

MOZAMBIQUE News reports & clippings

194 10 Feb 2012 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

To subscribe: tinyurl.com/moz-en-sub To unsubscribe: tinyurl.com/moz-en-unsub

Previous newsletters and other Mozambique material are posted on tinyurl.com/mozamb

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

In this issue: [Tete mining protest](#)
[Kidnappings](#)
[Coal & other minerals](#)
[Fish, agriculture, biofuels](#)
[Inhambane by-election](#)
[News briefs](#)

=====

Tete governor demands better resettlement

Following the demonstrations last month against resettlement practices of Vale, the Brazilian company, the head of the Provincial Resettlement Commission, Albertina Tivane, has told the other big mining company, Rio Tinto – Riversdale, that it must provide better houses for people being moved. Houses must have enough rooms for a family, an internal bathroom, running water, and electricity. Furthermore, anyone being moved before a new house is complete must be put into suitable rented accommodation paid by the company. Emmy Bosten, spokesperson for Rio Tinto, said the company accepted the new rules. (Noticias 2 Feb 2012)

Asian kidnappings linked to Cardoso killers

15 Asian-origin Mozambicans have been kidnapped in the past two years, including 9 since October. The latest victims were A. Cadire and G. Sattar, kidnapped in Maputo 31 January, and released recently. They have interests in the recently privatised glassware factory Vidreira in Matola and in the Andalucia Hotel-School in Maputo and the Embaixador Hotel in Beira, and kidnappers demanded \$2 million. The police complain that the families of the kidnapped men are not cooperating, but prominent members of the Asian community claim that some policemen are involved in the kidnappings.

The newsletter *MediaFax* links the kidnappings to Momad Assife Abdul Satar ("Nini") and Vicente Ramaya, who were jailed for ordering the murder of investigative journalist Carlos Cardoso in November 2000. *MediaFax* reports that the two were moved on 6 February from the Maputo top security prison to the cells of the Maputo City Police Command, where Cardoso's killer, Anibal dos Santos Junior ("Anibalzinho"), is serving his sentence. *Mediafax* reports that the security services believe that Satar and Ramaya are among those ordering the kidnappings. It would be possible, because mobile phones have been regularly smuggled into the top security prison, and Nini Satar even managed to open an account on Facebook – even though prisoners are not allowed access to such means of communication.

Paul Fauvet of AIM writes: "Prior to his arrest in 2001, Nini Satar was loathed and feared among

the Maputo Asian community, largely because of his loan sharking activities. He and Ramaya were also the key figures in the massive fraud which siphoned the equivalent of 14 million US dollars out of what was then the country's largest bank, the BCM, on the eve of its privatization in 1996. Cardoso's tenacious investigation into this fraud was the motive for his assassination." (*Noticias* 2, 7 Feb; AIM citing *Mediafax* 8 Feb)

Miners ask how to move 100 mn t of coal per year

Vale has signed an agreement with Malawi to build a new railway to export coal, the Brazilian company announced on 28 December. The new line will run from Chikwawa in the southwest corner of Malawi for 137 kilometres to Nkaya Junction, where it will meet the existing line to Nacala, the best deep water port on the east African coast.

On 3 February the Portuguese group Mota-Engil said Vale had given it the \$703 million contract to build the railway line in 27 months.

Vale will also have to build about 60 km of new railway in Mozambique to link Moatize, Tete, to the border at Chikwana. And the 700 km railway from Nkaya to Nacala will require a substantial upgrading to carry the predicted tens of millions of tonnes of coal per year.

The existing Malawi Railways line from Nkaya to the Mozambican border is operated by Central East African Railways (CEAR). Vale owns 51% of the shares of Mozambique's Northern Corridor Development Company (SDCN) which operates the northern railway in Mozambique and Nacala port, and which in turn owns 51% of CEAR. Vale bought its share on SDCN in 2010. The other 49% is owned by a Mozambican consortium, headed by Insitec. At the time, Vale announced it would invest \$1.6 billion in the railway system.

