance of several record labels in the phonogram industry (until 2005 there were 13 recording labels companies in Mozambique).**

#### **The challenges:**

- i) to disseminate and raise awareness among authors and producers in the legalization of their products;**
- ii) revision of the regulation of mandatory fixing of stamps in phonograms in order to incorporate copyright infringement with information technology;**
- iii) regulate the output and input of music clips.**

The Secretariat Report also notes that the mission of the INLD includes "promoting protection for crafts."

**Question 92:** What steps is the INLD taking to accomplish this mission? Are there any plans to expand the work of the INLD or the Ministry of Culture and Tourism to help protect other types of copyrightable works?

**Answer: One of the attributions of the National Directorate of Cultural and Creative Industries is the Promotion of Regulatory Norms of Commerce and Free Circulation of Works of Art and Crafts. With the approval of the Regulation on the Licensing and Mandatory Stamp enter in force, we will guarantee the protection of the works and the rights of the author.**

**In relation to the promotion of handicrafts, the Board has encouraged and supported the producers and promoters to hold and participate in national and international handicraft fairs.**

The Secretariat's Report identifies the Ministry of Culture and Tourism as being responsible for "advising on copyright policy and improving the legal framework." The 2008–2018 IP Strategy, in paragraph 6.7.1, identified plans to set up an interministerial commission to draft and harmonize legislation and policies on IP.

**Question 93:** Has the interministerial commission been set-up? If so, what role does the Ministry of Culture and Tourism play in this commission? If not, does Mozambique still intend to set up such an interministerial commission, and how will it work relate to the Ministry of Culture and Tourism's role in establishing copyright policy?

**Answer: Not yet. The issue pertaining to its establishment will be discussed among different institutions and any details will be shared with the Members in due course**

The Secretariat's Report also states that "Implementation of the rights of authors is mainly carried out by the Associação Moçambicana de Autores (SOMAS)." SOMAS appears to be a music-oriented group, and perhaps a collecting society.

**Question 94:** Is it bringing infringement actions on behalf of its members? Are they also collecting and distribution royalties collected for, as an example, the public performance of music? More broadly, please provide more details regarding the number of civil copyright infringement actions being brought in Mozambique by rights holders.

**Answer: We have no reports on copyright infringements as described.**

Furthermore, Strategic Goal 20 in the 2008–2018 IP Strategy was to strengthen and expand the collective management system for copyright and related rights.

**Question 95:** Has such strengthening and expansion occurred? What other organizations manage rights for creators and which rights do they manage?

**Answer:** *There are not any another private entities that manage the rights for creators.*

**PART II: QUESTIONS ON THE GOVERNMENT REPORT (WT/TPR/G/353)**

**2 ECONOMIC ENVIRONMENT AND DEVELOPMENT**

**2.4 Business Environment**

Page 5, paragraph 2.16:

**Question 96** In reference to the Competition Law (Law No. 10/2013 of 11 April 2013), please identify when the Competition Authority will be fully functioning with an appointed head, and identify its priorities for the first three years.

**Answer:** *During 2017, the Competition Authority will start the operation. Mozambique is preparing the team, giving training and participating in International Fora.*

*Recently the team went to Lisbon for a training in the Portuguese Competition Authority. Mozambique has also requested assistance and technical capacity to an international Organization.*

**6 SERVICES**

**6.1 Transportation and Communications**

**6.1.4 Air Transport**

Page 8 and 9, paragraph 6.10: The section on air transport lists some steps that Mozambique has taken to liberalize air space; however, in practice the national carrier, Linhas Areas de Mocambique (LAM), remains the sole airline providing domestic services.

**Question 97:** Please identify what steps Mozambique plans to take to fully liberalize the domestic air space.

**Answer:** *The domestic air space in Mozambique is liberalized. For a company to operate in domestic air space it is necessary to comply with the five steps:*

- 1) proof of legal existence;*
- 2) financial adequacy evidenced by letters of credit issued by licensed financial institutions;*
- 3) organizational structure that essentially presents the areas of administrative management, commercial, maintenance and operations, including the respective minimum staff;*
- 4) program on aeronautical activities; and*
- 5) Air Operator Certificate.*

*On April 26, 2017, the Transport and Communications Sector launched a public tender for interested companies to operate in the domestic and international segments.*

**OTHER QUESTIONS**

**QUESTION 98:** The Minister of Land, Environment, and Rural Economic Development has launched a discussion with development partners regarding a potential comprehensive land sector reform effort. Please share any updates regarding the key priorities, objectives, and timelines of this land reform effort.

