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Editor: Paul Fauvet | AIM & CTA Copyrights

AIM, Rua da Radio Moçambique - Maputo www.aim.org.mz | **CTA**, Rua Fernando Ganhão, 120 - Maputo www.cta.org.mz

Emails: aim@aim.org.mz | ctanewsletter@cta.org.mz

ECONOMY

MOZAMBIQUE AIRLINES SACKS ITS CHAIRPERSON

An extraordinary general meeting of the shareholders of Mozambique's publicly owned airline, LAM, on 12 June sacked the chairperson of the board of directors, Carlos Jeque.

He is replaced by Silvestre Sechene, who is a former chairperson of the public insurance company, EMOSE.

Jeque was at the head of the airline for less than a year. He was appointed in July 2013, because his predecessor, Teodoro Waty, was also a member of the Mozambican parliament, the Assembly of the Republic, and chairperson of its constitutional and legal affairs commission. Holding more than one paid position in the state, or state-owned companies became illegal under the Law on Public Probity, so Waty had to leave either the Assembly or LAM.

The choice of Jeque as LAM chairperson was surprising because he has no known business experience. He is best known as a political commentator, and in the first multi-party presidential elections, he stood as an independent candidate.

He had the misfortune to be chairperson during a particularly turbulent period for LAM. In November the airline suffered its first ever fatal accident when a LAM Embraer-190, on a scheduled flight from Maputo to Luanda crashed in Namibia. The preliminary findings from the international commission of inquiry suggested that the crash was caused deliberately by the pilot.

In recent weeks, LAM passengers have protested vociferously at repeated delays and cancellations of flights. This occurred mainly because LAM found itself two planes short – one plane was undergoing maintenance, and a second suffered a malfunction. The LAM fleet was too small to cover for the work that should have been done by both these planes. [Read more...](#)

MINISTER CALLS FOR UNITED EFFORT AGAINST POACHING

Mozambique needs to unite the efforts of all the parties interested in fighting against poaching, urged Tourism Minister Carvalho Muaria on 18 June.

Speaking at a Maputo workshop held by the WorldWide Fund for Nature (WWF) on the strategy to fight against poaching and the illegal trade in wildlife products, Muaria said that international organised crime syndicates are targeting rhinoceros and elephant populations in southern Africa.

The disappearance of such flagship species, he warned “will have a negative impact on tourism and on socio-economic development”.

Muaria admitted that Mozambique has become a corridor for smuggling to Asian destinations the horns of rhinos killed in South Africa.

He stressed the importance of a Memorandum of Understanding signed between Mozambique and South Africa in April, intended to strengthen the fight against rhino poaching, and a new law on conservation areas which dramatically increases the penalties for poaching protected species. [Read more...](#)

ENH SIGNS MEMORANDUM OF UNDERSTANDING WITH ROSNEFT

Mozambique's publicly owned National Hydrocarbon Company (ENH) has signed a memorandum of understanding with the Russian oil company Rosneft, for the joint development of exploration projects.

According to an ENH press release, the agreement was signed during the 21st World Petroleum Congress, held in Russia. The agreement also seeks to identify areas of mutual interest, and could eventually lead to joint hydrocarbon production.

Cited in the press release, Ocuane said that association with a company such as Rosneft constitutes an added value for ENH and for the country.

"This company is a leader in the Russian petroleum industry, and we want to bring it to Mozambique, bearing in mind the potential that still exists for the exploration and production of hydrocarbons, and the technical capital which this country offers", explained Ocuane. [Read more...](#)

AUCTION OF MOZAMBICAN RUBIES NETS 33.5 MILLION DOLLARS

The British company Gemfields announced on 18 June that the inaugural auction in Singapore of rubies from its Mozambican partner, Montepuez Ruby Mining (MRM), raised 33.5 million US dollars.

The uncut stones were sold in an auction that ran from 12 to 17 June. A Gemfields press release claimed the market "reacted enthusiastically" to the Mozambican rubies, with a strong attendance by potential buyers at the auction.

Gemfields took 2.03 million carats of rubies and corundum to Singapore in 62 batches. 57 batches were sold – with a total weight of 1.82 million carats (90 per cent of the total weight). The auction resulted in an average price of 18.43 dollars per carat.

