

MOZAMBIQUE News reports & clippings

334 1 August 2016 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Comment: something will turn up: <http://bit.ly/28SN7QP>

Oxfam blog: Bill Gates & chickens:

<http://oxfamblogs.org/fp2p/will-bill-gates-chickens-end-african-poverty/>

Chickens and beer: A recipe for agricultural growth in Mozambique

by Teresa Smart and Joseph Hanlon is on <http://bit.ly/chickens-beer>

Gas for development or just for money? is on <http://bit.ly/MozGasEn>

Also in this issue:

War escalates

No international debt audit

Coal

Mediators suspend talks

Government-Renamo negotiations resumed briefly on Wednesday 27 July and then were suspended by the mediators until Monday 8 August. The mediators submitted proposals in response to the first item on the agenda, Renamo's demand to take power in six provinces. On Saturday 23 July, because of what lead mediator Mario Raffaelli described as "several impasses", the mediators suspended talks and drew up the own proposals which were submitted to the two sides on Wednesday. Raffaelli said: "We urge the two sides to seriously consider the proposals". Raffaelli said the suspension in talks was for "logistical reasons", but it will also allow the two sides extra time to consider how to respond. Raffaelli also said that the mediators had met twice with President Filipe Nyusi and maintained telephone contact with Renamo head Afonso Dhlakama.

Both sides have taken hard lines. Government says the Renamo demand is unconstitutional and the constitution must be followed. Ivone Soares, head of the Renamo parliamentary bench, told the closing parliament session Thursday 28 July that "never, never, never will Renamo give up the governance of the six provinces".

Savana (29 July) says that its sources claim that the mediators "came to the conclusion that the two parties are not yet prepared for a serious dialogue and decided to leave the country. ... According to our sources, there was no opening for counter-proposals from either side." In the face of this intransigence and lack of seriousness on both sides, some of the mediators were not prepared to continue clearing their diaries and pay the costs of staying in Maputo. Finally, there also appear to be divisions within the large number of mediators and less than total support for Raffaelli as lead mediator. *Savana* says two of the government nominated mediators, Quett Masire and Jonathan Powell, left Maputo on 25 July, two days before the negotiations were suspended, while Jakaya Kikwete never joined the talks.

War escalates

As negotiations are suspended, the war is being stepped up with a major escalation of Renamo attacks. In a particularly provocative action, Renamo guerrillas raided Mopeia, Zambézia, where President Filipe Nyusi had held a public rally just a week before. And there are reports of more deaths than previously admitted. Paulo Manjacunene, Frelimo first secretary in Sofala, said

Saturday that 108 Frelimo members had been killed by Renamo since mid-December. (*O Pais* 1 Aug; it is unclear from the article if this figure is national or just Sofala.)

On 25 July gunman fired on a Vale coal train in **Cheringoma, Sofala**, injuring two people in the engine cab. On 8 June, Vale suspended the movement of its trains along the Sena line after two attacks, resuming the transport of coal from Moatize to Beira on 27 June. That traffic has been stopped again. The next day, 26 July, Renamo attacked the Cheringoma administrative post, killed a policeman, burned a vehicle of the National Institute for Social Action (Instituto Nacional de Acção Social, INAS) and stole pension payments being distributed. (Lusa, Rhula, AIM, *O Pais*)

On Saturday 30 July a Renamo group of 20 attacked the district town of **Mopeia, Zambézia**, where President Filipe Nyusi had held a rally on 22 July. It was the first Renamo attack on the town, although Renamo has been active in the district. At least two people were killed in the early morning raid. The police station, government offices, hospital and a health post were attacked; gunfire continued for 45 minutes; the police post was held for an hour and prisoners freed. Two government vehicles were burned and the health post damaged; medicines were stolen. (AIM Pt 30, 31 July; *Diário da Zambézia* 1 Aug) *O Pais* (1 Aug) reports that the local director of the security services SISE is missing.

Interviewed by AIM, the Mopeia district administrator, Vidal Bila, gave a real feeling of a country at war. He said Renamo had hoped to capture weapons from the police post, "but they failed because, strategically, weapons are no longer stored at the command post. Each police person takes their weapon home." In other Renamo attacks the administrator's house was attacked, but Bila noted that his home was not attacked because he instructed the two police officers and their bodyguards to remain quiet, leading Renamo to think the house was not occupied - a decision which he said saved their lives. (AIM Pt 30 July)

In another expansion of the war, there have been two attacks in **Maúa, a district in the centre of Niassa** in an area where they have been no previously reported attacks. On 24 July in Mapula and 31 July in Maiaca, Renamo gunmen attacked the health centre, the police station, and the house of the head of the administrative post. The gunmen stole medicines and surgical equipment and fired shots. (AIM Pt 31 July) On 24 July Renamo is said to have killed the wife of the village secretary in Tsana, Funhalouro, Inhambane.

