

Mozambique News Agency

AIM Reports

Report no.453, 5th November 2012



President launches agricultural year

President Armando Guebuza on 25 October urged all actors in the country's agricultural sector to participate in implementing the government's policies for the 2012-2013 agricultural year, which envisage an overall growth of 9.1 per cent in agricultural production. This figure would translate into a 2013 harvest of 15 million tonnes of food crops and 14.3 million tonnes of cash crops.

President Guebuza was speaking in the village of Metocheria in Monapo district, in the northern province of Nampula, at the official launch of the agricultural campaign.

To ensure the desired increases in production and productivity, the government has promised to hire a further 387 extensionists for this agricultural campaign, thus bringing to 1,384 the number of staff in this area.

The government also promises to make seeds available for the main food crops (grains, pulses and oilseeds), and to improve the capacity to prepare land through making available more machinery and oxen for animal traction.

The President urged rural producers to sow appropriate varieties of crops, to strengthen their epidemiological surveillance against plant and animal diseases, to spray cashew trees against mildew, and to diversify ways of capturing and conserving water for irrigation.

He also said that they should promote community forests, and replace trees that have been felled.

The government's policy framework is to implement the Agricultural Sector Development Strategic Plan (PEDSA). This envisages growth in agricultural production of at least seven per cent a year, doubling production in the next decade.

President Guebuza praised the commitment of farmers in the fight against food and nutritional insecurity. "We congratulate the agricultural producers on the results they have achieved", he declared.

He noted that, over the last two agricultural years (2010-2011 and 2011-2012), total production of food crops had risen from 14.3 to 14.7 million tonnes. As a result of "our collective commitment", the country now produced a surplus of maize, cassava and beans.

As for cash crops, the statistics reported at an agricultural fair attended by the President immediately prior to the launch ceremony showed a rise in the cotton harvest from 70,600 to 85,000 tonnes. The amount of sugar cane harvested had risen from 3.4 to 3.9 million tonnes, and of citrus fruit from 36,000 to 49,000 tonnes.

Over the same period the number of chickens in the country rose from 18 to 27.4 million. The number cattle rose from 1.3 to 1.4 million, and of goats from 5.3 to 5.6 million.

As a result, the amount of meat available grew from 11,000 to 21,000 tonnes, milk production rose from 800,000

to a million litres, and egg production from 2.2 to 3 million.

During the ceremony, the government awarded prizes to farmers and extensionists whose work in the 2011-2012 campaign was regarded as outstanding.

New variety of mango promoted

The Mozambican government's Agricultural Development Fund (FDA) is financing a programme to promote a new variety of mango of high commercial value among small and medium farmers in the southern provinces of Maputo and Inhambane.

Budgeted at five million meticaïs (about \$172,000) a year, the five year programme will initially finance farmers in the seven districts of Maputo province to acquire 30,000 seedlings of the "Tommy Atkins" variety of mango. This year the project has also covered Inhambane, and in the future it will expand to other parts of the country.

"The FDA is distributing seedlings to farmers at prices that are 40 per cent subsidised, according to Dania Falcao, head of the Forests Department of the FDA.

The "Tommy Atkins" seedlings are imported from South Africa. This mango variety can produce 20 tonnes per hectare, but, in this initial phase, the FDA technical staff prefer a more modest target of 10 tonnes per hectare.

Under this programme, on Monday the FDA, in coordination with the Mozambican Agricultural Research Institute (IIAM) began a course to train agricultural extensionists in Maputo province, endowing them with basic knowledge and techniques in how to handle this variety of mango.

Speaking at the opening of the five day course, the FDA Deputy Director, Neide Xerinda, said that one of the priorities of the institution is to encourage peasant farmers to produce fruit. This seeks to achieve the government's goals of reducing poverty and guaranteeing food security.

"In order to guarantee success and the best implementation of this programme and others that may arise, we are promoting the technical skills of the extensionists in producing seedlings and managing the orchards, thus creating a reliable means of transmitting knowledge and technology to the farmers", said Xerinda.