The chief executive officer of Gemfields, Ian Harebottle, cited in the release, said that the full results of the Singapore auction would be repatriated to Mozambique and to MRM (in which Gemfields has a 75 per cent holding). He pledged that the royalties to be paid to the Mozambican state "will be in line with the total sales at the auction". [Read more...](#)

ENH EXPANDS GAS DISTRIBUTION IN INHAMBANE

The publicly owned Mozambican Hydrocarbon Company (ENH) intends to expand its distribution of natural gas in the southern province of Inhambane, by establishing 500 new connections, bringing the total number of consumers of gas in this region to 1,131.

According to an ENH press release of 16 June, this project is budgeted at about 450,000 US dollars, and seeks to expand the gas distribution network to more consumers in Vilanculo, Inhassoro and Govuro districts in the north of the province. Work should begin within weeks, and will be concluded in 120 days.

ENH says the project hopes to reduce the cost of a gas connection for households. Currently the cost varies between 1,000 and 3,000 US dollars, depending on the distance of the household from the gas pipeline.

The project will relieve households of these costs, and they will only have to pay the monthly gas consumption bill. [Read more...](#)

CENTRAL BANK KEEPS ITS INTEREST RATES UNCHANGED

The Monetary Policy Committee of the Bank of Mozambique, meeting in Maputo on 13 June, decided to keep the bank's key interest rates unchanged for at least another month.

The statement issued by the Committee said that the Standing Lending Facility (the interest rate paid by the commercial banks to the central bank for money borrowed on the Interbank Money Market) will remain at 8.25 per cent.

The Standing Deposit Facility (the rate paid by the central bank to the commercial banks on money they deposit with it) remains at 1.5 per cent, and the Compulsory Reserves Coefficient - the amount of money that the commercial banks must deposit with the Bank of Mozambique – is also unchanged at eight per cent.

The Central Bank's interest rates have remained unaltered since October 2013, when the Standing Lending Facility was cut by 50 base points, from 8.75 to 8.25 per cent.

The Committee also decided that the central bank will intervene in the inter-bank markets in order to ensure that the monetary base does not exceed 48.023 billion meticaais (about 1.57 billion US dollars) by the end of June.

At the end of May, the monetary base had reached 48.122 billion meticaais, which was 1.2 per cent higher than the target set by the central bank of 47.533 billion meticaais. The rise over the month was 2.8 per cent, caused by an increase of 1.504 billion meticaais in notes and coins in circulation, while bank reserves fell by 173 million meticaais. [Read more...](#)

LAW AND ORDER

ILLEGAL TIMBER EXPORTS

Mozambique's Central Office for the Fight Against Corruption (GCCC) has confirmed serious allegations of illegal exports of wood and evasion of taxes by two companies owned by Chinese citizens in the northern province of Cabo Delgado. The GCCC was alerted to these crimes by a British-based NGO, the Environmental Investigation Agency (EIA), which looked at the figures from both the Mozambican and Chinese ends of the timber trade and spotted enormous discrepancies. The imports of Mozambican timber declared in China massively exceed the exports declared in Mozambique. An 18 June press release from the GCCC said that prosecutors investigated the allegations against the companies Mofid and Senlian, and found strong evidence that both were involved in smuggling precious hardwoods.

One of the companies (the GCCC does not specify which) exported almost 6,400 cubic metres of wood, in the form of logs, planks and boards in 2011 and 2012 without possessing the necessary authorisations from the Mozambican authorities. The second company, between 2007 and 2009, exported over 3,800 cubic metres of blackwood (pau preto) logs without paying the taxes owing. Furthermore, first class hardwoods should never be exported as logs, but only after processing. Under the Mozambican definition, these acts do not constitute crimes of corruption. But they do fall under the category of administrative infractions and tax offences. The GCCC has thus informed the Cabo Delgado Provincial Directorate of Agriculture and the Mozambique Tax Authority (AT) so that the cases "may be dealt with appropriately". The GCCC promises that the Public Prosecutor's Office will follow these cases. [Read more...](#)

SIX CARS A WEEK STOLEN IN MAPUTO

An average of six cars a week are stolen in Maputo, according to the spokesperson for the Maputo City Police Command, Orlando Mudumane. Speaking at his weekly press briefing on 16 June, Mudumane said the thieves use firearms (which sometimes turn out to be toy guns) or sets of master keys. Of the six cars stolen last week, thieves used sets of keys to break into the vehicles, and in the other four cases, they held up the drivers at gunpoint. Mudumane said that three of the cars have been recovered. Six people have been arrested in connection with the thefts, and one gun was seized. In the previous week, 66 people were detained in Maputo, 14 of who had been wanted for car theft and for breaking and entering into shops. One of the detained car thieves was a policeman. [Read more...](#)

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