# Mozambique News Agency
# AIM Reports

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# WWF award presented to President Guebuza

The international environmental organisation WWF on 15 July in Maputo honoured President Armando Guebuza with its highest accolade for people and organisations helping to preserve the world's natural wealth. The Deputy Director General of the WWF, Jean Paul Paddack, presented President Guebuza with the prestigious "Gift to the Earth" certificate.

President Guebuza said that this award will encourage everyone in their efforts to protect the environment in Mozambique, a country that has a strong environmental culture which is important to preserve.

The President said that in order to pass this culture down to the youngest generation, the government introduced in 2006 a programme called "one student, one plant per year" which is expected to have positive results among the six million school students.

Furthermore, in 2007 the government began a programme to develop community forests, for which it has relied on the involvement of the country's 48,400 community leaders to replace and propagate native species. The aim is to get all citizens involved in reforestation.

The President said that "to give greater prominence to the community forests' social dimension, the community leaders are encouraged to: plant fruit trees and medicinal plants; involve the children and other members of the community in planting their own plants; and to make these forests the location for leisure and social gatherings".

According to President Guebuza, the ownership of these forests by communities and the element of public service are fundamental factors in environmental education and the fight against uncontrolled bush fires.

The President also praised the initiative to transform the former arsenal of the Mozambican Armed Forces (FADM) at Paiol de Mahlazine in Maputo into an ecological park, a project which the government hopes to replicate in other parts of the country.

President Guebuza dedicated his award to the community leaders, teachers, students, extensionists, environmental educators, media professionals and all other Mozambicans engaged in actions on behalf of nature, mitigating the impact of climate change and conserving biodiversity.

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*This is a condensed version of the AIM daily news service – for details contact aim@aim.org.mz*

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## Mozambique moves up "Doing Business" index

Mozambique has been ranked 126th by the International Finance Corporation in its report "Doing Business 2011, Making a Difference for Entrepreneurs". This is a rise of four places since last year's index, which ranks 183 countries according to business regulations and property rights.

Mozambique is the world's twelfth most improved country in terms of making it easier to do business over the last five years. In relation to starting a business, Mozambique is the sixth most improved country between 2009 and 2010.

The report also praises the country for legislation protecting investors, with company law being updated to follow global good practices.

The report put Singapore at the top of the overall ranking for ease of doing business. It is followed by Hong Kong, New Zealand, United Kingdom, United States, Denmark, Canada, Norway, Ireland and Australia.

Mauritius (20th) is the highest ranking African nation, followed by South Africa (23rd) and Botswana (52nd).

The world's worst countries in which to do business were all African, being Burundi (181st), Central African Republic (182nd) and Chad (183rd).

In relation to other members of the Southern African Development Community (SADC), Namibia dropped one place to 69th, while Zambia rose from 84th place to 76th place this year. Seychelles came in 95th position.

The other SADC countries are Swaziland (118th), Tanzania (120th), Malawi (133rd), Lesotho (138th), Madagascar (140th), Zimbabwe (157th), Angola (163rd) and Democratic Republic of Congo (175th).

The rankings for the Lusophone nations were: Portugal (31st), Cape Verde (132nd), East Timor (174th) Guinea Bissau (176th) and Sao Tome and Principe (178th).

This year's report is the eighth "Doing Business" published by IFC. It highlights economic reforms carried out to improve the business environment, and points out that between June 2009 and May 2010 governments in 117 countries introduced 216 economic reforms.

## SEA launched in Maputo

Mozambique's Ministry for the Coordination of Environmental Action (MICOA) on 14 July in Maputo launched a Strategic Environmental Assessment (SEA) of the country's coastal areas.

A Strategic Environmental Assessment is a process designed to ensure that environmental considerations are fully integrated into the preparation of development plans prior to their adoption.

According to the Environment Minister, Alcinda Abreu, this initiative, budgeted at $2 million, will support sustainable development in Mozambique.

The minister stated that the Strategic Environmental Assessment "allows us to focus on key priorities in areas under great pressure in terms of demand for land for development initiatives".

In 2008 the Mozambican government decided to embark on the Strategic Environmental Assessment of the coastal areas as they are the location of a number of development projects. In addition, 70 per cent of the population live in the coastal areas, a factor that often results in conflicts between different stakeholders.

Alcinda Abreu explained that since the institutionalisation of Environmental Impact Assessments (EIAs) in 1977, a number of shortcomings has been exposed which are expected to be overcome with the new SEA.

