

THE UNDERWORLD OF ILLEGAL IMPORTS

When Jorge Nehemias was unable to renew his contract to work in the South African mines at the beginning of this year, he decided to follow the example of some of his friends: he "scored" some rands, headed for Swaziland and returned with a small cargo of fruit and vegetables that he sold in meticaís, the local currency, at the central market in Maputo.

Today Nehemias is one of the dozens of people responsible for the seeming abundance of fresh produce - potatoes, onions, eggs, grapes, apples, cabbage and tomatoes - in the markets of the Mozambican capital. The products usually come from South Africa and are sold at prices inaccessible to the majority of Maputo's inhabitants.

While Nehemias and his friends are concerned to "resolve the problem" of the lack of fresh foods in the local markets, others have decided to "complement" the imports made by the government under the economic recovery programme (PRE).

These people have quickly transformed the look of Maputo's shop windows by importing a variety of goods, including clothing of all types, watches, beauty products, shoes and knickknacks. Most of the goods come from South Africa.

What the two groups of unlicensed "small importers" have in common seems to be their idea that PRE means "complete liberalisation", according to a source in the Ministry of Trade.

Another similarity between the two groups, and perhaps most important, is the fact that, with rare exceptions, they use the black market. There they find the hard currency they need to import the tonnes of goods they bring to the country every week.

These developments, plus Maputo's geographic location, and the fact that it enjoys a lot of international movement, are turning the city into a centre of consumption as well as a trading centre for marketeers from other parts of the country, chiefly from the southern provinces of Gaza and Inhambane.

Nehemias admitted, with some hesitation, that he had gotten his rands on the black market for between 500 and 550 meticaís each (the official rate at the time was 201 meticaís).

With two friends, Angelica and Celina, he makes an average of six trips a month to Swaziland, depending on the availability of rands on the illegal market. The women both have stalls in the central market, so they are able to sell their goods either wholesale or retail.

"At the end of the month there is more money available," Nehemias said, referring to the fact that Mozambicans and foreigners who work for foreign companies receive a part of their salaries in foreign exchange. Many people then sell a part to get more meticaís whenever they need them.

A source from the Ministry of Trade confirmed that "the quantity of products that comes into the country leads us to believe that the black market in foreign currency is very strong".

He revealed that there are about half a dozen firms authorised to import goods after requests from their owners who claimed to have inherited money from outside the country, and wanted to transfer it to Mozambique in the form of imports.

The unlicensed importers pay what they consider to be exaggerated customs taxes and say that this leads to the high prices they charge. They say that along with the customs tariffs on the Mozambican side, at times they have to pay off Swazi customs officials. This most often happens when they are bringing in small quantities, for which they do not need a "bill of entry".

A Maputo customs official explained that the high Mozambican tariffs were intended to discourage illegal imports, but in reality, it is the consumer who pays, because the extra costs are passed onto the retail prices of the goods.

AIM discovered that the "importers" pay in tariffs, for example, 1,500 to 1,700 meticaís a box of apples, 700 to 1,000 for a sack of potatoes or onions, 2,000 to 4,000 for each box of eggs, 500 for a box of grapes.

The different sources that "importers" present as the origin of their foreign currency are called into question by the uniformity of prices, both wholesale and retail.

A 20-kilogram case of apples, bought for 22 rands (at 201 meticaís per rand this is 4,422 meticaís at the official rate), is sold at the door of the central market for 17,000 meticaís; a 15-kilogram sack of potatoes, bought for 8 rands is sold for 7,000 meticaís, a case of 30 dozen eggs, bought for 57 rands, is sold for 42,000 meticaís - to give some examples.

When the products appear on the stalls, their prices are almost uniform: apples, 1,000 to 1,200 meticaís a kilogram; potatoes, 450 to 500; a dozen eggs, 5,500; a kilogram of grapes, 2,000.

Surprisingly, the state firm for the selling of fruit and vegetables, Hortofruticola, which imports potatoes and onions from South Africa, sells the produce at prices only slightly lower than those of the other importers, and in many cases, their prices are the same.

Belmiro Baptista, director of Hortofruticola, told AIM that the company's imports are intended to "regulate prices at different times of the year".

Asked why their prices were so similar to those of the illegal imports, Mr Baptista said that "considering the actual buying power, it would not be ideal to sell the goods at a lower price". He added that if the state firm's prices were too low, the private stallholders would buy out their produce and sell it at the usual high price in the market.

He also said that "any action designed to interrupt the imports will create a situation of social instability".

It appears however, that there are no plans to restrict the imports, despite the fact that there already exists a law that limits the volume of goods that can be imported without having an import licence.

According to Antonio Milisse, head of the first section of Customs in Maputo, the limit is 100,000 meticaís or about US\$220 or 500 rands. However, the "importers" said they have never been told they had to limit their imports to a fixed quantity.

This amount differs from that given by the director of the import department of the Ministry of Trade, Oliveira Juvane, who says the new limit is 200,000 - resulting from three devaluations of the metical.

Mr Juvane says the question of non-authorised imports needs to be studied to determine a solution other than mere repressive action.

However, a Mozambican economist observed that this type of import has "serious consequences" for the economy, not just because it drains foreign exchange from the country, but because "it makes consumer planning difficult".

He added that in this case, the state, as the manager of the economy must fulfill its role as "regulator of the economy" through appropriate economic measures.

The licensing of individuals or groups who are proven financially capable of importing materials through existing legal mechanisms would allow a better control on the part of the state and would guarantee the collection of taxes which at the moment the state only gather from the private importers in the form of customs duties and the occasional fine.