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President Nyusi reveals peace talks nearing conclusion

The process of achieving an "effective peace" in Mozambique is nearing its conclusion, declared President Filipe Nyusi on 12 January. Speaking at a ceremony in Maputo with members of the police, President Nyusi warned that the current stage is still delicate and demands "special attention", so that it produces results favourable to all Mozambicans.

The President revealed that earlier in the day he had been in telephone contact with Afonso Dhlakama, leader of the opposition party Renamo, to discuss "final adjustments" in the arrangements for "effective pacification' of the country.

"When it's a question of altering the law, we must pay attention because failure could mean suffering or more conflict", President Nyusi added. "I'm not saying what is expected will be perfect, but we are almost in the conclusive phase".

He called for calm, since putting the finishing touches on a job "always needs great delicacy" – just as, when constructing a building, the finishing is always more complicated than erecting the walls.

The country has been at peace for over a year now, since Dhlakama declared a ceasefire that took effect on 27 December 2016. The ceasefire has held and there have been no further Renamo ambushes on the roads, or clashes between Renamo and government forces.

However, Renamo still maintains an illicit militia, and hence the possibility of resuming its insurrection. Over the past year, two working groups set up between the government and Renamo, have been working in near complete secrecy drawing up proposals on decentralisation and military issues.

On decentralisation, there is agreement on the principle of electing the provincial governors – which will require a constitutional amendment, to be submitted to the country's parliament, the Assembly of the Republic, at its next sitting in February. Military questions are much more difficult, since Dhlakama is demanding senior positions in the armed forces (FADM) and police for officers in his militia.

President Nyusi holds talks with Mnangagwa

President Filipe Nyusi on 17 January stressed the willingness of the government to work with Zimbabwe, to transform the resources of the two countries into actions that will guarantee sustainable growth.

President Nyusi was speaking in Maputo during the first working visit to Mozambique by Zimbabwean President Emmerson Mnangagwa.

The President said that the two countries have inherited a common past and are now renewing their commitment to work together for the progress of their peoples. He recalled Mozambique's key role in the struggle to liberate Zimbabwe from the racist regime of Ian Smith, providing rear bases for the fighters of the Zimbabwean liberation movements in the 1970s.

Bilateral cooperation, President Nyusi said, was formalised in the very year of Zimbabwean independence, 1980, with the signing of a general agreement on scientific, economic, technical and cultural cooperation, followed up by a Mozambique-Zimbabwe Joint Cooperation Commission.

"We want our commercial relations to develop and to rise to the same level of excellence as our political and diplomatic relations", said President Nyusi. "To this end, the Mozambican government has been making investments to improve the quality of the infrastructures and services of our ports, railways and roads".

President Nyusi said Mozambique wants to be a reliable supplier of electrical power to Zimbabwe. There is already a transmission line from the Cahora Bassa dam on the Zambezi to Zimbabwe. Currently Zimbabwe is buying 50 megawatts of power from Cahora Bassa, an amount that could be increased depending on Zimbabwe's capacity to pay. In the past, the Zimbabwean electricity company, ZESA, has run up large debts to HCB, the company that operates Cahora Bassa, but an HCB source told AIM that ZESA cleared its debt in August.

President Nyusi believed that the Mozambican and Zimbabwean economies should be complementary, and encouraged the private business sector in both countries to be "more pro-active" in exploiting opportunities "thus contributing to the effective and sustainable growth of our economies".

The two countries, he continued, should be "more daring" in creating "partnerships for development". Sustainable exploitation of their resources – including arable land, water, minerals and an extensive transport network - could generate positive changes in their economies, with mutual benefits.

For his part, President Mnangagwa promised that the Zimbabwean presidential, parliamentary and local elections scheduled for later this year will be held "in accordance with the pillars and principles of democracy". He told President Nyusi he is determined to ensure free, fair and credible elections that would be "free from disputes and allow the country to enter the world panorama as a democratic state".

