



P.O Box 19777, Nelspruit, 1200
MCLI HOUSE 1st Floor, 16 Streak Street, Corner Streak & Elunke Streets, Nelspruit
Tel: +27 13 755 6025 • Fax: +27 13 752 5453 • Cell: +27 83 555 6025
E-mail: brenda.horne@mcli.co.za • Website: www.mcli.co.za

WORKING TOGETHER TO MAKE THE MAPUTO CORRIDOR FIRST CHOICE FOR ALL STAKEHOLDERS
TRABALHANDO JUNTOS PARA TORNAR O CORREDOR DE MAPUTO PRIMEIRA ESCOLHA

Maputo Corridor Logistics Initiative

Date: 03 October 2007

CPI Investor's Intelligence Newsletter as received from CPI for the period:

04 September 2007 to 03 October 2007

MCLI takes pleasure in forwarding to you the very valuable Mozambique Investor's Intelligence Newsletter as received from CPI.

MCLI greatly appreciates the partnership with CPI and thank them for making this very informative newsletter available to the Maputo Corridor Interested Readers.

Please do not hesitate to forward your comments with regards to this MCLI initiative to us at brenda.horne@mcli.co.za

For any questions kindly contact CPI direct as per below:

Editorial Team:
Research and Development Division - CPI
Director: Mahomed Rafique
Editor: Evaristo Cumbane

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Centro de Promoção de Investimentos
(Investment Promotion Centre)
Rua da Imprensa nº 332, R/C
Maputo
Mozambique
Tel: + 258 1 313295/ 99 or + 258 1 313310/ 75
Fax: + 258 1 313325
E-mail: cpi@cpi.co.mz

Thank you for working with MCLI towards the Maputo Corridor becoming the first choice for the region's importers and exporters.

Brenda Horne
CEO

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Mozambique approves a multi-billion dollar oil refinery project

The Mozambican government has approved the construction of an oil refinery budgeted at some five billion US dollars.

The refinery with a production capacity of 300,000 barrels a day of different types of fuels received the green light at a cabinet meeting yesterday. It will be built in the northern port city of Nacala and it is believed that the facility will significantly reduce the cost of fuel in Mozambique and serve as an important supply point for some countries in the region, notably landlocked Malawi, Zimbabwe and Zambia.

Construction is expected to begin early next year and should be operational within seven years. The project is to benefit from substantial fiscal benefits for being in an area with status of industrial free zone.

About 3,000 people will be employed during the construction phase and 450 will be permanently employed during its operation.

The project belongs to Ayr Logistica Lda, a grouping of US, South Africa and Mozambican investors.

Oil exploration in central Mozambique due to start in 2008

Oil exploration off the coast of the central Mozambican province of Sofala could begin in 2008, if results from the current Environment Impact Study are favourable.

The American group Terralliance has formed two companies, Moz Petroleum Sofala and Moz Petroleum M-10, to prospect for oil in the Sofala and M-10 offshore blocks.

The Mozambican company Impacto, which is carrying out the environmental impact study, held its first public consultation meeting on the Terralliance plans last Friday in the port city of Beira, providing information to interested and affected parties, and seeking suggestions.

The environmental study should last until late January or early February, although a first draft should be available in November or December. It is looking in particular at whether marine mammals, sea turtles and other sensitive species would be affected by the project, the potential impact of oil spills during the seismic surveys, and any impacts on fishing and on shipping routes. If all goes well, and nothing is discovered that could impede the seismic surveys, then the exploration should begin in March or April. The survey ship will operate over an area of 11,000 square kilometres, seeking to establish whether the geological structures of the sea bed contain features indicative of the presence of hydrocarbons.

The geological characteristics of the area are similar to Pande, in Inhambane province, where huge natural gas reserves have been discovered.

There are promising signs of oil in the Rovuma Basin

Geological data gathered by the American oil company Anadarko in northern Mozambique provide promising signs that there could be large reserves of oil in the Rovuma Basin on the border with Tanzania.

The Mozambique News Agency (AIM) says Anadarko officials told Mozambican President Armando Guebuza of their optimism when he recently visited the company's headquarters in Houston, Texas.

Anadarko intends to follow up initial seismic surveys with exploratory drilling next year, to determine whether this area, in the province of Cabo Delgado, really does have commercially viable oil reserves.

"From what we have managed to ascertain during the exploration so far, we feel more motivated than ever to take further steps", declared Tim Tirlia, manager of Anadarko's international drilling operations. "We have already decided to start drilling, probably as from January, but certainly by June next year".

AIM says that during the company's presentation of its work to Guebuza's delegation, video images were shown that indicate similar geological formations to those found in oil bearing areas in the Gulf of Mexico, Alaska and Malaysia.

The favourable geology is both onshore and under deep waters off the Cabo Delgado coast. If oil is indeed found, Anadarko hopes to start exploiting it as early as 2009.

Mozambique and Zimbabwe scrap visas

The Mozambican and Zimbabwean Interior Ministers, Jose Pacheco and Kembo Muhadi, are this afternoon due to sign an agreement abolishing visas for the two countries' citizens.

Mozambique has already scrapped visas with South Africa, Swaziland, Botswana and Zambia.

