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THE INVESTOR by Adrian Frey

The #1 Newsletter for top business, investment, and legal news in Mozambique

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MOZAMBIQUE REVIEW

Construction of bridge over Zambezi River enters final phase

The construction of the bridge over the river Zambezi in Mozambique has entered its final phase, with work beginning on the bridge's platform, the director of the Rover Zambezi Bridge Office, Elias Paulo said last Monday in Maputo.

The bridge, the construction of which is the responsibility of Portuguese consortium Soares da Costa/Mota-Engil, will be 2,443 meters long, 16 meters wide and have four lanes, is estimated to cost 80 million euros. According to Paulo, if there are no setbacks, the platform will be ready by November of this year.

"Progress on building work is going well. If everything goes as well as it is, the deadline for conclusion of the project for March 2009 will be fulfilled," said Paulo. (*macauhub*)

Bread price rise in Maputo

Mozambique's Bakers Association (AMOPÃO) has just approved a new bread price hike in response to the continuous increase of wheat flour in the domestic market.

The new bread price will affect mainly the consumers living in the suburban and rural areas, who two weeks from now will have to pay four meticaís for a loaf of bread 200 grams, up from the current 3.5 meticaís. To the contrary, the bakers in the urban areas, despite facing higher production costs due to electrical power, fuel, water and other overheads, they have decided to keep the current bread price, while decreasing their profit margins. (*aim*)

Study shows passenger satisfaction with LAM

LAM– Mozambique Airlines has undertaken a survey to get a perception of the level of satisfaction from Passengers with the services and products offered by the company.

As for the efficiency of the booking services of LAM in 2007, the passenger satisfaction is substantially higher (85%) than the other levels of perception. The same happens with the perception on efficiency of Airport officials and the availability of information (90% and 85% of the interviewees, respectively).

Punctuality is another LAM success factor, with 81% of the interviewees satisfied against only 9% who expressed dissatisfaction. Respectively 85% and 63% of the interviewees said they were satisfied with the courtesy and efficiency of crew members and only 5% and 4% respectively expressed dissatisfaction. (*cpi*)

GOVERNMENT

Guebuza wants cooperation based on the private sector

Mozambican President Armando Guebuza, on a four-day visit to Brazil, defended a new way of cooperation, based on the participation of the private sector in exploiting business and investment opportunities in both countries.

Among the Brazilian companies already investing in Mozambique, contributing to create more job posts and more wealth, are the Vale do Rio Doce Company, that is investing in coal mining in Moatize, in the western Tete province, and also Odebrecht, Seden, and Camargo Correia, that are operating in the sector of construction of heavy engineering works. Guebuza invited other Brazilian companies to open businesses in Mozambique, taking advantage of the opportunities and the political stability that make the country a safe destination of investments. (*aim*)

Government grants funds for development of district infrastructures

The Mozambican government is committed with further country's decentralization and as from next year it plans to allocate 2.3 million meticaís (about 90,000 USD) to the 128 rural districts for infrastructures development projects.

The new fund comes on top of the existing Fund for Local Development - seven million meticaís (about 280, 0000) allocated by the central government to the districts - that were supposed to be used to grow food and create new jobs in the rural areas, but are sometimes spent on upgrading infrastructures, such as roads, houses and among others. The process of decentralization began in 2006 when the government decided to allocate seven million meticaís to each district. (*aim*)

Mozambican government authorizes Canadian company to buy more land

Canadian company Energem Resources said Wednesday in Toronto it had been given the go-ahead by the Mozambican government to buy a further 60,000 hectares of agricultural land to expand its business in Mozambique.

Last August, the company said it had acquired a 70 percent stake in a jatropha biodiesel production business, with a commitment to invest up to US\$5.5 million in the project. (*macauhub*)

DONORS

Mozambique and IFAD agree on new program for rural development

The Mozambican government and the International Fund for Agricultural Development (IFAD) met in Maputo last week to discuss a new program for promoting the linkage between the rural communities and markets to be implemented in 2008.

The project currently under discussion will pave the way for further activities under the Agricultural Markets Support Project (PAMA) in place in Mozambique since 2001.

