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President Filipe Nyusi (2015-present) announces plans to introduce changes to the constitution to decentralise power in an effort to increase peace between the ruling Frente de Libertação de Moçambique (Frelimo) party and the opposition Resistência Nacional Moçambicana (Renamo) party. The Nampula city mayoral by-election leads to a run-off as no candidate wins over 50% of the vote. A United Nations (UN) report alleges that North Korea has evaded international sanctions through front companies, military cooperation and elite-forces training deals with Mozambique. The Autoridade Tributária de Moçambique (AT) (tax authority) announces that it collected 202 billion meticaís (\$3.4 billion) in gross revenue in 2017, higher than its pre-defined target, while the Instituto Nacional de Estatística (INE) (national institute of statistics) reports that gross domestic product grew 3.8%. Ireland-based Kenmare Resources announces record yearly production of ilmenite iron titanium oxide, rutile titanium dioxide and zircon zirconium silicate at its Moma mine in northern Mozambique.

Nyusi plans changes to the constitution in an effort to increase peace

President **Filipe Nyusi** (2015-present) announced on 7 February that he plans to introduce changes to the constitution to decentralise power in an effort to increase peace between the ruling **Frente de Libertação de Moçambique (Frelimo)** party and the opposition **Resistência Nacional Moçambicana (Renamo)** party.¹ These would include changes to how provincial governors are appointed and how provincial elections are run.² Parties that win the provincial parliamentary elections would be able to choose the regional governor, and a new position, the provincial state secretary, would be introduced to deal with tax and security in the province.³ The changes, according to Nyusi, are

“...a result of dialogue on peace that I have been maintaining with Afonso Dhlakama, head of Renamo.”⁴

Parliament must now pass the proposed changes, which some analysts would see as a “constitutional revolution”.⁵ **Domingos do Rosario**, a professor from the **Eduardo Mondlane University (Maputo)**, said it remains to be seen whether Frelimo hardliners will approve these changes:

“It means that Renamo could have a major number of provincial governors and district administrators.”⁶

However, another political analyst believes that the changes would be passed at the next parliamentary sitting, scheduled for 28 February,

*“...because it is in both Frelimo and Renamo’s interest to change the constitution. Frelimo and Renamo’s seats in parliament are a combined 233 out of 250, more than enough for the 2/3 needed to change the constitution. [The **Movimento Democrático de Moçambique**] MDM is the*

¹ ENCA, 7 Feb 2018.

² ENCA, 7 Feb 2018.

³ Bloomberg, 7 Feb 2018.

⁴ ENCA, 7 Feb 2018.

⁵ ENCA, 7 Feb 2018.

⁶ ENCA, 7 Feb 2018.

only party which may vote against the changes on the grounds that it was excluded from discussions, but it cannot stop the changes.”⁷

Nyusi said on 7 February that the constitutional amendment could be approved with a vote in parliament, though lawyers have contested this.⁸ According to Article 292 of Mozambique’s constitution, any amendments that affect elections must be subject to a referendum.⁹ Mozambique has never held a referendum and to do so would require new legislation and planning before the 2018 national election to be held in October.¹⁰ Article 136 of the constitution creates further issues as it states that a referendum is only valid with more than 50% turnout.¹¹ , Mozambique’s previous voter turnout has largely been below 50% (see below).¹²

| Election for... | Date | Registered voters | Turn out |
|-----------------|-------------|-------------------|----------|
| President | 15 Oct 2014 | 10.96 million | 48.64% |
| Assembly | 15 Oct 2014 | 10.96 million | 48.49% |
| President | 28 Oct 2009 | 7.09 million | 55.86% |
| Assembly | 28 Oct 2009 | 9.87 million | 44.44% |
| President | 2 Dec 2004 | 9.14 million | 36.42% |
| Assembly | 2 Dec 2004 | 9.14 million | 36.34% |

Dhlakama agreed with Nyusi on 9 February that a referendum is not necessary:

