

# MOZAMBIQUE News reports & clippings

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## Also in this issue:

**Covid-19 spreading**

**Military says it killed 50 insurgents**

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## Cotton producer subsidy is first small farmer cash in 30 years

Ending three decades of free market dogma, the Council of Ministers (CM) 12 May approved the first cash payments to small farmers. The 250,000 cotton producing peasant farmers will receive 6 meticaís (\$0.09, 9 US cents) per kilogramme of first quality cotton. The cost of the subsidy will be 240 mn MT (\$3.5 mn) this year, with production estimated at 40,000 tonnes. The harvest is starting now.

The historic decision comes after pressure from Agriculture Minister Celso Correia, a close advisor of President Filipe Nyusi, and was announced personally by Correia after the CM meeting.

Negotiations mediated by Correia between the cotton producers association (Fórum Nacional de Produtores de Algodão, FONPA) and the cotton promoters and buyers association (Associação Algodoeira de Moçambique, AAM) broke down on 11 May. The AAM president is head of the historic Mozambican company João Ferreira dos Santos and other association members include major foreign commodity traders such as Olam and Plexus. They argued that falling global cotton prices, in part due to a fall in textile sales due to Covid-19, meant they had to cut their buying price from 23.3 MT per kg to 19 MT per kg - taking into account devaluation over the past year, this would have been a cut from \$.37 to \$.28 per kg. FONPA wanted the price maintained. But under Correia pressure, the CM agreed to raise the buying price to 25 MT per kg (thus maintaining the dollar value), and that the government would provide a subsidy of 6 MT allowing AAM to pay only 19 MT.

Peasants were forced to produce cotton during the colonial era and many peasants still produce it, despite it not being very lucrative. Correia estimates that the average cotton producing family earns 12-15,000 MT (\$175-220) per year from cotton. The average family has five members working a plot of 1.5 ha by hand, and this does not provide an adequate living, Correia stressed. Thus the companies and government will also promote alternative crops, notably soya, sunflower and maize. (AIM, Savana)

**Background:** With the end of the cold war and the end of the proxy war in Mozambique three decades ago, the victorious West imposed "shock therapy" on eastern Europe and Russia to rapidly transform them from communists to capitalists. Mozambique was one of the few African countries to have a similar policy imposed. This involved massive privatization of state companies, and the imposition of a total free market in agriculture. Mozambique's grain marketing board was closed, all subsidies were ended, and any state intervention in the market was banned. In

Mozambique this included the World Bank's unprecedented 1995 requirement that the state-supported cashew sector be shut down.

Apparently there was a belief that Mozambican farmers were so much better than northern farmers that the massive subsidies to farmers (including for cotton production) would be continued in the United States and Europe, but banned in Mozambique, in order to create a "level playing field".

Exceptions were made, especially for foreign companies. In 1995 the IMF made a special exemption for multinational sugar companies in Mozambique that allowed a protective tariff against sugar imports and raised the domestic price of sugar. International tobacco companies were allowed to have monopolies in districts, in which they provided credit, inputs and a guaranteed market but no competition was allowed. And on 6 August 2010, Universal Corporation (trading as Mozambique Leaf Tobacco, MLT) pleaded guilty to charges brought by the United States Securities and Exchange Commission (SEC) that it paid \$165,000 in bribes to "a governor" and other officials to gain the exclusive licence to buy tobacco in Chifunde district, Tete – one of the best districts for tobacco. Despite the guilty plea, no lender or donor pushed for the governor to be prosecuted in Mozambique, or for MLT to lose its exclusive rights to the district (even though there had been a local peasant protest in Chifunde about the transfer from company that producers thought treated them better, Dimon). And in the period 2006-12 foreign aid agencies were able to develop the soya industry, which included subsidies and guaranteed markets.

There was only one exception for the Mozambique government during the past three decades. The forced closure of the cashew sector was particularly egregious and received international publicity, with 10,000 factory workers (mostly women) losing jobs and tens of thousands of peasants losing a cash crop. Rather than court more bad publicity, donors and international financial institutions turned a blind eye when the state cashew secretariat in semi-secret rebuilt the industry in 2001-6, including introducing export restrictions to protect new domestic factories. But it was never allowed in any other sector.

After three decades, it has required a businessman who is one of the most powerful men in government, Celso Correia, to finally end market fundamentalism. *jh*

## **Covid-19 spreading**

Covid-19 is spreading across the country, with most provinces reporting cases and local transmission. The World Health Organisation (WHO) has changed its classification of the coronavirus situation in Mozambique from "epidemic with sporadic cases" to the more serious "epidemic with foci of transmission," National Director of Public Health Rosa Marlene said Sunday. This is an intermediate phase before "community transmission".

"The failure to observe restrictions" is frustrating attempts to control the pandemic in Mozambique, President Filipe Nyusi said in a speech Friday (15 May), which may force the imposing of "stricter measures". He cited the failure to use masks in markets and crowds, religious groups having meetings "behind closed doors" with more than the maximum 20 people, and people diagnosed with Covid-19 failing to self-isolate as required.

Nyusi also noted that in Mozambique the age group most affected by Covid-19 is 15-40 years old, a younger group than in other countries.

