

MOZAMBIQUE News reports & clippings

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Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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Also in this issue:

Falling oil prices could spell trouble

No demobilisation as as talks deadlocked over army control

The 87th round of government-Renamo talks Monday 1 December remained deadlocked. Renamo will not demobilise its forces until the army and police are restructured. The chief Renamo negotiator, Saimone Macuiane, said that "we must respect the principle of division of responsibilities in the FADM (army) and police." In an earlier statement he said "this means that when the commander comes from the government, his deputy should come from Renamo and vice versa".

Deputy government chief negotiator, Transport Minister Gabriel Muthisse, said parity between parties is unacceptable. Talks can only move forward if "Renamo puts forward a model that does not include division of power or parity within the armed forces. ... We do not want for form our army on the basis of party colours. Promotion and entry to the FADM must be on merit."

Maculane replies that the army is already under party colours, namely of Frelimo, and that after the 1992 peace accord the Renamo entrants into the army were marginalised and were never assigned to their correct rank.

Comment

The long process of negotiation and confrontation has begun

The long, slow process of negotiation has begun, with Renamo setting out its demands, and Frelimo saying the demands are impossible. Both sides are calling each other names and disputing access around Gorongosa.

Afonso Dhlakama demands a caretaker government to restructure the army, police and civil service, and rejects of the status of leader of the opposition. And he has threatened to "make a revolution" if this is not granted.

Dhlakama claims he won the election, as he says he won the four previous elections. He has so far presented no evidence to support his assertion, merely claiming massive ballot box stuffing. For Dhlakama to have won with his number of votes, half of all votes for Filipe Nyusi (nearly 1.4 million) would have had to be stuffed, which seems unlikely. Even to force a second round, when no

candidate has more than 50% of the vote, would require nearly 700,000 of Nyusi's votes to be fraudulent.

Nevertheless, there was significant fraud and sloppiness in the electoral administration, which tainted the election. And Dhlakama's official 37% of the presidential vote is higher than most observers predicted, and is seen by many as a vindication of the Renamo military strategy. Thus Renamo and Dhlakama will return to negotiations in a much stronger position. Dhlakama will no longer take the sort of deal which might have been acceptable two years ago, while Frelimo is not ready for major concessions. And Renamo still has its military force. Together, this points to extended negotiations, stretching out over a year or more.

Most good negotiators, for example in trades unions, go into negotiations with two different goals in mind - the first is the maximum demand, while the second is the bottom line of the least that can be accepted. Then they try to negotiate the best possible deal in between the two. But the bottom line is often linked to broader strategy - is the overall goal simply higher pay, or fewer working days, or better health and safety?

Dhlakama and Renamo have a different negotiating style. They only have a maximum demand and are prepared to wait, sometimes for years, to obtain it. Thus a key demand in 2010 was politicisation of the electoral apparatus. They rejected the compromise and returned to military action, but won their maximum goal in 2014. Sometimes they shift the negotiations entirely, for example spending weeks of talks to win military observers, which are mostly now in place, while never bending on the demand that there can be no demobilisation without a complete restructuring of the military.

The all or nothing strategy is usually not successful and sometimes unwise. In negotiations after the very close 2009 elections, Renamo won an unprecedented offer from Frelimo to have joint appointments of six governors. Dhlakama turned this down, saying he wanted to personally nominate all six governors. (Details in *Mozambique Political Process Bulletin* 26, 10 April 2001, bit.ly/MozBul26) So he gained nothing. It was a turning point. If Dhlakama had accepted, it would have made Renamo a serious political player and changed the course of Mozambican politics. Instead, for the next decade Renamo and Dhlakama declined into insignificance, until Renamo returned to war last year.

Dhlakama seems unlikely to win his maximum demand of a caretaker government and restructuring of the military. Frelimo will not accept it. And a major change from 15 years ago is that the donors and international community largely back Frelimo. In the new business and foreign investment focussed world, this is a government they can "do business with". They do not want a weak caretaker government or an opposition government which would mean they must negotiate relationships with a whole new set of people.

But on some aspects there is clearly room for negotiation. There is broad acceptance of the need to reform the civil service and make it less political. Status and money for Dhlakama is obviously essential. Patronage power for Dhlakama and status, jobs and sinecures for senior Renamo people could be negotiated - with the help of mediators and technical advisors.

Dhlakama has put himself in a difficult position. He initially suggested that he would accept a position as leader of the opposition, but that is now difficult. He believes he won the election and to accept the post of the person who came second would be to recognise the election and his defeat.

