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President Guebuza urges US companies to invest

President Armando Guebuza on 4 August reiterated his appeal for American businesses to invest in Mozambique, and thus help its people achieve their dream of living in prosperity.

Speaking in Washington to business people affiliated to the Corporate Council on Africa (CCA), President Guebuza said that, although a large number of US companies are already investing in Mozambique, there are not yet enough of them to cover the huge potential the country offers.

The CCA was set up in 1993 to promote business and investment between the United States and Africa. It states that its 160 member companies represent nearly 85 per cent of US private sector investment in Africa.

President Guebuza said that, as a better assessment is being made of Mozambican potential in agriculture, tourism, fisheries and mineral resources, it was becoming ever clearer that there is still a great deal to be done to transform these resources into real wealth. Indeed, investment in Mozambique could be considered as in its infancy.

Furthermore, before the country's resources can be fully used, problems of infrastructure must be solved, such as the construction of new railways and ports. These would be required, for example, to export Mozambique's massive coal reserves to buyers abroad.

There are enormous coal deposits in the western province of Tete – but they are deep inland, and currently the only route to the sea for coal exports is the Sena railway, from Moatize to Beira. Even with improvements to the Sena line, it could not handle more than 12 million tonnes a year. Potential coal exports have been put at 100 million tonnes a year – although the initial enthusiasm has been curbed by the recent sharp drop in the world market price of coal.

President Guebuza said that American businesses could immediately invest in more railways for the coal business. The government has plans, for example, for railways from Moatize to new ports in Zambezia province.

The exploitation of the huge reserves of natural gas discovered in the Rovuma basin, off the coast of the northern province of Cabo Delgado, the President added, would also require large scale investment in logistics and services.

The main purpose of President Guebuza's visit is to attend a summit between the United States and African leaders called by US President Barack Obama.

President Obama invited the vast majority of African countries to the meeting – among those who did not receive invitations are the war-torn Central African Republic, Sudan, Eritrea and Zimbabwe.

The current outbreak of the lethal disease Ebola in West Africa has cast a shadow over the summit. The presidents of

the three countries hit by Ebola – Guinea, Liberia and Sierra Leone – have cancelled their plans to visit Washington.

US Secretary of Commerce, Penny Pritzker, revealed that US\$900 million worth of business deals will be announced during the summit.

The official figures show that American economic relations with Africa are heavily skewed towards just a few countries. Thus in 2013, 67 per cent of Africa's trade with the US came from just five countries – Nigeria, South Africa, Angola, Egypt and Algeria.

Government loans promoting development

The Mozambican government's District Development Fund (FDD) has made loans totalling just under 8.8 billion meticaís (about US\$280 million) since 2006.

The FDD is still commonly referred to as "the seven million", since it began in 2006 as an allocation of seven million meticaís from the central state budget to each of the 128 districts in the country.

The money is lent to people with viable projects to boost food production or create jobs, but who are unable to obtain credit from the commercial banks.

Since it began operation it has funded 128,144 projects. Of these, 71,343 were food production projects with the remaining focussed on income generation. In total, 406,527 jobs have been created under the scheme.

These figures were released on 30 July by Minister of State Administration, Carmelita Namashalua, at the opening of a meeting held in Chidenguele in the southern province of Gaza to evaluate the FDD and the Strategic Urban Poverty Reduction Programme (PERPU).

Like the District Development Fund, the PERPU fund is to be lent to people who have viable projects that can generate income and create jobs.

The minister revealed that since PERPU began in 2011 it has financed 7,128 projects and created 13,360 jobs.

Namashalua told the meeting that PERPU is having a significant impact on the lives of communities.

However, she warned that there remain several challenges including improving the management of technical assistance and increasing the rate of repayments.

The meeting brought together district administrators, national and district directors, representatives of consultative councils and municipal councils.

Government and Renamo close to signing agreement

The Mozambican government has asked for a short pause before signing a “final document” on the deployment of international observers to monitor a cessation of hostilities between the government and the Renamo.

It had been expected that the agreement would be signed on 4 August during the 68th round in the dialogue between government and Renamo delegations.

The delay was due to a request by the government delegation to review the terms of reference for the international observers.

However, the deputy head of the government delegation, Transport Minister Gabriel Muthisse, assured reporters that this review only concerned some “operational aspects” concerning the placing of the various regional commands of the international mission.

“The government has asked for more time to reflect”, he said. “We are convinced that Renamo will also have some time to continue reflecting so that in the next sessions we can conclude the document on the terms of reference for the international observers”.

