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ECONOMY

LARGE INCREASE IN TRADE WITH CHINA

Trade between Mozambique and China rose to 717 million US dollars in the first five months of this year, which represents a 22.62 per cent increase on the same period in 2013. Exports to China totalled 199 million dollars, an increase of 28.36 per cent. However, imports increased by 20.54 per cent to 517 million dollars.

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 dollars, which represents a nine per cent increase. Exports stood at 16.995 billion dollars, with imports of 36.349 billion dollars. More than half of the total trade, 34.173 billion dollars, was with Brazil. The second largest trading partner was the oil exporter Angola, with imports and exports totalling 16.491 billion dollars. Portugal was the third largest partner, with trade worth 1.896 billion dollars.

The other countries, Cape Verde, Guinea Bissau, East Timor and Sao Tome and Principe had only 66 million dollars of trade with China. [Read more...](#)

PRICES FALL IN JUNE

The National Statistics Institute (INE) announced on 10 July that the rate of inflation in Mozambique in June, as measured by the consumer price indices for the three largest cities (Maputo, Nampula and Beira), was negative, at minus 0.52 per cent. This follows a 0.38 per cent fall in May.

The drop in prices were particularly significant in food and non-alcoholic drinks, which went down by 0.49 per cent. The largest declines were for tomatoes (17.2 per cent), dried fish (4.2 per cent), coconuts (5.5 per cent), cabbage (10.5 per cent) and lettuce (8.1 per cent). Accumulated inflation for the first half of this year was 1.49 per cent. During the same period last year inflation was 2.75 per cent. In June, Maputo was the city with the largest drop in prices with a 1.33 per cent fall. In Beira deflation was 0.18 per cent whilst in Nampula it was 0.48 per cent. [Read more...](#)

NYUSI PROMOTES ECONOMIC LINKS WITH TANZANIA

The candidate of Mozambique's ruling Frelimo Party for the 15 October presidential elections, former defence minister Filipe Nyussi, on 9 July spoke of his desire to see relations with Tanzania reach new levels, particularly in the economic sphere. Nyussi was speaking on the first day of his working visit to Tanzania, where he will inform business leaders about the advantages of investing in Mozambique. During a dinner hosted by Tanzanian Foreign Minister Bernard Membe, Nyussi explained "our main focus will be economic relations because we have very good political and historic ties".

On his arrival in the country, Nyussi told AIM that his first visit abroad since he was elected as Frelimo's presidential candidate had to be Tanzania as not only was it one of the biggest supporters of the liberation war in Mozambique, it was in fact the birthplace of Frelimo. Shortly after his arrival, Nyussi met with Maria Nyerere, the widow of Tanzania's first president, Julius Nyerere. [Read more...](#)

MLT TO OPEN SECOND TOBACCO PROCESSING LINE

The tobacco processing company Mozambique Leaf Tobacco (MLT), based in the western city of Tete, is to open a second production line in September.

The construction of the processing line, according to the daily newspaper “Noticias”, is in response to increasing harvests. MLT is a major employer in Tete, and works with peasant tobacco growers in Tete, Manica, Zambezia and Niassa provinces. It provides them with technical assistance and purchases the tobacco they produce.

MLT’s Alfredo Chambule told the newspaper that the factory’s current capacity is 65,000 tonnes of tobacco per annum. However, this year farmers are expected to produce 73,000 tonnes. Next year the figure could rise to 92,000 tonnes, grown by 130,000 farmers on about 80,000 hectares.

Chambule added that the new line will create 900 jobs in addition to the 1,500 workers employed on the existing facility.

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PORTUS INDICO TAKES CONTROL OF COASTAL SHIPPING TERMINAL

Portus Indico, the majority shareholder in the Maputo Port Development Company (MPDC), which holds the lease on Maputo port, has acquired control of the shipping company Navique, which in turn gives it control over the Maputo Coastal Shipping Terminal, one of the terminals which had been outside the MPDC lease.

On 7 July Portus Indico issued a press release saying it has acquired 70 per cent of the shares in Navique from the Mozambican state. As a result, the new shareholding structure of Navique is - Portus Indico, 70 per cent, the government’s Institute for the Management of State Holdings (IGEPE), 20 per cent, while the remaining 10 per cent is owned by Focus 21, a company chaired by Valentina Guebuza, daughter of President Armando Guebuza.

Navique owns 51 per cent of the Coastal Shipping Terminal (TCM), and the other 49 per cent is held by the publicly owned ports and railway company, CFM. Portus Indico now has effective control of TCM, and the release announced that from now on the terminal will be managed by MPDC.

Portus Indico owns 51 per cent of MPDC and CFM 49 per cent. Portus Indico itself is a consortium formed by DP World of Dubai (48.5 per cent), Grindrod of South Africa (48.5 per cent) and the Mozambican company Mocambique Gestores (three per cent).