These develops occur ahead of the entry into force of a Free Trade Area in the Southern African Development Community (SADC).

ITC funds processing of vegetables in Maputo

The International Trade Centre (ITC), a technical cooperation agency of the UN Conference on Trade and Development (UNCTAD), has pledged to disburse 130,000 US dollars to improve the production and quality of vegetables sold by cooperatives to hotels and restaurants in Maputo.

UGC (União Geral das Cooperativas) will coordinate the programme.

Under the programme, vegetables produced by the 1,600 members of the UGC cooperatives, will benefit from processing, and hence will gain in value. Previously vegetables that were not purchased immediately after they had been harvested were in danger of rapid deterioration.

The ITC assistance will cover the provision of processing equipment and training for the peasants.

In future, the project could be expanded to the southern province of Inhambane, and the northern provinces of Nampula and Cabo Delgado, added Celeclero.

Exchange rates

(Indicative average exchange rates)

Country/currency	buying rates	selling rates
RSA/Rand	3.56	3.59
Swaz/Lilanguene	3.56	3.59
USA/Dollar	25.09	25.28
UK/Pound	51.15	51.55
EU/Euro	35.54	35.82

Switzerland/Franc	21.07	21.24
Sweden/Crown	3.83	3.86
Norway/Crown	4.56	4.59
Denmark/Crown	4.77	4.81

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Guebuza inaugurates Mozambique's first titanium mine

President Armando Guebuza will this month officially inaugurate Mozambique's first titanium mine in the northern province of Nampula.

The Moma heavy minerals sands project was implemented by the Irish firm Kenmare Resources and represents an investment of more than 400 million US dollars.

According to Kenmare Resources, Guebuza will inaugurate the facility on the 19th.

A similar project by UK's BHP Billiton will take off the ground soon in Chibuto district, in the southern Province of Gaza.

Expanded banking system to cover 10 more districts

The expansion of the banking system in Mozambique is to cover 10 more districts in the central and northern regions of the country as part of a 34.2 million US dollar project funded by the government's Economy Rehabilitation Support Fund (FARE).

FARE has already approved proposals to that end, presented by a number of banking institutions. "Many institutions are prepared to operate in the rural areas, and after analysing the proposals, more than 10 districts were selected for the establishment of bank branches, and FARE will support this move, said the Fund's chairman Martinho Fernandes during a National Seminar on Local Economic Development held in the central port city of Beira.

The meeting also concluded that most banks are now prepared to operate in towns and districts in the central and northern regions of the country, which represents a new trend, contrary to the previous tendency of concentrating the vast majority of banking business in the major cities of Maputo, Matola, Beira, and Nampula.

The Bank of Mozambique has launched a wave of calls on commercial banks to decentralise their activities. The central bank has adjusted its rules to make it more attractive to establish banks outside of the main cities.

Mozambican fishing resources under a survey

A Research is now under way along the entire 2,700 kilometres of the Mozambican coast to survey all fishing resources in the country's maritime waters.

This is the second such study since the country's independence in 1975, but this time the research will attempt to estimate the effect of global warming on fishery resources.

The Mozambique News Agency (AIM) reports that the work will dictate the measures to be taken to ensure that it will be possible to continue exploiting these resources.

AIM says the study is being undertaken by the Norwegian research vessel, the "Dr Fridtjof Nansen", which arrived in Maputo last week, for the commemorations of 30 years of fisheries cooperation between Norway and Mozambique.

The research will last for 90 days, and will involve technical staff from Norway, Mozambique and other southern African countries.

[Ireland pledges more support to Mozambique](#)

The Irish government has pledged 208 million Euros to help poverty relief efforts in Mozambique during the period 2007/2010.

This grant is part of the "Mozambique-Ireland Cooperation Strategy" for this period that was launched in Maputo recently and signed by Mozambique's Planning and Development Minister, Aiuba Cuereneia, and the Irish Development and Cooperation Minister, Michael Kitt.

This strategy is essentially aimed at contributing to poverty reduction in Mozambique through support for the development, implementation and monitoring of pro-poor policies.

At the signing, Kitt said that in order to attain these goals the strategy must be based on the three pillars of the Mozambican government's Action Plan for the Reduction of Absolute Poverty (PARPA), namely good governance, human capital and economic development.

The sums committed to the development programme in Mozambique "represent the largest undertakings by Ireland to any of its bilateral partners", said Kitt, adding that health, direct support for the Mozambican state budget, provincial programmes, education, civil society, HIV/AIDS, agriculture, development of the private sector and land mine clearance, are the most important areas of cooperation.

He noted that the pledged amount represents a 90 per cent increase when compared with the 106 million Euros granted for the 2004-2006 period.

[Mozambique's bio fuels movement scales up](#)

The movement towards the production of bio fuels in Mozambique continues to grow amid soaring oil prices on the international market.

Recently, the state-owned fuel company, Petromoc, signed a memorandum of understanding with the Indian company Rusni Distilleries, and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) for a viability study on the production of ethanol from sweet sorghum.

ICRISAT describes itself as "a non-profit and non-political research organisation that serves the poorest of the poor in the semi-arid areas of the developing world".