One of the PAMA's achievements, which is expected to be completed by the end 2007 or beginning of 2008, was to successfully organize nearly 13,500 peasant farmers in 360 associations. This resulted in the increase of rural trade and better prices for the small farmers. (*aim*)

Mozambique and Brazil sign agreements

Mozambique and Brazil signed a number of agreements in Brazil last Thursday covering areas such as energy, education, construction, water supply, and diplomacy, among others. One of the agreements covers bio-fuels, an area in which Brazil has a

long experience. About 80 per cent of the Brazilian vehicles are powered by ethanol, which helped the country reduce imports of liquid fuels and reduce the levels of environment pollution.

The documents were signed by senior officials of the two countries, witnessed by Guebuza, and his Brazilian counterpart, Lula da Silva, during a meeting of both delegations. For his part, da Silva noted that Mozambique has every condition (climate and soil) to help respond to the growing demand for this resource across the world. (*aim*)

UNCTAD Transport Newsletters for Q1 and Q2

The United Nations Conference on Trade and Development (UNCTAD) quarterly Transport Newsletters offer very informative reading for all in the ports, shipping and international transport arena. See the links for the two latest versions of the transport newsletter: [Transport Newsletter First Quarter](#), [Transport Newsletter Second Quarter](#). (*mch*)

ECONOMY

India offers to share expertise with Africa

India is keen to share its expertise with Africa and help countries in the continent to enhance their profiles in industry, trade and investment, Commerce Minister Kamal Nath said Monday.

'India's trade in goods and services will be in the region of \$500 billion this year. Our foreign exchange reserves are \$230 billion. The size of our economy has crossed 1 trillion dollars,' he told a seminar here.

'But all this has not come easily to us. India has achieved this by dint of hard work. We would like to continue to share our experience, our expertise, our technology with our brothers and sisters from Africa,' the minister added.

The seminar - 'India-Africa Cooperation in Industry, Trade and Investment' - has been organised by the United Nations Industrial Development Organisation (Unido) in cooperation with the Government of India.

Philippe Scholtes, representative and regional director of Unido for South Asia, mentioned that 'this event is not an end in itself but the beginning of a long-term partnership between India and Africa,' adding it will cover areas like technology promotion, competitiveness, private sector, agro-industry and energy. (*India gazette*)

Vodacom says there is no room for a third party operator in Mozambique

The international mobile phone operator Vodacom says the Mozambican market is currently not big enough to absorb a third operator at a time reports suggest that the government has received requests from a number of aspirants.

"We have seen what happened in South Africa, with 40 million people, where a third operator comes in and six years later is still not making money", said Vodacom Mozambique Managing Director Jose dos Santos in an interview with the Investir Magazine. Dos Santos pointed out that South Africa was already a booming economy and questions what a third operator would do in Mozambique with 20 million inhabitants and with an economy that is only starting to take off. (*cpi*)

Production of biofuels not to compromise food security

President Armando Guebuza stated in Brasilia at the weekend that incrementing production of bio-fuel crops will not compromise food security in the country.

Guebuza said that the country is striving to ensure that the production of this resource does not jeopardize people's expectations or negatively affect production of foodstuffs. Brazil is prepared to help Mozambique in the production of bio-fuel in order to reduce dependence on imports of fuel, and also help create job posts. In his address, Guebuza recalled that Mozambicans have been producing cash crops for the last few centuries, including cotton, tobacco, and others, but that never interfered with food production. 'We are very much aware of the importance of food production, but also of bio-fuel as another source of employment and income. We are prepared to make the production of bio-fuel in large quantities as a source of income for the producers, the peasants', he said. (*Solutions Biofuel Task Force*, www.clubofmozambique.com)

Ponta Dobela port project in Mozambique set to begin

Mozambique's Port and Railways Company (CFM) will contribute US\$15 million to build, maintain and operate the Mozambican port of Ponta Dobela. The project, located about 70 km from the capital, south of Ponta Milibangalala, involves the development of industrial, commercial and tourism activities, besides the construction of road and rail accesses.

Total investment in the project is estimated at US\$500 million, according to a source from that public enterprise. It will cover an area of more than 22,380 hectares in the Techobanine region that had been set aside for the installation of a special economic zone. In the first phase, plans call for the construction of a tank farm for fuel distribution in the region, to be followed by a specialized commercial port to handle minerals. (*macauhub*)

Lonrho increases equity stake in Norse Air to 51%

Lonrho (AIM : LONR), the conglomerate with a diverse portfolio of African investments, announced last week its acquisition of a further 8% of [Norse Air Limited](#). This brings Lonrho's holding in Norse Air to 51% of the company.