So the only thing which can be predicted is months of negotiation and confrontation, probably including military action. *jh*

Dhlakama wants 'caretaker government'

Renamo leader Afonso Dhlakama, giving speeches in central Mozambique at the weekend, continues to demand a "caretaker government" ("*governo de gestão*"). This is different, he says, from a "unity government". In both cases the ministers are appointed by the two parties, but in a unity government they are politicians while in a caretaker government they are technicians and managers. The caretaker system would not just be national, but in the provinces and districts as well.

Speaking in Beira on 25 and 26 November he said he would "create a revolution" and set up his own government if Frelimo did not agree.

Renamo members of parliament wanted the idea of a caretaker government put on the agenda of a special session of parliament now under way, but this was rejected on 26 November. MDM voted in favour of putting it on the agenda, but the Frelimo majority was opposed. The old parliament is still meeting, because the newly elected parliament only takes up its position in January.

Petty sparring

As the two sides jockey for position in renewed negotiations, the number of petty incidents is increasing. Name calling has started, with Dhlakama calling election victor Filipe Nyusi a "thief" and Edson Macuacua, spokesman for Armando Guebuza, calling Dhlakama a "baby".

And there are disputes in the areas around Gorongosa, Sofala, where there had been continuous military confrontation. Each side accuses the other of violating the ceasefire. Chief Renamo negotiator Saimone Macuiane accused Frelimo of breaking the cease fire when Deputy Interior Minister José Mandra on 12 November went to Satunjira, which had been Dhlakama's headquarters for more than a year before it was attacked. Frelimo chief negotiator José Pacheco said a deputy minister surely had the right to visit anywhere in the country. Perhaps not a violation - but surely provocative.

Later, Maculane confirmed that Renamo soldiers had stopped government building contractors in the same area because they distrusted them. Government chief negotiator José Pacheco last week called this a violation of the cease fire.

Leader of opposition proposed

Government has proposed to the current special sitting of parliament the creation of a special position for the person who come second in the presidential elections - effectively a leader of the opposition. This is a clear concession to Dhlakama, who suggested in an interview in *Savana* (7 November) that he would accept such a post. (See *2014 National Elections* NE 76, 9 November 2014) He now says he would not take it because he won the election on 15 October, and Nyusi should take the post.

According to *CanalMoz*, the budget would be 72 mn MT (\$2.4 mn) not counting salary and benefits, which would be negotiated with the first occupant of the post. It would include diplomatic passport, protocol status, special security, an office and staff, and an official residence.

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Kidnappings continue

After a pause for the elections, kidnappings have resumed in Maputo. There have been more than 100 in the past three year.

On 12 November, Momad Bachir Sulemane, a wealthy businessman named as a drug trafficker by the United States government in 2010, was taken from the Maputo Shopping Centre which he owns. It is believed he is still being held. Bachir has been a major donor to Frelimo. AIM reports Kenyan media reports linking the kidnapping to a dispute between East African drug barons.

On 24 November an Asian businessman identified only as "Issufo" who apparently owns a supermarket on Avenida Marien Ngouabi in Mafalala, Maputo, was kidnapped as he left his shop.

Georgina Mubai, the wife of a customs officer, was kidnapped on 25 November from her home in the luxurious neighbourhood of Belo Horizonte, on the outskirts of Maputo. She was released two days later. She was seized by armed men just before her husband left for work, and they ordered him to pay a ransom within two days.

Falling oil prices could spell trouble

The rapid drop in oil prices, driven by the United States pushing its allies to keep high levels of production in order to put pressure on Russia, Iraq and Venezuela, could have knock on effects in Mozambique. Fracking in the US had been another factor in pushing down prices, but the prices are now so low as to make some fracking non-viable.

In July the benchmark price of Brent crude was over \$110 per barrel. Many projects are based on a price of around \$100. But Monday morning the price fell below \$68. Some experts expect it to fall to \$60. Gas and coal prices do not follow oil prices precisely, but there is a link. Thus falling oil prices mean the prices that gas and coal producers in Mozambique can expect are also falling.

This could, in turn, lead to delays in the development of the liquefied natural gas (LNG) plants in Mozambique. These are hugely expensive, costing \$15 billion each. The government of Mozambique had tried to force the two companies with major gas fields, ENI of Italy and Anadarko of the US, to share an LNG plant. But this has failed and on 25 November the Council of Ministers approved separate LNG plants.

The London-based analysts Business Monitor International (BMI) predicts that ENI will be the first to market, with its floating LNG project. The natural gas will be liquefied aboard a floating vessel before being transferred to tankers to take the LNG directly to buyers. This could begin production in 2020. BMI says Anadarko's onshore LNG plant "is increasingly uncertain" and will not produce until 2021 at the earliest.

