

# Mozambique News Agency

## AIM Reports

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## President Guebuza visits Portugal

A two-day summit between Mozambique and Portugal ended in Lisbon on 29 November with renewed commitments to bilateral cooperation from Mozambican President Armando Guebuza and Portuguese Prime Minister Pedro Passos Coelho – but without the expected closure of the dossier on the Cahora Bassa dam.

At a joint press conference, President Guebuza and Prime Minister Passos Coelho said they had not reached a final agreement on the fate of the 15 per cent that the Portuguese state still holds in Hidroelectrica de Cahora Bassa, the company that operates the dam.

Since early 2010 it has been expected that half of the shares will go to the Zambezi Electricity Company (CEZA), a wholly owned subsidiary of the publicly owned electricity company EDM, and the other half to the Portuguese electricity company Redes Electricas Nacional (REN).

Neither side gave any details about what was preventing the agreement but said that the problem lay in “technical and financial motives”. The key question is clearly how much the Portuguese government should be paid for this 15 per cent.

At the press conference President Guebuza said “obviously our expectations were that we would reach an agreement on Cahora Bassa. We have not reached agreement due to the complexity of the technical questions in these discussions. But we think that in a meeting in the near future we will have a solution to the problems”.

The summit ended with the signing of two memorandums, on cooperation in the areas of gender, and in access to the diplomatic archives of both countries.

President Guebuza and Prime Minister Passos Coelho declared that they intend to increase bilateral cooperation in all spheres. They described the summit as a good start to a long and promising road.

Cooperation, stressed Passos Coelho, was not restricted to the governmental level, but also covered business, civil society, and culture.

He was optimistic about the future of Luso-Mozambican cooperation, despite Portugal’s current severe financial difficulties. Those difficulties “do not allow us a level of commitment as intense as we would like”, he said

Despite the budgetary constraints, Passos Coelho promised that his government would maintain the financial efforts made in recent year in cooperation with Mozambique.

He added that he has accepted an invitation from President Guebuza to visit Mozambique and hopes that the visit will take place in the near future. He described it as a further opportunity to step up bilateral cooperation.

### ***President urges trained Mozambicans to return***

On 27 November President Guebuza urged Mozambicans living in Lisbon, who have completed their university training, to return to Mozambique to contribute to the country’s development.

President Guebuza, who was speaking at a meeting in Lisbon with hundreds of Mozambicans resident in Portugal, stressed that the demand for cadres with university degrees far outstrips the number trained in Mozambican universities.

The shortage of qualified staff had become increasingly evident with the recent discoveries of enormous reserves of coal, natural gas and other minerals. He noted that for coal exploration and production alone, more than 2,000 geologists and engineers are required.

President Guebuza was pleased at the “warm and hospitable way you have received me. Even outside Mozambique, I feel that I’m in Mozambique, because I’m among Mozambicans”.

He praised the peaceful and honest behaviour that has characterized Mozambican communities abroad, which has earned them admiration and respect from their host countries where they have acted as “informal ambassadors”.

Among the students and other Mozambicans who spoke at the meeting several declared that they intend to return and do their utmost for Mozambique’s development.

Others complained of the difficulties they face – particularly those on scholarships who said that the money they receive is insufficient and sometimes arrives late.

Just one participant had a political complaint, regretting that parties did not alternate in power in Mozambique. The ruling Frelimo Party has been in power since independence in 1975, and he thought that this endangered the country’s stability.

President Guebuza replied that he knows of no law that obliges a party to share power or cede it to another party. Those who determine who rules the country are the people through electing the party of their preference.

President Guebuza said he was pleased with the openness and spontaneity of those who spoke. They had shown themselves to be “true Mozambicans”.

## Government surveys idle land

As part of its land management policy, the Mozambican government has drawn up a survey of land allocated to individuals or companies, but which is still lying idle.

Agriculture Minister Jose Pacheco told the country's parliament, the Assembly of the Republic, on 16 November that the survey had found 913,000 hectares of land left idle, despite the government granting title to the land. This was a startling 37 per cent of all land to which the government had granted title in the period between 2005 and 2010.

Pacheco did not say what would be done with this land – but in the past, government officials have repeatedly warned that land titles will be cancelled in cases where the holders do not use the land for its stated purpose.

Pacheco was answering a request from the parliamentary group of the main opposition party, Renamo, about what benefits Mozambicans are obtaining from the exploitation of the country's natural resources.

On a more positive note, he said that the agro-ecological zoning of the central province of Zambezia has been concluded, and that the zoning of three other provinces (Sofala, Nampula and Cabo Delgado) should be complete by the end of the year. "This exercise will allow better management of land", the Minister stressed.

