

MOZAMBIQUE News reports & clippings

303 17 November 2015 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Mozambique material are posted on bit.ly/mozamb

This newsletter can be cited as "Mozambique News Reports & Clippings"

London: Mozambican Professor **Alcinda Honwana** will give a talk in London - **"Enough!": Will youth protests drive political change in Africa?** The talk is on Wednesday 18 November 2015, 6.30-8.00pm at the Sheikh Zayed Theatre, New Academic Building, London School of Economics, Sardinia St & Lincoln's Inn Fields, WC2A 3LJ. For more information <http://bit.ly/1HCclbU> and her linked Oxfam blog <http://bit.ly/1Qdtgim>

Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozElecData>

Chickens and beer: A recipe for agricultural growth in Mozambique by Teresa Smart and Joseph Hanlon is on <http://bit.ly/chickens-beer>

CIP warns

Mozambique negotiating bad gas deal with Anadarko

As oil and gas prices continue to fall, Anadarko is driving a hard bargain in final negotiations with the government. And the Mozambican government is set to accept a bad deal, warns CIP (Centro de Integridade Pública, Public Integrity Centre) in a report issued Sunday:
<http://www.cip.org.mz/article.asp?sub=poil&docno=416>

Negotiations are over two issues - what price Mozambique pays for its share of the gas, and how Mozambique pays for its share of the development costs.

The Russian *Interfax Global Energy* reports that Anadarko is offering Mozambique only one quarter of the gas originally promised and at a much higher price. To accept this would compromise Mozambique's industrialisation plans, including fertilizer and diesel fuel production and piped natural gas to industry. The new petroleum law says that 25% of all gas production should be for the domestic market, but contracts with ENI and Anadarko were signed before the law came into force, so government has to negotiate its share.
<http://furtherafrica.com/2015/11/12/moz-Ing-deals-stuck-on-domestic-market-offtake/#>

The government owns 15% of Anadarko's area 1 and 10% of ENI's area 4, and could take that proportion of the gas, but would still have to pay the costs of pumping and delivering it. However Anadarko wants a price closer to the world market price, which is two to three times the production costs, according to CIP.

As a 15% owner, Mozambique eventually has to pay for 15% of the exploration, development and gas liquification project. Estimated costs are \$26 billion, so Mozambique needs to find \$4 billion. So the other big question is how Mozambique pays its share. The obvious choice would be to effectively mortgage its share of the gas - money would be lent and if government did not pay, bondholders could take the gas. This is precisely the system that was used when Mozambique bought the majority of the Portuguese share of the Cahora Bassa dam in 2007.

But CIP says that instead the government has opted for what is known as "carry", in which Anadarko carries all of the government's costs, which are paid off once the gas is being produced. CIP argues that this would be much more expensive because Anadarko would need to arrange the finance and make a profit from it, and will expect double the interest rate that government would pay on its own, and that Mozambique might not receive dividends from its share of the operation for 20 years or more. It adds that Mozambique followed the "carry" model with the Pande-Temane gas in Inhambane, which is one reason it gained so little from that gas.

Other CIP reports

CIP publishes frequent reports on the extractive sector and on other issues relating to transparency and corruption. Two recent ones in English are:

+ Public consultation on LNG: No transparency, communities misinformed, government not doing its job: <http://www.cip.org.mz/article.asp?sub=news&docno=398>

+ Mozambique's 5th licensing round: Will Frelimo-linked Petroinveste be forced on the winners?: <http://www.cip.org.mz/article.asp?sub=poil&docno=395>

Most reports are only in Portuguese. Important recent reports include:

+ Apresentações da Conferência sobre Ganhos do Estado pela Exploração de Hidrocarbonetos (Conference presentations on state gains from hydrocarbon exploration):

<http://www.cip.org.mz/article.asp?sub=poil&docno=411>

+ Professor moçambicano: Ternamente lembrado, eternamente esquecido (The Mozambican teacher: fondly remembered but forever forgotten):

<http://www.cip.org.mz/article.asp?sub=news&docno=413>

+ Fraudes na Educação e Corrupção na Saúde: Antigos Problemas Sem Solução (Fraud and Corruption in Education and Health: Old Problems with No Solution):

<http://www.cip.org.mz/article.asp?sub=news&docno=405>

+ Vice-Comandante Geral da Polícia Viola a Lei (The deputy police commander violated the law by using a police car to take a personal employee more than 1000 km from Maputo to Chimoio):

<http://www.cip.org.mz/article.asp?sub=crp&docno=407>

Other gas news

Delay. Anadarko still only has partial agreements to sell its Liquefied Natural Gas (LNG) and does not yet have binding contracts. This plus the falling LNG prices and on-going drawn out negotiations with government mean that Anadarko will only make its already delayed Final Investment Decision (FID) in March 2016, according to *Interfax* and *Further Africa*. But Claudio Descalzi, CEO of ENI, predicted to *Jeune Afrique* magazine that Anadarko would only take its FID in 2017. But he promised that ENI would take the FID on its offshore LNG platform this year.