Transport Minister Paulo Zucula estimates that by 2020 Tete will be producing 100 million tonnes of coal a year. The 575 km Sena railway line to Beira can carry 6 million tonnes of coal per year, and could only carry 12 mn t/y even with further upgrading. Beira port is also a problem, because it is shallow and requires constant dredging.

The British coal company Ncondezi is forming a partnership with Minas de Revuboe (owned by Nippon Steel of Japan, POSCO of Korea, and the Talbot Group of Australia) and Rio Tinto Coal Mozambique (which took over Riversdale) to look at the construction of a new railway and port to export up to 100 million tonnes of coal per year. A preliminary study suggested that a new deep water port be built near the Zambezi River mouth. It would be big enough to handle "Capesize" ships which are so large they cannot pass through the Panama Canal. Riversdale had been proposing shipping coal by barge down the Zambeze River to an offshore coal terminal.

The Indian company Essar Ports, which plans to mine coal in Tete for power stations in India, and which has bought ZISCO (Zimbabwe Iron & Steel), is proposing a new port, probably near Beira. And in early February the Kazakhstan-based company, the Eurasian Natural Resources Corporation (ENRC), told the *Dow Jones Newsletter* that it wanted to build a railway from Tete to Nacala but entirely within Mozambique.

Coal production in 2011 was 1 million tonnes, and 6 million tonnes are expected this year.

And the coal sector continues to expand, with the Indian group National Mineral Development Corporation (NMDC) and Nippon Steel of Japan both looking for mining concessions.

The thick blue line on the map below shows the route of the new rail line. The dashed red line is the existing railway to Nacala, and the dashed green line the existing railway to Beira. Thin red lines are other railways.



Underlying map by Joseph Redford & Thorsten Buker, <http://www.bueker.net/trainspotting/>

Other mining reports

- + The British-Australian company Baobab Resources reports favourable results from drilling at its Massamba iron, vanadium and titanium project at Tenge, Tete. Baobab is looking at using local electricity and coal to smelt pig iron at the mine.
- + The graphite mine at Ancuabe, Cabo Delgado will be run by the German multinational Graphit Kropfmuhl. The company currently has operations in Zimbabwe, China, Sri Lanka and Germany. The mine operated until 1999, when operations were suspended due to the high cost of running electricity generators. The mine is now linked to the national electricity grid.
- + A public tender has been launched to select a company to operate a marble mine and factory at Montepuez, Cabo Delgado. The mine closed in the 1980s due to the war.
- + The Irish company Kenmare Resources nearly doubled its income in 2011, to \$168 million from \$92 mn in 2010 because of an 83% rise in prices. In 2011 its mine in Moma, Zambezia shipped 636,800 tonnes of ilmenite, 43,500 tonnes of zircon and 6,500 tonnes of rutile.

European fish agreement

A new European Union fisheries agreement came into force on 1 January 2012, for 75 European fishing boats in Mozambican waters. The three-year agreement sets a quota of 8,000 tonnes a year. The EU will pay Mozambique 980,000 euros (\$1.3 mn) per year in compensation, of which 460,000 euros annually is aid to the fisheries sector. So the EU will pay Mozambique 122 euros (\$160) per tonne, or 12 euro cents per kg. The wholesale price of Indian Ocean tuna is now over \$1500 per tonne.

Spanish boats will receive 38 licences, covering 22 tuna purse seiners and 16 surface long-liners. The others are: France - 20 tuna and 8 surface long-liners, Portugal 7 surface long-liners, Italy 1 tuna, and Britain 1 surface long-liner. There are fewer boats in the new agreement as several companies have pulled out due to piracy risk.

Total commercial fishing catch in 2012 is expected to be 36,798 tonnes. A further 175,218 tonnes will come from the artisanal fisheries.