Norse Air, a private aviation company whose activities include Charter and Freight Services, Leasing, Sales and Maintenance, has a presence in Mauritius, South Africa, Mozambique, Mali, Madagascar, Ghana, Ivory Coast, Afghanistan, and Singapore. In a Press Release received by **the Investor**, Lonrho Chairman and CEO, David Lenigas, said of what the company can bring to Norse Air, "Norse Air, like other Lonrho subsidiaries benefits from our experience of Africa, Lonrho's ability to transact larger deals and our ability to provide access to funds for expansion." (*the Investor*, www.clubofmozambique.com)

Portuguese sugar company plans to plant sugarcane in Mozambique

Portuguese sugar company DAI - Sociedade de Desenvolvimento Agro-Industrial plans to refine cane sugar from an investment it is making in Mozambique in the 2010 season, the chief executive of the company said in Coruche, Portugal last Wednesday.

Speaking to Portuguese news agency Lusa, José Cabrita said that a consultation of the population was underway for concession of land for planting sugar cane, at the same time as renewing a factory for the first stage of processing also in Mozambique.

"It is a lengthy process. If all goes well we expect the first season (using cane produced by the company in Mozambique) in 2010," he said. (*macauhub*)

Former Minister of Education has gone into the telecommunications sector

The controversial former minister of education and member of the Frelimo political commission has gone into the telecommunications sector.

In June 2007, Alcido Eduardo Nguenha participated in the creation of Capitel Lda-Capitais e Telecomunicações, a company which is planning to work in building telephone exchanges, radio transmission networks, land lines and mobile telephones. Nguenha's two partners are the South Africans Louis Joachim Reyneke and François Philippus Du Toit. In his capacity as a representative for Capitel Lda, Reyneke also participated at the end of August in the creation of Moçambique Telefones Lda (Mozfones) in partnership with the Mozambican Alexandre Fumo. (*macua blogs*)

MINING AND ENERGY

Steel company enters into MoU with coal-miner

Global steel company Tata Steel, and junior mining company Riversdale Mining (Riversdale), which is listed on the Australian Stock Exchange (ASX), have announced that the companies have entered into a memorandum of understanding (MoU), whereby Tata Steel will become a strategic investor in Riversdale's Mozambique coal project, acquiring a 35% stake in the project for a sum of A\$100-million. The Mozambique coal project includes the coal tenements of premium hard coking coal, in Benga and Tete, located in the Tete province in Mozambique, which are fully owned by Riversdale through its subsidiary Riversdale Energy Mauritius. The Benga and Tete tenements together cover an area of 24 960 ha.

The Riversdale management expects that the potential mineralisation of the area will be substantially high. The MoU underscores the relationship between Riversdale and Tata Steel to develop the project. Riversdale is conducting a scoping study, which is likely to be completed in August 2007. The definitive agreements are expected to be finalised and executed by the end of November 2007. (*miningweekly*)

Manica Project: Resource Upgrade and Drilling Results

Pan African Resources PLC, the African based gold mining and exploration company, is pleased to announce an increased resource at the Manica gold project in Mozambique and report an increase in grades resulting from the ongoing exploration drilling programme. Find the Press Release [here](#). (*miningweekly*)

CVRD plans to build new coal terminal at Mozambique's Beira Port

Companhia Vale do Rio Doce (CVRD) plans to build a terminal at Beira port in Mozambique to export coal from its planned Moatize mine.

The terminal will be able to handle 12 million metric tons a year and will have a storage capacity of 600,000 tons, Cezar Medina of Rio Doce Mozambique said at the Coaltrans conference in Johannesburg last Wednesday.

The company is "finalizing a logistics solution in order to go forward" with the Moatize project, incorporating a coal mine producing 26 million tons a year, Medina said.

(*bloomberg*)

TOURISM

Tourism Back On Its Feet After 'Favio' Cyclone

The tourism industry has practically recovered in Vilankulo and Inhassoro districts, in the southern Mozambican province of Inhambane, after being severely hit by the 'Favio' cyclone early February, reports Monday's issue of the daily 'Noticias'.