Pacheco claimed that the capacity to supervise and control how forestry and wildlife resources are exploited has improved with the training of more wardens, and the provision of more equipment. Based on forest inventories, the area covered by logging licences has been reduced.

He added that reforestation this year, with both native and exotic tree species, covered 12,990 hectares.

20 per cent of the fees paid by forestry and wildlife operators should go to local communities. Pacheco revealed that, since this scheme began, in 2005, 738 communities have benefitted, and have received a total of 96 million meticais (about \$3.6 million).

The Minister of Mineral Resources, Esperanca Bias, told the Assembly that mining companies were now providing significant numbers of jobs. The large open cast coal mines in the western province of Tete were already employing over 3,000 people.

The Brazilian mining giant Vale began exports from its mine at Moatize in September, and the neighbouring mine at Benga, operated by Rio Tinto, is expected to start exports by the end of the year. Several other coal mining companies are at various stages of feasibility studies and preparing to begin operations. Employment in this sector will rise significantly.

Bias added that the mining of titanium minerals from the heavy sands at Moma, in Nampula province, by the Irish company, Kenmare Resources, has provided over 700 jobs, while the reopened tantalite mine at Marropino in Zambezia has created 521 jobs.

Mineral resources provide significant tax revenues. Bias said that in 2010 about a billion meticais (\$37 million) in taxes was collected from hydrocarbon companies.

The frequent claim that large scale mining projects pay little or no tax was untrue. She pointed out that the 2009 fiscal benefits code specifically excludes the mining and petroleum sectors.

Some of the early fiscal benefits granted to mega-projects were temporary and have now lapsed. This was the case, she said, with the 50 per cent reduction in corporation tax paid by the South African petro-chemical company Sasol on its natural gas operations in Inhambane province. That fiscal benefit expired in 2010.

Bias pointed out that some of the major mining projects have only just begun – but will become major taxpayers in the future. This is the case with the coal companies in Tete.

Huge natural gas discoveries have been made in the Rovuma Basin, off the coast of the northern province of Cabo Delgado. Plans are under way to build liquefied natural gas (LNG) facilities here – but Bias warned that production would not begin before 2018, and would involve investment of several billion dollars.

Renamo deputies were unconvinced by the government statements. Gania Mussagy even accused the government of forcing mining companies to pay low wages.

"The jobs are all for the foreigners", she claimed. "Even if Mozambicans are trained, they don't earn as much as the foreigners, at the request of the government". When the companies wanted to pay higher wages, the government refused to let them do so, she alleged.

## Economy growing at over seven per cent

Mozambique is on target to reach its planned GDP growth rate of 7.2 per cent.

Speaking on 16 November in the Mozambican parliament, the Assembly of the Republic, Prime Minister Aires Aly said that in the first six months of the year the growth rate was 7.1 per cent. Since growth is always higher in the second half of the year, this is above the level necessary to hit the 7.2 per cent target by the end of the year.

The country exported \$1.3 billion worth of goods and services between January and June, which is 51.2 per cent of the annual target of just over 2.4 billion dollars.

Ali added that the level of net international reserves was also higher than planned, at slightly under \$2.1 billion, enough to cover five months of imports. The government target was for reserves of \$1.895 billion.

The Prime Minister added that, in the first six months of the year, the government had approved 113 investment projects with a total value of \$1.2 billion. If these are all implemented they could create about 19,000 jobs.

As for the social areas, Ali said that 8,500 new teachers, all with appropriate training, had been recruited along with 446 new health workers, including 85 doctors. 947 new schools had begun operating in the first half of the year.

During the six month period, 87,358 job seekers had found employment – but this figure includes 23,293 Mozambicans who had found work, through legal channels, in South Africa.

As for measures to mitigate rises in the cost of living, Ali stressed that the government is continuing to subsidise fuel, urban passenger transport, and the price of the wheat flour used to bake bread. But because of the "good performance of the national economy", the government had dropped plans announced in March for targeted food subsidies.

The parliamentary group of the main opposition party, Renamo, had demanded that the government explain what benefits the exploitation of natural resources was bringing, particularly to those people living where the resources were extracted.

Aly pointed out that all investments "regardless of their location, are for the benefit of all Mozambicans, They should not only drive our economic and social growth, but also promote and consolidate national unity".

He pledged that the income deriving from natural resources "will always be distributed in a fair manner, so as to contribute to the reduction of poverty, leading to its eradication and to national development".

## Cahora Bassa plans to double production

Hidroelectrica de Cahora Bassa (HCB), the company that runs the Cahora Bassa dam on the Zambezi, plans to double production over the next five years to meet rising demand.

The dam's existing power station on the south bank of the river contains five turbines, each with the capacity to generate 415 megawatts. Thus the current total theoretical generating capacity of HCB is 2,075 megawatts.

