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ECONOMY

CENTRAL BANK KEEPS INTEREST RATES UNCHANGED, AGAIN

The Monetary Policy Committee of the Bank of Mozambique, meeting in Maputo on 12 May, 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.

This means that 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 47.533 billion meticaïs (about 1.55 billion US dollars) by the end of May. [Read more...](#)

PRAISE AND WARNINGS FROM THE IMF

The International Monetary Fund (IMF) has praised Mozambique's "strong growth performance and low inflation", while warning of the need to create more jobs and improve "the enabling environment for small and medium enterprises".

These remarks came in a press release issued on 9 May after the IMF Executive Board had completed its second review of Mozambique's economic performance under an agreed programme supported by an IMF Policy Support Instrument (PSI).

The press release cited IMF Deputy Managing Director, Naoyuki Shinohara, as praising progress in Mozambique's poverty reduction strategy, but noting that in 2013 there was a shortfall in government expenditure in the priority areas for the fight against poverty. Shinohara warned "it will be important to strengthen expenditure execution" to ensure that the 2013 shortfall is only temporary.

"The fiscal stance for 2014 is expansionary, partly reflecting some temporary factors—such as spending related to holding general elections—and public investment", said Shinohara. "Fiscal consolidation will be needed in the medium term. Monetary policy needs to remain vigilant and stand ready to take action to keep inflation to the authorities' medium-term target". [Read more...](#)

PRIME MINISTER INAUGURATES INSURANCE SUPERVISION HQ

Mozambican Prime Minister Alberto Vaquina on 14 May called on the country's insurance companies to extend their services, and introduce more products "which meet the needs of our population and economic agents".

He was speaking at a ceremony to inaugurate the new headquarters of the Insurance Supervision Institute of Mozambique (ISSM). The Institute is operating out of central Maputo offices leased from the mining company Rio Tinto, until it can find premises of its own.

The ISSM was set up by a government decree of 2010. It is an autonomous body operating under the tutelage of the Finance Ministry, and is tasked with supervising and monitoring the activity of insurance and reinsurance companies and the managers of supplementary pension funds.

Vaquina stressed that an increasingly competitive insurance market poses major challenges to both the ISSM and the insurance companies. Much remained to be done "to encourage the development of this area, and to use all the opportunities that this market offers".

He called on companies to react speedily to meet the needs of those they have insured in the event, for example, of accidents. Insurance operators, Vaquina added, should never forget that they are dealing "with people who have feelings and emotions. Their staff should not find it difficult to understand the feelings of other human beings". [Read more...](#)

COMPRESSED GAS SUPPLIES BACK TO NORMAL

The breakdown in the gas compression system of the Matola Gas Company (MGC), which made it impossible to refuel vehicles which run on natural gas, including 150 buses of the Maputo municipal bus company (TPM) was fully repaired on 12 May.

The MGC Chief Executive Officer, Bruno Morgado, cited by the independent television station STV, said that the repairs cost about two million meticaís (around 65,400 US dollars). This covered the cost of importing a new compressor and flying it, and a technical installation team, from Canada to Maputo.

Morgado said that such expenditure is envisaged in the company's contingency plan, which contains provisions for emergency expenditure to ensure that there will be no prolonged interruptions in the supply of compressed gas.

The breakdown in the compression system on Saturday made it impossible to load compressed gas onto the trucks which take it to the Autogas posts where it is sold to the public.

The 150 gas fuelled buses could not be refueled, dramatically worsening public transport in Maputo on Monday. However, the speed of the MGC reponse meant that by Monday night vehicles were queuing up to be resupplied, and by Tuesday the situation was back to normal. [Read more...](#)

LAM FORMALISES ACQUISITION OF NEW BOEINGS

Mozambique Airlines (LAM) on 14 May signed an agreement in Maputo formalizing a contract with the aircraft manufacturer Boeing for the acquisition of three "New Generation" Boeing 737s.

The contract represents an investment of 225 million US dollars by LAM, which intends to use the new planes to diversify its routes on the domestic and regional markets.

The first of the new planes should arrive in May 2015, and the others will arrive in the two subsequent years. The new acquisitions bring to 15 the number of planes in the LAM fleet.

Speaking at the ceremony, the LAM Chief Executive Office, Marlene Manave, said the acquisition of the Boeing 737s was part of the company's strategic plan to expand and strengthen its fleet, and to rationalise its resources.

Manave said that LAM needs planes that are rather larger than the ones it is currently flying and which can travel longer distances without the need to refuel.

