

# Mozambique News Agency

## AIM Reports

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## Mozambique's greatest painter laid to rest

The remains of Mozambique's greatest painter, the internationally renowned Malangatana Valente Ngwenha were laid to rest on 14 January in the village of Matalana, in Marracuene district, about 30 kilometres north of Maputo. Malangatana was honoured with a state funeral attended by thousands of people from all walks of life, including dignitaries and members of the diplomatic corps.

In his eulogy to Malangatana, President Armando Guebuza said, "Hero in this country of Heroes, the dean of our fine arts and culture has departed, but this emblematic figure of our cultural heritage is still alive and in our midst".

According to President Guebuza, statements made by national and foreign dignitaries, testimony made by ordinary citizens, as well as tributes from a number of countries, show that Malangatana is the soul of wisdom of Mozambicans.

President Guebuza went further to say that in life Malangatana represented the pathway of heroes, those children of this beautiful country who dared to fight, and never said "mission accomplished", even after having achieved the sacrosanct freedom and independence of Mozambique.

"Through his paintings the Mozambican nation has been enriched and they have enriched the artistic and cultural inheritance of mankind, factors that coalesced to crystallize our self-esteem, in Mozambique, and for all of humankind", said President Guebuza.

In life Malangatana was a freedom fighter and philanthropist, always willing to share his knowledge.

He also held a number of positions and received many awards, both nationally and internationally. He was a member of the State Council, and was honoured with the Order of Eduardo Mondlane, and the Nachingwea Medal, among others awards.

President Guebuza urged the mourners to use the ceremony to utilise the example played by the great painter, in his work and how he sought to awaken and nurture the talent of many other men and women both in Mozambique and abroad.

"We are certain that the best way to honour the memory of the Grand Master is to devote ourselves to the causes, values and noble principles he defended,

such as self-esteem, self-overcoming, national unity, peace and freedom, social justice, and solidarity and welfare for both Mozambicans and mankind", he added.

Malangatana died on 5 January in Portugal from respiratory complications. He had been in Portugal for the past two months dealing with legal issues arising from attempts to counterfeit his work.

The 74 year old Malangatana had been staying at his daughter's house. When he fell ill he was taken to the Pedro Hispano hospital in the northern Portuguese town of Matosinhos, where he died.

Malangatana was born on 6 June 1936 in the village of Matalana. He attended mission schools, while also helping his mother on the family farm. His father was frequently absent because he was a migrant worker in the South African gold mines.

But the arts soon became his dominant passion – he sold his first paintings 50 years ago, but he also tried his hand at sculpture, ceramics, tapestries, poetry, music and acting.

His first solo painting exhibition was held in 1960, and in 1963 some of his poems were published in the magazine "Black Orpheus", and were included in an anthology of "Modern Poetry from Africa".

Before entering the world of arts, Malangatana was a ball boy at a tennis club, a domestic servant, a cattle herder, and a barman.

Describing his own thoughts about art in an essay published several years ago, Malangatana wrote "Art for me is a collective expression that comes from the uses and customs of the people and leads to their social, mental, cultural and political evolution. Art is a musical instrument full of messages. These are messages that the artist selects to put together in front of humanity".

## Jeffrey Sachs calls for renegotiation of mega-project contracts

Renowned economist Jeffrey Sachs on 13 January in Maputo argued that the Mozambican government should renegotiate to get an improved share of the benefits from the country's mega-projects.

Lately there have been many critics arguing that the government should renegotiate the mega-projects' contracts because they allow for excessive tax benefits. However, the government has not yet taken a clear public position in relation to this issue.

In total the Mozambican authorities have approved nine investments considered to be mega-projects, which have mobilised about \$9.82 billion. Among the projects are the Mozal aluminium smelter, the Sasol exploitation of natural gas in Inhambane, and the Kenmare heavy mineral sands project in Nampula.

Speaking during a lecture on the theme "Mozambique and the Global Economy", Sachs stressed the need to renegotiate the mega-projects to benefit both investors and Mozambicans. "We need to change the rules of the game to ensure that there are mutual gains and this should be done based on the principles of transparency and honesty" said Sachs, who is an advisor to the United Nations Secretary General on the Millennium Development Goals.

