

MOZAMBIQUE 184

News reports & clippings

5 Sept 2011

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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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Attached file: This newsletter in pdf.

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In this issue:

More Wikileaks

Mayors resign

EITI says not yet

Foreign investment, land & biofuels

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Wikileaks

Wikileaks has released 400 cables from the US Embassy in Maputo, from 2002 to early 2010. They are on http://wikileaks.org/origin/98_0.html

Crowdsourcing: I have not had time to read the cables. If any are interesting, please send me a note at j.hanlon@open.ac.uk *Thanks. Joe*

Mayors resign

Mayors of Cuamba, Pemba and Quelimane have resigned and there will need to be by-elections. No date has been set, and until then the mayors will be replaced by the presidents of the Municipal Assemblies

In July, Frelimo demanded the five of its mayors (municipal presidents) should step down. There is no legal requirement that they do so, and only three accepted party discipline and resigned: Arnaldo Maloa, Cuamba (Niassa province); Sadique Yacub, Pemba (Cabo Delgado); and Pio Matos, Quelimane (Zambezia). Two refused to resign and remain in post: Jorge Macuacua, Chokwe (Gaza) and Alberto Chicuamba, Manhica (Maputo province).

There had been complaints about the performance of these mayors, and there was a serious possibility that the opposition MDM (Mozambique Democratic Movement), headed by the mayor of Beira, could win at least Quelimane and Cuamba in 2013 municipal elections. The forced

resignations seem an attempt to reorganise now and prevent the opposition gaining a foothold. It will be difficult for the MDM to organise for the by-election, and Renamo now has little organisation and may not stand.

Mozambique not yet accepted by EITI

EITI, the Extractive Industries Transparency Initiative, says Mozambique is not compliant, and must remain a "candidate country". In a 23 August 2011 statement, EITI said that Mozambique was not fully reporting all mining, gas and oil revenues (and not doing so in audited accounts). It also says there is not effective governance and oversight of the Mozambique EITI process. Mozambique has until 15 February 2013 to satisfy all the conditions. The statement by the Oslo based EITI is on <http://eiti.org/news-events/decisions-eiti-validation-mozambique-tanzania-zambia>

Fight over foreign investment & land

Since the end of 2009, Mozambique has not made any large land concessions to foreign investors, while it tries to work out a policy in the face of sharp internal divisions. One group wants to encourage big planation investment, such as the huge sugar estates and large forestry projects, as well as promoting biofuels. The other group wants to promote domestic investment and smaller scale commercial farming, and this seemed to be supported by the new agriculture policy approved in May.

The issue unexpectedly came to a head when the major Brazilian daily *Folha de São Paulo* (14 Aug 2011) quoted Carlos Ernesto Augustin, president of the Mato Grosso Cotton Producers Association, who was promoting an investors trip to Mozambique, to say that when Agriculture Minister José Pacheco was in Brazil on 27 April 2011, he offered 6 million hectares "of free land without environmental restrictions" to Brazilian farmers. This triggered a front page headline in the Mozambican weekly *Savana* (19 Aug 2011) proclaiming "North of country offered to Brazilians", as well as an angry response from the government saying "we did not say to the Brazilians that we would sell land. They can come and invest." Pacheco had invited experienced Brazilian farmers to come to Mozambique to create the same agriculture boom that they had in Brazil, but also stressed the need to promote employment (as happened in Brazil) and follow Mozambican regulations.

The local media outcry triggered an unexpected and very strong response from President Armando Guebuza, speaking 22 August 2011 at the opening of an enlarged meeting of the Council of Ministers and senior officials. Mozambicans' conquest of their land must be preserved and promoted and that land law must be scrupulously followed, he said. In particular, he stressed, the law must be followed "even in the case of those who, in contact with local authorities, attempt to give the impression that they are powerful, or are sent by powerful people, or have been given decision making power by higher authority." Local people should not be intimidated by those who try to use influence to seize land for their own use. This was clearly aimed at Frelimo party people who have been using their positions to obtain land, as well as those promoting foreign investment.