Deep water wild prawn fishing should produce 5,650 tonnes, but Mozambique expects to export about 17,900 tonnes of farmed prawns this year, up from 10,000 tonnes exported in 2011.

Biofuels Differing views on jatropha

A jatropha producers association in Buzi, Sofala, now has 300 members selling 11 tonnes of jatropha a year to GalpBuzi, 70% owned by the Portuguese Galp Energia and 30% by Companhia do Buzi, which controls the former sugar plantation there. AIM reports that the increased interest in jatropha is because GalpBuzi has promised to buy all the jatropha seeds produced by the farmers, and is paying 10 meticaís (about 35 US cents) per kilogramme..

GalpBuzi is still experimental, but a Portuguese consortium headed by Galp Energia is to invest 2 million euros to research jatropha for biodiesel. The project is 50% funded by the Portuguese government's Fund for Support to Innovation of the Energy Agency (Adene). Various Portuguese universities are also involved. Galp Energia says it will have 23,000 hectares of jatropha plantations in Mozambique by 2016.

On the other hand, Chimoio mayor Raul Conde Marques Adriano has come out against jatropha being grown close to the city. In particular, he has complained about Sun Biofuels, a British company that went bankrupt last year, which has been growing jatropha on a former tobacco plantation on the edge of the city. He says land close to the city should be used for expansion of the city, or to grow food.

A number of cities including Chimoio have had their boundaries expanded because the cities are growing. That means some farmland is now within the city boundaries, and the mayor wants the jatropha fields to be used for housing. And Sun has given 130 ha to Chimoio for the expansion of the Mozambican Heroes neighbourhood. (AIM 24 January, *Noticias* 8 February)

Ethanol at Sena

Guarani (a Brazilian subsidiary of the French group Tereos International) and Petrobras of Brazil now own the Sena Sugar Estates on the Zambeze river. On 14 December they signed an agreement with the Mozambican state fuel company, Petromoc, and Petrobras' subsidiary Petrobras Biofuels, to look at the viability of producing ethanol to meet the new Mozambican requirement of 10% ethanol in petrol. Guarani and Petrobras already have experience in Brazil of producing ethanol from sugar and blending it with petrol.

In its plan for 2012, government predicts sugar cane production will increase 23%, from 3 to 3.6 million tonnes.

Agriculture news briefs

+ **Two Mauritian companies** announced plans to invest \$47 million in agriculture. British American Investment Co. will invest \$28 mn on maize, sunflower and soy production. Compagnie des Trois Amis will invest \$19 mn in rice production on 4,000 hectares, apparently with two Indian companies, Supreme Agro Projects and Prama Consulting Services. No other details are given.

+ **Brazil has opened a \$98 million credit line** for Mozambique to buy agricultural machinery and equipment made in Brazil.

+ **Mozambican, Brazilian and United States technical staff** are to work together to improve Mozambique's performance in food security, agriculture and health, under an agreement signed 23 January. The US and the Brazilian Agricultural Research Company (EMBRAPA) are already collaborating with the Mozambican Agricultural Research Institute (IIAM).

The new Zambezi Valley Development Agency announced \$200 million in agriculture projects in 35 districts in four provinces. Funding will come from the state budget, foreign investors, the World Bank, China, India, Netherlands and Norway. The agency has already built a cotton ginning factory in Guro district and plans a tractor assembly unit in Murraca. (Noticias 25 Jan 2012)

+ **A new state-owned grain processing factory** in Ulongue, Tete, is due to start production this month, and will be able to mill 100 tonnes of grain a day. In sharp contrast to previous policy, the \$6.8 million factory is state-owned, although it will be run by management selected through a tender. The state owns 90% and the other 10% is divided equally between the National Social Security Institute (INSS), the state insurance company EMOSE, and the publicly owned electricity and telecommunications companies, EDM and TDM.

+ **The government will invest \$540 million in irrigation** over the next decade, reported Mahomed Vala, National Director of Agricultural Services in the Ministry of Agriculture.

