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## ECONOMY

### GOVERNMENT NOT OFFICIALLY INFORMED OF RIO TINTO SALE

The Mozambican government has not yet received any information about the sale by the Anglo-Australian company Rio Tinto of its coal assets in the western province of Tete.

Cited by the Maputo daily *Noticias*, on 11 August, the Minister of Mineral Resources, Esperanca Bias, said “Formally I don’t know the amount paid to Rio Tinto in this deal, but you can be sure that any sum involved will be taxed”.

Approached by the independent weekly *Savana*, Bias’s ministry sent a series of written answers, also stressing that the government “has not yet received any final communication about the completion of the transaction, nor its terms and conditions”.

Nonetheless, the Ministry considered the sale of assets as “a normal process in business operations. Rio Tinto itself resulted from a series of mergers and acquisitions, some of which occurred in this country, such as the acquisition of Riversdale Mining in 2011”.

Rio Tinto has now sold out to International Coal Ventures Ltd (ICVL) of India. With this acquisition, the Ministry said, ICVL took over the contractual position of Rio Tinto “guaranteeing all its contractual obligations to the state and to the workers”. [Read more...](#)

### CENTRAL BANK KEEPS INTEREST RATES UNCHANGED

The Monetary Policy Committee of the Bank of Mozambique, meeting in Maputo on 11 August, 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. [Read more...](#)

### EDM ORDERING NEW EQUIPMENT FOR CRITICAL SUB-STATION

Mozambique’s publicly owned electricity company, EDM, has announced that it is ordered new equipment, including modern insulators, to upgrade the Infulene sub-station in the southern city of Matola, reports the 11 August issue of the independent newsheet *Mediafax*.

Equipment failures at Infulene have led to prolonged power cuts in parts of Maputo and Matola. Initially, EDM blamed the problem on fog, a claim that was met with incredulity, especially since foggy mornings are a normal occurrence during the Maputo winter.

EDM spokesperson Alberto Banze gave more technical details. He explained that short circuits were caused when the heavy fog was mixed with dust.

The real problem, however, is that there has been no recent investment in the sub-station. The insulators have been there since it was built 30 years ago, and only now is EDM rushing to replace them.

The cost of the new insulators is 15 million US dollars. It could take up to six months for them to arrive: in the meantime, EDM has no option but to intervene to make repairs in the most critical parts of the Infulene and also the Matola sub-stations. [Read more...](#)

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## WITHDRAWAL OF VAT REBATES “CATASTROPHIC”

The Confederation of Mozambican Business Associations (CTA) has described as “catastrophic” the removal of Value Added Tax (VAT) rebates from the amended state budget for 2014 passed in early August by the country’s parliament, the Assembly of the Republic.

The government found that it had an additional 8.2 billion meticaïs (about 269 million US dollars) available for public expenditure this year, thanks to capital gains tax paid on the sale of assets by companies involved in the exploitation of Mozambique’s natural resources (5.7 billion meticaïs) and to unspent balances from previous financial years (2.9 billion meticaïs).

For reasons that have not been explained, the Mozambican state has failed to pay VAT rebates owed to a large number of companies, although such rebates should be automatic. So the Finance Ministry proposed to use much of the additional expenditure on clearing the government’s VAT debts.

In the original draft of the amended budget, the largest single item of additional expenditure was 3.05 billion meticaïs for VAT rebates.

But the Assembly rebelled, and refused to pass the VAT rebates. At the suggestion of its Plan and Budget Commission (CPO), the Assembly eliminated the rebates, and reallocated the 3.05 billion to “priority sectors”

This horrified the CTA. Interviewed in the 11 August issue of the independent daily *O País*, the CTA Executive Director, Kekobad Patel, said the Assembly’s decision was a disaster, especially for small and medium companies.

“VAT rebates should be paid on time”, insisted Patel. “When this does not happen, it particularly damages small and medium companies. It’s not the large companies which suffer. The capacity of large companies is different from that of small ones. We want the government to solve this situation as quickly as possible”. [Read more...](#)

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## BILL ON PETROLEUM AND GAS PASSES SECOND READING

The Mozambican parliament, the Assembly of the Republic, on Thursday, passed the second and final reading of a bill on petroleum and gas operations, but including substantial amendments from the Assembly’s Commission on Agriculture, Economic Affairs and the Environment, aimed at strengthening the role of the state in hydrocarbon exploration and production.

Thus the bill insists that the state “controls, production, transport, marketing and transformation of liquid and gaseous hydrocarbons and their derivatives”.

The state’s “exclusive representative” in this sphere is the National Hydrocarbon Company (ENH) which must participate in all petroleum and gas operations. Any investor interested in exploiting Mozambique’s hydrocarbon resources “must enter into partnership with ENH”, the bill declares. The bill insists that the country’s petroleum and gas cannot all be exported. Instead, at least 25 per cent must be dedicated to the Mozambican market, and ENH will be responsible for managing this quota. This is a victory for the Commission, since initially the government did not want to include a specific figure. The government must also “create mechanisms and define the conditions for the involvement of the national business class in petroleum and gas undertakings”. To this end, all petroleum and gas companies operating in the country must be quoted on the Mozambican Stock Exchange. [Read more...](#)

## GOVERNMENT SEEKS AUTHORISATION ON “SPECIAL REGIME” FOR GAS

The Mozambican parliament, the Assembly of the Republic, on Thursday passed the first reading of a bill which will allow the government to approve a special regime for natural gas liquefaction projects in the Rovuma Basin in the far north of the country.

Such “legislative authorisations” are given to the government in matters which are particularly complex and technical, but they have often caused unease among parliamentary deputies, since the practice appears to suggest that the Assembly is not competent to pass laws in some areas.

The bill states that the special regime will cover the design, construction, installation, ownership operation and maintenance of liquefied natural gas (LNG) units, as well as the use of wells and related equipment, the quays for unloading materials, storage and transport facilities – in short everything required for a successful LNG operation.

The deputies were not happy at the idea of conceding sweeping powers to the government in what is certain to be a key area of the Mozambican economy in coming decades. Teodoro Waty, chairperson of the Assembly’s Commission on Constitutional and Legal Matters, warned that the bill appeared to trample on legal norms, and would “grant privileges to the companies operating in the Rovuma Basin Areas One and Four, and which do not cover other companies operating in the country or which will come here in future”.

Negotiations will now follow between the government and the Commission. Bias said she was happy to reformulate the bill and was willing “to work with the Commission to improve the text”. [Read more...](#)

## HEALTH

### NO EBOLA IN MOZAMBIQUE, SAYS HEALTH MINISTRY

The Mozambican Health Ministry on 14 August denied reports circulating on Facebook and other social media according to which two patients suffering from the deadly hemorrhagic fever Ebola were admitted on Wednesday to Maputo Central Hospital.

“I would like to reassure all our users that fortunately so far we have had no cases reported in the central hospital”, the hospital’s director, Joao Fumane told a press conference. “I would like to add that we are prepared so that, if a case does appear, we shall identify it and guarantee that the disease does not spread”. For his part, the national director of public health, Francisco Mbofana, told reporters that efforts are being redoubled, in light of the recommendations from the World Health Organisation (WHO), to ensure that people suffering from Ebola do not enter Mozambique.

Mbofana explained that all entry points to the country are being controlled, with particular stress on the airports. “We have health workers throughout the country guaranteeing that the people who enter Mozambique have not been in contact with those suffering from this disease”, he added. [Read more...](#)

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