# MEMORANDUM

N°126/2016 | 11-12/06/2016

The Memorandum is issued daily, with the sole purpose to provide updated basic business and economic information on Africa, to more than 4,000 European Companies, as well as their business parties in Africa.
More than 1,556 Memoranda issued from 2006 to end of 2015. More than 18,350 pages of Business Clips issued covering all African, European Institutions and African Union, as well as the Breton Woods Institutions. The subscription is free of charge, and sponsored by various Development Organisations and Corporations.
Should a reader require a copy of the Memoranda, please address the request to fernando.matos.rosa@sapo or fernando.matos.rosa@skynet.be.

2006 – 2015, 9 Years devoted to reinforce Europe – Africa Business and Development

***EXTRA EDITION***

## SUMMARY

## AFRICA OUTLOOK: ETHIOPIAN AIRLINES AND AIR MAURITIUS GROW, BUT OTHERS FACE STRONG HEADWINDS

Africa is a region of huge opportunity - as has been observed for decades - but even bigger challenges. Africa's airlines continue to struggle and collectively remain in the red while airlines in every other region in today's favourable environment are profitable.

Structural changes and a new mindset from African governments are desperately needed. Political interference and government meddling in airlines is a common problem, as well as protectionism and unnecessarily high taxation.

In this report CAPA looks at the continued struggles of South African Airways and the new business models being pursued by Air Mauritius and TAAG – both of which are keen to develop new transit hubs. Ethiopian's rapid growth and remarkable success highlight the opportunities in Africa that can be exploited with the right strategy.

## SOUTH AFRICAN AIRWAYS STILL HAS NOT ADDRESSED LONG-TERM CHALLENGES

Most African airlines are unprofitable – even in the current environment of low fuel prices – and have a relatively bleak outlook. Government meddling is a common issue preventing airlines from making the right commercial and strategic decisions. The best of many examples of this is South African Airways (SAA), which once again is in dire straits after repeatedly failing to implement a long term business plan that addresses its longstanding challenges.

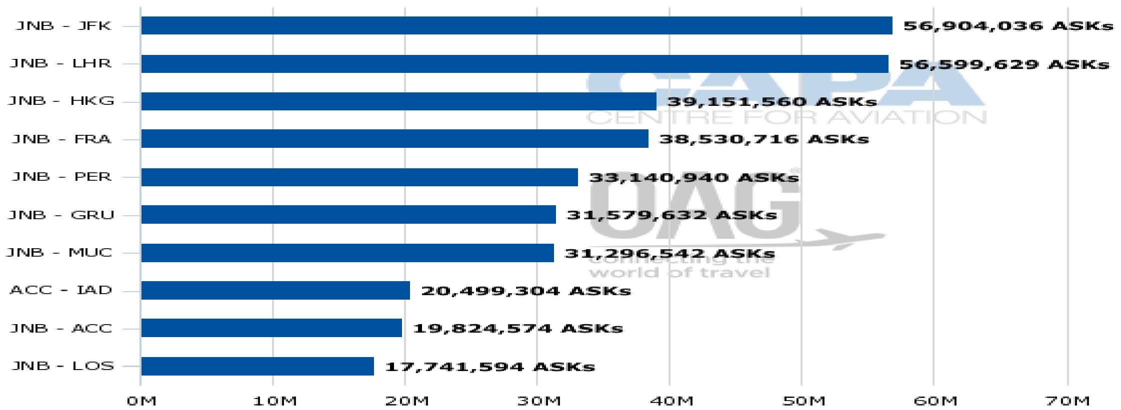
After much deliberation, SAA's previous management team put together a viable long-term business plan in 2013 (its ninth turnaround plan according to SAA chairperson Dudu Myeni), aimed primarily at restructuring its highly unprofitable long haul operation through route cuts, new partnerships and the acquisition of more efficient widebody aircraft.

After multiple delays SAA made progress in implementing several components of the plan, including network restructuring with the suspension of services to Buenos Aires, Beijing and Mumbai.

However other components were never implemented, including a comprehensive partnership with Emirates and the acquisition of new generation widebody aircraft. SAA also continues to operate unprofitable three weekly Johannesburg-Dakar-Washington Dulles flights, despite switching some Washington flights to a stopover in Accra, which has been successful.

SAA's losses have reduced significantly as network adjustments, lower fuel prices, and a renegotiation of A340 lease rates have resulted in a better performance for its previously highly unprofitable long haul operation. SAA currently serves only eight destinations outside Africa, using a fleet of 17 A340s and six A330s.

South African Airways top 10 international routes ranked by weekly ASKs: 6-Jun-2016 to 12-Jun-2016




Source: CAPA – Centre for Aviation & OAG

However, the long-term prospects for the long haul operation remain bleak as SAA has not made sufficient changes.

SAA cannot assume that fuel prices will remain at their current low level. A return of higher fuel prices would make it nearly impossible for the long haul operation to be profitable, particularly as SAA has again pushed back a long-delayed decision on new widebody aircraft.

