



### RECOMMENDATIONS

- The momentum created through improved bilateral relations should be maintained to ensure that both countries maximise the potential of their engagement.
- The two countries should explore new areas for co-operation that take into consideration the free cross-border flow of their citizens. Interventions to improve cultural interchange between grassroots communities in the two countries should be encouraged to improve mutual understanding at this level
- Mozambique and Malawi should ensure that existing initiatives in energy security and infrastructure development remain on track. The establishment of a review committee to oversee the progress of the Interconnector Project is a positive step towards ensuring that bottlenecks to implementation are addressed swiftly and expediently. Both countries would benefit from the establishment of a similar committee to supervise the implementation of the Shire-Zambezi Waterway scheme, if it is approved.
- Successes in the bilateral relationship need to be translated to grassroots authorities so as to prevent misunderstandings such as the Caloca and Shire-Zambezi incidents. Increased co-operation at local government level – where appropriate, is encouraged.

## Mozambique and Malawi: Recalibrating a Difficult Relationship

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### EXECUTIVE SUMMARY

Mozambique shares the largest portion of its border with Malawi. Despite extensive socio-economic ties linking the two countries, their relationship historically has been a difficult one. This is in marked contrast to Mozambique's friendly – almost fraternal – relations with its other neighbours. Since President Joyce Banda assumed power in Malawi on 7 April 2012, however, the two countries have begun a period of warmer relations marked by deeper bilateral co-operation. This paper makes specific recommendations on how to strengthen the relationship between Mozambique and Malawi.

### HISTORY AND CONTEXT OF THE RELATIONSHIP

Along their 1 560km-long, porous border Mozambique and Malawi have many linguistic and cultural characteristics in common, together with a long history of informal cross-border trade. Many Mozambicans in the north-western Tete Province prefer to trade with Blantyre and Lilongwe in Malawi, rather than with Maputo 2 000km away. Mozambique is a natural outlet to the sea for Malawi, which is landlocked and dependent on overland routes for its trade. Geographically Malawi 'protrudes' into Mozambique; hence part of its territory forms an important route for infrastructural development projects aimed at developing Mozambique's northern region. Despite this interdependency, however, the bilateral relationship historically has been characterised by distrust and animosity.

The difficulties originated with Malawi's support for the opposition guerrilla movement, the Resistência Nacional Moçambicana, during the Mozambican civil war of the late 1970s and early 1980s. The distrust of the Frente de Libertação de Moçambique, the ruling party,

for the Malawian government was further fuelled by suspicions about the latter's alleged involvement in the death of its leader and head of state, Samora Machel, in 1986. Some improvement in relations between the two countries came about, however, when Malawi played a constructive role in brokering the Rome General Peace Accord in 1992, which paved the way for a peaceful transition to democracy in Mozambique. Nonetheless, despite efforts to further normalise matters after both countries had experienced their first democratic elections in 1994, the temperature in the bilateral relationship oscillated between 'tepid' and 'cool'. This was due in part to a personality clash between the late President Bingu wa Mutharika of Malawi and Mozambique's President Armando Guebuza, which in turn arose out of domestic developments in Malawi.

After wa Mutharika took office in 2004, Malawi experienced a period of rapid growth. His first term was also a time during which Mozambique and Malawi reached a number of key agreements aimed at enhancing trade and infrastructure links. These included a Bilateral Preferential Trade Agreement (2005), a memorandum of understanding (MoU) on the development of the Shire-Zambezi Waterway (2007) and another MoU on the Nacala Development Corridor (2010). The Preferential Trade Agreement eliminated tariffs on various items, excluding 'sensitive' goods such as tobacco, sugar and petroleum products.<sup>2</sup> It included safeguards to protect businesses from unfair competition and simplified the rules of origin requirements on manufactured goods. This framework established a more liberal bilateral trading regime between the two nations.<sup>3</sup>

Both countries face pressing infrastructural development challenges. Reports released by the World Bank in 2011<sup>4</sup> found their infrastructure deficient in road and rail networks and power supply and generation. The reliability and sustainability of Malawi's power sector is of particular concern. Business is estimated to suffer losses in revenues of 22% through power outages that are three times more prevalent than the regional average.<sup>5</sup> Malawi requires an immediate solution to its power shortages.

Despite Mozambique's potential for power generation<sup>6</sup> it is not yet producing at full capacity. Electrification, particularly in rural areas, is deficient; only 1.1% of the rural population is connected

to the power grid, which is extremely low even compared to the regional benchmark of 12.7%.<sup>7</sup> For Mozambique, the electrification of Niassa province, a key agricultural area, is regarded as essential for development. Electrification through Malawi would offer the most cost-effective solution to that challenge. Recognising the mutual benefit that would accrue from such a project, on 7 July 2007 the World Bank approved funding for an electrification scheme (the 'Interconnector Project') that would connect remote parts of northern Mozambique through Malawi.<sup>8</sup>

In 2010 Malawi also ratified a trilateral agreement with Mozambique and Zambia to improve the infrastructure of the Nacala Development Corridor,<sup>9</sup> which starts at Nacala and ends in Lusaka after crossing Malawi. It is Malawi's shortest route to the sea and is a crucial alternative route for Malawi which depends largely on Tanzania to transport its goods; Tanzania's transport costs are significantly higher than those of Mozambique, which has one of the lowest cross-border trading costs in the region, at 60% of the average for imports and exports in sub-Saharan Africa.<sup>10</sup> Access to the sea is critical to landlocked Malawi, and Mozambique would also gain from facilitating increased regional trade through its ports.

