

**2007 UPDATE SURVEY OF NON
TARIFF BARRIERS TO TRADE:
MALAWI**

FINAL REPORT

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GLOSSARY OF ABBREVIATIONS

CIF	Cost Insurance Freight
COMESA	Common Market for Eastern and Southern Africa
CRF	Clean Report of Findings
FOB	Free on Board
MBS	Malawi Bureau of Standards
MEPC	Malawi Export Promotion Agency
MFN	Most Favoured Nation
MIPA	Malawi Investment Promotion Council
MRA	Malawi Revenue Authority
NTB	Non-Tariff Barrier
PSI	Pre-shipment Inspection
SACU	South African Customs Union
SAD	Single Administrative Document
SADC	Southern Africa Development Community
INTERTEK	Societe Generale de Surveillance
TOR	Terms of Reference
UN	United Nations
ISO	International Standards Organisation
SPS	Sanitary and Phytosanitary Standards
MMTZ	Malawi, Mozambique, Tanzania, Zambia
CCU	Central Connecting Unit

1. EXECUTIVE SUMMARY

Malawi is a highly indebted, poor economy that is further disadvantaged by their landlocked position in Central Africa. The population is largely rural and poor, with a GDP per capita of around US\$160, and an annual growth of 6%. This ranks Malawi amongst the 10 poorest nations in the world. Agriculture is the most dominant sector in the economy, contributing close to 33 percent of GDP and almost 80 percent of export earnings. Due to Malawi's poor economic status, the county has qualified for some measure of debt relief under the HIPC programme. In recent years the economy has shown some measure of relative stability and steady growth.

The Malawi Government has had little success in stimulating manufacturing production, which continues to decline. The tariff structure is escalating, favoring primary inputs and becoming higher on consumer goods and some foodstuffs where MFN rates can reach up to 25%. This is designed to encourage local processing by providing relatively high effective protection. However the regional preferential and free trade agreements (notably the COMESA, SADC and Zimbabwe agreements) to which Malawi is a part, sometimes negate this effective rate of protection as final goods are imported duty free. Such products include clothing, footwear, and tobacco. Widespread tariff concessions on imported inputs provide additional production incentives but as they are not part of the legislated tariff may be withheld without notice. This uncertainty does not encourage capital investment.

In terms of services, Malawi is currently taking steps to improve efficiency by liberalizing key services and encouraging greater private-sector participation. High production costs, resulting from poor infrastructure and high prices of utilities, high real interest rates and competition from neighboring countries (e.g. Zambia, Mozambique and Tanzania), have negatively affected investment, including foreign direct investment (FDI), in Malawi. Despite Malawi's efforts to attract FDI, inflows remain relatively small.

Section 2 provides an overview of the SADC and COMESA trade in Malawi. In terms of trade, Malawi is heavily dependent on a small number of exports. Of particular significance is that over 85% by value of the items exported are primary agricultural products which have nominal value added in Malawi, if at all. There is a small, but growing trade in manufactures in the form of clothing, which is an initiative that should be encouraged and built upon. Malawi's export performance has varied year by year, although 2006 recorded an increase. Total exports in 2006 followed an increase of 13% experienced between 2004 and 2005. Malawi's main export markets include the Commonwealth (the largest, 65% of total trade), SADC (50% of total trade), the EU and COMESA (26% of total trade)¹.