Although nothing has yet been defined in terms of funding for an ethanol distillery, or deadlines for building it, Petromoc is thinking in terms of a factory that could produce a million litres of ethanol a day.

According to Petromoc representative Eugenio Silva, ICRISAT has promised to provide all the technical support necessary for smallholder farmers to produce sufficient sorghum on an efficient and sustainable basis.

The distillery would be located in the central province of Sofala, where there is land available for mass production of sorghum.

[New hydroelectric dam proposal presented to government](#)

A detailed proposal on the construction of a new hydroelectric dam on the Zambezi River has been delivered to the Mozambican government.

The dam will be located at Mpanda Nkuwa, 60 kilometres downstream from the existing dam at Cahora Bassa.

The private-public consortium proposing to build and operate the dam consists of Mozambique's publicly-owned electricity company, EDM, the Brazilian engineering company Camargo Correa,

and Energia Capital, a member of the Mozambican Insitec group, specialised in bio fuels and private investments for electricity generation.

The consortium reported that a power station at Mepanda Nkuwa could produce 1,500 megawatts and construction could take 52 months.

Assuming the government approves the consortium's proposal, negotiations with banks are likely to take place next year, with construction beginning in 2009. Power generation could thus start in 2013.

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Mozambique-Malawi power interconnection receives funds

The International Development Association is providing 93 million US for the Mozambique-Malawi transmission interconnection project, linking the landlocked country to the Southern African Power Pool (SAPP), and allowing trade in energy between the two countries.

In Mozambique, the work involves building 135 kilometres of 220 kV transmission line, and expanding the existing sub-station at Matambo in Tete province. In Malawi, 75 kilometres of transmission line will be built, plus a new sub-station.

The IDA is also to provide a loan of 15 million dollars for a Water Service and Institutional Support project, a project aimed at building 370 kilometres of new water pipes in the cities of Beira, Quelimane, Nampula and Pemba, resulting in 10,000 new connections to the piped water supply, and for establishing an institutional and regulatory framework for water management in smaller cities and towns.

A further 15 million dollars for the water project takes the form of a grant from the Africa Catalytic Growth fund (ACGF), a multi-donor fund set up by the World Bank in 2006, intended to complement IDA loans.

A further loan, also for 15 million dollars, is to provide additional support for Mozambican higher education, while a fifth agreement concerns a grant of 6.2 million dollars from the Global Environmental Facility, administered by the World Bank, intended to provide assistance to market-oriented smallholder agriculture in the Zambezi Valley.

Norway to continue supporting Mozambique's energy sector

Norwegian ambassador Thorbjorn Gaustadsaether has said that country will continue supporting the Mozambican energy sector identified by the government it as one of the strategic areas for poverty reduction.

"The objective is to improve the sector's productivity, and expand access to electricity for domestic use as well as for the education and health service", he said.

Recently, Norway pledged of about five million US dollars to support the institutional capacity building programme of the Mozambican Ministry of Energy for the next five years.

The overall objective of Norwegian cooperation in this area, said the ambassador, is to ensure the balanced and sustainable growth of the energy sector - but to achieve that goal.

[Guebuza at the UN General Assembly](#)

President Armando Guebuza is in New York to attend the 62nd session of the General Assembly of the United Nations being held under theme "Responding to Climatic Changes". Other issues to be looked at are international security and peace, external debt, trade, finance for development, HIV/AIDS, human rights, refugees, gender, among other topics. Guebuza is expected to address the gathering next Wednesday.

[New voter registration begins countrywide](#)

Voter registration for the 2008 provincial assembly elections and municipal elections as well as for the 2009 presidential and parliamentary elections kicked off all over the country today. The electoral organs expect to register over 10 million voters during the process to cost the government some 30 million dollars.

[Donors confirm budget support for 2008](#)

The 19 donors and funding agencies that provide direct support for the Mozambican state budget last Friday confirmed that they will channel the equivalent of 435 million US dollars in budget support in 2008.

The donor providing the largest support to the state budget is Britain (79.7 million dollars), followed by the World Bank (70 million), the European Commission (66 million), and Sweden (50 million).

The figures were announced at the end of the six monthly review of progress by the governance and the PAP donors.

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[Government announces new fuel prices](#)

The Mozambican government has announced new fuels taking effect today.

The good news for gasoline vehicle owners is a 5.3 percent drop of the price of that fuel from 33.73 to 31.93 Meticaïs a litre.

The price of diesel rose by 8.7 percent from 27.52 to 29.90 Meticaïs a litre and the price of kerosene rose by 8.6 percent from 20.25 to 22.00 Meticaïs.

The price of PLG remains unchanged at 41.66 Meticaïs a kilo.

The last price adjustment took place last July.

[Council of Ministers approve a multi-million ethanol production project](#)

The Council of Ministers yesterday approved a major sugar and ethanol production project to be implemented in Mozambique's southern Province of Gaza by the British led company PROCANA. The project will be implemented in an area of more than 30,000 hectares of land the administrative posts of Massingir and Zulu and covers the plantation of sugar cane, construction of a sugar and ethanol plant and the production of energy and fertilizers from sugar cane derivatives.

