

MOZAMBIQUE News reports & clippings

284 8 April 2015

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Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively.

<http://www.lse.ac.uk/internationalDevelopment/research/mozambiqueElections/home.aspx>.

Minimum wages & US dollar rise

Minimum wages from 1 April have risen at least 5%, and in many cases more than 8%, in Meticaís terms, considerably in excess of inflation. But in US dollar terms all minimum wages have fallen because of the recent increase in value of the dollar. Whereas one US dollar cost 30.2 Meticaís in August 2014, it now costs 34.2 MT - an increase of 15%.

The attached file has the new minimum wages and past minimum wages going back to 1996, and US\$ and South African Rand exchange rates going back to 2006.

Minimum wages are set annually and run from 1 April. There are now 15 different minimum wages, ranging from \$87 per month for kapenta fishers and \$92 in agriculture to \$139 in industry, \$163 in mining, and then a separate and much higher \$225 in the financial sector.

Unusually, the government minimum wage is still being negotiated.

Meanwhile, the past year has seen a significant changes in the US dollar. The US\$ has risen sharply in value, from 31.2 Meticaís a year ago to 34.2 now, while the South African Rand has remained relatively stable at 2.9 Meticaís per Rand.

Comments and history

Mozambique's minimum wage in 1995 was equivalent to only \$18 per month. In September 1995 the government raised it to \$24 per month but the IMF said this was much too high. The IMF's Sergio Leite told a televised press conference that if the government did not reverse the increase, the country would be declared "off track" and all aid would stop. That caused an unprecedented public statement by some donors criticising Leite's statement and supporting the government. The IMF then backed down. (*Mozambique Political Process Bulletin* 16, December 1995) The \$24 was set in the first of three way negotiations between government, employers and unions, and this system has been continued annually since then. The minimum wage has been raised steadily, and in US\$ terms the lowest wage is now five times as much as it was in 1995.

But the USAID Speed programme and CTA (Confederação das Associações Económicas de Moçambique) in their December 2014 report "Mozambique's Competitiveness and the Natural Resource Boom" (p 172) argued that productivity levels in Mozambique are so low that the minimum wage is now too high, and is making Mozambique uncompetitive with other developing countries.

The exchange rate of the Metical is now clearly pegged to the South African Rand. It was kept at 3.5 Meticaais to 1 Rand during 2011-13 and since mid 2013 has been kept close to 3 Meticaais to 1 Rand. It was pulled down to 2.8 for the national elections this year.

In Maputo most food and many other goods are imported from South Africa. When the Rand was allowed to rise to 5 Meticaais in 2010, increased local prices caused riots in Maputo. Since then it has been politically important to manage the Rand exchange rate, to keep peace in the capital. The US\$ exchange rate is much less important.

But this causes a problem. The Metical is very overvalued with respect to the Rand, and local producers cannot compete with imports from South Africa. When we were researching our book *Galinhas e Cerveja* in Chimoio, we were told that meat and other foods could be imported from South Africa, more than 1000 km away, and still could be sold for less than local production costs. Thus keeping the peace in Maputo prevents Mozambique from being food self-sufficient and developing other forms of local production. *jh*

Renamo moves troops south & warns government army to keep 20 km away

Renamo is moving soldiers toward Maputo and there was a confrontation with the government army in Gaza province last week.

And after the 100th round of government-Renamo negotiations in Maputo on Monday, government chief negotiator José Pacheco accused Renamo of threatening to open a military headquarters in Muxungué, Sofala province. This is the area where Renamo was attacking the main north south N1 road before the cease fire. Speaking at a press conference after the meeting, Renamo spokesman Saimone Maculane, declined to comment, suggesting Pacheco was reporting correctly.

On Thursday 2 April there was a confrontation between the army and Renamo soldiers at Mhabondze, 80 kilometres from the Guija district capital, in Gaza. There were no casualties. The army accused Renamo of attacking its position. Police later arrested three Renamo soldiers in Macaretane and Chihaquelane, Chokwe, district, Gaza.

Speaking to the press after a rally in Beira Saturday, Renamo head Afonso Dhlakama confirmed the incident, saying that 150 Renamo troops were moving south toward Maputo. He said that the army shelled the Renamo soldiers, and that the Renamo forces responded. He suggested that government troops should keep 10 to 20 km away from Renamo soldiers

Meanwhile *Savana* (3 April) interviewed Renamo men in a base in Funhalouro, Inhambane. Most were between 40 and 60 years old, from Sofala, and joined Renamo during the 1982-92 war. They said they were waiting for orders. Local people said that there were no problems; the Renamo men were using the local market and drinking in local bars, sometimes drinking with government soldiers from a nearby base.

Comment

It does seem unusual that the main opposition party in parliament should have its own army which engages in fights with the government army, and that the leader of the opposition should give press conferences confirming troop movements and warning the government army to keep away. Also unusual is for the leader of the opposition to say that if parliament does not accept an opposition bill to give it power in some provinces, then the opposition will use its army to take power there by force. This would surely be considered unacceptable in most other countries. *jh*

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Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon

E-book for Kindle and iPad, for \$9.32 from US Amazon -
<http://www.amazon.com/dp/B00NRZXXKE> - £5.14 from UK Amazon.

In pdf format, 6 Mb file, free on <http://bit.ly/chickens-beer>

Galinhas e cerveja: uma receita para o crescimento

by Teresa Smart & Joseph Hanlon. Copies are in Maputo bookshops or from
KAPICUA, Rua Fernão Veloso 12, Maputo; Tel.: +258 21 413 201 or +258 21 415 451
Telm.: +258 823 219 950 E-mail: kapicudir@tdm.co.mz / kapicuacom@tdm.co.mz

Outside Mozambique, we have a few copies we can send from London.
Please email j.hanlon@open.ac.uk.

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by Joseph Hanlon, Jeanette Manjengwa & Teresa Smart is now available from the publishers
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NOTE OF EXPLANATION:

This mailing list is used to distribute two publications, both edited by Joseph Hanlon. This is my own sporadic "News reports & clippings", which is entirely my own responsibility. This list is also used to distribute the *Mozambique Political Process Bulletin*, published by CIP and AWEPA, but those organisations are not linked to "News reports & clippings"
Joseph Hanlon

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O Pais: www.opais.co.mz

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AIM Reports: www.poptel.org.uk/mozambique-news
Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>
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