## THE EMIRATES PARTNERSHIP WAS CRITICAL FOR SAA

SAA board approval for a new partnership with Emirates was rescinded at the last moment

An even bigger setback with implementing the recovery plan occurred in mid-2015 when SAA board approval for a new partnership with Emirates was rescinded at the last moment, just hours before the deal was to be signed and announced. Emirates and SAA management had agreed to a comprehensive codeshare, and for SAA to operate alongside Emirates on the Johannesburg-Dubai route, with a rare revenue guarantee from Emirates.

The Emirates partnership was to replace a much more limited partnership with Etihad – which has since been dissolved anyway, with SAA suspending codeshares and services to Abu Dhabi. The Emirates deal was critical for SAA's long-term sustainability as it gave SAA a much stronger global offline network and finally the guaranteed revenue stream to turn the corner. Unfortunately, politics intervend and it would be very difficult for the partnership to be revived later if there is the political will. The two airlines now codeshare, but this is a much more muted relationship.

SAA now faces the difficult prospect of competing in the international market over the long term without a partnership with Emirates or another Gulf airline. Emirates has more capacity to South Africa than the entire SAA long haul operation, and its huge global network provides a significant competitive advantage in the South Africa-Europe and South Africa-Asia markets.

**Top 5 airlines in South Africa ranked by long haul capacity: 6-Jun-2016 to 12-Jun-2016**

| Rank | Airline | | Total seats |
|---|---|---|---|
| 1 | EK | Emirates Airline | 36,456 |
| 2 | SA | South African Airways | 30,704 |
| 3 | BA | British Airways | 14,988 |
| 4 | QR | Qatar Airways | 12,404 |
| 5 | KL | KLM Royal Dutch Airlines | 8,216 |

Note: long haul includes flights between South Africa and all markets outside Africa
Source: CAPA - Centre for Aviation & OAG

SAA is looking at resuming some long haul routes on its own but such routes are unlikely to be profitable, and would only be launched for political reasons.

## SAA FACES A CHALLENGING FUTURE

Nearly the entire SAA management team has left since mid-2015, resulting in more instability for an airline that has already seen a large succession of CEOs over the last decade. SAA is essentially now in limbo, forced to operate under the current status quo and unable to address any of the long term challenges until there is a change in government.

Profitability at the EBITDAR level has improved, but SAA has a weak balance sheet and upcoming funding requirements; it needs another capital injection or government guarantee. Partial privatisation through the sale of an equity stake is highly unlikely in the current environment; any investor will require the control that the government has never been willing to relinquish.

SAA also faces challenges in the domestic market, with South Africa's sluggish economy impacting demand and competition intensifying. Its regional international operation, which historically has been the only profitable part of its business, also faces intensifying competition and weakening demand.

SAA requires a fundamental transformation to be profitable over the long run

SAA requires a fundamental transformation to be profitable over the long run. Unfortunately South Africa's political environment has proven time and time again that such a transformation is impossible to implement. The alternative becomes increasingly obvious.

There are lessons for other African countries to learn from this history, notably to avoid the temptation to meddle in their airlines. However, government meddling and protectionism are part of a deep-rooted tradition in the African airline sector that will be hard to break.

## TAAG EMBARKS ON TRANSFORMATION AS PART OF STRATEGIC PARTNERSHIP WITH EMIRATES

A contrast is however emerging in Angola. The strategy being implemented by TAAG Angola following its partnership with Emirates represents a model that perhaps can be emulated by other ailing airlines in Africa.

In late 2013 TAAG and Emirates forged an agreement to establish a strategic partnership. The partnership was initially slow to materialise, but over the past year Emirates has begun helping TAAG to restructure, and prepare a new business plan that aims for profitability by 2019.

TAAG has been consistently unprofitable over the last several years, including losses totalling approximately USD220 million over the past two fiscal years. It now faces extremely challenging market conditions since Angola's oil-based economy has been significantly impacted by the sharp decline in oil prices. Despite the challenges TAAG is expanding rapidly in 2016, with the delivery of two 777-300ERs in 1H2016 that were ordered when market conditions which were much more favourable.