Over 100,000 tonnes of cotton sold

Over 100,000 tonnes of raw cotton were sold by Mozambican producers up until 15 October, according to Norberto Mahalambe of the Mozambique Cotton Institute (IAM).

This is already an increase of over 43 per cent compared with the 70,000 tonnes of cotton marketed in 2011. The figure also means that the target for this year's campaign, of 85,000 tonnes, has been greatly exceeded.

Mahalambe was speaking in the northern city of Pemba at a national meeting of the cotton sub-sector which drew up a preliminary balance sheet of the 2011-2012 cotton campaign and the performance of concessionary companies that buy the raw cotton from the peasant producers.

The real amount of cotton produced this year could be much greater as large amounts of cotton are still in the hands of farmers. This gives grounds for concern as the rainy season has begun and access roads could become impassable.

The responsibility for this seems to lie with the companies, who did not have sufficient bags or means of transport at the start of the purchasing period. They promised to improve their capacity so that all the cotton produced could be marketed before the rains began.

One example of the scale of the problem comes from the district of Cuamba, in Niassa province. Here only 12,000 of the 24,000 cotton producers had sold their crop by mid-October. The concessionary company which should have purchased all the cotton is Joao Ferreira dos Santos.

Mahalambe warned that failure to purchase the cotton will weigh heavily in the government's assessment of the companies' performance, and could lead to reducing the areas allocated to companies seen to have broken their promises to the producers.

Despite their poor performance, the companies want to pay the peasants less for their cotton next year. This year the minimum price for first grade cotton fell from 15 meticaís (52 US cents at current exchange rates) to 10.5 meticaís per kilo. For the 2012-2013 cotton campaign, the Mozambique Cotton Association (AAM) that represents the companies wants to push the price down to eight meticaís a kilo, due to low international cotton prices, and high stocks of synthetic fibres.

The National Forum of Cotton Producers (FONPA), which represents the farmers, wants to maintain the current minimum price.

No decision will be taken on minimum prices until next year, and AAM Chairperson Salvador Canhane said the companies would make every effort to avoid cutting the price they pay.

FONPA chairperson Jose Domingos said the producers want to see their cotton purchased at prices which reward them for their work. Nonetheless, he was optimistic that lack of consensus on the price would not lead the farmers to switch from cotton to other crops.

Mahalambe told reporters that the role of the public sector is to conclude rapidly the debate on revising the way in which cotton prices are fixed, after consulting all the interested parties.

Mozambique possesses eight cotton ginning and pressing factories, run by the concessionary companies. They have an installed capacity of 189,000 tonnes a year, but are nowhere near reaching this figure. The target for raw cotton production in 2013 is 106,000 tonnes.

Mozambique's cotton is currently all exported, but, if the current plans to revive the country's textile industry come to fruition, it is projected that up to 40 per cent of the cotton could be used domestically.

Maputo pipeline for cooking gas inaugurated

President Armando Guebuza on 1 November inaugurated a new pumping station and pipeline in the port of Maputo which will allow cooking gas (LPG) to be pumped directly from ships.

The two kilometre long pipeline is owned by the state fuel company Petromoc, and should end the country's dependence on South Africa for its supplies of LPG.

The pipeline is part of a project that includes the construction of facilities to store reserves of cooking gas, which should be concluded by the end of next year.

A ship carrying LPG is currently anchored in the port. This is the first time a ship has brought LPG to Mozambique since the country's independence in 1975.

Energy Minister Salvador Namburete told reporters that, apart from ending the dependence on South African suppliers of gas, the pipeline has the advantage that import costs will fall.

The dangers of relying on South African supplies were shown in late 2011, when the country experienced a severe shortage of cooking gas.

The sole importer of petroleum products, Imopetro, had a contract with the South African company Engen – but a fire at the Engen refinery in Durban meant that it was unable to honour the contract. Five South African refineries produce LPG – but three of them were paralysed at the same time.

