

**2007 UPDATE SURVEY OF NON TARIFF BARRIERS TO TRADE:
MOZAMBIQUE**

FINAL REPORT

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TABLE OF CONTENTS

| CONTENTS | PAGE |
|--|------|
| CHAPTER 1: EXECUTIVE SUMMARY | 3 |
| CHAPTER 2: OVERVIEW OF INTRA-SADC TRADE | 4 |
| 2.1 IMPORTS..... | 4 |
| 2.2 EXPORTS..... | 5 |
| CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS | 7 |
| CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS..... | 12 |
| CHAPTER 5: KEY ISSUES FROM INTERVIEWS AND DESK RESEARCH | 20 |
| CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONIZATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES ON THE REGION..... | 20 |
| CHAPTER 7: RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING & ELIMINATION OF NTBs..... | 21 |
| ANNEXES..... | 23 |
| List of contacts..... | 23 |
| References | 25 |
| Legislation ruling trade..... | 25 |



SUMMARY

CHAPTER 1: EXECUTIVE SUMMARY

The objective of this report is to update the 2004 survey of Non-Tariff Barriers (NTB) in Mozambique. The aim of the study was specifically to survey whether the barriers identified in 2004 (i) were still in place, (ii) which ones were removed, (iii) what had been added and (iv) what plans were in place to remove NTBs.

The Ministry of Trade, Confederation of Economic Associations (CTA), National Institute of Statistics, Customs, the Chamber of Commerce and Industry and business community, main importers and exporters were all interviewed. The full list of people and institutions interviewed is included in the Annexes.

A few changes from the previous report have been highlighted, including the creation of the one stop shop (Balcao Unico – BU). Another positive aspect, also raised in the interviews, contributing to reduced constraints was the visa abolition between a number of Southern African countries with the exception of Zimbabwe, Angola, Malawi and Lesotho. However, visas can now be issued at all borders. The scanner recently installed at Maputo Port should theoretically have made trade more efficient, however it appears to have increased costs and from a traders perspective, just introduced one more procedure in the importation process.

Within the road sector, efforts are still being made to harmonize documentation to be used within the SADC/COMESA countries. With regard to roads levies, it seems to be difficult to reach an agreement between the countries to determine a uniform rate due to differences in roads costs of maintenance and rehabilitation which vary from country to country.

Particular attention should be paid to reducing clearance times of ground shipments from South Africa. Benchmarks for clearance times must be set and their progress monitored toward meeting the targets. Procedures to deal quickly with unexpected problems (such as delivery to the wrong port of entry) must be established to add flexibility to the trade system.

Foreign exchange restrictions are still prevalent, and delays in making VAT refunds and other payments to qualified firms put a substantial strain on companies' cash flows. They also serve as a signal to potential investors that Mozambique is not completely serious about providing promised incentives. Companies have suggested that the time it takes to make VAT reimbursements should be lowered to 30 days, and the government should pay market rates of interest on late reimbursements. In addition, it was suggested that in order to further improve the competitiveness of export-oriented producers, a system should be implemented to give companies access to imported raw materials and intermediate goods at world prices, rather than having to pay VAT and heavy duties and then await refunds.

Strict disciplines should be imposed on any contingent protection measures introduced for antidumping and safeguard purposes defined by the WTO. As international experience has shown, there is a very real danger that, even with WTO disciplines, such measures will be captured and used for arbitrary protection.

Only substantive and integrated policies, following this path, would really enable trade promotion and the creation of a virtuous cycle of growth.



CHAPTER 2: OVERVIEW OF INTRA-SADC TRADE

2.1 IMPORTS

In relation to imports the same problems mentioned in the previous reports such as customs, inefficiencies in ports and import procedures, licensing and other regulatory requirements, costs of clearance, import licensing and registration procedures are still the main constraints faced by most traders.

Adding to this, a new scanner was installed at Maputo port. Instead of reducing the operational costs in terms of lowering the time spent on merchandise inspections, traders indicate that the new process merely increases the number of procedures in addition to the cost of US\$ 100 per 20 foot container.

There are 16 procedures in the importation process, which on average takes 38 days with an estimated average cost of US\$ 1,616 per container. The procedures are still the same and aside from the new scanner at the Maputo port no significant change has been noticed.