As far as Muthisse was concerned, this delay in signing the final document should have no impact on the general elections scheduled for 15 October. He was optimistic that the official election campaign, which begins 45 days before the vote, would involve all the candidates – in other words, he believed that the Renamo leader and presidential candidate, Afonso Dhlakama, would finally leave his bush camp in the central district of Gorongosa to wage his presidential campaign.

Both Muthisse and the head of the Renamo delegation, Saimone Macuiana, declared there is now full consensus on the general principles underlying the final document, and on all the guarantees on implementing a cessation of hostilities.

According to a report on 5 August in the independent newsheet “Mediafax”, the organizational chart for the command of the international observation mission, which the government has asked to review, envisages a central command in Maputo (headed by a brigadier from Botswana, assisted by Zimbabwean and Italian military experts).

There would be four regional commands, in the southern province of Inhambane, the northern province of Nampula, and in Tete and Sofala in the centre of the country. The initial agreement was that these regional commands would be headed by a Botswanan colonel in Inhambane, a Kenyan colonel in Tete, and a Portuguese colonel in Nampula.

The sub-command in Sofala, where the vast majority of Renamo attacks against civilian and military targets have occurred, would be led by a British colonel.

President opens Maputo provincial hospital

Mozambican President Armando Guebuza on 18 July inaugurated Maputo provincial hospital in the southern city of Matola.

The hospital cost US\$13.8 million to build and equip. It has 400 beds and can treat a thousand patients a day. It employs 220 healthcare staff including doctors and technicians.

The new hospital offers specialisms in pulmonology, general medicine, surgery, orthopaedics, gynaecology, ophthalmology, psychiatry, paediatrics, ENT, dentistry and maternity.

These services can now be accessed without having to travel to Maputo Central Hospital in the capital city.

New hospitals for Zambezia

Three new hospitals are to be built to improve the provision of health services in the central Mozambican province of Zambezia.

Construction of the hospitals will begin this year in the districts of Pebane, Maganja da Costa and Mopeia.

The district hospitals will have surgical facilities and maternity wards.

Health Minister Alexandre Manguela announced the construction of the new facilities during a working visit to the provincial capital, Quelimane.

He stated that the provincial authorities will shortly launch the tender for the building works.

The minister explained that the number of residents without adequate access to the health network justifies the construction of the hospitals. He stated that this is partly due to the population growth in these districts.

Women with complications during labour are currently transferred from health centres in Pebane to the city of Mocuba. Meanwhile, complicated cases in Mopeia are evacuated to either Quelimane or the town of Caia in Sofala province.

Tightened visa requirements

The United States embassy has warned that the Mozambican immigration service is now enforcing the regulation that visas must be obtained prior to arrival.

With the exception of nationals from a few countries that have entered into specific agreements with the Mozambican government, foreigners are required to have a visa in advance of arrival if they are travelling from a country that has a Mozambique embassy.

This has been the rule since 2003, but until recently visas have been issued upon arrival.

According to the US embassy, “foreigners arriving without a visa from a country with a Mozambican mission will likely be denied entry and sent to South Africa or another country on the next available flight”.

It warned that “many US citizens have recently been denied entry and deported”, and added “in practice, even Americans arriving from a country without a Mozambican diplomatic presence are sometimes being denied entry if arriving without a visa”.

The embassy also claims that “US citizens have been denied entry for not being able to produce an invitation letter, other requested documentation, or correctly completed arrival forms”.

President inaugurates new water system

President Armando Guebuza on 11 July inaugurated a new water supply system for the town of Caia in the central province of Sofala.

The system has the capacity to supply potable water to 45,000 people. The project cost 153 million meticaís (about US\$5.1 million) and will provide the town with 92 cubic metres of water for ten hours per day. This is a vast improvement on the previous system which only ran for ninety minutes each day.

President Guebuza was on the last of his three day “open and inclusive presidency” visit to the province. On 10 July he visited Tica, Nhamatanda and Marromeu, and laid the first stone for the renovation of the EN6 highway between the port of Beira and the town of Machipanda on the border with Zimbabwe.

Above average harvest reduces food insecurity

The US-funded Famine Early Warning Systems Network (FEWS NET) has reported that the majority of rural households in Mozambique are meeting their basic food needs following an above average harvest.

According to its latest Food Security Update, households are meeting their food needs through markets, home-grown stocks and the second cropping season.

FEWS NET stressed that most markets are adequately supplied with staple food and commodities. It stated that food prices are expected to remain close to the five year average.

The report stated that households in areas hit by floods in February and March have managed to recover and now have adequate access to food of their own.

