

**SPEECH BY HIS EXCELLENCY PRESIDENT JOAQUIM CHISSANO OF MOZAMBIQUE IN WASHINGTON D.C. AT THE INVITATION OF THE CORPORATE COUNCIL ON AFRICA**

**Mr. Chairman,**

**Excellencies,**

**Distinguished Guests;**

**Ladies and Gentlemen,**

**First of all I would like to congratulate the Corporate Council on Africa for its initiative which brought together statesmen and other prominent personalities to discuss issues of overriding importance to Africa at a time when the Continent is faced with a diversity of problems whose solution depends on our co-ordinated efforts.**

**We are all present here answering to the call by the Corporate Council on Africa to set Africa in the context of the globalisation of the world economy, to play an important role not only as a market but also and essentially as a viable partner for development of Mankind.**

**We find it appropriate that in addressing its economic problems, Mozambique should seek to participate in this globalisation process both in the Southern Africa region and in the World, in order to ensure the uplifting of the standards of living of its people and, thus, helping to launch the basis for a future we all wish it to be brighter.**

**At the regional level and within the framework of the Southern African Development Community (SADC), we are firmly moving towards a regional economic integration with a strong participation of the private sector in various fields of economic activity. The participation of the private sector has contributed to the broadening and vigorous revitalisation of the market.**

Our cooperation within the SADC is deeply rooted in the existing strong solidarity ties that unite the peoples and governments of our region. Our approach is cooperation among our countries for the attainment of a global and sustainable growth of our region. We coordinate and harmonize our policies because our efforts in Southern Africa are geared for one common objective. We have a lot in common. All countries in the region, Mozambique included, suffered a certain degree of destabilisation. On the other hand, almost all countries in the region are endowed with vast natural resources. Therefore, our efforts and our relations are complementary and are based on mutual understanding and identity.

Mozambique has an important role to play in the creation of the common market in Southern Africa given its geographical location as a natural gateway for export and import from many Southern African countries.

Right now, efforts are being deployed to upgrade the railway system connecting South Africa, Swaziland, Zimbabwe, Zambia, Malawi and even Zaire to the sea-port of Maputo, Beira and Nacala. This is being achieved through a concept of what we call the development corridors of Maputo, Beira and Nacala. A development corridor is more than a road or railway connecting a harbour to one point at the border of a neighbouring country. It is an area along the communication routes, and beyond them into the interior of both countries and open for investments in a great variety of economic activities bringing about an integrated development of the region including the improvement of the sea ports, railways, the improvement and construction of highways, gas pipelines, energy and communication infrastructures, livestock, forestry, agriculture, mining, manufacturing industry and tourism.

The aim is to interconnect these corridors so that they cover the vast market of SADC comprising 140 million people.

Mr. Chairman,

Mozambique offers wide investment potentialities and opportunities that deserve the attention of American investors, such as mineral exploration and processing; investment in industrial free zones, natural gas, construction, transport and communication services, especially, toll

roads and bridges, railways connecting ports to industrial centres like sites of coal and iron ore mines and investment in all layers of tourism.

Mozambique provides a favourable climate for investment characterised by the following among other features:

- The existence of peace ;
- Democracy based on political pluralism;
- Respect for human rights and individual liberties;
- Progressive establishment of local Government throughout the country. The first municipal elections will be held later this year;
- Pursuit of policies favouring the promotion of an appropriate environment for private investment;
- Government commitment to the development of a strong, efficient and effective civil service capable of implementing policies facilitating and responding to trade and investment.
- Improvement of the living standards of our people as a result of the social and economic rehabilitation, which also gives priority to human resources development;
- Government commitment to market economy policies.

Economic indicators since 1987 when the Economic Rehabilitation Programme was introduced show that the economy has been expanding. Indeed, during the last ten years, Gross Domestic Product grew at an average rate of 5%. The Five Year Government Programme initiated in 1995 is a valuable guiding instrument of the country's economic and social recovery.