The National Institute for Statistics record imports from the SADC countries during the last four years as detailed in Table 1 below:

Table 1: Intra SADC Imports by Value (US\$) 2003-2006

| Country of Origin | Value of Imports | | | |
|-------------------|------------------|----------------|------------------|------------------|
| | US\$ 1,000 | | | |
| | 2003 | 2004 | 2005 | 2006a) |
| Angola | 118 | 95 | 42 | 86 |
| Botswana | 209 | 79 | 2,017 | 1,234 |
| Congo (D.R.C) | 0 | 0 | 0 | 0 |
| Lesotho | 15 | 3 | 11 | 6 |
| Malawi | 19,192 | 24,314 | 29,437 | 36,737 |
| Mauritius | 920 | 14,133 | 5,613 | 3,065 |
| Namibia | 634 | 16,623 | 22,234 | 18,211 |
| South Africa | 654,400 | 841,972 | 910,531 | 952,927 |
| Swaziland | 4,178 | 11,403 | 15,571 | 16,210 |
| Tanzania | 1,605 | 3,453 | 4,362 | 5,393 |
| Zambia | 73 | 687 | 2,984 | 10,512 |
| Zimbabwe | 9,804 | 9,355 | 16,964 | 12,492 |
| Total | 691,247 | 922,527 | 1,009,790 | 1,056,926 |

Source: INE, Customs Statistics
Madagascar outstanding

a) not final amounts



Different pattern of import between the SADC countries can be observed during the period, of 2003-2006. The more relevant observations are:

- Sharp increase in amounts imported from Zambia, Zimbabwe, Tanzania, Namibia, Swaziland and Malawi over this period
- Steep decreases in amounts imported from Angola, although imports increased again in 2006.
- No imports were recorded from Congo
- Although irregular and small, imports are now recorded from Lesotho, whereas previously no imports from this country were registered.
- Irregular behavior in amounts imported from Mauritius and Botswana
- Imported amounts from South Africa alone have kept its stake of total imports to SADC, in the range of 90% to 94% during this period although they had a decrease of this percentage from 94% in 2003 to 90% in 2006 (non final figures).

2.2 EXPORTS

The procedures for exporting goods remain the same. The number of documents required to export is 6 and takes 39 days with an average cost of US\$ 1,516 per container . Pre-shipment inspection certification is needed for products on a restricted list.

The National Institute for Statistics (INE) and Customs report recorded exports to SADC countries in Table 2 below.

Table 2: Intra SADC Exports by Country by Value (US\$) 2003-2006

| Country of Destination | Value of Exports | | | |
|------------------------|------------------|---------|---------|---------|
| | US\$ 1,000 | | | |
| | 2003 | 2004 | 2005 | 2006a) |
| Angola | 859 | 632 | 821 | 1,526 |
| Botswana | 1,754 | 751 | 56 | 31 |
| Dem. Rep. of Congo | 299 | 737 | 326 | 541 |
| Lesotho | 1 | 129 | 128 | 190 |
| Malawi | 32,837 | 49,861 | 48,811 | 13,778 |
| Mauritius | 613 | 195 | 577 | 900 |
| Namibia | 53 | 177 | 9 | 51 |
| South Africa | 169,634 | 193,994 | 282,865 | 383,164 |
| Swaziland | 17,454 | 2,684 | 3,881 | 7,915 |
| Tanzania | 1,265 | 2,231 | 452 | 4,160 |
| Zambia | 809 | 1,037 | 1,340 | 2,045 |
| Zimbabwe | 29,468 | 35,026 | 51,197 | 62,797 |

Total 255,061 287,458 390,465 477,098

Source: INE, Customs National Statistics

a) not final amounts



Madagascar outstanding

Different patterns of export have been observed between the various countries during the period of 2003 to 2006. The more relevant observations include the following:

- Recorded exports to Lesotho have increased significantly
- Exports to Angola, Congo, Malawi, Mauritius, Namibia Tanzania tend to be irregular
- Steep decrease in amounts exported to Angola
- Sharp increase in amounts exported to Zimbabwe and Zambia
- Sharp decrease in amount exported to Swaziland
- Regular increase of amounts exported to South Africa
- Exported amounts to South Africa alone have increased its share of total exports to SADC, from 66% to 80% during this period (including non final figures for 2006)

Table 3 Top 10 Products exported to SADC Countries

N/A

Table 4: Top 10 Products Imported from SADC Countries

N/A



CHAPTER 3: NTB MEASURES DIRECTLY AFFECTING EXPORTS

For export procedures, the following documents are required:

- Bill of lading
- Custom export declaration form
- Export permit license
- Packing list
- Preferential certificate
- Pre-shipment inspection clean report of findings.

