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Flooding cuts north-south highway

Flood waters of the Incomati River swept across Mozambique's main north-south highway on 21 January, cutting Maputo off from the north and centre of the country for three days. The Incomati was swollen by the torrential rains dumped on southern Mozambique, Swaziland and parts of South Africa by tropical depression "Dando" on 16 and 17 January.

The cut in the road occurred at the 3rd February village in Manhica district, 90 kilometres north of Maputo. About 60 metres of the road has been destroyed. This low lying area is vulnerable to flooding, and is where the Incomati has swept over the main road on previous occasions.

Hundreds of vehicles were stranded on both sides of the road. While private cars could simply turn back, matters were more complicated for passengers in buses and minibuses. Small boats were made available by the country's relief agency, the National Disaster Management Institute (INGC), to ferry these passengers across the gap. 450 people were moved this way on 21 January and 900 on 22 January.

However, on 24 January the General Director of the National Roads Administration (ANE), Cecilio Grachane, announced that the road had been reopened to traffic.

Meanwhile a category four cyclone, "Funso" has brought torrential rains and high winds to the coasts of the central provinces of Zambezia and Sofala.

The worst damage occurred in the Zambezia district of Nicoadala where 66 houses collapsed, killing two people and seriously injuring three others. Four houses were destroyed in the provincial capital, Quelimane, and one in the town of Chinde, at the mouth of the Zambezi River.

The storm has swamped Quelimane, causing flooding in almost all the city's neighbourhoods. Many roads are impassable, and in some cases the swirling waters have made it impossible to move from one Quelimane neighbourhood to the next. The city's drainage system is very poor – partly because people have been allowed to build houses on top of drainage channels.

Low lying neighbourhoods in the Sofala provincial capital, Beira, have also been flooded. In neighbourhoods such as Vaz, Macurungo, Goto, Manga and Muchatazina, some people tried to sleep on top of tables, while others sought refuge with relatives living in safer areas.

In Chibabava district, the areas of Mangunde and Chinhica have been completely isolated by the rains. Parts of Marromeu and Nhamatanda districts are also isolated, but the poor state of the roads has made it difficult to obtain a full picture of the situation across Sofala.

MDM selects candidate for Inhambane by-election

The Mozambique Democratic Movement (MDM) has selected a 44 year old teacher, Fernando Nhaca, as its candidate for the mayoral by-election in the southern city of Inhambane, scheduled for 18 April.

Nhaca has been a member of the MDM since its foundation, as a breakaway from Renamo, in 2009. He has held senior party position in Inhambane.

Interviewed by the independent daily "O Pais", Nhaca said he had accepted the challenge of being the MDM candidate because he believed the time had come "to rescue the dignity of Inhambane".

He claimed he had a good chance of winning the by-election, because "people are tired of the bad governance of Frelimo".

He alleged that Frelimo was nervous about the election and so had instigated the police to commit "acts of terror" against MDM members. This was a reference to the brief detention of ten MDM members for the fictitious offence of waging an election campaign too early. Intervention by the Provincial Attorney's office ensured that they were all released.

The Frelimo Central Committee Secretary for Mobilisation and Propaganda, Edson Macuacua, denied that Frelimo had anything to do with the arrests, and criticized the police attitude.

So far, Nhaca is the only declared candidate in the by-election. Frelimo says it will choose its candidate at a meeting of the party's Inhambane City Committee in the near future. Renamo is boycotting this election, just as it boycotted the three by-elections held on 7 December in the cities of Quelimane, Pemba and Cuamba.

Despite Nhaca's optimism, beating Frelimo in Inhambane will be a monumental task. Inhambane is a Frelimo stronghold, and the last mayor, Lourenco Macul (whose death precipitated the by-election), won the position in November 2008 with 90.94 per cent of the votes.

Ncondezi supports study on export routes

The British-based coal company Ncondezi announced on 18 January that it is to form a partnership with Rio Tinto Coal Mozambique and Minas de Revuboe to look at the construction of a new railway and port to export the huge coal reserves from their concessions in the western Mozambican province of Tete.

This follows from an "order of magnitude study" which was completed in November last year.

The work will be led by Rio Tinto, and will look at the practicalities and costs of building new infrastructure capable of exporting up to 100 million tonnes of coal per year. The study will also look at the broader economic and social benefits of the scheme to people and agricultural industries in the neighbouring province of Zambezia, where the new port and most of the new railway would be located.

Ncondezi's decision to take part in the study brings with it the entitlement to export 10 million tonnes of coal a year through this route, which is the company's expected output once in full production.