Tenders for one stop border between Mozambique and South Africa launched

The tenders for the construction of the eagerly awaited one stop border post between Mozambique and South Africa have already been launched, said the presidents of the two countries after their economic summit in Pretoria last Tuesday. The construction of the facility is expected to start in early 2008. Mozambique and South Africa also expressed determination to consolidate their trade and economic relations, and to set an example in the implementation of the African Continent's development agenda.

American warship visits Mozambique's capital Maputo

For the first time since Mozambican independence in 1975, a warship of the United States navy is visiting the country.

The guided missile destroyer USS "Forest Sherman", which is part of the US navy's newly established Southeast Africa Task Group, docked in Maputo on Monday for the start of a five day visit.

According to a navy release "the goal of this task group is to build strong partnerships with southeast African nations to promote maritime safety and security initiatives".

The ship's captain, Commander Dean Vasely, said that the US naval officers will be in Maputo for five days exchanging impressions with the Mozambican authorities on matters concerning shipping and maritime security.

American personnel are also training some 50 members of the Mozambican navy in how to handle small boats, how to deal with fires and other emergencies at sea, and how to approach or board suspicious vessels, among other matters.

Fuel pipeline between Mozambique and South Africa ready within two years

The projected liquid petroleum pipeline from Mozambique's southern port of Matola to the South Africa city of Kendal is expected to be in place by the end of 2009.

The news was announced in Maputo yesterday during the official launch of the project's Environmental Impact Assessment (EIA).

The estimated 600 million dollar project belongs to Petroline, a joint venture between Mozambique's state owned oil company Petromoc, South Africa's firms Gigajoule and Woesa and a group of Mozambican individual investors.

The pipeline will run from an existing coastal fuel storage facility at Matola Harbour in Mozambique to the Nelspruit area in Mpumalanga, South Africa, where an inland storage depot will be constructed, complete with rail and road offloading infrastructure. The pipeline will continue to Kendal where it will potentially join the current petroleum pipeline network for inland distribution of the petroleum product.

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Irish development and cooperation minister visits Mozambique

The Irish Development and Cooperation Minister, Michael Kitt, will visit Mozambique between 24 and 27 of September.

Apart from talks with Mozambique government officials, Kitt is scheduled to visit projects financed by the Irish Cooperation and possibly the titanium mine in Moma, in the northern province of Nampula.

The Moma project is owned by Ireland's Kenmare Resources. This company has invested over 400 million US dollars in the mining project now set to begin exports of ilmenite, rutile and zircon to different markets around the world.

MCLI welcomes one stop border between Mozambique and South Africa

The Maputo Corridor Logistics Initiative (MCLI), a congregation public and private stakeholders of Mozambique and South Africa working together to make Maputo Corridor the first choice for regional trade, has welcomed the recent announcement by the governments of the two countries that the Ressano Garcia and Lebombo border posts will be merged.

"MCLI is very encouraged by the high level of attention that the one stop border post is receiving as it remains the single biggest factor affecting the efficient movement of goods and people across the border, and is an issue which MCLI, along with its private sector stakeholders, has been lobbying for some time with considerable energy and focus," said MCLI CEO Brenda Horne after receiving the news.

Horne said the MCLI will continue to engage and participate in the national processes with regard to the Lebombo/Ressano Garcia one-stop border post and "we are optimistic that the commitment of the two heads of state to the implementation of this facility is good news for our Corridor".

Government approves draft budget for 2008

The Mozambican government has approved the draft of the state budget and of the Social and Economic Plan for 2008, which will now be submitted to the end of year sitting of the country's parliament.

Deputy Planning and Development Minister Victor Bernardo, told reporters the government is proposing a budget of 88 billion meticaís (3.5 billion US dollars) budget, of which 37.1 billion meticaís are earmarked for running costs, 40.5 billion will be for capital expenditure, and 10.5 billion for other financial operations.

This budget is an increase of 24 per cent on the 2007 budget of 70.9 billion meticaís.

The government pledges to continue decentralising the budget down to district level.

As for the Social and Economic Plan, the government has set a target of around seven per cent for economic growth, which is identical to the target for this year. The plan also aims to hold the annual inflation rate for 2008 to 5.7 per cent (slightly lower than this year's target of six per cent).

The government's target for commodity exports in 2008 is 2.632 billion dollars, which is an increase of two per cent, while it hopes to reach a level of net international reserves sufficient to cover 4.2 months worth of imports of goods and services.

The government resolution on the plan also speaks of continuing to create the conditions that make investment in Mozambique attractive, but while safeguarding correct management of the environment.

Mobile phone operators increase prices

Mozambique's main mobile phone operator M-Cel, has announced that call prices have been increased by 12.4 per cent with effect as from 1 October.

An M-Cel release issued justified this large price hike on the grounds that it would cover part of the increase in operational costs, directly imputable to accumulated inflation between early 2006 and June 2007.

Thus to make a call using pre-paid cards, the tariff rises from 0.118 to 0.133 meticaïs a second. Thus a two minute call will now cost almost 16 meticaïs, equivalent to 62 US cents.

Mozambique vows for better use of land and water resources

The Minister of Science and Technology, Venancio Massingue, said yesterday that Agriculture can be a catalyst for the country's development.