The main factors negatively affecting exports are as follows:

- i) Export Process* – It takes an average of 39 days for the range procedures to be completed for the export of goods. However, key customs clearance and technical control can be completed in just one day, ports and terminal handling in two days, inland transportation and handling in one day. In the previous 2004 NTB report, it was stated the clearance procedure took 21 days. The horticulture sector exporting fresh fruits, vegetable and flower, is one of the key sectors negatively affected by export procedures, process and documentation. The sector estimated 24 hours as the current time needed to export products, which in the case of perishables can impose significant costs. This time can vary depending on the season and exiting port.
- ii) Lack of market information* – Most exporters are not aware of specific procedures such as trade restriction and prohibitions, standards and SPS requirements that must be followed.
- iii) Custom duties and taxes on imported inputs to export* – imported inputs for exportable products are supposed to benefit for tax relief measures. What currently happens is that importers pay upfront the required duties and tax to avoid costly delays in clearance of the goods and claim for refund once the good are re-exported.
- iv) Currency instability and availability.*



Table 5: WTO NTB CATEGORIZATION CODE

| Inventory Category | DESCRIPTION | | | | |
|--------------------|--|-------------------------------------|------------------------------------|---|------------------------------|
| | Government participation in Trade and Restrictive Practices Tolerated By Governments | | | | |
| Part I | WTO Inventory Code | Problem area | Description of the most severe NTB | Impact of NTB to business and Trade | Responsibility/source of NTB |
| | N/A | | | | |
| | | | | | |
| Part II | Customs and Administrative entry Procedures | | | | |
| | II G | Cumbersome Export Customs Clearance | Protection of national products | Originating bureaucracy, unpredictability, uncertainty and slow pace of the process | |
| Part III | Technical Barriers to trade | | | | |
| | N/A | | | | |
| Part IV | Sanitary and Phyosanitary Measures | | | | |
| | IV A | Awareness on SPS measures | Lack of information dissemination | Moderate | |
| Part V | Specific Limitations | | | | |
| | V A | Restrictions on wood | | Low | |



| | | | | | |
|----------|-----------------------|--|---------------------------------|--|--|
| | V J | exports Tariff Surcharge on Cashew nuts | | | |
| Part VI | Charges on Exports | | | | |
| | VI B | High Export Services or Charges Costs | Protection of national products | Bureaucracy, unpredictability, uncertainty and slow pace of the process. | |
| | VI A | VAT refund for re- exported products | Upfront payment to avoid delays | reduced competitiveness | |
| Part VII | Other | | | | |
| | N/A | | | | |

**Table 6: Specific Official Regulation Affecting Exports**

| WTO Inventory Category | Product Group | Government Controlling Agency | Regulatory Procedures |
|------------------------|--|---|---|
| | 08013100 Cashew Nuts, Tariff Surcharge | Protection and promotion of national industry. | <i>Boletim da República Nr 52 – Suplemento</i> ”- Decree n° 29/2002 |
| | 4403, Unprocessed Wood, Restriction | Protection of national products and promotion of national industry. | “ <i>Boletim da República Nr 52 – Suplemento</i> ”- Decree n° 29/2002 |

The list of products currently covered by export prohibition includes only items such as art collections belonging to the National Cultural Patrimony, coins and bills, ivory and ivory articles, and fake branded merchandise and deteriorated food products.

Currently restricted (requiring specific licensing) products for export include only items such as minerals, tariff surcharged products, toxic and venomous substances, gold and silver, manuscripts and stamps of archeological or historical value, animals and animal products.

Considering that the products listed in the two last paragraphs are commonly subject to restrictions aimed at protecting health, security and archeological interests, the prevailing NTB's on exports are not of legislative or regulative origin.

Table 7: Impacts of NTBs on exports

| NTB Description: | Obstacle to Regional Trade | Impact on Business Costs & Efficiency | Impact on Domestic Market Access |
|--|----------------------------|---------------------------------------|----------------------------------|
| Documentation and Customs Procedures | Serious | Serious | Moderate |
| Export Licensing/Permits | Low | Low | Low |
| Export Quotas (QRS) | Low | Low | Low |
| Export Bans/prohibitions | Low | Low | Low |
| Services or charges not falling within the definition of export duties | Serious | Serious | Moderate |
| Single channel marketing | Low | Low | Low |
| Transit charges | Moderate | Moderate | Low |
| Technical regulations | Serious | Serious | Moderate |
| Visa requirements | Low | Low | Low |

Source: Interviews with Institutions and Companies



CHAPTER 4: NTB MEASURES DIRECTLY AFFECTING IMPORTS

For the import process, the following documents are required:

- Bill of lading
- Cargo manifest
- Certificate of origin
- Collection order
- Commercial invoice
- Consular invoice
- Custom cargo release form
- Custom cargo declaration form
- Import license
- Packing list
- Preferential certificate
- Pre-shipment inspection clean report of findings
- Ship arrival notice
- Stowage plan
- Technical standards/health certificate
- Terminal charges receipt

The key NTBs affecting imports are as follows:

- i) Import Process:* it takes, in average, 38 days to go through the import procedures. The customs clearance and technical control usually takes two days, port and terminal handling in three days, and inland transportation and handling four days. It seems that there has been an improvement in the importation process as the previous report indicated that clearance on average took 18.5 days;
- ii) Registering Businesses:* here there is a significant improvement. The government has created a one stop shop (Balcão Único – BU) to speed up the process. BU is minimizing the issues of arbitrary requirements identified in the 2004 report.
- iii) Trade:* same as the 2004 report - customs and tax regulations are cumbersome and uncertain with a lack of coordination among revenue agencies, absence of a logical, rational tax system (not necessarily lower tax rates) to reduce uncertainty in financial planning, high value-added tax rate encourages underground cross-border trade undermining local legal businesses, prompt VAT refunds are not available, absence of a national trade policy incorporating training, research, information sharing, technology, finance, and a supportive environment.

**Table 8: WTO NTB CATEGORIZATION CODE**

| Inventory Category | DESCRIPTION | | | | |
|--------------------|--|--|--|--|------------------------------|
| | Government participation in Trade and Restrictive Practices Tolerated By Governments | | | | |
| Part I | WTO Inventory Code | Problem area | Description of the most severe NTB | Impact of NTB to business and Trade | Responsibility/source of NTB |
| | N/A | | | | |
| | | | | | |
| Part II | Customs and Administrative entry Procedures | | | | |
| | II (G) | Customs formalities | Roads levy Documents procedures | Different levies apply depending on MS Arbitrariness depending on each MS. Lack of dissemination of procedures makes processes unpredictable. | MS and SADC secretariat |
| | II (D) | Consular formalities and documentation | Visa requirements | Protection of security, labor stability and diplomatic/political standards. | |
| | II (G) | Documentation and Customs Procedures | Tax revenue collection | bureaucracy, unpredictability, uncertainty and slow pace of the process | Customs |
| | II (H) | Import | Protection of tax revenue | Bureaucracy, | |



| | | | | | |
|----------|-------------------------------------|-------------------------------------|--|--|---|
| | | Licensing/Permits | collection | unpredictability, uncertainty and slow pace of the process | |
| | II (G) | Customs Formalities | Non-calibration of scales at the Tete border post | Wrong weight calculations resulting in undue delays | |
| Part III | Technical Barriers to trade | | | | |
| | III (B) | Technical Regulations and Standards | Non harmonized procedures on quality certification | | |
| Part IV | Sanitary and Phytosanitary Measures | | | | |
| | | | | | |
| Part V | Specific Limitations | | | | |
| | V (A) | Import Quotas (QRS) | Restriction on quantity of imports | Restriction on quantity of imports | Customs |
| Part VI | Charges on Imports | | | | |
| | VI (B) | Sugar Surcharge | Import surcharge on sugar | Increased cost of domestic sugar | Customs, Ministry of Agriculture |
| | VI (E) | Transit Taxes | Protection of tax revenue collection and Inefficient service operators | Bureaucracy, unpredictability, uncertainty and slow pace of the process. | Kudumba (private company responsible for scanner operation) |
| | VI (B) | Scanner tax | Inefficient service operators and higher importer costs | Deviation of transit cargo to other ports | |
| | | | | | |
| Part VII | Other | | | | |



| | | | | | |
|--|---------|------------------------------|---|--|-----------------|
| | VII (E) | Other | Smuggling | Strains capacities and efficiency of customs | Police, Customs |
| | VII (E) | Corruption | Unpredictability of customs clearance rules favors a growing range of opportunities for unlawful payments. Redundant controls and checkpoints again favor rent seeking officials. | Increased costs to business | Police, Customs |
| | VII (E) | Security | Security of goods along transit circuits is costly | Increased costs to business | Police, Customs |
| | VII (E) | Customs Warehouse Facilities | Requirement for compulsory warehousing at venue of destination, at monopolistic prices | Makes trade process more cumbersome and costly | Customs |

**Table 9: Specific Official Regulations affecting Imports**

| WTO Category | Inventory | Product Group | Government Controlling Agency | Regulatory Procedures |
|--------------|-----------|--|--|--|
| VI (B) | | 17011100, Sugar, Tariff Surcharge, Restriction | Protection of national sugar industry. | “Boletim da República”- Nr 52 – Suplemento”- Decree nº 29/2002 |