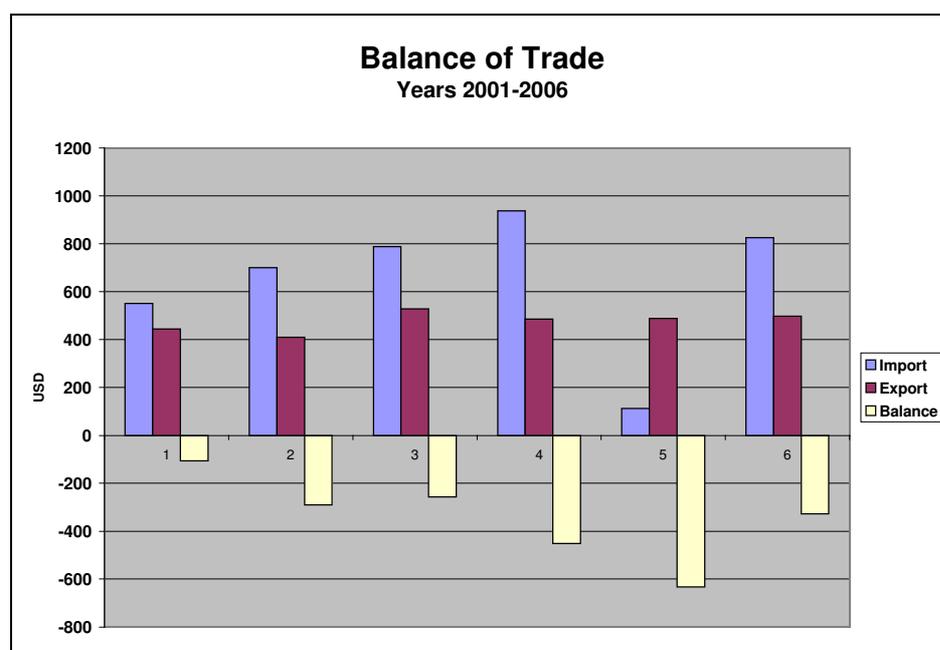
Malawi's key imports continue to be petroleum fuels (11% of total import), motor vehicles (6% of total import), fertilizers (5%), and various types of machinery. No single item or category of products makes up more than 17% of the import bill in any one year.

Imports received in Malawi have also reflected an overall declining trend over the same period, but annual figures vary considerably as a result particularly of maize imports during times of shortages. Recent studies have shown a declining growth rate in the total value of imports. 2006 recorded a growth rate of 16% in total imports, as compared to a growth rate of 38%, recorded between 2005 and 2004.

¹ From *Malawi Trade Statistics Brief, 2006 Release*, NSO, Malawi.

Malawi's main import markets are the same as the countries to which they export, although the USA does not play as great a role as an source of imports as it does as a market for exports.

The balance of the visible trade account is in deficit for all of the review period. In 1998 this was almost eliminated but grew sharply in 2005 due particularly to the need to import maize.



Section 3 provides details on the NTBs Malawi's overall approach to trade has generally been positive, with the country embarking on a path of trade liberalization in the late 1980s as well as commitment to a number of

regional trade arrangements. To date, there has been a substantial reduction in average tariffs, tariff peaks, and export and import taxes/barriers. The country's eagerness to pursue regional trade agreements has resulted in membership of a number of overlapping preferential arrangements. The main categories of Non-Tariff Barriers concerning exports are:

- Customs procedures
- Transport regulations and costs
- Technical measures – including packaging and labelling regulations
- Registration Procedures and administration.

The section also focuses on the classification of NTBs as per WTO Inventory code, as well as the NTB Committee designed Thematic Classification of NTBs.

Section 4 focuses on the NTBs faced for imports. Malawi maintains few non-tariff import restrictions and as from June 1997, all licensing requirements on imports were removed, except those maintained, according to authorities, for health, safety, and national security and environmental reasons. The import licensing system is regulated by the Control of Goods (Import and Export) Act. Only a few products still require an import license, and well over 95% of all the goods imported into Malawi are now import license free. These licenses take up to a week to issue and are valid for six months from the date of issue and are subject to

extension in cases where such a need arises, provided that an adequate and acceptable explanation is given.

The main categories of Non-Tariff Barriers concerning imports are:

- ✎ Customs rules and procedures
- ✎ Transport regulations and costs
- ✎ Technical measures – including packaging and labelling regulations
- ✎ Investment restrictions or requirements.
- ✎ Registration Procedures and administration.

The section also focuses on the classification of NTBs as per WTO Inventory code, as well as the NTB Committee designed Thematic Classification of NTBs.

Section 5 focuses on details of Key Findings of Interviews and Research. Information derived from research indicated that Malawi's trade system has not undergone any changes in the past three years. Many formal Non-Tariff Barriers had been removed through revised Government policy on trade and that the majority of measures forming an obstacle to trade that continue to be of concern are:-

- ✎ Customs related issues and procedures;
- ✎ Transport costs and regulations;
- ✎ Infrastructure problems.
- ✎ Lack of capacity and training within key institution.

