

MOZAMBIQUE News reports & clippings

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In this issue:

EU disputes, capital gains tax

Government accepts foreign observers - but fighting continues & no progress today

Non-SADC observers will be included in the monitoring of the any cease fire and demobilisation, the government conceded Monday. Government and Renamo negotiators agreed the creation of a "central command" which will work to guarantee the cessation of hostilities between Renamo and the Mozambican military, the demobilisation of Renamo forces, and their reintegration into the Mozambican army, secret service (SISE) and police.

This command will be headed by a brigadier from Botswana, assisted by representatives of Italy and Zimbabwe. It will consist of 70 Mozambican observers (half chosen by government and half by Renamo) and 23 foreign ones (from Zimbabwe, South Africa, Botswana, Cape Verde, Kenya, Portugal, Italy, the UK and the USA). They will be distributed in units in Sofala, Tete, Nampula and Inhambane provinces. (*O Pais*, 1 April and other media)

But further negotiations today failed to resolve the timing and modalities of the command. Government insists that the process should only last 90 days, while Renamo wants a minimum of 180 days with the potential to extend to one year. This has not been spelled out in detail, but Renamo clearly wants observers to stay long enough to ensure that Renamo fighters really are integrated into the police and military. In his press conference after the meeting today, Agriculture Minister and government delegation head Jose Pacheco, stressed that observers were only there for the "beginning of the process of social and economic reintegration of demilitarised Renamo men." Pacheco added that government would pay the local expenses of all foreign observers. (AIM 2 April)

Meanwhile fighting continues between government and Renamo forces in the areas around the Gorongosa mountain. In a press conference Monday, the Ministry of Defence said there were several attacks a day, and on a single day there had been 12 confrontations. The Ministry also said that two community leaders had been kidnapped by Renamo, one on 13 February, and another on 3 March. (AIM 31 March, *O Pais* 1 April)

Brigadier Jerónimo Malagueta, head of Renamo's Information Department, was released on bail on 28 March, after having been held since 21 June last year. He was arrested after he announced at a press conference that Renamo would block the north-south N1 road. *MediaFax* says a condition of his bail is that he not speak to the press.

Disputes with EU on fish and trade

Economic Partnership Agreements (EPAs) which the EU is forcing African governments to sign are

one issue on the agenda of the 4th EU-Africa Summit this week in Brussels. Mozambique signed an interim EPA in 2009, despite the persistence of some disagreements, and a final EPA must be signed by 1 October. But there is growing concern that EPAs mainly benefit Europe and not Africa.

Minister of Industry and Trade, Armando Inroga, in Brussels for the meeting, has warned that EU conditions as part of the deal could kill the Mozambican fishing industry. The European Commission demands three conditions that must all be met before fisheries produce from Mozambique can be regarded as Mozambican, Inroga said. "First the ship must be flying the Mozambican flag, second the boats must be owned at least 50% by Mozambicans, and third the produce must be fished within Mozambican territorial waters".

Inroga argued that, for a country such as Mozambique which is only beginning to make its first major investments in fisheries, meeting these three conditions would make the fishing industry uncompetitive for the European market. (AIM 1 April)

Capital gains taxes to net more than \$2 billion as gas fields are sold

Exploration companies for oil, gas and coal expect to make their profit, when they successfully find large reserves, by selling those reserves on to production companies. Initially Mozambique did not understand this, and was caught by surprise by the initial sales. But it moved quickly to impose capital gains tax on those sales - initially negotiated, but now set at 32%.

Whereas Mozambique had not expected revenues until later in the decade, the unexpected flow of capital gains tax receipts has totally changed the economic picture. Rosário Fernandes, president of the Tax Authority (Autoridade Tributária), said they have collected \$1.3 bn in capital gains tax from five transactions over the past two years. During the rest of this year, they expect to tax seven more transactions, and the income could be over \$1 billion. (*O Pais* 26 March)

The Rovuma gas fields have at least 180 trillion cubic feet of gas, far more than anyone expected. Anadarko (Block 1) and ENI (Block 4) are now selling off most of their shares. For Block 4 the original exploration group was the Italian ENI (70%), and Galp Energia (Portugal). Korea Gas (South Korea) and Empresa Nacional de Hidrocarbonetos (Mozambique state), each with 10%. ENI recently sold 20% the China National Petroleum Corporation for \$4.2 billion. And on 30 March it was announced that ENI had appointed Bank of America Merrill Lynch to coordinate the sale of another 15%, reducing its share to 35%.

Other news

Daviz Simango was confirmed as the presidential candidate of the MDM (Mozambique Democratic Movement) at its national council meeting Sunday. Simango, party head and mayor of Beira, was named unopposed.

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The next book

Galinhas e cerveja: uma receita para o crescimento

by Teresa Smart & Joseph Hanlon will be launched 2 July in Maputo.

Zimbabwe takes back its land

by Joseph Hanlon, Jeanette Manjengwa & Teresa Smart is now available from the publishers https://www.rienner.com/title/Zimbabwe_Takes_Back_Its_Land also as an e-book and

<http://www.jacana.co.za/book-categories/current-affairs-a-history/zimbabwe-takes-back-its-land-detail>

Now in paper at a reasonable price

Do bicycles equal development in Mozambique?

by Joseph Hanlon & Teresa Smart

is now available in **paperback**, for £17.99 (+ p&p)

from the publisher <http://www.boydellandbrewer.com/store/viewItem.asp?idProduct=13503>

Just Give Money to the Poor: The Development Revolution from the Global South

by Joseph Hanlon, Armando Barrientos, and David Hulme

Most of this book can now be **read on the web**

tinyurl.com/justgivemoney

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NOTE OF EXPLANATION:

This mailing list is used to distribute two publications, both edited by Joseph Hanlon. This is my own sporadic "News reports & clippings", which is entirely my own responsibility. This list is also used to distribute the *Mozambique Political Process Bulletin*, published by CIP and AWEPA, but those organisations are not linked to "News reports & clippings"

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Macauhub English: www.macauhub.com.mo/en/

AIM Reports: www.poptel.org.uk/mozambique-news

Carlos Serra Diario de um sociologo: <http://oficinadesociologia.blogspot.com>

Good daily newsletters:

English: Mozambique Investor. Send e-mail to theinvestor@clubofmozambique.com

Portuguese: Mozambique Hoje. <http://mail.clubofmozambique.com/mailman/listinfo/mhoje>

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