

# Mozambique's City of Coal

## *Displacement, Inequalities and Unplanned Growth*

Joshua Kirshner

VALE AND RIO TINTO, Brazilian and Anglo-Australian mining giants, have entered rural Mozambique and developed open-pit mines, access roads and other infrastructure that have displaced thousands of people from local communities, primarily subsistence farmers. In 2012, an estimated 500 residents from the village of Cateme protested, blocking a railway and coal exports for three days. This was met with police repression. The protestors highlighted the interference by the coal megaprojects with their everyday activities and livelihoods.

Local civil society groups note that procurement contracts for the mines largely go to South African and Brazilian firms and equipment, uniforms, cleaning and catering services used in mining operations are mostly imported. Neither Vale nor Rio Tinto has been meaningfully involved in knowledge exchange, encouraging business start-ups, or providing venture capital, which are important aspects of embedding development.

Despite promises that an extractive boom could “lift all boats” in one of Mozambique’s poorest provinces, civil society groups and ordinary citizens have begun to raise concerns about the social and environmental impacts of the coal rush, including displacement and resettlement of local communities, pollution and higher carbon emissions. The critique focuses on the

Mozambican government’s failure to uphold its resource sovereignty, redistribute the wealth generated by mining revenues, and negotiate favorable terms with investors. It also highlights the limited job creation and capacity building and the lack of transparency around the mining license agreements, which many regard as too advantageous to foreign companies and investors.

### **The Coal and Gas Boom in Tete Province**

Recently described as the world’s “hottest new hydrocarbon frontier” Mozambique has attracted international attention in recent years following the discovery of massive coal and gas deposits. At the epicenter of this resources boom is the province of Tete, once a remote outpost but now a hub of power generation for southern Africa and an emerging center of global investment in coal extraction.

Tete was largely unknown to global mining companies until recently. In the past decade, the combination of rising international coal prices, increased global demand, and geological surveys confirming vast seams of high-value coking coal has attracted some of the world’s largest mining companies. Vale and Rio Tinto have invested nearly \$12 billion in Tete since 2008, directly employing 7,500 workers and investing in railways, ports, coal terminals and related infrastructure. The growth of China and India in recent decades has repositioned demand for coking coal, used for steel production, toward South and East Asia. These developments coincided with Mozambique’s post-socialist transition to a market-led economy, facilitated by IMF and World Bank-led reform programs and embraced by state elites.



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*Photos courtesy of the author.*



Samora Machel Bridge, Tete city

The resources boom has created exclusive sites and spaces of development in Tete, suggesting shifts in relations between the state, capital and communities. The regional and local are becoming detached from national-level development. For example, electricity transmission lines bypass local communities. Regional transport corridors carry coal to export markets while neglecting the mobility of ordinary residents living along these routes. In Tete city social divisions have been heightened, as some groups are integrated into global circuits of production while others suffer displacement and dispossession.

### **Urbanization, planning and displacement in Tete**

Tete city (population 158,000 in 2007) is bisected by the Zambezi River and sits in a low-lying basin with temperatures soaring above 113 degrees in the dry season. Designed by Portuguese town planners in the 1940s and 1950s, Tete's compact center features a grid layout with low-lying colonial buildings and vil-

las. At the city's heart, the Samora Machel suspension bridge (completed in 1973) serves as a critical link between southern and northern regions of the country.

Tete city was long known as a "sleepy backwater" on the banks of the Zambezi, and a place for long-distance truckers to stop overnight on their way to and from Malawi and Zimbabwe. This is changing as coal investments have sparked demand for mining support services, with dramatic land use and demographic changes in the city center and its outskirts. Tete city is awash with entrepreneurial activity to meet surging demand for accommodation, catering, transport, telecommunications and other services for expatriate workers and business visitors. But efforts to create a stable and viable economic base outside the mining sector are partial and incomplete.

The focal point of urban growth is across the bridge from Tete's city center along the road to Moatize (population 40,050), an area that was largely non-existent three years ago. It now hosts several mining

services and logistics firms along with Rio Tinto's Training Center. It has been the focus of significant investment and development of new hotels (including the upmarket Radisson Park Inn), retail spaces and warehouses. Bank branches, supermarkets and gas stations equipped with long-distance trucking facilities have sprouted up, often facilitated by capital from Portugal, Brazil and China. Adding to the mix, many white commercial tobacco and dairy farmers who were dispossessed of their land in Zimbabwe have established operations in Tete. Many of these new commercial facilities adjoin self-built adobe huts and unplanned settlements. There have been conflicts around land ownership and existing titles are often unclear. Moreover, the majority of economically active residents rely on variable opportunities in the informal sector.

Mining services and construction firms are flocking to Tete city, and the streets bustle with 4X4 trucks stamped with company logos. Odebrecht and Camargo Corrêa, two Brazilian engineering and infrastructure firms, are involved in public works projects in the region. Additionally, Portuguese construction firms Mota Engil and Soares de Costa are active in hotel construction, road and railway rehabilitation. Several Portuguese firms are supplying prefabricated structures and warehousing construction has boomed.

A media relations officer for Vale told me, "Just a few years ago there were only three flights a week to Beira and Maputo. On other days, the airport was closed. Now there are 20 flights per week, and one is international, to Johannesburg."

### **Mining Growth and the High Cost of Living**

The resources boom and rising cost of living are producing a dual economy in which non-mining households struggle to afford the steep prices for food and housing. Household spending power has decreased due to local inflation, a reality compounded by the limited job opportunities from mining activities.