Then at the closing of the Council of Ministers meeting on 23 August, Guebuza appeared to take a middle course. Land must serve the interests of the Mozambican people. "For land to make a major contribution to our development objectives, we will continue to mobilise investment – public and private: national and foreign; small, medium and large." Investment is particularly important for the building of infrastructure and linkage with global markets. (*Noticias* and *O País*, 23 and 24 Aug 2011)

The land debate has become increasingly public. Noticias reported on 27 July 2011 that Nampula Governor Felismino Tocoli has blocked a land concession for tobacco, because it would compete with food production. And Tocoli has called for the Italian-owned Aviam to lose its license for 10,000 hectares of land for jatropha in Nacala-a-Velha district, because it has only planted 150 hectares.

Gaza Governor Raimundo Diomba imposed sanctions on a South African citizen allegedly involved in the illegal sale of land in the tourist resort named "La Perla do Bilene". AIM (30 August) reports that Diomba said "when we became aware of this scam, we immediately put a stop to it and withdrew his permits. As a result of this, he appealed to the Administrative Tribunal which, in turn, ruled in favour of the Mozambican state". Diomba stressed that "Mozambique is a sovereign country that deserves respect", and that the government is open to attracting new investment as long as the investors operate within the law.

Biofuel problems

Meanwhile, Cepagri, the agriculture investment promotion centre and the biggest proponent of foreign investment, held a seminar on biofuels. Eugenio Buquina, from Prospectus Consultoria, said a recent study showed that "most biofuel projects are ... using only 50% of the land acquired. They are yet to run at full steam". In some cases vast swathes of land remain idle, and the Ministry of Agriculture has decided to resize the land granted to investors or simply revoke licenses. Helio Neves, Cepagri biofuel coordinator, said more than 30 biofuel projects are currently underway in Mozambique with a total investment of over \$100 million, but most of these projects are in the early stages. He also claimed that a new investor would be found this year for the 30,000 ha Procana ethanol from sugar project, which was cancelled in 2009 when the investor failed to move forward with the project. (AIM 1 and 2 Sept, *Noticias* 2 Sept)

Marc Schut of Wageningen University has produced a pair of papers in the journal *Energy Policy* on biofuels in Mozambique. The most recent paper looks in detail at the failure so far of smallholder jatropha production, and concludes that smallholder production is possible but requires much more planning, financing, and other support. Last year's paper looks at biofuels in general and concludes "that biofuel developments mainly take place in areas near good infrastructure (roads and ports), where there is (skilled) labor available, and access to services and goods, processing and storage facilities ... Our analysis shows that currently only few projects are located in remote, rural areas. Moreover, job creation as proposed by investors seems lower than expected by the government".

The two papers are "Space for innovation for sustainable community-based biofuel production and use: Lessons learned for policy from Nhambita community, Mozambique", Marc Schut et al, *Energy Policy* 39 (2011) 5116–5128; and "Biofuel developments in Mozambique. Update and analysis of policy, potential and reality", Marc Schut et al, *Energy Policy* 38 (2010) 5151–5165

For those who do not have academic access to journals, Marc Schut has said he will personally send copies. Contact him on marc.schut@wur.nl

Chasing MBS for taxes, not drugs

"Mohamed Bachir Sulemane is a large-scale narcotics trafficker in Mozambique" the US Treasury said on 1 June 2011. Mozambique's Attorney General's office on 2 September said that after investigating, it could not find "sufficient evidence" of drug dealing. But it did find "sufficient evidence" of "repeated violations of foreign exchange legislation, customs and fiscal laws".

Drugs continue to flow

The continued use of the now-standard drug route was confirmed when police found that at least 2 tonnes of cannabis resin (hashish) has been transferred from a ship off the coast of Angoche and brought by fishing boats to the island of Yata, where it was buried. Police only intervened when one of the fishermen dug up a 90 kg box and tried to sell it outside the normal drug network.

Other news

Chapas (minibuses) will be banned from the centre of Maputo as soon as the city bus company receives enough of its new buses. The bus company was only recently transferred from central government to the city.

Macmillan books has been banned from World Bank contracts because it paid bribes to win a contract in Sudan. This means that school books will not be ready in January 2012 for the new school year, because Macmillan had the main schoolbook contract in Mozambique.

Antonio Gumende will be Mozambique's next Ambassador to the United Nations. The former journalist has been serving as High Commissioner to Great Britain.

SADC, the Southern African Development Community, elected President Armando Guebuza as Deputy President at the meeting in Luanda, Angola, on 18 August. Therefore the next summit will be in Maputo in 2012, when Mozambique will also take over the rotating presidency from Angola.