Normally, Imopetro imports around 80 tonnes of LPG a day, mostly by road. Since this fuel is in constant demand by households, hotels and restaurants, any interruption in supply is felt almost immediately.

Government draws up bankruptcy rules

The Mozambican government has designed bankruptcy regulations intended to rescue companies on the brink of collapse in order to keep workers employed, collect taxes and look after the interests of creditors.

To the end, the Council of Ministers (Cabinet), meeting on 30 October approved a Decree-Law on the legal regime for the bankruptcy and recovery of commercial companies.

Government spokesperson, Deputy Justice Minister Alberto Nkutumula, told reporters that the government wanted to change the current situation where, in cases of bankruptcy, the main concern is simply to safeguard the interests of the creditors.

"This proposal intends to protect other interests which we also regard as important, such as safeguarding the workers' jobs, and the interests of the state which lie in the company continuing to produce so that it can continue to pay taxes", he said

So instead of simply selling off the assets of a failing company or declaring insolvency, the idea behind this proposal, Nkutumula said, is to find ways of recovering the business. Only when the company returned to normal activity would the interests of the workers, the state and the creditors all be protected.

This session of the Council of Ministers also ratified a loan agreement signed with France on 22 October, under which the French Development Agency (AFD) agreed to provide €50 million (\$65 million) to finance the rehabilitation of the Mavuzi and Chicamba hydro-electric power stations in the central province of Manica.

Swedish aid for electricity and roads

The Swedish and Mozambican governments on 25 October signed six amendments to financing agreements originally signed in 2010, worth an extra \$14 million.

The amendments were signed by Mozambique's Deputy Foreign Minister Henrique Banze and Swedish Ambassador Ulla Andren.

Under the most significant amendment, Sweden is to provide an extra 48 million Swedish crowns (\$7 million) to the rehabilitation of the hydro-electric stations at the Mavuzi and Chicamba dams on the Revue River in the central province of Manica. This brings total Swedish support to this project to the equivalent of \$46 million.

Under a second amendment, Sweden is to provide an extra 45 million crowns (\$6.7 million) for a project supporting the decentralization of regional roads, covering the period of activities up to December 2013. Swedish support for this road programme now stands at \$35 million.

In an amendment to the agreement on installing emergency generators at Temane, in Inhambane province, Sweden will provide a further six million crowns (\$895,000). Total Swedish aid for this project is now equivalent to \$8.2 million.

The remaining three amendments involve no extra funding, but extend the life of electrification and roads projects. Thus a rural electrification project for the central provinces of Sofala, Manica and Tete is extended to December 2014, as is the project to rehabilitate the road from Marrupa to Ruaca in the northernmost province of Niassa. A project to electrify four Niassa districts is extended to the end of March 2014.

At the signing ceremony, Banze said these projects "fit into the strategic goals of building, rehabilitating and maintaining roads and bridges, and to expand access to electricity at the lowest possible cost".

Andren said that improved infrastructure and access to safe and sustainable sources of electricity, particularly in the countryside, are fundamental for poverty relief and broader economic growth.

French loan for power station rehabilitation

On 22 October the Mozambican and French governments signed an agreement in Maputo under which the French Development Agency (AFD) will provide a loan of €50 million (\$65 million) to rehabilitate the Mavuzi and Chicamba power stations.

According to Mozambique's Finance Minister Manuel Chang, negotiations are also under way with the German Development Bank, KfW, for a loan of a further €18 million. The total financing package envisaged, said Chang, is €102 million.

Government and Renamo clash over statistics

Minister of Mineral Resources Esperanca Bias on 25 October denied claims by the main opposition party Renamo that mega-projects are making a negligible contribution to the country's Gross Domestic Product (GDP) or to government revenue.