“These aircraft will be used in all the provincial capitals on the domestic market, as well as on routes to Ethiopia and Zambia”, Manave said. “They will also fly to Dubai and Mumbai from Nacala”. [Read more...](#)

ROAD TOLLS RISE – BUT ONLY FOR HEAVY VEHICLES

Mozambique’s National Roads Administration (ANE) and the company Trans-African Concessions (TRAC), which operates the Maputo-South Africa motorway, have agreed on increased tolls, taking effect on 2 June – but only for heavy vehicles. A joint statement from ANE and TRAC says that vehicles with three or four axles will pay 220 meticaï (about 7.2 US dollars) at the Maputo tollgate. This is a 33.3 per cent increase on the current toll, which is 165 meticaï. At the second toll gate, at Moamba, about 60 kilometres north of Maputo, the toll rises by 28.8 per cent, from 660 to 850 meticaï.

Trucks with five or more axles, which are the vehicles which cause most damage to the road, will have to pay an extra 48 per cent at the Maputo tollgate, where the toll rises from 250 to 370 meticaï. At Moamba, the rise for these vehicles is only 10 per cent, from 1,000 to 1,100 meticaï.

Owners of light vehicles will be relieved that they will not have to pay any increase. The toll for cars, motor-cycles, and pick-up trucks (including those towing caravans or trailers) remains 25 meticaï at Maputo and 135 meticaï at Moamba. Light trucks, with only two axles, will continue to pay 85 meticaï at Maputo and 330 meticaï at Moamba. [Read more...](#)

VALE ANNOUNCES ADDITIONAL COMPENSATION

The Brazilian mining company Vale, which operates an enormous open cast coal mine at Moatize, in the western Mozambican province of Tete, has announced that it is paying additional compensation to households who were resettled when land was cleared for the mine.

A Vale press release says this compensation covers 396 households who were transferred from the mining concession area to Moatize town. They had requested financial compensation on the grounds that they could no longer use their fields, because of the increased distance between the fields and their new homes.

Vale says this situation was not envisaged in the company’s resettlement plan. Nonetheless the company “thought it correct to assess the new reality”. As a result it is paying 119,250 meticaï (about 3,900 US dollars) to each of the affected households.

However, those who claim this money must prove that they are entitled to it. Vale says it started payouts on Friday, but to date only 106 households have presented the necessary documentation and have received the compensation. Paying the other 290 is conditional on them providing the requisite documents. [Read more...](#)

LAW AND ORDER

PROTEST AT CHARACTER ASSASSINATION OF MURDERED JUDGE

The Mozambican Association of Judges has expressed outrage at apparent attempts by the police to damage the reputation of murdered judge Dinis Silica.

Speaking at the funeral ceremony at the Supreme Court in Maputo on 10 May, the chairperson of the Association of Judges, Vitalina Papadakis, addressing Silica’s coffin, declared “We are indignant to find that, in addition to the physical

violence which carried you to your death, we are witnessing the vain attempts of those who want to assassinate your character and your dignity, as well as your function as a judge”.

“What wounds us still further is the continuation of the barbaric act by the psychological violence inflicted on your family. What cruelty!”, she exclaimed.

The message from the judges, read by Papadakis, expressed astonishment that attempts were being made, not to investigate the murder, but to denigrate Silica’s character. “without any possibility that you can defend yourself, since they have silenced you”. [Read more...](#)

JUDGES’ STRIKE PARALYSES MAPUTO COURTS

A one day strike by judges in protest at the murder last week of Dinis Silica, of the criminal investigation section of the Maputo City Court, closed down courts across the capital on 15 May.

Journalists who visited the Maputo Palace of Justice and the Maputo City Court found that all the courtrooms were shut and locked. The same scene of courtrooms closed and trials postponed was true in the central cities of Beira and Chimoio.

The judges did not use the term strike. They said they had declared “a day of reflection”.

The striking judges lead a wreath at the set of Maputo traffic lights where Silica was assassinated. Speaking at the ceremony, Papadakis said that judges and prosecutors in Maputo city and province “have decided to express their indignation at the silence from the leaderships of the judicial magistracy and the public prosecutors’ office, and from the government, following the macabre crime of which judge Dinis Silica was a victim”.

Lawyers were not enthusiastic about the strike. The chairperson of the Bar Association, Tomas Timbane, said he was in solidarity with the concerns expressed by the judges, but thought they had no right to take strike action which can only damage the interests of ordinary citizens.

“Judges cannot go on strike”, Timbane said. “They are part of the state. They are an organ of sovereignty. The state cannot rebel against the state itself”. [Read more...](#)

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