The exporter community face increased costs owing to inefficient implementation of administrative procedures, delays in receiving approvals (receiving trading licences, investment approvals from the reserve bank, delays in the issuance of rules of origin certificates).

The transport infrastructure within Malawi creates a barrier to ensuring comprehensive product availability.

Currently all of the products are transported by road throughout the country, which is expensive due to haulage costs and transportation surtaxes and labor intensive, insecure and unreliable.

Section 6 focuses on the Harmonization of Transit Traffic. The procedure of harmonization of transit traffic has been a step in the right direction to overcome this main barrier in Malawi.

Standardization of Form 12 has been cited as the prime example in this issue. Form 12 is the main transport form for the SADC region and has significantly improved harmonised documentation for transit traffic.

Harmonization is also taking place in other sectors besides transport in Malawi. For example, stakeholders in the COMESA and EAC maize sector have identified the need for the harmonization of maize standards across the two regional blocks.

Section 7 focuses on Recommendations. In order to improve trade efficiency, customs and border officials need to understand the importance of co-operation. Training and workshops may be required to facilitate this process.

The establishment of institutions such as MIPA, MEPC and MBS was a step in the right direction and further priority needs to be given to enhancing these institutions capacity and effectiveness through increased funding and training.

The focal point for this process of NTB elimination should be the National working group on Trade Policy (NWGTP), which was also agreed to by the private sector. The process will then have some form of management and be better monitored and hopefully will make an impact. It is anticipated that an action plan will ensue from this.

The NWHTP is co-chaired by the PS of MITPSD and Simon Itaye who is the MD of Packaging Industries.

2. INTRODUCTION

2.1 Aim and Objective of Project

The objective of this project is to assist in the update of the NTB Inventory Study conducted in 2004, prepared for Regional Trade Facilitation Programme. Please note that this was an updating process and that the report should be read together with the 2004 report. As per the TORs, the key tasks were as follows:-

1. *Update (using available data) patterns of intra-SADC and intra-EAC trade, with identification of country exports and imports and the main traded commodities.*
2. *Update the inventory of NTBs applied to intra-SADC and EAC trade utilising the WTO inventory for categorising non-tariff barriers as the basis for notifications of NTBs*
3. *Undertake consultations on the proposed template form for reporting NTBs (See template below).*
4. *Undertake consultations with the key private sector representative organisations on the proposal that they designate a focal point on NTBs who would be able to channel all reports on NTBs to their National SADC Committee with a copy to SADC Secretariat*
5. *Highlight those NTBs in the inventory which have been introduced since previous reviews undertaken in 2004 for SADC and 2005 for EAC.*
6. *Assess the importance of each NTB in terms of its impact on intra-SADC and EAC trade as a whole and where possible by individual MS in line with the Reporting Form.*
8. *Assess NTBs that are identified with particular transport and transit modes – air freight; sea freight, road freight; cross-border traffic etc. In some cases it may be appropriate to identify NTBs in relation to specific border posts. Review any procedures in place for harmonization of transit traffic between MSs.*

The aim of the project was to assess recurring NTBs and whether these are fairly administered with transparent and non-obstructive processes that also do not discriminate between national and non-nationals (domestic and foreign traders).²

2.2 Selection of Sample Size for Qualitative Research

Based on information reported from the previous work and the outcome of the workshop, it was established that the main sources for update information were³:

1. Customs Dept.
2. Chamber of Commerce/Industry
3. Transporters association
4. Freight Forwarders Association
5. Traders
6. Ministry of Trade & Commerce.
7. Ministry of Agriculture

² As per TORs

³ As per TORs

8. Standards Association
9. Specific interviewees with selected Private Sector Companies

It was decided that the source of information for the qualitative analysis was to be extracted from traders and transporters themselves. Also for the sake of continuity and comparisons, the sample size was kept uniform with the previous 2004 report. Detail on the list of companies interviewed is provided in Annex 1.

It was also noted from the TORs that the proposed monitoring mechanism that SADC/EAC/COMESA will set up, would be revolving around having the business community report NTBs through their National focal point to the Regional Economic Community Structures.