Other legislation affecting imports:**a) Customs Procedures**

- Decree 56/98 of 11 November, the Trade Activity Regulations
- Decree 57/98 of 11 November, the International Terminals Regulations
- Decree 61/98 of 11 November, the Pre-Board Inspection System
- Ministerial Diploma 202/98 of 12 de November, the Trade Operator Registration
- Ministerial Diploma 203/98 of 12 de November, the Trade Operator Registration Taxes
- Ministerial Diploma 206/98 of 25 de November, the Merchandise Dispatch Regulation
- Ministerial Diploma 207/98 of 25 November, the Pre-Board Inspection Regulation
- Decree 30/99 of 24 May, the Schedule of Tariffs
- Decree 3/2000 of 17 March, the Organizational Structure of the Customs Service
- Decree 4/2000 of 17 March, Mozambican Customs System
- Ministerial Diploma 89/2000 of 2 August, Customs Warehouses *
- Ministerial Diploma 90/2000 of 2 August, Petroleum Products Customs Warehouses*
- Ministerial Diploma 91/2000 of 2 August, the International and Transit Terminals Regulation*
- Ministerial Diploma 92/2000 of 2 August, the Merchandise Custom Dispatch Activity Licensing*
- Ministerial Diploma 93/2000 of 2 August, the Industrial Free Zone Customs Regime*
- Ministerial Diploma 94/2000 of 2 August, Road Customs Transit*
- Decree 19/2001 of 23 July, altering articles and tables of the preliminary instructions to the Schedule of Tariffs approved Decree 30/99 of 24 May.
- Resolution 41/2001 of 18 June, ratifies amendments to the SADC Protocol on Trade.
- Decree 20/2001 of 2 August, updates Decree 56/98
- Ministerial Diploma 10/2002 of 30 January, the Merchandise Transit Regulations
- Ministerial Diploma 11/2002 of 30 January, the International Terminals Regulations
- Ministerial Diploma 12/2002 of 30 January, the Customs Warehouses Regulations
- Ministerial Diploma 14/2002 of 30 January, the Industrial Free Zone Customs Regime
- Ministerial Diploma 15/2002 of 30 January, the Temporary Vehicle Import Regime



- Ministerial Diploma 16/2002 of 30 January, the Clearing Agent Licensing Regulations
- Diploma 30/2002 of 30 January, the General Rules for Customs Dispatch
- Ministerial Diploma 33/2002 of 30 January, updates Decree 3/2000
- Ministerial Diploma 38/2002 of 30 January, Customs Value Calculation Rules
- Ministerial Diploma 39/2002 of 30 January, the Schedule of Tariffs Preliminary Instructions

b) Licensing and General Business

- Decree 43/98 of 9 September, the Commercial Licensing Regulation
- Decree 44/98 of 9 September, the Industrial Licensing Regulation
- Decree 56/98 of 11 November, the International Trade Activity Regulations
- Ministerial Diploma 202/98 of 12 November, the International Trade Operator Registration
- Ministerial Diploma 203/98 of 12 November, tax to be paid in registration as importer
- Law 11/99 of 8 July, the Arbitration, Conciliation and Mediation Law
- Dispatch of 24 of August 1999, International Fair Regime
- Decree 61/99 of 21 September, creating the Industrial Free Zone
- Decree 62/99 of 21 September, regulating the Industrial Free Zone
- Dispatch of 26 April 2000, Emergency Tools for Industry Regulation

c) Taxation

- Law 3/98 of 8 January, making possible the introduction of the VAT Code
- Decree 16/98 of 16 April, the special tax and customs regime for Zambezi Valley
- Decree 23/98 of 26 May, changing income tax rates
- Decree 51/98 of 29 September, the VAT Code
- Decree 52/98 of 29 September, the specific consumption Tax Code (luxury goods)
- Decree 59/98 of 24 November, update the stamp tax
- Decree 68/98 of 23 December, introducing further rate changes to the Tax Code
- Decree 12/99 of 30 March, introducing further changes to the VAT Code
- Decree 44/99 of 10 of August, introducing further changes to the VAT Code and the Tax Code
- Decree 73/99 of 12 October, introducing a special tax and customs regime for the hotel industry
- Decree 74/99 of 12 October, introducing a special tax regime for the sugar industry during a period of rehabilitation
- Decree 82/99 of 16 November, introducing further changes to the VAT Code
- Decree 83/99 of 16 November, introducing further changes to the Tax Code
- Decree 84/99 of 16 November, introducing further changes to the Stamp Tax
- Dispatch of 26 April 2000, Exemptions Regime for Sugar Factories



- During this period, various treaties for the avoidance of double taxation were signed with other countries, and enacted in the Mozambique in the form of Decrees

d) Labor

- Law 8/98 of 20 July, the Labor Law
- Decree 25/99 of 24 May, Procedures for Contracting Foreign Workers
- Decree 26/99 of 24 May, Work Visas for Foreign Workers
- Decree 75/99 of 12 October, Employment of Foreign Workers in Free Zones
- Ministry Diploma 145/2000 of 1 November, Fees for Work Visas

The list of products currently covered by import prohibition includes only items such as stupeficient and psychotropic substances, beverages with chemicals harmful to health, medical drugs or food stuff dangerous to public health, pornographic materials and fake branded merchandise.

