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President Nyusi stresses importance of informal contacts with Dhlakama

President Filipe Nyusi on 27 July stressed the importance of informal contacts with Afonso Dhlakama, leader of Mozambique's largest opposition party Renamo, in the hope that these might lead to positive results and the establishment of effective peace.

At a press conference in the town of Guro, at the end of his working visit to the central province of Manica, President Nyusi was responding to a question about a recent claim made by Dhlakama that informal contacts are under way.

President Nyusi said "pre-meetings are always necessary and can even solve problems that formal meetings don't".

He added that he is always available for such contacts, whenever the opportunity arises. President Nyusi and Dhlakama met twice in February, and these meetings persuaded Dhlakama to call off the Renamo boycott of the newly elected parliament, the Assembly of the Republic.

The mediators in the long running dialogue in Maputo between government and Renamo delegations have repeatedly called for another meeting between the two leaders. Both men have indicated that they are, in principle, willing to hold such a meeting, but no date has been fixed.

Speaking at a rally in Guro, President Nyusi repeated his commitment to do all in his power to maintain peace. "Above all, I shall do everything to be the President of all Mozambicans, without discrimination", he pledged.

The major battle during his five year term of office would be the fight against poverty. "We shall promote agriculture, livestock, tourism and the sustainable management of natural resources so that we can reduce the suffering of Mozambicans and create jobs for young people", he stressed.

President Nyusi also promised that his government will continue to build schools, health units and roads, and expand the water supply and electricity networks. "But for all this to happen, we need peace", he declared.

A message from Guro residents at the rally rejected "bellicose speeches" from politicians, and expressed their loyalty to "a single and indivisible Mozambique".

Warlike threats, the message said, "divert the people from their tasks in the fight against poverty. We want peace, so that we can continue to work and contribute to the harmonious development of the country".

The message also expressed discontent at the low prices paid to cotton producers for their crop, and called for more boreholes to be drilled to improve water supply in the district. They also asked President Nyusi to ensure that a bank and a technical training college would open in Guro.

President condemns attacks

After leaving Guro, the President began a working visit to the western province of Tete. During a rally on 29 July in Manje, in the district of Chiuta, he condemned the armed attacks carried out by Renamo in parts of the province, stressing that Tete "should not be a training centre for confusion".

President Nyusi told the crowd that "Tete wants peace, don't allow anybody to come and create disturbances. Let nobody deceive you to wage war".

President Nyusi was reacting to the latest reports of Renamo attacks in Moatize and Tsangano districts, near the border with Malawi. According to reports on Radio Mozambique, houses and barns were burnt down, and at least 100 Mozambicans fled in terror over the border.

Renamo maintains a major military base in Tsangano, in violation of the agreement on cessation of military hostilities, signed on 5 September last year by President Nyusi's predecessor, Armando Guebuza, and Afonso Dhlakama. That agreement envisaged the disarming and dismantling of the Renamo militia. Over ten months later not a single Renamo gunman has been disarmed.

New Director of AIM takes office

Prime Minister Carlos Agostinho dos Rosario on 28 July swore Bernardo Mavanga into office as the new General Director of the Mozambique News Agency (AIM).

Mavanga, who is trained in both journalism and law, has decades of experience in the Mozambican media. He has served as director of the daily paper "Noticias" and of the public television station, TVM.

He takes over from Gustavo Mavie, who had been general director of AIM for the previous 14 years.

Rosario told the ceremony that the government regards it as "a strategic objective" in its five year programme for 2015-2019 "to continue promoting freedom of the press and access to good quality and unbiased communication and information for all citizens".

Rosario praised Mavie, saying that he had led the Agency "with dedication and a great deal of responsibility".

Debt under control

Mozambique's public debt is "tight", but under control, the spokesperson for the Bank of Mozambique, Waldemar de Sousa, told reporters on 28 July.

Sousa reacted to the recent downgrade in Mozambique's credit rating, by the ratings agency Standard and Poor's. The agency downgraded Mozambique from B to B-, explicitly because of the announcement by the Minister of Economy and Finance, Adriano Maleiane, that the government intends to renegotiate the US\$850 million loan taken on the Eurobond market by the Mozambican Tuna Company (EMATUM) in 2013, and guaranteed by the government.

Sousa stressed that the government is not in arrears with its creditors. In the first quarter of this year, he added, the Mozambican state spent US\$32.3 million in servicing debts.

While Standard and Poor's saw the attempt to renegotiate the EMATUM debt as a sign of risk, Sousa thought it was perfectly normal.

As for the recent depreciation of the Mozambican currency, the metical, against the dollar, Sousa pointed out that the strengthening of the dollar is a global trend, affecting many currencies. But that was far from the only factor – Sousa accepted that the deficit on Mozambique's balance of payments also weakened the metical.