Police say that the N7 Vanduzi-Changara convoy is being attacked three times a week. Drivers involved in the attack on 22 July say it injured 16 people, not the two claimed by the police. (*Savana* 29 July).

Afonso Dhlakama's tourmaline mine in Barué, Manica, has been ordered to close by the mining inspector (Inspeção Geral dos Recursos Minerais e Energia), because it did not pay a fine last year after failing to pay taxes and an accident which killed one miner. (VoA Pt 28 July)

The highest-ranking former Renamo fighter in the military was retired by President Nyusi on 27 July. Olimpio Cambona had been Deputy Chief of Staff of the armed forces (FADM). As lieutenant general, Cambona was the highest-ranking Renamo member to join the FADM after the 1992 peace accord. Renamo has repeatedly accused the government of marginalising officials from the opposition and favouring officials linked to the ruling party. But Renamo spokesman António Muchanga told Deutsche Welle that this retirement was normal, and that at his rank no one can serve for more than 8 years, which Cambona had done. But he went on to argue that other Renamo commanders had been improperly removed before reaching the time limit.

Of 11,000 refugees in Malawi, all but 1800 have returned home to Tete, according to the UN High Commissioner for Refugees.

Nyusi: no international debt audit

IMF and donor demands for an international forensic audit of the \$2.3 bn in secret debt were rejected by President Filipe Nyusi on 24 July. He said the issue is being considered by two Mozambican sovereign institutions, parliament and the Attorney General's office (Procuradoria-Geral da República, PGR), and that is sufficient. (*O País* 25 July)

Parliament on 26 July set up its commission to investigate the secret loans. The committee was to have 10 Frelimo, 6 Renamo and 1 MDM - in proportion to parliament seats. But Renamo voted against and will not take up its seats on the ground that such an inquiry cannot be credible if it is dominated by Frelimo. The chair is Eneas Comiche, an MP and former finance minister. He is highly respected and was not allowed by Frelimo to stand again as mayor of Maputo in 2008 because he was too honest. But several members of the commission are pro-Guebuza Frelimo hardliners, including deputy chair Edson Macuácuá. The MDM named Venâncio Mondlane. The commission must report by 30 November.

The Attorney General's office (PGR) announced on 14 July that the secret loans were in violation of the budget law, and thus are a "criminal offense in the form of abuse of office." Because of the complexity of the case, the PGR will bring in both national and international experts to investigate the loans. (AIM Pt 14 July)

Exxon may bail out government

Exxon Mobil is in advanced negotiations with ENI over acquiring a minority stake in its Mozambique natural gas discoveries off Mozambique, according to Bloomberg (28 July). Exxon is also in talks with Anadarko, and is working with Qatar Petroleum, Bloomberg says.

"Negotiations with government over tax terms and the funding of the Mozambique national gas company have also moved forward in the last two months," Reuters reported (25 July).

Comment: The deal is vital for the government, because it would generate more than \$1 bn in capital gains taxes, which would go a long way to resolving the secret debt crisis. Therefore, Mozambique is probably willing to make longer term tax deals in order to get money up front. *jh*

Ematum bondholders to sue

Ematum bondholders are planning to sue both the Mozambique government and Credit Suisse and VTB banks over the \$697 mn debt swap agreed earlier this year, Reuters reported (29 July, <http://uk.reuters.com/article/mozambique-bonds-banks-idUKL8N1AE7EM>) Bondholders have formed an informal group and hired a law firm, alleging that neither the banks nor government made full disclosure of the size of Mozambique's debt. Only after the bond swap and under IMF pressure did Mozambique admit an additional \$1.35 bn in secret government guaranteed debt.

Meanwhile, Bloomberg (25 July) has done a good summary of the debt and political crisis, opening: "Even by the standards of Africa, it's been a wild ride for Mozambique. There's little sign it will end well." <http://www.bloomberg.com/news/articles/2016-07-25/plunging-tuna-bonds-wreck-africa-s-most-promising-economy>

State telecom merger: The government is to merge the two state-owned, loss-making telecommunications companies, Telecommunication de Mozambique (TdM) which is responsible for fixed line telephone and internet and Moçambique Cellular (mCel), the mobile phone company. The goal is to cut losses and probably to privatise the companies and attract essential investment. Meanwhile, @Verdade reports that the Instituto das Comunicações de Moçambique signed a contract worth tens of millions dollars with the Chinese company Huawei for the purchase of more than 200 mobile stations without first issuing a public tender. In addition, the Administrative Court

(Tribunal Administrativo) rejected the contract, but the deal went on as planned and the equipment was delivered to mCel.

