

DAY XLVI OF THE "HIDDEN DEBTS" SCANDAL TRIAL

“When I arrived at EMATUM in September 2015, the company was already technically bankrupt,” Herminio Tembe, current General Director

- Herminio Tembe was the second witness to be heard in court yesterday. He is a staff member of the Ministry of Fisheries where he held the position of Permanent Secretary, and ceased in 2015 to join EMATUM. “In August 2015 I was summoned by the then Minister of Sea, Inland Waters and Fisheries, Agostinho Mondlane, for a conversation on the objectives and challenges of EMATUM. He said he considered that I had the necessary abilities to go and collaborate and support the company to overcome the challenges it faced. He proposed that I should go to the company to hold the position of executive director”.



Herminio Tembe

The declarant said that when he presented himself at EMATUM in September 2015, he was received by the then Chairman of the Board of Directors, António Carlos do Rosário. It was on that occasion that Herminio Tembe learned that in addition to fishing and tuna processing, the company had a defence and security component. "Because of the classified nature of the system that EMATUM fell under, the process of its creation would have been conducted in a way that was not very common. Some important steps were stepped over and there was awareness that this would have consequences in the future".

For example, the boat building project was not submitted for approval to the relevant authorities, including the Ministry of Fisheries. "The building of boats was not monitored by the maritime authorities, so when the first batch of boats arrived there was a need to do conformity work".

He said that through the Chairman of the Board of Directors António Carlos do Rosário, he became aware that the company had, among its assets, vessels that were not part of the fishing lot, namely the Ocean Eagles. But in practical and concrete terms, he found nothing to indicate that the company had the defence and security component.

He explained that when he arrived at EMATUM, he found the company struggling to operate, as it was in a situation of technical bankruptcy. "The company showed negative equity capital in its accounts, well above the limits established in the Commercial Code. That is, the liabilities consisted of USD 500 million that were from the defence and security component and did not represent any asset of the company, apart from three *Ocean Eagle* patrol vessels and their equipment, equally contrary to its purpose".

There was a need to restructure the company and a new business plan was made that removed the defence and security component. "In that new business plan essay the defence and security component was removed and EMATUM's debt stood at USD 96 million. I subscribed to the essay, but not with complete comfort". He explains the reasons: "The method of excluding parts used to determine the value of the assets was not normal. What would be normal would be to engage accredited experts to carry out a valuation of the company's assets to ascertain the commercial value of each vessel. Based on the findings a realistic business plan would be drawn up".

The declarant said he never had the opportunity to work with EMATUM's feasibility study and says it was designed only to get the bank financing. "It is virtually impossible to fish and sell tuna with 24 vessels to pay off USD 850 million in debt. The service life of the boats is 25 years and they could go out of op-



Herminio Tembe

erations before the investment is recovered. As a manager, my attentions were focused on the company's business plan".

When I arrived at the company in 2015 only two vessels were operating, and later the number rose to five. But the structure that was set up in the company, including manpower, was for 24 vessels. "There was a heavy cost structure because most of the vessels were moored. The vessels that were going to the fishery had constant breakdowns, which affected the productivity of the company".

EMATUM's first export was to Uruguay and the European Union. During the period it was operating, from December 2014 to April 2016, the company exported 240 tons of tuna to several countries, earning revenue of 500,000 euros. Domestically, the company sold 97 tons of tuna and invoiced 12 million meticaís.

To a question from the Public Prosecutor, the declarant said that in 2015 the company's financial area imported 25 tons of horse mackerel to serve as bait for tuna fishing, without coordinating with the operations department. "It was a big mistake. Horse mackerel has never served as appropriate bait for tuna fishing. As the operations area we were not heard, nor were the procurement staff involved. The normal thing would be for the operations area to make the request and at that time the company was aware that horse mackerel was not the appropriate bait. It made me very angry. Buying horse mackerel to serve as tuna bait is throwing money away". The declarant said he does not know what the destination of the 25 tons of horse mackerel was.