According to the minister, over the next 12 months the company "IMPACTO" will carry out a consultative process in 42 districts in seven provinces.

## Six rivers in Manica polluted by mining

Six rivers in in Manica province have water unfit for human consumption because of pollution caused by illegal mining.

Pollution in the rivers Pungue, Lucite, Revue, Zambuzi, Nhacuarara and Chimeza poses a serious threat to public health and socio-economic development according to research carried out in the province.

The results of the research, contained in the report "The Impact of Small Scale Artisanal Mining", were presented on 14 July in Manica to policy makers including the Minister of Mineral Resources, Esperance Bias and the Governor of Manica, Ana Comoane.

The study points out that artisanal mining is causing silting in rivers, the extinction of aquatic species, and lead, mercury, arsenic, cobalt and nickel contamination.

Polluted water from these rivers is unfit for irrigation or livestock because of the harmful effects to the food chain.

The report warns that "the irrational use of water resources and the pollution of important water sources (rivers and lakes) could lead to a shortage of fresh water. Exposure to high levels of mercury can cause neurological disorders, particularly in children".

The report also warns of the impact of water pollution on agro-industry, noting that "the exposure of cattle and crops to mercury causes contamination to the food chain and restricts access to commercial markets that have zero tolerance of heavy metals".

The government is encouraging miners to gather together in associations so that they can access technical support to end the working methods that are so damaging to the environment.

In May a delegation of 16 people, including artisan miners from Manica province, went to South Africa to look at the sustainable exploitation of mineral resources.

## Metro could be operational by 2013

The network of overground metro trains and electric buses linking the cities of Maputo and Matola could start operating by the end of 2013 if the Government approves the feasibility study presented to it in Maputo on 16 July by the Italian company SALCEF.

The feasibility study covers the construction and operation of the overground metro and electric buses. It also looks at the installation of a multimodal system, where commuters would leave their personal vehicles in car parks and catch either electric buses or metro trains to their destinations.

According to the feasibility study, the whole system will be fully operational by 2026.

However, the in the first phase there will be a network of buses and metro trains liking Matola, Maputo and Marracuene.

Transport Minister Paulo Zucula said that the government would reply with detailed comments within a week.

The government will analyse whether the proposed system put forward in the feasibility study would meet the demands of commuters, prior to both parties returning to the negotiation table to discuss financial matters.

According to SALCEF, the implementation of the first phase is budgeted at $955 million, of which 40 per cent will cover the cost of purchasing rolling stock, traffic management systems and safety equipment.

According to the projections in the feasibility study, a passenger would pay 50 meticais (about 1.5 dollars) for a single ticket to reach any destination in Maputo, Matola or Marracuene.

This project has the potential to help overcome the transport crisis in Maputo and Matola, which affects over 200,000 commuters daily.

## Mozambique to return to self-sufficiency in cement

The installation of new equipment in the cement factories in Matola and Dondo has been completed. As a result, Cimentos de Mocambique expects an end to cement imports.

The Commercial Director of Cimentos de Mocambique, Francisco Rafael, told the newspaper "Diario de Mocambique" that during the installation work the company imported cement from Cimentos de Portugal (Cimpor).

Rafael revealed that the company will shortly improve the process for bagging cement at its factory in Nacala.

"After the end of the upgrade work at the factory in Nacala, the capacity will be created to supply the market in the south, centre and north of the country. The factory in Matola will supply the south with an average of 50,000 sacks daily. The factory in Dondo will supply 20,000 sacks for the centre of the country, and 15,000 sacks will be supplied for the north through the factory in Nacala", said Rafael.

He stated that "imports have already stopped, apart from some cement that was recently unloaded for the centre of the country".

Currently the country has five cement factories producing a total of 1.3 million tonnes annually.

Cimentos de Mocambique is the largest producer with an output of 600,000 tonnes per year. However, with the new equipment, production levels will increase to just over a million tonnes per year.

## Growing trade with China

Trade between Mozambique and China rose to $349 million during the first five months of this year, according to figures released by the Chinese Customs Bureau. This is an increase of 49 per cent compared with the same period last year.

Imports from China were $271 million, up by 47 per cent, while exports to China rose 57 per cent to $78 million.

According to the Macau-based agency Macauhub, trade between China and Portuguese speaking countries rose to $43.09 billion, an increase of 32 per cent. China imported $28.95 billion of goods and exports totalled $14.14 billion.

Brazil is the largest Lusophone trading partner, with exports to China of $18.2 billion and imports of $11.73 billion. Angola is China's second largest Lusophone trading partner, mainly due to China's need to import oil. Exports to China totalled $10.29 billion during the first five months of this year, with imports reaching $950 million.

