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The main opposition Resistencia Nacional Moçambicana (Renamo) pushes for more post-election concessions from the ruling Frente de Libertação de Moçambique (Frelimo) party after losing the 15 October presidential and parliamentary elections. Brazil-based Vale sells a 15% interest in its Moatize coal mine and a 70% stake in the Nacala Logistics Corridor to Japan-based Mitsui Group. Frelimo claims that Renamo has violated the ceasefire agreement.

Renamo continues to push for concessions from Frelimo

Main opposition **Resistencia Nacional Moçambicana (Renamo)** leader **Afonso Dhlakama** continues to call for the formation of an inclusive caretaker government based on his allegations that the 15 October presidential and parliamentary elections, which the ruling **Frente de Libertação de Moçambique (Frelimo)** party won, were fraudulent (see *ARC Mozambique November 2014 Briefing*).

*“Dhlakama has been travelling in the northern and central cities – and **Maputo** in the south – repeatedly calling for a caretaker government, which is intended to be a Frelimo-Renamo coalition.”¹*

In his rallies, Dhlakama has threatened that if Frelimo does not accept his proposal, he will set up his own government in those provinces where he won most votes, mainly the northern **Sofala Province** (see *ARC Mozambique October 2014 Briefing*). Frelimo has repeatedly refused Dhlakama’s proposal for a caretaker government. Outgoing president **Armando Emilio Guebuza** (2005 – 2014) described Dhlakama’s statements as “*anarchy*”. President-elect **Filipe Jacinto Nyusi** has not yet reacted.

*“Dhlakama’s proposal is sending a message to Frelimo and to the **Conselho Constitucional** [Constitutional Council], which has not yet validated the election’s definitive results in order to influence its final decision.”²*

Nyusi and Frelimo are expected to refuse Dhlakama’s proposal, although the new government may offer him other political and economic concessions in addition to the privileges he received when parliament awarded him special status as the opposition leader³ (see *ARC Mozambique November 2014 Briefing*). Dhlakama has made many contradictory comments on the subject; at first he welcomed the initiative to formalise the role of opposition leader and praised its importance for the country. However,

“Dhlakama says that this is not meant for him, that it is for Nyusi, and that if Frelimo intends to buy him with this status, he will never accept that.”⁴

Some high-ranking Frelimo officials support the idea of a government that includes opposition members in senior positions, but other senior Frelimo officials reject the idea completely.⁵ The Frelimo political commission is holding meetings to discuss the issue in the hope they will come to an agreement on whether to allow Renamo officials in senior positions in a new government.

¹ Source, political analyst, Maputo

² Source, journalist, Maputo

³ Source, political editor, Maputo

⁴ Source, political analyst, Maputo

⁵ Source, senior Frelimo official, Maputo

“This is to make sure that by mid-January, there will be a clear idea within the party of the future government, however, the inauguration of the new president and the parliament will only take place in early February.”⁶

Frelimo’s 17-member political commission has significant influence. Its members represent a political force that rivals the influence of the cabinet. The decision-making body meets as regularly as once a week and effectively shares power with the president. The president needs the political commission’s authorisation for important decisions and would not act without its agreement.⁷

“It is important to note that Frelimo governs through consensus. This makes decision-making extremely slow but the outcomes durable.”⁸

The current Frelimo political commissioners are⁹:

- Guebuza (outgoing president);
- **Filipe Chimoio Paunde** (Frelimo secretary general);
- **Alberto Chipande**;
- **Raimundo Domingos Pachinuapa**;
- **Eduardo Joaquim Mulembwe** (former speaker of parliament);
- **Eneas da Conceicao Comiche** (former finance minister and mayor of Maputo);
- **Veronica Nataniel Macamo**;
- **Margarida Adamigy Talapa** (head of Frelimo parliamentary group);
- **Alcinda Antonio de Abreu**;
- **Jose Antonio Candugua Pacheco**;
- **Conceita Xaveir Sortane**;
- **Sergio Jose Camunga Pantie**;
- **Cadmiel Filiane Muthemba**;
- **Alberto Clemention Vaquina**;
- **Esperanca Laurinda Bias** (minerals resources minister);
- **Carvalho Muaria**;
- **Lucia Nota Hama**.

