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**MOZAMBIQUE Newsletter**  
**October/November 2012**

## Standard Bank opens new headquarters

Standard Bank Mozambique just announced the construction of a new building, to serve as headquarters in Maputo. The construction will last for a period of 18 months and the estimated cost is of 42 USD.

With a front façade made entirely out of glass and with seven floors, the building is meant to cover all of the Bank's central services, namely office rooms, meeting rooms and parking lots.

The beginning of construction ceremony was attended by Ernesto Gove, Governor of the bank of Mozambique, David Simango, President of the Provincial Council of Maputo, Tomaz Salomão, President of Standard Bank's Board of Directors, members of the Bank's Executive Committee, among other guests.

In the above mentioned ceremony, Ernesto Gove mentioned that the dimension of the investment to be made by Standard Bank confirms/reflects the 150 years of experience the Bank has in Africa, 118 of which in Mozambique:

"I assume this investment is due to the fact that our country is on an upward trajectory, which has as background political and macroeconomic stability", stated the Bank's Governor, to which he added "this is a project that represents confidence in the future of a country, a country which has been growing at high rates if compared with other countries, either in Africa or the rest of the world"

The president of the Bank's Board of Directors stated that "more than offering a welcoming place with cutting edge technology to respond to the clients' demands quickly and with professionalism, the new headquarters will gather various services which have been dispersed so far" and "after 118 years operating in the country, we feel it's time to ally the classic posture that characterizes us with a tad of modernity and joviality".

Tomaz Salomão noted "the construction of the new headquarters is a clear sign of the commitment the Bank is doing towards Maputo's growth and that the Bank intends to continue helping the Mozambicans doing business and improving their lives for the next 100 years".

As the President of the Provincial Council of Maputo, David Simango, he took this occasion to note that the process of registry necessary to build the new headquarters was rather complicated, since it took dialogue between the Provincial Council, the Bank and also the institutions running nearby the land where the building is to be constructed, because of the maximum height limits imposed for that area.

## **AMG WILL EXPLORE GRAPHITE IN MOZAMBIQUE**

The Vice President of the Dutch company Advanced Metallurgical Group (AMG) announced the Group will explore graphite in Ancuabe district, Cape Delgado province.

According to Jonathan Costello, AMG won a graphite operation license of an open-cast mine valid for 15 years in Ancuabe. It will reactivate the venture interrupted in 1999 due to its elevated costs.

“we are already on the site and we are happy with the progress made so far. We are also making progress on engineering and economic viability studies”, stressed Jonathan Costello in his statements to the Mozambique Information Agency (MIA).

Ancuabe’s graphite has generated interest again to the mining companies when two years ago the district started to have electric energy provided by Cahora Bassa Hydroelectric (CBH), which made viable the costs of this operation, whereas before those costs were unbearable since the energy had to be provided by electric generators.

## **GALP IS INTERESTED IN NEW GAS CONCESSIONS IN MOZAMBIQUE**

This oil company is hoping that the new alliance with HNC will open more doors to this market.

Galp Energy wants to reinforce its presence in the Mozambican market. The recent partnership with the national oil company Hydrocarbons National Company (HNC) will serve as a gate to new challenges.

This was assured by Galp’s CEO, Ferreira de Oliveira, during the presentation of this year’s third semester results. The businessman pointed as potential targets the exercise of option rights, companies that plan to leave the country and new exploration and production concessions. “We will analyze these options and, as business partners of ENH we will have an advantage in this context”, he stated. Different from the strategic alliances with the Brazilian Petrobras and the Angolan Sonangol, this cooperation agreement between Galp and HNC intends to reinforce the technical, operational, financial and human resources qualification skills of HNC. “we want to contribute to HNC to be a strong and competent company. Mozambique is expected to have the same power in the natural gas area as Qatar. We want to expand the exposure in Mozambique and this proximity has created opportunities for that”, noted Ferreira de Oliveira.