The preliminary study suggested that a new deep water port be built at an undisclosed location north of the mouth of the Zambezi River mouth. It would be big enough to handle Capesize ships (which are so large that they cannot navigate the Panama Canal).

Ncondezi will not have to pay for the costs of the forthcoming study or the development costs, other than those associated with the rail spur joining the Ncondezi concession with the new railway.

The company expects to begin mining coal in 2015 and "remains optimistic about the ability to also access rail and port capacity for transport of its coal on the Sena-Beira and Nacala corridors, which are to be expanded during the next few years".

Transporting the coal to market remains a critical bottleneck. The Sena railway line, which runs from Moatize to the port of Beira, only has a capacity of six million tonnes per year. Even if work is carried out to double this capacity, it will still be nowhere near meeting the 100 million tonnes of coal per year that the country could be producing by 2020.

Another major coal miner, the Brazilian company Vale, plans to build a new railway linking Moatize to the northern Mozambican port of Nacala, via southern Malawi.

Vale and Rio Tinto are also considering building thermal power stations at Moatize, each capable of generating 2,000 megawatts of electricity. In addition, the Indian company Jindal Steel and Power is looking at building a power station to produce 2640 megawatts of electricity.

Vale promises to solve resettlement problems

The Brazilian mining company Vale has promised to solve within six months all the problems faced by households resettled from the area where Vale is now mining coal in Moatize district, in the western province of Tete.

717 households were resettled at Cateme, about 35 kilometres from Moatize town. Many of these families protest that the houses they were given are shoddily built. Cracks have appeared in the walls and the roofs are leaking.

On 10 January this problem hit the headlines when about 500 Cateme residents blocked the Sena railway line, from Moatize to the port of Beira, thus interrupting the movement of Vale coal trains. The protestors were eventually dispersed by the riot police and 14 alleged ringleaders were arrested.

The costs of resettlement were estimated at \$120 million, of which Vale has so far spent \$100 million.

Anadarko announces another major gas discovery

The Texas-based Anadarko Petroleum Corporation on 17 January announced that it has discovered more natural gas off the northern Mozambican coast in the Rovuma Basin.

The Lagosta-2 well was found to have 777 net feet of natural gas pay in multiple zones.

In October last year Anadarko announced that exploratory drilling had discovered an estimated ten trillion cubic feet of gas. And at the end of November the company found even more gas, increasing its estimated recoverable resources to 15 to 30 plus trillion cubic feet of gas. But according to Anadarko's Bob Daniels, this latest discovery "is the largest pay count of any well in the complex to date".

The company's Senior Vice President added that "these excellent results continue to support our recoverable resource estimates of 15 to 30-plus trillion cubic feet of natural gas in the discovery area on our block".

This further discovery will strengthen Anadarko's position as it seeks to develop the reserves. In August last year Anadarko awarded a contract to the US based company KBR to design a liquefied natural gas (LNG) plant for Mozambique (by cooling natural gas until it liquefies it is possible to ship the LNG to market in huge cryogenic tankers).

By the end of 2013, Anadarko will have invested three billion US dollars in the Rovuma Basin. If it goes ahead with the LNG plant, total investment could reach \$18 billion by 2018, the earliest possible date for starting production.

Anadarko is the operator of Offshore Area 1 and holds a 36.5 per cent share of the fields. Its co-owners are Mitsui of Japan (20 per cent), BPRL Ventures and Videocon (both of India, with 10 per cent each) and Cove Energy of Britain (8.5 per cent). The Mozambican government is represented by Empresa Nacional de Hidrocarbonetos which holds a 15 per cent interest in the fields.

Dutch company buys share in Matola Coal Terminal

The South African company Grindrod has announced the sale of 35 per cent of its concession of the Matola Coal Terminal in Maputo port to the Dutch group Vitol.

Vitol bought the shares from the Grindrod subsidiary, Grindrod Mauritius Ltd, for \$67.7 million.

Grindrod was awarded the concession to operate the terminal until 2033 with an option to extend the concession for a further 10 years. Grindrod says that to date it has invested \$70 million on refurbishing and building infrastructure to expand the terminal's capacity to six million tonnes of coal and magnetite a year.

Grindrod and Vitol also announced that they are forming a partnership, owned 35 per cent by Grindrod and 65 per cent by Vitol, to combine their sub-Saharan African coal trading businesses.

For the new coal trading company, both parties will contribute their South African coal trading books at their market values based on a pre-determined formula and a cash adjustment to reflect their proportionate shareholdings.