President Mnangagwa took office on 24 November, after the Zimbabwean military removed his predecessor, Robert Mugabe, in a bloodless coup. He insisted that there has been "a peaceful transition" and that respect will continue to be shown to Mugabe. Evidence of this, he said, is the adoption of Mugabe's birthday (21 February) as a national holiday, a measure intended to preserve Mugabe's legacy as a leader of the Zimbabwean liberation struggle.

New prices for wood exports

The Mozambican Tax Authority (AT) has dramatically increased the reference price (on which taxes are paid) for the export of processed wood, reports the Maputo daily "Noticias".

The purpose of the move is to halt deforestation. The export of unprocessed logs is already banned, and the AT is now moving to make the export of processed wood more expensive. The move may also result from a suspicion that exporters have lied about the true value of their wood, presenting the authorities with phoney invoices.

The timber operators are outraged. Narciso Gabriel, the chairperson of the Association of Timber Operators of Cabo Delgado, claimed that the AT has increased the reference price by 300 per cent. However, the examples he gave show how poor his grasp of mathematics is. Gabriel said that the reference price for a cubic metre of the precious hardwood known as umbila (bleedwood) has risen from 17,500 meticais (US$297) to 50,000 meticais. This is an increase, not of 300, but of 186 per cent. The mathematical mistake, almost certainly a deliberate exaggeration, was not corrected by "Noticias".

He protested that the new reference prices are retroactive, and cover timber that was logged last year. He believed that if the government wanted to increase taxes, then it should have issued reference prices only valid for the 2018 logging campaign.

"We all know that in the months of December to March only wood from the previous logging campaign is exported", Gabriel said. "Why are they increasing the rates precisely in this period?".

He said that timber operators have commitments already signed, mostly with Chinese exporters, based on the 2017 reference prices. He did not see how they could now approach the exporters and tell them the price has risen because of a government decision.

One of these exporters, Lee Shee Sin, of the company Parl Trading, claimed that, at the prices now laid down by the AT, a 21-cubic metre container of wood will have to pay 1.05 million meticais rather than the previous 367,500 meticais – which is also a 186 per cent increase. "This rise is unjust", he protested. "I wouldn't like to believe that the government wants to abolish the timber business but the prices practised lead me to believe that it does indeed want to ban the timber trade".

The Cabo Delgado association is asking for a meeting with the Minister of Land, Environment and Rural Development, Celso Correia, in an attempt to overrule the AT's decision.

Islamic extremists strike again

An unidentified group, believed to be Islamic extremists, attacked a village in Nangade district, in the northern province of Cabo Delgado on 15 January, killing two people and injuring a third.

The spokesperson for the police General Command, Inacio Dina, confirmed the attack during his weekly press briefing. Dina said that one of those killed was a worker at a Nangade health post, and the second was the wife of a local businessman. He said the raiders vandalised several buildings in the village of Nkonga and stole all the medicines from the health post.

When they attacked the businessman's house, they demanded money and then shot the businessman and killed his wife. In houses where other traders live, the group successfully demanded money from their victims.

Local sources say the group also stole food from stalls in the Nkonga market. When they left, they took eight motorbikes and ten goats.

"The Defence and Security Forces are on the ground, pursuing the group", said Dina. "They intend to arrest the attackers, hold them responsible for their acts, and recover the stolen property".

Nangade borders on Mocimboa da Praia and Palma, the other two Cabo Delgado districts that have suffered from Islamist attacks. The Islamist insurgency began with coordinated attacks on three police premises in Mocimboa da Praia on 5 October.

Although the police quickly regained control of Mocimboa town, sporadic attacks have continued, and have now spread to the two neighbouring districts. On 13 January, the insurgents attacked the Olumbe administrative post in Palma, killing five people and wounding a further 11.

The police have been reluctant to blame the same group for all the attacks, with Dina claiming it would be "premature" to draw that conclusion. But sources on the ground in Cabo Delgado have no doubt that all the raids are the work of an Islamic fundamentalist group, referred to locally as "Al-Shabaab" (although it does not seem to have any direct connection with the Somali terrorist group of that name).