Currently restricted (requiring specific licensing/inspection) products for import include guns, explosives and gunpowder, sugar and raw cashew, toxic and venomous substances, gold and silver, vegetable foodstuff, animals and animal products and special taxation regime products.

Table 10: Impact of NTBs on Imports

| NTB Description: | Obstacle to Regional Trade | Impact on Business Costs & Efficiency | Impact on Domestic Market Access |
|--|----------------------------|---------------------------------------|----------------------------------|
| Multilateral and bilateral agreements | Serious | Moderate | Low |
| Infrastructure (international terminals, ports, roads) | Serious | Serious | Serious |
| Documentation and Customs Procedures | Serious | Serious | Moderate |
| Services or charges not falling within the definition of import duties | Serious | Serious | Moderate |
| Technical measures | Serious | Serious | Serious |
| Import Licensing/Permits | Moderate | Serious | Low |
| Visa requirements | Serious | Serious | Moderate |
| Import Quotas (QRS) | Serious | Moderate | Serious |
| Transit Taxes | Serious | Serious | Low |
| Registration Procedures and bureaucracy | Moderate | Serious | Low |



CHAPTER 5: KEY ISSUES FROM INTERVIEWS AND DESK RESEARCH

It appears that the fragility of the system to confirm Certificates of Origin from Zimbabwe is constraining imports from that country, and going the other way the Zimbabwe Carbon tax remains a problem. Also, in Malawi, insurance companies do not accept/recognize Insurance certificate issued by their counterparts at the border. Trade with the region is also constrained by language barriers.

The Tete border post in particular appears to be highly problematic, with difficulties with the weighbridge for trucks, and extremely cumbersome migration and customs procedures. This post is characterized by looseness on dealing with migration paperwork and customs procedures even for light cars. These problems have been compounded by the apparent abandonment of the bilateral committee called “Comité de rotas” - a joint committee of Mozambique and Malawi migration, police and government officials which used to meet regularly on a quarterly basis to discuss the best way to deal with border traffic.

CHAPTER 6: ASSESSMENT OF PROCEDURES FOR HARMONIZATION OF TRANSIT TRAFFIC BETWEEN COUNTRIES ON THE REGION

Roads:

Road transport is constrained by the absence of both customs clearing capacity and adequate customs warehousing facilities at the main land border entry posts. This creates the need for compulsory warehousing at venue of destination. Compulsory warehousing is most problematic on the major transport routes with South Africa trade, as the main trade partner in the region. Warehousing facilities operate under a monopoly and only one customs warehouse of each type is available, enabling this way that rules and costs can be arbitrarily set and interpreted. There seems to be a systematic problem particularly with the FRIGO customs warehouses in Maputo where fees are charged pro rata of the merchandise value and not by the volume it occupies.

Ports:

Maputo port – a new scanner for containers has been installed at Maputo port. This represents an improvement in terms of time spent on merchandise inspection but, on the other hand, the interviewed companies complained about the fee charged per container for this service irrespective of the type of merchandise. It costs US\$ 100 per 20 ft container or any size of bulk cargo but only 10% of the containers are checked.

Although the majority of trade is done through Maputo, trade through the secondary and tertiary harbors are subject to additional inefficiency costs, namely through the ports of Beira and Nacala and in an indirect way, through Quelimane and other smaller ports. This arises from both a rougher and significantly worse handling capacity but also due to different interpretations of customs regulations that delay clearance of goods. However, reforms are currently being undertaken at Nacala port to improve its efficiency. The main constraint faced by port management is custom delay on merchandize inspection.



CHAPTER 7: RECOMMENDED ACTIONS ON NOTIFICATION, MONITORING & ELIMINATION OF NTBs

The 2004 report suggested a number of actions to reduce NTBs and a tentative timetable. The problems have not changed significantly.