Galp’s new positioning arises the same time the Government of Mozambique announces the auctioning of 12 new blocks for oil prospecting in 2013.

## **BANK OF MOZAMBIQUE WITH MORE EXCHANGE ADJUSTMENTS**

The Bank of Mozambique will carry out a various of adjustments in what concerns monetary and exchange policies in a way that the expected growth of income from exportations (resulting from the new mining and energy projects to be implemented) will neither put at risk the external competitiveness of the exchange rate, or has any other

negative outcome.

This Bank's new positioning was disclosed by its Governor, Ernesto Gove, who also noted the Bank's "predisposition and compromise in doing whatever is necessary in order to preserve and consolidate the country's macroeconomic stability, including the exchange stability, which is an essential condition to more and better investments and consequent economic growth".

We wish to highlight that, according to the BoM, Mozambique has registered considerable exchange stability over the past years. This stability was due, on one hand, to the good coordination of the monetary and tax policies and, in the other hand, to the massive capital inflows in the national banking system, in association with the external direct investment and the advent of exploration of the country's national resources.

According to Gove, the exchange rate is an important variable in macroeconomic management and it stimulates the economic activity, which has a special impact in the Bank's case.

These Governor's statements are part of his opening speech for the BoM's Annual Scientific Days for which the Board of Directors chose "the exchange rate in Mozambique" as theme.

The theme's choice is related to the fact that 2012 is the 25th anniversary of the exchange rate's first reform in Mozambique, which was inserted in the Economic Rehabilitation Program (ERP).

"As I mentioned, this theme is always up-to-date/current and transversal, arising interest of a varied range of people, from academics to the common citizen, for which it is important to debate and hear what the experts have to say on this subject", highlighted Gove.

To this edition, the jury has selected the following papers: "The Impact of the Exchange Rates Variations on the Mozambican Trade Balance" and "Exchange Crisis in Mozambique and their Determinants".

Ernesto Gove also expressed "our pride in maintaining the metical stable and competitive through time. We are also proud that we maintained our national currency, the metical (which has a growing acceptance, whether regional or globally) without undermining its value in domestic transactions.

Gove added this debate is taking place at a time when the world is suffering a global crisis that has no precedents.

## **ARAB BANK INVESTS ON AFRICAN PROJECTS**

The Arab Bank for the Economic Development in Africa (ABEDA) granted 59.680.000, 00 USD to finance seven development projects and thirteen technical assistance operations in Africa.

This financing was approved at the end of the ABEDAS' third annual session in Cartum, Sudan.

ABEDAS' funding covers 546 development projects, 556 technical assistance operations, 41 loans for the private sector and 14 special operations for the Emergency Help Program, which is destined to African countries suffering from drought and desertification.

ABEDA is an independent institution created by 18 Arab States in February 1974 with the objective to reinforce the cooperation and bonds between Arabs and Africans.

Its activities are exclusively oriented to African countries which are not members of the Arab League States (ALS) and it concerns the 43

Sub-Saharan Africa States, besides some regional organizations. ABEDAS' main criterion to select the projects is the viability, from a technical, economic and environmental point of view.

## THE MOSSURIZE DISTRICT, IN MOZAMBIQUE, SEARCHES FOR INVESTORS TO CONCLUDE TEA PROCESSING FACTORY

Mossurize's District Administrator is searching for an investor who can grant the conclusion of the tea processing factory in Espungabera, which has been inactive for months.

The construction works started in December, 2010 and were supposed to end in March, 2011. However, they have been inactive for some time now and there are no signs they are to be continued any time soon, once the company responsible for those construction works has gone bankrupt.

First evaluated at 1.400.000,00 USD, the construction works stopped when the company responsible for them could not get an extra 300.000,00 USD financing to finish the factory.

"The population is producing tea but does not have to whom or where to sell it and Zimbabwe cannot absorb all of what is being produced" stated the Administrator, worried about the current scenario.

