MEMORANDUM

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SUMMARY

ECONOMY IS BIGGEST LOSER IN ZIMBABWE'S POWER STRUGGLE

An annual conclave that will shape Zimbabwe's future is getting under way, and squabbling to succeed a nonagenarian president has already claimed one casualty: the economy.

On Tuesday, Zimbabwe's ruling party begins a six-day annual meeting, with an eye toward selecting new leaders and setting policies for the government of President Robert Mugabe.

Few analysts see a quick turnaround of the faded continental star.

More likely, they say, is more mudslinging and muddling along.

Africa has a long list of ageing presidents presiding over young populations, but Zimbabwe is among the countries where these strains are most acute.

Mr Mugabe, who has run Zimbabwe since independence in 1980, has shown no sign of wanting to retire. He won what Western observers considered a flawed re-election in 2013. And under a new constitution, the 90-year-old can run again in 2018.

Should Mr Mugabe step down or die before then, others are lining up to take over.

Fighting between allies of Vice-President Joice Mujuru and Justice Minister Emmerson Mnangagwa has spilled into Zimbabwe's media.

The Sunday Mail, among others, has reported on an alleged plot to assassinate Mr Mugabe, apparently orchestrated by allies of Ms Mujuru.

She has denied the allegation.

The surprise entrant in these factional battles is the president's wife, Grace Mugabe. Supporters of Ms Mugabe, a 49-year-old former typist, have nominated her to lead the ruling party's women's league.

Even as analysts play down Ms Mugabe's prospects for succeeding her husband, she is expected to keep others off balance long after the conference concludes.

"What we don't get out of this process is clarity and stability," said Piers Pigou, Southern African project director in Johannesburg for the International Crisis Group, a think-tank.

"The economic problems will never really be addressed until Zimbabwe has political leadership that's trusted domestically and internationally."

There are many dark clouds over Zimbabwe's economy. Foreigners are not investing, as they await clarity on a contentious empowerment law; banks are not lending, as nonperforming loans are at nearly 20%; and graduates are not getting jobs, as an unemployment rate exceeding 80% saturates the labour pool.

The International Monetary Fund (IMF) projects Zimbabwe's economic growth will slow to 3.1% in 2014, as the mining industry contracts and companies close.

That is down from 4.5% in 2013, and far off the double-digit growth the previous three years.

Shortages of staples such as corn are now common, a stark shift from the days when Zimbabwe was known as the breadbasket of Southern Africa.

To revive investment flows, Zimbabwean officials are trying to repackage the country's story. They are targeting those comfortable on the extreme fringe of frontier markets.

"Your investment in Zimbabwe will be protected," Minister of Trade and Industry Mike Bimha assured prospective investors at a recent meeting in Johannesburg. The returns in Zimbabwe's private sector, he added, "are very excellent".

Such assurances are needed. Forcible seizures of white-owned farmland in the 2000s sent the economy into a tailspin.

Prices soared, professionals fled and the central bank was forced to replace the local currency with the US dollar to stabilise the economy.

A violent 2008 vote led to a fractious power-sharing government and policy disarray. Mr Mugabe's allies fought for indigenisation, or transferring majority ownership of ventures in mines and other sectors to lift up black Zimbabweans.

Prime Minister Morgan Tsvangirai's team argued against a radical redistribution of assets that they said would scare off investors.

Now with Mr Mugabe's party in full control of the economy — and bearing full responsibility for its failures — officials are rethinking indigenisation.

"Our policies are good," said central bank governor John Mangudya, who attended the same meeting with investors in Johannesburg. "Our interpretation of them leaves something to be desired."

Some foreign investors have turned bullish on Zimbabwe, on the premise that things could not get much worse. An economic collapse would cost everyone, including the country's rulers, said Andrew Lapping, a fund manager at Allan Gray, who invests in Zimbabwe.

"When there is no money for the people there is also a lot less money for the politicians — something they want to avoid," he wrote in a recent research note.

The cash crunch is precarious. The government is struggling to pay state workers — about 80% of the budget goes to public wages. Weak platinum prices have also squeezed Zimbabwe, home to some of the world's largest reserves of the precious metal.

Neither the IMF nor China, a top trading partner, shows much appetite for lending to a country so slow to repay debts.

That leaves foreign investors as the best available option to stave off an economic crisis, if Mr Mugabe's government can bring itself to improve ties with business.

Some bet it can.

The president was, after all, a political survivor, said former US ambassador to Zimbabwe Tom McDonald, who met Mr Mugabe about 25 times and who now heads the government-policy practice at law firm BakerHostetler.

"He has a way of pushing things to the precipice and to be able to pull back," said Mr McDonald.