Table 11: Recommended Actions to Reduce or Eliminate Identified NTBs

| Actions: | Institution | Impact | Tentative Timetable |
|---|--|---|---------------------|
| Periodical adjustment of quotas amongst all MS's. | <i>Regional Organizations</i> | <i>Allow flow of available merchandise.</i> | <i>Regular</i> |
| Speed up conclusion of implementation instruments, in MS's that have not yet done so. | <i>Regional Organizations</i> | <i>Enable use of Trade Protocol advantages.</i> | <i>Before 2008</i> |
| Reconciliation of bilateral/plurilateral parallel trade agreements amongst concerned countries. | <i>Regional Organizations/ Government Agencies</i> | <i>Avoid conflicts between different rules and treatments.</i> | <i>Before 2008</i> |
| Strengthening of industrial policies promoting quality. | <i>Government Agencies</i> | <i>Ensure access to markets and competitiveness.</i> | <i>Before 2008</i> |
| Speed up process for reimbursement of duties and taxes. | <i>Government Agencies</i> | <i>Reduce financial costs and free capital for productive objectives.</i> | <i>Immediate</i> |
| Conclusion of liberalization of exchange control. | <i>Government Agencies</i> | <i>Facilitate exports and reduce financial costs.</i> | <i>Immediate</i> |
| Speed up preshipment inspection mechanisms. | <i>Government Agencies/ Business Community</i> | <i>Facilitate imports and reduce services and warehousing costs.</i> | <i>Immediate</i> |
| Revision/liberalization of mandatory warehousing system, creation of dry ports at main border entries. | <i>Government Agencies/ Business Community</i> | <i>Ease clearing of goods and reduce operations and warehousing costs.</i> | <i>Immediate</i> |
| Ensure greater efficacy on recognition/confirmation of origin certificates. | <i>Regional Organizations</i> | <i>Ease clearing of goods and reduce operations costs.</i> | <i>Immediate</i> |
| Improve uniformity and previsibility of customs rules. | <i>Government Agencies</i> | <i>Speed up clearing time and reduce clearing, warehousing, and operations costs.</i> | <i>Immediate</i> |
| Ensure simplicity and agility of customs services, adequate national trade facilitation rules to international standards. | <i>Government Agencies</i> | <i>Facilitate trade, speed up clearing time and reduce clearing, warehousing, and operations costs.</i> | <i>Immediate</i> |
| Improve technical | <i>Government Agencies</i> | <i>Speed up clearing time</i> | <i>Immediate</i> |



| | | | |
|--|--|---|--|
| decentralization of customs services. | | <i>and reduce clearing, warehousing, and operations costs.</i> | |
| Simplification and speeding up of customs verifications, use of post clearing audits and scanners for containers. | <i>Government Agencies</i> | <i>Speed up clearing time and reduce clearing, warehousing, and operations costs.</i> | <i>In place at Maputo port.</i> |
| Constant M&E of customs services. | <i>Government Agencies</i> | <i>Ensure quality and efficacy of services delivered to trade operators.</i> | <i>Regular (is being done regularly)</i> |
| Dissemination of procedures and capacitating of business community on trade facilitation. | <i>Business Community</i> | <i>Ensure awareness of rules/ regulations/ procedures and promote efficiency on trade operations.</i> | <i>Immediate, Regular</i> |
| Control safety of merchandise at all levels of trade circuit. | <i>Regional Organizations/ Government Agencies/ Business Community</i> | <i>Facilitate trade, reduce losses and insurance costs.</i> | <i>Regular</i> |
| Control corruption on all levels of trade circuit. | <i>Regional Organizations/ Government Agencies/ Business Community</i> | <i>Facilitate trade, reduce costs.</i> | <i>Regular</i> |
| Dissemination of rules and capacitating of all intermediate institutions and business community on advantages and benefits of SPT. | <i>Government Agencies/ Business Community</i> | <i>Promote intra SADC trade.</i> | <i>Immediate, Regular</i> |

Source: Interviews with institutions

Coding: Government agencies / regional organizations/ business community.

For the NTB notification process, we suggest that the focal point be the CTA as this confederation aggregates all of national business associations. CTA has 14 Divisions namely Customs and Fiscal Reform, Industry and Energy, Agriculture and Agriculture Marketing, Transport, Agro processing, Trade and Pharmacy, Financing, Infrastructures and Public Works, Legal Reform, External Relations and Economic Cooperation, Information Technology and Communications, Labor and Social Affairs, Tourism, and Business Security. CTA will indicate in which Division the proposed NTB reporting function should be based.



ANNEXES

List of contacts

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Inventory of NTBs in Mozambique



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- IPEX (www.ipex.gov.mz): information on SADC Protocol on Trade and the main Imported/Exported Commodities.
- Tariffs book for the ports of Nacala, Pemba, Quelimane and tertiary.
- SADC Protocol on Trade

Legislation ruling trade

a) Customs Procedures

- Decree 56/98 of 11 November, the Trade Activity Regulations
 - Decree 57/98 of 11 November, the International Terminals Regulations
 - Decree 61/98 of 11 November, the Pre-Board Inspection System
 - Ministerial Diploma 202/98 of 12 de November, the Trade Operator Registration
 - Ministerial Diploma 203/98 of 12 de November, the Trade Operator Registration Taxes
 - Ministerial Diploma 206/98 of 25 de November, the Merchandise Dispatch Regulation
 - Ministerial Diploma 207/98 of 25 November, the Pre-Board Inspection Regulation
 - Decree 30/99 of 24 May, the Schedule of Tariffs
 - Decree 3/2000 of 17 March, the Organizational Structure of the Customs Service
 - Decree 4/2000 of 17 March, Mozambican Customs System
-



