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Rainy season death toll stands at 35

Thirty five people have died in storms since the start of the Mozambican rainy season in October according to figures released on 18 January at a meeting of the government's Disaster Management Coordinating Council, chaired by Prime Minister Alberto Vaquina. Thirteen of the known deaths have occurred this month, and currently 25,997 people are classified as "affected" by the torrential rains. This figure includes about 8,000 children who are unable to attend school because their schools were swamped or damaged by the storms.

Giving a breakdown by province of the effects of the rains, the Minister of State Administration, Carmelita Namachalua, said 11,600 of the affected people are in Manica, 4,432 in Maputo city, 3,835 on Maputo province, 1,990 in Nampula and 1,914 in Zambezia.

Namachalua said that, of the 25 deaths, 12 had been electrocuted when strong winds knocked down electricity cables, and eight were struck by lightning. Other victims were drowned as they attempted to cross rivers, were swept away by flash floods, or were killed by crocodiles.

The government considers that the situation is still under control, Namachalua said. Local capacity exists to respond appropriately and to evacuate people from dangerous areas.

Although government institutions are in a state of readiness and resources have already been allocated to areas at greatest risk of flooding, Namachalua said that efforts should be redoubled to ensure that that the Local Risk Management Committees remain pro-active. She took the opportunity to advise people living in high risk areas to move to higher ground to avoid further deaths.

Under the Contingency Plan drawn up last year, the government has made 120 million meticais ($4 million) available for relief operations, including providing food and emergency kits to victims, repairing damaged infrastructure and preventing outbreaks of disease.

Namachalua told reporters that, as from 19 January, the Cahora Bassa dam will discharge 650 cubic metres of water a second into the Zambezi River – which is the result of a partial opening of one of the eight floodgates.

The Minister said the discharges would create space in Lake Cahora Bassa to store any surge of water from the upstream countries, particularly from the Kariba dam, on the Zambia/Zimbabwe border.

Namachalua stressed that the Cahora Bassa discharges will occur gradually so as to avoid major impacts on the people living along the middle and lower Zambezia.

2012 inflation rate just over two per cent

Prices in Mozambique remained relatively stable throughout 2012, according to the final figures for inflation in the year, published by the National Statistics Institute (INE).

The January-December inflation figure, as measured by the consumer price indices for the three largest cities, Maputo, Beira and Nampula, was 2.02 per cent. This is the lowest annual inflation figure since the introduction of structural adjustment measures in January 1987.

Most of the 2012 inflation occurred in the last two months of the year. In December, inflation was 1.06 per cent – exactly the same as in November.

The major price rises were for passenger transport (10 per cent), dried fish (6.7 per cent), coconuts (5.8 per cent), tomatoes (3.2 per cent), maize flour (2.1 per cent), and frozen fish (one per cent).

December was the first full month of the new fares charged by the privately owned mini-buses (known colloquially as "chapas") that provide much of the passenger transport in Maputo and the neighbouring cities of Matola.

The municipal authorities of the two cities authorised an increase in the fare for distances of up to ten kilometres from five to seven meticais (from 17 to 24 US cents), an increase of 40 per cent. For journeys longer than this, the fare rose from 7.5 to nine meticais, which is a 20 per cent rise. There was no similar rise in Beira or Nampula.

For much of the year, Mozambique experienced, not inflation, but deflation – for five of the 12 months the average level of prices fell.

Annual inflation has thus fallen from 17.44 per cent in 2010, to 6.14 per cent in 2011 to 2.02 per cent in 2012.

The average 12 monthly inflation rate over the year was 2.6 per cent, much lower than the government's target of 5.6 per cent.

Rio Tinto writes down its Mozambique assets

Logistical problems and an initial overestimate of coking coal reserves have led the London-based mining company Rio Tinto to announce that it expects to write down its Mozambique coal assets by around $3 billion.

There will be an additional write-down of the company's aluminium assets in the order of $10 - $11 billion and smaller write downs elsewhere of about $500 million.

This leads to what is known as "a non-cash impairment charge" of around $14 billion in Rio Tinto's 2012 results. An "impaired asset" is defined as one in which its market value falls below its book value, and is not expected to recover.

The write-downs have led to the immediate removal of the Rio Tinto Chief Executive Officer, Tom Albanese, although a Rio Tinto release puts a positive spin on this, stating that Albanese "has stepped down as chief executive by mutual agreement with the Rio Tinto board".

The man who was in charge of acquiring the Mozambican assets, the former Rio Tinto Energy Chief Executive, Doug Ritchie, has also stepped down.