The initial promise of the coal boom never fully materialized for many Mozambicans. As one restaurant owner explained, "we had heard there were thousands

of Brazilians arriving, and to me, this meant business. But in reality, only hundreds arrived." Expatriate workers and those recruited from Maputo and Beira, particularly those on short-term contracts, are likely to direct their spending largely to their places of origin with limited benefits to the local economy.

A cursory look beyond Tete's city center suggests that any impression of rapid development through the resources boom must account for the burgeoning shantytowns lacking basic services of electricity, water, sanitation and waste. Tete remains one of Mozambique's poorest provinces, and has one of the country's highest rates of HIV/AIDS infection. With its influx of miners, truck drivers and sex workers, many view Tete as a conduit for HIV to enter the country.

### **Limited Planning**

Flows of labor and investment have mostly occurred in the absence of long-term urban planning. There is no land registry outside the city center, leading one local official to describe urban development as "anarchic." Municipal officials are ill-prepared for managing the multiple pressures and cumulative effects arising from the coal operations. At the local and provincial levels, institutional capacity for planning and administering development is extremely limited, resulting from years of public sector neglect since the start of Mozambique's post-socialist transition.

There are also difficulties in collecting local property taxes, and municipal revenues rely heavily on fees derived from municipal markets. Inter-agency coordination has also proved challenging. The provincial Departments of Industry and Commerce, Mineral Resources, Energy, Transport, Health, and Public Works have all had dealings with mining companies, but they have not coordinated their policies and messages. Local authorities hold little sway over foreign investors, and most deals and concessions are negotiated at the ministerial level in Maputo. Facing operational deadlines, mining multinationals have built new infrastructure without consulting affected populations or waiting for municipal approval. This highlights the asymmetry of power between the corporations and local institutions.

## Displacement and Dispossession

Most controversial has been the displacement and resettlement of local communities due to coal operations by Vale and Rio Tinto. The district government of Moatize suddenly has had to deal with the mining corporations on the resettlement process, overseeing the building of entire new villages. Human Rights Watch found that Vale's resettlement in 2009 of 1,365 smallholder rural households to Cateme, a newly-constructed village 40 km from Moatize, caused sustained disruptions in access to food, water and work. Rio Tinto resettled 679 households living near its Benga mine to the newly-built Mwaladzi village in 2011, with further relocation envisioned. Mechanisms for local community participation in decision-making have been minimal, with little effort by the government and mining companies to communicate with resettled communities.

## Labor migration, local linkages and enclaves

Open-pit coal mining is highly capital-intensive and creates few employment opportunities. According to the Ministry of Mineral Resources, the coal industry directly employs just 7,500 Mozambicans. Mine construction could create up to 25,000 temporary jobs. When a mine opens, local residents have high hopes for jobs but the reality usually falls short, with openings limited to a small number of technical positions, private security jobs or chauffeurs. Mining companies rely on expatriates, recruitment from



**TOP**  
Cateme, Vale's resettlement village

**BELOW**  
New hotel construction, Tete city center

**RIGHT**  
Improvised livestock market, outskirts of Tete city

Maputo and Beira, and short-term contractors, while blaming the low skills base among locals for their lack of employment. This situation has not dampened Tete's attraction for migrants, lured by the region's

reputation as Mozambique's *El Dorado*. Many have arrived from within Tete province, from neighboring Zimbabwe and Malawi, and from further afield, including India, Pakistan and Somalia.



Labor importation, rising income disparities and the perception that better educated workers from southern provinces and abroad are being favored for mining employment have created tensions. The pattern risks fuelling ethnic divisions, as majority Nhungwe-speaking residents increasingly view ethnic Shangaan and Ronga from the southern provinces as unwanted outsiders. In response to the rising tensions, several mining companies have begun to offer training programs geared to the local labor market. Rio Tinto, for example, has created a partnership with *Instituto Superior Politécnico de Tete* (ISPT), a technical training facility in Tete city founded in 2010, to offer courses tailored to the coal industry's requirements.

Mining and construction laborers for Vale and Rio Tinto are often housed near the mines in self-contained camps with cafeterias, private air-conditioned trailers and recreational areas. The workforce is mostly male and under 40. The camps are fenced in, guarded by security personnel and not signposted or visible from major roads. This spatial footprint serves to segregate mining employees from ordinary residents. Nevertheless, mining employees interact in various ways with the host economy, for instance in shopping in new commercial centers on the main road between Tete and Moatize.

Apart from mining employment, the coal megaprojects also have downstream effects, generating flows of goods and people into Tete province. The arrival of several thousand mining workers has set a platform for jobs in agriculture, food supply and construction. Rio Tinto has led efforts in developing local producers and suppliers, especially in transport and catering. It reportedly spent US\$120 million on catering and other services in 2011, with 80% of contracts going to Mozambican firms. Yet Rio Tinto, Vale and other mining companies' attempts at encouraging local procurement have been inadequate. There has been resistance to buying local foods in mining canteens, and black beans, prime steak and saltwater fish are often imported rather than using local beans, beef (for stew), goat meat and local freshwater fish. Most local suppliers are branches of international companies. The ISPT's Center of Business Incubation has helped only two tiny firms, in cleaning and translation services, offering them free electricity and internet access, and space on loan with delayed repayment of rent.

While Tete is no longer a "sleepy backwater," the distance between its citizens and centers of political and economic power are likely to remain for the foreseeable future.

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