

MOZAMBIQUE News reports & clippings

437 5 February 2019

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Also in this issue:

Chang, tax haven investment, Cabo Delgado, US & France in Mozambique Channel

Bar Association chair says secret debt is "odious" and should not be paid

The \$2 bn secret debt "is of criminal origin, commonly known as odious debts" and "the Mozambican Bar Association will initiate investigations abroad to explore the possibility that Mozambicans will not be obliged to pay debts," said Dr Flávio Menete, chair of the Mozambican Bar Association (OAM), at the 1 February ceremony to launch the 2019 judicial year.

He continued that in 2015 when the debt became public the Bar Association (OAM) "said there was a need to treat this process with the seriousness it deserves, to prevent the Mozambican justice falling into complete disrepute. We were right: disrepute is a sad reality today, with obvious signs that we have lost control of the situation and try to rescue ourselves from indefensible cases. With every passing day, the Kempton Park court in South Africa, similar to a municipal court in our country, has been putting on the table letters that embarrass our system of administration of justice, Here the question is whether we are facing incapacity or whether, instead, the criteria of legality and impartiality has been put in a drawer and forgotten."

Other points made by Dr Manete included:

+ **Municipal elections** "were characterized by a lack of transparency and action by administrative and judicial bodies, which left much to be desired. We have to rethink our electoral law, but we must also make a more adequate interpretation" - clear reference to the bizarre rulings that being illegally excluded from a meeting can only be challenged at the meeting the person was not allowed to attend. "May we suggest that electoral legislation be guided by national interests rather than by the two major political formations."

+ "Once again, the police shamed themselves by the refusal to prevent supporters of the Centre for Public Integrity (CIP) wearing **T-shirts** with inscriptions of repudiation and indignation against the payment of illegal secret debts. The Mozambican Bar Association condemns this position of the police and calls for respect for the freedom of expression and thought enshrined in our Constitution."

+ Cabo Delgado journalist **Amad Abubacar** was beaten and starved while in military detention, according to the human rights commission of the Bar Association. A team from the commission met with Abubacar last week in the Nieze prison in Pemba, where he is currently being held. (O Pais 31 Jan) But Dr Manete says "Amade Abubacar was held for 13 days in captivity, in military installations and tortured, yet the judge validated his detention and kept him in prison. This is a legal aberration. The journalist did not commit any infraction, but it was he who was deprived of exercising the right to inform society of what is happening in Cabo Delgado, the scene of barbaric attacks." Manete continued: "The Public Prosecutor's Office has failed to secure the release of journalist Amade Abubacar, who has been illegally arrested and isolated in a military establishment,

but has been engaged in titanic efforts to avoid extradition of Manuel Chang, which leads us to conclude that it does not carry out its job in an impartial manner."

Coming from the head of the Bar Association, these rapid fire criticisms carry weight.

Thank the police

We should thank the police, argues *Carta de Moçambique* columnist Juma Aiuba. "If it wasn't for the police, many people wouldn't have known that CIP was promoting a campaign with free t-shirts saying 'I won't pay the secret debt'. ... The regime is creating heroes without seeing that they are transforming dwarfs into giants and sardines into whales. Who was Amade Abubacar? An 'invisible' journalist on a community radio who, thanks to the regime, has become a hero. ... To become a hero today, you only have to exercise your rights as a citizen."

US and France jostle over Mozambique channel

There has been a burst of interest over the Mozambique Channel. The United States is conducting a naval exercise in the Mozambique channel off Pemba and the gas fields. The exercise, with Mozambique and 15 other partners, called Cutlass Express 2019, ends Thursday 7 February. It is intended for training to combat smuggling of drugs and wildlife products, illegal fishing, and piracy. (*O Pais* 29 Jan; US embassy press release) Speaking at a meeting in Maputo as part of the exercise, acting Ambassador Bryan Hunt stressed that the US wants to increase maritime cooperation with Mozambique. And he said the US is ready to help Mozambique combat armed groups in Cabo Delgado.

And in September France reopened its military mission in Maputo which had been closed 20 years ago. The French Foreign Ministry explained that "the main objective of the defence attaché in Maputo will be the development of bilateral defence cooperation with Mozambique, particularly with regard to maritime safety, for which France has undeniable assets in the area [including] armed forces in the southern zone of the Indian Ocean, 1600 military based in Reunion, with five ships and two air force transport planes and a parachute regiment." Naval cooperation is being stepped up. The defence attaché, Navy Captain Arnaut Lacote, was transferred from Pretoria to take up residence in Maputo. <https://mz.ambafrance.org/Ouverture-de-la-Mission-de-defense-a-Maputo>

Mayotte, an island 500 km off the coast of Pemba, is an integral part of France and has an important French military base. Mayotte and the nearby Comoros may have gas, linked to the gasfields now being developed off the Mozambique coast. France also claims several islands in the Mozambique Channel.