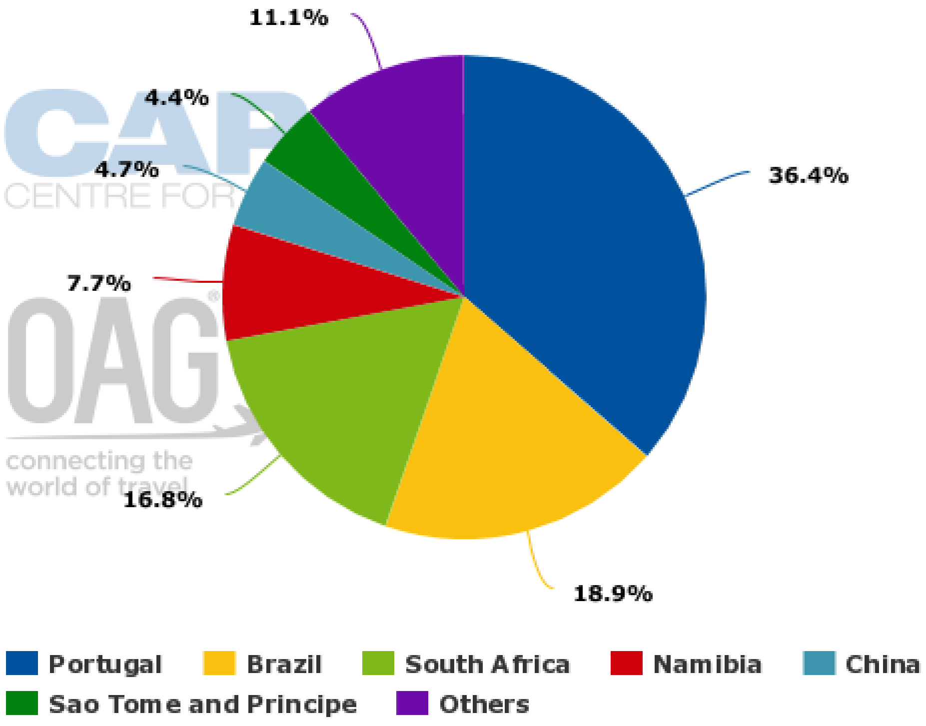
The Emirates partnership gives TAAG a much brighter long term outlook. A codeshare is now in the process of being implemented, which will extend TAAG's network globally. Having dropped services to Dubai in 2015, TAAG is using the partnership to learn from Emirates and raise its standards. Emirates took over management of TAAG in Oct-2015, appointing industry veteran Peter Hill to serve as CEO and lead the transformation efforts.

TAAG aims to improve its profitability by cutting costs, renegotiating costs and reducing staff levels through attrition. TAAG should be able to improve its efficiency significantly – efficiency being a systemic problem across Africa – and reduce unit costs.

The two additional 777-300ERs represent a 15% expansion of TAAG's fleet and an even higher rate of capacity expansion. TAAG is initially deploying the additional capacity to Brazil and Portugal – its two main long haul markets.

In early Jun-2016 TAAG increased its Portugal operation to two daily flights, including 11 weekly frequencies to Lisbon and three weekly frequencies to Porto. In Jul-2016 TAAG is increasing its Brazil operation to one daily flight, including four weekly frequencies to São Paulo and three weekly frequencies to Rio de Janeiro. Portugal and Brazil will account for approximately 55% of TAAG's international seat capacity once the increases are implemented.

**TAAG international capacity share (% of seats) by country: 18-Jul-2016 to 24-Jul-2016**




Source: CAPA – Centre for Aviation & OAG

## TAAG TO TURN LUANDA INTO A REGIONAL HUB, WITH HELP FROM EMIRATES

TAAG is also now looking at expanding in China, which is currently served with two weekly Beijing flights and is its only other long haul market. The new business plan being implemented with the help of Emirates also envisages turning Luanda into a hub.

"In the past it has never been used as hub. It now could be used as quite a significant hub for South and Southeast Africa", Mr Hill told CAPA TV in Mar-2016. He added, "We are taking advantage of that. We are working with immigration, removing visa restrictions. There is a lot of positive things there. So I think our growth will come from not from traffic terminating or originating in Luanda but more from the surrounding countries in South and Southeast Africa".

TAAG currently serves 12 regional international destinations in Africa along with 11 domestic destinations, according to OAG schedule data. However, none of its regional international routes are served daily. Even Luanda-Johannesburg, a key and historically highly lucrative business route, is only served with four weekly flights.

TAAG deploys 777s to Johannesburg and also has three weekly 777 flights to Cape Town, making South Africa its largest regional international market by a wide margin. Namibia is TAAG's second largest regional international market: served with four weekly 737 Luanda-Windhoek flights and three weekly 737 Lubango-Windhoek flights.

**TAAG Angola network summary: as of May-2016**

| **Total nonstop passenger destinations** | **28** |
|---|---|
| Domestic | 12 |

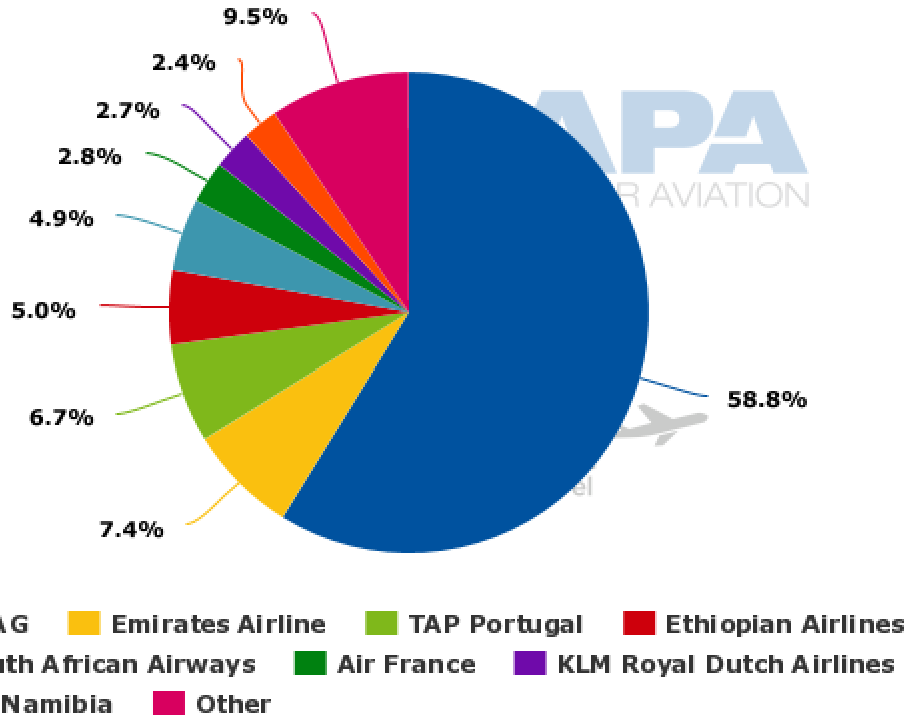
| | |
|---|---|
| Africa | 11 |
| Asia Pacific | 1 |
| Schengen Europe | 2 |
| Other Europe | 0 |
| Latin America | 2 |
| Middle East | 0 |
| North America | 0 |