The tea factory of Espungabera was destined to absorb the tea production of not only Mossurize, but also of other regions in the province of Manica.

The investment belonged to Moz Tea, a company which capital was Mozambican and foreign, namely from Italy, Brazil, Zimbabwe and South Africa. This investment had also the support of the European Union.

It was predicted that this factory would generate 50 jobs, acquire tea from 780 producers in a 150 acres area and it was supposed to have capacity for 800 tons of tea per year.

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## BEACON HILL IS HOPING TO GET IN THE SENA LINE

The British mining company Beacon Hill Resources (BHR), which is based in London, announced to be negotiating the concession of quota in the Sena Line with MPR ( Mozambican Ports and Railroads).

BHR intends to transport coal from the coalmining of Moatize, in the Province of Tete, to the Beira Port, in the Province of Sofala, both regions in the center of Mozambique.

According to BHR, negotiations are "well on track" and the initial quota may be agreed upon before 2013.

Beacon Hill owns Moatize Mines company and currently has 18.000 tons of coal in Beira Port awaiting to be exported, which should occur soon.

For now, Beacon Hill is transporting the coal from Moatize to Beira using trucks.

The Moatize Mines intends to proceed with its plans to expand and increase its capacity from 600.000 to 1.800.000 tons of crude coal per year before 2012 ends.

In the third phase, which should happen in the second trimester of 2014, the capacity should reach 4.000.000 tons per year.

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## GOVE DARES BANKING INSTITUTIONS TO EXPAND THEIR SERVICES TO THE DISTRICTS

During the inauguration ceremony of Barclay's second agency in Mozambique, Ernesto Gove dared the banking institutions to expand their services to regions which are more remote, where, despite the existence of economic potential, the population needs the banks support to generate wealth.

According to Gove, more than 80 per cent of the existent banking agencies in the province of Nampula, for instance, are concentrated in the city and in the Nacala Port: "this scenario shows that a lot has been done already, but the future we aim for is that of an inclusive financial system".

To the governor, the small, medium and large businessmen must find an answer to the fact that financial intermediation is getting nearer to savers. Implementing new banking agencies in the more remote areas will provide for broadening financial services to more citizens and economic agents.

In spite of the economic and financial crisis the world is still living, the dedication of the Mozambican citizens to work and to the adoption of consistent public policies, having in sight the promotion of private initiative, have been promoting the attraction of private investment to the national economy, said Gove, according to whom these facts are shown in the positive macroeconomic indicators that Mozambique shows, which are of a 7% medium annual rate.

In the same line of thought, Gove stated that the discovery and beginning of exploration of natural resources in Mozambique pose as great challenge to the banking sector, namely the need to keep up the dynamics inherent to this activity. This challenge can only be overcome through the improvement of services and permanent adaptation of capitals to the national companies.

Gove also noted Mozambique is dealing with an unprecedented opportunity that cannot be wasted, for the following reasons: it may contribute to the national balance of payments and also to reduce the dependence from foreign countries, through diminishing the importance of import operations in the economy and promoting exportations, competitiveness, productivity and reduction of food deficit.

In turn, Barclays Bank's Chairman of the Board of Directors in Mozambique, Luísa Dias Diogo, stated that the institution she is running is committed to investing in the domestic market, particularly in Nampula.

The opening of another agency in Nampula reflects that the significant growth of the operations in recent months is sufficient to continue expanding the Bank's financial services, stated Luísa Dias Diogo.

Governor of Nampula Province, Cidália Chaúque, noted that the installation of infrastructures that promote the creation of electronic systems (e-SISTAFE) allied to data transmission through optic fiber, allows the expansion of the banking network, especially in those rural regions considered to be agricultural and fishing production centers. So far there are already 16 districts covered by this technology, out of 21.

Cidália Chaúque assured that Nampula has the necessary conditions to receive new banking agencies because a lot of its districts are being selected to the implementation of various projects, which, in turn, promote the communities' development and, in consequence, enhance those communities' living conditions.

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