Ahead of the party conference, however, no particular faction seems ready to say how it would revive the economy. Fighting for business-friendly overhauls, said John Robertson, an economist and business consultant in Harare, had never been a winning strategy in Zimbabwe's brass-knuckle politics.

"We see only evidence of people who want to remain in power," he said. "We don't see any evidence that if they came to power they would bring new policies." (WSJ 02-12-2014)

GREATER SUGAR SALES SET FOR AFRICA AS EU REFORMS

Illovo Sugar, which exports about 30% of its sugar to Europe, plans to start redirecting a large portion of these exports to African markets as Europe gradually deregulates its industry.

Illovo MD Gavin Dalgleish said on Monday his company expected the European Union (EU) — a large market for local producers such as Illovo and Tongaat Hulett — to eventually become a net exporter of sugar after a phased restructuring of the industry to the end of October 2017.

"They created a structural deficit in their market in 2009, and they are working through to sugar reforms in 2017, effectively," Mr Dalgleish said. "What's happened in the interim is you've had all the major sugar producers jockeying for position prior to that reform." The result was a highly competitive and hostile market where prices had been driven "very low".

The reforms in the EU mean the 28-member union of countries will end caps, or production quotas, on how much sugar its domestic producers can sell.

Though the market would still be accessible to Illovo, Mr Dalgleish said "we think it will be less attractive — trading at world market prices plus a small premium". Illovo intended reducing sales into the EU to about 150,000 tonnes annually, from highs of more than 420,000 tonnes, he said.

"We will certainly look to optimise our sales mix away from the EU in the short to medium term … and place that into regional African markets.

"We are having a real look at our various routes to market, and we're looking at developing pre-packed brands in largely direct consumer markets. So we've already got a lot of activities under way to reposition under the new EU reality," Mr Dalgleish said.

Investec Securities analyst Anthony Geard said he would have expected that Illovo would have wanted to reduce exports to the EU to "closer to nil", though the company did sell some specialty sugars at premium prices in the EU.

"Redirecting that much sugar away from the EU into relatively small African markets will take some time, although my sense is that Illovo is further down the track than Tongaat because of its broader African footprint," Mr Geard said.

But the shift would matter less, he said, if the South African government finalises plans for a subsidised, legislative framework for sugar to be converted into ethanol as part of a mandatory fuel blend. This would mean that excess sugar could be converted to ethanol rather than fetching low export prices.

Tongaat said in its interim results last month that "the likely dynamics in the EU market beyond the October 2017 reforms remain uncertain", though it expects EU export prices to continue declining in the current financial year.

Illovo yesterday reported a 10% decline in earnings and 5% fall in revenues for its six months to end-September, as sugar production contracted and prices in the EU and globally fell during a fourth year of global oversupply.

Mr Dalgleish said the world sugar market was expected to shift into deficit territory in 18-24 months, though demand-supply dynamics depended largely on the world’s biggest sugar producer, Brazil. Illovo was closely tracking Brazilian politics — particularly its trade and industry and finance minister appointments — following Dilma Rousseff’s re-election as president in October.

The price of fuel in Brazil is subsidised by the state — an intervention that has made ethanol production relatively less attractive than sugar for Brazil’s cane producers.

But Mr Dalgleish said there appeared to be a possible shift to more "market friendly" state department heads. Should cane-based ethanol significantly rise in Brazil’s fuel mix, "it could create a swing of as much as 10-million tonnes of sugar into ethanol".

According to consulting and research firm DaMina Advisors, the break-even cost per barrel for Brazil’s ethanol producers is $66. Brent crude was trading at less than $70 a barrel on Monday. (BD 20-12-2014)

AFRICAN GUARANTEE FUND FINANCES SMES IN MOZAMBIQUE

Moza Banco and the African Guarantee Fund (http://www.africanguaranteefund.com/) signed a contract in Maputo to guarantee up to US$2.5 million to finance small and medium-sized enterprises (SMEs), the Mozambican press reported.

The agreement, signed by Ibraimo Ibraimo, chief executive officer of Moza Banco and Felix Bikpo, chief executive of the African Guarantee Fund also provides for technical support to strengthen the financing capacity of SMEs in Mozambique.

Ibraimo said the funding line was part of the bank’s growth strategy involving becoming a universal bank retail in a position to serve all segments of Mozambican society, including micro, small and medium-sized companies. (02-12-2014)

CONGO TARIFF DEAL FOR IRON-ORE PROJECT ON THE CARDS — EXXARO

Exxaro expects to sign a "mutually beneficial" agreement with the Republic of the Congo on a port and rail tariff for its Mayoko iron-ore project by the end of this year, finance director Wim de Klerk said on Monday.

It has also extended the mining convention with the Congolese government by another two years. The news is surprising after Exxaro said in June it could impair up to R5.4bn of costs on the project, which it bought in 2012, because it had not concluded the rail and port agreement.