Defending the government's call for a "green revolution", Massingue stressed that this meant boosting production through a better use of land and water resources, and through such inputs as improved seeds.

"We want to step up soil improvement so that agricultural products can benefit from the mineral resources the country possesses that can fertilise soil, although many people just don't know about them", he said.

As an example he cited diatomite. This is a sedimentary rock mainly composed of the fossilised remains of single-celled plants known as diatoms. It has a wide variety of uses, including as a fertiliser, and Mozambique possesses rich deposits of diatomite.

Massingue said this mineral is being used to enrich soils to boost production of vegetables such as cucumbers in parts of Maputo province.

As for seeds, the Minister insisted that improved varieties can be developed in Mozambique, rather than simply importing them.

He said the three measures of improving the soil, improving seeds, and improving irrigations were the pre-conditions for increasing production, and improving security and marketing.

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Construction of Mozambique/South Africa one stop border begins 2008

The construction of a one stop border post between Mozambique and South Africa will begin early next year following an agreement signed by the two countries in Pretoria yesterday.

The talks were led at the highest level by the presidents of the two countries, Armando Guebuza and Thabo Mbeki.

Another agreement aims to exempt the thousands of Mozambican working in the South Africa mines from dual taxation.

The one stop border post is expected to be ready by 2009.

Conference discuss the role and impact of transport corridors in Southern Africa

The Southern Africa Global Competitiveness Hub, in partnership with USAID and the US Commercial Service, recently hosted a conference in Sandton which looked at the challenges and opportunities for business and development in Southern Africa.

The conference also dealt with the concept, impact and role of transport corridors in the Southern African region, and how these transport corridors can create competitive access to markets. Panellists were drawn from MCLI (Maputo Corridor Logistics Initiative) and the Walvis Bay Corridor Group. The session on customs dealt with issues affecting transport such as 24 hour and one stop border posts.

And new initiatives being implemented to make customs processing faster and more efficient.

This particular item looked at the SAD 500 (Single Administrative Document) the automation of forms, the integrated border management system and the results of the World Customs Organisation Time Release Studies.

Other items covered included a case study of UTi's successes and challenges in expanding their services into the region, logistics considerations from clearing and forwarding to bond guarantees, the DTI's South African strategy for Southern Africa and potential linkages with American business, and major issues on sea and airports operations and logistics into and out of the region.

Mozambique seeks measures to reduce the rising cost of bread

The Eduardo Mondlane University (UEM) has successfully conducted a study on using a mixture of wheat and cassava flours to produce bread.

The study was ordered by the government, seeking solutions to the repeated increases in the price of wheat flour by the milling companies, which subsequently increases the price of bread.

The results of the first study approved a mixture of 7.5 kilos of cassava flour for every 42.5 kilos of wheat flour. The researchers found that the resulting bread has the same characteristics of that made of wheat flour only, with the advantage that the new type offers better guarantees of conservation.

Happy with these results, the study group increased the proportion of cassava to 25 per cent - 12.5 kilos of cassava flour to 37.5 kilos of wheat flour. The idea is to advance to a type of bread that is at least 60 per cent cassava flour and only 40 per cent wheat flour.

The Minister of Science and Technology, Venancio Massingue, has met with representatives of the milling companies, bakers, researchers and other food specialists to present publicly the project and ask for the necessary support from the bakers, who must be persuaded to adopt the new type of bread. The cassava- wheat mixture has already been approved by the health services.

Mozambique lifts ban on Colgate brand

The Mozambican government has lifted the ban imposed in late July on the sale of the "Colgate Maximum Cavity Protection", brand of toothpaste, after laboratory tests showed that it was safe to use.

The government suspected that counterfeit versions of this Colgate brand were on sale, containing the potentially lethal chemical, Diethylene Glycol, a substance legitimately used in solvents and anti-freeze.

Such fake Colgate products were first discovered in the United States and seemed to come from China. Later tubes of the counterfeit Colgate supposedly made in South Africa also showed up in North America. The Colgate-Palmolive company indignantly denied it had anything to do with these products.

The Health and Trade Ministries said in a statement that laboratory analysis, undertaken inside and outside the country, found that although the tubes of toothpaste investigated contained traces of Diethylene Glycol, these were in such small amounts as to pose no threat to human health.

FNB now settled on the Mozambican market

South Africa's First National Bank (FNB) has now settled itself in Mozambique after acquiring a majority stake in Mozambique's Development and Commercial Bank (BDC).

The FNB is the third South African bank to join the Mozambican market after Standard Bank and ABSA.

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Guebuza and Mbeki hold economic summit in Pretoria

Mozambican and South African President Armando Guebuza and Thabo Mbeki are meeting today in Pretoria to discuss key economic issues including the long awaited one stop border post between the two countries.

The one stop border post is expected to be ready by 2009, a year before the World Cup in South Africa. Businesses have for long calling for the facility.

Accompanying Guebuza are the ministers of planning and development, foreign affairs and cooperation, interior, finance, tourism, transport and communications, energy, and agriculture.

Mozambique to meet its economic growth target of 7.2 percent

The Mozambican economy grew at a slower pace in the first half of this year than in the same period of 2006, but is still on target for reaching the planned figure of 7.2 per cent growth in GDP for 2007.