An economist with expertise in fisheries, Herminio Tembe said that tuna fishing is a big business: "It is a big business that is worth investing on. But it must be done with rigour and discipline to avoid situations like the one we are in today". The declarant explained that the Mozambican coast is one of the main areas of occurrence of tuna in the entire Indian Ocean. Annually, close to 150 foreign vessels are licensed to fish for tuna in Mozambique. "If we did not have a lot of tuna in Mozambique we would not have so many licensed boats. The majority fleet is from the European Union, and then Japan. Every year we lose about 60 million dollars from illegal tuna fishing".

Herminio Tembe started as human resources manager and later accumulated the functions of operations manager. In May 2019, when the board of directors of EMATUM was dissolved, he was appointed General Director of the company and the shareholders took over the functions of the board of directors and the general meeting.

He confirmed that when he moved to work for EMATUM he continued to get his salary from the Ministry of the Sea, Inland Waters and Fisheries for four or five months. In other words, the declarant received from the company and from the State. He explains: "When I was seconded to EMATUM, the Minister asked me to continue leading the team that was restructuring the Ministry because, in addition to fisheries, it would now include the sea and inland waters components. New competencies needed to be defined. At EMATUM, Herminio Tembe has a net monthly salary of 313,000 meticaís.

Former Chief Executive Officer of EMATUM and current General Director of PESCAMAR he says the cost of fishing boats is USD 4 million, not USD 22 million

On the 46th day of the trial, the court resumed the hearing of the declarant Felisberto Manuel, who served as Chief Executive Officer (CEO) of EMATUM between 2016 and 2018. Yesterday, it was the turn for the assistant in the case, the Bar Association of Mozambique (OAM) and the defence to question the declarant.

Felisberto Manuel was general director of PESCAMAR, the Beira based fishing company that in December 2010 saw one of its vessels, the Vega 5, hijacked by Somali pirates. "We lost contact with the vessel on the morning of 28 or 29 December 2010. Every day in the morning, the company's management must make contact with the vessels. That day we were unable to contact with the Vega 5. After several attempts, we began searching, using aerial means from Beira and Maputo cities".

From the fourth or fifth, PESCAMAR decided to carry out a broader search operation, covering the entire Mozambican coast. "We rented aircraft in South Africa and one of them managed to locate the vessel sailing between Angoche and Nacala under the control of the pirates. They subsequently took the vessel to Somalia, where it underwent modification works. It then returned to sea to serve as a mother ship for piracy operations. Later the vessel was located and sunk in the Arabian Gulf in March 2011 by the Indian Navy. In that operation we lost 11 crew members".

The declarant said the pirates were based in Somalia and acted at the behest of warlords who commanded the hijacking of the vessels and then demanded ransom. "In the case of Vega 5, they did not demand ransom. Since the vessel had great autonomy, they used it to transport speedboats to attack ships".

PESCAMAR is a company owned by the Mozambican State and a Spanish compa-



Felisberto Manuel

ny called PESCANOVA. It was this company that acquired speedboats and supplied them to the Mozambican Navy to ensure the protection of vessels, which allowed the crew to operate again. "At the time, the State Intelligence and Security Service (SISE) went to Beira where they did some forensic work with the Malagasy sailboat that transported the pirates to Vega 5. They introduced themselves and interrogated me".

To a question from the defence, the declarant confirmed that he has participated in several purchase processes of fishing boats.

The last time was at PESCAMAR, a company where he is currently working as General Director. "Unlike EMATUM boats that are 23-meter longliners, the boats we bought for PESCAMAR were 32-meter trawlers and carried a factory on board. They have a processing room, freezer plates and a hold to preserve the frozen product. We catch shrimp and pack them on the boat. This type of boat costs about four million dollars". On the first day of his hearing, Felisberto Manuel said he did not understand how EMATUM boats had cost USD 22 million each.



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