2. OVERVIEW OF INTRA-SADC TRADE

2.1 Introduction

For this exercise, figures were obtained from the National Statistics Office. The figures obtained were in Malawi Kwacha and were converted to the US Dollar on the basis of the average annual exchange rates, provided by the Reserve Bank of Malawi.

2000: MK60.85 = \$1
 2001: MK71.72 = \$1
 2002: MK76.69 = \$1
 2003: MK97.43 = \$1
 2004: MK108.40= \$1
 2005: MK122.25= \$1
 2006: MK137.98= \$ 1

2.2 Malawi Exports with SADC Countries 2001-2005

The main changes in the trade have been with Botswana, Mozambique, DRC and South Africa as a direct result of the SADC trade agreement and the opening up of trade between DRC and Malawi following the state visit between President Muluzi and President Kabila of DRC in 2001. Malawi signed a bilateral trade agreement with Mozambique in 2006 and this should promote a further increase in trade between the two countries.

The biggest fluctuations can be found in trade with Mozambique, Namibia and Tanzania which was as a direct result of maize shortages. Exports to Zimbabwe were stagnate due to the country political situation, although 2006 reported an increase.

Table 1: Malawi Export from SADC Countries

Exports in USD from Malawi to	2001	2002	2003	2004	2005
Angola	0	7,338	34,457	859	323,973
Botswana	1,729,030	769,160	1,589,316	1,984,680	4,083,706
DRC	9,231	0	834,514	8,208	190,508
Lesotho	1,718	12,889	7,823	41,579	8,856,577
Mauritius	0	1,914	1,132,190	7,634,060	2,423,860
Mozambique	372,903	233,721	96,678	491,669	933,007
Namibia	10,246,789	29,794,439	20,017,291	31,574,833	51,505,741
Seychelles	6,442	84,396	1,022	379,212	114,906
South Africa	34,971,109	51,343,310	80,788,199	131,080,191	129,793,227
Swaziland	67	2,103	48,824	43,595	615,158
Tanzania	6,956,066	7,893,163	4,761,119	1,189,151	8,821,810
Zambia	9,459,817	6,375,776	6,059,339	15,172,006	19,085,851
Zimbabwe	7,222,502	9,228,885	8,457,811	14,191,144	16,704,178
TOTAL	70,975,673	105,747,094	123,828,584	203,791,187	243,452,499

Source: Quarterly Statistical Bulletin, NSO, 2006.

2.3 Malawi Exports with COMESA Countries 2001-2005

Export trade within the COMESA region has also presented an increase over 2001 to 2006. Export to Zimbabwe and Zambia experienced a major increase from 2003 onwards under the COMESA agreement as compared to trade within the SADC agreement.

Trade to Kenya has also increased by 2005. The biggest fluctuation can be seen in areas like Egypt, Mauritius, and Namibia. Trade into regions like Sudan, Rwanda, and DRC is almost negligible due to political situations.