According to figures presented at a Maputo press conference yesterday by the Minister of Planning and Development, Aiuba Cuereneia, the overall economic growth rate in the first six months of the year was 8.8 per cent, whereas from January to June 2006 the rate had been 10 per cent.

Growth would have been stronger, Cuereneia said, had it not been for the natural disasters that hit the country at the start of the year - notably the January-February floods in the Zambezi Valley, and cyclone Favio, which cut a path of destruction through key tourist areas in the southern province of Inhambane.

The areas with the strongest growth rates were electricity and water (24.5 per cent), restaurants and hotels (17.1 per cent), transport and communications (16.1 per cent), trade (14 per cent), government services (11.6 per cent), and the building industry (10.5 per cent).

Agriculture grew at a healthy 8.8 per cent, and livestock production at 7.7 per cent. The growth rate in manufacturing industry was just two per cent, and in mining 6.8 per cent.

The fisheries sector declined by 8.2 per cent, and forestry by 5.4 per cent.

Metical registers gains against the dollar and the rand

According to the planning and development minister, the national currency, the metical, registered gains against both the US dollar and the South African rand. From January to June, the metical appreciated by 2.1 per cent against the rand, and by 0.3 per cent against the dollar.

As for investments, over the six month period, 85 new investment projects were approved, valued at a total of over 1.83 billion dollars with a potential to create 8,000 new jobs. The planned investment by the Brazilian mining giant, the Companhia Vale do Rio Doce (CVRD), in the coal basin of Moatize, in the western province of Tete, accounts for 83 per cent of this proposed investment.

Nelspruit hosts key meeting on Maputo Corridor

Thursday the 18th of October constitutes another not-to-be-missed event on the Maputo Corridor calendar. Please diarise this date for a logistics update on the Maputo Corridor with inputs from leading stakeholders in the region.

This event will take place at the Promenade Hotel in Nelspruit from 08h30 and will provide an excellent opportunity for stakeholder networking in addition to hearing the latest developments on the Corridor.

For more details contact MCLI

Tel: +27 (0)13 755 6025

Fax: +27 (0)13 752 5453

Or visit: www.mcli.co.za

Also on the 18th of October, the South Africa Mozambique Chamber of Commerce will hold a business breakfast in the Mozambican capital Maputo on "Agriculture and Agribusiness in Mozambique, Challenges and Opportunities".

For details contact:

SA-Moz Chamber of Commerce

Tel: (012) 663 8227

Fax: 086 604 9050

info@samozacc.co.za

MB1017 17 September 2007

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Mozambican exports grow by 3.5 percent

Mozambican exports increased by 3.5 per cent - from 1.14 billion US dollars in the first half of 2006 to 1.18 billion in the first six months of this year, according to figures released recently by the Bank of Mozambique.

However, during the same period imports rose by much the same percentage, from 1.3 billion to 1.344 billion US dollars, leading to a slight widening of the trade gaps. Among the country's top exports are cotton, timber, electricity, aluminum, natural gas, prawns, sugar, tobacco and cashew nuts while imports are dominated by petroleum products.

World Bank approves loan for water supply systems

The board of directors of the World Bank last week approved a 15 million US dollar loan to support a project to expand Mozambican water supply systems.

According to a World Bank press release, the objectives of the project are to increase water supply coverage in the cities of Beira, Quelimane, Nampula and Pemba, and to establish an institutional and regulatory framework for water management in smaller cities and towns. The Bank says that these objectives are also supported by a grant (also of 15 million dollars) from the Africa Catalytic Growth Fund (ACGF - a multi-donor trust fund set up by the World Bank in 2006), which was approved on 8 August.

Under the project, 370 kilometres of water pipes will be laid in the four cities covered, which should result in 10,000 new connections to the water supply system.

A second component will provide institutional and operational support to the National Water Board (DNA). This will involve the creation of an Asset Management Unit (AMU) in the DNA.

Disbursement of WB funds for roads rehabilitation begins

The World Bank is to start disbursing, as next month, 100 million US dollars earmarked for the rehabilitation of roads in Mozambique.

This disbursement follows an agreement signed in July between the World Bank and the Mozambican government to fund the second phase of the programme for the management and maintenance of roads and bridges, as well as some specific projects, during the period 2007/2009.

Almost two thirds of the money (about 65 million dollars) will be used to rehabilitate three stretches of the country's main north-south highway, two of them in the southern province of Inhambane (between Zandamela and Chissibuca and between Massinga and Nhanchengue), and one at the very start of the road, in Maputo city itself (between the neighbourhoods of Jardim and Benfica).

The chairperson of the board of the Mozambican government's Road Fund, Francisco Pereira, told the Mozambique News Agency that the remaining 35 million dollars are to be used in maintenance and in sector running costs.

Hotel earnings see a sharp increase

Mozambican hotels and similar businesses earned 703.2 million meticaïs (about 28 million US dollars) during the first half of this year.

Tourism Minister Fernando Sumbana told AIM that this figure represents a growth of more than 110 million meticaïs (almost 20 per cent), when compared with the same period last year, when the

hotel sector earned 589.3 million meticaïs.

Maputo city heads the list - its hotels earned 466 million meticaïs in the first half of this year, compared with 401 million in 2006, which is a growth of over 16 per cent.