Speaking in the Mozambican parliament, the Assembly of the Republic, on the second day of a debate on the management of natural resources, Bias pointed out that of the eight mega-projects only four were operational in 2010, the year from which Renamo took its figures.

"Only four were producing, only four had revenue", she said, "The rest were still at the phase of investment".

The operational mega-projects were the Cahora Bassa dam, the Mozal aluminium smelter, the natural gas extraction and treatment plant in Inhambane operated by the South African petro-chemical giant Sasol, and the titanium minerals dredge mine in Nampula province, run by the Irish company Kenmare.

But even those four were making a larger contribution than Renamo claimed. Renamo deputy Jose Samo Gudo alleged that the mega-projects' contribution to state revenue was just 0.004 per cent, and to GDP it was a tiny 0.001 per cent.

Bias said that, in reality, from 2006 to 2010, the average contribution of the megaprojects to total revenue was 4.2 per cent, and the average contribution to GDP was 0.7 per cent. That contribution has been growing, and in 2010 it was one per cent of GDP.

Samo Gudo insisted that his figures came from an impeccable source – the report from the Administrative Tribunal, the body that checks the legality of public expenditure, on the General State Accounts for 2010.

The government's figures come directly from the 2010 General State Accounts. So the same sets of figures are involved – the question is: who has done the sums correctly, the government or the Administrative Tribunal?

It can easily be shown that the Tribunal is wrong by three orders of magnitude. A check of the Administrative Tribunal's report shows that, in one of its charts, the Tribunal made the embarrassing mistake of confusing millions and billions.

Renamo demands transitional government

Mozambique's main opposition party, Renamo, on 23 October demanded that President Armando Guebuza visit the central district of Gorongosa within a month to negotiate a "transitional government" with Renamo leader Afonso Dhlakama.

Dhlakama has left the northern city of Nampula, where he had lived for more than three years, and is now living in the bush of Gorongosa, near Casa Banana, which had been Renamo's military headquarters in the mid-1980s. According to reporters who witnessed this change of residence, Dhlakama's new home has neither electricity nor phone communications.

Dhlakama is accompanied by about 800 demobilised Renamo soldiers, some 300 of whom are believed to be armed.

At a Maputo press the head of the Renamo Defence Department, Ossufo Mamud, said that Renamo had no interest in going back to war, but it wanted President Guebuza "to come to Gorongosa to negotiate with our leader".

The purpose of a dialogue between the President and Dhlakama, he said, was to find "a platform for serious negotiations to form a transitional government".

And what if President Guebuza ignored this demand? "Frelimo is well aware of who we are", replied Mamud. "It knows what our capacities are to bring pressure. So I guarantee you that in less than a month the head of state will meet with the President of Renamo. If that does not happen, the people will push the President of the Republic to go to Gorongosa".

"We shall see whether he will refuse the will of the people. We love peace, but we do not fear war", warned Mamud.

President inaugurates airport terminal

President Armando Guebuza on 17 October inaugurated a new domestic terminal at Maputo airport, which can handle 580 passengers an hour at peak times.

The terminal is part of a project for the complete renovation and modernization of the airport costing \$130 million, which began in 2007. The project also includes a new international terminal (which opened in November 2010), a cargo terminal, a VIP lounge, and control tower.

Phase two of the project, including the domestic terminal and the control tower, cost \$40 million. Of this sum, \$36 million was a grant from the Chinese government, with the remaining a loan from a local commercial bank. The contractor for the domestic terminal, as for the international terminal, was the Chinese Anhui Foreign Economic Construction Group (AFECC).

According to the Mozambican Airports Company, the modernization raises the airport's capacity from 150,000 to five million passengers a year.

Qatar Airways begins flights to Maputo

Qatar Airways has launched a thrice weekly service from Doha to Maputo. The inaugural flight arrived at Maputo International Airport on 31 October.

Qatar Airways Chief Executive Officer Akbar Al Baker pointed out that "with the discovery of large reserves of natural gas, Mozambique is today emerging to be one of the fastest growing economies in the region".