Nyusi encouraging Mauritius tax haven investment

Mauritius is already one of the 10 largest investors in Mozambique, having invested \$3 bn in the past five years. And on a 1-3 February visit to the country, President Filipe Nyusi encouraged more Mauritius investment. (AIM En 1,3 Feb)

Mauritius is a major African tax haven. "Mauritius has an international reputation built around extremely low taxes - a flat corporate tax rate of 15% and an effective rate as low as 0 to 3% for offshore companies - as well as high levels of financial secrecy," according to an article in journal *Foreign Policy* (18 October 2018, <https://foreignpolicy.com/2018/10/18/african-governments-are-paying-for-the-world-banks-mauritian-miracle-malawi-mauritius-offshore-tax-havens-evasion-ifc/>) Meanwhile Mozambique has a very low tax rate for Mauritius registered companies. (<https://www.pkf.com/media/10028449/mozambique-tax-guide-2016-17.pdf>) Mauritius has been accused by civil society groups of draining public resources from poorer countries by allowing multinational investors to shift their profits there, enabling them to pay much less than their fair share of taxes in the countries where they actually operate, *Foreign Policy* notes.

The secrecy could work the other way, and allow Mozambicans to use illegal money (such as from bribes and the \$2 bn secret debt) to set up companies in Mauritius and then bring the money to Mozambique totally legally.



Chang case drags on

Three more days of hearings in Kempton Park magistrates court, Johannesburg have led to little change, with Manuel Chang still in jail and no decision on bail. Extradition and bail are dealt with by different judges and the next hearings will be Friday 15 February for bail and Tuesday 26 February for extradition.

A bail hearing on Thursday 31 January saw the South African prosecutor, Elivera Dreyer, arguing strongly against granting bail. She said the former minister was extremely rich and poses a serious flight risk. Furthermore, the crimes Chang stands accused of are of enormous proportions. "Billions of dollars were stolen" she said, "and this has negatively affected the economy of Mozambique". Dreyer insisted that the whole point of detaining Chang was to extradite him and this was not compatible with any provisional release. She pointed out that, once he is back in Mozambique, it will be impossible to extradite him because the Mozambican constitution specifically forbids the extradition of Mozambican citizens.

The session continued the following day. But minutes after the session opened on Friday, there was a power cut, and it was discovered that the court generator had no fuel, so the session stopped.

Today (Tuesday 5 February) was a joint hearing on bail and extradition, with two different judges. The bail hearing opened with the report that the Prinvest official being held in New York, Jean Boustani, had offered to post \$20 mn in bail but the New York court refused bail. At the Kempton Park hearing Chang's defence lawyer, Rudi Krause proposed that if given bail Chang could stay in

Johannesburg or even Kempton Park, where he has friends, but Dreyer continues to oppose bail. The decision will be announced on 15 February.

The extradition session then started with a different judge. But the session was short, and was simply to allow the South African authorities to hand over to the court and the defence the sealed package of extradition documents sent by the US Justice Department. Mozambique says that it has also submitted its extradition documents to the South African foreign ministry yesterday, but officials said they had not arrived in the prosecutors office. *Carta de Moçambique* (5 Feb) reports that the two extradition requests will be dealt with at separate court hearings by different prosecutors and judges.

The Public Integrity Centre (CIP) has a journalist at the hearing and on the spot reports are posted on [Facebook - Centro de Integridade Publica](#)

Luisa Diogo shocked

Former Mozambican Prime Minister Luisa Diogo said on Sunday 3 Feb she is “shocked” at the involvement of former finance minister Manuel Chang in the scandal of the \$2 bn hidden debts. In the government led by President Joaquim Chissano between 2000 and 2004 she was Finance Minister and he was her deputy. When she was promoted to Prime Minister (2004-2009), Chang took over as Finance Minister. Speaking to the independent television station STV she said “It’s a great shock because he’s a cadre whom I know and I thought I knew him well. With the work we did together I thought he shared the same principles of how to serve the state, how to serve the people. I’m shocked because although I have understood about the debts since 2015, I never thought he had taken advantage of this”. (AIM En 4 Feb)

