

# MOZAMBIQUE News reports & clippings

440 4 March 2019 Editor: Joseph Hanlon ( [j.hanlon@open.ac.uk](mailto:j.hanlon@open.ac.uk) )

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## Mozambique suing Credit Suisse and Prinvest

Credit Suisse and Prinvest will be sued by Mozambique in the High Court in London, according to a notice on intent submitted on 28 February by the attorney general's office (Procuradoria-Geral da República, PRG). The notice relates to the government guarantees supposedly given on the \$2 bn secret debt.

Details of the notice are not yet public, but it seems to have been written and submitted quickly, probably in order to make it public before the IMF staff mission arrives on 13 March. This legal action is enough to allow the \$2 bn secret debt to be considered "disputed" by the IMF. As we explained last week ([bit.ly/Moz-439](http://bit.ly/Moz-439)) that means it can be removed from the IMF debt sustainability analysis, which would mean that Mozambique's debt can now be considered sustainable, which would permit an IMF programme and could release additional aid and credits. The first step would be to agree a "staff monitored programme", perhaps during the mission. This does not involve IMF executive board approval or any IMF money, but a full IMF programme could follow.

The notice in the London court is clearly linked to arrests in Maputo and is important to demonstrate to South Africa and the United States - and to Mozambican voters - that the Mozambique government is taking action against both the Mozambicans who took bribes and those who offered the bribes.

The case is being brought against two parts of Credit Suisse, two parts of Prinvest Shipbuilding and their owner Abu Dhabi Mar, and the three former Credit Suisse London-based employees who are charged in the United States (Andrew James Pearse, Surjan Singh and Detelina Vaneva Subeva).

The court will be asked to:

- + declare the guarantees given for the Proindicus loans to be invalid and illegal
- + cancel guarantees given to Credit Suisse
- + make the defendants pay all liabilities arising from the MAM guarantee.
- + order payment of damages and compensation for fraud, bribery, conspiracy to act by unlawful means, misrepresentation and deception.
- + order an accounting of the all bribes paid.

No claims are made against the Russian bank VTB which was also involved in the hidden debt, also from its tLondon office. And it appears that no claims are made related to the Ematum bonds, which as we noted last week have a very different status because parliament approved the nationalisation of the that debt.

## Is Mozambique moving against heroin?

The first heroin seizure took place last month, at the same time as the trial of Momade Rassul opened, both in Nampula province.

32kg of heroin were found hidden among wooden furniture on a lorry at a police checkpoint near the Ligonha river in Murrupula, Nampula province. Provincial police on 25 February announced the 18 February seizure. In the same form used by South African police, photographs of the pile of 1 kg bags of heroin were given to the press. [bit.ly/NamHer1](http://bit.ly/NamHer1) and [bit.ly/NamHer2](http://bit.ly/NamHer2) The drivers said they simply received the order and did not know the contents of the packages or to whom they were being delivered.

Rassul is charged with fraud, money laundering, criminal associations and illicit enrichment based on MT 741 mn (\$12 mn) deposited in cash and in smaller amounts into his bank accounts. The former planning minister and Frelimo finance secretary Aiuba Cuereneia was called to give evidence because part of the accusation is that import tax exemptions of Frelimo were used illegally. He said all exemptions were legal. The defence presented nearly 4000 pages of documents to prove Rassul's innocence. Rassul was arrested in July 2017 and freed on \$130,000 bail. The hearing was on 28 February and the verdict will be announced on 11 March. (*O País* 1 Mar).

**Comment:** For two decades Mozambique has been a major transit route for heroin - brought by boat to Cabo Delgado and then by road to Johannesburg for shipment to Europe. We published a major report on this last year: <http://bit.ly/Moz-heroin> It is argued that important Nampula trading families have controlled the heroin trade, which is effectively licenced through payments at high level to Frelimo. Heroin often arrives in branded 1 kg packets and at least some of the trade is now organised via WhatsApp with drivers hired by mobile phone like Uber taxi drivers - in the manner claimed by the arrested drivers. This seizure is unique in three ways: the drivers are normally given enough money to pay bribes to the police, if heroin is seized the police normally keep it and do not report it, and 32 kg is a relatively small cargo compared to the normal 50-100 kg.

Three Asian-origin families based in Nampula and Nacala are said to be major players in the heroin transit trade. Momade Rassul is head of one of the families involved, according to a report by the Global Initiative against Transnational Organized Crime.

This could be the start of a serious crackdown on the heroin trade. Or it could be just for show. Or it could be a crackdown on those not making the proper payoffs or trying to operate freelance outside the main cartels. *jh*

## Other news

**Police blocked an annual children's carnival** procession in Maputo Friday 1 March. The 300 children of the Nyoxani primary school in Sommersfield, Maputo, were singing and dancing and about to set off on the annual procession to the nearby Parque dos Cronistas to mark the start of Lent when 10 police arrived to stop the march. The police said the procession was banned because it would be too noisy on a working day. (*Carta de Moçambique* 1 Mar) Meanwhile, Journalist Amade Abubacar has been held by police in Pemba for two months and journalist Germano Daniel Adriano for two weeks. Both work for the Nacedje community radio in Macomia and are charged with espionage and incitement, apparently for reporting on attacks by insurgents in the area. A 21 February Human Rights Watch report says the media are banned from reporting on the insurgency. <https://www.hrw.org/news/2019/02/21/mozambique-media-barred-insurgent-region>

**The Portuguese contractor Gabriel Couto** building the \$40 mn airstrip for Anadarko at Afungi in Cabo Delgado, one of whose workers was killed an attack to traffic going to Afungi on 21 February, turns out to have a somewhat chequered history in Mozambique, according to *Savana* (13 Nov 2015, 22 Feb 2019). It was involved in the 2015 repaving of Av Julius Nyerere in Maputo which broke up before it was finished. It failed to complete the 2012-4 paving of the road from Malema to Cuamba, and the contract was finally cancelled last year. And it was recently fined MT

100,000 (\$1700) by the Contracting and Construction Licensing Commission for exaggerating the size of its technical staff.

**Mozambican Game of Thrones.** Nyusi and Guebuza families are accused of trying to poison each other (*Canal de Moçambique* 27 Feb). In a surprising argument as to why Ndambi Guebuza should not be held in preventive detention in the secret debt case, Guebuza lawyer Alexandre Chivale said there have been an attempt (in July 2017) to poison the Guebuza family by putting an organophosphate pesticide in a pudding. The response was to point to an incident at a Frelimo meeting in April 2018 in Mocumba in which Filipe Nyusi and his secretary Adelaide Chongo were sufficiently seriously poisoned at a lunch at a government residence that they both were admitted to the military hospital.

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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](http://bit.ly/MozGasEng)

Gás\_para\_desenvolvimento\_ou\_apenas\_dinheiro?\_2015 [bit.ly/MozGasPt](http://bit.ly/MozGasPt)

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

Special report on four poverty surveys: [bit.ly/MozPoverty](http://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](http://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](http://www.jornalnoticias.co.mz)

O País: [www.opais.co.mz](http://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](http://www.poptel.org.uk/mozambique-news)

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