Qatar Airways currently offers the cheapest return flights from London to Maputo, starting at around £630 (about 30,000 meticaís).

At the 2012 World Airline Awards, held at the Farnborough Air Show in Britain, Qatar Airways was named the best airline in the world for the second year running.

Several other companies fly into Maputo, including the Portuguese airline TAP, Ethiopian Airlines, South African Airways and Kenya Airways.

Mozambique Airlines (LAM) has relaunched a thrice weekly service to the Zimbabwean capital Harare. Flying on Tuesdays, Thursdays and Sundays, the service stops in Beira and Vilankulo.

Former water supply officials arrested

The Central Office for the Fight against Corruption (CCCC) has arrested the former director and financial administrator of the central regional office of the government's Water Supply Investment and Assets Fund (FIPAG).

The two men, Jose Duarte and Henriques Leonardo, were expelled from FIPAG in mid-2011.

One of the accusations against Duarte is that he abused his position to create a private water supply company, Recta, which competed with FIPAG. Recta supplied water to ships in Beira port, a task normally undertaken by FIPAG.

The activities of Duarte and Leonardo are said to have caused FIPAG losses of 37 million meticaís (\$1.3 million).

Mozambique declared EITI compliant

The Board of the Extractive Industry Transparency Initiative (EITI) on 26 October declared Mozambique to be compliant with EITI standards.

EITI chair Clare Short declared "Mozambique is facing a crossroads with extractive revenues set to dwarf incomes from other sources. EITI compliance means that Mozambicans have committed to be transparent about how the country manages these new resources. This will help to ensure that these resources are well managed for the benefit of the people".

Compliance means that, in the view of the Board, Mozambique now has "an effective process for annual disclosure and reconciliation of all revenues from its extractive sector".

"This allows citizens to see how much their country receives from oil, gas and mining companies", said the EITI. The purpose of EITI is to compare payments declared by companies in the extractive industry, with the revenues which the government says it has received from those companies.

Under the EITI rules, Mozambique must be revalidated within five years, though parties involved in the process (which include civil society bodies) may call for a new validation at any time if they suspect any anomaly.

The Board's acceptance that Mozambique is "EITI compliant" is based on the 2009 EITI report published by the government in March. This report covered 31 companies, and showed that the government in 2009 received just under \$40 million in revenue from the extractive sector – \$15 million from mining and \$25 million from hydrocarbons.

This report covers a period before the beginning of production and export at the coal mines operated by the companies Vale and Rio Tinto in Tete province.

Mozambique is the 16th country to be declared EITI Compliant.

Government confirms petrol contaminated

The Mozambican government on 24 October admitted that some of the petrol sold recently in Maputo was contaminated.

Some of the vehicles that used the contaminated fuel suffered serious breakdowns, and the part most often affected was the fuel injector pump. Some motorists were so alarmed that they purchased fuel from neighbouring countries rather than trust Maputo filling stations.

A statement issued by the Ministry of Energy said that the government has decided to isolate the shipment of contaminated petrol. It has also ordered the cleaning of all petrol tanks at all filling stations in Maputo city and province. All those motorists whose vehicles were damaged by the contaminated fuel were advised to contact the filling station where they had made the purchase.

The Ministry added that a new consignment of petrol has arrived and is clean.

An independent company has been hired to look into the matter. It will undertake laboratory tests and seek to ascertain the true cause of the contamination.

Mozambique News Agency, c/o 26 Withdean Crescent, Brighton BN1 6WH, UK. Tel: +44 (0)7941890630 - mozambique-news@geo2.poptel.org.uk

Subscription Rates (24 issues)	Individuals	Institutions
UK	£15.00	£25.00
Europe	£25.00	£40.00
Rest of the World	£30.00	£50.00

Overseas subscribers are requested to pay in sterling. If payment is made in another currency, add the equivalent of £6.00 to cover bank charges.