Gas companies discourage local business

Both Andarko and ExxonMobil-led Mozambique Rovuma Venture (MRV) have issued insurance tender notices that have requirements that Mozambican insurance companies do not meet, namely that they have experience underwriting LNG projects. (*Noticias* 5 Dec, 1 Feb)

Curfew lifted in Mocímboa da Praia

A 9 pm to 4 am curfew declared by the mayor of Mocímboa da Praia on 24 January was lifted on 1 February. No people or vehicles had been allowed to circulate during those hours. (*Carta* 5 Feb) In his 1 February speech, Dr Flávio Menete, chair of the Mozambican Bar Association, said that a mayor cannot impose a curfew.

Also in the small war in Cabo Delgado, four people were killed in Mwangaz, Nangade district, on Friday 1 February. Two victims, one of whom is a teacher at a local school, were decapitated by an armed group when driving on a dirt track near the town. That same morning, a couple was decapitated when working in their vegetable garden in the town. (Lusa 1 Feb) And in Litingina, also in Nangade, insurgents killed nine government soldiers in an attack using large calibre automatic weapons, according to *Mediافax* (1 Feb).

Anadarko on Thursday (31 Jan) published an advertisement in *Noticias* saying it wants a fleet of at least six vehicles with armour heavy enough to stop AK-47 bullets as soon as possible at its natural-gas project in Cabo Delgado. MRV in December said it wants a security company that can provide incident response capability from Pemba, as well as providing bullet-proof vehicles. (Bloomberg 31 Jan; Zitamar 1 Feb, 17 Dec)

Low rainfall in south causing water and food shortages

Low rainfall in the south of Mozambique during this rainy season means that the Pequenos Libombos dam, which supplies Maputo, is only 20% full, and Maputo and Matola will only receive

water on alternate days. Irrigation water for farmers will also be cut. (*O Pais* 31 Jan) Boreholes promised after the last drought have been promised again. But the situation is likely to be permanent, with all climate change forecasts predicting a fall in rainfall in Mozambique south of the River Save.

The US-funded Famine Early Warning Systems Network (FEWS NET) has warned that southern Mozambique and parts of the centre of the country are facing a food crisis due to December's abnormally high temperatures and late rains. FEWS NET notes that the agricultural season began 40 days late, with just 53% of planned planting in the south taking place in December. Humanitarian aid in January reached 167,000 people taking many areas of Gaza out of the crisis category. (AIM En 4 Feb)

The water shortage has put electricity company EDM on 'red alert', in particular regarding the Corumana Dam hydropower plant. The dam on the Sabie River is only 36% full and can now only produce half of its 25 megawatt normal capacity.

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Background reading

Special reports

Mozambique heroin transit trade

English - LSE - <http://bit.ly/Moz-heroin>

Portuguese - Pt - CIP - <http://bit.ly/Moz-heroina>

Gas for development?

Gas_for_development_or_just_for_money?_2015 bit.ly/MozGasEng

Gás_para_desenvolvimento_ou_apenas_dinheiro?_2015 bit.ly/MozGasPt

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: bit.ly/MozPoverty

2018 Constitution - <http://bit.ly/2KF588T>

Minimum wage and exchange rates 1996-2018 -- <http://bit.ly/MinWage18>

\$2bn secret debt - in English

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz-full>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

In Portuguese:

Parliamentary Report on the Secret Debt (complete) bit.ly/MozAR-debt

Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>

Election newsletters are on <http://bit.ly/2H066Kg>

Eight books by Joseph Hanlon can be downloaded, free: <http://bit.ly/Hanlon-books>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014)

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Moçambique e as grandes cheias de 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996)

Mozambique: Who Calls the Shots (1991)

Mozambique: The Revolution Under Fire (1984)

Two more will be available shortly to download:

Apartheid's 2nd Front (1986)

Mozambique and the Great Flood of 2000

These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Zimbabwe takes back its land (2013)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)

Do bicycles equal development in Mozambique? (2008) (free in Portuguese)

Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

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Mozambique media websites, Portuguese:

Notícias: www.jornalnoticias.co.mz

O País: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Carlos Serra Diário de um sociólogo: <http://oficinadesociologia.blogspot.com>

Mozambique media websites, English:

Club of Mozambique: <http://clubofmozambique.com/>

Zitamar: <http://zitamar.com/>

Macauhub English: <http://www.macauhub.com.mo/en/>

AIM Reports: www.poptel.org.uk/mozambique-news

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