Most tourist resorts have already been fully rehabilitated and have resumed their activities, while others are in an advanced stage of reconstruction.

Tourism Minister Fernando Sumbana noted that tourism in Inhambane has been gaining a new momentum, which creates hopes that this will become a huge industry soon.

To make his point, he said that an investment of 80 million US dollars was recently approved for the building of five star hotel at the Pomene beach, in the Massinga district, with a capacity for 200 beds.

The southern part of the province, more precisely the Inharrime and Zavala districts, are also entering the competition, with the Zavora and Canda beaches as the most sought after by a number of tourism operators. (*allafrica*)

SA Hyenas bound for Gorongosa National Park

Twenty-five hyenas would be translocated from South Africa's Madikwe National Reserve to [Gorongosa National Park](#) in central Mozambique, according to a report from the Mozambican newspaper, Diario de Moçambique.

Vasco Galante, communications director of the Gorongosa National Park said the acquisition of the hyenas was in line with the Gorongosa National Park's programs to replenish species whose population was wiped out in recent years. Galante said the park would also receive 200 male horses from the Limpopo region of South Africa.

If you would like information on booking and fees to visit Gorongosa, contact travel@gorongosa.net. (*the Investor*, www.clubofmozambique.com)

Mozambique becomes official Chinese tourist destination

The Chinese government has declared Mozambique as an official tourist destination for its citizens. This follows an agreement signed in Maputo last week between Mozambican Tourism Minister Fernando Sumbana and Chinese Ambassador to Mozambique Tiang Uang Seng.

Every year, China elects a number of countries as official tourist destination, and these countries must meet a number of requirements such as good infrastructures, political and socio-economic stability.

Mozambique has a huge natural tourism potential and a unique geographic location. In the near future Mozambique will turn into one of the major tourist destinations in the world. (*cpi*)

OVER THE BORDER

South Africa to impose night ban on Mozambican taxi-minibuses

The South African authorities are soon to impose a night ban on taxi-minibuses bound to Mozambique.

These draconian measures follow the last spate of deadly accidents reported in South African roads involving Mozambican taxi-minibuses, says the director for legal and consular affairs with the Mozambique's Foreign Ministry, Feira Junqueiro Manhique, cited on the website of the weekly "O Pais", last Monday.

No dates for the enforcement of night ban have yet been set, but it is virtually confirmed, said Manhique. (*aim*)

Mozambique's transport sector to take greater advantage in SADC

Transport and Communications Minister Antonio Munguambe says Mozambique must move fast in the modernization of its transport infrastructures in order to take greater advantage in the context of regional integration.

Mozambique is privileged of having a long coast and of being a strategic import and export gateway for most SADC member states through its chain of ports.

The country's main ports of Maputo, Beira, and Nacala have been leased to private entities now busy upgrading and equipping them. Smaller ports are also being upgraded through public investment.

The road and railway infrastructure has also been benefiting from rehabilitation.

SADC countries will enter a Free Trade Zone next year. (*cpz*)

ANNOUNCEMENTS

Real Estate News by Mozambique Property

For Sale or Rent

High specification new home (in the final phase of finishing) available in Sommersfield B with 4 bedrooms en-suite, all with own veranda. Spacious living room opening into the garden/swimming pool. Built with attention to detail and high quality finishings.

This is a rare opportunity to avail of a house which combines simplicity with taste. Electric fencing all around. For more information contact

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The Solutions website at www.clubofmozambique.com is your daily source for news, information, and events on Mozambican business and investment. The website is regularly updated throughout the day, ensuring that business news and information reaches you first. We have received a number of positive feedbacks recently with regards to our new site. Please let us know how we can strengthen not only the website but our newsletter, the Investor. Send your comments and suggestions to shannon.gopaul@clubofmozambique.com.

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Director – Adrian Frey adrian.frey@mozlegal.com

Editorial team: Shannon Gopaul shannon.gopaul@clubofmozambique.com Mateus

Chale mateus.chale@mozlegal.com Joaquim Falé joaquim.fale@mozlegal.com

Solutions | Soluções

Hotel Cardoso

707 Avenida Martires de Mueda, Maputo, Mozambique

Tel. +258 21 496 900 Fax +258 21 496 802

E-mail theinvestor@mozlegal.com

Website: www.clubofmozambique.com