**Answer:** *Last February the Minister of Land, Environment and Rural Development met the donor group traditionally supporting the Land Sector. The meeting was called as a coordination effort to improve communication among government and donors, and equally among donors, regarding current projects under implementation, developments and potential priorities for the Sector.*

**A major development from MITADER concerns the approach, as such the option is to not consider it as a Reform but a Strategy to Develop the Land Sector Capacity, having selected 6 priorities:**

- 1. Institutional Development and Modernization**
- 2. Land cadaster and registration**
- 3. Improvement of SiGIT (Land Management Information System)**
- 4. Policy and Legal Framework**
- 5. Mapping**
- 6. Spatial Planning/Resettlement.**

**At the occasion, MITADER introduced the proposed Framework for the strategy for capacity building of the Land Sector.**

**It was agreed that such document would be the basis for the Action Plan, stressing the need for:**

- i) an autonomous Institution,**
- ii) improvement of the Capacity in general of the sector and in particular regarding each of the components,**
- iii) maintenance, considering the government effort to register 5 million DUATs in the coming years, and the massive amount of data and information to be retrieved by SiGIT, meaning, and**
- iv) modernization and improved capacities.**

**A draft proposal of the Action Plan will be submitted to MITADER by the mid of May.**

**QUESTION 99:** Many foreign investor's list difficulties in hiring necessary talent as a key barrier to investment in Mozambique, and this year the Minister of Labor launched a labor reform effort. Please share the Government's priorities in labor reform and explain how those are linked to the priorities to stimulate investment and economic growth.

**Answer:** *The Government will be preparing the Terms of Reference this year to review the legislation, in collaboration with social partners, in particular the employers' and employees' associations, Academia, and others stakeholders with understanding/ Knowledge of Labour Law. The review itself will take place in 2018. One of the main factors for this is the need to update the legislation to conform to the current stage of development of the country's economy.*

Many traders are complaining about different fees charged in the import and export processing weakening the Mozambique competitiveness. These fees are not charged based on the service provided, but volume of trade. This includes fees for scanning, export terminals, single window and PSI.

**QUESTION 100:** Please identify the Government's plans to streamline and reduce these costs in line good international practices.

**Answer:** *Regarding PSI, this will be subject to due consideration and or revision under the implementation of the WTO Agreement on Trade Facilitation, following categories stated.*

**Regarding the fees for scanning, Single window and export Terminal, the Government option on the public Private concessions is due to budget constraints and limited resources for these activities.**

***Mozambique is analyzing the issue of charged fees. There are negotiations taking place with the concessionary parts as to verify to which extent these fees should be reviewed and make them accessible for the traders.***

In an effort to create a sustainable and predictable funding mechanism for peace support operations in Africa, Heads of State at the 27th AU Summit in July 2016 decided to finance 100 percent of AU operations, 75 percent of AU programs, and 25 percent of the AUPF, which includes AU peace support operations, by 2020. In order to fund their individual shares, AU Member States agreed to an option of imposing an import levy of 0.2 percent on selected imports into Africa.

**QUESTION 101:** Could Mozambique please explain how it intends to fund its share of this decision? Please provide details on any trade measure that could be implemented for this purpose.

***Answer: We have taken note of this concern. Mozambique will announce how will implement the decision after careful studies and recommendations, expected to be undertaken by the African Trade Policy Centre/African Union Commission, to avoid any non-compliance with the WTO rules.***

## **THAILAND**

Table 2.1/Page 23 - principal trade-related laws and regulations

Public Private Partnership (PPP) is an important mechanism for government agencies to strengthen economic and social development through the binding of private sector expertise, sharing of risks and provision of additional sources of funding.

**Question 102:** Does the government of Mozambique has any policies or strategic measures to support PPP projects at both the national and regional levels (after the New Law on public – private partnership contracts has entered into force in 2011), especially the use of PPP for key infrastructure projects of the country?

***Answer: Following the approval of Law 15/2011 of August 10, which establishes the guidelines for the contracting, implementation and monitoring process of public-private partnerships, large-scale projects and business concessions, the Government has been promoting the Involvement of the private sector in the implementation of infrastructure projects for the provision of public goods and services.***

***Consequently, since the entry into force of this Law, 13 (thirteen) PPP projects have already been approved, being 7 (seven) in the area of railways/ports and 6 (six) in the energy sector.***

2.12/Page 26 - Trade Policy Objectives

According to the paragraph, in order to achieve the goal of Mozambique's Industrial Policy and Strategy 2016-2025, Mozambique has taken various measures, including a review of the current package of investment incentives.