Table 2: Malawi Exports from COMESA Countries

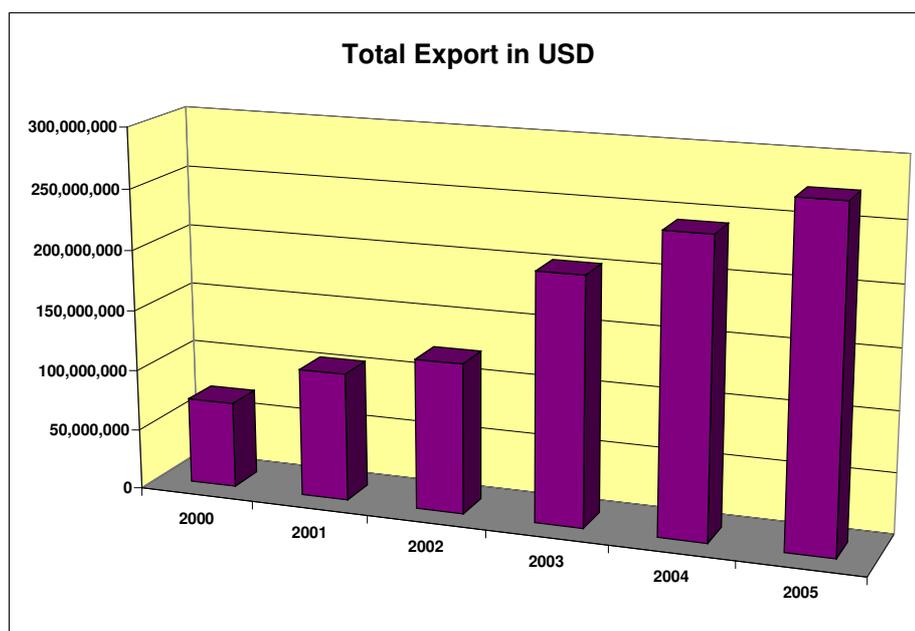
Export in USD	2000	2001	2002	2003	2004	2005
Angola	0	0	0	222	0	4,500
Burundi	0	0	0	23,523	52,478	275,426
Comoros	0	0	0	2,295	0	0
Djibouti	0	0	0	0	0	0
DRC	1,893	15,159	78,839	191,791	7,301	1,168
Egypt	68,144	53,083	867,988	1,662,307	1,101,274	1,535,903
Eritrea	0	0	0	0	0	0
Ethiopia	3,721	2,898	118,736	241,419	76,554	2,743
Kenya	1,208,285	2,642,005	5,151,221	8,572,249	14,290,067	16,441,268
Madagascar	935	5,576	0	0	0	0
Mauritius	218,507	142,613	874,959	2,042,942	1,098,182	526,355
Namibia	60,078	2,105,311	61,366	129,885	72,418	111,761
Rwanda	3,492	5,703	532	229	0	0
Seychelles	0	0	474	0	901,212	2,534,979
Sudan	20	0	6,692	9,392	25,835	1,297
Swaziland	2,236,569	1,471,790	2,394,736	2,918,436	4,069,146	4,018,683
Uganda	9,805	193,270	28,408	368,792	332,766	154,739
Zambia	4,011,234	5,052,995	7,065,584	15,850,638	28,598,499	57,093,037
Zimbabwe	15,731,632	17,559,030	22,761,830	36,469,436	35,089,096	78,029,408
Total	23,554,316	29,249,432	39,411,364	68,483,557	85,714,828	160,731,266

Source: Quarterly Statistical Bulletin, NSO, 2006

2.4 Overall View of Export Trade 2001-2005

The graph presentation below shows the level of increase of exports that Malawi has experienced from 2001.

Since 2001, export figures have increased significantly. This might be due to the introduction of the ASYCUDA system in 2000 which improved the accuracy of the administration of imports and exports.



2.5 Malawi Imports with SADC Countries 2001-2005

The increase in imports from the SADC region has been as a direct result of the introduction of the SADC trade agreement. The other imports into Malawi have not increased in real terms. The SADC trade agreement has caused a considerable shift in import sourcing of products. RSA continues to be the largest source for Malawian imports as with the exports. The key increases were as follows:

South Africa – result of SADC agreement

Tanzania - result of maize purchases

Zimbabwe – result of the huge differential in the real and legislated exchange rates

Mauritius – result of SADC agreement. (Increase was mainly white goods and capital equipment)

The biggest changes were in the trade with Mauritius, Tanzania, and Zambia.

Table 3: Malawi Imports with SADC Countries

Imports in USD from Malawi to	2001	2002	2003	2004	2005
Angola	33	28	26	21	18
Botswana	0	0	0	0	0
DRC	0	0	0	312	0
Lesotho	2,837,350	1,887,956	3,312,885	2,957,269	2,921,481
Mauritius	4,323	28,956	140,839	269,684	9,227
Mozambique	0	0	0	425,870	1,306
Namibia	2,135	10,650	0	0	0
Seychelles	498,925	272,420	1,563,037	2,872,658	1,387,924
South Africa	6,099,994	16,514,292	45,519,053	41,685,135	126,512,285

