

**Excerpt: 2004 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act  
Prepared by the Office of the United States Trade Representative**

[http://www.ustr.gov/assets/Trade\\_Agreements/Bilateral/Southern\\_Africa\\_FTA/asset\\_upload\\_file666\\_3453.pdf?ht](http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Southern_Africa_FTA/asset_upload_file666_3453.pdf?ht)

## **MOZAMBIQUE**

**Status:** AGOA eligible, including for textile and apparel benefits.

**AGOA Trade and Investment:** Mozambique's 2003 exports under AGOA and its GSP provisions were valued at \$7.9 million, representing 91 percent of the country's total exports to the United States. These exports consisted primarily of agricultural, textile, and apparel products. Mozambique has had limited success in expanding trade and investment under AGOA, though there remains strong potential to increase exports in several key sectors. Two apparel companies exported apparel products to the United States under AGOA during 2003, though one recently closed its operations.

**Market-Based Economy/Reduction of Trade Barriers:** Mozambique continues to be one of the most dynamic and fastest-growing economies in sub-Saharan Africa, albeit from a low base. The government has encouraged foreign direct investment. Mozambique has privatized over 1,200 mostly smaller companies and 37 large enterprises since the privatization program began 10 years ago. Mozambique has a positive track record on economic reforms, political stability, strong economic growth, openness to FDI, and expanding exports. Mozambique is a signatory to the Southern African Development Community (SADC) Trade Protocol, which calls for the elimination of tariff and non-tariff barriers between the signatory states over a 12-year period that began in July 2001.

**Rule of Law/Political Pluralism/Anti-Corruption:** Mozambique has made significant progress in consolidating democracy since the signing of the 1992 Peace Accords that ended sixteen years of civil war. In late 2004, Mozambique will hold its third multi-party presidential elections since independence in 1975. In November 2003, Mozambique held municipal elections that were considered generally free and fair. However, many institutions, such as the judiciary and the police, remain weak. Corruption remains a problem in both the public and private sectors. In recognition of this, the Attorney General established an Anti-Corruption Unit. In October, the National Assembly passed the Anti-Corruption Law, which aims to curb corruption in government offices, the police force, hospitals, and the schools.

**Poverty Reduction:** Mozambique faces enormous development challenges. The country lacks infrastructure, power, and clean water for most of its citizens. The government has placed its Plan for the Reduction of Absolute Poverty (PARPA) at the head of its policy agenda. PARPA emphasizes six areas as the key reducers of absolute poverty: education; health; basic infrastructure; agriculture and rural development; good governance; and macroeconomic and financial management. Indicative of the huge challenges Mozambique will face for decades to come is the modest PARPA goal to reduce from 70

percent to 50 percent the level of absolute poverty by 2010. Donors fund approximately 60 percent of the national budget, though the HIPC debt relief programs have permitted increased budgetary support to alleviate poverty.

**Labor/Child Labor/Human Rights:** The Constitution provides that all workers are free to join trade unions, and workers enjoy these rights in practice. Labor unions remain weak and lack resources. Labor law provides the right to strike and to be free from anti-union discrimination, but workers are sometimes fired for participation in labor unions or in strikes. There is also discrimination in pay, wherein expatriate workers earn less for the same work than citizens. There were a number of work actions in 2003. Child labor remains a problem, in the urban informal sector and in agriculture, including commercial agriculture. One positive development during 2003 was the government's ratification of ILO Convention 182 on the Worst Forms of Child Labor. Mozambique does not engage in gross violations of internationally recognized human rights, though there remains room for improvement and abuses do exist.