**Question 103:** In this regard, please elaborate on the concerned package from which foreign investors can enjoy.

***Answer: Foreign investors may benefit from investment incentives, regulated by Law 3/93 of June 24, according to this instrument, investors who wish to obtain guarantees and incentives offered by the Government must submit to the Investment Promotion Centre (CPI) or the Cabinet Of the Accelerated Economic Development Zones (GAZEDA) business plans for approval.***

***In the specific case of the manufacturing industry, investors are exempt from paying customs duties on imports of raw materials to be used in the industrial processing of the concerning undertaking. In addition, if these industries are located in the Free Trade Zones, they can be exempted from customs duties on the importation of construction***

**materials, machinery, equipment and accessories and benefit from exemption and reduction of the Corporate Income Tax (IRPC) in the first 10 to 15 years.**

2.33/Page 31 - Legal and regulatory framework for investment

According to the paragraph, it mentions about the condition for foreign investors who want to remit profits outside of Mozambique or re-export invested capital.

**Question 104:** Thailand would like to know if Mozambique has notified this measure which is deemed not to comply with the Agreement on Trade-Related Investment Measures (TRIMs), to WTO.

**Answer: We have taken note of this concern for the required consideration.**

**Mozambique did not notify any measure under the Agreement on Trade Related Investment Measures. We will look at the legislation and conditions, which regulate the remittance of profits outside the country and the re-export of invested capital, before we take any steps.**

2.38/Page 33 - Investment promotion

**Question 105:** According to the paragraph, what plan and policies will the Government take to improve the business environment in the country?

**Answer: The main reforms to improve a business environment are:**

**1. Starting a business indicator:**

- a. Amendment of the Commercial Code;**
- b. Streamlining of the e-BAU (electronic platform) aggregating the interoperability;**
- c. Reviewing of the simplified license regime to introduce zero license without any cost for the businessmen and introduce new activities;**
- d. Publishing the bylaws four times a week in the Official Gazette**

**2. Getting electricity: streamline the procedure to connect power. Thus, the businesspersons exchanges documents interact only with the utility.**

**3. Registering property:**

- a. Reviewing of the Deed Property Code;**
- b. Conclude the digitalization of the books of register.**

**4. Protection minority investor: reviewing Commercial Code.**

**5. Getting Credit:**

- a. Implement the Private Credit Bureau Law and its regulation;**
- b. Introduction of a collateral regime and its central for registration**

**6. Enforcing contract**

- a. Introduction of Mediation Service within the Courts;**
- b. Reduction from two to one months the judicial holiday**
- c. Reviewing of the Courts fees Code;**

**7. Resolving insolvency: approval of the Regulation on the insolvency law**

***The Industrial Policy approved by the cabinet last year, includes measures to attract investors to the industrial sector. Most of them are related to law to enable interest to investors, not tax holiday but labour and training legislation.***

2.40/Page 33 - Framework for Business

**Question 106:** According to the paragraph, with respect to license requirement for undertaking an industrial or commercial activity in Mozambique, will local and foreign companies be treated equally in the process of license application? Are there any limitations on foreign equity participation in *service sectors* other than financial service which is the only service sector Mozambique has committed under WTO?

**Answer: *National and foreign companies have similar treatment with respect to licence requirements (Decree No. 34/2013, of August 2, which approves the Licensing of Commercial Activity; and Decree No. 22/2014, of May 16 for equal treatment).***

***Nationals should present a copy of the Identity Card or driving licence or voter's card, while for foreigners it is required to present a copy of the DIRE, a residence permit identification for foreigners, or a copy of the passport with a valid business visa, or any other type of a valid residence authorization. The latter, the authorization should indicated if it allows them to carry out economic activities. The same applies for the registration of foreign commercial branches.***

***There are no limitations on foreign equity participation According to Decree No.2/2005, December 27<sup>th</sup>.***

3.21/Pages 42-43 - Applied MFN tariff

**Question 107:** According to the paragraph, does Mozambique have any plan to bind all tariff lines that remain unbound?

**Answer: *We have taken note of this issue for future consideration under Mozambique obligations to the WTO.***

3.26/Page 46 - Import surtaxes

**Question 108:** According to the paragraph, does Mozambique have any plan to manage the surtaxes of sugar in order to address the unpredictability of sugar tax in Mozambique's market that exporters may face?

**Answer: *The surcharge system aims at mitigating the effects of the negative impact of volatility and distortion of the world market resulting from support measures of several large producer countries to their respective sugar industries. The system is aimed at providing sustainable sugar market environment for the sugar industry in Mozambique, and enable the minimization of recovery of the invested capital.***

3.43/Page 54 - Quantitative restrictions on imports

**Question 109:** According to the paragraph, does Mozambique have any plan regarding the chicken import quota mechanism to be in line with article 13 of GATT 1994 and Article 4.2 of Agreement on Agriculture?