In 1996, GDP grew in 6% the inflation is under control, the exchange rate was stabilized and exports of goods showed an increase of 24%.

**I must highlight the contribution from the agricultural and industrial sectors to the growth of our economy.**

**The success in the human resettlement and in the normalisation of the life of Mozambicans, the improvement of roads and communication infrastructures, the restructuring of productive sectors have resulted in a substantial increment in the supply of goods and services.**

**One salient aspect of the economic restructuring in our country is the privatisation process which has shown a significant impact in terms of investment. By the end of the first quarter of 1996, one third of the total authorised foreign investment was from bidders under the privatisation programme.**

**Privatisation in Mozambique is an important undertaking which benefits from the sponsorship and assistance from the World Bank and other international financial institutions in the pursuance of objectives aimed at boosting the role of the private sector in our economy, thus, securing the handing over to the private initiative of those economic activities that State need not to be directly involved. So far, around 700 companies have been successfully privatised.**

**Privatisation brings along with it new technologies and the development of modern management systems. Therefore, privatised companies have registered high standards of production and productivity which in turn have increased sales and revenues.**

**Despite the fact that national businessmen lack financial resources, their emergence, development and consolidation is one of the main concerns of the government. For that purpose the government encourage them to undertake joint ventures with foreign capital or, wherever possible, to form their own venture capital.**

**Prospects for the current year indicate the need for the continuation of companies restructuring policies so as to allow an effective re-privatisation and modernisation of the economy.**

**I would like to stress our commitment to continue to implement measures conducive to the creation of an attractive atmosphere for**

**private investments through simplification of bureaucratic procedures and the reform of fiscal and monetary policies.**

**In 1996 we introduced lower tariffs as additional incentives to foreign investment, to stimulate national production and enhance trade liberalisation.**

**We have a policy that foster the establishment of new banks and financial institutions like leasing societies, as well as other non-monetary financial institutions such as insurance companies.**

**We regard the American investment as an essential element with catalytic effect. The lack of sufficient information on Mozambique's reality places American investment ranking as fifth in terms of foreign direct investment, with projects in the fields of agriculture, fisheries, agri-industry, tourism and hotels, industry, mineral resources, gas and oil.**

**As we gather here today, I recall the meeting I had with the late Ron Brown, the Secretary for Commerce who was preparing to lead a delegation to Africa, days before his tragic death. We regret that such initiative did not materialise, but we are comforted by the fact that thanks to the efforts deployed by the Corporate Council on Africa we welcomed large groups of American businessmen which came to visit Mozambique and show their interest in investing in the country.**

**We were impressed by their presence and the discussions we held about areas of their interest. In this vein, we would like to invite other American companies to follow suit bringing the immense capacity they**

have in terms of capital and know how. We are sure that American businessmen can deliver a lot and be successful.

The American private sector is well known for its vigour and dynamism, which if combined with multiple investment opportunities that Mozambique offers it can deliver unthinkable results.

Our presence in this summit must be viewed as our contribution and profound wish to bring the American private sector closer to African markets and enhance its knowledge of the African reality as well as the efforts that certain African countries have exerted for their reconstruction and development.

On behalf of the People and the Government of the Republic of Mozambique, I must tell you how much I feel honoured and privileged for having been invited to attend this forum as a recognition of our efforts to open up the economy of Mozambique to the world market.

We are confident that this gathering will come out with new initiatives and partnership which will serve as the platform to bridge stronger business relations between Mozambique and United States of America.

We believe that this will help to remove from your minds the possibly prevailing old image of Mozambique as an economic disaster ravaged by war and poverty and instead build a better image of what our country is, a productive, dynamic and credible market distinctive for investment.

Ours is a win/win approach. This can be materialised in Mozambique. This can become a reality in Africa as a whole.

**Thank You for Your kind attention.**

**Virginia, 20 April 1997**