The plan to double capacity was announced at the dam town of Songo, in Tete province, on 27 November, during the fourth anniversary celebration of Mozambique taking a majority shareholding in HCB in 2007.

Gildo Shibumbe, a member of the HCB Board, representing the company's chairperson, Paulo Muxanga, said before a large audience of HCB employees that "major investments have been designed to ensure the sustainability of operations of the company".

Among the measures, emphasis is on construction of a second Cahora Bassa power station, on the north bank, with the capacity to generate a further 1,245 megawatts of power. This additional power would supply electricity to the national grid, particularly along the projected new power lines that will connect the Zambezi valley to Maputo and the rest of southern Mozambique.

The package of HCB projects also includes rehabilitating the floodgates and the Songo sub-station, interventions that Shibumbe claimed will change the face of the company in the short and medium terms.

"With these investments, we hope that in the next four to five years we can double our production and sale of power", he concluded.

## Ninety per cent of Maputo residents have electricity

Mozambique's publicly owned electricity company, EDM, has invested 2.4 billion meticaïs (about \$90 million) over the past five years in expanding and upgrading electricity infrastructures in Maputo city.

According to EDM, this resulted in an extra 440 kilometres of low voltage and 135 kilometres of medium voltage transmission lines. The number of Maputo households benefitting from electricity in their homes almost tripled in this period, rising from 90,000 to 236,000.

EDM claims that access to electricity in the city is now at almost ninety per cent of the population.

From 2006 to 2011, a further 273 transformer posts were installed in Maputo, thus improving significantly the quality of the electricity supplied.

Entire neighbourhoods that had no electricity in the past are now linked to the national grid – including Guava-Mateque, Hulene, Magoanine C, Chamissava and Unguane (which is on Inhaca Island).

Public lighting has also been dramatically improved. The number of street lamps in Maputo has risen from 8,500 in 2005 to 23,800 in 2011.

For 2012, EDM has set itself the target of raising access to electricity to almost 100 per cent of households in all Maputo city neighbourhoods.

As of mid-November, in the entire country there were 921,704 households linked to the national grid – which is about 18 per cent of the Mozambican population. The Maputo city figure of 236,000 households accounts for 27 per cent of the national total.

## EDM to provide 8,000 new connections in Nacala

The publicly owned electricity company, EDM, plans to provide eight thousand new connections in the northern port of Nacala in 2012.

The EDM director of distribution for the Nacala area, Carlos Jossai, told AIM that, in addition to investing in new connections, the company will improve the quality of the electricity supplied to its customers.

"Our goal for 2011 was seven thousand new connections and we have exceeded that number. For the next year our perspective will be to establish eight thousand new connections, but the quality of the electricity is our bigger challenge for 2012. Apart from an increasing number of customers, it is important for us to supply them with better quality electricity", explained Jossai.

The quality of power supply in Nacala is a matter of concern. Due to the rise in demand, the old transmission lines are becoming saturated. Some businesses have already expressed their discontent regarding the poor quality of electricity supply.

However, Jossai said that several projects are underway to solve this problem, such as the construction of new transmission lines for industrial areas, and for other parts of Nacala with heavy power demand.

Currently EDM has about 45,000 clients in Nacala, of which 120 are industrial clients.

According to Jossai, sixty per cent of EDM revenue in the Nacala distribution area comes from industrial users.

The largest client is the Nacala factory of the Mozambique Cement Company, which consumes 400 kilowatts of power, and has a monthly electricity bill of around 500,000 meticaïs (about \$18,500).

## Small scale irrigation systems installed in Sofala

Small scale irrigation systems are being installed in the districts of Gorongosa, Buzi and Nhamatanda, in the central province of Sofala, by the Ministry of Agriculture to increase food production.

The Sofala Provincial Director of Agriculture, Miguel Coimbra, said the new irrigation systems will bring water to an area of about ten hectares in each of the regions of Move, Chitunga, Beбето and Lamego.

These small irrigation schemes, aimed at peasant farmers, are part of a series of Ministry of Agriculture projects covering 130 hectares of food crops in Buzi, Marromeu, Dondo and Chemba districts.

The projects also include control of the lethal yellowing disease that is severely damaging Mozambique's coconut palms, and controlling the fruit fly infestation in Caia, Dondo and Nhamatanda districts and in Beira city.

Meanwhile, the Beira Economic Activities Services have distributed 110 tonnes of rice seeds at subsidised prices to producers in the green belt around the city to enhance rice production.

The head of the Economic Activities Services in the city, Fabiao Simhane, told AIM that the improved seeds benefitted 3,000 rice farmers – almost twice as many peasants as the 1,600 cultivating rice around Beira in the previous season.