"We need to intensify preventive measures," said Ilesh Jani, director-general of the National Health Institute, last week. "The window of opportunity to avoid community transmission still exists, but it is not permanent." (Zitamar 18 May) By today there were 145 confirmed cases, of which 26 cases were reported in the past three days, of whom 8 had recently arrived from South Africa. But the other cases were all local transmission. Cases by province so far are: Cabo Delgado 85 (mainly in the Afungi construction site, but also in Palma and Pemba), Maputo city 36, Maputo province 12, Sofala 8, Inhambane 2, and Tete and Manica 1 each. There have been 36 transmission chains

discovered. There have been no deaths, and 46 people are considered recuperated from the disease.

## Mozambique gains as US confronts China and Russia over gas

The US Export-Import Bank on Thursday (14 May) approved the broadening of a \$4.7 bn loan to back US suppliers to the Total's Cabo Delgado gas project. The extension is to include offshore parts of the project. "We were told that China and Russia were slated to finance this deal," Kimberly A. Reed, the bank's president, said in a statement. "This is a great example of how a revitalized Exim, thanks to President Trump's leadership and bipartisan support from Congress, can help ensure the use of 'Made in the U.S.A.' products and services, without ceding ground to countries like China and Russia." (Bloomberg 15 May)

## Military says it killed 50 insurgents, as it releases attack list

In a total change of policy, the Ministries of Defence and Interior gave a joint press conference Thursday 14 May in which they listed attacks in Cabo Delgado from 3 May. They also said that in two attacks they killed 50 insurgents. On Wednesday (13 May) on the road between Chinda and Mbau they caught a group of insurgents with three cars, three motorcycles and a tank truck; they say 42 insurgents were killed and all the vehicles destroyed. The next day they repulsed an attack in Quissanga district killing 8 insurgents. The full press statement (in Portuguese) is on: <https://bit.ly/CD-Def> The Minister of Interior told @Verdade (17 May) that he did not know the number of government losses.

The list also shows that reporting by Pinnacle News has been very accurate (<https://www.facebook.com/pinnaclenews79>)

In this period ministries say 11 villages were destroyed and 16 people kidnapped - plus 14 other people missing.

They also note the increasing attacks on telecommunications and electricity infrastructure. (This was also an important Renamo tactic during the 1982-92 war because electricity pylons and similar structures are often in remote areas and not guarded. During the war the government put land mines around the pylons of the electricity lines to Maputo.)

Sabotage included electricity lines along the road from Macomia to Mocímboa da Praia, and Vodacom and Movitel fibre optic cables and other installations in Awasse and along the road toward Mocimboa da Praia.

From north to south by district, this is the Defence/Interior list of attacks:

**Nangade**, Litingina village 3 and 11 May, Ngongolo village 11 May

**Mueda**. Diaca 13 May

**Mocímboa da Praia**. Ulu village 4 May, 5 people kidnapped; 13 May Ntotwe village.

**Muidumbe**. Miengalewa administrative post attacked 11 May. Also on 11 May Awasse attacked and the new hospital destroyed.

