

# Mozambique News Agency

## AIM Reports

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## Encouraging growth in first half of 2012

Total production in Mozambique grew by an annual rate of 7.3 per cent in the first six months of 2012, with inflation running at 6.18 per cent. Speaking to reporters on 7 August, after a meeting of the Council of Ministers (Cabinet), which analysed the country's January-June economic performance, the Minister of Planning and Development, Aiuba Cuereneia, said "the indicators for the economy's performance in the first six months are very encouraging".

For the first quarter of the year, exports reached \$938 million, added Cuereneia, which is 30 per cent of the target for the entire year. Mozambique's net international reserves reached \$2.264 billion – the target is that the reserves should rise to \$2.438 million by the end of the year.

As for the Mozambican currency, the metical, Cuereneia noted that it continued to appreciate in the first quarter – gaining in value by 2.95 per cent against the dollar and by 14.8 per cent against the South African rand.

Cuereneia said that the positive economic results in the first six months show that Mozambique is resisting the external shocks caused by the international financial crisis, such as the decline in demand for key commodities, which affects Mozambican exports.

"From these data, we forecast that we can achieve the indicators and targets planned for this year", said the Minister. "There are good prospects for growth, and we have been able to deal with external factors, particularly the crisis in the Euro zone".

The figures also show that from January to June, the state collected 43.57 billion meticaís (\$1.55 billion) in taxes. This is 45.6 per cent of the tax revenue target for this year.

Mining made a key contribution to growth in the first two quarters. Cuereneia said this was because of the titanium ores mined by the Irish company Kenmare Resources at Moma, on the northern coast, and the start of large scale coal mining in Tete province by the companies Vale and Rio Tinto.

The transport and communications sector contributed significantly to growth because of the operation of the Sena rail line from the Moatize coal basin to the port of Beira, the strengthened fleet of road vehicles for public services, and the entry into the telecommunications market of a third mobile phone operator, Movitel.

The Council of Ministers also decided to resort to internal borrowing, through treasury bonds, to help finance the economy. Bonds to the value of 3.15 billion meticaís (\$ 112 million) will be issued, said Cuereneia.

"This is domestic debt that the government will contract", he said. "The government cannot raise more from bonds in order not to compete with national companies, since we want existing resources to help finance Mozambican companies".

### Mozal accounts for almost half of exports

The Mozal aluminium smelter, located on the outskirts of Maputo, still accounts for almost half of Mozambique's exports, according to the figures provided by the government's Export Promotion Institute (IPEX).

The total value of Mozambican exports in 2011 was \$2.776 billion, a 19 per cent increase on 2010. The aluminium ingots produced at Mozal accounted for \$1.357 billion of this total – 48.88 per cent of total 2011 exports.

The value of Mozal's exports rose by 17 per cent between 2010 and 2011, largely due to a sharp recovery in the world aluminium price in the first half of 2010.

The second biggest export is electricity produced by the Cahora Bassa dam on the Zambezi River. Exports of electricity in 2011 were valued at \$299.5 million, an increase of 8.3 per cent on 2010 and 10.8 per cent of total exports.

Tobacco produced by Mozambique Leaf Tobacco was in third place at \$179.5 million (a rise of 17.7 per cent on the previous year's figure and 6.5 per cent of 2011 exports).

In fourth position comes natural gas exported from the Pandé and Temane gas fields in Inhambane province by the South African petro-chemical giant Sasol. Gas exports were \$153.1 million (an increase of 14.4 per cent on 2010, and accounting for 5.5 per cent of the 2011 exports).

Thus just four products – aluminium, electricity, tobacco and natural gas – account for over 73 per cent of exports.

Mozambique's largest export market is Holland, which accounts for 48.88 per cent, because Dutch concerns purchase all the Mozal aluminium. South Africa takes 22.22 per cent of Mozambique's exports (mostly Cahora Bassa electricity and Sasol gas). Zimbabwe takes 3.58 per cent of exports, Malawi 3.57 per cent, Portugal 2.87 per cent and Spain 2.76 per cent.