“It was a negotiation between the government and the opposition, in this case Renamo. The lawyers are right as jurists, but they have no reason to talk about a referendum, it has nothing to do with this.”¹³

Dhlakama also said that once the constitutional revisions are complete, he hopes Renamo’s military personnel would be integrated into Mozambique’s military structure.¹⁴ A Maputo-based political analyst believes this is the ultimate lynchpin to peace in the country:

“If Nyusi fails to resolve the military issues, this will not lead to permanent peace. Military issues are very sensitive, as Renamo men in the armed forces feel marginalised and Renamo still has weapons and men throughout the country ready for continued conflict.”¹⁵

Despite hopes that this deal may lead to political peace in Mozambique,

“...permanent peace depends not only on Renamo’s political will, but on improving the country’s living standards in terms of inclusive growth, political tolerance, social protection, and reducing regional discrepancies.”¹⁶

The deal may yet require a referendum and face other constitutional hurdles, according to media reports on 11 February.¹⁷ The constitutional hurdles may delay, or cancel, the proposed peace deal, increasing the risk that sustained conflict between Frelimo and Renamo could continue.

⁷ Source, political analyst, Maputo.

⁸ Club of Mozambique, 11 Feb 2018.

⁹ Club of Mozambique, 11 Feb 2018.

¹⁰ Club of Mozambique, 11 Feb 2018.

¹¹ Election Guide, accessed 13 Feb 2018.

¹² Election Guide, accessed 13 Feb 2018.

¹³ Club of Mozambique, 9 Feb 2018.

¹⁴ Club of Mozambique, 9 Feb 2018.

¹⁵ Source, political analyst, Maputo

¹⁶ Source, sociologist, Maputo.

¹⁷ Club of Mozambique, 11 Feb 2018.

Nampula mayoral by-election leads to run-off vote

The **Nampula** city mayoral by-election has led to a run-off as no candidate was able to win over 50% of the vote in the 24 January election.¹⁸ The run-off vote will see Mozambique's two largest parties compete to run the third-largest city in the country.¹⁹ While Frelimo candidate **Amisse Cololo** led with 26,506 votes, he was unable to receive a majority of votes against the two main opposition candidates, Renamo's **Paulo Vahanle** (22,476 votes) and MDM candidate **Carlos Saide** (5,500 votes).²⁰ Two minor candidates – **Filomena Mutoropa** of the **Partido Humanitário de Moçambique (PAHUMO)** and **Mario Albino** of the **Ação Movimento Unido Para Salvação Integral - Nampula (AMUSI)** – each won approximately 3,100 votes.²¹

Cololo and Vahanle will now compete in a run-off election.²² The run-off election is likely to take place in March after the **Constitutional Court** has validated and proclaimed the results, after which the government has 30 days to announce the date for the second round.²³ However, this may result in confusion as voter registration is scheduled to begin in March for the national municipal elections in October, and citizens may be confused as they are asked to vote for a new mayor at the same time they are being asked to register as voters for a different election.²⁴ Local analysts believe that MDM supporters are likely to shift their support to the Renamo candidate in the run-off election, making it likely that Vahanle will be elected the next mayor of Nampula.²⁵

The by-election occurred due to the assassination of Nampula mayor **Mahamudo Amurane** on 4 October.²⁶ Amurane was a member of the MDM party, though his victory was due more to the fact that Renamo boycotted the elections in 2013, allowing its supporters to vote MDM in opposition to Frelimo.²⁷ Turnout for the by-election was roughly 25%, which was the same as in 2013.²⁸