Source: CAPA – Centre for Aviation & OAG

TAAG will expand its regional network, which is operated with a fleet of 737s, as it restructures and reduces its reliance on its home market. More destinations in South and Southeast Africa are likely, along with more frequencies to increased destinations, which will provide passengers more regular connections in markets such as Cameroon-China, Zambia-Brazil and Namibia-Portugal.

Emirates is beginning to use Luanda as a hub for secondary destinations in South and Southeast Africa
Improved regional connectivity is also key to the Emirates partnership as Emirates is beginning to use Luanda as a hub for secondary destinations in South and Southeast Africa.
Emirates currently operates daily 777-300ER flights to Luanda, making it the largest foreign airline presence in the heavily regulated Angolan market. Combined, Emirates and TAAG currently account for approximately 66% of total international seat capacity at Luanda.

**Luanda international seat capacity share (% of seats) by airline: 6-Jun-2016 to 12-Jun-2016**




Source: CAPA – Centre for Aviation & OAG

A transit hub will be necessary if the airline is to be successful at fulfilling its goal of achieving more than triple its annual revenue stream by 2019. The hub strategy is also important for Angola as it would allow the government to leverage its investment in a new airport, which is expected to open in Luanda in 2017.

### AIR MAURITIUS HAS AFRICA-ASIA HUB AMBITIONS

Mauritius also has an ambitious plan to develop a new hub and expand its flag carrier with a new focus on transit traffic. Air Mauritius has historically been focused on point-to-point traffic including inbound visitors, but is eager to tap into rapid growth in traffic between Asia and continental Africa.

Air Mauritius already has a strong network in Asia but is relatively weak regionally. In May-2016 the airline launched services to Maputo in Mozambique and Dar es Salaam in Tanzania – its first destinations in continental Africa outside South Africa and Kenya.

Air Mauritius now serves six cities in continental Africa along with three destinations in neighbouring islands, giving it nine regional international destinations. It has a larger Asian network, which currently consist of 11 destinations.

The airline is expected to launch several more African destinations by potentially using a new subsidiary, enabling it to leverage Mauritius' ideal geographic position between Asia and Africa. A larger African network will provide a more balanced network and enable it to pursue more east-west flows, but will require rescheduling of some Asian flights and a larger narrowbody fleet.

**Air Mauritius network summary: as of May-2016**

| **Total nonstop passenger destinations** | **24** |
|---|---|
| domestic | 2 |
| Africa | 9 |
| Asia Pacific | 11 |
| Schengen Europe | 1 |
| Other Europe | 1 |
| Latin America | 0 |
| Middle East | 0 |
| North America | 0 |

Source: CAPA – Centre for Aviation & OAG

Similarly to TAAG Air Mauritius has a 12-aircraft fleet, and a high mix of widebody aircraft for a small airline. Currently it has six A340s (which are due to be replaced with A350s from 2017), four A319/A320s and two ATR 72s.