Sousa pointed out that in 2014 the deficit on the current account (excluding the foreign investment mega-projects) increased by eight per cent. The deficit continued to increase sharply in the first quarter of 2015, partly because there were no capital gains tax windfalls, and partly because of the irregular disbursement of foreign aid. Thus from January to March, Mozambique only received US\$47.5 million in aid, compared with US\$110.9 million in the same period of 2014.

In the space of a year, the metical depreciated by about 27 per cent against the dollar, reaching an exchange rate of around 38 to the dollar in late June. Sousa pointed out that there has been a slight recovery in July, and the year on year depreciation now stands at 25 per cent.

The central bank has limited room for manoeuvre. It can dip into the country's international reserves and inject dollars into the Inter-Bank Exchange Market – but Sousa made it clear that the Bank of Mozambique does not wish to preside over serious erosion of the country's reserves.

Currently the reserves stand at US\$2.6 billion – enough to cover four months' imports of goods and non-factor services.

As for commodity prices, almost all of those with a major impact on the Mozambican economy have declined over the past year. Thus the world market price of Mozambique's largest export, aluminium, fell by 10.6 per cent, according to the Bank's figures.

Other major Mozambican exports suffering a sharp drop were natural gas (36.4 per cent), sugar (26.4 per cent), cotton (16.7 per cent), and thermal coal (10.2 per cent).

On the other hand, Mozambique benefits from the fall in price of some key imports, notably liquid fuels. The benchmark Brent crude suffered a price collapse of 43.8 per cent over the past year. As a result, Mozambique's fuel bill for the first quarter of 2015 was 42.9 per cent lower than in the same period of 2014. Most of the rice Mozambique consumes is still imported, and the international price of rice tumbled by 35.3 per cent.

Inflation remains low and under control, Sousa said. Indeed, in April, May and June prices fell, as measured by the consumer price indices for the three major cities (Maputo, Nampula and Beira). Inflation in the first six months of the years was only 1.36 per cent.

Credit information bill passed

The Mozambican parliament, the Assembly of the Republic, on 29 July passed the final reading of a bill allowing for the creation of privately managed credit information registers.

The only credit register currently in existence is run by the Bank of Mozambique, which allows the commercial banks to assess risks when they grant loans to their clients.

Introducing the bill on 28 July, the Minister of Economy and Finance, Adriano Maleiane, said that only the commercial banks enjoy access to the current register. Micro-finance operators and any other institutions which offer goods or services on credit have no means of obtaining information about their clients.

A privately managed credit register, Maleiane said, would fill the gap. It would "record information about people who need to make purchases on credit", and about whom the suppliers cannot obtain information from the central bank.

Since it would be much more wide-ranging than the current register, the information would also be of use to the Commercial banks. Maleiane stated "it will allow greater control of risk in granting credit, and consequently could contribute to reducing interest rates" charged by the banks.

People interested in acquiring goods and services on credit would apply to join the register. The register could only include those who authorise their names to appear, and they would be able to access any information about them at no cost, and demand correction of any mistakes.

The bill passed by 140 votes in favour with 56 abstentions. Deputies of the ruling Frelimo Party and the Mozambique Democratic Movement (MDM) voted in favour, while the parliamentary group of the largest opposition party Renamo abstained, on the grounds that the government had not clarified how the new register would operate.

Farmers demand action against pollution

Farmers in the central province of Manica on 26 July asked the government to take measures against the illegal mining which is polluting the rivers in the region.

The polluted water reaches irrigated fields, the farmers say. It is carrying sludge containing heavy metals, which damages the pumps and poisons the crops. One of the substances used by illegal gold miners is mercury, which is highly toxic.

The farmers called for action against the illegal miners at a meeting with President Filipe Nyusi, in Sussundenga district, on the third day of his working visit to Manica.

The pollution is affecting not only agriculture, but also inland fisheries and the supply of drinking water.

In response, President Nyusi instructed the provincial government, through its directorates of agriculture and mineral resources, and the immigration authorities (since many of the miners are foreigners) to investigate and study possible solutions.

"We don't have much time", said the President. "We have to find solutions to this problem".

During the meeting, the farmers also presented other problems hindering their activities, including difficulties in financing agriculture (which they blamed on the lack of a bank specialising in this area), the low prices for their crops, and the poor state of the access roads to agriculturally productive areas,

Despite these difficulties, the farmers pledged that food security in the province is guaranteed, and that they will continue to work to ensure that there is no hunger in Manica.

US\$540 million lost to illegal wood exports

In the decade between 2003 and 2013 Mozambique lost over US\$540 million through the illegal export of wood to China, according to a study by researchers at Maputo's Eduardo Mondlane University.

"Mozambique has been losing large sums since 2004, since the amount of illegal timber exported to China is 5.7 times greater than the amount officially declared by the National Directorate of Land and Forests", the report accuses.