Also, a study had shown it could get lower grades than expected from the project. Mr de Klerk said at the time Exxaro would sell locomotives and other equipment which would reduce the final write-off amount.

Exxaro executive head of corporate affairs Mzila Mthenjane said on Monday Exxaro had decided to sell off the equipment since the rate of development of the project had slowed and the government needed it for infrastructure ahead of hosting next year’s Africa Cup of Nations.

Exxaro was not looking to sell the project but it would be following a staged approach towards development. Mr de Klerk said guidance on project expenditure on Mayoko next year would be given once the agreements had been signed.

The group has offered voluntary severance packages to 49 employees at the corporate centre, the company said. Exxaro said it would incur a once-off cost of about R80m in the 2014 financial year on the job cuts but the long-term savings would be about R50m a year.

Mr de Klerk said Exxaro’s production and sales volumes of domestic coal in the year to this month would be higher than last year because of demand from Eskom, while export sales would also be higher.

Transnet Freight Rail was showing improved efficiency and it seemed likely to be able to transport 74-million tonnes of coal to the Richards Bay export terminal in its year to March. (BD 02-12-2014)

SALL URGES THE WEST TO FACE CHINA'S STRONG COMPETITION IN AFRICA

Senegalese President Macky Sall said on Monday in Diamniadio, about 40 km from Dakar, that the presence of China in Africa should not worry the West, urging businesses to accept to face Chinese competition on the continent.

'I know that Chinese presence disturbs many, but we should see it positively. It is useless to be angry at Africans because of the presence of the Chinese,' President Sall said at the opening ceremony of the first Francophonie economic forum.

Speaking at the forum attended by several personalities and businessmen of the countries of the Francophonie, President Sall said Africa was nobody's private hunting ground, but needed the presence of investors from all parts of the world for its development.

'Northern businesses and Westerners must accept competition in Africa. The competition is open. We need competition, we need a win-win partnership. This is the new Africa, the Africa of my generation,' the Senegalese president added as he stressed the economic potential of the continent.

'Africa is a land of opportunities, because everything has to be built: highways, railways and bridges. Let's work on a public-private partnership basis,' he said, calling for improved governance and the rule of law.

'Let's improve governance in our countries. It is necessary that Africa moves forward in terms of governance, good governance and rule of law.'

According to President Sall, Africans should take advantage of the opportunities offered by the presence of both Chinese as Westerners.

'We need to synergize these opportunities. Why not make the best of the significant contribution of Chinese funds, European and American or Canadian technology and African opportunities?' he asked.

Among personalities attending the forum are the outgoing Secretary General of the International Organisation of the Francophonie (OIF), Abdou Diouf, the mayor of Bordeaux, Alain Juppé, the Canadian Minister of International Development and Francophonie, Christian Paradis and Vice President of the World Bank, Makhtar Diop.

The meeting, which ends on Tuesday, is taking place on the heels of the two-day 15th summit of the OIF, which ended on Sunday in Diamniadio. (Pana 02/12/2014)

SOUTH AFRICA: SOVEREIGN DOWNGRADE NOT LIKELY, SAYS BANK GOVERNOR

Another sovereign credit rating downgrade for SA is unlikely, Reserve Bank governor Lesetja Kganyago says — only days before Fitch’s expected ratings review.

Last month, Moody’s Investors Service downgraded the government’s sovereign credit rating by one notch to Baa2, but changed its outlook on SA to "stable" from "negative".

Speaking at the Bank’s monetary policy forum last night, Mr Kganyago highlighted the government’s commitment to keeping spending under control as one of the factors that would avert further downgrades.

He said the risk would "always be there" that economic growth could come in below expectations next year, particularly given uncertainties over electricity supply and how much global demand would improve. The Bank and the Treasury are forecasting growth of 2.5% next year.

The Bank warned in its monetary policy review, released on Monday that the rand could weaken further given the volatility that may arise from interest rate decisions next year. It expected global interest rates to move higher at a slow and steady pace.

The European Central Bank is expected to maintain low interest rates for longer whereas the US Federal Reserve is expected to start increasing rates from the second half of next year.

The review noted that the Bank’s interest rates decisions would take the inflation outlook into account. The Bank has hinted before that rates will be raised if higher US interest rates lead to significant rand weakness and deterioration in the inflation outlook. Real interest rates have been low and supportive of economic growth, according to the Bank.

Rates were left unchanged last month amid an improved inflation outlook, due in particular to lower oil prices.