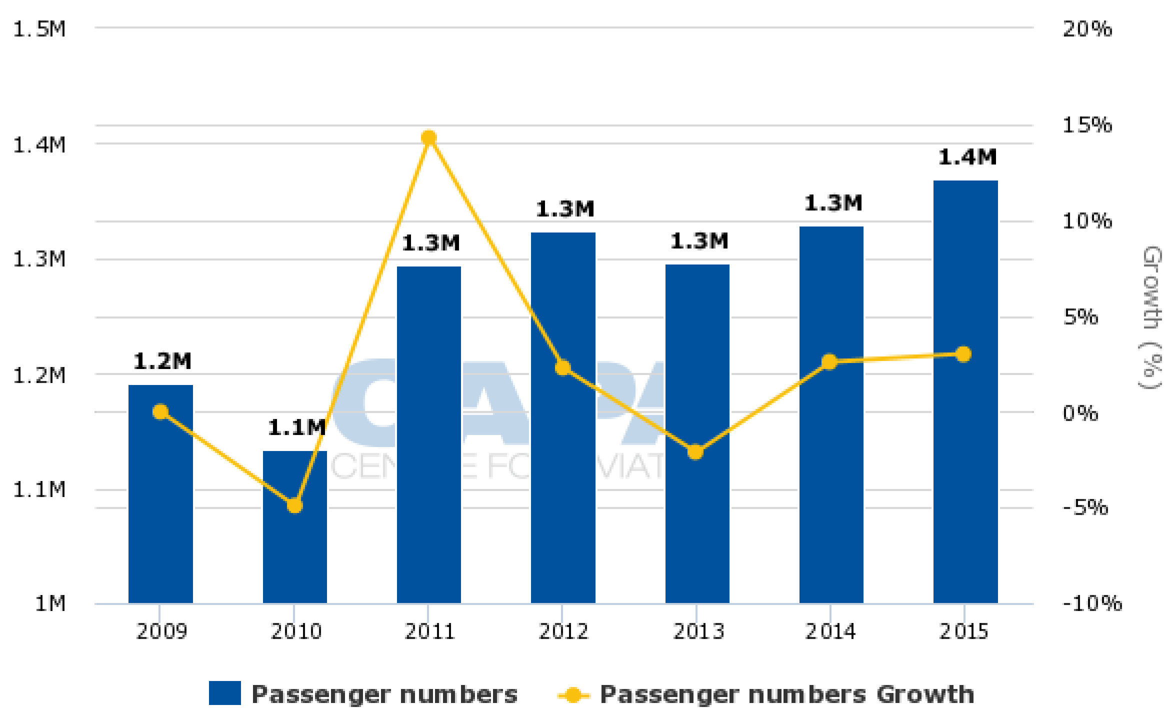
### AIR MAURITIUS GROWS IN ASIA, STARTS TO USE SINGAPORE AS ITS HUB

Air Mauritius is also expanding in Asia, giving it more feed for its expanding regional network along with supporting tourism growth in the Vanilla Islands. Guangzhou is being launched in Jul-2016 giving Air Mauritius 12 destinations in Asia Pacific, including five in greater China along with Beijing, Hong Kong and Chengdu (the latter was launched in 2015).

Air Mauritius also serves four Indian destinations (Bengaluru, Chennai, Delhi and Mumbai), two in Southeast Asia (Kuala Lumpur and Singapore) and Perth in Australia. Its European network is much smaller, consisting of only London and Paris.

In Mar-2016 Singapore was upgraded from one-stop via Kuala Lumpur to a nonstop, as part of new partnership with Changi Airport. Air Mauritius is now using Singapore as a hub for offline destinations throughout Asia-Pacific. While in many cases a two-stop product is offered between Asia and Africa, this is competitive, and with the right scheduling Air Mauritius has the opportunity to offer some of the shortest travel times in the fast-growing Asia-Africa market.
The new Africa-Asia hub should lead to a new era of growth for Air Mauritius, which has recorded only modest traffic growth over the last six years. Since 2010 Air Mauritius has had only one year of passenger growth exceeding 3%.

**Air Mauritius annual passenger traffic and year-over-year growth: 2009 to 2015**




Source: CAPA – Centre for Aviation and company reports

Although break-even on a cumulative basis over the last six years, the airline is also hoping to improve its profitability as transit traffic numbers increase. However, Air Mauritius will face intensifying competition in the Africa-Asia market. Ethiopian Airlines, particularly, has already been very successful in tapping into Africa-Asia growth; at the same time the Gulf airlines are aggressive competitors and Chinese airlines are starting to focus more on Africa.

## ETHIOPIAN EMERGES AS AFRICA'S LARGEST AND MOST PROFITABLE AIRLINE GROUP

With the launch of Guangzhou Air Mauritius will surpass Ethiopian with the largest Asian network for an African airline. Ethiopian currently serves 11 destinations in Asia-Pacific but has nearly three times as much nonstop capacity to Asia as Air Mauritius.

**Top 5 African airlines ranked by weekly nonstop seat capacity to/from Asia Pacific: 6-Jun-2016 to 12-Jun-2016**

| Rank | Airline | | Weekly seats |
|---|---|---|---|
| 1 | ET | Ethiopian Airlines | 30,302 |

| Rank | | Airline | Weekly seats |
|---|---|---|---|
| 2 | MK | Air Mauritius | 11,672 |
| 3 | MS | EgyptAir | 9,092 |
| 4 | KQ | Kenya Airways | 8,606 |
| 5 | SA | South African Airways | 7,660 |

Source: CAPA – Centre for Aviation & OAG

Ethiopian has expanded rapidly in Asia over the last several years, as well as regionally within Africa, recognising the huge opportunities in the Africa-Asia market. Ethiopian now has almost 50 regional international destinations, and almost 70 when its West African affiliate ASKY is included.