TCM is one of the oldest terminals in Maputo Port. It has a 300 metre long quay, 27,000 square metres of paved area, and 5,000 square metres of warehouses and other covered installations. It had been operated by Navique since 2000.

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NEW BUSINESS CENTRE OPENED IN MAPUTO

The global company Regus has opened its first business centre in Mozambique, at Millennium Park in the capital city Maputo.

The company specialises in fully serviced office space, which includes telecommunications, printing facilities and reception staff. It also offers meeting rooms and video-conferencing studios.

The company now runs managed offices in 104 countries, including 19 in Africa. It states that its new operation in Mozambique will allow companies to explore the country’s opportunities “without upfront capital investment or long-term leases”.

Regus chief executive officer Mark Dixon said, “our launch in Mozambique opens the door to an economy with vast natural resources and great opportunities for infrastructure development. By facilitating foreign direct investment and helping local entrepreneurs, Regus will also support economic development in Mozambique and southern Africa”.

According to Regus, it has offices in 2,000 locations around the world with over 1.5 million customers.

There is a shortage of office space Maputo. Another company, Mozambique Managed Offices, has three locations in the capital. However, it is working at full capacity and is operating a waiting list. [Read more...](#)

INFRASTRUCTURE

PRESIDENT LAUNCHES BEIRA - ZIMBABWE ROAD PROJECT

Mozambican President Armando Guebuza on 10 July laid the first stone for the renovation of the EN6 road between the port of Beira and the town of Machipanda on the border with Zimbabwe.

The ceremony took place in Tica during the second day of his “open and inclusive presidency” visit to the central province of Sofala,

The Mozambican government will spend 410 million US dollars on the full rehabilitation of the road, using a loan from the Chinese export-import bank (Exim Bank).

The road is 287 kilometres long and the work is due to be completed in the second half of 2017. It will be substantially widened, with 1.7 kilometres of bridges, 900 metres of culverts, fifteen intersections, two weighbridges and six police control posts.

Toll stations will be erected along the route at Chimoio, Nhamatanda and Dondo. Currently, the only major road in the country with toll gates is the Maputo-South Africa motorway, operated by the South African company Trans-Africa Concessions (TRAC).

The Chinese Anhui Foreign Economic Construction Group (AFECC) is building three work yards along the route and mobilising the necessary machinery.

The National Road Administration (ANE) has appointed Shenyang Engineering Supervision and Consultation to supervise the work. [Read more...](#)

NO DECISION YET ON TETE – ZAMBEZIA RAIL ROUTE

The Mozambican government has not yet decided on the route of the proposed railway line between the coal region of Moatize, in the central province of Tete, and the coast of Zambezia province.

According to the daily newspaper “Noticias”, the government is waiting to see the Environmental and Social Impact Assessments for routes to Macuse and Supinho. These are due to be completed in November. Only then will the government be able to decide where a new deep water port will be built.

Initially, it had been thought that the 500 million US dollar line would run between Moatize and Macuse, in Namacurra district. However, the new proposal is looking at Supinho in Quelimane district.

The head of the private consortium Zambezia Integrated Development Corridor (CODIZA), Abdul Carimo, explained that the choice will be determined by factors including rivers, marshes, terrain and resettlement of local people.

He stated that although the study will indicate the optimum route, CODIZA would prefer the line to terminate as near to the city of Quelimane as possible. [Read more...](#)

EIB FINANCES MAPUTO AIRPORT UPGRADE

The European Investment Bank is to provide a loan of 20 million euros (26 million US dollars) to Mozambique to finance the upgrade to Maputo International Airport needed meet the International Civil Aviation Organisation’s safety standards.

The rehabilitation programme includes resurfacing the airport’s runway, taxiway and apron areas, improving landing lights, ensuring adequate water supply in case of fire and improving the fuel supply infrastructure.

The total cost of the rehabilitation work is put at 70.5 million dollars. In addition to the EIB finance, the French government has granted Mozambique a soft loan of 44 million dollars and a grant of 1.5 million dollars has been made available by the European Union - Africa Infrastructure Trust Fund (ITF).

The EIB loan was formally agreed at a signing ceremony in Maputo on 10 July. [Read more...](#)

NATURAL RESOURCES

KENMARE ANNOUNCES RECORD PRODUCTION

The Irish company Kenmare Resources, which is exploiting the titanium-bearing heavy mineral sands in Moma, on the coast of the northern Mozambican province of Nampula, has produced record levels of ilmenite and zircon in the second quarter of 2014.

In a statement released on 8 July, the company revealed that ilmenite production in the first half of this year totalled 445,600 tonnes, which represents a 47 percent increase compared with the same period in 2013. Zircon production rose to 21,400 tonnes, an increase of twelve per cent.

As a result, shipments of finished products rose by 36 per cent to 399,000 tonnes in the first half of 2014.