"Nothing is perfect in life, and it is necessary to renegotiate what was not well negotiated at the start" he argued, stating that "all the parties must understand the necessity of this ... I am not against the mega-projects, but there is a need to have mutual benefits".

According to Sachs, the country needs these resources for the construction of schools, hospitals and other infrastructure for development.

Sachs said that Mozambique has many things that the world needs, such as coal and the huge potential for agriculture and energy. But these resources cannot be offered to the world at zero cost.

However, he stressed the need for the country to invest in construction and to improve the network of roads and railways as well as in sources of energy.

For him, these infrastructures are necessary to guarantee the exploitation of the country's existing resources. He said that the existence of these infrastructures will be an important factor for attracting foreign investment.

Sachs argued that the government should create the conditions for development in rural communities by guaranteeing access to fertilisers, subsidies, infrastructure and a network of markets. With such a system, not only would there be success in agriculture, but also better food security, education, health, and other factors connected to community development.

Sachs said that he believed that Mozambique would be successful in the coming decade taking into account the current state of the Mozambican economy, the strategic location of the country and its position in the context of the global economy.

## Coal India must exploit concessions before any new licences

The Mozambican government has stated that the company "Coal India" must take more steps to exploit the two concessions that it currently holds in the central province of Tete before any further concessions will be awarded to the company.

This condition was announced by the Deputy Minister of Mineral Resources, Abdul Razak, who was speaking in response to interest expressed by the Indian Minister of Coal, Sriprakash Jaiswal, who visited Maputo seeking to negotiate more exploration blocks to help guarantee the sustainability of industrial growth in his country.

Razak explained that the demand to see advances in the exploitation of the two blocks already assigned to Coal India should not be seen as a block on the entrance of private Indian companies. It was simply in order to obey the criteria defined by Mozambique's mining legislation.

"What we have told them is that we would like to see progress in the two blocks where presently work is in the research phase. After this, we can sit down and analyse the possibility of granting new concessions. Therefore, the Mozambican government has not discarded the idea of granting new blocks to Coal India. We have only expressed the desire to see progress in the work already initiated" said the Minister.

In the meeting that was held with the Minister of Mineral Resources, Esperanca Bias, the Indian minister said that coal is the raw material that is essential for the development of the Indian economy, being the source of 51 per cent of the country's energy.

He said that Indian interest in Mozambican coal is not limited to feeding its industry, because his country is also able to help Mozambique develop its potential to use coal in its domestic industry.

It is in this context that India has promised to disburse 40 million US dollars for the construction of a Mozambican Institute of Planning and Organisation and a SADC (Southern African Development Community) Regional Institute for Training and Organisation, both of which are aimed at the coal mining sector.

However, after two days of talks between the two sides, the ministers ended up not signing an agreement that would release the funds for the institutes.

The two existing Coal India blocks cover about 225 square kilometres in Moatize district. Initial estimates are that the blocks contain reserves of a billion tonnes of coal. According to Coal India official Narinder Kurana, the company wants exploration rights to a further five blocks.

Coal India plans to start work on the two blocks it was granted in June, and will invest \$400 million if viable deposits are found. It is hoped that India will be able to import two million tonnes a year from the blocks.

Other major investors in Moatize coal include the Brazilian mining giant Vale, and Riversdale Mining of Australia, both of whom expect to start exporting coal from their concessions later this year.

The only coal mine currently operating in Tete province is the British-owned company Minas Moatize, which last year extracted 22,000 tonnes of coal. It is currently mining over 8,000 tonnes a month.

## Renamo refuses to discuss constitutional amendments

Mozambique's main opposition party, Renamo, is boycotting the parliamentary ad-hoc commission set up in December to draft amendments to the constitution.

There should be 21 members of this ad-hoc commission, appointed by the political parties in proportion to the number of parliamentary seats they hold.

The ruling Frelimo Party has already appointed its 16 members of the Commission, and the Mozambican Democratic Movement has appointed one member.

Renamo has the right to appoint four commission members – but the rapporteur of the Renamo parliamentary group, Saimone Macuiana, told the daily newspaper "O Pais", published on 12 January, that the party will simply take no part in the Commission's work.

"This amendment of the Constitution is to distract people", Macuiana stated, arguing that "many points in the defence of democracy are not being respected".