**Ethiopian Airlines network summary: as of May-2016**

| **Total nonstop passenger destinations** | **98** |
|---|---|
| domestic | 17 |
| Africa | 47 |
| Asia Pacific | 11 |
| Schengen Europe | 8 |
| Other Europe | 2 |
| Latin America | 1 |
| Middle East | 9 |
| North America | 3 |

Source: CAPA – Centre for Aviation & OAG

**Addis Ababa has emerged as the biggest hub in Africa**

Addis Ababa has emerged as the biggest hub in Africa and Ethiopian has emerged as Africa's largest – as well as by far the most profitable – African airline group. Ethiopian has accumulated approximately USD800 million in profits over the last eight years while the rest of the African airline sector has incurred losses of approximately USD1.5 billion. It is hardly a surprise that smaller African airlines such as Air Mauritius are eager to try to emulate Ethiopian in pursuing more transit traffic.

Ethiopian has doubled in size in the past five years, with Asia-Africa transit traffic driving a majority of the growth. During the same five years traffic at Africa's other four main airline groups has been flat, or only grown modestly, and three of these groups have been highly unprofitable.

## COMPETING AGAINST ETHIOPIAN WILL NOT BE EASY

Ethiopian plans to pursue further rapid fleet and network expansion, and it could be difficult for any smaller African airline to carve out a viable niche. The airline is also growing through acquisitions, as part of a strategy aimed at establishing a significant presence in all parts of Africa. In addition to its share in ASKY Ethiopian also has a stake in Malawian, and is looking at several other investment opportunities.

For some small ailing airlines a tie-up with Ethiopian provides an opportunity. However, for several of Africa's struggling airlines the prospect of Ethiopian becoming even stronger poses a challenge.

African airlines will need to adopt new strategies and their government owners will need a dramatic shift in mindset if the sector is finally going to turn the corner.

The success of Ethiopian provides an example of what can be achieved with the right strategy and government support. But in Africa there are far too many textbook examples of what not to do with an airline.

## MALI SECURES 3.9BN FCFA TO REVAMP BAMAKO AIRPORT

The completion work of Mali's International Airport upgrading and expansion Project was subcontracted to the Chinese company SINOHYDRO Corporation for a time limit of five months and an amount of $ 3.9 billion CFA francs, reports said on Thursday.

According to a statement by the Malian government, the amount which represents 21.45 percent of the original contract will be paid by the Kuwait Fund, the Islamic Development Bank, the OPEC Fund and the National Budget.

The completion work of Bamako's Modibo Keita International Airport upgrading and expansion Project which has about three years delay due to the March 2012 events, involves the construction of a new terminal of 15 000 m2 in mixed structure and which can welcome, at the end, about 1.5 million passengers per year.

The project also planned to install 10.6 km medium tension line with a capacity of 15 KV outbound Kalaban-Coro and an adding transformer.

This line will cover all electrical power needs in the airport.(APA 09-06-2016)

## GUINEA TO LAUNCH NATIONAL AIRLINE BEFORE LATE 2016

The Guinean government is working to implement its plan to set up a national airline that will display the resurrection of former "Air Guinea", later by next December, official sources told APA on Friday.
This project will be funded with support from the cooperation in the aviation field with Rwanda.

Moreover, MPs have already examined, earlier this June, the agreement on air services between Guinea and Rwanda.

That was an opportunity taken by the minister of state in charge of Transport, Oye Guilovogui, to announce the launch of the airline, Air Guinea, set for before December.

Guinea was among the first African countries to have an airline, under the first republic.

Air Guinea in question was equipped with a fleet of Boeings which were operating international flights.

That airline was liquidated during Lansana Conte rule, after being bought by the businessman Mamadou Sylla.(APA 10-06-2016)

## MORE AIRLINES MAY HALT OPERATIONS IN NIGERIA

International carriers may follow the example of United Airlines and Iberia and halt operations in Nigeria or cut flights as they struggle to move revenue out of the country because the oil-price slump has depleted the African nation's foreign exchange reserves.
Iberia suspended its route to Nigeria on May 12, followed by United, which said it would end flights from the US to Nigeria at the end of June because of a lack of demand and trouble collecting payments. British Airways and Emirates have said they are facing difficulties obtaining outstanding fares.
"Besides an inability to repatriate profit, passengers are reducing because the economy is going down," John Ojikutu, CEO of Centurion Aviation Consultancy, said in Lagos. More airlines would probably cancel routes to Nigeria, he said.

The country is on the verge of a recession, oil production has fallen to a three-decade low, and the budget deficit has swollen to a record. The economy contracted for the first time since 2004 in the first quarter, and foreign-currency reserves have slipped to $26.4bn, the lowest in more than a decade.

Faced with dwindling oil revenues, the central bank has restricted access to foreign exchange. Nigeria has held the naira at 197/$ to 199/$ since March 2015, unlike many other oil producers affected by the slump in crude prices since mid-2014 that let their currencies weaken. As the dollar shortage has worsened, the naira's value has plummeted on the parallel market.

President Muhammadu Buhari gave the central bank the go-ahead on May 29 to introduce a more flexible exchange rate, while maintaining his opposition to a full currency devaluation.

No details on the measures have been made public. Finance Minister Kemi Adeosun told investors in London on Tuesday it would take "days or weeks" to implement them, according to sources who attended the meeting. (Bloomberg 10-06-2016)

## YOUNG AFRICAN WOMEN MORE VULNERABLE TO HIV

Young women in Sub-Saharan Africa are more than twice as likely to become HIV positive as young men.