The Mozambique coal licences, in the western province of Tete, were initially held by the Australian company Riversdale Mining. Rio Tinto took a controlling interest in Riversdale in April 2011, and then full ownership in June of that year. As a result the Riversdale operations in Tete were renamed Rio Tinto Coal Mozambique Ltd.

The final major purchase was the 26.27 per cent holding that Tata Steel had in Riversdale. Rio Tinto paid Tata $1.06 billion for those shares.

Riversdale's main asset was the Benga coal project in Moatize district, owned jointly with Tata Steel of India. Benga is a gigantic open cast coal mine which began exporting coal last year.

A second asset is the Zambeze Project, which may contain even larger coal reserves than Benga. In 2010 Riversdale signed an agreement with Wuhan Iron and Steel Corporation of China to develop the Zambeze reserves.

It now seems that the Riversdale assets were overvalued, and that Rio Tinto underestimated the logistical challenges involved in moving coal from Benga to ports on Mozambique's Indian Ocean coast.

Rio Tinto inherited from Riversdale a plan to move the coal by barge to the mouth of the Zambezi, where it would be transshipped onto larger vessels.

But the Mozambican government vetoed this plan on environmental grounds, which left Rio Tinto with no option but to continue using the Sena railway line to take the coal to the port of Beira. In the near future, the Sena line, and the Beira coal terminal, will be operating at full capacity.

Further options are needed, and Rio Tinto's main rival, the Brazilian mining giant Vale, is already building a new railway that will cross southern Malawi and join up with Mozambique's existing northern railway to the port of Nacala. Vale plans a new coal terminal at Nacala-a-Velha.

But Rio Tinto appears to have had no fall-back position when its plan to use barges failed to win approval. Furthermore, the amount of coking coal that can be recovered from the Benga and Zambeze concessions was overestimated.

Albanese and Ritchie are not receiving the bonuses that normally go to retiring chief executives. They will receive no lump sum payment, no performance bonus for 2012 or 2013, and no share award for 2013. According to Rio Tinto, when they leave the company in July "all outstanding entitlements under Rio Tinto's long-term incentive plans will lapse and their outstanding deferred bonus share entitlements earned in previous years will be forfeited".

Chibuto heavy sands tender annulled

Minister of Mineral Resources Esperanca Bias has annulled the restricted tender held last year for the development of the titanium-bearing heavy mineral sands in Chibuto district, in the southern province of Gaza.

Under the tender the rights to exploit the Chibuto heavy sands were granted to the Zambezi Delta Consortium, which had 180 days to negotiate with the government the terms and conditions for the project.

This was the third company to be awarded the rights to Chibuto mineral sands. Originally the rights were given to Australian company BHP-Billiton, but it withdrew in 2009.

Then, in April 2011 the rights were handed over to Rock Forage Titanium Ltd, a company formed by Canadian and Mozambican investors.

However, in November 2011 the government cancelled Rock Forage Titanium's rights because the company failed to pay it the agreed signature bonus of $50,000 despite repeated extensions to the deadline.

The government therefore had to lunch another tender, which only received two bidders: Zambezi Delta Consortium and SPI Chibuto Sands Consortium.

Once again the tender has failed. The deadline for negotiating and signing a project implementation agreement with the government expired on 3 December, but the company did not meet the deadline, and the government is now back to square one.

The sands at Chibuto contain known reserves of 72 million tonnes of ilmenite, 2.6 million tonnes of zircon and 400,000 tonnes of rutile. This is enough to keep a mine in production for 30 years.

Ilmenite (iron titanium oxide) and rutile (titanium dioxide) are used to make white pigments for paints, paper and plastic. Titanium can be extracted from these ores and used to manufacture metallic parts where light weight and high strength are needed. Zircon (zirconium silicate) is used for abrasive and insulating purposes.

Agriterra expands production

The Guernsey registered trading company Agriterra on 17 January announced that it has acquired a 2,500 hectare farm in the central Mozambican province of Manica, which will provide the company with bananas and macadamia nuts.

The farm, which also has land that will be used to expand the company's cattle production, is 25 kilometres north of Agriterra's Mavonde Stun Ranch and is next to the Nyadzonya River.

According to the Agriterra Executive Director, Euan Kay, "the purchase of additional acreage in Mozambique provides a strong boost to our rapidly expanding beef operations, which are already producing significant revenues for the Group".

The banana plantation is currently producing seven tonnes per week and the company intends to further develop the plantation. Meanwhile, the macadamia orchard is expected to begin producing nuts for market within two years.

The company is also aiming to double production at Mavonde following the purchase of a neighbouring 1,000 hectare farm.

The dam for irrigating the Mavonde farm is now completely full with 48 billion litres of water. The dam will also provide electricity to power the irrigation pumps.

The chairman of Agriterra is former England test cricketer Phil Edmonds.

