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**MOZAMBIQUE
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MOZAMBIQUE ECONOMIC ENVIROMENT

According to an “Economist Intelligence Unit’s” (EIU) report, South Africa, so far Africa’s largest economy, should be surpassed by Angola until 2016. This report also places Mozambique amongst the 10 markets with the most potential within this continent.

The research team on “Into Africa: Emerging Business Opportunities” also concluded that the role played nowadays by the African economies represents only a small three percent of the global economy and that, excluding South Africa, the sub-Saharan African economy represents less than half of the continent’s Gross Domestic Product (GDP).

However, the above mentioned report emphasizes that this group of countries is growing faster than any other in the world and that investors are waking up to the enormous potential of the region, “the race to participate in the African growth has begun.”

EIU estimates that at least 28 African countries are expected to grow by an annual average of more than 5% over the next five years, being Angola within the group of economies with an estimated growth rate that can go from 5 to 7.5%, while Mozambique, along with Ethiopia, Liberia, Niger and Uganda, appears in the following group, with an expected average annual growth rate that can go from 7.5 to 10%.

SOLAR ENERGY CHANGES LIFE IN RURAL AREAS

The Energy Fund (FUNAE) has been implementing the electrification project using solar panels across the country, covering mainly/essentially residences, schools, health centers, police stations, public lighting and public buildings headquarters.

FUNAE has recently implemented the electrification of the northern region with recourse to solar panels, for which it received financial support from the European Union.

MONEY FOR BRIDGE Maputo / Catembe GRANTED

The project to build a bridge connecting Maputo to Catembe through the two shores of the Bay of Maputo is now assured, given that the Mozambican Government and Chinese financial institution Exim Bank

signed an agreement by which Exim grants the Mozambican Government USD 681.600.000,00 (85% of the project's total cost) Sources near the Ministry of Finance assured that the amount granted would be enough for the viability of the infrastructure. The construction shall begin this year and shall be completed within the next 3 years.

The construction of the bridge between Maputo and Catembe can streamline/boost the development of one of the poorest districts of the province of Maputo, Matutuine, in addition to alleviating/diminishing the suffering of the people wishing to cross the shores of the Bay of Maputo.

The overall project also includes the construction of a road between Maputo and Ponta d'Ouro, near the South Africa's boarder, and other infrastructures.

TEMANE POWER PLANT INNICIATES ENERGY DISTRIBUTION TO SOUTH

The new power plant, which opening ceremony was attended by President Armando Guebuza, will enable some industrial projects that require enormous amounts of energy, such as new cement factories, among other ventures.

Works on this infrastructure started on February in Ressano Garcia, Moamba District (about 80km away from Maputo).

SUGAR

The sugar production in Mozambique registered a record increase of 24% in the first half of the year when compared with the same period in 2011, according to the data released by the center for the promotion of agriculture.

The four sugar mills operating in the country (Maragra, Xinavave, Mafambisse and Marromeu) produced a total of more than 102.000 kilotons of sugar in the first six months of the year, 53.500 of which were exported to the EU for 31 million euros.

Although the production has increased and the domestic consumption has diminished 4%, Mozambique still continues to import this product, inclusively refined sugar from South Africa.

MOZAMBIQUE IS ABOVE THE AVERAGE OF THE AFRICAN COUNTRIES IN TRADE BETWEEN THE CONTINENT

According to Minister of Industry and Trade Armando Inroga the current average of Mozambique's trading activity is estimated to be about 12%, against 7% of all African countries, which means Mozambique has already surpassed the African Continent's average on this matter.

Mozambique is at an advantage according to the trade with African countries, surpassing the average of the continent

In comparison to the African exportation rates, one can say the trades between those countries is somewhat fragile, being nowadays 10% less.

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PORTS

Maputo's port intends to invest at least USD 322.000.000,00 between 2012 and 2014 in dredging, construction of new berths/peers and development of cargo terminals.

Aligned with the objective of increasing the load capacity and improving the quality of services provided to users, the investments also aims to match the expected growth in demand for port services due to the increase of trades between countries and raise the competitiveness of the port both at the regional and the international levels.

This view was shared in Johannesburg, South Africa, during a meeting with current and potential customers of the Port of Maputo. The idea to promote the meeting was to introduce potential customers to new business strategies designed for the next five years. The report also gathered input on possible improvements in some short-term projects designed by the management of the enterprise.

INVESTMENTS

Concerning the investments planned until 2014, the priority goes to building new berths/peers, which should cost about USD121.000.000,00 over the three years, the development of cargo terminals with an estimated budget of USD118.000.000,00, as well as an harbor capable of dredging depths up to 14 feet, an action planned for 2013 and with an estimated cost of USD83.000.000,00.

PORTUGAL AND MOZAMBIQUE SIGN AGREEMENT FOR JOINT MILITARY MISSIONS

The Portuguese and Mozambican ministers of defense, José Pedro Aguiar-Branco and Filipe Nyusi, respectively, signed an agreement in Maputo providing for joint participation of the two countries' military and humanitarian peace missions.

The agreement was signed within the framework of the three-day visit to José Pedro Aguiar-Branco to Mozambique, which started on July, 4th, 2012.

This agreement provides for the supply of an aircraft to the Mozambican Air Force and tours to the Navy installations, as well as to the Mozambican Samora Machel Military Academy installations, in Nampula province.

"We consider the practical component as a very important phase of military training, since the army men come from the academia and need/must have practical training in the field," noted Filipe Nyusi.

BIM AMONG THE BEST

Millennium Bim is the winner for the third time in a row of the "Best Banking Group in Mozambique" award, granted by the international magazine World Finance.

MINES IN Lalaua, NAMPULA: FIRST EXPORT

OF IRON TO CHINA

The first exportation of iron ore that was produced in Lalaua district, Nampula province, will take place by the end of the year, and has China as destination. The first batch consists of about 28 thousand kilotones of magnetite iron, which are currently stored in the premises of Damodar Iron Limited, owner of this project.

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