- Ministerial Diploma 89/2000 of 2 August, Customs Warehouses *
- Ministerial Diploma 90/2000 of 2 August, Petroleum Products Customs Warehouses*
- Ministerial Diploma 91/2000 of 2 August, the International and Transit Terminals Regulation*
- Ministerial Diploma 92/2000 of 2 August, the Merchandise Custom Dispatch Activity Licensing*
- Ministerial Diploma 93/2000 of 2 August, the Industrial Free Zone Customs Regime*
- Ministerial Diploma 94/2000 of 2 August, Road Customs Transit*
- Decree 19/2001 of 23 July, altering articles and tables of the preliminary instructions to the Schedule of Tariffs approved Decree 30/99 of 24 May.
- Resolution 41/2001 of 18 June, ratifies amendments to the SADC Protocol on Trade.
- Decree 20/2001 of 2 August, updates Decree 56/98
- Ministerial Diploma 10/2002 of 30 January, the Merchandise Transit Regulations
- Ministerial Diploma 11/2002 of 30 January, the International Terminals Regulations
- Ministerial Diploma 12/2002 of 30 January, the Customs Warehouses Regulations
- Ministerial Diploma 14/2002 of 30 January, the Industrial Free Zone Customs Regime
- Ministerial Diploma 15/2002 of 30 January, the Temporary Vehicle Import Regime
- Ministerial Diploma 16/2002 of 30 January, the Clearing Agent Licensing Regulations
- Diploma 30/2002 of 30 January, the General Rules for Customs Dispatch
- Ministerial Diploma 33/2002 of 30 January, updates Decree 3/2000
- Ministerial Diploma 38/2002 of 30 January, Customs Value Calculation Rules
- Ministerial Diploma 39/2002 of 30 January, the Schedule of Tariffs Preliminary Instructions

b) Licensing and General Business

- Decree 43/98 of 9 September, the Commercial Licensing Regulation
- Decree 44/98 of 9 September, the Industrial Licensing Regulation
- Decree 56/98 of 11 November, the International Trade Activity Regulations
- Ministerial Diploma 202/98 of 12 November, the International Trade Operator Registration
- Ministerial Diploma 203/98 of 12 November, tax to be paid in registration as importer
- Law 11/99 of 8 July, the Arbitration, Conciliation and Mediation Law
- Dispatch of 24 of August 1999, International Fair Regime
- Decree 61/99 of 21 September, creating the Industrial Free Zone
- Decree 62/99 of 21 September, regulating the Industrial Free Zone
- Dispatch of 26 April 2000, Emergency Tools for Industry Regulation



c) Taxation

- Law 3/98 of 8 January, making possible the introduction of the VAT Code
- Decree 16/98 of 16 April, the special tax and customs regime for Zambezi Valley
- Decree 23/98 of 26 May, changing income tax rates
- Decree 51/98 of 29 September, the VAT Code
- Decree 52/98 of 29 September, the specific consumption Tax Code (luxury goods)
- Decree 59/98 of 24 November, update the stamp tax
- Decree 68/98 of 23 December, introducing further rate changes to the Tax Code
- Decree 12/99 of 30 March, introducing further changes to the VAT Code
- Decree 44/99 of 10 of August, introducing further changes to the VAT Code and the Tax Code
- Decree 73/99 of 12 October, introducing a special tax and customs regime for the hotel industry
- Decree 74/99 of 12 October, introducing a special tax regime for the sugar industry during a period of rehabilitation
- Decree 82/99 of 16 November, introducing further changes to the VAT Code
- Decree 83/99 of 16 November, introducing further changes to the Tax Code
- Decree 84/99 of 16 November, introducing further changes to the Stamp Tax
- Dispatch of 26 April 2000, Exemptions Regime for Sugar Factories
- During this period, various treaties for the avoidance of double taxation were signed with other countries, and enacted in the Mozambique in the form of Decrees

d) Labor

- Law 8/98 of 20 July, the Labor Law
- Decree 25/99 of 24 May, Procedures for Contracting Foreign Workers
- Decree 26/99 of 24 May, Work Visas for Foreign Workers
- Decree 75/99 of 12 October, Employment of Foreign Workers in Free Zones
- Ministry Diploma 145/2000 of 1 November, Fees for Work Visas