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## ECONOMY

### GOVERNMENT AND ANADARKO SIGN RESETTLEMENT MEMORANDUM

The Mozambican government and the American oil and gas company Anadarko signed a memorandum of understanding in Maputo on 29 July under which Anadarko will pay 180 million US dollars for the resettlement of about 5,000 people living in the area of Palma district, in the northern province of Cabo Delgado, where it intends to set up a factory producing liquefied natural gas (LNG).

The memorandum was signed by the Minister of Land, Environment and rural Development, Celso Correia, and the President of Anadarko-Mozambique, John Pepper.

Estimates are that Anadarko's total investment in the LNG plant will reach 20 billion dollars. But before it can push ahead the fishing and farming communities on about 7,000 hectares of the Afungi Peninsula will have to be resettled.

The sum Anadarko is now committed to spending on the resettlement is equivalent to 36,000 dollars for every person living in the villages concerned. Half the package – 90 million dollars – will be spent on compensating households for lost fields, trees and other assets, and on building houses, schools, health units and roads in the new town where they will be resettled. The other 90 million dollars is intended for development projects in agriculture, fishing and other activities which will allow the resettled households to become self-sufficient. [Read more...](#)

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### GRAPHENE PRODUCED FROM MOZAMBIKAN GRAPHITE

The Australian company Metals of Africa has announced that it has produced graphene from material mined at its Montepuez Central graphite project in the northern Mozambican province of Cabo Delgado.

According to Metals of Africa, three processes were tested with the thermal method producing results comparable with synthetic graphene. It stressed that this process is simple and scalable.

Metals of Africa's Managing Director Cherie Leeden stated, "the fact that our graphite can produce both graphene oxide and graphene is extremely exciting. Laboratory tests have verified that the quality of our graphene is comparable to synthetically derived graphene, which is a very high value material with an ever increasing number of applications, particularly in the battery and energy space".

Graphene has been heralded as a "miracle material" for its special properties. It is the strongest material ever measured and has truly vast potential for use in the electronics industry. [Read more...](#)

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### NACALA ACCIDENT LIKELY TO DELAY COAL EXPORTS

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

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 in the port has collapsed, according to a report carried by the Reuters news agency, later confirmed by Vale.

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Citing an unnamed mining industry source, Reuters said the stacker, a large machine used to handle coal and other bulk materials, buckled last week. No-one was injured in the collapse.

This unexpected problem is likely to delay still further coal shipments from Nacala-a-Velha. One source cited by Reuters thought it might take months to repair the damage. [Read more...](#)

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## DEBT SITUATION “TIGHT”, BUT CONTROLLED

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

At one of the Bank’s regular briefings on the country’s economic situation, 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 850 million US dollar 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 any of its creditors. In the first quarter of this year, he added, the Mozambican state spent 32.3 million dollars in servicing its 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. “It’s normal to renegotiate debts, it’s not a crime”, he said. “It’s normal to have a calm form of debt servicing. And there are no arrears. What does exist are perceptions which might perhaps create constraints and delays in the future”. “A responsible government always creates conditions so that the debt service can be well managed, and does not disturb proper handling of national priorities”, he said. [Read more...](#)

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## GOVERNMENT AND BUSINESS DISAGREE OVER VAT REBATES

The Mozambican government has promised to pay the VAT (Value Added Tax) rebates it owes companies through treasury bonds that can be cashed at banks, according to a report in the 28 July issue of the independent daily O Pais.

The Minister of Economy and Finance, Adriano Maleiane, said that this will not worsen public indebtedness, since this is money the government already owes. For the companies, the catch is that, if they opt to cash the bonds at a bank, they will have to negotiate with the bank which will charge them interest, or a commission.

Businesses, however, are not at all impressed with the idea of losing part of their VAT rebates to the banks. The chairperson of the tax portfolio of the Confederation of Business Associations (CTA), Kekobad Patel, said this was a way of “punishing Mozambican companies twice” – first by making them wait years for their VAT rebate, and then taking away a chunk of the rebate as commissions for the banks. “Look, if the state owes me a million meticaís and gives me a bond for that amount, why, when I take the bond to the bank, will I only receive 900,000 or 800,000 meticaís?”, asked Patel. “Haven’t I been punished enough by the delay in reimbursing the VAT? Now we’re going to have the sums owing to us reduced by the banks!”. [Read more...](#)

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## KENMARE RESOURCES INCREASES EXPORTS DESPITE DIFFICULTIES

The Irish company Kenmare Resources on 27 July announced that exports from its dredge mine in Moma district, on the coast of the northern Mozambican province of Nampula, increased by three per cent in the first half of this year, despite problems with power cuts and an unofficial strike.

