

MOZAMBIQUE 343

News reports & clippings

25 October 2016

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Attached: government debt statement

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Government says debt unsustainable

In a presentation to creditors released today, the government says that Mozambique's debt "is not sustainable" and full payments cannot be made until there are gas revenues after 2021. Furthermore "external debt exceeds all the IMF thresholds" which means that in IMF terms, "Mozambique is in 'debt distress'." It adds that "IMF discussions can only resume if Mozambique is no longer in 'debt distress' category" which means first renegotiating debt with other creditors, hopefully within two months.

The government also warns of "potential government interventions in [the] troubled domestic banking sector" and that "four key SOEs [state-owned enterprises] (M-Cel, LAM, Petromoc and EDM) are facing important financial challenges".

The government says that transparency is part of negotiations with creditors. The release of the presentation can be seen as part of that. The presentation (in English) is attached and is posted on

http://www.mpd.gov.mz/images/Presentation_by_the_Ministry_of_Economy_and_Finance_-_25_October_2016.pdf

Embraer admits \$800,000 LAM bribe

Brazilian aircraft manufacturer Embraer admitted that it paid bribes to government officials in four countries, including Mozambique, US Assistant Attorney General Leslie R. Caldwell announced Monday. The company will pay a penalty of \$107 million.

The Mozambican bribe of \$800,000 was paid via what the US Justice Department describes as "a false agency agreement with an intermediary designated by a high-level official" in Mozambique Airlines (LAM). The purpose of the bribe was to secure LAM's agreement to purchase two aircraft from Embraer for approximately \$65 million. (AIM En 25 Oct)

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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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Reports and books by Joseph Hanlon

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

Following the donor-designed path to the \$2.2 billion secret debt <http://bit.ly/3WQ-Hanlon>

Oxfam blog on Bill Gates & chickens:

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

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

Chickens and beer: A recipe for agricultural growth in Mozambique

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

E-book for Kindle and iPad: <http://www.amazon.com/dp/B00NRZXXKE>

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