The company stated that power stability has improved following the implementation of a load management plan by Mozambique's publicly owned electricity company, EDM. Kenmare also reported that a 7.5 megawatt backup diesel power generation plant will be installed this month.

According to Kenmare's Managing Director, Michael Carvill, product prices remain subdued. However, the company is looking to reduce unit costs, which will be "driven by further production increases in the second half of the year and complemented by the operational efficiencies we are targeting". [Read more...](#)

DEPUTIES VISIT GAS PROJECTS IN QATAR

A group of deputies from Mozambique's parliament, the Assembly of the Republic, have visited the Gulf state of Qatar on a study tour organised by Mozambique's National Hydrocarbon Company (ENH).

During the visit the deputies looked at various hydrocarbon facilities, especially those associated with liquefied natural gas (LNG) projects.

The deputies shared experiences with representatives of Qatar's government and the national gas company Qatargas on the implementation of projects on LNG, gas-to-liquid (GTL) and infrastructure, and how gas can be used to contribute to rapid industrialisation.

The visit was of particular relevance as Mozambique has recently discovered huge reserves of natural gas in the Rovuma Basin, off the coast of the northern province of Cabo Delgado. The total known gas reserves in the Rovuma Basin are 180 trillion cubic feet.

According to the Chairperson of the ENH Board of Directors, Nelson Ocuane, "we took the deputies to visit these projects so they can have a real idea of the scale and complexity of the infrastructure needed for gas processing. They also heard the experience of the government of Qatar, through its national companies, on the best way to develop gas projects".

[Read more...](#)

SASOL TO UNDERTAKE GAS-TO-LIQUIDS STUDY

The South African petro-chemical giant Sasol is to undertake a joint pre-feasibility study for a large-scale gas-to-liquids (GTL) plant using natural gas from the Rovuma Basin in northern Mozambique.

The study will be undertaken in conjunction with Mozambique's National Hydrocarbon Company (ENH) and the Italian energy company ENI. ENI is the operator of the Rovuma Basin Offshore Area 4, where huge deposits of natural gas have been discovered. The adjacent block, Offshore Area 1, is operated by the US company Anadarko, which has also found vast quantities of gas. The total known gas reserves in the Rovuma Basin are 180 trillion cubic feet.

Both operators are planning to invest heavily in liquefied natural gas (LNG) plants which cool and condense gas. This greatly reduces the volume of methane and enables it be stored and transported by ship to the world's markets.

Whilst the LNG plants are the anchor projects for the two operators, there is also a growing interest in gas-to-liquids. This is a process whereby gas is converted into longer molecule hydrocarbons such as gasoline, diesel and kerosene.

On 24 June ENH signed a memorandum of understanding with Royal Dutch Shell for a viability study for a potential GTL factory. The agreement between Sasol, ENI and ENH is completely separate. This study will determine whether Sasol's technology would be viable in Mozambique. [Read more...](#)

SOCIAL

PUPIL-TEACHER RATIO ABOVE RECOMMENDED LEVEL

The pupil to teacher ratio in Mozambique remains a long way away from the government's target despite the hiring of more than ten thousand primary school teachers since 2010.

Speaking at the opening of the Ministry of Education coordinating council in Namaacha, on the border with Swaziland, Education Minister Augusto Jone pointed out "the student teacher ratio has fallen since 2010. However, challenges persist which we must urgently address".

Jone added that education will remain a government priority over the next five years, and that Mozambique will work to harmonise its system of education and training in line with its SADC partners.

As a result of the increase in teacher numbers, the pupil to teacher ratio has dropped from 69:1 in 2010 to 62:1 last year. The government's target is to reach 60:1 by 2015. [Read more...](#)

LAW AND CRIME

LIMPOPO NATIONAL PARK STRUGGLES TO PUNISH POACHERS

Authorities in the Limpopo National Park (PNL) in southern Mozambique have revealed that 14 suspected poachers were arrested and eleven firearms seized in the first five months of this year.

As a result of these detentions, fines totalling 28 million meticaïs (880,000 US dollars) have been imposed by the park's authorities.

However, the park's project manager, Antony Alexander, told AIM the problem is that the poachers fail to pay the fines. He explained that although the fines are issued by the park's investigation team, if they are not paid the park must submit an enforcement request to the fiscal court in Maputo.

Alexander lamented, "this is an incredibly time consuming and expensive procedure, involving lawyers and trips to Maputo".

Last year, eleven million meticaïs in fines were issued to forty poachers. But only five per cent of the fines have so far been paid.

Alexander stressed that the fines system is a good one when it works. Half the funds are spent on conservation work, with the remainder given to the field rangers as incentive payments. However, he pointed out that the refusal to pay fines could be a disincentive when the rangers see no return for their work.

He added that although the poachers are not wealthy, they are supported by people with absolutely no financial difficulty in paying the fines. [Read more...](#)

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