Laws. A reasonable summary of the Hydrocarbons Law (21/2014) and the Hydrocarbons Tax Law (27/2014) is available on <http://furtherafrica.com/2015/11/05/understanding-mozambiques-new-oil-and-gas-regime/>

Other resource news

Graphite. Triton Minerals of Australia is trying to raise \$8 million to develop the Ancube and Nacanda Hill, Cabo Delgado, graphite mines, in partnership with Chinese firm Yichang Xincheng Graphite. Triton Managing Director Brad Boyle announced earlier this month that Nacanda Hill (Balama North) is the world's largest graphite and vanadium deposit. Graphite is important for batteries. A good map of the Cabo Delgado graphite mines is on <http://furtherafrica.com/2015/11/09/triton-minerals-upgrades-its-resource-estimate-at-nicanda-hill/>

Rubies. Mustang Resources has agreed to buy 80% of private Australian miner Montepuez Minerals for \$9 million to gain 64%, 56% and 56% interest in three ruby licences, which jointly cover 15,800 ha in Montepuez, Cabo Delgado. This is the same area where Gemfields has the

world's single largest ruby deposit.

Tantalum mine sacked. Local people sacked the Tantalum mine in Muiane, Gilé, Zambézia, burning bulldozers and other machinery, following the shooting dead Monday 9 November of an artisanal miner (*garimpeiro*) who had allegedly snuck into the mine at night to steal minerals. The South African manager and workers fled from the mine. The sacking follows a long period of dispute with local people, who claim the mine never built the promised school and hospital and did not repair the roads. Chippy Shaik, director of Tantalum Mineração, blamed the police for shooting the miner and then not protecting the mine. (*O Pais* 16, 17 Nov)

Logging. A moratorium on new logging licences would be imposed if the Council of Ministers accepts a proposal from the Minister of Land, Environment and Rural Development, Celso Correia. He said forests are still under strong pressure from logging, much of it from illegal loggers, despite the fall of timber prices on international markets. Redoubled inspection efforts, Correia said, are therefore required to avoid the extinction of some species of hardwoods. Ironwood (*pau-ferro*) is already at risk of disappearing and Correia's ministry has ordered the suspension of all logging of this species, to allow the necessary replanting and recovery. (*Diário de Moçambique*, AIM) Three timber companies in Sofala province have had licences suspended this year. (*O Pais* 17 Nov)

Brazilian dam disaster. Two companies important in Mozambique own the company responsible for what the Brazilian government calls "the worst mining accident in Brazil's history". Two dams used to hold waste water from iron mining collapsed, totally destroying the village of Bento Rodrigues and killing 23 people. The dams are owned by Samarco, which is owned by Vale of Brazil (which owns a major coal mine in Moatize and the railway to the port of Nacala), and Anglo-Australian company BHP Billiton (which is the largest shareholder in the Mozal aluminium smelter near Matola). Samarco has been fined \$67 mn and will pay \$260 mn in compensation.

Newsletters

Two newish newsletters about Mozambique, in English, are available free from business and consultancy groups:

Future Africa started last month and largely reprints business and mining related articles. It is edited by Fabio Benassi Scala, an Executive Director at Edgebold Capital, a UK investment company, and Dinho Lima, acting Creative Director at DDB in Mozambique. To subscribe: <http://furtherafrica.com/mozambique/>

Rhula Weekly Media Review has been published for the past year by Rhula Intelligent Solutions, a risk management company, and provides a very detailed (typically 50 pages) weekly press review. To subscribe: <http://www.rhula.net>

The Mozambique Investor is an older newsletter which provides a good summary of links to Mozambique press articles and is published weekly by the Club of Mozambique. To subscribe: <http://clubofmozambique.us9.list-manage2.com/subscribe?u=6b106b76597725328448194ea&id=d3b369a42d>

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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.

Zimbabwe takes back its land

by Joseph Hanlon, Jeanette Manjengwa & Teresa Smart is now available from the publishers
https://www.rienner.com/title/Zimbabwe_Takes_Back_Its_Land also as an e-book and
<http://www.jacana.co.za/book-categories/current-affairs-a-history/zimbabwe-takes-back-its-land-detail>

Now in paper at a reasonable price

Do bicycles equal development in Mozambique?

by Joseph Hanlon & Teresa Smart

is now available in **paperback**, for £17.99 (+ p&p)

from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

Just Give Money to the Poor: The Development Revolution from the Global South

by Joseph Hanlon, Armando Barrientos, and David Hulme

Most of this book can now be **read on the web**

tinyurl.com/justgivemoney

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Also on the web: Previous newsletters and other Mozambique material are posted on

bit.ly/mozamb

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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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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Diario de Moçambique (Beira): <http://www.diariodemocambique.co.mz>

CanalMoz on Facebook: <https://www.facebook.com/CanalMoz>

Macauhub English: www.macauhub.com.mo/en/

AIM Reports: www.poptel.org.uk/mozambique-news

Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>

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This mailing is the personal responsibility of Joseph Hanlon, and does not necessarily represent the views of the Open University.