Portugal imported $1.14 billion of goods, which is a 41 per cent increase on the same period in 2010. However, the country only exported $381 million of goods to China, an increase of 27 per cent.

Globally China has a huge trade surplus, totalling $13 billion in the month of May. However, it has a trading deficit with the Portuguese speaking world because of imports of oil from Angola, and oil, iron ore, and soya beans from Brazil.

## China donates 72 buses for Maputo

The publicly owned Maputo bus company, TPM, on 14 July received 72 Yutong diesel buses worth 30 million yuan (about $4.6 million) donated by the Chinese government.

Speaking at the ceremony where the buses were handed over to TPM, Ambassador Huang Songfu said that China is willing to help Mozambique in its fight against poverty.

Prime Minister Aires Ali called on TPM to improve the management of its stock of vehicles to make them last longer.

The Chinese government has promised to construct a workshop and send technicians to Mozambique to build TPM's maintenance capacity. There is also an agreement in place to provide spare parts for the buses.

These vehicles join the 50 gas powered buses recently received from the Indian manufacturer Tata.

## Road linking Beira with Zimbabwe to be rebuilt

Minister of Public Works, Cadmiel Muthemba, on 13 July announced that the EN6 highway linking the city of Beira with the town of Machipanda on the border with Zimbabwe will be entirely rebuilt.

According to Muthemba the government is seeking finance for the work. However the cost will depend on whether the road is simply repaved, costing about $30 million, or if the road is to be widened at a cost of around $370 million.

The Ministry of Public Works has pre-approved nine road construction companies that will be asked to put in tender bids for the contract once the government decides on the exact specifications.

The highway EN6 links the port of Beira in Sofala province with the regional interior which includes Zimbabwe, Congo, Zambia, Malawi and Tanzania. More than 2,600 heavy goods vehicles use the road every day.

Last September Muthemba told a meeting with donors to the road sector that the EN6 would be leased to a private company, with revenue from tolls covering the cost of management and maintenance.

## Construction of air traffic control tower completed

The construction of a new air traffic control tower at Maputo International Airport has been completed, and the tower is expected to be operational by March next year once equipment has been installed.

The timetable for opening the control tower was given by the Minister of Transport and Communications, Paolo Zucula, on 11 July at the end of an official visit to the airport to monitor the expansion and modernisation programme.

During his visit the minister inspected the progress of the construction work on the new domestic terminal which began in March. The work is budgeted at $36 million.

The contractor informed Zucula that the work is two months behind schedule. However, project manager Acacio Tuendue told reporters that, despite the delay, the work will be completed in September next year as initially planned.

The domestic terminal will occupy an area of 13,000 square metres, with two large and modern halls with the capacity to accommodate 580 passengers during peak hours. It will have 14 check-in counters, offices, shops, and other facilities.

In November last year the new international passenger terminal was inaugurated. The construction took 18 months, and cost $75 million provided by China as a low interest loan.

The international terminal can now handle 900,000 passengers a year. It offers modern check-in facilities, and passengers can enter and leave aircraft by means of retractable gates, instead of walking across the apron.

## Dredging of Beira port almost complete

Emergency dredging at the port of Beira is expected to be completed over the next few days, according to Rosario Mualeia, chairman of Mozambique's publicly owned rail and port company, CFM.

The dredging of the access channel began in July 2010 and has covered 22 kilometres, with two Japanese dredgers working non-stop to deepen the channel.

The dredging has cost €43 million ($61.3 million) of which €23 million came from the Mozambican government through a loan from the European Investment Bank (EIB), €10 million came from CFM, and a further €10 million was donated by the Dutch government.

The international tender for this work was won by the Dutch company Van Oord Dredging and Marine Contractors. The work has been supervised by CFM itself with the assistance of a Dutch consultant company, DHV.

Once dredging is completed Beira port will be able to receive vessels up to Panamax size (60,000 tonnes), and will be able to service its clients 24 hours a day.

To stop the access channel from becoming blocked by silt again, CFM in January signed a contract with the Danish consortium JGH/RN (Johs. GRM-Hanssen and Rohde Nielsen) which includes the acquisition of a new dredging vessel.

This vessel is currently being built in Denmark at a cost of $60 million, shared by the Mozambican government and the Danish International Development Agency (DANIDA). It is due to arrive in Beira within the next two years.