+ **The fruit fly *B. invadens*** continues to be a serious problem, with South Africa and Zimbabwe having imposed restrictions on Mozambican fruit and vegetables in 2008 and 2010. *B. invadens* was first identified in Africa in 2003 and had spread to Mozambique by 2008 and now occurs in six central and northern provinces. The fly attacks a wide variety of crops including mango, guava, pumpkin, melon, tomato, citrus and cashew. (Noticias 27 Jan 2012; see also <http://www.globalhort.org/media/uploads/File/Fruit%20Fly/Fruit%20fly%20B.invadens%20threat%20to%20South%20Africa.pdf>)

+ **Mozambique produces 40,000 tonnes of chicken a year**, but demand is 60,000 tonnes a year, and the gap is filled by imports. But Minister of Industry and Trade, Armando Inroga said further measures are being taken to promote domestic production, which should meet the demand by 2014.

+ **A \$10 million Japanese factory to process wood chips** to be made into paper in Japan is to be built near Maputo by a Japanese-Mozambican company Sojitz Maputo Celulose Limitada (Somacel). The factory will buy wood, particularly eucalyptus, from Mozambique, Swaziland and South Africa and produce 200,000 tons of wood chips a year.

By-election in Inhambane

A by-election for mayor of Inhambane will be held on 18 April, following the death of Lourenco Macul in December. Macul won in November 2008 with 91% of the votes, so Frelimo will be hard to beat. Frelimo has not yet named its candidate. Fernando Nhaca, a 44 year old teacher, will

stand for the Mozambique Democratic Movement (MDM). Renamo is again boycotting. MDM won one of three by-elections on 7 December, which Renamo also boycotted.

Candidates themselves must submit nomination papers and signatures of 1% of the registered electorate by 21 February. The election campaign will last for 13 days, from 3 to 15 April. No campaigning is permitted on the two days prior to voting day, 18 April.

Police on 18 January arrested 10 MDM members in Inhambane, according to the Beira daily *Diario de Mocambique*. The Inhambane police spokesperson, Edna Macuacua, said that the MDM members were caught distributing propaganda T-shirts and leaflets in markets, which she said violated the election law which sets 13 days for campaigning. But that is a total misinterpretation of the law. Campaigning is allowed at any time (except the two days before the actual voting), and the electoral law gives candidates a set of extra rights during the campaign period.

+ **Constitutional Council criticized police & Frelimo** in its ruling approving the 7 December by-elections. It condemned the illegal use of state-owned vehicles by the Frelimo campaign in Cuamba and strongly condemned "excesses" committed by the police in Quelimane, during the count at the polling stations, when riot police entered the polling stations in clear violation of the electoral law which states that the police must remain at a distance of 300 metres from the stations. The Constitutional Council noted that violations of the electoral law have never been prosecuted, which would "seem to lead to the conclusion that so far electoral illegalities still enjoy impunity".

+ **Renamo president Afonso Dhlakama** again failed to organise anti-government demonstrations that he has promised almost every month since the 2009 election. On Friday 30 December he announced that promised "December revolution" would now occur in January, but nothing had happened by mid-February. Around 400 former Renamo guerrillas assembled in Nampula in December after being called by Dhlakama to take part in protests are now drifting home. Dhlakama now lives in Nampula and is largely absent from the national political scene.

For those with long memories

+ **Armed cached by Renamo more than 20 years ago** were found in Guro, Manica, and were destroyed. The cache included landmines, mortars, RPG-7 rocket launcher grenades, and AK-47 ammunition clips. (*Noticias* 25 Jan)

+ **The hotel school Andalucia** in Maputo has been given to the Mozambican group Sonil for 25 years. It will invest \$14 million to modernise the teaching hotel. The hotel had been named Aviz, after a 14th century victory of the Portuguese over the Spanish. When the hotel school was taken over by a Spanish company some years ago, it was renamed Andalucia (to keep the A monogram while not commemorating a defeat). Will Sonil go back to the old name?