The Bank had concerns about the large current account deficit, which has played a role in rand weakness. But it expressed confidence the deficit would narrow over time to "more sustainable levels" through lower inflation and gradual fiscal consolidation. (BD 02-12-2014)

NIGERIAN CONTINGENT OF ASEOWA LEAVES WEDNESDAY FOR EBOLA-HIT COUNTRIES

Drawing from their experience in containing the Ebola Virus Disease in Nigeria, 250 Nigerian medical volunteers will Wednesday leave to help fight the disease in three West African countries hard hit by the virus.

The team includes doctors, nurses, laboratory scientists, care givers, epidemiologists, psycho-social and other support staff.

This is the first batch of 504 volunteers expected to be deployed out eventually and they are mainly those who managed the outbreak of Ebola in Nigeria’s Lagos and Rivers states.

The team, which Monday commenced initial drills required for fighting against Ebola in Lagos, is being deployed as part of the 1,000-strong health personnel force under the African Union Support to Ebola Outbreak in West Africa (ASEOWA).

Apart from Nigeria, others include 210 staff from Ethiopia, while Democratic Republic of Congo and Kenya would soon give the number of their volunteers.

The AU Commission's Director of Social Affairs, Ambassador Olawale Maiyegun, said at the opening of the training that the AU was optimistic of wiping out the EVD from Africa in six months.

He noted that the ‘massive’ deployment of personnel, equipment and supply was one sure way of tackling the ailment head on.

Olawale, who is head of the AU Ebola Mission, noted: “We all know that Ebola has been ravaging West Africa, killing in Sierra Leone and Liberia. But, it was not until August 8 that the WHO declared it as international concern, more or less a humanitarian problem in the entire world.'

Recalling that on 19 August the Peace and Security Council of the AU declared Ebola as a threat to security on the continent, Olawale said that since 19 September the AU has deployed volunteers to Liberia, Sierra Leone and Guinea.

'We examine the problem. We are very grateful to the various efforts of the international community, particularly, in providing infrastructure, logistics. What were missing in most of the international effort is the human resources for health, which was left largely to non-governmental organizations,' he explained.

He said the AU Chairperson in October appealed to all heads of state, requesting them that if each of the 54 member states could contribute at least 20 medical personnel.

Meanwhile, the Project Director of the Nigerian Centre for Disease Control (NCDC), Dr. Abdulsalam Nasidi told the volunteers: “We expect that the wealth of experience you have garnered while tackling Ebola in Nigeria will now be shared by other people for the benefit of our brothers and sisters facing this challenge in Liberia, Sierra Leone and Guinea.

'I want to state here that the world has acknowledged your role and has decided to learn from us who all did it and make Nigerians proud. I am very proud to announce that it is not only countries in Africa that are willing to share your experiences but countries beyond the continent, including the USA. (Pana 02/12/2014)

AFRICA MOVES TO TAP DIASPORA REMITTANCES

African countries have taken the bold step to improve measurement and recording of remittances flow, reduce remittance transfer costs and enable beneficiaries to be included in the financial system.

This follows the signing of Host Country Agreement by Kenya with the African Union Commission (AUC) to host the Africa Institute for Remittance (AIR) here over the weekend.

The signing at the Kenya School of Monetary Studies was presided over by Cabinet Secretary for Foreign Affairs and International Trade, Amb. Amina Mohamed, and Erastus Mwencha, Deputy Chairperson of the African Union Commission.

Speaking during the occasion, which also marks the formal launch of the Institute’s operations, Amina said AIR will harness remittances from Africans in the Diaspora and ensure they are channeled to the productive sectors of the economies of African countries.

“The AIR will assist African countries to develop robust policies to leverage remittances from the vast African Diaspora for the social and economic development of the continent,” said Amina.

She said remittances from the African Diaspora increased by 3.5 per cent in 2013 to reach an estimated US$ 62 billion, sent by the over 30 million African migrants.

“These are substantial resources which can promote development in the continent if appropriately harnessed and channeled to the productive sectors of our economies,” she said.

She said AIR will build the capacity of institutions involved in money transfers as well as provide them with technical assistance and sharing of best practices.

She thanked the African Union for according Kenya the privilege to host the premier Institute and pledged Kenya’s commitment to honour its obligations to AIR as spelt out in the Host Country Agreement and other documents.

On his part, Mr Mwencha said Kenya had managed to win the hosting right because of the good facilities it availed to AIR.

“There were four countries that competed to the wire and Kenya emerged top because of commitment shown by the leadership,” Mwencha said.

He said AIR will develop a policy that will trace where the funds are invested through use of modern technology. He called on African governments to consider having a roaming facility that is cheaper and affordable.

Treasury Principal Secretary kamau Thugge, in his statement, said Kenya offers strong statistical capacity through the Kenya Bureau of Standards and the central Bank of Kenya.