The balance of trade is heavily in deficit. In 2011, the value of Mozambican imports was \$4.605 billion. So exports covered only 60 per cent of imports.

The largest supplier of imports was South Africa (37.03 per cent), followed by Holland (9.7 per cent), China (6.37 per cent), United Arab Emirates (4.56 per cent) and India (3.99 per cent).

## President visits Kigali to discuss DRC

President Armando Guebuza, in his capacity as chairperson of the Southern African Development Community (SADC), held what he described as “a long conversation” in Kigali on 28 August with his Rwandan counterpart, Paul Kagame, about the crisis in the eastern part of the Democratic Republic of Congo (DRC).

President Guebuza’s visit to Kigali was in response to a mandate he received from the SADC heads of state summit, held in Maputo on 17-18 August. The summit accused Rwanda of interfering in the DRC, by supporting the rebels of the M23 movement.

The communiqué from the summit called on Rwanda “to cease immediately its interference that constitutes a threat to peace and stability, not only of the DRC, but also of the SADC region”, and mandated President Guebuza to visit Rwanda in order “to engage the government of Rwanda with the aim of urging it to stop military support to armed rebels in the DRC”.

At a press conference following his meeting with Kagame, President Guebuza said the Rwandan leader had given him “a more complete picture” of the conflict in the eastern DRC. And this would allow him “to go into the matter more deeply with the other colleagues of the region”.

Kagame had made no secret of his irritation at the strong criticism of Rwanda made by the SADC summit. “Obviously President Kagame did not like the SADC position”, said President Guebuza. “So he gave a more detailed explanation that will help us better understand the issue”.

President Guebuza gave no details of the “more complete picture” painted by Kagame, on the grounds that he still had to consult with other SADC leaders. He added that Kagame had reaffirmed the commitment of the Rwandan authorities to work for peace in the region.

President Guebuza also visited the memorial to the victims of the Rwandan genocide of 1994, which claimed the lives of around 800,000 people. After the visit, Guebuza said he was again convinced that divisions never did any good to any country. “Tribalism and social conflicts can lead to such extremes as genocide”, he remarked.

## Paulino re-appointed as Attorney-General

President Armando Guebuza has re-appointed Augusto Paulino for a second five year term of office as Attorney-General. Paulino was initially appointed in August 2007.

President Guebuza’s confidence in Paulino is widely shared in the judiciary and in wider Mozambican society, where Paulino is seen as a man of integrity, fully committed to the fight against crime and corruption.

## Contract signed for expanding Pemba airport

Mozambique’s publicly-owned airports company, ADM, on 31 August signed a contract with the Portuguese company Soares da Costa for the rehabilitation and expansion of the airport in Pemba, capital of Cabo Delgado province.

According to ADM chairperson, Manuel Veterano, the work consists of repairing the operational areas, including the runway, expanding the airport apron and the passenger terminal, and building a new car park. The total cost is put at over \$10 million.

The need to expand and reshape Pemba airport arises from increased passenger traffic because of the growth of the tourism industry in Cabo Delgado and the massive natural gas reserves discovered off the Cabo Delgado coast.

## Large increase in state employees

The number of people employed by the Mozambican public administration rose by 38 per cent between 2009 and 2011, from 179,383 to 247,725, according to the latest statistics produced by the Ministry of the Public Service. 156,970 of the state employees are men (63.4 per cent), while there are 90,755 women (36.6 per cent). The great majority of the employees work in the education and health services.

The statistics, unveiled at a ceremony in Maputo on 31 August, show an increase in the number of state employees with higher education – from eight per cent in 2009 to 12 per cent in 2011. The proportion with mid-level education rose from 26 to 28 per cent, while those with only basic education (no more than primary school) fell from 24 to 19 per cent. The percentage with basic education (i.e. secondary school) dropped slightly, from 42 to 41 per cent. 88 per cent of the staff are employed in the provincial capitals and in the districts, and only 12 per cent in the central state apparatus.