Asked whether Renamo might reconsider its position, Macuiana declared bluntly "Renamo won't reconsider anything. We don't agree".

Renamo is furious that Frelimo has not yet indicated which parts of the Constitution it wants to change.

Frelimo has said that it merely wishes to "consolidate" the existing constitution, and not completely rewrite it.

Frelimo is on record as saying that it has no wish to change the constitutional limits on presidential terms of office. The Constitution states that nobody may occupy the Presidency for more than two consecutive terms.

President Armando Guebuza is now in his second term, and has repeatedly declared that he has no wish for a third term.

The Renamo boycott will not prevent the ad-hoc commission from meeting and drawing up draft amendments.

## MOVITEL to invest \$120 million

Mozambique's third mobile phone operator MOVITEL will invest \$120 million over the next 12 months.

Speaking on 6 January on behalf of MOVITEL, Safura da Conceicao said that over the next five years the company will invest \$465 million to ensure its competitiveness in the Mozambican market.

MOVITEL's aim is to cover as much of the country as possible, and do everything it can to cover areas that still do not have access to mobile services.

Conceicao pointed out that MOVITEL will work with the two other operators to increase the coverage. This will involve building its own infrastructure and sharing infrastructure with its competitors.

MOVITEL is a Mozambican company owned by Vietel and SPI Holdings. The strategic partner, Vietel, is a Vietnamese company with operations in Vietnam, Cambodia, Laos and Haiti, with about 60 million clients.

Vietel owns 70 per cent of the MOVITEL, with SPI owning 29 per cent. Inves Park has a one per cent stake in the company.

MOVITEL's mobile phone numbers will start with the prefix 86.

## Inflation soared in December

Mozambique's inflation rate, as measured by the Maputo City Consumer Price Index, was 3.48 per cent in the single month of December – making this the worst festive season inflation for the past three years.

According to a statement issued on 11 January by the Monetary Policy Committee of the Bank of Mozambique, this brought inflation for the year to 16.62 per cent.

The main factors in 2010 inflation were price rises in foodstuffs and non-alcoholic drinks. The Monetary Policy Committee blamed this on the deficit in domestic food production, forcing the country to rely on imports. Imports became much more expensive because of the depreciation of the Mozambican currency, the metical, and the strong appreciation of the South African rand.

Since much of the food consumed in southern Mozambique is imported from South Africa, the rise of the rand sent food prices soaring.

Other factors were the rise in fuel prices in the first half of 2010, and speculation by shopkeepers in the run-up to the Xmas and New Year holidays. The National Economic Activities Inspectorate (INAE) imposed fines on a number of retailers for speculation during the festive season amounting to 2.2 billion meticaïs (about \$68,000).

According to the Committee, the government's measures to attenuate the rising cost of living, taken after the 1-2 September riots in Maputo against price rises, "were important in cushioning the inflationary pressure, but were not sufficient to annul the inflationary surge and the pressure associated with the festive season".

The Committee noted that international prices for Mozambique's main exports increased in November – very sharply in the case of cotton (up by 22.8 per cent) and sugar (7.3 per cent). But the price of Mozambique's largest export, aluminium, fell by 0.8 per cent.

The price of key imported goods also rose in November – a barrel of Brent crude rose by 3.3 per cent, while international rice and wheat prices were up by 1.9 and 1.5 per cent respectively.

In December, the Mozambican banking system found itself with an excess of foreign currency. So for the first time ever, the Bank of Mozambique purchased more foreign currency from the commercial banks than it sold. The difference was \$26.9 million.

This, together with the disbursement of foreign aid, pushed the country's net foreign reserves up to \$1.877 billion – \$203 million more than in November and \$35.7 million more than in December 2009.

December also saw a recovery in the exchange rate of the metical against the US dollar. At the end of November, according to the Committee, there were 35.37 meticaïs to the US dollar, but a month later only 32.83 meticaïs were needed to buy a dollar.

The annual depreciation of the metical against the dollar was 19.34 per cent – better than had been feared.

The Committee's statement does not mention the metical/rand exchange rate, but that too has improved. A couple of months ago there were 5.3 meticaïs to the rand, but there are now less than 4.8.

The key targets for 2011, it said, were to keep annual inflation to eight per cent, and to hold net international reserves to cover 4.5 months of imports.

