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SOLE IMPORTER OF RICE AND WHEAT IN MOZAMBIQUE: Foreign exchange response or risk of a food monopoly?

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Under *Ministerial Diploma No. 132/2025*, the State will centralise the importation of rice and wheat in the Mozambique Cereals Institute (ICM). Private importers will stop importing directly and will instead purchase locally from the ICM, with two effective dates indicated: 1 February 2026 for rice and 1 May 2026 for wheat. The Diploma anchors its justification in preventing the illegal outflow of foreign currency through over-invoicing and the duplication of invoices.

Starting with the point that is difficult to dispute from an economic standpoint: Mozambique faces an evident problem of pressure on foreign currency and a structural dependence on food imports, especially in years of poor production. Recent data leave little room for romanticism; rice production fell from 245,792 tonnes in 2022 to 161,829 tonnes in 2023, against consumption of around 600 thousand tonnes per year. At the same time, the value of rice imports reached a peak in 2024, at around USD 441 million, and is said to have grown by 38.8% compared to 2023.

On this topic, the newspaper O País projects imports of 500 thousand tonnes of rice and 450 thousand tonnes of wheat, reflecting the scale of the financial and logistical effort embedded in this decision.

That said, the relevant question is not whether there is a problem, but whether the chosen solution is the most effective and the least risky considering the public interest. Centralising imports in a single agent may, in theory, reduce certain types of fraud, because it reduces the number of operators, standardises documentation, and makes it easier to audit contracts, freight, insurance, and payments. If the primary diagnosis is over-invoicing and invoice duplication, reducing the dispersion of operators may help address the symptom.
The problem is that this architecture swaps one set of risks by another set, and some of these may be more costly.

By transformation of ICM into the exclusive importer, the State creates an import monopoly and, in practice, a market power over the first domestic sale. Even if the Diploma states that this occurs "without prejudice to the intervention… of partners and other economic agents", the key lies in exclusivity and in how "onerous availability" will be carried out. If the resale mechanism is not transparent or is discretionary, the country may shift from "over-invoicing at the border" to "commissions in domestic distribution", with the difference that the commission ceases to be hidden in the CIF price, but becomes hidden in margins, allocations, priorities, deadlines, fees, and conditions of access to the product.

There is a classic political economy risk here: when a good is essential and supply is concentrated, the temptation to capture the access channel increases. Whoever is able to buy first, in larger quantities and of different qualities, gains a comparative advantage in the market. In a context where we have adopted other temporary quantitative restrictions on the importation of various products to save foreign currency and prioritise essential goods, macroeconomic coherence may exist, but the microeconomic risk of scarcity and arbitrariness also rises, because more sectors become dependent on administrative decisions.

Then there is the operational dimension, often treated as a detail, but makes the difference between stability and crisis. Importing cereals in volumes of this magnitude requires technical and financial capacity in international procurement, foreign-exchange risk management, freight negotiation, management of port turnaround times, warehousing, quality control, stock rotation, and payment discipline. If the ICM does not have systems, people, and operational autonomy shielded against interference, the country may face delays, additional costs, and stock ruptures. In an economy where bread and rice carry political weight, a delay in wheat or rice is not merely a "logistics problem"; it is a social shock.

Note also the logic of the very objective of "stabilising prices". The domestic price of rice and wheat is a function of the international price, the exchange rate, freight, port costs, and the distribution margin. Centralisation does not eliminate these variables. What may happen is that the State attempts to "fix" the domestic price by absorbing part of the shock. But if it absorbs it, someone pays either the budget pays or the Central Bank pays through additional pressures on reserves, or consumers pay later through scarcity and parallel markets. If it does not absorb it, then centralisation by itself does not guarantee stability; it merely changes who communicates and who is held accountable.

Another critical issue is that foreign-exchange and commercial fraud is rarely a phenomenon resolved solely by changing the importing actor. Over-invoicing, under-invoicing, and invoice duplication thrive where there are weaknesses in customs enforcement, poor data integration (banks, the Tax Authority, customs, ports), low risk-analysis capacity, and a low

probability of effective punishment. If these foundations are not strengthened, centralisation may shift the problem to new grey zones, for example, associated services, transport contracts, warehousing, or contractual triangulations.

What we should expect in a robust institutional design:

- How international purchasing will be conducted: tenders, transparency in awards, publication of average prices and conditions, independent audits.
- How domestic sales will be conducted: auctions, quotas, objective criteria, a predictable calendar, and a complaints´ mechanism that does not depend on "knowing someone".
- How exchange-rate and international price risk will be managed, because volatility is evident here and the country has already shown vulnerability to external shocks.
- How the ICM's performance will be measured: targets for in-warehouse cost per tonne, average customs´ clearance time, post-off-loaded losses, quality, and impact on consumer prices.

There is also a note that cannot be left out: the obsession with "self-sufficiency" in three or four years, albeit politically seductive, must be treated with seriousness and truth. Increasing production by 50 thousand tonnes per year and projects, such as Chokwé and external investments, are being mentioned. But with a fluctuating production and a dominance of small rain-fed producers, what determines the trajectory is not the "self-sufficiency" discourse, but rather the full package: functional irrigation schemes, rural extension, seeds, appropriate mechanisation, credit, smart public procurement, agricultural insurance, feeder roads, and warehousing. Without this, imports will continue to be the system's buffer and making that buffer dependent on a single agent may be a high-risk bet.

In summary, centralisation may help close certain taps of foreign-exchange leakage in the very short term, but it opens an avenue of risk of monopoly, capture, and operational failure. And because rice and wheat are politically sensitive goods, a failure here has immediate social costs.

The prudent path, in my humble opinion, is to make this measure conditional on a package of institutional and market guarantees: full transparency in purchases and resales, non-discretionary access rules, regular public auditing, and a model in which the private sector continues to compete in importation, distribution, and domestic logistics, while the State focuses on what truly solves the underlying problem: inspection, data integration, and effective punishment of fraud, alongside consistent investment in agricultural productivity, which the Government itself recognises as a condition for reducing the import bill.

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