

MOZAMBIQUE**Currency devalued**

A 22.4 per cent devaluation of the metical was announced by Banco de Mocambique (central bank) on 2 July. The move, the second devaluation this year and the fourth in 18 months, brings the official exchange rate to \$1 = MM 580, compared with the previous rate of \$1 = MM 450 and the \$1 = MM 40 rate used at the start of 1987 (AED 8:1:88; 7:2:87).

Like its predecessors, the latest devaluation falls under the IMF-backed economic recovery programme, and is aimed at "stabilising" and restoring value to the currency, a central bank representative says. The black market rate has been reduced from \$1 = MM 1,800 before the first devaluation to below MM 900 at present.

Now in its second year, the recovery programme has also seen the introduction of a wide range of reforms, including this year's substantial increases in basic commodity prices to reduce subsidies (AED 1:4:88). Other planned changes include further moves to restructure the management and increase the self-sufficiency of companies — notably in the public sector — with a view to increasing productivity, in particular exports.

As part of this, the government is carrying out, with World Bank support, a study on 40 firms in all sectors, including various types of state-operated and some private concerns. This is expected to be followed by the reorganisation of some companies, including possible privatisation or moves to a joint venture, as well as changes in the tax and tariff structures. Also under consideration are plans to set up a "foreign exchange pool" to allocate hard currency through an open licencing system, rather than administrative methods; the aim is to ameliorate the productive sector's problems in gaining access to essential imports.