The report was produced as part of the project "Forestry Governance in Mozambique: the Urgency of the Moment", an initiative of the World Wide Fund for Nature (WWF), with the support of the Swedish Embassy in Maputo.

Over 90 per cent of Mozambique's timber exports go to China, and most of them are undeclared. This can be deduced by comparing the official statistics from the two countries. The differences are enormous. Thus in 2013, the last year covered by the report, the Mozambican statistics show that 54,000 cubic metres of logs were exported to China. The Chinese statistics show that 346,000 cubic metres of logs were imported from Mozambique – a difference of 292,000 cubic metres.

The truly massive discrepancies date from 2007. Using the average export prices for logs, the study calculates that the total loss over the decade was US\$540.2 million.

Exporting timber illegally is a profitable business. The study calculates that the legal exports bring in profits of US\$530 per container. But the illegal trade increases the profits more than fourfold, to US\$2,430 per container, even after paying bribes to forest wardens and customs staff.

The study recommends changing the legislation in order to reduce the number of logging licences issued, and even imposing a moratorium on logging licences "in order to reorganise the sector in order to ensure greater transparency and credibility".

Logging and the transport of timber by night should be banned, the study urges, and forest wardens should be provided with appropriate equipment and adequately trained to detect, prevent and repress illegal activities.

The study calls for improving the quality of licences and timber transport guides, by including security features that would be difficult to forge.

President Nyusi inaugurates highway

President Filipe Nyusi has inaugurated a new road between the provincial capital, Chimoio, and Espungabera, capital of Mossurize district, on the border with Zimbabwe.

The road is 230 kilometres long, and construction cost 6.45 billion meticais (US\$170 million), provided by the Mozambican and Portuguese governments. The work, undertaken by the Portuguese building company Mota Engil began in September 2011, and involved 800 workers, most of them recruited locally.

According to the contractor, two new bridges were built, and streets in towns along the route were tarred.

Prior to this road, the quickest way to reach Espungabera from Chimoio, particularly during the rainy season, was via Zimbabwe. Even in the dry season, the journey between Chimoio and Espungabera on the Mozambican roads used to take between six and eight hours – the new road cuts the time to two and a half hours.

The new paved road does not only end Espungabera's isolation from the rest of the country, but it should also stimulate the development of the other small towns it passes through, such as Sussundenga and Dombe.

Economy on target to meet government goals

Judging from its performance in the first quarter of the year, the Mozambican economy is set to meet the targets laid down by the government in the Economic and Social Plan for 2015, according to Prime Minister Carlos Agostinho do Rosario.

Speaking on 22 July at a question and answer session in the Mozambican parliament, the Assembly of the Republic, Rosario said the preliminary figures indicated annual GDP growth of six per cent in the first quarter of this year "which opens good prospects for meeting the target of 7.5 per cent growth for 2015".

By June, the average 12 monthly inflation rate was 2.4 per cent, he added, well below the target of an average inflation rate of 5.1 per cent in the government's plans.

Despite the fall in the world market prices of several of Mozambique's key exports, export revenue in the first quarter of the year reached US\$823 million.

Rosario noted that the strengthening of the dollar had led to the depreciation of several African currencies, including the Mozambican metical. But he was optimistic that a continued rise in exports and attraction of more foreign investment would lead "to the stabilisation of the exchange rate in the long term".

The government had been able to hire new staff in the first half of the year, including 8,273 new teachers and 1,963 health workers. 387 new classrooms had been built, and 71,975 school desks had been distributed. Based on solar panels, five towns, 92 schools and 46 health centres had been electrified.

In response to a question about the government's land policy from the main opposition party, Renamo, the Prime Minister declared that access to land was one of the main gains of Mozambican independence. A fundamental principle of the Mozambican constitution was that all land is state property, but citizens are granted the right to use land, through titles known as DUATs.

"Land policy in our country advocates the rights of the population and of investors to use land, while safeguarding the sustainable use of land and other natural resources", Rosario said. "This Land Policy is a strong instrument intended to protect the interests of Mozambican peasant farmers, but without prejudicing access to land by private companies".

The government's policy, he added, was to combine formal legislation with customary rules on land tenure and management. He believed this "brings advantages which guarantee the defence of the interests of rural communities, prevents conflicts and favours the development of partnerships between communities and private investors".

Agriculture Minister Jose Pacheco denied the frequent claim that Pro-Savana, a triangular agricultural development programme between Mozambique, Brazil and Japan, is a land grab, depriving peasant farmers of their land in the north of the country. Its real purpose, he said, was to improve farmers' yields and boost food security.

"Our main ally is the small and medium farmer", Pacheco declared, "who will gradually evolve away from subsistence agriculture to intensive, market-oriented agriculture. Pro-Savana does not, and never will, directly manage any land. Instead we shall develop the capacity of managers and producers for the defence of peasant and local community land tenure".