However, it pointed out that there are exceptions. In particular, the government has had to provide food assistance in parts of the central district of Gorongosa to people who have been displaced by conflict between government forces and Renamo gunmen.

The outlook for next year's harvest is tempered by warning signs that the El Niño phenomenon, which is associated with drought in southern Africa, is likely to occur in coming months.

FEWS NET highlighted a warning from the Climate Prediction Centre (CPC) - International Research Institute for Climate and Society (IRI), that there is an elevated chance for an El Niño event to develop between August and October 2014 and to continue into early 2015.

It added, "historically, the main impact of El Niño in Mozambique is felt during the second half of the cropping season (January to March). However, there is 50 per cent likelihood of having below average October to December rainfall during El Niño years in parts of southern and central Mozambique, which means that the start of season could be delayed along with planting for the main agricultural season".

Nacala Corridor receives first locomotives

The first consignment of locomotives for the Nacala Corridor has arrived in Mozambique.

The ten trains were imported by the Integrated Nacala Logistics Corridor (CLN), a consortium that is 80 per cent owned by the Brazilian mining giant Vale, and 20 per cent by Mozambique's publicly owned port and rail company, CFM.

In total, CLN is importing 80 locomotives to operate along the 900 kilometre long Moatize-Nacala line.

The General Electric locomotives each have 4,000 horsepower to enable them to pull coal wagons coal from the mines in Moatize, in the western province of Tete, to the port of Nacala-a-Velha. The coal trains will be enormous, consisting of 120 wagons pulled by four locomotives. Each train will be 1.5 kilometres long.

According to CLN officials, the entire project, composed of the railway line and the coal terminal at the port, is budgeted at US\$4.4 billion.

CLN is investing more than \$85 million on installing a communications network along the track to enable the safest and most efficient use of the track.

The first coal exports are due in December. By 2015, the line should have the capacity to transport 11 million tonnes of cargo a year, rising to 18 million tonnes in 2017.

The coal terminal at Nacala-a-Velha will have the capacity to store 1.45 million tonnes and export 18 million tonnes of coal a year.

IVCL plans to triple Benga coal production

The Indian group International Coal Ventures Pvt Ltd, which has purchased the Mozambican coal assets of the Anglo-Australian company Rio Tinto for just US\$50 million, has claimed that within three years it will nearly triple production at the open cast coal mine in Benga, in the western province of Tete.

Cited by the Reuters news agency, IVCL chairperson C.S. Verma said that coal production will be brought up to 13 million tonnes a year. He put current production under Rio Tinto at five million tonnes.

Verma said ICVL would use existing infrastructure in Mozambique to optimise its operations and would participate in the development of projects such as new railways and ports if needed.

A new railway linking Tete to the northern port of Nacala, financed by the Brazilian mining company Vale, is nearing completion

There are already Indian interests in Benga. Tata Steel owns 35 per cent of the Benga mine, and IVCL clearly plans to work very closely with Tata. Verma said that, once production reaches 12-13 million tonnes a year, IVCL will ship 60 per cent of the production to India while "the rest will be used by Tata Steel under an offtake deal".

The estimated reserves at Benga are 2.6 billion tonnes, 70 percent of which is the coking coal used in making steel.

Rio Tinto acquired Benga and its other Mozambican coal assets when it purchased the Australian company Riversdale for \$3.9 billion in 2011. IVCL was one of the companies beaten by Rio Tinto in the bidding for Riversdale.

IVCL must be rather glad that its bid lost, since Rio Tinto was obliged in 2013 to write down the grossly overvalued Riversdale assets by \$3.5 billion. Now IVCL has picked up those assets for a mere \$50 million. The deal is not yet finalized, but Verma expected it to be closed within two months.

IVCL was set up by the Indian Ministry of Steel as a joint venture company with the explicit aim of acquiring coal assets abroad, mainly to ensure supplies of coking coal for the Indian steel industry.

Increase in trade with China

Trade between Mozambique and China in the first five months of this year rose to US\$717 million. This is a 22.62 per cent increase on the same period in 2013.

Exports to China totalled 1\$99 million, an increase of 28.36 per cent. However, imports increased by 20.54 per cent to \$517 million.

According to the news agency Macauhub, Mozambique was China's fourth largest trading partner in the Lusophone world.

In the same period, trade between China and the eight Portuguese speaking countries came to \$53.345 billion, a nine per cent increase. Exports stood at \$16.995 billion, with imports of \$36.349 billion.

More than half of the total trade, \$34.173 billion, was with Brazil. The second largest trading partner was the oil exporter Angola, with imports and exports totalling \$16.491 billion. Portugal was the third largest partner, with trade worth \$1.896 billion.