AIR operations begin immediately and recruitment will follow the already laid down procedure of the African Union, Thugge added. (Pana 02/12/2014)

US CORPORATE COUNCIL ON AFRICA CHIEF LEADS TRADE MISSION TO EAST AFRICA

The President and Chief Executive Officer of the Corporate Council on Africa (CCA), Stephen Hayes, is leading a trade mission, of over 15 delegates representing 10 American companies, to Kenya, Rwanda and Uganda, the US Embassy in Nairobi said Monday.

The CCA trade mission, whose tour started 30 November, is exploring business opportunities in the agribusiness, energy and infrastructure sectors, and will meet and network with senior Kenyan government officials and local business leaders.

The CCA trade mission will provide participants with first-hand market information and access to government decision-makers, and create opportunities for potential business partnerships, the Embassy said in a news dispatch.

The goals of the CCA trade mission include gaining a deeper understanding of the East African Community (EAC) investment climate.

The following American companies are participating in the CCA trade mission:- Academi, Acrow Bridge Bechtel, CITI, Development Finance International, Inc, Electro-Motive Diesel (Pana 02/12/2014)

AFREXIMBANK'S COCOA PROCESSING FINANCING TOPS US$350M

The African Export-Import Bank (Afreximbank) has provided about US$350 million in financing to support cocoa processing activities in the four major cocoa producing countries in Africa, according to Bank President Jean-Louis Ekra.

A Bank statement made available Monday quoted Mr. Ekra as saying the Bank also had a pipeline of another US$400 million.

Mr. Ekra spoke at the Bank's Cairo Headquarters over the weekend during the signing of a memorandum of understanding (MoU) between Afreximbank and the International Cocoa Organisation (ICCO) aimed at boosting the development of the African cocoa sector and cocoa related business.

He reaffirmed Afreximbank's commitment to helping achieve greater involvement of Africa in the global cocoa value chain, increasing cocoa consumption in Africa, diversifying the continent's cocoa export markets, and improving productivity and income levels for African cocoa farmers.

"It is to achieve these ends that the Bank launched its Africa Cocoa Initiative (AFRICOIN)," said Mr. Ekra, who noted that the initiative had become very popular today.

For his part, ICCO Executive Director Jean-Marc Anga welcomed the opportunity to collaborate with Afreximbank, saying there was the need for a strong focus on supporting indigenous African businesses to play an active role in the processing of Africa's cocoa.

Under the terms of the MoU, the two organisations are expected to collaborate to develop activities, secure funding and jointly implement activities and projects towards sustainability in the production and trade of cocoa.

The Bank's statement said the initial focus would be on the development and implementation of solutions to improve the structural conditions of cocoa markets and to enhance the long-term competitiveness of smallholder cocoa farms and of local cocoa and chocolate products industry in order to reinforce their capacity to participate in global trade. (Pana 02/12/2014)

ENI PLANS TO DIVERSIFY NATURAL GAS EXPLORATION IN MOZAMBIQUE

The ENI group wants to use different methods for natural gas exploration in the Rovuma basin in northern Mozambique and production is expected to start in 2019, the Managing Director of the company for the region said Wednesday in Maputo.

Fabrizio Trilli said the success of the Italian group's project should not be limited to extraction and export of liquefied natural gas (LNG), so the group, as early as 2015, want to start construction of a power plant in Palma district, with a 75-megawatt capacity, and a gas processing plant for liquid fuels (GTL), producing up to 96,000 barrels per day, of which 70 percent will be diesel and 30 percent naphtha.

"For this project to succeed, all solutions must be explored: we must use all technically and commercially feasible solutions," said Trilli addressing the 2nd Mozambique Gas Summit, which ends today in the Mozambican capital.

The Director-General of ENI East Africa also said that in addition to the planned construction of two natural gas liquefaction plants in Afungi Peninsula, Cabo Delgado district, which it plans to develop jointly with US company Anadarko Petroleum, the Italian oil Italian group plans to use a floating LNG rig, a proposal on which the consortium leader is expected to announce a decision soon.

If this project goes ahead, ENI plans to start extracting LNG in the Rovuma basin in 2019.

The natural gas liquefaction units on the Afungi Peninsula, costing in excess of US$23 billion, according to ENH, are expected to start operating in 2020 according to sector analysts.

At the conference, the president of Anadarko Mozambique, John Peffer, called for an initial strategy for development of the gas industry in the region, focused on monetizing this resource through production and export of LNG, as the reserves are "deep water," which makes them more costly to explore.

"It's the only way to begin exploring gas in Mozambique. There may be other opportunities in the future, but we need the LNG to proceed, because the gas extracted in deep water is not cheap," he said.

The Area-1 consortium is led by Anadarko Petroleum Corporation (26.5 percent) ENH (15 percent), Indian groups ONGC Videsh (20 percent) and BRPL Ventures (10 percent), Japan's Mitsui & Co (20 percent) and Thai group PTT Exploration and Production (8.5 percent).