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

President visits Portugal

President Nyusi on 17 July urged the Portuguese paper manufacturer Portucel to continue its project in Mozambique to build a pulp mill – with an investment of US\$2.6 billion.

Cellulose pulp is the raw material for paper. As Portucel is also planting eucalyptus trees that will be turned into pulp, the factory is not expected to be complete until late 2023.

President Nyusi expressed his confidence in the project at the end of a visit to an enormous Portucel industrial complex in the southern Portuguese city of Setubal. Portucel took the opportunity of his visit to announce its plans to inaugurate the largest tree nursery in Africa in September. It will initially produce 12 million trees a year, to be planted in Manica and Zambezia provinces. Portucel said this number could double in 2016.

The tree plantations will cover 365,000 hectares and provide work for about 7,000 Mozambicans.

After the forestry base will come the factory processing the eucalyptus trees into cellulose paste. The Portucel project will thus contribute to both agricultural and industrial development, and President Nyusi expected it to have a significant impact on the Mozambican balance of payments.

The Portucel project is expected to have a major impact on the business fabric of the two provinces, since a large number of jobs will be created indirectly in companies providing goods and services to the plantations and the pulp mill.

Portucel is the third largest exporter in Portugal. It accounts for three per cent of Portugal's commodity exports and one per cent of its Gross Domestic Product

On 16 July President Nyusi met with his Portuguese counterpart, Anibal Cavaco Silva in Lisbon's Belem Palace. After the meeting President Nyusi told reporters, "in the diplomatic context, we're doing fine, but we need to embark more aggressively on economic relations".

Portugal is the fourth largest investor in Mozambique. According to the Investment Promotion Centre (CPI), in the 2013-2014 period Portuguese investment in the country doubled from US\$167 million to US\$338 million.

Portuguese companies occupy major positions in the Mozambican building industry, services, banks and agro-business. Portuguese banks remain the major shareholders in the two largest Mozambican commercial banks, the Millennium-BIM (International Bank of Mozambique) and the BCI (Commercial and Investment Bank).

France cancels debt

The French government has forgiven all of Mozambique's public debt to France, amounting to €17.5 million (US\$19 million). The agreement was signed in Paris on 20 July by Foreign Minister Oldemiro Baloi and French Minister of the Economy, Emmanuel Macron, and witnessed by President Filipe Nyusi, who was on a three day visit to France.

The cancellation takes the form of a debt for development swap. €10 million will be converted into direct support for the Mozambican state budget. (France is already one of the

16 countries and funding agencies who provide part of their aid to Mozambique in the form of budget support).

€5.5 million will be spent on technical and professional training projects, while the rest of the cancelled debt will go towards the protection of endangered species.

French President Francois Hollande met with President Nyusi for about an hour in the Elysee Palace. The two men did not speak to the press or issue any statement at the end of the meeting. Their broad smiles, however, allowed the conclusion that the talks had gone well.

Nacala accident likely to delay coal exports

A serious industrial accident in the newly built port of Nacala-a-Velha seems likely to further delay the start of coal exports from the port by the Brazilian mining company Vale.

Coal will be transported to Nacala-a-Velha from the Vale mine at Moatize, in Tete province, along a new railway that crosses southern Malawi, before joining the existing northern rail corridor. The Moatize-Nacala line is about 900 kilometres long.

It was hoped that the coal shipments from Nacala-a-Velha could begin in December 2014. But severe flooding washed away parts of the railway, setting Vale's efforts back by months. Now a coal stacker at the port has collapsed. Images of the crumpled steel structure are available on social media networks such as Facebook.

This is likely to delay still further coal shipments from Nacala-a-Velha. A source cited by Reuters thought it might take months to repair the damage.

To date, Vale has been exporting its coal along the Sena railway line which runs from Moatize to the port of Beira. But even if the Sena line's capacity is increased, as planned, to 20 million tonnes a year, that will not be enough for all the coal which Vale and several other mining companies hope to export. Hence the need for new ports and new railways.

Vale's projections are for coal production at its Moatize mine to reach 11 million tonnes a year by mid-2016, rising to 22 million tonnes a year in 2017.

Renamo tries to exclude MDM from Council of State

Renamo's parliamentary group is trying to prevent its rival, the Mozambique Democratic Movement (MDM), from appointing a member of Council of State, an advisory body to the President of the Republic.

According to a report in the daily newspaper "Noticias", Renamo also objects to the MDM appointing a member of the Higher Mass Media Council (CSCS), a constitutionally enshrined body tasked with guaranteeing press freedom and the independence of the media.

The office of President Filipe Nyusi has requested the names to be put forward by parliament to the Council of State and the CSCS. However, Renamo has argued that the MDM does not have enough members in parliament to warrant their inclusion.

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