The other countries, Cape Verde, Guinea Bissau, East Timor and Sao Tome and Principe had only \$66 million of trade with China.

Former textile site to become industrial free zone

The Mozambican government has decided to transform the nineteen hectare site of “Textil de Mocuba” in the central province of Zambezia into an Industrial Free Zone. The intention is to attract private investment to create jobs and produce goods for export.

It will complement the Mocuba Special Economic Zone which was created in May 2014. This covers the district of Mocuba and administrative post of Munhamade in Lugela, which is close to the proposed Macuse deep water port.

Industrial Free Zones are smaller than the Special Economic Zones, and focus mainly on exports. However, both types of zone offer tax advantages.

According to the Minister of Planning and Development, Aiuba Cuereneia, the government intends to use the Mocuba Special Economic Zone to promote the Zambezi Valley’s agricultural and forestry potential.

Cuereneia was speaking on 24 July in Mocuba at an investment conference focussing on Industrial Free Zones.

The minister stressed the government’s desire to see the opening of agro-processing industries to improve the lives of local people. He pointed out “the district of Mocuba has enormous potential from natural resources: forestry, agriculture, minerals, art, culture and tourism”.

However, he warned that “realising this potential depends on the commitment of all Mozambicans to the socio-economic development of the country”.

Mozambique also has the Nacala Special Economic Zone (in the northern province of Nampula), the Manga Mungassa Special Economic Zone in Beira city (in the central province of Sofala), and the Beluluane Industrial Free Zone (in the southern province of Maputo).

There is also an integrated tourism zone in Nampula province. The tourism zone covers the Crusse and Jamali islands in Mossuril district, and the adjacent area of the mainland. This covers a total area of 1,750 hectares.

According to Cuereneia, since 2009 there has been a significant increase in the number and size of investments in the country’s Special Economic Zones and Industrial Free Zones. Investment has reached US\$2.7 billion and 27,000 jobs have been created.

Investment in electricity supply

The Mozambican government is implementing plans to expand the electricity supply to meet the needs of a growing economy.

The demand for electricity in Mozambique grew at an annual rate of 13 per cent between 2011 and 2013. In the previous decade the rate had been ten per cent per year.

In the provinces of Nampula, Cabo Delgado and Niassa, in the north of the country, demand has grown by more than twenty per cent annually.

These figures were revealed by Energy Minister Salvador Namburete, who was speaking at his ministry’s coordinating council in Niassa’s provincial capital, Lichinga.

He explained that the electrification programme has extended the national grid to 121 of the country’s 128 districts. All districts should be connected by the year end.

Namburete added that the government has embarked upon a programme to improve the quality of the electricity supply through extending and strengthening power transmission and distribution. This will also involve the construction of new power stations in the north, centre and south of the country.

The minister drew attention to plans to build large, medium and small scale hydroelectric power stations. This includes the construction of Hidroelectrica de Cahora Bassa (HCB) – North Bank.

Mozambique is a major regional producer of hydroelectric power. Almost all of this is from HCB, which has a capacity to produce 2,075 megawatts. This is complemented by dams at Mavuzi, Chicamba and Corumana.

In 2004, only seven per cent of the population had access to energy. That figure has now risen to 40 per cent.

First stone laid for new Maputo fish market

Mozambique’s Minister of Fisheries, Victor Borges, on 3 July laid the first stone for the construction of the new Maputo fish market. The market will have a hundred fish stalls with refrigerated storage to conserve the produce and a restaurant area.

The project is budgeted at US\$11.3 million, of which \$8.6 million will be provided by the Japanese government through the Japan International Cooperation Agency (JICA). The Maputo Municipal Council will provide \$1.4 million, with the remaining funds coming from the Mozambican government.

Speaking during the ceremony, the minister said that artisanal fishing in Mozambique makes up over 85 per cent of the fishing sector, with the rest being composed of aquiculture and industrial fishing. Borges added that the artisanal sub-sector produced 196,000 tonnes of fish last year out of a total production of 220,000 tonnes.

The minister said the quality and safety of the fish will be checked in the laboratory of the National Institute of Fish Inspection (INIP).

Borges stated that the country currently only has one internationally accredited laboratory, situated in Maputo. However, two laboratories, in the central cities of Beira and Quelimane, are in the process of being accredited, with a third laboratory planned for the northern city of Nacala.

Maputo’s mayor David Simango pointed out that the fish market is the capital city’s third major public construction project currently underway. Work is already taking place on the Maputo Ring Road and the capital’s coastal defences.

This is a condensed version of the AIM daily news service – for details contact pfaufvet@live.com

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