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Navigator “freezes” Portucel Mozambique factory project

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Image: O País

The Portuguese company Navigator, parent company of subsidiary Portucel Mozambique, has put its proposed paper mill between Manica and Zambézia on hold.

“In view of the fact that there is no active market for eucalyptus wood in Mozambique and that the conditions for the start of the construction of a wood chip factory have not yet been created, the company has decided to record an impairment related to the fair value of biological assets located in Zambezia of 6.7

million Euros,” the company said in its 2018 annual report.

Navigator says the initial memorandum of understanding between Portucel Moçambique and the Maputo executive has been breached, leading to it deciding to reformulate its investment project, now in two phases.

It had been agreed to create a forest base of around 40,000 hectares, guaranteeing the mill supply for the production of about one million tons of eucalyptus wood chips for export per year, at an estimated investment of US\$140 million.

To this end, a joint team was established between Portucel Moçambique and the Mozambican government to work to ensure the fulfilment of the preconditions necessary to move forward with the investment, including the establishment of the logistic infrastructure necessary for the export of the chips.

The first phase of the project was conditional on the fulfilment of conditions identified in the memorandum of understanding with the deadline 31 December 2018, but to date this has not been accomplished.

“In this context, Navigator has prudently decided, in addition to the respective impairments, to record an additional provision of EUR 12 million in its accounts at the end of 2018, in order to address the project’s current development scenario.”

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Source: O País



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