So far, the police have detained over 300 people in connection with the attacks. Dina said that most of them are Mozambicans, but the group also contains foreigners, mainly Tanzanians. Both Palma and Nangade districts border on Tanzania.

The general commander of the Mozambican police, Bernadino Rafael, visited Dar es Salaam on 15 January, and signed a protocol with his Tanzanian counterpart, Simon Nyankoro Sirro, for cooperation in the fight against terrorism, and cross-border crime.

The protocol lists a large number of crimes, but there can be little doubt that that most important provision is that the two police forces must give a combined response to incursions by terrorist groups. This clause will allow the Mozambican defence and security forces to call on Tanzanian assistance for the fight against Islamic fundamentalists in Cabo Delgado.

Three Nampula coastal districts without power

The tropical depression that battered the coast of the northern province of Nampula on 15 January left the districts of Mozambique Island, Nacaroa and Mossuril without electricity.

According to the publicly-owned electricity company, EDM, the storm knocked down 42 pylons and the costs of repairing or replacing them are put at five million meticais (US$84,700). The power cuts are affecting about 22,000 households.

The same storm system completely filled the Nacala dam, which provides the drinking water for Nacala port. The dam is now discharging surplus water from its surface spillway, threatening to flood communities downstream.

The five communities at risk – Muerete, Muzinho, Mpaco, Monuco and Sanhute – could be cut off from the rest of the country since the discharges from the dam are likely to make the roads impassable.

According to the National Directorate of Water Resource Management (DNGHR) the tropical depression also brought flooding to the Megaruma River basin in Cabo Delgado province, partly inundating the villages of Natuco and Milapane, and threatening the roads between Chiure and the districts of Mecufi and Ancuabe. Localised flooding and erosion from stormwater is also forecast for the northern cities of Pemba, Cuamba, Nampula and Nacala.

Heavy cost for CFM as Vale moves away from Beira

The decision by the Brazilian mining company Vale to stop using the Sena railway line from its mine in Moatize, in Tete province, to the port of Beira, is costing the publicly owned port and rail company, CFM, US$45 million a year, according to the executive director of the central division of CFM (CFM-Centro), Augusto Abudo, cited by Radio Mozambique.

Vale has switched all its coal exports to the northern port of Nacala-a-Velha. This was expected since Vale largely paid for the new railway from Moatize to Nacala-a-Velha, across southern Malawi, and for the new Nacala coal terminal.

A key factor is the capacity of the two ports. Beira needs to be constantly dredged, and its access channel can currently only accommodate ships of up to 40,000 tonnes (although when the current dredging is complete in April, this figure should rise to 60,000 tonnes).

The Bay of Nacala, however, is generally considered the best natural harbour on the east African coast. It requires no dredging, and so the Nacala-a-Velha mineral port can take ships of any size.

Furthermore, the Sena line can only carry six million tonnes of coal a year, whereas Vale expects to export 18 million tonnes a year using the Moatize-Nacala line.

Abudo said the greatest challenge facing the Sena line is to find other customers to replace Vale.

He added that CFM is looking into the possible reactivation of the spur that links the Sena line to Vila Nova de Fronteira, on the border with Malawi, so as to attract more Malawian users back to Beira.

Abudo said that the planned rehabilitation of the Beira-Zimbabwe railway will cost at least US$150 million. The annual capacity of the line is 1.5 million tonnes of cargo, but due mainly to the economic crisis in Zimbabwe, recently it has only been handling around 200,000 tonnes a year. CFM-Centro hopes this year the amount can be increased to 400,000 tonnes.

Essar Ports planning to invest in Beira

The ports arm of the Indian Essar group stated on 8 January that it will invest US$500 million over the next 30 months to expand capacities at two existing Indian projects, at Hazzira and Salaya, and to build a new coal terminal in Beira.

Essar Ports in August 2017 signed a 30-year concession agreement with the Mozambican government to develop the Beira coal terminal as a Public Private Partnership (PPP) project.

According to the Indian company, the project will be executed on a Design, Build, Own, Operate and Transfer (DBOOT) basis through a subsidiary, New Coal Terminal Beira, SA (NCTB SA), which is a joint venture of Essar (which will own 70 per cent) and Mozambique's publicly owned port and rail company, CFM (which will own the remaining 30 per cent).