## Tax revenues reach record levels

The Mozambican Tax Authority (AT) collected 63.4 billion meticaís (about \$1.62 billion) in tax and customs revenue in 2010, surpassing by six billion meticaís the Authority's target.

This figure was released on 6 January by AT's Chairperson Rosario Fernandes, who added that the figure for 2010 surpassed by 16 billion meticaís the revenue raised in 2009.

According to Fernandes, this level of tax collection is the best recorded since the country gained its independence in 1975.

He stated that this is a sign that the country is moving rapidly towards a situation where the State Budget (OE) will be supported mainly by domestic resources.

About 65 per cent of revenue is collected internally, with the remaining raised from foreign trade.

Domestically, 98 per cent of the total comes from taxes paid by individuals. Current estimates indicate that only 10 per cent of citizens are paying taxes. Currently, there are 1,221,883 registered taxpayers.

## Delay in sale of Cahora Bassa shares

The sale of the 15 per cent of shares still held by the Portuguese state in Hidroelectrica de Cahora Bassa (HCB), the company that operates the Cahora Bassa dam on the Zambezi, has run into difficulties over the price of the shares.

In 2007, the Mozambican state took a majority holding in HCB, buying most of the Portuguese shares for \$700 million. Prior to this deal, Portugal had owned 82 per cent of HCB and Mozambique just 18 per cent.

Afterwards the positions were reversed. Mozambique owned 85 per cent of the shares in HCB, and Portugal 15 per cent. It was agreed in principle that Portugal would sell this remaining 15 per cent – half to a Mozambican company, and half to a Portuguese one.

Those companies are the Zambezi Electricity Company (CEZ) of Mozambique, and REN, the Portuguese state company that runs the Portuguese national grid.

But the sale, which should have happened in September 2010, has not occurred, and according to the Portuguese paper "Diário Económico", it has been blocked by "considerable divergences" over the value of the shares.

The Portuguese side argues that, at 2006 prices, the shares are valued at €140 million (about \$187 million). The Mozambican government, however, wants to buy the shares for less.

The result is that the deadline for selling the shares has been extended for a further six months.

## Limpopo National Park increases revenue

The Limpopo National Park (LNP), in the southern province of Gaza, has reported revenue of 5.8 million meticaís (about \$175,000) from tourism in 2010. Last year 23,934 people visited the park, of which 3,056 stayed overnight. Data on tourism in that park shows that there was an increase of 7.2 per cent compared with the same period in 2009, when LNP reported revenue of 5.4 million meticaís (about \$163,000).

"The increase is a result of the hard work in marketing, improving accommodation facilities and improving road conditions to access the park", said LNP Administrator Baldeu Chande. According to Chande, LNP is currently upgrading accommodation facilities, which will include the provision of more entertainment, to persuade tourists to extend their stay in the park.

LNP is also working with partners to disburse funds to resettle 1,100 people who are currently forced to share the same area with dangerous wild animals.

Once resettlement is completed the fence with the adjoining Kruger National Park in South Africa will be removed to allow for the free movement of wild animals. It is hoped that this will increase the number of visitors.

The Limpopo National Park forms part of the Great Limpopo Transfrontier Park along with the South African Kruger National Park and the Zimbabwean Gonarezhou National Park.

## Japan donates 17,000 tonnes of rice

The Japanese Government on 7 January donated 17,000 tonnes of rice worth \$10 million to Mozambique. With this donation the assistance of Japan to Mozambique since 1977 amounts to \$150 million.

The donation will be distributed through the private sector, with 7,000 tonnes being sold in the south of Mozambique, 5,000 tonnes in the centre of the country and the balance in the north.

The proceeds of these sales are earmarked for the education sector, with priority being given to children.

At the 4th Tokyo International Conference on African Development (TICAD) in 2008 the Japanese government pledged to double its assistance to Africa over 5 years.

During the ceremony in Maputo where the donation was formally handed over, the Japanese Ambassador to Mozambique, Susumu Segawa, stressed that his country will keep its commitments and will continue contributing to Mozambique's development.

Japan has been donating rice and wheat to Mozambique since 1999, which has greatly contributed to the reduction of the food deficit across the country. Between 1999 and 2006 it donated 78,000 tonnes of rice and 29,658 tonnes of wheat.

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