## Rio Tinto to spend \$160 million on local purchases

Rio Tinto Coal Mozambique plans to spend \$160 million this year buying goods and services from Mozambican companies, particularly from those in Tete province where its open cast coal mine is located.

Speaking on 29 August at a seminar on “Business Opportunities in the Mining and Hydrocarbon Sector”, organised by the Confederation of Mozambican Business Associations (CTA), Rio Tinto representative Emmy Bosten said that, in order to allow greater involvement by Mozambican investors in the mining project, Rio Tinto set up its own Business Centre in Tete in July.

“Through this initiative, we hope to improve our relationship with local companies”, said Bosten. “Last year we spent \$120 million on catering, transport and other services, and 80 per cent of the contracts were with Mozambican companies”.

She added that for purchases of above \$100,000 the contracts are put out to international public tender, but for amounts below this threshold invitations are sent out to companies to present quotations.

## Botswana to open diplomatic mission in Maputo

The Botswanan High Commissioner to Mozambique, Gladys Kokorwe, who resides in Harare, announced in Maputo on 20 August that Botswana is to open a mission in Mozambique.

“I have spoken with my government which has agreed to open a mission here in Maputo”, Kokorwe told reporters, shortly after an audience with President Armando Guebuza.

“I am pleased to announce that very soon, possibly in September or October, we shall have a permanent mission in Maputo”, she added.

In July 2011, during the state visit by Botswanan President Ian Khama to Mozambique, agreements were signed covering the areas of energy, agriculture, animal health, women’s affairs and social welfare, education, the environment, culture and science and technology.

Among the most important of these projects is the construction of a new deep water port at Techobanine, in Matutuine. The port could be used for Botswanan coal exports, and would be linked to Botswana by a 1,100 kilometre railway.

## Swaziland exporting iron through Maputo

Swaziland expects to export a million tonnes of iron ore concentrate a year through the port of Maputo.

On 20 August, the second day of his official visit to Mozambique, the Swazi monarch, King Mswati III, visited the port and inspected the loading facilities for iron ore.

Since January, when the operations began, Swaziland has exported over 160,000 tonnes of iron concentrate via Maputo to China. Salgaocar expects the exports to reach a million tonnes by the end of this year.

The iron comes from the Ngwenya mine, which was closed in 1977. Salgaocar received a seven year licence from the Swazi government (which has a 50 per cent stake in the Salgaocar Swaziland subsidiary) to extract iron ore from dumps left surrounding the mine when it shut down. Salgaocar estimates that there are at least 32.1 million tonnes of iron ore in the dumps. However, Ron Herman, the Chief Executive Office of Salgaocar-Mozambique, said in April that he expected 200 million tonnes to be extracted.

The Salgaocar project is controversial because the Ngwenya mine is inside a protected area, and because of fears that extracting ore from the dumps will pollute local water supplies.

## EDM expands capacity of southern grid

The Mozambican electricity company, EDM, is investing €27 million (\$34 million) expanding its capacity to meet the growing demand for electricity in the south of the country.

Gil Massinga, director of the electricity transmission grid in southern Mozambique, told reporters that the investment was required because of the pace of development in the south, particularly in Maputo.

The capacity of the Infulene sub-station is being expanded to handle 540 megawatts, rather than the current 350. This measure is aimed at boosting power supply to Maputo city and the surrounding area, including Marracuene and Manhica districts. The work should be concluded by the end of December.

Attention will then be turned to increasing the capacity of the transmission lines.

## ADB to co-finance electricity “backbone”

The African Development Bank (ADB) has announced that it will finance the construction of a new electricity transmission line from Tete, in the Zambezi Valley, to Maputo.