Grindrod notes that continued growth in demand for capacity at the terminal has led to a feasibility study for an expansion of capacity by 20 million tons which will require an investment of \$ 800 million.

This expansion project would involve excavation and land reclamation, the construction of two additional berths, a stockyard and railway infrastructure.

Lufthansa ends biofuel trial

The German airline Lufthansa on 12 January flew the last flight of a six month trial using biofuel grown in Mozambique.

In July, the British company Sun Biofuels Mozambique exported the first batch of 30 tonnes of jatropha oil from Manica province to Finland, where it was made into synthetic kerosene by the company Neste Oil. The bio-kerosene is made with jatropha from Mozambique and Indonesia, linseed oil and animal fat from slaughterhouses.

Over the trial period Lufthansa ran one jet engine of an Airbus A321 on a blend of half regular jet fuel and half synthetic kerosene during flights between the German cities of Frankfurt and Hamburg. A total of 1,187 flights took place, and this last flight is using up the remaining stock of 40 tonnes of bio-kerosene.

According to Lufthansa, in total, 1,469 tonnes of bio-kerosene was used, saving an estimated 1,388 tonnes of carbon dioxide emissions.

Lufthansa stated that the trial was a success, but will not be continued at the moment due to the lack of certified raw materials. The company's project manager, Joachim Buse, said that "Lufthansa will only continue the practical trial if we are able to secure the volume of sustainable, certified raw materials required in order to maintain routine operations".

The German airline is the first to use biofuel in scheduled daily flights, and has stated its commitment to searching for alternatives to non-renewable fossil fuels.

Jatropha is a poisonous plant which is drought resistant and can grow on poor soil. This means that it can be grown on land that would not otherwise be used for food production.

In Mozambique there are more than thirty biofuel projects currently underway with a total investment of over \$100 million. The focus is on four crops: coconut, jatropha, sugar cane and sorghum.

This year regulations are being introduced in Mozambique to require petrol to be mixed with ten per cent ethanol (E10) and diesel to be mixed with three per cent biodiesel (B3). It has been estimated that this will reduce the country's fuel imports by \$22 million per year.

Despite the Lufthansa deal, Sun Biofuels, and two associated companies, went bankrupt in August and were put into administration.

Luisa Diogo appointed Barclay's Chairperson

Mozambique's former Prime Minister Luisa Diogo has accepted an invitation to become Chairperson of the Board of the Mozambican subsidiary of Barclays Bank.

"We feel honoured that Luisa Diogo has accepted our invitation to chair the bank's board of directors", said Paul Nice, Chief Executive Office of Barclays Bank-Mozambique.

"Her experience in the economic and financial areas and her deep knowledge of Mozambican reality are unequalled values which will be placed at the service of the institution and of our clients", added Nice.

Diogo replaces Casimiro Francisco who held the post for the previous ten years.

The 53 years old Diogo worked in the World Bank before President Joaquim Chissano appointed her Deputy Finance Minister in 1994. She became Finance Minister in 1999 and Prime Minister in 2004, a position she held until 2009.

She is currently a deputy in the country's parliament, the Assembly of the Republic, and a member of the Political Commission of the ruling Frelimo Party.

Zinave National Park to receive more animals

Zinave National Park, in Mabote district in the southern Mozambican province of Inhambane, will in June begin receiving a hundred wild animals as part of a restocking programme.

According to the park's administrator, Antonio Bacar, cited by the electronic newssheet "CanalMoz", the animals to be brought in include zebras, impalas, buffalos and elephants. The park's stock of wild animals was devastated during the war of destabilisation and more recently by poaching.

These animals will be transported from the Kruger National Park in South Africa under the terms of an accord signed between Mozambique and South Africa to make Zinave a more attractive tourist destination. Last year, Zinave received fifty zebras from the Kruger Park.

Zinave National Park was initially set up in 1962 as a hunting area, but was transformed into national park in 1972. It covers an area of 400,000 square kilometres and is part of the Greater Limpopo Transfrontier Park.

In recent years poaching has become an increasing problem despite efforts by the government. The most serious problem is seen as being elephant hunting, where poachers kill for the tusks that are highly sought after on the illegal international ivory market.

Comair ends flights between Maputo and South Africa

Comair, a South African company that operates as a British Airways franchise, has announced the indefinite suspension of its regular flights between Lanseria (between Johannesburg and Pretoria) and Maputo, due largely to high airport taxes.

Comair entered the Mozambican market in September 2011, and ran eight scheduled flights a week between Lanseria and Maputo, normally using ART 42-500 Turboprop aircraft, with the capacity to carry 48 passengers. But the last Comair flight on the route was on 17 January.