Swaziland	137,179	4,021,578	109,625	182,637	91,525
Tanzania	220,373,015	239,903,444	290,049,596	314,291,393	295,641,500
Zambia	5,106,833	2,811,423	4,277,987	4,103,723	5,142,740
Zimbabwe	7,543,261	4,650,039	2,921,313	11,933,294	21,809,766
TOTAL	9,158,984	9,652,263	12,622,049	22,288,180	36,143,860

Source: Quarterly Statistical Bulletin, NSO, 2006

2.6 Malawi Imports with COMESA Countries 2001-2005

The increase in imports from the COMESA region has been through Zambia and Zimbabwe. The other imports into Malawi have not increased in real terms. The COMESA has led to a change in import volumes as Malawi has shifted its sources of supply. One example has been the increase in the importation of tyres from Egypt.

The biggest changes were in the trade with Swaziland, and Kenya.

Table 4: Malawi Imports from COMESA Countries

Import in USD	2000	2001	2002	2003	2004	2005
Angola	0	0	0	312	0	50
Burundi	0	0	0	33,077	66,324	3,087
Comoros	0	0	0	3,228	0	0
Djibouti	0	0	0	0	0	0
DRC	4,323	28,964	140,839	269,684	9,227	13
Egypt	155,595	101,427	1,550,586	2,337,432	1,391,831	17,212
Eritrea	0	0	0	0	0	0
Ethiopia	8,497	5,538	212,111	339,469	96,752	31
Kenya	2,758,917	5,048,183	9,202,208	12,053,762	18,060,324	184,250
Madagascar	2,135	10,653	0	0	0	0
Mauritius	498,925	272,495	1,563,037	2,872,658	1,387,924	5,899
Namibia	137,179	4,022,700	109,625	182,637	91,525	1,252
Rwanda	7,973	10,897	951	321	0	0
Seychelles	0	0	847	0	1,138,985	28,408
Sudan	46	0	11,954	13,206	32,651	15
Swaziland	5,106,833	2,812,208	4,277,987	4,103,723	5,142,740	45,036
Uganda	22,389	369,288	50,748	518,572	420,562	1,734
Zambia	9,158,984	9,654,955	12,622,049	22,288,180	36,143,860	639,816
Zimbabwe	35,920,560	33,550,727	40,662,025	51,281,050	44,346,921	874,440
TOTAL	53,782,356	55,888,035	70,404,967	96,297,314	108,329,626	1,801,242

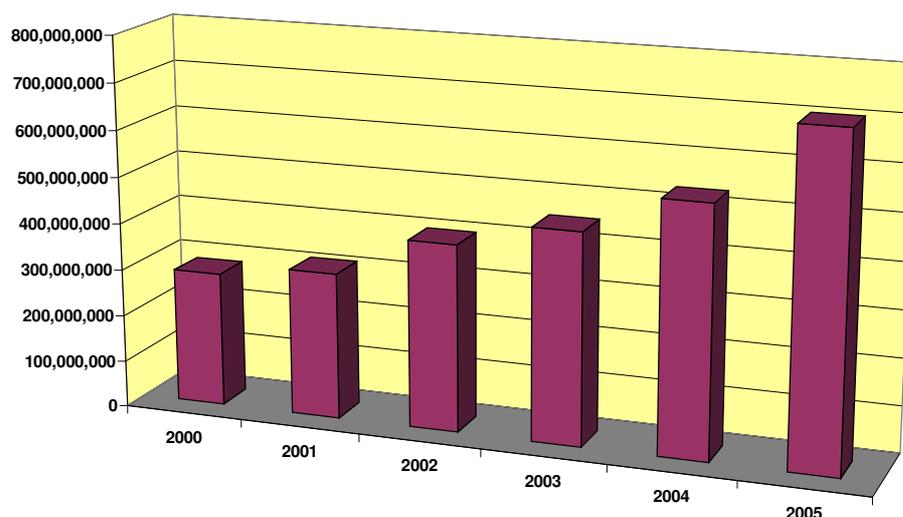
Source: Quarterly Statistical Bulletin, NSO, 2006.

2.7 Malawi Imports with COMESA Countries 2001-2005

The graph presentation below shows the level of increase of exports that Malawi has experienced from 2000.

The increase in imports from the SADC region has been as a direct result of the introduction of the SADC trade agreement. Under the COMESA trade, there has been no real increase in trade.