+ **Glencore's proposed merger** with Xstrata to create the world's fourth-largest mining company, might jog a few memories. Glencore is the commodity trading company created by Marc Rich, who was the main supplier of oil to apartheid South Africa in the 1970s and 1980s. Rich later said South Africa was the "most important and most profitable" part of his business. He made an estimated \$2bn supplying oil to the apartheid regime. Some of the oil came from Iran, which was also subject to sanctions at the time. (*Guardian*, London, 19 May 2011)

News in brief

Luisa Diogo is the new Chairperson of the Board of Barclays Bank Mozambique. The 53-year-old Diogo worked in the World Bank before becoming Deputy Finance Minister in 1994. She became Finance Minister in 1999 and Prime Minister from 2004 to 2009. She is a member of parliament and of Frelimo's ruling Political Commission. Diogo is a potential candidate for President to replace Armando Guebuza in 2014.

Weekly passenger trains now run between Beira and Moatize (near Tete) and Beira and Marromeu, resuming a service stopped by the war 29 years ago.

Cyclone Funso and tropical depression Dando killed 40 people and injured 41. An estimated 119,000 people were directly affected and 20,000 houses were destroyed as well as 687 school classrooms and 29 health units, the government spokesperson, Deputy Justice Minister Alberto Nkutumula, said on 2 February.

Heavy rains in the Zambezi basin and the partial opening of a floodgate on the Cahora Bassa dam mean that the Zambezi river has risen above flood alert level on its lower reaches, at Caia and Marromeu. So far, there is no serious flooding.

Celebrations for the 50th anniversary of the founding of Frelimo on 22 June 1962 in Dar es Salaam were launched in Maputo on 3 February (Heroes Day). The Frelimo tenth congress will be in Pemba on 23-30 September, exactly 50 years after the first Frelimo Congress, held in Tanzania.

22 people were killed by wild animals last year in Manica province, most by crocodiles in the Zambezi River, but also four by snakes and four by elephants. (*Noticias* 25 Jan)

Losses suffered by Portuguese banks will not harm Mozambique, despite the fact that 70% of the share capital of Mozambican banks comes from the large Portuguese banks, the chair of the Portuguese bank BIC, Luis Mira Amaral, said on 6 Feb. The three largest Portuguese private banks all have major holdings in Mozambique. The Portuguese Commercial Bank (BCP) is the main shareholder in Mozambique's largest bank, the Millennium-BIM. The Portuguese Investment Bank (BPI) is a shareholder in the country's second largest bank, the BCI, while the Banco Espirito Santo is a shareholder in one of the newer Mozambican banks, MozaBanco, which was established by the Macao-based billionaire Stanley Ho and is chaired by former Bank of Mozambique governor Prakash Ratlal. (*Noticias* 7 Feb)

A director of MozaBanco, Portuguese banker Jose Pinto Ribeiro, has been banned from working in Mozambique by Labour Minister Helena Taipo, on the grounds of racism and violating labour laws. In an 18 January statement, the Ministry of Labour also ordered the reinstatement of two Mozambican managers who had been replaced by two Portuguese, who the Ministry said were working in Mozambique illegally.

Rapid growth in the Zimbabwe economy means the Limpopo railway line could be handling 700,000 tonnes by the end of this year, according to projections by Mozambique's state rail and port company, CFM.

Old banknotes, dating from before the New Metical was introduced in 2006, must be exchanged at a bank before December 2012.

Electricity supplies to Swaziland were cut for five days in mid-January. Usually, the Mozambican electricity company EDM sells between 40 and 50 megawatts of Cahora Bassa electricity to Swaziland, which is 21% of Swaziland's power requirements. EDM said the interruption was due to maintenance work at Cahora Bassa.