The Airports Company of South Africa increased taxes at its airports by a staggering 70% on October 1 as the South African government, which owns the airports, needed funds to pay for airport infrastructure built ahead of the 2010 soccer World Cup. The airport taxes will rise by 160 per cent over five years, including the October increase, according to the Government Gazette published on June 30.

Comair is the second company offering relatively cheap flights to drop the Maputo-Johannesburg route in less than a year. The South African budget airline 1Time dropped the route last August, because the aviation authorities refused to allocate it additional seats.

1Time was allowed to make the return flight just five times a week with an allocation of 560 seats in total – not enough, in the company's view, to capture a significant section of the business and leisure markets.

The winners from this situation are the growing number of bus companies operating coaches between Maputo and Johannesburg. The journey can take over eight hours, but becomes an attractive option given the enormous price differential between the coach and the plane.

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

HCB unable to meet further requests for power

Hydroelectrica de Cahora Bassa (HCB), the company that operates the Cahora Bassa dam on the Zambezi River, in the western province of Tete, is now being asked to supply more electricity than it can generate.

HCB chairperson Paulo Muxanga told Prime Minister Aires Ali, who visited the dam on 5 January, that HCB is being contacted continually by companies within Mozambique and by the authorities of neighbouring countries who need more power.

Muxanga, cited in the Beira daily paper "Diario de Mocambique", said that Zambia, Malawi and Swaziland have all expressed a desire to buy electricity from HCB, while Zimbabwe and South Africa want their quotas increased.

The large scale projects springing up in Tete and elsewhere in Mozambique have also contacted HCB directly to ask for power, while the publicly owned electricity company EDM wants to increase its Cahora Bassa quota from 400 to 500 megawatts,

Muxanga admitted that this is an embarrassing situation. For increasing EDM's quota would mean negotiating with one of HCB's other major clients (such as the South African power company ESKOM, or the Zimbabwean ZESA) to reduce their quota.

The dam's maximum generating capacity is 2,075 megawatts (five gigantic turbines, each capable of producing 415 megawatts).

The dam has one power station, on the south bank of the Zambezi. For many years plans have been on the drawing board to build a second power station, on the north bank, which could provide a further 1,200 megawatts.

Muxanga said that contacts are under way for the economic viability study for a north bank station, as well as for the necessary geological, hydrological and environmental studies. After the studies are complete, the funding for building a new power station can be negotiated.

New roads will also be required to reach the north bank. In theory, the equipment could simply be driven across the top of the dam, from south to north bank – but this is not advisable, since some of the machinery is extremely heavy and might damage the dam wall.

Muxanga recognised that a very long time has been spent on discussing a north bank power station, without any firm steps to bring it from dream to reality. Once work began, he said, it would take four to five years before the new power station would be generated its maximum output.

Aires Ali said the government is committed to increasing electricity production to meet the requests, both domestically and from neighbouring countries.

"We shall continue to work so that HCB reaches its maximum production with the construction of the north bank power station", he said. "We shall also work so that other projects become a reality, and we can meet the demand from the region".

He was referring in particular to plans to build a new Zambezi dam at Mphanda Nkua, about 60 kilometres downstream from Cahora Bassa. There are also proposals to build two smaller dams on the river, at Boroma and Lupata, respectively 44 and 150 kilometres downstream from Mphanda Nkua.

In another development, EDM has resumed power supplies to Swaziland, after repairs to the fifth turbine at the Cahora Bassa dam were completed on 18 January.

The Ministry of Energy pointed out that, in order to meet demand in central and northern Mozambique for the five days whilst this turbine was out of action, EDM had to import power from the Zambian Electricity Company, ZESCO.

More Japanese food aid promised

The Japanese government is to provide Mozambique with rice valued at \$7.1 million under an agreement signed in Maputo on 10 January by Mozambican Deputy Foreign Minister Eduardo Koloma and Japanese ambassador Eiji Hashimoto.

The rice is commercial food aid – that is, it will be sold on the Mozambican market through the normal commercial channels, and the money raised will then be spent on various social development programmes, agreed between the two governments.

Speaking at the end of the ceremony, Koloma said that the donation strengthens the partnership between the two countries in the pursuit of the objectives of the 2008 Fourth Tokyo International Conference on African Development (TICAD).

The rice is not Japanese, but will be acquired in countries such as Thailand and the United States. It will arrive in Mozambique during 2012, and the Mozambican and Japanese authorities will decide exactly where it should be sold.

Japan has been providing food aid to Mozambique since 1977, and the cumulative value of this aid is now about \$160 million.

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