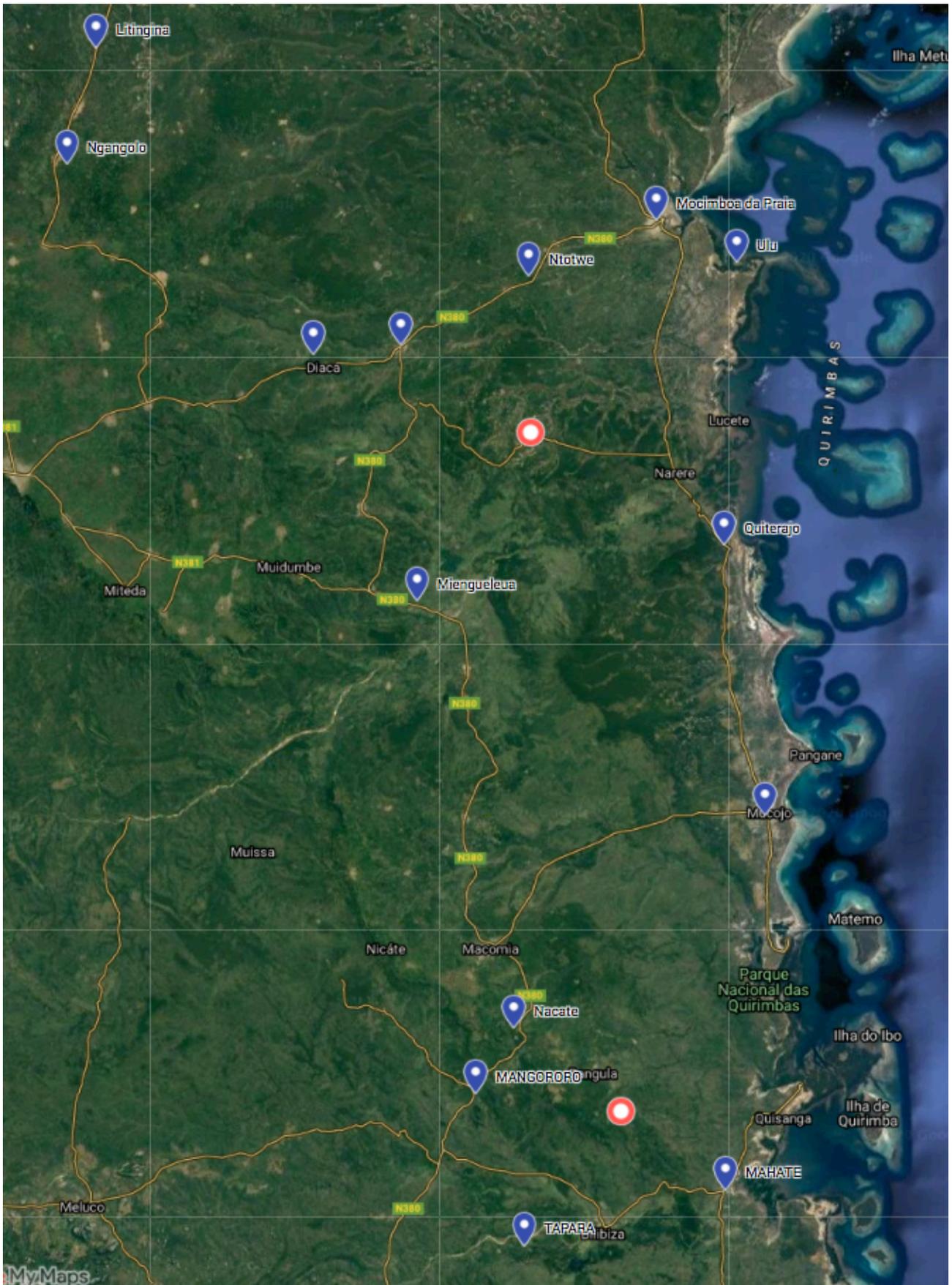
**Macomia**. Nkoko village 12 May

**Quissanga**. Villages of Cajembe and Mahate 4 May and Tapara (Bilibiza) 9 May

**Meluco**. Ambush of civilian vehicle near Nangororo 6 May.

Since the press conference, there has been one major attack. **Miengalewa** in Muidumbe was attacked again on Saturday (16 May) and 10 people were killed. (Carta de Moçambique, 18 May) The village has been occupied on 6 April and attacked on 11 May.

In the map, the blue pointers are insurgent attacks reported by local media or the security forces so far this month. The red circles are the two attacks by the military



Reports also continue of security force violations. In a recent incident in Metuge security forces entered the house of a local official at night and injured him and demanded the password of his mobile money account. On 14 May a Kenyan national was detained by plain clothes police and accused of being al-Shabaab. His phone was taken and he was not allowed to phone colleagues to come and vouch for him. Co-workers later interceded with authorities and he was released. (Intelyse 18 May)

**The Renamo Military Junta again attacked the EN1** in Sofala, in Nhamatanda district, Sunday morning 17 May. Three buses were ambushed, killing one person and seriously injuring three others. (AIM 17 May)

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## Background reading

### Special reports

#### Mozambique heroin transit trade

English - LSE - <http://bit.ly/Moz-heroin>

Portuguese - Pt - CIP - <http://bit.ly/HeroinaPT>

2001 first article - English and Portuguese <https://bit.ly/MozHeroin2001>

#### Gas for development?

Gas\_for\_development\_or\_just\_for\_money?\_2015 [bit.ly/MozGasEng](http://bit.ly/MozGasEng)

Gás\_para\_desenvolvimento\_ou\_apenas\_dinheiro?\_2015 [bit.ly/MozGasPt](http://bit.ly/MozGasPt)

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: [bit.ly/MozPoverty](http://bit.ly/MozPoverty)

2018 Constitution - <http://bit.ly/2KF588T>

Minimum wage and exchange rates 1996-2018 -- <http://bit.ly/MinWage18>

#### \$2bn secret debt - in English

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz-full>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

#### In Portuguese:

Parliamentary Report on the Secret Debt (complete) [bit.ly/MozAR-debt](http://bit.ly/MozAR-debt)

**Election study collaboration:** We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>  
Election newsletters are on <http://bit.ly/2H066Kg>

**Eight books by Joseph Hanlon can be downloaded, free:** <http://bit.ly/Hanlon-books>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014)

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Moçambique e as grandes cheias de 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996)

Mozambique: Who Calls the Shots (1991)

Mozambique: The Revolution Under Fire (1984)

#### Two more will be available shortly to download:

Apartheid's 2nd Front (1986)

Mozambique and the Great Flood of 2000

#### These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Zimbabwe takes back its land (2013)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)  
Do bicycles equal development in Mozambique? (2008) (free in Portuguese)  
Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

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**Mozambique media websites, Portuguese:**

Notícias: [www.jornalnoticias.co.mz](http://www.jornalnoticias.co.mz)

O País: [www.opais.co.mz](http://www.opais.co.mz)

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

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

**Mozambique media websites, English:**

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

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

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

AIM Reports: [www.poptel.org.uk/mozambique-news](http://www.poptel.org.uk/mozambique-news)

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