The main reason for this is certainly the large number of national and international events held in Maputo in the first six months of 2007, which led to an increased demand for hotel services.

But in percentage terms, some other parts of the country saw much sharper growth. Thus hotel earnings in the central province of Sofala were 51.2 million meticaïs, a rise of over 60 per cent compared with the 2006 figure.

There were also significant increases in hotel earnings in Zambezia, Tete and Gaza provinces, but earnings declined in the country's other provinces, though Sumbana through their results were still respectable.

From January to June, the hotel sector recorded more than 254,000 guests, an increase of 55,000 (27.5 per cent) on the figure for the first half of 2006.

Police intensify operations to restore tranquillity

The Mozambican police at the weekend shot dead in Maputo another member of the gang headed by the country's most wanted outlaw, Agostinho Chauque.

According to Maputo City police spokesperson Arnaldo Chefo, the man who died in an exchange of fire with the police, was Samargi Minaye, more commonly known by the nickname "Truck-Truck".

Truck-Truck, who escaped from Maputo Central Prison last year, is regarded as a key companion of Agostinho Chauque, who is wanted for the murder of police officers.

The death of Truck-Truck and the capture of his two companions resulted from the cooperation with the police of a gang arrested a few days earlier and headed by Samuel Januario Chalaveza (known as "Samito"), who is also connected to Chauque.

A number of police officers have been arrested for a series of offences, including cooperation with criminals.

These arrests, said police spokesman Arnaldo Chefo, sought to discourage illicit behaviour within the police force, and ensure that public order and tranquillity will be ensured by honest policemen with good professional ethics.

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Government approves rural development strategy

The Mozambican government has just approved a rural development strategy for the period up to the year 2025, which has been under discussion since 2002.

Government spokesperson Luis Covane says the strategy rests on five pillars – namely human capital, innovation and technology, competitiveness and accumulation of rural capital, good governance and market planning, and the productive and sustainable management of natural resources and of the environment.

"We are talking of a country where rural people play a fundamental role, not only because they constitute the majority of the population, but also because it is in the rural areas where most of the national wealth is produced", says Covane.

With this strategy, he adds, the various sectors will be integrated in a harmonised manner to produce results and transform the rural districts into poles of development, as is the government's intention.

Police vows to restore tranquillity in Maputo province

The Mozambican police has presented to the media six men, described as dangerous criminals blamed for a wave of crime in Maputo province in recent months.

The police also found an AK-47 assault rifle and a pistol, 22 mobile phones, and seven computers, all of which he and other members of the gang are believed to have stolen.

The police also found cash in a variety of currencies such as Euros, US dollars, South African Rands, and Swazi and even Saudi Arabian banknotes.

Guebuza dismisses assistant attorney-generals

Mozambican President Armando Guebuza yesterday dismissed all six of the country's assistant Attorney-Generals.

Those attorneys relieved of their duties are Isabel Rupia, former head of the Anti-Corruption Unit, the predecessor of today's Central Office for the Fight against Corruption (GCCC), Rafael Sebastiao, the current chairperson of the GCCC, Albino Macamo, Valdomiro Socrates, Germano Ziote and Graciett Xavier.

A presidential statement does not clearly say the motive behind the president's decision.

Mozambique takes measures to prevent yellow fever

All travellers entering Mozambique from any of the 43 countries where yellow fever has been diagnosed must present a valid certification of vaccination against the disease.

The decision has been taken jointly by the Ministry of Interior and Health.

Any passenger who cannot present such a certificate at his or her point of entry will be vaccinated at the cost about 54 US dollars before entering the country.

Yellow fever has been reported from 43 countries, mostly in Africa and Latin America. The list includes three SADC countries, namely Angola, the Democratic Republic of Congo and Tanzania.

Construction of bridge over Zambezi River enters critical phase

The construction of the bridge over the river Zambezi in Mozambique has entered a critical 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. (*Investor*)

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. (*Investor*)

MB1013 05 September 2007

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- Vodacom says there is no room for a third operator in Mozambique
- Petromoc seeks funding to produce bio-fuels
- British company to invest 510 million USD in sugar and ethanol plant
- Study shows passenger satisfaction with LAM

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.

Vodacom says there is no room for a third 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 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.

Additionally, 80 percent of the disposable income lies in Maputo with about 1.1 million people.

Read the full interview with Vodacom Mozambique MD in the latest edition of *Investir*. The copies of the magazine are free of charge and available at CPI. Visit us or order one through our e-mail address. This edition of *Investir* also features an exclusive interview with President Armando Guebuza on SADC integration.

Petromoc seeks funding to produce bio-fuels

The Mozambican oil company Petromoc, together with its partners, is working to raise 408 million US dollars to finance a biofuels project aimed at easing the African nation's energy crunch. 'The project has been designed already, and Petromoc and its partners are raising funds for its implementation, which implies planting 45,000 hectares of jatropha, that will yield about 500,000

tons of raw material to produce 226 million liters of bio-fuels a year', said Claudio James, one of the Petromoc engineers.