Movitel, the third mobile phone operator, said it hoped to start operating as early as January 2012. Movitel is a consortium formed by the Vietnamese company "Viettel" and the Frelimo party holding company "SPI Holdings".

1,200 families still living inside the Limpopo National Park in Gaza province will be resettled by 2014, in a programme costing \$14.5 million. The Limpopo National Park forms part of the Great Limpopo Transfrontier Park along with the South African Kruger National Park and the Zimbabwean Gonarezhou National Park

Dividends channelled to the Treasury in 2010 by companies with a government stake and publicly owned companies fell from \$6.5 million in 2009 to \$3.8 million in 2010, according to the annual report and accounts from Mozambique's Institute for the Management of State Holdings (IGEPE). Companies which failed to pay any dividends include the aluminium smelter Mozal (which has not paid dividends since 2009), the publicly owned and largest mobile phone operator Mozambique Cellular (Mcel), Matola Silos and Grain Terminal (STEMA) and CIEDIMA.

The China-Africa Cotton Company of Mozambique has opened a new cotton ginning factory in Beira, with a capacity of 40,000 tonnes per year. The new plant is a first step towards the establishing a production chain of cotton products, including cooking oil, medical cotton and cotton for spinning and weaving. Meanwhile Olam is to invest \$50 million to upgrade its cotton ginning plant in Ribaué, Nampula. And a Chinese-owned vehicle assembly plant in Maputo province, should be operational shortly.

Oil refinery projects which were approved for Nacala and Maputo and would have cost \$13 billion have both failed to find investors.

An agricultural credit line of \$25 million opened by Standard Bank with money from government and the Alliance for a Green Revolution in Africa (AGRA) has hardly been used, with only four projects being financed at a total of \$2 mn. The money was made available too late for the last season, and the plans required and bureaucracy were too complex for most farmers.

Statutes of the International Criminal Court (ICC) will not be ratified in the near future because they clash with the provisions of Mozambique's Constitution and legal system. Meanwhile Mozambique has refused to recognise the rebel government in Libya.

The Mpanda Nkuwa dam, 60 km downstream from Cahora Bassa, will only be built if \$2.4 billion can be raised. The shareholders in Mpanda Nkuwa are the Brazilian company Camargo Correa (40%), Energia Capital (part of the Mozambican Insitec Group, 40%), and the state company electricity company EDM (20%).

Kenmare Resources, the Irish company mining titanium sands in Nampula province, has again been criticised for not properly resettling people moved because of the mine. (*Noticias* 1 August). Kenmare claims it lost \$14 million last year.

Abortion will be formally legalised under a proposed revision of the Penal Code, agreed by the Council of Ministers on 26 July. This is a technical change, since a 1981 Ministry of Health decree allowed abortions.

The British-owned Sun Biofuels exported the first batch of 30 tonnes of Jatropha oil from Manica to the German airline Lufthansa.

Another new bank, the 17th in Mozambique, has opened. Banco Unico is dominated by the Portuguese company Visabeira and the businessman Americo Amorim, who owns the world's largest cork producer and was ranked by *Forbes* as the 212th richest person in the world in 2010. Mozambican shareholders include the National Social Security Institute (INSS), Rural Consult, DHD (owner of *O Pais* and STV), SS, and Agro-Alfa.

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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>

and on

Amazon.com for \$27.95

Amazon.co.uk for £17.99

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**

<http://tinyurl.com/justgivemoney>

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Two working papers on the web

Poverty is not being reduced in Mozambique

LSE Crisis States Research Centre Working Paper No. 74 (series 2)

Benedito Cunguara and Joseph Hanlon, June 2010 t

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2.pdf>

Tambem em Portugues:

<http://www.crisisstates.com/download/wp/wpSeries2/WP74.2portuguese.pdf>

Mozambique's Elite – Finding its Way in a Globalized World and Returning to Old Development Models

Joseph Hanlon and Marcelo Mosse September 2010
WP/105 UNU-WIDER: The Role of Elites in Economic Development project
http://www.wider.unu.edu/publications/working-papers/2010/en_GB/wp2010-105/

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Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

Macauhub English: macauhub@macauhub.com

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.com

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

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