Total Import USD



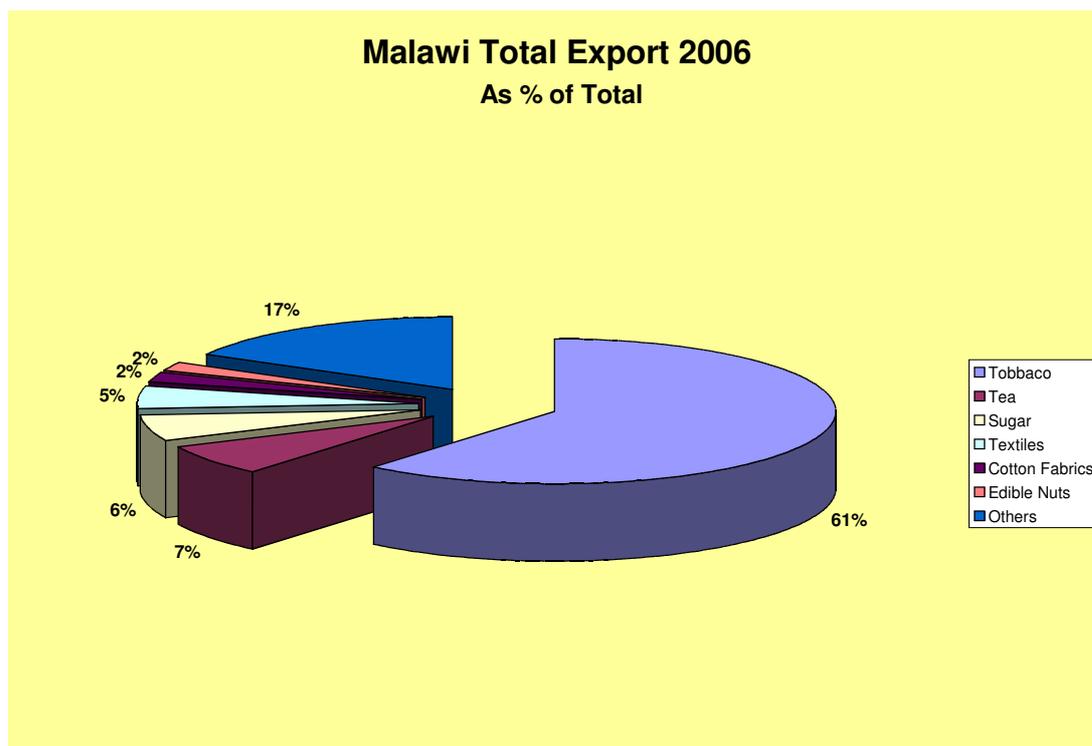
2.8 Top Exports to SADC by Value 2006

It is known that Malawi's three main export products are tobacco, tea and sugar. Together they comprise about 83% of total exports of Malawi. Tobacco exports alone bring in 61% of the country's foreign exchange. The main market for Tobacco is the SADC and COMESA region, as well as a small portion in the Commonwealth and EU market.

Table 5: Top Exports to SADC

Serial No.	Commodity	Value (USD)
1	Burley tobacco	56,232,537
2	Flue cured leaf tobacco (Virginia type	14,494,778
3	Black tea fermented/partly fermented, flavoured or not, in packing of >=3kg	13,927,889
4	Cotton, not carded or combed	10,729,722
5	Shelled ground-nuts, not roasted or otherwise cooked	7,045,761
6	Men's or boys' suits of other textiles, nes	5,710,063
7	Other tobacco refuse	5,298,419
8	Raw cane sugar, in solid form	4,680,623
9	Maize seed	4,215,644

Source: Quarterly Statistical Bulletin, NSO, 2006.



Source: Malawi Trade Statistical Brief, 2006

2.9 Top Imports to SADC by Value 2006

Table 6: Top Imports to SADC

Serial No.	Commodity	Value (USD)
1	Motor Vehicles	77,689,085
2	Distillates and other fuels nes(including diesel oils, gas oil suitable)	53,117,694
3	Crane lorries	28,286,934
4	Other motor spirit	26,113,456
5	Spelt, common wheat and meslin	17,411,353
6	Tobacco, partly or whole stemmed or stripped	16,704,866
7	Cement clinkers	15,442,849
8	Crude soy-bean oil	12,036,177
9	Flue cured leaf tobacco (Virginia type)	9,871,525

Source: Quarterly Statistical Bulletin, NSO, 2006.