UN reports that North Korea working with Mozambique to evade sanctions

A **United Nations (UN)** report alleges that **North Korea** has evaded international sanctions through front companies, military cooperation and elite-forces training deals with Mozambique, according to reports on 3 February.²⁹ The alleged cooperation, if true, could result in a loss of aid from some of Mozambique's largest donors, particularly the **United States (US)**. The report alleges that North Korea operates several fishing trawlers in Mozambique, and exports coal and commodities to other countries, which earned the government nearly \$200m between January and September 2017.³⁰ These funds are reportedly used to develop North Korea's nuclear and ballistic missile programmes.³¹ US-based media outlet **CNN** reported that it had access to official communications between Mozambique's military leadership and North Korea representatives from 2015 in which North Korean military technicians were invited to Mozambique.³² A 2017 UN report also revealed military links between North Korea and Mozambique.³³ In a 2016 interview, Renamo leader Afonso Dhlakama alleged that there had been a number of North Korean military members in Mozambique who trained the so-called 'death squads' which were attributed with the murder of opposition supporters in

¹⁸ Club of Mozambique, 25 Jan 2018.

¹⁹ Source, Mozambique analyst, Cape Town

²⁰ Club of Mozambique, 25 Jan 2018.

²¹ Club of Mozambique, 25 Jan 2018.

²² Club of Mozambique, 25 Jan 2018.

²³ Poptel, 27 Jan 2018.

²⁴ Poptel, 27 Jan 2018.

²⁵ Source, analyst, Nampula

²⁶ Club of Mozambique, 25 Jan 2018.

²⁷ Club of Mozambique, 25 Jan 2018.

²⁸ Club of Mozambique, Jan 2018.

²⁹ CNN, 3 Feb 2018.

³⁰ CNN, 3 Feb 2018.

³¹ CNN, 3 Feb 2018.

³² CNN, 3 Feb 2018.

³³ CNN, 3 Feb 2018.

central and northern Mozambique in 2016 and 2017.³⁴ The military cooperation, worth an estimated \$6m, was run through a front company known as **Haegeumgang**, located in Maputo.³⁵

Military sources confirm that North Korea is still a key partner of Mozambique's military sector, providing training and weapons.³⁶ However, Mozambique's foreign affairs ministry denies the reports. Deputy minister **Maria Manuela Lucas** said that Mozambique implements all resolutions and agenda of the United Nations:

"[Mozambique] has historical relations with North Korea, which go back to the beginnings of the national liberation struggle. We continue to have political relations with North Korea but, due to the work of the United Nations, of which we are a part, we are collaborating with all the work of the panel on sanctions."³⁷

Tax authority collects \$3.4 billion in gross revenue; 2017 GDP grew 3.8%

The **Autoridade Tributária de Moçambique (AT)** (tax authority) announced on 18 January that it collected 202 billion meticaís (\$3.4 billion) in gross revenue in 2017, 16 billion meticaís higher (\$305m) than its pre-defined target.³⁸ The higher-than-expected tax revenue will boost the government's attempt to portray itself as fiscally responsible. The gross revenue does not include the capital gains tax of \$352m from **Italy**-based **ENI SpA**'s oil asset in the **Rovuma Basin** to US-based **Exxon Mobil Corp**.³⁹ The AT stated that the positive performance was due to political stability, which allowed for the normalisation of business activity, and the increase in the price of raw materials which increased production in the extractive industry.⁴⁰

"There was also an improvement in tax collection efficiency, coupled with the modernisation of collection processes and the updating of the Single Electronic Window, and introduction of e-Taxation for larger taxpayer units."⁴¹

Additionally, the **Instituto Nacional de Estatística (INE)** (national institute of statistics) reported on 9 February that Mozambique's gross domestic product grew 3.8% in 2017.⁴² The continuing growth may help renew investor confidence in Mozambique and spur further exploration and investment. The INE attributes the growth to the primary sector, particularly the mining sector which grew 32.4% in 2017.⁴³ According to ratings agency, **Standard & Poor's (S&P)**, Mozambique's economy is expected to grow by 4.5% in 2018 and by 6% in 2019 due to high commodity prices which lead to further investment in liquefied natural gas (LNG) and improve exports.⁴⁴ S&P analysts state that the increased price for aluminium and coal will improve Mozambique's economy in the short term, leading to potential 7% growth in both 2020 and 2021.⁴⁵ However, continual economic growth will require the government to address its macroeconomic situation. **Shireen Mahdi**, the chief economist for the **World Bank** in Maputo, stated on 12 February that the government needed to restructure its large debt as soon as possible:

"[The World Bank's] advice is to reduce uncertainty in the economic landscape, and the longer these [debt restructuring] discussions take place, the more uncertainty there will be."⁴⁶

³⁴ Source, military analyst, Maputo

³⁵ CNN, 3 Feb 2018.