In Area-4, in addition to ENI (50 percent), are China National Petroleum Corporation (20 percent), along with Korea Gas, Galp Energia of Portugal and ENH, all with 10 percent each. (04-12-2014)

SENEGALESE PRESIDENT PRODS FRANCOPHONIE FORUM TO SHED BUREAUCRACY

Senegalese President Macky Sall has called on member countries of the International Organization of the Francophonie (OIF) to 'move from intention to action' and give the organization an economic dimension**.**

'The future of the Francophonie is on the economic field. We must get out of bureaucracy to move from intention to action,' the president remarked Monday at the opening of the first economic forum of the Francophonie at Diamnadio, about 40km from Dakar.

'With the new strategy to be implemented by the International Organization of the Francophonie, we set a new course, that of the economy, but we need to operationalize all this through the involvement of the private sector, ' Sall added.

The forum was organized by Senegal's National Agency for Investment Promotion and Major Projects (APIX) in collaboration with Richard Attias (Pana 02/12/2014)

OIL COMPANIES REQUEST EXTENSION OF DEADLINE FOR TENDER LAUNCHED BY MOZAMBIQUE

Oil companies are asking the government of Mozambique to extend the deadline of the international tender launched in October in Maputo and London, to award 15 oil and gas blocks, the president of the National Oil Institute (INP) said.

Arsenio Mabote said Wednesday in Maputo that companies usually have six months to prepare proposals but "this time the government decided that they should be submitted and assessed by 20 January; within three months."

Mabote said to be the INP had received requests from several companies for more time to prepare the better technical proposals.

This is the first international tender launched by Mozambique since the discovery of natural gas reserves in the Rovuma basin in the north of the country, estimated at 200 trillion cubic feet in blocks led by US company Anadarko and Italy's ENI.

In September, the construction of a Logistics Base began in Pemba, in Cabo Delgado province, which should be completed in 2016, two years before the date scheduled for the start of natural gas exploration in the country.

Over 500 delegates and 40 companies are taking part in the 2nd Gas Summit, which discusses the role of Mozambique and its large reserves in the Rovuma basin in the global market.

Organised by state oil and gas company ENH and event organiser CWC, the summit will bring together major world leaders in the natural gas industry, government representatives, investors, distributors and buyers. The summit is due to end on 5 December. (04-12-2014)

LAW FIRMS PURSUE GROWTH IN AFRICA

The global landscape for law firms has changed dramatically in the past three decades, but SA has only experienced this transformation more recently.

Several international law firms recently opened fully-fledged offices in SA, mainly in Johannesburg. Many had previously offered their services from the UK or US.

The economic downturn has accelerated this migration. Law firms' bottom lines took a big hit following the 2008 financial crisis and many had to reinvent themselves to remain competitive. The competition also intensified.

Africa has become the new global growth hub — law firms are following the money and the prospects of economic growth.

The latest global law firm to open its doors in SA is Allen & Overy, with an initial focus on the banking and financing sectors. It is also advising on mining projects in sub-Saharan Africa.

Hogan Lovells came to SA through its merger with Routledge Modise, after its attempt to partner with Eversheds did not succeed.

Baker & McKenzie opened its Johannesburg office in 2012 and UK-based Norton Rose, which already has a major office in SA, joined forces with Houston's Fulbright & Jaworski, giving it a presence in six continents. Baker & McKenzie managing partner Paul Rawlinson says the firm always had a "global message" as part of their business model.

"We were a bit of an oddity, until about 10 to 15 years ago when there was this emerging realisation that clients want a global service for their increasing global needs."

Mr Rawlinson, who is based in London, says seeking legal advice from a multiplicity of firms has become too expensive and increasingly unmanageable. Multinational companies need their law firms to provide them with a "packaged product" wherever they operate.

In the mid 1990s the so-called "magic circle" in the UK — the country's highest-earning law firms — expanded their global footprint, and their US counterparts soon followed suit.

Mr Rawlinson says Baker & McKenzie is a "silver circle" company — it is on the fringes of the magic circle.

Johannesburg has traditionally been regarded as a strong market with law firms and internationally acclaimed lawyers, legal academics and judges, and was particularly attractive when SA survived the early ravages of the recession.

Baker & McKenzie and "magic circle" firm Allen & Overy entered the South African market, not through partnerships or affiliations, but with their own brands and local talent.

Baker & McKenzie's Johannesburg managing partner Wildu du Plessis says SA only emerged from its period of isolation in the mid 1990s. Until then, the economy was predominantly inward-looking.