Vale sells Mozambique assets

Brazil-based international mining group **Vale** sold a 15% interest in its **Moatize** coal mine and a 70% stake in the **Nacala Logistics Corridor (NLC)**, a rail and port infrastructure, railway and deep water port project in northern Mozambique, to **Japan**-based **Mitsui Group** on 5 December.¹⁰ Mitsui says it will pay \$450m for the Moatize mine and \$313 million for the NLC stake.

*“Vale is among the mining companies facing the crisis affecting the mining sector in Mozambique, following the reduction of the coal prices in the international market and the high logistics costs in Mozambique for transporting coal from the mines in Moatize to **Beira** port and from the port to the markets.”¹¹*

The construction of the NLC is advanced and it is expected to open in the first quarter of 2015, with a capacity to transport 18 million tonnes of coal per year. The investment in this project is estimated at \$4 billion. Vale says the transaction with Mitsui is essential for the completion of the NLC project.

⁶ Source, political analyst, Maputo

⁷ Source, Mozambique analyst, United Kingdom

⁸ Source, Mozambique analyst, United Kingdom

⁹ www.frelimo.org.mz

¹⁰ Multiple sources: www.reuters.com; Source, political analyst, Maputo.

¹¹ Source, political analyst, Maputo

This transaction will close after the final approval from the Mozambique and **Malawi** governments, the two countries that the NLC crosses.¹²

Vale is adopting serious cost containment measures. Beyond asset sales, the company is also reducing investment in social projects and is laying off parts of its labour force.¹³ In August, Vale announced it had made losses of \$103m in the second quarter, which was added to the losses of \$44m in the previous quarter. Mining companies, including Vale, called for some fiscal exemptions in order to reduce the impact of the crisis, but the government did not respond. The government has so far not offered any significant concession to help coal miners.

“The government is doing little to help the mining companies in reducing the impact from the prices and logistic problems in the markets, however, other argue that mining companies do not deserve such assistance, as there are times they make millions of dollars out of their projects.”¹⁴

Frelimo accuses Renamo of ceasefire violations

At a regular dialogue session between Renamo and Frelimo, the government’s head negotiator, agricultural minister **Jose Pacheco**, said the rallies Dhlakama regularly holds in northern Mozambique, during which he calls for a caretaker government or threatens to set up a parallel government (see above), constitute incitement which is a violation of the peace agreement signed in September.¹⁵

“The agreement is being violated by the Renamo president in his travels to the various provinces in premeditated and repeated incitement to violence, at a time when the competent bodies are still analysing the election dossiers. [He is] spreading disinformation about the political, economic and social reality of our country ... We repudiate this behavior ... and once again we call on the Renamo president to respect the Constitution of the Republic, and to respect the undertakings which he has signed.”¹⁶

Pacheco also said security forces recently intercepted 20 Renamo militia fighters as they tried to make their way into southern Mozambique. Head Renamo negotiator, **Saimone Macuiana**, denied that Dhlakama had violated the ceasefire and urged everyone to remain calm. Frelimo and Renamo are still negotiating the most important aspect of the peace agreement – the disarming and integrating of Renamo fighters into the **Forças Armadas de Defesa de Moçambique (FADM)** (armed forces) (see *ARC Mozambique September 2014 Briefing*). So far both side have failed to decide on a mutually acceptable process.¹⁷

Implications

Renamo and Frelimo will work towards a political compromise in the early part of 2015, in which some Renamo members may get senior government positions, but most likely not at cabinet level. Despite Frelimo’s allegations of Renamo’s ceasefire violations, neither will trigger a return to war, as both side have already publicly committed themselves to a peaceful resolution.

Vale’s sale of assets in Mozambique is an indication of wider problems in the coal production and export sector. Low international prices combined with a lack of export infrastructure make coal a less attractive investment. If coal prices remain depressed, long-term investment decisions in the coal sector may face significant delays.

¹² Source, political analyst, Maputo

¹³ Source, Senior Vale official, Maputo

¹⁴ Source, senior consultant and business journalist working for a pro-government newspaper, Maputo

¹⁵ AIM, 15 Dec 2014.

¹⁶ AIM, 15 Dec 2014.

¹⁷ AIM, 15 Dec 2014.