The Indian companies operating mines in Tete province (Jindal and ICVL) are still using Beira, but their operations are on a much smaller scale than those of Vale. Essar's investment will make sense only if Beira continues to handle all Jindal and ICVL exports, and any surplus that Vale cannot send to Nacala.

Competition is set to become tougher with plans for a new railway from Moatize to the coast of Zambezia province, where a new deep-water mineral port will be built at Macuse.

Embraer bribe case sent to city court

Mozambique's Central Office for the Fight Against Corruption (GCCC) on 9 January sent to the Maputo City Court the case of the US$800,000 bribe paid by the Brazilian aircraft company Embraer in 2009 to ensure that Mozambique Airlines (LAM) purchased two of its aircraft.

In connection with the bribe, the GCCC is charging three people with money laundering and illicit participation in business. They are the Transport Minister at the time, Paulo Zucula, the then chairperson of LAM, Jose Viegas, and the man who set up a shell company to receive the bribe, Mateus Zimba, who was then the Mozambican manager for the South African petrochemical company Sasol.

The three men were arrested in December, but released on bail. Bail was set at a total of 14.5 million meticais (US$246,000) – five million for Zucula, six million for Zimba and 3.5 million for Viegas.

The Embraer bribe came to light due to investigations by Brazilian and United States prosecutors into Embraer's business practices. Embraer confessed to paying bribes to secure contracts in several countries, including Mozambique. The settlement Embraer reached with the US and Brazilian authorities involved paying total fines of around US$225 million, and giving full details of the bribes.

From the documents of the Brazilian Federal Prosecutor's Office, we know that Viegas negotiated the size of the bribe. He insisted that the deal would not go ahead without a bribe.

Embraer was at first reluctant to "offer" more than US$80,000. But Viegas allegedly said he had received reactions from unnamed other people who regarded the Embraer offer "as an insult and to some extent it would have been less offensive to offer nothing at all". He thought a million dollars would be acceptable, but eventually settled on US$800,000.

When Viegas was told that Embraer did not have that sort of money to pay for what would be passed off as "consultancy services", he suggested simply increasing the price of the aircraft. Instead of the original price of US$32 million, each aircraft would now cost US$32.69 million. This was the price in the sales agreement between Embraer and LAM signed on 13 September 2008. Viegas is thus accused of betraying his trust as LAM chairperson by artificially inflating the price of aircraft purchased by the company

Zimba was the middleman. He set up a shell company called Xihevele, registered in São Tomé and Príncipe, the sole purpose of which was to move the money from Embraer to the recipients of the bribe. Embraer paid the bribe, disguised as "sales commissions", in two instalments of US$400,000 each to a Xihevele account in Portugal.

On 22 April 2009, Embraer signed a "commercial representation agreement" with Xihevele. The stated purpose of this company was to promote the sale of E-190 aircraft to LAM, even though LAM had already signed the purchase agreement. Xihevele had not existed during the negotiations between LAM and Embraer. The Brazilian prosecutors' document noted that the contract with Zimba's company falsely stated that its sales promotion work began in March 2008.

The exact role of Zucula is not yet clear. His name was not mentioned in the Brazilian documents.

The GCCC had also been investigating the possible undue use of public funds in the purchase of two Canadian Bombardier Q400 aircraft. But this was insufficient evidence to prove a crime in the Bombardier purchase, and so this case has been shelved.

Water shortage cuts commercial banana production

Mozambique's major banana producer, Bananalandia, in Boane district, 30 km west of Maputo, has seen production levels fall by half due to lack of water for irrigation.

The banana plantations depend on water from the Umbeluzi River, which in turn depends on the level of water stored behind the Pequenos Libombos dam. Since December 2016, the authorities have banned the use of Pequenos Libombos water for irrigation: the top priority is the Umbeluzi water treatment and pumping station, which provides drinking water for Maputo and the neighbouring city of Matola.