In addition to the seeds the farmers also benefitted from fertilizers, pesticides and other agricultural inputs, as well as fruit trees to improve the diet of Beira citizens.

## Agriculture census results released

The area cultivated in Mozambique during the 2009-2010 agricultural year was 5.6 million hectares – a 47 per cent increase on the figure recorded a decade earlier in 1999-2000.

This is one of the key findings of the country's second agricultural and livestock census, held by the National Statistics Institute (INE), the final results which were announced in Maputo on 22 November.

There is still plenty of unused land that could be cultivated. Mozambique has 36 million hectares of potentially arable land and 5.6 million hectares is only 15.6 per cent of this figure.

Joao Loureiro, chairperson of the INE, announced that there are 3,824,585 farms in the country, an increase of over 25 per cent on the figure of 3,064,715 found in the first agricultural census. 99.6 per cent of Mozambican farms cover less than 10 hectares, and 72 per cent less than two hectares.

57 per cent of the total cultivated area is occupied by what the census calls "basic food crops" – maize accounts for around half of this, and the other crops considered as "basic" are rice, sorghum, millet, groundnuts and various types of beans.

Oddly, cassava is not considered as a "basic food crop", although it is a staple food in much of the countryside, and is cultivated on over a million hectares. The area planted with cassava is 18.6 per cent of the total area of the small and medium farms.

Vegetables occupy 6.9 per cent of the total cultivated area, and cash crops occupy 5.7 per cent. The cash crop that occupies the largest area is sesame, followed by tobacco, cotton and sugar cane.

1.3 million farms possess a total of 38.2 million cashew trees. The small farms own, on average 27.4 cashew trees, but the 172 large farms that grow cashew have an average of 872 trees each. 40.7 per cent of the country's cashew trees are in the northern province of Nampula, followed by Inhambane (22.5 per cent) and Cabo Delgado (12.5 per cent).

This is a significant decline: ten years ago the first agricultural census found 53.86 million cashew trees. This 29 per cent fall indicates that Mozambican cashew trees are dying and are not being replaced in sufficient number.

As for livestock, the number of cattle has risen from 722,189 a decade ago to 1.277 million now. 205,612 farms now have an average of 6.2 head of cattle each.

The number of goats however has fallen between the two censuses – from slightly more than five million to 3.9 million. The number of farms keeping goats has also fallen – from 851,771 to 791,322. There has been an even sharper decline in the number of pigs farmed, falling from 2.4 to 1.3 million.

Most farmers have at least some poultry. 2,324,800 farms breed chickens, and the number of chickens has risen from 22.6 million in 2000 to 23.9 million in 2010. But there has been a precipitate decline in the number of farms breeding ducks from 662,277 to 317,044 – a fall of 52 per cent. The

number of ducks on these farms has fallen from 4.1 to 1.9 million

There has been a slight increase in the use of irrigation – from 3.9 per cent of farms in 2000 to 5.5 per cent in 2010. But the use of chemical fertilizer has declined – from 4.5 to 3.9 per cent of farms. The use of pesticide seems to have risen slightly from 2.1 to 2.6 per cent of farms.

The survey showed that 42.2 per cent of agricultural households had, at some time, found that their fields did not produce enough for their food requirements. This figure rose to 65.7 per cent in Gaza province and 51.9 per cent in Inhambane. These are both provinces with semi-arid interiors, and a long history of migration of male labour to the mines of South Africa.

More surprising is that in the fertile and populous province of Nampula 50.8 of the households had experienced food shortages.

In most cases (51.3 per cent), the households affected blamed lack of rain for crop failure – but 9.1 per cent said they went hungry because they did not have enough land to cultivate.

## Rare earth elements found in Sofa

The Australian company Southern Cross Resources said on 10 November that its concession in Xiluvo, in central Mozambique, possesses reserves of 1.1 million tonnes of rare earth elements.

Southern Cross said that one of the benefits of this concession was the balance of both light and heavy rare earth elements, namely neodymium, europium, ytterbium, dysprosium and yttrium.

The company added that it will now begin a series of metallurgical tests to identify the best process to concentrate the rare earth elements at the concession.

The Xiluvo concession includes part of Mount Xiluvo in Sofala province, about 110 kilometres west of the port of Beira.

The rare earths are a set of 17 elements in the periodic table. Despite their name, most of them are not particularly rare, but they are difficult to mine since they tend to be dispersed rather than existing in concentrated deposits.

All the rare earths named in the Southern Cross statement can be used in various types of lasers. Neodymium is also used in ceramic capacitors, and can give violet colours in glass and ceramics. Europium is used in mercury-vapour lamps, while ytterbium is a chemical reducing agent. Yttrium can be used in high temperature super-conductors.

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*This is a condensed version of the AIM daily news service – for details contact aim@aim.org.mz*

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