Mozambique is short of text books due to Macmillan corruption. The distribution of free text books in Mozambican schools this year is running into difficulties, because World Bank funds can no longer be used to acquire books from the local branch of the British company Macmillan. Mozambique has been heavily reliant on Macmillan books, but can no longer use World Bank money to buy them, after Macmillan in 2010 admitted paying bribes to obtain contracts in a World Bank financed project in Sudan. Mozambique is looking for alternative funding to pay for books already in Macmillan warehouses.

800,000 guns have been exchanged in the past 15 years under the Christian Council's Arms to Hoes (Transformação de Armas em Enxadas, TAE) initiative, and guns are still being handed in.

The programme gives bicycles, construction materials, sewing machines and other goods in exchange for guns, and costs \$250,000 per year. Programme coordinator Boaventura Zita says there are many more weapons which people want to exchange, but TAE does not have enough money to buy goods to offer in trade. (*Noticias* 9 Feb 2012)

China bought Mozambican goods worth \$255 million in 2011 and sold \$698 mn to Mozambique. (*Noticias* 9 Feb)

Annual inflation in 2011 was 6.14%, the National Statistics Institute (INE) reported on 5 Jan 2012.

School registration took place in January. Pupils must register at the start of each of the four levels. According to the Ministry of Education, there were 1,176,151 places available for 1st grade, 427,181 for 6th grade, 169,354 for 8th grade (the start of secondary education), and 50,654 for 11th grade. There were complaints again that a place in a good school requires a bribe.

Distance education has not proved popular for secondary schooling. Of 36,000 places available in 2011, only 4000 were taken up, the Ministry of Education said on 5 Jan.

16 elderly women were killed last year, accused of being witches, in Marromeu district, Sofala, according to *Diario de Moçambique*.

The publicly owned mobile phone company, mCel, will not be privatised, Transport and Communications Minister Paulo Zucula confirmed in a 12 December interview in the daily *O Pais*, as yet another World Bank demand of the previous decade is reversed. He said mCel is a strategic public company the dividends from which feed public revenue. mCel has 70% of the Mozambican mobile phone market and Vodacom has 30%. The third operator, Movitel, owned by Viettel, a Vietnamese company owned by the Vietnamese Defence Ministry, and a company controlled by the Frelimo party, began operations in January.

Mozambique's dependence on foreign aid is declining, Finance Minister Manuel Chang told parliament on 12 December. Chang said that 40% of public expenditure will be covered by foreign grants and loans in 2012, with 60% of the budget met by domestic resources. In 2011 aid was 45% of expenditure and in 2010 it was 51%. The total budget is 162 billion meticaís (\$6 billion). The current budget covering the state's running costs is set at 98 billion meticaís, and the capital budget at 65 billion meticaís. The budget will allow the state to recruit 13,000 new workers, Chang said, including 8,500 teachers and 1,800 health workers. Once debt service is excluded, 18% will be spent on education (up from 16% in 2011), 8% on health care (up from 7%), and 11% on agriculture (only up slightly on 2011).

Two Mozambican prosecutors working for the Central Office for the Fight against Corruption have been charged with corruption – accepting a bribe and stealing funds from the corruption office itself.

As Portuguese privatises and looks to Brazil, Angola and China for investors, the China State Electricity Grid is likely to become the biggest shareholder in Portuguese power grid group Redes Energéticas Nacionais (REN) and, via this route, to gain a stake in the Cahora Bassa dam (HCB). Half of the 15% owned by the Portuguese state in HCB is expected to be passed over to REN.

=====
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.co.uk for £17.09

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>

=====

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

Tambem em Portugues:

<http://www2.lse.ac.uk/internationalDevelopment/research/crisisStates/Publications/phase2papers.a>
spx

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/

=====

Also on the web: Previous newsletters and other Mozambique material are posted on tinyurl.com/mozamb

=====

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

=====

Mozambique media websites:

Noticias: www.jornalnoticias.co.mz

O Pais: www.opais.co.mz

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

Savana: www.savana.co.mz

Canal de Moçambique: www.canalmoz.co.mz

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

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

=====

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