When Lebogang Brenda Motsumi was 16 years old she fell pregnant, terrified about what her life would look like, she went to a backdoor clinic for an abortion.

The abortion failed, and she gave birth to a baby who later passed on.

Motsumi knew that she needed to be more careful so she went to a health clinic to get contraception and learn about prevention.

“Instead of supporting me the nurse interrogated me about why I was having sex, this discouraged me from ever going back,” she said.

Motsumi said that while she was afraid to go back to the clinic to get condoms, she was also “unsure to how to negotiate condom use with the men I was sleeping with.”

Soon afterwards, aged 17, Motsumi began dating a local celebrity, who she says changed her life forever.

“I ended up having unprotected sex with him, which became the biggest mistake of my life,” she said.

It wasn't until two years later that Motsumi found out that the man she had been sleeping with was HIV positive. Eventually Motsumi faced her fear of getting tested and found out that she too was HIV positive.

Motsumi's story of becoming infected with HIV while she was still a teenager is not unusual.

Often unable to decide whether their partners will wear condoms, young women in Sub-Saharan Africa are more than twice as likely as young men to contract HIV between the ages of 15 to 24.

In some countries, particularly in Southern Africa, young women are up to eight times more likely than young men to contract HIV.

Motsumi shared her experience during a meeting organised by the UN Population Fund (UNFPA) on increasing youth participation in the global response to HIV/AIDS.

“There is very good data that show that comprehensive sex education that does not explicitly address power relations and cycles of economic dependency is much less effective.” -- Judith Bruce, Population Council.

“For some time now in many countries the ratio of female to male infections has hovered between two or three to one, and in certain hotspots its been eight to one, female to male, for as much as 15 years,” Judith Bruce from the Population Council said at the meeting.

“It's important that strategies actually reach these young excluded female populations,” said Bruce, explaining that in order to be effective the programs need to address the power imbalances, which mean that young women have little influence over the circumstances under which they have sex.

“There is very good data that show that comprehensive sex education that does not explicitly address power relations and cycles of economic dependency is much less effective,” she said.

“(Young women are) under tremendous social pressures and economic pressures, it's not just a question of their making good decisions, they are in a very hard situation,” said Bruce, noting that young women were more likely to contract HIV from older partners than from boys their own age.

Young women are also much less likely to be able to access the services they need to prevent HIV infections because their movements and social interactions are much more restricted than young men's, said Bruce.

She highlighted research that has shown that in some communities boys are allowed to walk six times as far as girls and are able to safely be outside for 16 hours every day, compared to only eight hours for girls in the same community.

This makes it much harder for young women to interact with other young women like themselves and to access the health and education services that they need, said Bruce.

Having access to appropriate services may have helped Motsumi.

"If I had been able to access youth friendly health services while growing up I would be a different person today," she said.

"I believe that if I had received education that taught me about how safely to express my sexuality that it would have given me skills to negotiate condom use and understand what my rights are," she said.

Motsumi said that there were many reasons young women were more vulnerable to sexually transmitted infections.

"More often than not men control the dynamics of when and how to have sex," she said.

"Practices such as abuse and rape and other forms of violence play a large part in increasing women's risk of HIV," she said, while "poverty prevents poor women from controlling when sexual intercourse takes place and if a condom is used." (IPS 02-06-2016)

## NAMIBIA: ZIMBABWE MAKING PROGRESS WITH DRY PORT AT WALVIS BAY

Zimbabwe is making good progress with the development of its US$1.5 million dry port at Walvis Bay, after failing to meet the 2013 completion deadline as per the Southern African Development Community (SADC) Regional Infrastructure Master Plan (RIDMP).

In 2009, the Namibian Government donated land to Botswana, Zambia and Zimbabwe to construct dry port facilities at the coastal town.

The projects with a combined worth of about US$8.5 million, are expected to strengthen future trade and will see an upswing in trade volumes through Walvis Bay.

Namibia Port Authority's spokesperson Taná Pesat said on Wednesday that about 40 percent of the project is complete with earth works and construction due to be concluded at the end of 2016, while the dry port is scheduled to become operational by early 2017.

Namibia granted Zimbabwe the 19,000 square metres of land in 2009 to enhance trade between the two countries, which in accordance with the SADC Regional Infrastructure Master Plan (RIDMP).

RIDMP is in line with the Programme for Infrastructure Development of Africa, which is a continental initiative of the African Union Commission, in partnership with the United Nations Economic Commission for Africa, African Development Bank and the NEPAD Planning and Coordinating Agency.

The Zambian dry port of 27,430 square metres was constructed at the tune of US$3 million and has been operational for more than five years, while Botswana spend US$4 million in its 36,200 square metres facility, and is also operational.

The port of Walvis Bay on the Namibia's western coast is a natural gateway for regional trade as it offers direct trade links of countries in Southern African with the rest of the world for most of the countries in SADC that are landlocked.(APA 08-06-2016)

## GOVERNMENT OF MOZAMBIQUE REJECTS FULL PAYMENT OF DEBTS INCURRED BY PUBLIC COMPANIES

The government of Mozambique plans to find a balance between the need to service debt and to ensure the financing of the country's development projects, the country's Prime Minister said in Maputo.