When the international financial crisis hit, SA was buzzing with "transformation transactions" that created enormous amounts of legal work for mergers and acquisitions, investments, funding and — obviously — disputes.

"From a law firm perspective we emerged from the economic crisis without really having noticed it, and then suddenly we saw the landscape changing," Mr Du Plessis says.

"SA has by no means played its cards right to establish itself as a headquarter jurisdiction or a hub for business. However it is, and will probably remain, a hub for professional services being rendered out of a sophisticated jurisdiction to various other African countries."

Allen & Overy managing partner Michael Duncan anticipates its South African office will grow to 40 lawyers by early next year. The firm decided to follow its clients to Johannesburg from where many drive their African operations.

"Johannesburg has some significant advantages in terms of infrastructure and the stability of the fiscal environment. When one looks at other faster growing jurisdictions there are significant political and economic issues."

Allen & Overy opened its office in October and recruited all its lawyers and support staff in SA. Its managing partners say experience has taught them that it is easier to set up a fully integrated practice in a country rather than establishing associations or affiliations.

Mr Rawlinson says the cost of opening and maintaining offices in several jurisdictions must not be underestimated. However, the amount of work available in SA drove his firm's decision to come.

Virtually all Baker & McKenzie's commercial deals cross borders and many of them are for business in Africa. The firm has grown from 16 lawyers in 2012 to 50. The new arrivals predict more shake-outs, consolidation and movements in the local law firm market in time to come.

There is still, however, room for strong domestic players, says Mr Rawlinson. (BD 03-12-2014)

CHINA INCREASES CULTURAL PRESENCE IN CABO VERDE

The Confucius Institute will have a delegation at the University of Cabo Verde (Cape Verde) and China will open a cultural centre in the archipelago in 2016, Cabo Verde's Foreign Minister, Jorge Tolentino, said Wednesday in Beijing.

The Confucius Institute, an organisation created ten years ago by the Chinese government to promote Chinese language and culture abroad, already has an office in Maputo, Mozambique and is due to open one in Luanda, Angola soon.

Tolentino confirmed that the Cape Verdean Coast Guard in February will receive two Chinese vessels for "maritime patrol" and "operations to prevent and control illegal activities," including illegal fishing and drug trafficking.

As for the future of Sino-Cape Verdean cooperation, Tolentino highlighted the so-called "sea grouping" a sector that ranges from education to shipbuilding, through fisheries and oceanography research.

"We want a strong partnership with China in this field. We have the greatest understanding in this subject and we are now at the stage of translating that into action," he told Portuguese news agency Lusa.

At the end of two days of political contacts in Beijing, Tolentino said Cabo-Verde China relations were excellent and noted the government's assessment of bilateral cooperation "is the best."

In addition to his counterpart, Wang Yi, Tolentino met with Chinese Vice President Li Yuanchao.

On Thursday the Cape Verdean minister will visit the island of Hainan and then Macau, the last leg of a one-week visit to China. (04-12-2014)

MINISTER RESIGNS AFTER QUARRY MASSACRE IN KENYA

Somali al-Shabaab Islamist militants killed 36 non-Muslim workers at a quarry in northeast Kenya on Tuesday, prompting the president to sweep out his top security officials to tackle a relentless wave of violence.

Kenyans have grown increasingly critical of President Uhuru Kenyatta for failing to do more to defend the nation from the incessant militant attacks, which have killed more than 200 people since last year. Al-Shabaab has claimed responsibility for much of the bloodshed and says it will keep up the violence to persuade Kenya to pull its troops out of neighbouring Somalia, where its forces have joined African troops battling the militants.

In Tuesday’s attack, gunmen crept up on dozens of workers sleeping in tents, a resident said, in the same area near the Somali border where a bus was hijacked just over a week ago and 28 passengers killed.

"The militia separated the Muslims, then ordered the non-Muslims to lie down where they shot them in the head at close range," Hassan Duba, an elder at a nearby village, said.

A witness said at least two of the victims were beheaded.

Public pressure had been mounting on Mr Kenyatta to sack police chief David Kimaiyo and Interior Minister Joseph ole Lenku since al-Shabaab’s attack on Nairobi’s Westgate shopping mall last year that killed 67 people and after subsequent violence.

Addressing the nation, Mr Kenyatta said he had accepted Mr Kimaiyo’s resignation and nominated a new interior minister, Joseph Nkaissery, a retired major general, urging parliament to speedily approve his choice.

He called on opponents, who have criticised his handling of security policy, to unite in fighting the militants. "Our bickering only emboldens the enemy," the president said.

As with past attacks, al-Shabaab militants said they were punishing Kenya for sending troops to join African peacekeepers battling the Islamists in Somalia. In a statement, it put the death toll at 40 and called the victims "Kenyan crusaders".