Falling oil prices mean falling gas prices and thus neither company wants to go ahead without the LNG pre-sold. BMI estimates that only two-thirds of the gas is sold. The main market for Mozambican LNG is Asian countries who want an assured supply and thus will take a risk on price variations, and are actually buying parts of the gas fields from ENI and Amadarko to ensure their supply.

ENI is the operator of Area 4 with a 40% share. The other partners are the Chinese company CNPC (20%), and Kogas, Galp Energia and Mozambique's National Hydrocarbon Company ENH (each with 10%). Anadarko is the operator in Area 1 with a 26.5% stake. Its co-owners are Mitsui of Japan (20%), ENH (15%), PTT of Thailand (8.5%), and three Indian companies ONGC Videsh (16%), Oil India (4%), and BPRL Ventures (10%).

Falling oil prices also tend to push down coal prices, and it is already not economic to ship ordinary steam coal from Tete to Mozambican ports. But Indian demand may keep the coal mines operating.

The Steel Authority of India (SAIL) and Rashtriya Ispat Nigam (RINL) are increasing steel production and by 2015 will need 25 million tonnes per year of coking coal, most of which will be imported. The *New York Times* points out that in the past five years India increased its coal fired electricity generation by 73% and only increased its coal mining by 6%, forcing it to use more expensive imports.

Thus Vale hopes to sell half its mine and railway operation in Mozambique to Indian companies. And International Coal Ventures Ltd (ICVL), owned by four Indian state companies including SAIL and RINL, bought Rio Tinto's 65% share in the Benga coal mine (Tata Steel owns the rest) and other Tete coal concessions. ICVL's first shipment of coal from Beira arrived in India in mid-November.

The first goods train to use the new railway from the Moatize, Tete, to the mineral port at Nacala-a-Velha, Nampula, arrived on 24 November. It was mainly a trial run to test the new line through Malawi and to the port. The railway, and the Nacala-a-Velha coal terminal are operated by the Integrated Nacala Logistics Corridor (CLN), which is owned 80% by Brazilian company Vale and 20% by the Mozambican ports and rail company, CFM. The line can handle 11 million tonnes of coal per year, in trains 1,500 metres long with 120 coal wagons pulled by four locomotives.

Freedom of information approved

The special session of parliament last week unanimously passed a freedom of information law first submitted to parliament eight years ago by journalists of the Mozambican chapter of the regional press body MISA (Media Institute of Southern Africa). The bill passed its first reading on 21 August 2014, during the final ordinary sitting, but parliament then ran out of time when the election campaign began on 30 August. The special session passed the second and final reading.

The law applies to "public bodies and private bodies invested with public powers, by law or by contract, [because they] exercise their activities in the interest of society and so those activities must be made known to citizens." Material to be made available includes annual activity plans and budgets; audit, inquiry and inspection reports; environmental impact reports; and contracts.

Public documents and archives must be open to anyone wishing to see them. People requesting access do not need to state what they intend to do with the information. The person requesting the information needs do nothing more than identify themselves. The documents requested must be made available within 21 days, and consulting them is free of charge (apart from the costs of photocopying, if the petitioner wishes to take them away).

Exemptions include bank secrecy, commercial secrets, and individual privacy.

Constitution changes dropped: The special session also decided to drop the proposed minor changes to the constitution. An ad-hoc parliamentary commission had been set up and was boycotted by Renamo four years ago, when some Frelimo officials mooted the idea of allowing Armando Guebuza a third term or some other form of allowing him to maintain power, but this was widely rejected inside Frelimo, so the Commission had little to do.

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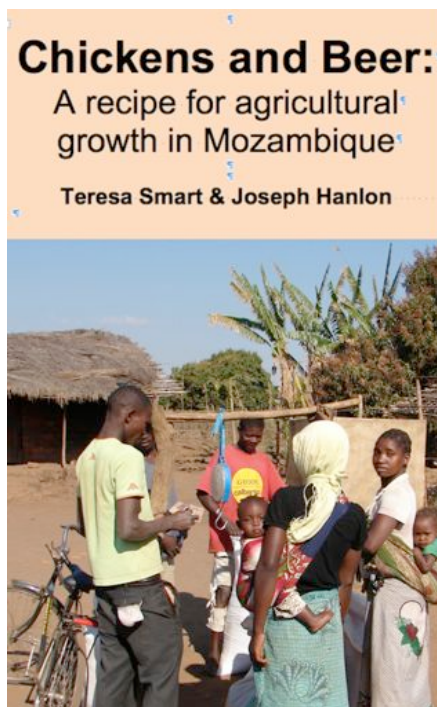
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