According to Rosario Mualeia, dredging of Maputo port has already been completed, allowing it to receive ships of up to 60,000 tonnes. Dredging of Maputo port began last September and has cost $15 million.

## Government demands shares in mining concessions

Mozambique is to review its current mining legislation to enable the state to hold a share in the companies with mineral concessions.

Speaking at the opening of an International Coal Conference on 5 July, the Minister of Mineral Resources, Esperanca Bias, said that at the moment discussions are taking place on revising the Mining Law which has been in place since 2002.

"The state should have a share in consortia or businesses holding mining concession for strategic mineral resources, such as coal", said Bias.

According to the minister, the state would have a stake in the concessions through the company Empresa Mocambicana de Exploracao Mineira, SA (EMEM).

She stated that various aspects of mining legislation are under discussion, one of which is related to the need to tax capital gains resulting from the transfer of mineral concessions.

This is particularly relevant to the recent fight for control over the Australian company Riversdale Mining by Rio Tinto and Tata Steel. Riversdale has enormous coal concessions in Tete province that are now effectively controlled by Rio Tinto.

The Mozambican state earned nothing at all from the sale of the Riversdale shares, though the only reason those shares shot up in value was because of Mozambican coal.

"As owner of the mineral resources, the state should also share in any benefits resulting from the transfer of mineral titles", said Bias.

The reform of legislation also deals with how preference should be granted in awarding contracts to provide goods and services to mining operations, environmental protection and management, and the validity of the different types of mining titles.

Bias explained that there was a problem of titles being awarded without any activity subsequently taking place. She declared that concessions should be revoked where there was no activity and their holders should not receive any further licences.

Bias stated that Mozambique has one of the largest coal reserves in the world, particularly in relation to coking coal.

She pointed out that there has been a considerable increase in the level of geological knowledge about Mozambique, particularly in relation to coal reserves in Tete and Niassa provinces.

Coal mining companies are currently busy in Tete province preparing to produce tens of millions of tonnes of coal for export beginning this year.

However, another huge coal reserve is thought to exist in the Maniamba basin in Lago district, in the northern province of Niassa, according to the National Director of Mines, Eduardo Alexandre.

## Flour subsidy reduced

Minister of Industry and Trade, Armando Inroga, on 4 July announced a 25 per cent cut in the flour subsidy which the government pays to the country's bakers.

The subsidy was introduced after the Maputo riots against price rises of 1-2 September last year. In order to keep the price of bread at its pre-riot level of five meticais for a 250 gram loaf, the government paid a subsidy of 200 meticais for every 50 kilo sack of wheat flour used by bakers.

Inroga announced that this subsidy has been cut to 150 meticais per 50 kilo sack. He promised that this would have no impact on the price of bread.

On a tour of Maputo markets, Inroga told reporters that the government could cut the subsidy because the price of imported wheat, when expressed in meticais, has fallen.

This is due entirely to the sharp appreciation of the metical against the US dollar. When the flour subsidy was introduced in September 2010, the average exchange rate quoted by the Bank of Mozambique was 36.5 meticais to the US dollar. The rate quoted on Tuesday is about 28.5 meticais to the dollar.

Inroga said the 25 per cent cut in the subsidy was introduced two weeks ago in the central port city of Beira, and extended to flour used by bakers in Maputo on 4 July.

Holding the price of bread down did not cost as much as the government feared, Inroga revealed. The sum estimated in the budget to cover the flour subsidy for the period up until June was not fully spent, because the price of wheat did not rise as had been predicted at the end of 2010.

## Brazil to invest in fruit processing

Brazil is willing to finance the building of a fruit processing factory in Mozambique, according to the Minister of Industry and Trade, Armando Inroga. Brazil will also fund the construction of a factory for producing metallic packaging for drinks and foodstuffs. These projects, the Minister added, will solve the problem of importing fruit drinks, which currently costs between $20 and $35 million a year.

Although Mozambique produces large amounts of fruit (notably citrus fruits, mangoes, guavas, passion fruit, paw-paws, bananas, pineapples and lychees), there are only a couple of small scale fruit processing plants in the country. The vast majority of fruit juice consumed in Mozambique is imported from South Africa.

The factory will be located in Maputo province, which is home to 65 per cent of Mozambique's industries, many of which require packaging which they currently mostly import.

The fruit processing factory will be built in the Inhambane province, which is a major producer of fruit.

Inroga said that on 21 July, a delegation of Brazilian businessmen will arrive in Maputo seeking set up joint ventures with businesses that will then run the two projects.

The government has already identified land to be made available for the Brazilian investors and their partners.

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