Carlos Agostinho do Rosario, speaking at an extraordinary session of the Mozambican parliament to analyse public debt, said that the commitments taken on by state company Proindicus and Mozambique Asset Management (MAM) when they took on foreign loans cannot take priority over the government's responsibilities.

Stressing that public debt is only an issue because the government provided a State guarantee so that the two companies could take on loans, the Prime Minister assured members of parliament that the government would only take responsibility for the amount of debt that proves to have been applied for the benefit of the community.

"The assumption of debts resulting from the granting of sovereign guarantees in favour of Proindicus and MAM would mean defrauding the expectations of Mozambicans," said Rosario, quoted by daily newspaper Notícias.

The prime minister also said that "the debt was contracted by Empresa Moçambicana de Atum, ProIndicus and MAM, with a State guarantee, so the primary responsibility to take it on and pay it without burdening the state budget rests on them," said the Prime Minister.

Mozambique's public debt, including guarantees issued by the government and debts incurred by the central bank to finance the balance of payments reported on 31 December 2015 was US$11.64 billion.

Of that total US$9.8 billion were foreign debt, including US$247 million from the Bank of Mozambique, and domestic debt totalled US$1.75 billion. (10-06-2016)

## VODAFONE TEAMS UP WITH AFRIMAX IN ZAMBIA

Vodafone will expand into Zambia by offering high-speed mobile data and internet services in the country through its partnership with closely held Afrimax, extending its reach into sub-Saharan Africa.

The two companies will offer customers 4G data services using the Vodafone Zambia brand, Newbury, UK-based Vodafone said in an e-mailed statement on Monday. The deal includes Vodafone-branded stores as well as services to businesses in the southern African nation.

African phone companies are broadening their internet offering to help offset declining voice sales as consumers leapfrog fixed-line technology in favour of smartphone devices. Vodafone has stakes in Johannesburg-based Vodacom, Safaricom of Kenya, and operations in Ghana. *(*Bloomberg 06-06-2016)

## COMMUNICATIONS FROM THE INTERNATIONAL MONETARY FUND

Cabo Verde - http://www.imf.org/external/np/sec/pr/2016/pr16272.htm

Central African Republic - http://www.imf.org/external/np/sec/pr/2016/pr16249.htm

Congo - http://www.imf.org/external/np/sec/pr/2016/pr16268.htm

Cote d'Ivoire - http://www.imf.org/external/np/sec/pr/2016/pr16252.htm

Cote d'Ivoire - http://www.imf.org/external/french/np/sec/pr/2016/PR16252f.htm

Cote d'Ivoire - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43953.0

Cote d'Ivoire - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43954.0

Lesotho, South Africa - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43952.0

Mali - http://www.imf.org/external/np/sec/pr/2016/pr16271.htm

Nigeria - http://www.imf.org/external/pubs/ft/fandd/2016/06/index.htm

Rwanda - http://www.imf.org/external/np/sec/pr/2016/pr16270.htm

São Tomé e Principe - http://www.imf.org/external/np/sec/pr/2016/pr16275.htm

Senegal - http://www.imf.org/external/np/sec/pr/2016/pr16247.htm

Senegal - http://www.imf.org/external/french/np/sec/pr/2016/pr16247f.htm

Senegal - http://www.imf.org/External/NP/LOI/2016/SEN/050616.pdf

Senegal - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43940.0

South Africa - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43950.0

Sudan - http://www.imf.org/external/np/sec/pr/2016/pr16261.htm

Tunisia - http://www.imf.org/External/NP/LOI/2016/TUN/050216.pdf

Tunisia - http://www.imf.org/external/mmedia/view.aspx?vid=4913624030001

Tunisia - http://www.imf.org/external/pubs/ft/survey/so/2016/new060216a.htm

Tunisia - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43932.0

Uganda - http://www.imf.org/external/np/sec/pr/2016/pr16263.htm

Uganda - http://www.imf.org/external/pubs/cat/longres.aspx?sk=43947.0

Uganda - http://www.imf.org/External/NP/LOI/2016/UGA/051816.pdf

Zambia, Zimbabwe - http://www.imf.org/external/np/tr/2016/tr060216.htm

-------------------------------------------------------------------------------

The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, AHEAD-GLOBAL, Business Council for Africa, Corporate Council on Africa, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABA - Norwegian-African Business Association, NABC- Netherlands Africa Business Council, and other organisations.

The Memorandum is also made available by AHEAD-GLOBAL, BCA, Chamber of Tenerife (by posting it at the Africa Info Market), CCA - Corporate Council on Africa (USA), ELO,HTTC ,NABA,NABC (by posting selected news) to their Members.

www.acp.int www.aheadglobal.hu www.bcafrica.co.uk www.camaratenerife.com www.africacncl.org www.elo-online.org

www.helafrican-chamber.gr www.htcc.org.hu www.norwegianafrican.no

www.nabc.nl

Fernando Matos Rosa

fernando.matos.rosa@sapo.pt
fernando.matos.rosa@skynet.be