The Bananalandia director of production, Manuel Maluana, says that since the restrictions came into effect production has fallen by over 50 per cent, and the quality of the bananas produced has also suffered. The company has been forced to stop all production of the XL type of banana.

The average weight of a bunch of bananas, Maluana added, has fallen from 60 to 50 kilos.

The company is exporting 1,200 tonnes of bananas a month to South Africa, Botswana and Swaziland, but before the water crisis Bananalandia exported twice as much. "The company's seven production units also used to distribute 50 tonnes of bananas a day to the domestic market, but that has now fallen to 25 tonnes a day", Maluana said.

All the company's expansion projects are on hold. It had planned to export bananas to the Middle East, and set up new plantations in Moamba and Namaacha districts – but without water for irrigation none of this can be done.

He admitted that Bananalandia has not investigated alternative sources, such as drilling boreholes to tap into groundwater. Instead, it is hoping that the abnormally dry conditions will end, and that the current rainy season will be the company's saviour.

Although current levels of production are far from ideal, they are enough to keep the company operating, and to pay its running costs – including its workers' wages, and basic inputs such as fertiliser.

Woman arrested with 3.6 kilos of heroin

A woman has been arrested attempting to smuggle 3.6 kilos of heroin from Mozambique into South Africa. According to a statement issued on 4 January by the South African Revenue Service (SARS) the street value of the heroin is estimated at 3.6 million South African Rands (US$292,000).

The arrest took place at the Lebombo border post. The woman had come from Ressano Garcia, on the Mozambican side of the border, and was walking through the vehicle lane, carrying two backpacks. She was intercepted by SARS customs officials using sniffer dogs.

"After a search, heroin was found concealed in false compartments, with two plastics bags, containing an off-white crystal-like substance," said SARS spokesperson Sandile Memela. The woman was arrested, and during the initial police investigation the substance tested positive for heroin.

SARS did not reveal the woman's name or her nationality.

Inflation slowing

Inflation in Mozambique in December was 1.1 per cent, according to the latest data from the National Statistics Institute (INE), drawn from the consumer price indices for the three largest cities (Maputo, Nampula and Beira).

This brings inflation for the entire year of 2017 to 5.65 per cent – a dramatic improvement from 2016 when inflation was 23.67 per cent. The trend over the year was similar to the past – in the initial months (January to April) prices rose, but in the middle of the year (May to September), as the harvest came in, prices fell, and so the inflation for those months was negative. Prices resumed an upward trend in the last four months of the year.

The main price rises in December were for tomatoes (12.1 per cent), onions (20.6 per cent), beer (6.1 per cent), coconuts (9.9 per cent), frozen fish (2.6 per cent), and medical consultations (24.9 per cent).

Taking the entire year, the main price rises were for petrol, bread, charcoal, beer, coconuts, restaurant meals and frozen fish. These accounted for 3.88 per cent of the total inflation of 5.65 per cent.

The December inflation was not the same in the three cities. It was highest in Nampula (1.24 per cent), while the inflation rate in Maputo was 1.15 per cent, and in Beira only 0.74 per cent.

GCCC investigates theft from immigration service

Mozambique's Central Office for the Fight Against Corruption (GCCC) is investigating the accounts of the Maputo City Immigration Services, following reports that in March last year 17.5 million meticais (US$297,000) disappeared from the services.

An ongoing inspection should provide clues as to who may have been involved in the apparent theft.

The money went missing between 23 March and early April 2017, precisely the time when the former management of the city immigration services left office, and was replaced by the current management.

The missing money was part of total revenue of over 48.7 million meticais in March. But only 31.2 million meticais could be accounted for. The disappearance was discovered in April. Money collected by provincial and city immigration services is transferred to an account of the National Immigration Service (SENAMI), and SENAMI must send the money to the national treasury by the 10th of the following month. When officials tried to make this transfer in April, they found that the revenue from the city services was over 17.5 million meticais short.

According to reports, the GCCC has questioned both current and former managers of the institution.

This is a condensed version of the AIM daily news service – for details contact pfauvet@live.com

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