This line, known officially as the “Centre-South (CESUL) Project” and unofficially as “the backbone” of the Mozambican electricity grid, is crucial for carrying power from the planned new power stations in Tete. These include the planned dam at Mpanda Nkua, 60 kilometres downstream from the existing dam at Cahora Bassa, a second power station at Cahora Bassa, and coal-fired power stations built by the mining companies Vale and Rio Tinto.

Without a new power line, the electricity generated at these new power stations cannot reach the Maputo area or be exported to South Africa.

The total cost of CESUL is estimated at \$1.8 billion. The ADB resident representative, Joseph Ribeiro, speaking on 17 August said the bank could provide up to \$400 million.

CESUL requires the construction of 1,340 kilometres of 400 kilovolt (KV) alternating current transmission line and 1,250 kilometres of 500 KV line, with the capacity to carry 3,100 megawatts of power. Eight new sub-stations will be built, and two existing ones will be expanded.

## Mozambique to reintroduce pre-primary education

Mozambique plans to reintroduce pre-primary education in 2013, initially covering about 80,000 children.

Education Minister Zeferino Martins, speaking on 8 August at the opening of a meeting of his Ministry’s Coordinating Council in the southern resort of Chidenguele, said that the programme will be implemented in five provinces – Cabo Delgado and Nampula in the north, Tete in the centre, and Gaza and Maputo in the south.

“It is our conviction that pre-primary education is vital, and constitutes a fundamental pillar to ensure that children have a solid basis on which their later development can be built”, said Martins.

He added that the reintroduction of this level of education was inspired by a pre-school experience undertaken in Gaza in partnership with the NGO “Save the Children”.

Martins stressed that primary education remains the government’s main priority. This year began with 5.4 million pupils enrolled in primary schools – an increase of five per cent on the 2011 figure.

As for secondary education, Martins noted that the demand far outstrips the number of places available in the secondary schools.

In higher education, said Martins, the responsibility facing universities was to train skilled people who can meet the demands of the labour market. Reforms were under way to adopt regulatory mechanisms to check on the quality of the education. Currently 112,787 students are attending Mozambican institutions of higher education.

## SADC pushes ahead with customs union

The Southern African Development Community (SADC) is pushing ahead with plans to form a customs union, based on the current SADC Free Trade Area.

The final communiqué from the SADC heads of state summit, which ended in Maputo on 18 August, said the summit had received a report from the Ministerial Task Force on Regional Economic Integration “outlining key elements for the Customs Union, in particular the parameters, benchmarks and a model Customs Union for SADC, including the sequencing of activities”.

The summit also stated that progress has been made towards establishing a tripartite free trade area between SADC, the East African Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA), “especially preparatory work to facilitate negotiations under the chairpersonship of SADC”.

The summit adopted a “Regional Infrastructure Development Master Plan”, to be implemented over 15 years (2013 to 2027).

This plan, the communiqué said, “will serve as a key strategic framework to guide the implementation of efficient, seamless and cost-effective trans-boundary infrastructure networks in an integrated and coordinated manner in all six sectors namely: energy, transport, tourism, information and communications technologies and posts, meteorology and water”.

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## Graca Machel appointed to UN panel

Graca Machel, widow of Mozambique's first President, Samora Machel, and a former education minister, is among 26 people who have been appointed by UN Secretary-General Ban Ki-moon to a new panel to advise the UN on the global development agenda, beyond 2015, the cut-off date for achieving the eight Millennium Development Goals (MDGs).

The MDGs, adopted at the UN's Millennium Summit in 2000, include, for example, reducing by half, between 1990 and 2015, the number of people suffering from extreme poverty and hunger, guaranteeing universal basic education, cutting the under five mortality rate by two thirds and the maternal mortality rate by three quarters, and halting, then reversing, the spread of HIV/AIDS, malaria and tuberculosis.

According to the UN's own studies, in overall terms the poverty target has already been met, as has the goal of reducing by half the number of people without access to safe drinking water. The UN believes that all the MDGs can still be met by 2015, as long as governments hold fast to the commitments they have already made.

