

Mozambique

Background: Almost five centuries as a Portuguese colony came to a close with independence in 1975. Large-scale emigration, economic dependence on South Africa, a severe drought, and a prolonged civil war hindered the country's development until the mid-1990s. The ruling Front for the Liberation of Mozambique (FRELIMO) party formally abandoned Marxism in 1989, and a new constitution the following year provided for multiparty elections and a free market economy. A UN-negotiated peace agreement between FRELIMO and rebel Mozambique National Resistance (RENAMO) forces ended the fighting in 1992. In December 2004, Mozambique underwent a delicate transition as Joaquim CHISSANO stepped down after 18 years in office. His elected successor, Armando GUEBUZA, served two terms and then passed executive power to Filipe NYUSI in October 2014. RENAMO's residual armed forces engaged in a low-level insurgency from 2012 to 2014.



Basic Facts

Population	24,692,144 ^[5] (50th)
Area	801,590 km ² (35th)
currency	Mozambican metical (MZN)
GDP (Nominal)	\$19.043 billion ^[6]
Export Volume	\$ 3,196,082
Import Volume	\$ 7,907,622
Export to OIC Member States	\$ 95,307
Import from OIC Member States	\$ 989,835

Economy - overview: At independence in 1975, Mozambique was one of the world's poorest countries. Socialist policies, economic mismanagement, and a brutal civil war from 1977 to 1992 further impoverished the country. In 1987, the government embarked on a series of macroeconomic reforms designed to stabilize the economy. These steps, combined with donor assistance and with political stability since the multi-party elections in 1994, propelled the country's GDP from \$4 billion in 1993, following the war, to about \$34 billion in 2015. Fiscal reforms, including the introduction of a value-added tax and reform of the customs service, have improved the government's revenue collection abilities.

In spite of these gains, more than half the population remains below the poverty line. Subsistence agriculture continues to employ the vast majority of the country's work force. Citizens rioted in September 2010 after fuel, water, electricity, and bread price increases were announced. In an attempt to lessen the negative impact on the population, the government implemented subsidies, decreased taxes and tariffs, and instituted other fiscal measures.

A substantial trade imbalance persists, although aluminum production from the Mozal Aluminum Smelter has significantly boosted export earnings in recent years. In 2012, The Mozambican Government took over Portugal's last remaining share in the Cahora Bassa Hydroelectricity Company, a significant contributor to the Southern African Power Pool. The government has plans to expand the Cahora Bassa Dam and build additional dams to increase its electricity exports and fulfill the needs of its burgeoning domestic industries.

Mozambique's once substantial foreign debt was reduced through forgiveness and rescheduling under the IMF's Heavily Indebted Poor Countries (HIPC) and Enhanced HIPC initiatives. However, in 2013, the Mozambique Tuna Company (EMATUM) issued an \$850 million bond fully guaranteed by the Mozambican government primarily for the purpose of purchasing tuna boats. The government is attempting to reschedule this debt, in the expectation that a pending deal with a consortium led by a US company will provide enough revenue to pay off this debt. The pending deal has the potential to transform Mozambique's economy and dramatically increase GDP.

Mozambique grew at an average annual rate of 6%-8% in the decade up to 2015, one of Africa's strongest performances. Mozambique's ability to attract large investment projects in natural resources is expected to sustain high growth rates in coming years although weaker global demand for commodities is likely to weaken expected revenues from these vast resources, including natural gas, coal, titanium, and hydroelectric capacity.