



LEGAL NEWS

Mozambique

February through April 2020

COVID-19

Declaration of State of Emergency and Related Measures

Through Presidential Decree No. 11/2020, of 30 March 2020, the President of the Republic declared the State of Emergency in Mozambique due to the COVID-19 pandemic until 30 April 2020, as ratified by the Parliament by way of Law No. 1/2020, of 31 March 2020. The State of Emergency was subsequently extended until 30 May 2020, as per Presidential Decree No. 12/2020, of 29 April 2020, and Parliament's ratification through Law No. 4/2020, of 30 April 2020.

Following the Declaration of State of Emergency and its extension, the Government approved a set of administrative measures to contain the outbreak of the COVID-19 disease, by way of Decree No. 12/2020, of 2 April 2020, and Decree No. 26/2020, of 8 May 2020, as well as through other statutes. Among the measures adopted the following are noteworthy:

- Suspension of issuance of official documents;
- Suspension and cancellation of Visas;
- Extension of validity of official documents until 30 June 2020, even if already expired, including temporary visas and DIREs – foreign citizen residence and identification document;
- Licenses, authorizations and other types of administrative acts remain valid regardless of their validity;

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- Only some border crossings remain open, including some ports and airports;
- Entities engaged in industrial or agriculture activities shall ensure the implementation of COVID-19 prevention and control measures so as to protect the personnel that remain at the workplace;
- Termination of employment relationships due to absence from the workplace as a result of the COVID-19 prevention and control measures is forbidden. Disciplinary action continues to be possible, though, in respect of employees that continue to be required to work during the period of the State of Emergency;
- The breach of the restriction measures imposed qualify as a criminal offence of disobedience

Extraordinary Measures Adopted by Central Bank

By way of an official communication and Circular Letter No. 02/EFI/2020, of 23 March 2020, the Bank of Mozambique announced extraordinary measures effective until July 2020 to mitigate the effects of COVID-19 in the economy, namely by:

- i. Creating a foreign currency credit facility for financial institutions in the global amount of USD 500 million;
- ii. Not requiring financial institutions to make additional provisions, until 31 December 2020, whenever customers affected by the pandemic renegotiate the terms and conditions of their loans prior to the respective maturity date;
- iii. Credit institutions are exempted from making additional provisions regarding loans granted in foreign currency;
- iv. 50% reduction in commissions and fees applicable to transactions carried out between commercial banks and electronic currency institutions and that are charged to clients; and
- v. Transactions carried out by individuals through the commercial banks' digital channels are exempted from commissions and fees up to a daily limit of 5,000 MZN. This limit is not however applicable to ATM withdrawals.

FOREIGN EXCHANGE

Amendment to Foreign Exchange Regulations

The Bank of Mozambique enacted Notice No. 06/GBM/2020, of 29 April 2020, which amends Notice No. 20/GBM/2017, of 27 December 2017 – the Foreign Exchange Regulations. It is especially worth of note the reintroduction of the duty to convert into national currency part of the amounts received by foreign exchange residents through the repatriation to Mozambique of goods and services export proceeds and foreign investment income. The percentage of such

amounts to be converted as of 30 April 2020 is 30%.

BANKING

Legal Regime on Security Over Movables Regulated

By way of Decree No. 7/2020, of 10 March 2020, the Council of Ministers approved the Regulations of Law No. 19/2018, of 28 December 2018, which sets forth the Legal Regime on Use of Movable Assets as Security for Fulfilment of Obligations and creates the Movable Security Interests Registration Central. The new rules, which came into force on 11 March 2020, provides for the rules and procedures applicable to the registration of securities with the Movable Security Interests Registration Central, as well as the rules on validity and priority of the registration.

Minimum Share Capital Requirements Applicable to Payment Service Providers Approved

Following the approval of the Legal Framework applicable to Payment Service Providers, by way of Decree No. 99/2019, of 31 December 2019, the Bank of Mozambique has now approved the minimum share capital requirements applicable to these entities, by way of Notice No. 3/GBM/2020, of 23 April 2020.

ENERGY

Licensing of Electrical Facilities with New Rules

The Council of Ministers approved, by way of Decree No. 10/2020, of 23 March 2020, the Regulations on Electrical Facilities Licenses, thereby repealing the previous rules set forth in Decree No. 48/2007, of 22 October 2007, and Decree No. 10/2016, of 25 April 2016. The new Regulations aims at reducing the costs and simplifying the applicable procedures in obtaining electrical facilities licenses, namely for permanent electrical installations powered by an existing low voltage distribution network and whose lines do not exceed the boundaries of a private property, as well as those serving hospitals, factories, shops, warehouses, stores or offices with more than nine workers, boarding schools, banks, hotels, public car parks and other similar locations. The new rules came into force on 24 March 2020.

Energy Regulatory Authority (Arene) with Internal Regulations

The Ministry of Mineral Resources and Energy approved, by way of Ministerial Statute No. 17/2020, of 14 April 2020, the internal regulations of ARENE, which provide for its organizational structure, its duties and rules of operation.

CUSTOMS

Fees on Electronic Sealing and Tracing of Transit Cargo

Due to the need to set the fees to be charged for the provision of electronic sealing and tracing of transit cargo services, the Council of Ministers approved the fees to be charged to external trade operators for those services, by way of Decree No. 18/2020, of 16 April 2020. The Decree, in force since 17 April 2020, further determines the goods that are exempt from these fees.

AVIATION

Regulations on Civil Aviation Security Against Acts of Unlawful Interference Approved

The Council of Ministers approved, through Decree No. 8/2020, of 18 March 2020, the Regulations on Civil Aviation Safety against Acts of Unlawful Interference, as provided in Annex 17 of the International Convention on Civil Aviation, referred to as MOZ-CAR PART 108. These Regulations are aimed at protecting aircrafts, crews, as well as passengers and cargo, against acts of unlawful interference, such as the use of these vehicles to cause damage.

ECONOMIC DEVELOPMENT

Agency for Integrated Development of North Created

In order to boost the economic and social development of the northern region of Mozambique, notably the Provinces of Niassa, Cabo Delgado and Nampula, the Council of Ministers created, by way of Decree No. 9/2020, of 18 March 2020, the Agency for the Integrated Development of the North, briefly referred to as ADIN. The main purpose of this entity is the coordination, interinstitutional articulation and management of programs to foster the economic and social development in this region, through businesses, investment and job creation.

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