The new High-Level Panel is part of Ban's "post-2015 initiative", as mandated by the summit on the MDGs held in 2010, at which UN member states looked at progress made so far in meeting the goals. According to a UN release, at that time the member states "called for open, inclusive consultations – involving civil society, the private sector, academia and research institutions from all regions, in addition to the UN system – to advance the development agenda beyond 2015".

Ban's new panel will hold its first meeting in September, and is expected to submit its findings to the Secretary-General in the first half of 2015.

"I look forward to the Panel's recommendations on a global post-2015 agenda with shared responsibilities for all countries and with the fight against poverty and sustainable development at its core," Ban said, when announcing the panel on 31 July.

Other members of the panel include three heads of state or government who will chair it - Presidents Susilo Bambang Yudhoyono of Indonesia and Ellen Johnson Sirleaf of Liberia, and Prime Minister David Cameron of Great Britain.

Among the panel's members are three foreign ministers (Kim Sung-Hwan of South Korea, Patricia Espinosa of Mexico and Maria Angela Holguin of Colombia) and two finance ministers (Ngozi Okonjo-Iweala of Nigeria and Emilia Pires of East Timor).

The list also includes Queen Rania of Jordan, the head of the Cuban Environment Agency, Gisela Afonso, the chief executive of Kenya's Association of Manufacturers, Betty Maina, and the development commissioner of the European Union, Andris Piebalgs.

The Panel is expected to coordinate its work with that of the intergovernmental working group tasked to design Sustainable Development Goals (SDGs), as agreed at the UN Conference on Sustainable Development, held in Rio de Janeiro, in June.

## Over seven million have access to electricity

More than seven million Mozambicans (about 30 per cent of the population) now have electricity in their homes, either from the national grid or from solar panels or other local systems, declared President Armando Guebuza on 3 August.

Speaking at a dinner to mark the 15th anniversary of the National Energy Fund (FUNAE), President Guebuza stressed that access to electricity is crucial to ensure sustainable growth, create more jobs, attract investment and improve living standards.

FUNAE, President Guebuza added, "has been in the vanguard of the rural electrification programme, and of expanding the fuel marketing network, as well as in developing renewable sources of energy".

As a result, filling stations now exist, or are being set up, in all 128 districts, so that the owners of vehicles no longer need to drive long distances simply to refuel.

FUNAE had made great progress in its 15 years, said President Guebuza, but "there are still great challenges ahead. We must pick up the pace, so that those who do not yet have access to modern forms of energy, who unfortunately are still the majority, do not have to wait for much longer".

Energy Minister Salvador Namburete declared that FUNAE's rural electrification programme has provided power to pump water from boreholes, and to illuminate schools so that they can teach night classes. Electricity for rural health centres provides the refrigeration needed to preserve vaccines, and allows women to give birth under safer conditions.

12 out of every 100 Mozambicans now benefit from solar panels installed by FUNAE over the last six years, said Namburete. FUNAE was also involved in the construction of a factory making solar panels at Beluluane which would lead to "the mass use of solar power among our population".

## Japan finances second demining machine

By the end of this year, the Mozambican government will have a second machine for mechanical mine clearance to speed up demining in areas that have been identified in six of the country's 11 provinces.

The second machine should make a significant contribution to ensuring that Mozambique can be declared a country free of land mines by 31 March 2014 – the deadline for Mozambique to complete demining under the Ottawa Convention on the banning of anti-personnel land mines.

The new machine will come from Japan, and on 2 August the Director of the National Demining Institute (IND), Alberto Augusto, and the chairperson of the Japanese Hitachi Group, signed the contract under which the machine will be provided, with funding from the Japanese government.

Under the Ottawa Convention, all signatories are obliged to conclude demining within ten years of acceding to the treaty. For Mozambique this meant finishing the job by 2009. This proved impossible and so Mozambique requested, and was granted, a five year extension, until 2014.

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