The mine extracts ilmenite, rutile and zircon from titanium-bearing heavy mineral sands. Total shipments in the first half of this year increased to 412,000 tonnes, compared with 399,000 tonnes in the first half of 2014.

Despite the increase in exports, production at the mine was hit by 57 days of storm related electricity cuts. In addition, work at the mine was halted by an unofficial strike at the end of June in response to cost cutting measures.

In the first half of this year ilmenite production fell by 27 per cent to 324,100 tonnes, compared with 445,600 tonnes in the same period in 2014. However, zircon production increased by 11 per cent to 23,800 tonnes, compared with 21,400 tonnes in the first half of last year. [Read more...](#)

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## MINISTER CONFIDENT IN USE OF LOCAL SUGAR BY DRINKS INDUSTRY

Mozambique's Minister of Industry and Trade, Max Tonela, is confident that local soft drinks companies will switch from imported sugar to locally milled sugar in the near future, thus helping to guarantee the sustainability of the Mozambican sugar industry. The problem for drinks companies is that they insist on refined sugar, and the vast bulk of the sugar produced in Mozambique is not refined. According to Tonela, of the over 400,000 tonnes of sugar produced in 2014, only 10,000 tonnes was refined. Speaking at a seminar in the sugar town of Xinavane, Tonela said that the Coca-Cola company is bringing specialists to Mozambique to identify the requirements necessary to bring the refining processes used by Mozambican sugar companies up to the standards demanded by the soft drinks industry.

Tonela hoped for an agreement under which the Mozambican Coca-Cola factories will buy 10,000 tonnes of locally produced sugar a year. If other drinks companies follow suit, this would provide a guaranteed market for Mozambican sugar, currently facing a serious challenge from cheap imported sugar.

If companies such as Coca-Cola and Pepsi-Cola find that Mozambican refined sugar meets their standards, then the doors will also open for local sugar to be used in biscuits, sweets, ice cream and anything else which uses sugar as an ingredient. [Read more...](#)

## LAW AND ORDER

### RHINO HORNS FROM MOZAMBIQUE SEIZED IN HONG KONG

The customs authorities at Hong Kong International Airport have seized two rhinoceros horns, cut into ten pieces, which were mailed from the northern Mozambican city of Pemba.

According to a press release from the Hong Kong Customs and Excise Department, the two horns had a total weight of 6.71 kilos, and customs estimates that they are worth 1.34 million Hong Kong dollars (about 173,000 US dollars) on the black market.

The horns were declared as "wood samples" and arrived at the airport in three separate packages, on different flights which arrived at Hong Kong via Johannesburg on Sunday and Monday. The horns were wrapped in aluminium foil and plastic sheets. On examination, customs found that there were indeed some pieces of wood mixed with the horns.

The case has been handed over to the Hong Kong Department of Agriculture, Fisheries and Conservation for follow up. Customs vows that it will continue working "to deter the trafficking in endangered species". [Read more...](#)

### MAPUTO PETROL STATIONS SWINDLE THEIR CLIENTS

At least one pump in each petrol station in Maputo is defective, and delivers less fuel than motorists have paid for, according to a report in the 28 July issue of the Maputo daily Noticias.

This was discovered by inspection teams from the National Norms and Quality Institute (INNOQ) who have visited at random 12 petrol stations in and around the Mozambican capital over the last three weeks.

INNOQ official, Bernardo Mussagy, said that when the faults are discovered the pump that is malfunctioning is immediately shut down, and the establishment is fined between 30 and 249 times the monthly minimum wage in the public administration – which is equivalent to between 2,340 and 19,422 US dollars. Mussagy said INNOQ believes that the problem is not a simple malfunction, but a deliberate human intervention to ensure that the pumps deliver less fuel than motorists have paid for. In the faulty pumps, the teams found that the seals which should prevent any alteration in the measurement parameters had been tampered with. [Read more...](#)

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