**Answer: *The Government will look at the current mechanism in order to streamline the same to be in line with Article 13 of GATT and Article 4.2 of the Agreement on Agriculture.***

3.58/Page 58 - Sanitary and Phytosanitary requirements

**Question 110:** According to the paragraph, it stated that "The National Phytosanitary Authority is responsible for undertaking inspections and the testing of vegetables and vegetable products, for import, export and other purposes". Does this mean only vegetables and vegetable products, excluding fruits?

**Answer: It also includes fruits under its responsibilities.**

3.3.4/Page 69 - State trading, state-owned enterprises and privatization

**Question 111:** Could Mozambique please provide more details on the legislation or regulation about privatization for State-owned enterprises; specifically the objective and strategic direction related how State-owned enterprises are chosen for privatization or kept as state enterprises in conducting social and welfare – related mission?

**Answer: Regarding to the processes of alienation / privatization we must highlight the following instruments:**

- **Decree No. 22/87, of October 21, 1987**
- **Decree No. 21/89, of May 23, 1989**
- **Law no. 15/91, of August 3, 1991**
- **Law no. 17/92, of October 14, 1992, which clarifies doubts on the interpretation of Article 16 of Law no. 15/91, of August 3, 1991**
- **Decree No. 28/91, of 21 November 1991**
- **Decree No. 19/93, of 14 September, 1993**
- **Decree No. 20/93, of 14 September, 1993, which amends and supplements the provisions of Decree No. 28/91 of 21 November 1991**
- **Directive of the Prime Minister, 09/14/97, concerning the standardization of criteria for applying the legal provisions and procedure governing the sale of shares reserved for Managers, Technicians and general staff**
- **Resolution nº15/2001, of April 10, which approves the Restructuring Policy of the Corporate Sector with Social Participations of the State**
- **Decree no. 46/2001, 2001, establishing IGEPE, the body that manage and supervise the State participation in public companies.**
- **Decree nº 49/2003 of 24 December, 2003, concerning to the State-owned shareholdings that are subject to alienation under Resolution 15/2001 of 10 April 2001**
- **Decree No. 19/2011, of 26 May 2011, which establish the deadline for the subscription of shares reserved for Managers, Technicians and general staff.**

**The ongoing restructuring process will also identify and assess the operational risk associated with each of the companies and adopt their mitigation and/or control measures in order to leverage and create added value for companies. This process is based on the following pillars:**

- **economic rationality;**
- **economic and social impact;**
- **investment levels required;**
- **company size; and**
- **good governance and certification.**

**However, there are other criteria that support the withdrawal of the State from the equity portfolio, namely:**

- **implementation of the Restructuring Policy of the State Business Sector approved by Resolution 15/2001, of April 10, of the Council of Ministers, which advocates the disengagement of the State in the business sector to allow greater participation in the private sector; and**
- **implementation of what is established in item e), number 1, of Article 8, of Law 15/91 of August 3, which provides for the sale or sale of holdings to managers, technicians and workers.**

**Regarding to the evaluation of the State participations, a process of Restructuring of the State Business Sector is underway. The objective is to make companies viable and sustainable, reducing their dependence on the State Budget.**

4.64/Page 90 - Services Sector

**Question 112:** According to the paragraph, with a view to enhancing transparency in mobile telecommunication subsector, are there any provisions of published guidelines for the determination of foreign ownership limit in the acquisition of an existing firm in this subsector?

**Answer: There are no foreign ownership limits in the existing firms in telecommunications sub sector. However, an entity that owns an existing operator in Mozambique cannot own more than 3% in two different operators. This is a provision to ensure a competitive environment.**

4.5.1/Page 90 - Financial services

**Question 113:** According to the paragraph, given that restricted financial access in Mozambique, which is the most practical mean of payment for international trade i.e. letters of credit, open account in Mozambique?

**Answer: The most practical mean of payment for international trade is the form of "Advance Payment"**

4.76/Page 91 - Sector regulation

**Question 114:** According to the paragraph, in order to set up a commercial bank in Mozambique's banking subsector, is a foreign service supplier subject to the minimum capital requirement?

**Answer: There is a minimum legal capital, which is required, USD 25 million.**

#### **Report by Mozambique**

7.2/Page 10 - Manufacturing

**Question 115:** According to the paragraph, could you please identify investment promotion policies of priority industries including construction sector, and if there is any measure facilitating foreign investors to venture in Mozambique?

**Answer: Law 3/93 of 24 June does regulate foreign investment.**

5.8/Page 7 - AGRICULTURE AND FISHERIES

**Question 116:** According to the paragraph, the Operational Plan for Food Production advocating for substantial increases for food production is expected to reduce the import levels of rice and chicken by 50%. We would like to note that the implementation should not be against WTO commitments.

**Answer:** *Thankful, Mozambique has taken note of this observation.*

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