These undertakings address some of the major shared challenges to development that both countries are experiencing, given their current status as Least Developed Countries. The Interconnector Project, for instance, is crucial to Malawi's immediate energy security needs, and the country also needs alternative routes to access international markets for its exports. The proposed infrastructure projects have increased interdependency between the two countries and formed a solid foundation for greater co-operation rather than conflict, in the process improving regional security.

## DETERIORATING RELATIONS

Tensions between Mozambique and Malawi deteriorated during President wa Mutharika's second term when the onset of the global financial crisis in 2008 initiated economic decline in Malawi. According to the *African Economic Outlook for 2012*,<sup>11</sup> in 2011 Malawi's economic growth slowed to 5.8% from 6.7% the previous year. Economic problems led to widespread public protest in 2011, placing pressure

on wa Mutharika. The violence of the government's response to those demonstrations led to accusations from the international community, that the president was acting in an intolerant and autocratic manner. These criticisms precipitated the expulsion of the British ambassador in April 2011 and the decision by the UK, Malawi's biggest donor, to suspend its bilateral budget assistance.<sup>12</sup> A global slump in the price of tobacco, which is Malawi's principle export and accounts for 55% of its earnings,<sup>13</sup> further depleted the country's foreign reserves, putting the economy under extreme pressure. Fuel shortages became commonplace and wa Mutharika disingenuously deflected responsibility for the problems on to the Mozambican port authorities, negatively influencing the bilateral relationship.<sup>14</sup>

Diplomatic relations were further strained when the media reported in 2009 on a dispute between frontier guards at the Caloca border post in the Ngauma district in the north of Mozambique's Niassa Province. The incident, which coincided with a state visit to Mozambique by President wa Mutharika, revolved around a confrontation between Malawian border guards and Mozambican police. Although the reasons for the confrontation still remain unclear, reports at the time indicated that a group of people dressed in Malawian border officials' uniforms fired tear gas and bullets at the Mozambican police post in Caloca, an action that culminated in the burning down of the post.

Mozambican media described the incident as an 'act of war' by the Malawians. This intensified the ill-feeling between the two countries and set the tone for wa Mutharika's state visit. In reaction to his unexpectedly cool reception, wa Mutharika departed prematurely without informing the Mozambican authorities; protocol was breached, in that the president did not meet his host prior to departing. Although the issue was clarified by a joint commission on defence and security a month after the incident, which indicated that the Malawian border guards were acting on their own initiative, and the Malawian government publicly apologised for their role in these events, the incident and the disastrous state visit set the tone for a much frostier relationship thereafter.

Diplomatic tempers flared again in 2011 when a barge destined for the inauguration of the Nsanje Port in Malawi was impounded by the Mozambican authorities. The port was constructed as part of the

Shire-Zambezi Waterway Project, to allow navigation of the Shire-Zambezi River as far as the Mozambican port of Chinde, just north of Beira on the Indian Ocean; the scheme provides a much cheaper transportation alternative for Malawian international trade. The project is especially important to Malawi as it offers a short-term solution to accessing international markets for its exports while projected enhancements to the Nacala Corridor are under way.

Although the initial agreement allowed for a trial run of barges along the waterway, the project still had to undergo a feasibility study before receiving final approval.<sup>15</sup> Mozambican officials regarded the inauguration of the Nsanje Port as pre-empting this process and as sending out the wrong signal about the approval process. Fuelled by negative sentiment arising from the Caloca border incident, Mozambican officials accused the Malawians of invading their territorial waters. The Mozambican authorities impounded the barge, destined for the inauguration ceremony, on a technicality.

Ensuing events were described by one diplomat as 'the most trying time of my career',<sup>16</sup> with each government accusing the other of ill-intent and sabotage, a state of affairs that represented a low point in bilateral relations. The subsequent fallout negatively affected a number of important collaborative programmes. President wa Mutharika cancelled Malawi's commitment to the Interconnector Project, citing inadequate funds although the key determinant in reality was the deteriorating relationship; the project came to a standstill.

## TOWARD A NEW RELATIONSHIP

It was only following the unexpected death of wa Mutharika in April 2012 that relations began to recover. As one Mozambican analyst noted 'the only problem that Mozambique and Malawi [had] with each other [was] President Bingu wa Mutharika'.<sup>17</sup> This view is partly borne out by the dramatic transformation in the relationship between the two countries after President Joyce Banda came into office on 7 April 2012.