Meanwhile, Petromoc has a project underway to produce bio-diesel from coconut oil, budgeted at about four million US dollars, that is also being implemented in phases, the first of which has already cost 600,000 US dollars. He believes that within 36 to 48 months, Mozambique will be able to produce enough bio-diesel to supply the entire country. (Investor newsletter)

British company to invest 510 million USD in sugar and ethanol plant

Pro-Caná, a private company with British interests is set to invest 510 million USD for the construction of a new plant for the production ethanol, sugar and fertilizers in the district of Massingir, southern province of Gaza, in Mozambique.

The project that is due to start soon will create at least 7,000 new jobs for the people of Massingir and surrounding areas.

The proprietors of this company, the first of its kind in Africa, also own an ethanol plant in Brazil and want to develop in Massingir an irrigation scheme for some 30,000 hectares, besides other infrastructures that will benefit the local communities.

Currently, the Mozambican authorities are in the process of expanding the sugar industry in Mozambique to diversify country's economy, from ethanol to power generation.

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.

The present survey was carried out recently and the results reflect the opinion expressed by the passengers inquired during the interviews (Ad-Hoc survey). For one or three consecutive weeks, information was gathered from five Airports namely Maputo, Beira, Nampula, Pemba and Tete, depending on LAM flight flows in each Airport.

The representative sample was stratified per aircraft, with a random application, and is made up by 1,980 passengers from 256 flights – 117 departures and 139 arrivals – being 1,416 on Boeing-737 flights and on 564 J41 flights.

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.

More than half the interviewees (71%) said they were satisfied with the quality of meals and drinks, 82% satisfied with the aircraft interior functionality and comfort and 87 of the interviewees said they were satisfied with the cleanness of the aircraft. Acceptance of the flight schedules by the interviewees (83%) is also high and so was as for the price-quality relation (75%) of the interviewees. The safety and treatment given to luggage records a high evaluation by the cumulative percentage of the passengers interviewed of 75% who expressed satisfaction.

MB1012 04 September 2007

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- President Guebuza visits Brazil
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Mozambique ready to compete on equal terms in regional markets

Mozambique's exports have reached 2.381 billion USD in 2006, up 36 per cent from the previous year and as a result the trade deficit stood below 488 million USD in 2006, down from 663 million USD reported in 2005.

President Guebuza, speaking after visiting the recent Maputo International Trade Fair (FACIM), said this achievement is a result of the ongoing diversification of exports products, coupled with the growth of export revenues.

Guebuza also pointed out the increase of exports of traditional products, which contributed with 692 million USD of the total exports revenues.

The President said that was an indication that Mozambique is in a position to compete on equal terms in regional markets and in the global economy, to the advantage of country's companies and this is a further indication that Mozambican companies are improving their skills and expanding their trade relations.

Guebuza described the fair as the last opportunity for Mozambican companies to display their potential before the new Free Trade Area comes into force in the Southern African Development Community (SADC, which is expected to be officially launched in August 2008).

Fifteen countries attended FACIM

At least 15 countries attended the 43rd edition of FACIM which closed last Sunday.

Of the participating countries, six are from the SADC region.

A total of 223 companies exhibited their products of which at least 100 are Mozambican companies.

The countries that attended the event are South Africa, Swaziland, Zimbabwe, Tanzania, Botswana, Zambia, Angola, Ethiopia, Portugal, Spain, Germany, Vietnam, Canada, Brazil, and Macau.

IFC supports the empowerment of SMEs in Mozambique

The International Finance Corporation (IFC) and a group of companies among the largest operating in Mozambique recently signed a new cooperation agreement that seeks to empower local small and medium enterprises deliver contracts to large businesses operating in the country. IFC director to Mozambique and Angola, Tunde Unitiri, and MOZAL, Cervejas de Mocambique (CDM), Coca Cola and SASOL representatives namely, Frans Jaspers, Saider Sibanda and Dino Cangy, signed the new agreement.

Established four years ago, the Mozlink programme will help the Mozambican companies to achieve the quality standards demanded by providing training and technical assistance to achieve that desired quality standards.

For his part, Frans Jaspers said that MOZAL is already working with 250 SMEs buying nearly 16 million USD worth of goods and services a month from local suppliers and working with them to improve and maintain quality and safety standards.

President Guebuza visits Brazil

Mozambican President Armando Guebuza today begins a five-day visit to Brasil for talks with his counterpart Lula da Silva on strengthening cooperation between the two countries.

Guebuza is accompanied by the ministers of education and culture, foreign affairs and cooperation, industry and trade, mineral resources and by about 60 businessmen.

Correios de Mocambique to revive its saving services

The Mozambican Central Bank, the Bank of Mozambique, has issued an authorization for the publicly owned Correios de Mocambique to revive its saving accounts services in the rural areas, in an operation that is sponsored by the World Bank, to make use of the company's existing infrastructures across the country, that have been largely under-used.

Transport and Communications Minister Antonio Munguambe says that works are being finalized to render this plan operational in a short term.

He declined to say when the plan is to take off or the amounts involved, but he said that everything is ready to put into place the necessary services in the rural areas, taking advantage of the existing infrastructures.

Munguambe said that the company is currently implementing a strategy to diversifying its activities, to render every branch self-sufficient in terms of supporting it's functioning, including wages.