Italy donates agricultural equipment

The Mozambican government's Agricultural Development Fund (FDA) on 9 January received an Italian donation of 110 tractors with ploughs and trailers.

The equipment was delivered at a ceremony in Manhica district, about 90 kilometres north of Maputo. The donation also included ten water pumps for irrigation, 20 water tanks, and a variety of material for processing cashew nuts. The entire donation is valued at €7.2 million ($9.4 million).

The tractors and associated equipment will allow the establishment of Service Provision Centres (CPS) in all Mozambican provinces. These Centres are a key part of the Mozambican government's agricultural mechanisation programme approved in 2012.

Farmers who are unable to buy their own equipment will be able to hire tractors from a CPS at an accessible price. They will then be able to increase the area under cultivation, and thereby increase their production.

The Centres will be operated by private companies, to be selected by public tender.

The chairperson of the FDA board, Setina Titosse, told the Manhica ceremony that the strategy of creating the new centres was intended to reduce the difficulties experienced to date in making agricultural machinery available to farmers.

Previously, when tractors were made available to farmers, "monitoring showed that they did not use the machines to their maximum capacity, much less use them to support other farmers", said Titosse. And when the tractors needed spare parts, the famers just parked them, and left them standing idle.

With the new scheme, it is private companies that will hire out the tractors. In theory, both the companies and the farmers will have an incentive to maximise use of the machines.

The central province of Manica has been allocated the largest number of these new tractors, 20, followed by Zambezia and Nampula with 15 each.

The new centres form part of the government's strategic plan for agriculture, which seeks an increase in agricultural production of at least seven per cent a year.

Small scale solar power stations delivered

The Mozambican government's Energy Fund (FUNAE) has taken provisional ownership of six new small-scale solar power stations in the southern provinces of Gaza and Inhambane.

These power stations were built under the "50 villages project" intended to increase access to electricity in rural areas not yet reached by the national grid based on the Cahora Bassa dam.

Each of the mini-power stations consists of 18 solar panels, each with a capacity to generate a maximum of 230 watts, a battery house, a charge controller, an inverter, a low voltage distribution board, and six public lampposts.

In Gaza province a station is sited at Machaila village in Chigubo district. In Inhambane province they are sited in the villages of Nhacache and Madumbuza (Massinga district), Chibiquile and Mahunzulucane (Mabote district), and Gumana (Funhalouro district).

The "50 villages project", financed by the Portuguese government, is aimed at the electrification of villages in all provinces except Cabo Delgado in the far north. It also envisages providing electricity for schools, health centres, administrative offices, shops and homes (particularly the homes of teachers and nurses).

Spain forced to cut aid

Spain has been obliged to reduce its support for bilateral cooperation projects in Mozambique, according to the director of the Spanish Agency for International Development Cooperation (AECID), Juan Lopez Doriga.

Doriga, who was on a three day visit to Mozambique, told reporters on 17 January that the reduction in aid results from the sovereign debt crisis in the Euro zone. He said that the crisis has led Spain to cut cooperation entirely with 26 of the 50 countries which used to receive Spanish aid.

"Many of the countries with whom we are maintaining cooperation ties are in Latin America", he said. "But some are African countries, such as Niger, Mali, Ethiopia and Mozambique. The partnership with Mozambique is long-standing and the ties are strong, and so we have decided to continue cooperation".

"We don't yet know how much we are going to allocate to the Mozambican government", Doriga added. "First we must talk with the government to find out what its priorities are. But we are going to reduce the funds".

Doriga added that he was pleased with the meeting he had on 16 January with several members of the government, including Prime Minister Alberto Vaquina, Health Minister Alexandre Manguele and the Deputy Minister of Planning and Development, Amelia Nakhare.

AECID has been operating in Mozambique for over 30 years, and has cooperation programmes with the Mozambican government and with some NGOs.

Customs seize containers of illegal logs

The Mozambican customs service has seized 30 containers full of logs that were about to be exported illegally to China through the port of Maputo.

The seizures began on 16 January in the town of Marracuene about 30 kilometres north of Maputo, where Customs located ten containers, each measuring 15 cubic metres, in a yard belonging to the Chinese firm Heng Yi.

As the investigations continued, the authorities discovered a further 20 containers already in the port waiting to be loaded onto a ship heading for China.

The containers in the Heng Yi yard contained mondzo, a species classified as a first grade hardwood, which cannot be exported without processing. Yet the mondzo logs had been packed into the containers without any inspection by the relevant authorities.

The containers in the port are still being unpacked to check exactly what types of wood they contain. Staff of the Mozambican Tax Authority (AT) said that the origin of the logs is still unclear, but their nature and diameter indicate that they came from the forests of Nampula and Zambezia provinces, or possibly from the northern part of Gaza.

