1963-12-16

Foreign service dispatches: Mozambique.

LourencoMarques_1963-12-16

United States. Department of State

http://hdl.handle.net/2144/13692

Boston University
Danger signals further deterioration of Mozambique economy evidenced in study of government financial figures through July which reveals disturbing trend with over 13 million dollars in currency together eight million dollars in gold holdings lost since January 1st. Unfavorable balance of payments increased by approximately 12 million dollars same period. Gloomy outlook heightened by foreign banks uncertainty as to whether they will continue operations if onerous provisions new banking decree calling for greatly increased capital reserves to be held by the banks within province and larger share in management by Portuguese nationals not modified. Industry alarmed, predicts stagnation, if announced new tariff schedule which would boost prices as much as 1,800 percent and sharply curtail purchasing power is implemented. Even traditionally lucrative tourist trade apparently feeling depressing effects rising costs and increased taxes due defense expenditures as another large hotel, the third this year, announced it will close December 31 while several restaurants and night clubs have already done so.

GP-4.