The Mozambican government extended an olive branch to Malawi by providing food supplies for wa Mutharika's funeral in late April.<sup>18</sup> President Banda's first visit to Mozambique as head of state on 12 May 2012 in turn signalled the importance her

administration placed on the strategic nature of the bilateral relationship with Mozambique, a sentiment which was reciprocated through a state visit by President Guebuza to Malawi on 3 April 2013.

During the 2012 visit, the two countries signed an MoU on co-operation in the energy sector, which resurrected the Interconnector Project, and an MoU on political and diplomatic consultations. The latter sought to regularise relations between the two countries with the aim of preventing another breakdown. The momentum of bilateral engagement has since been maintained, as the two countries have subsequently held discussions at state and ministerial levels.

After Banda's 2012 visit it was announced that the two governments would continue to pursue the Shire-Zambezi Waterway project pending the outcome of the feasibility study,<sup>19</sup> and the political will to collaborate was reiterated during Guebuza's 2013 state visit. Although the African Development Bank has approved funds for the study, its progress is as yet unclear. Progress on the Interconnector Project has also been slow despite World Bank funding for the project. Disagreement over the power purchase price led to delays in implementation, but the project formally began to regain momentum when an agreement was reached during the state visit of April 2013.

All these initiatives signify a positive turnaround in the relationship between Mozambique and Malawi, opening possibilities for deeper collaboration and co-operation in areas where they share developmental challenges. Improved relations also enhance regional security and could result in greater economic and political collaboration at this level.

## ENDNOTES

- 1 Aditi Lalbahadur is a researcher with the South African Foreign Policy and African Drivers Programme at SAIIA.
- 2 Malawi, Ministry of Trade, Preferential Trade Agreement between the Government of the Republic of Malawi and the Government of the Republic of Mozambique, 2005, [http://www.trade.gov.mw/pdf/Malawi-Mozambique%20Bilateral%20Trade%20Agreement%20\(28%20December%202002\).pdf](http://www.trade.gov.mw/pdf/Malawi-Mozambique%20Bilateral%20Trade%20Agreement%20(28%20December%202002).pdf), accessed 6 May 2013.
- 3 The Malawian National Statistics Office indicates that in 2011, export trade from Malawi to Mozambique amounted to Malawi Kwacha (MWK) 7,074 billion, while imports from Mozambique were valued at MWK 7,079 billion.
- 4 Foster V & M Sharatan, 'Malawi's Infrastructure: A Continental Perspective', *Policy Research Working Paper 5598*. Washington: The World Bank, March 2011; Dominguez-Torres C & C Briceño-Garmendia, 'Mozambique's Infrastructure: A Continental Perspective', *Africa Infrastructure Country Diagnostic*, The World Bank, June 2011.
- 5 *Ibid.*, p. 13.
- 6 Mozambique's untapped hydro-power potential is estimated at 13 000 MW.
- 7 Dominguez-Torres C & C Briceño-Garmendia, *op. cit.*, p. 34.
- 8 'Malawi-Mozambique Power Project Gets Funds', *The Namibian*, [http://www.namibian.com.na/index.php?id=28&tx\\_ttnews%5Btt\\_news%5D=35333&no\\_cache=1](http://www.namibian.com.na/index.php?id=28&tx_ttnews%5Btt_news%5D=35333&no_cache=1), accessed 21 February 2013.
- 9 African Development Bank, *Project Appraisal Report, Project: Multinational: Nacala Road Corridor – Phase II*, September 2010, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Multinational%20-%20REV%20AR%20Nacala%20Road%20II.pdf>, accessed 6 May 2013.
- 10 Dominguez-Torres C & C Briceño-Garmendia, *op. cit.*, p. 9.
- 11 African Development Bank, *African Economic Outlook 2012*, <http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Malawi%20Full%20PDF%20Country%20Note.pdf>, accessed 9 May 2013.
- 12 Donor support accounted for 20% of Malawi's 2011 Gross Domestic Product.
- 13 Dominguez-Torres C & C Briceño-Garmendia, *op. cit.*, p. 9.
- 14 'Malawian Fuel Shortages Due to Mozambican Port Congestion?', GreenPost (Fareham, UK), <http://www.greenport.com/news101/africa/malawian-fuel-shortages-due-to-mozambican-port-congestion>, accessed 8 January 2013.
- 15 Donor support accounted for 20% of Malawi's 2011 Gross Domestic Product.
- 16 Personal interview, diplomat in Maputo, 25 May 2012.
- 17 Personal interview, academic in Maputo, 5 April 2012.
- 18 Samo Guido E, 'Mozambique offers Food and Fuel to Malawi', 24 April 2012, [www.allafrica.com/stories/printable/201204241388.html](http://www.allafrica.com/stories/printable/201204241388.html), accessed November 2012.
- 19 Personal interview, diplomat in Maputo, 25 May 2012.

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