"We are uncompromising in our beliefs, relentless in our pursuit, ruthless against the disbelievers and we will do whatever necessary to defend our Muslim brethren suffering from Kenya’s aggression," spokesman Ali Mohamud Rage said.

Kenya’s government and a witness said 36 people were killed.

The government cited survivors saying about 20 fighters attacked the quarry, about 15km from the town of Mandera.

One person died in another attack on the northern town of Wajir late on Monday.

Western diplomats say Kenya’s security services, which receive support from Britain, the US and others, are hobbled by poor co-ordination.

"We need to look at this as a systematic failure, rather than as an individual one," Mandera county governor Ali Roba told Reuters of the latest attack and called for an overhaul of Kenya’s security operations "from the grassroots up".

Government opponents say the troops in Somalia have not protected Kenya and should be withdrawn. The government has repeatedly said it will not pull the troops out.

"They were supposed to create a buffer between our countries and the chaos on the other side. But it has not done that. So we are saying leave," Dennis Onyango, a spokesman for opposition politician and former prime minister Raila Odinga, said.

Al-Shabaab have been driven out of several strongholds in Somalia by an offensive by African Union and Somali troops this year, but analysts said that it would not prevent the group from carrying out guerrilla-style attacks or striking abroad.

"This (latest attack) seems very much in line with al-Shabaab strategy," said Cedric Barnes of the Crisis Group in Nairobi. "It’s partly a result of al-Shabaab being squeezed in Somalia."

Mr Kenyatta, however, said Kenyan troops would stay put in Somalia. "This is a war and a war that we must win, we must win it together. The ultimate aim of this atrocious campaign is to create an extremist caliphate."

He called the Shebab "deranged animals" who had killed more than 800 people in Kenya, including 500 civilians and 300 security officers.

"We will not flinch or relent in the war against terrorism in our country and region. We shall continue to inflict painful casualties on these terrorists until we secure our country and region. Our stability and prosperity depends on a secure neighbourhood."
Al-Shabaab has been in retreat in Somalia since being forced to withdraw from the capital, Mogadishu, in August 2011.
Somali forces, backed by African Union peacekeepers, have regained control of about 70% of southern and central Somalia from the militia, according to the country's president.
"When al-Shabaab lose territories in Somalia it will hit back with terror, it has always done so when it loses on the battlefield," said Stig Jarle Hansen, author of Al-Shabaab in Somalia: The History and Ideology of a Militant Islamist Group.
Kenya's "ill-organised" security services and disunity in the country presents an opportunity for al-Shabaab to expand its operations in the nation, he said. (Reuters, AFP, Bloomberg 03-11-2014)

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RWANDA INVESTMENT MISSION March 11th-14th 2015

Advance and Background Information

Following a successful UK-Rwanda Investment Forum in London on October 22nd 2014, the EAA has been invited to collaborate with the Rwandan Government and Developing Market Associates (DMA) in organising an Investment and Trade mission to Rwanda from March 11th-14th 2015. The EAA knows the country very well and has built good relationships in the country over the years. We wish to invite you to join us on this mission, which will expose you to one of the most exciting investment destinations in Africa.

The main focus of the mission will be on Investment and both the Rwanda Development Board (RDB), responsible for promoting foreign investment and the national government have promised their support. Participants will hear presentations from a variety of Ministers and other government officials depending on the composition of the mission and there will also be opportunities to meet some of them on a personal basis. The EU Head of Delegation, together with other Heads of Mission, have also promised their support as this mission will be open to EAA members from Europe and the UK, as well as those already based and active in the region. Political briefings will therefore be provided, as well as summaries of the various aid programmes being supported in the country, which may well present business opportunities for delegates. Non-members will also be welcome.

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www.norwegianafrican.no

About NABA

The Norwegian-African Business Association (NABA) seeks to promote business opportunities on the African continent and serve as a bridge between Norwegian and African business communities. NABA will work to increase more efficient and less risky trade between Norway and Africa.

The Norwegian-African Business Association (NABA) was founded by the Confederation of Norwegian Enterprise (NHO), Virke – the Enterprise Federation of Norway, Norfund, Statoil, Yara International, Nortura, DLA Piper, Norwegian Shipowners' Association, Jotun AS, Astrium Services, Innovation Norway, Aqua Unique, Belief AS, Green Energy Group, Marine Research Institute and the Oslo Chamber of Commerce.

NABA is the only Norwegian-African chamber of commerce, and provides the most relevant network for Norwegian companies working in African markets. NABA promotes Norwegian member companies in Africa, we promote African business opportunities in Norway and advocate for more, better and safer business collaboration between Norway and African countries.

As a member of the European Business Council for Africa and the Mediterranean (EBCAM) NABA is linked to more than 4000 European companies present on the African continent

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