China is the largest consumer of Mozambican timber, and the Chinese market accounted for 85 per cent of the 430,000 cubic metres of logs that left Mozambique, much of it illegally, between 2000 and 2010, according to a report from the Environmental Investigation Agency, a London-based NGO that works to fight environmental crimes.

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

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Health Minister urges nurses not to strike

Health Minister Alexandre Manguele has urged Mozambique's nurses not to follow the example given by the doctors' body, the Mozambican Medical Association (AMM), and embark on strike action in protest against low wages and poor working conditions.

Speaking at a meeting on 16 January with nurses from Maputo city and province, Manguele said they were right to demand better living and working conditions – but this struggle should not be waged at the cost of the suffering of the Mozambican people.

"Do not let people suffer or die because your wages are low", he urged. He appealed to the nurses not to imitate the AMM, which called doctors out on a nine day strike for higher wages, which ended on 15 January.

The AMM pledged to keep all emergency services functioning, but the strike certainly hit other parts of the health service and increased waiting times at the health units.

The AMM won no specific wage rise – merely a promise that a new wage scale will take effect as from April. The Health Ministry says this offer was on the table before the strike began.

Manguele promised that the new wage scales in April will cover nurses as well as doctors – though the wage increase may not be as large as they hoped.

He suggested that an expansion of "special" and "personalised" treatment in the public hospitals could provide extra funds for both doctors and nurses. Under this system there will be "special" units for those who can afford to pay. One justification for this is that well-off patients, who might otherwise be treated in private clinics or abroad, will stay in the public system.

Manguele's approach is diametrically opposed to that of his predecessor, Ivo Garrido, who tried, and failed, to close the "special clinics" in public hospitals.

He added that the expansion of these "personalised services" must be well organised and transparent, and that normal care in the public hospitals must continue to improve so that citizens do not feel that there is a vast difference between the two services.

New general hospital for Nampula

The office of Mozambique's First Lady, Maria da Luz Guebuza, and the Swiss company FBT IC on 11 January at a ceremony in Maputo launched a project to build a general hospital in the northern province of Nampula.

FBT IC is a company that specialises in building hospitals and schools. Work on the new Nampula hospital will begin in June, and should be complete by December 2014.

Speaking at the ceremony, Health Minister Alexandre Manguele said the project fits into the government's efforts to improve the health of Mozambican citizens.

The new hospital, he added, will use state-of-the-art technology to deal with various specialist areas. Manguele believed this means that Mozambicans with conditions that currently require treatment abroad will now have the option of treatment in Nampula.

"With this hospital we shall cease travelling to other countries in search of treatment. We shall even receive patients from abroad, particularly from other southern African countries", he added.

Joao Silva, the general manager of FBT IC, said the hospital will be managed by the private sector, and will have beds for 157 patients.

Flavia Cuereneia, the director of the First Lady's Office, said that the new hospital will have a social component to cater for the low income strata of the population.

"Mozambican doctors will use this hospital as a centre for training and specialisation", she added.

Trade with China continues to grow

Trade between Mozambique and China rose to $1.224 billion in the first eleven months of 2012, representing a growth of 42 per cent, according to figures released by the Chinese Customs Bureau.

Mozambique's imports from China stood at $859 million, while its exports to the Asian country stood at $365 million.

The growth in trade between the two nations has increased at a quicker rate than with other Lusophone countries. Trade between Portuguese speaking countries and China grew to $117.7 billion - an increase of 9.7 per cent.

Most of this trade, totalling $78.1 billion, was with Brazil. Angola was China's second largest trading partner in the Lusophone world, with trade totalling $34.57 billion (an increase of 37.73 per cent). Because of high demand for Angola's oil, most of this trade ($30.87 million) was exports from the African nation.

China's third largest Lusophone trading partner was Portugal, with $3.67 billion, an increase of 1.75 per cent over the previous year.

LAM carries record number of passengers

Mozambique Airlines (LAM) has announced that in 2012 it carried 612,765 passengers. It described this figure as "a historic landmark". It is a nine per cent increase on the number of passengers transported in 2011.

The company's Chief Executive Officer, Marlene Manave, said "we are celebrating this record, because it reflects our commitment in responding to the growing need of the market for air transport services. This result shows the determined and efficient way we are working".

LAM recently added two more aircraft to its fleet, a Boeing 737-500 and an Embraer 190. In the first quarter of this year, two Embraer 145s will be acquired.

These new aircraft will be operated by the LAM subsidiary MEX-Mozambique Expresso, and will be based in the cities of Tete and Nampula.

With these four new aircraft, LAM estimates that this year it can increase its offer of seats by 22 per cent.

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