³⁶ Source, military analyst, Maputo

³⁷ Club of Mozambique, 5 Feb 2018.

³⁸ Club of Mozambique, 18 Jan 2018.

³⁹ Club of Mozambique, 18 Jan 2018.

⁴⁰ Club of Mozambique, 18 Jan 2018.

⁴¹ Club of Mozambique, 18 Jan 2018.

⁴² Club of Mozambique, 12 Feb 2018.

⁴³ Club of Mozambique, 12 Feb 2018.

⁴⁴ Club of Mozambique, 8 Feb 2018.

⁴⁵ Club of Mozambique, 8 Feb 2018.

⁴⁶ Club of Mozambique, 12 Feb 2018.

Kenmare Resources announces record production at its Mozambique mine

Ireland-based **Kenmare Resources** announced that it had achieved record yearly production of ilmenite iron titanium oxide, rutile titanium dioxide and zircon zirconium silicate at its **Moma** mine in northern Mozambique, according to reports on 28 January.⁴⁷ The increased production may spur further investment into these mines by mining juniors. Compared to 2016 production levels, Kenmare was able to increase ilmenite production by 11%, rutile production by 17% and zircon production by 9%.⁴⁸ Ilmenite and rutile are used in paints, textiles and plastics while zircon is used in ceramics.⁴⁹ The record production helped Kenmare to reduce its net debt to \$34.1m from \$44.8m, which may decrease further if mineral prices continue to increase.⁵⁰

Planner

25-26 Apr 2018 **Maputo (Mozambique)** 6th annual **Mozambique Mining, Oil & Gas, and Energy Conference and Exhibition (MMEC 2018)**

28 Feb 2018 **Maputo (Mozambique)** Parliamentary session begins

Chronology

12 Feb 2018 **(Mozambique)** *Club of Mozambique*. **World Bank** representative, **Shireen Mahdi**, states that the government needs to restructure its debt as soon as possible;

9 Feb 2018 **Maputo (Mozambique)** *Club of Mozambique*. **Instituto Nacional de Estatística (INE)** (national institute of statistics) reports that Mozambique's gross domestic product grew 3.8% in 2017;

7 Feb 2018 **(Mozambique)** *Club of Mozambique*. President **Filipe Nyusi** announces that he plans to introduce changes to the constitution to decentralise power in an effort to increase peace;

3 Feb 2018 **(Mozambique)** *CNN*. A **United Nations (UN)** report alleges that **North Korea** has evaded international sanctions through front companies, military cooperation and elite-forces training deals with Mozambique;

28 Jan 2018 **(Mozambique)** *Journal du Cameroun*. Ireland-based **Kenmare Resources** announces it achieved record yearly production of ilmenite iron titanium oxide, rutile titanium dioxide and zircon zirconium silicate at its **Moma** mine in northern Mozambique;

24 Jan 2018 **Nampula (Mozambique)** *Club of Mozambique*. The **Nampula** city mayoral by-election leads to a run-off as no candidate won over 50% of the vote;

18 Jan 2018 **Maputo (Mozambique)** *Club of Mozambique*. The **Autoridade Tributária de Moçambique (AT)** (tax authority) announces that it collected 202 billion meticaís (\$3.4 billion) in gross revenue in 2017, higher than its pre-defined target;

⁴⁷ Journal du Cameroun, 28 Jan 2018.

⁴⁸ Journal du Cameroun, 28 Jan 2018.

⁴⁹ Journal du Cameroun, 28 Jan 2018.

⁵⁰ Journal du Cameroun, 28 Jan 2018.