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Coal: could new railway cut costs enough?

Vale Moçambique lost \$212 mn in the first half of the year, it reported on 28 July. Production and transport costs have reduced the cost of a tonne of coal delivered to Nacala port from \$168 to \$103, but the value of high grade coking coal is still only \$84 per tonne - so the company loses money. In the first half of the year, Vale's Moatize mine produced 1.4 million tonnes of metallurgic (coking) coal and 740,000 tonnes of thermal coal.

(<http://www.vale.com/brasil/pt/aboutvale/news/paginas/financial-report-2q16.aspx>)

The railway line from Moatize to Nacala via Malawi is 912 km. Vale had been sending coal on the shorter (and thus less expensive) 575 km rail line to Beira, but this has been suspended by Renamo attacks - which have also delayed upgrading work to double capacity from 6 to 12 million tonnes of coal per year. The line is single track and the work is to double the length of the two track sections which allow trains in opposite directions to pass. Current trains are limited to 42 wagons and 2 locomotives while the rebuilding will allow to 100 wagons and 6 locomotives. (*Noticias* 9 July)

Meanwhile public consultations have begun on a new railway from Tete to a new port at Macuse, Zambezia, 35 km north of Quelimane, which could carry 25-100 million tonnes of coal per year. The concession to build the line was granted to a company called Italian-Thai Development Mozambique (part owned by Mozambique railways, CFM) in 2013, but falling coal prices have delayed the project. The 525 km line involves a new railway parallel to the existing one from Moatize to Mutarara opposite Sena on the Zambeze river, then constructing 129 km of new railway to the coast, then constructing a deep water offshore port. The reason for constructing a new line rather than doubling the existing one is that the new railway would not be compatible with the existing rail system. Southern African railways were all built to a gauge of 3ft 6in (1067mm) between the rails, and the proposal is that the new line of Macuse should be standard gauge - 1435 mm - which would allow the use of larger wagons. The project would cost \$3-4 bn, and there is not yet an obvious source of funding. For more details: <http://www.slideshare.net/informaosz/jose-fonseca-thai-mocambique-logistica-sa>

Mozambique is also looking for \$400 mn to rehabilitate the 317 km railway from the Zimbabwe border to Beira.

Only Vale is now producing coal. Indian company ICVL which bought the Rio Tinto mine which had been Riverdale has suspended exports. Jindal and Beacon Hill have not started.

After a decade of fruitless negotiations, largely with South Africa, it now appears that two coal-fired power stations will go ahead in Tete. Shanghai Electric Power and Ncondezi (majority-owned by the Africa Finance Corporation) have signed an agreement to build a \$25.5 mn power station. And in March Zambia and Mozambique signed a Memorandum of Understanding (MoU) to establish a coal-powered energy plant in Tete to provide power to both countries. Zambia is facing electricity shortages because of low water behind the Kariba dam, caused by the recent drought, and in March a floating 100 megawatt power plant was opened in Nacala harbour, which will allow an equivalent amount of additional power to be sent to Zambia from the Cahora Bassa dam. The floating power station is owned by Karpowership, a subsidiary of Karadeniz Holding, Turkey.

Armed police harassing drivers

Rhula has warned of an increase in police harassment of drivers. "To be regularly stopped by traffic police (in black & white uniforms) looking for money is an everyday hazard for drivers in Mozambique. The police are particularly attracted to foreign vehicles, the vast majority of which are South African. More worrying has been recurrence (reported on the Rhula Hotline) of armed police patrols (in grey uniforms) stopping vehicles and harassing drivers – demanding their passports and vehicle documents, searching their vehicles, threatening arrest and generally trying to intimidate for money. These armed police invariably refuse to identify themselves."

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"Mozambique News Reports & Clippings, number XXX", DATE, bit.ly/mozamb, accessed XXX.

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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

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: kapicuir@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.riener.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-it-s-land-detail>

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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NOTE OF EXPLANATION:

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Joseph Hanlon

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Mozambique media websites, Portuguese:

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>

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

Mozambique media websites, English:

Club of Mozambique: <http://clubofmozambique.com/>

Rhula weekly newsletter: <http://www.rhula.net/news-announcements.html>

Zitamar: <http://zitamar.com/>

Macauhub English: <http://www.macauhub.com.mo/en/>

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

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