3. NTB MEASURES DIRECTLY AFFECTING EXPORTS

3.1 Introduction

Malawi operates a liberal import and export licensing system under which very few commodities are subject to import and export licensing. In general import and export licenses are issued by the Ministry of Trade and Private Sector Development although in certain specified cases, the licensing authority is delegated, to other organizations to ensure a speedy response to applicants' needs.

3.2 Major Non-Tariff Barrier categories directly affecting exports

The main categories of Non-Tariff Barriers concerning exports are:

- Customs procedures
- Transport regulations and costs
- Technical measures – including packaging and labelling regulations
- Registration Procedures and administration.

Table 7: WTO NTB CATEGORISATION CODES AFFECTING EXPORTS

INVENTORY CATEGORY	DESCRIPTION				
Part V	Specific Limitations				
	WTO Inventory Code	Problem Area	Examples of the NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	D	Exchange Control	Delay in receiving foreign exchange for transport costs.	Transport costs excluding border and administrative delays	Reserve Bank Of Malawi
	G	Export Restraints	Procedure, registration and documents	Administrative delay, increase in costs, inefficiency	Lack of networking and institutional capacity among government institutions
	G	Technical measures	Lacking in quality standards for peanuts, leading to rejection of commodity	Limitations on products to export from Malawi.	Lack of understanding of international quality standards.
	G	Impact of infrastructure	Roads are either closed due to heavy rains,	Increase in transport cost and delays.	Poor infrastructure
	G	Insecurity of transit traffic	Many delays at Beira and Nacala docks due to heavy traffic, and no security available.	Security issues.	

Table 8: THEMATIC CLASSIFICATION OF NTBS AFFECTING EXPORTS

This table was presented at the COMESA workshop in Nairobi in June 2007 by the Malawi Delegation.

Thematic Area	Problem Area	Example of NTB	Impact of NTB on business and trade	Source of NTB
Agricultural products (including SPS issues and single channel marketing)	Technical requirements	An example is the need of salt iodization certificate at entry level of produce.	Delay in distribution of good lowers the costs. Also chances of goods being rejected.	International Standard
Standards harmonization	Non-standardization of customs documents		Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.
Visa harmonization (travel and work)				
Transport and transit (infrastructure, charges, tolls, permits etc)	Border Delays and insecurity of transit traffic.	Beira and Nacala are the main ports for import/and export goods, which are currently over worked.	Delay of goods and further distribution affecting costs of product.	Poor infrastructure
Customs procedures and documentation	Non-standardization of customs documents	Payment of custom duty for goods from SADC region, due to certain documents.	Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.

Border post management and services				
Import and export permits and licenses (if not covered elsewhere)	Import licenses and restrictions	Restriction of certain products like textiles, etc.	Limits and delays to imported goods.	Government restrictions
Anti-corruption mechanisms				
OTHER NTBS	REQUIREMENTS CONCERNING MARKING, LABELING, AND PACKAGING.	THE MERCHANDISE MARKS ACT PROHIBITS THE IMPORTATION OF GOODS BEARING FORGED TRADE MARKS OR FALSE TRADE DESCRIPTIONS,	LIMITATIONS TO FREE TRADING	INTERNATIONAL STANDARDS

Table 9: Specific Official Regulation Affecting Exports

WTO Inventory Category	Product Group	Government Controlling Agency	Regulatory Procedure
Part II G	Customs and Excise Act	MRA	The Act governs the administration, management and control of custom and excise, the imposition and collection of customs, excise and other duties and for matters connected therewith.
Part IV A& C	Bureau of Standard Act	MBS	This Act established the Malawi Bureau of Standards and provides for the development of national standards and schemes for the implementation of these standards including product certification.
Part II D	Control of Goods (import & export) Act	Ministry of Trade	Accurate documentation in export trade is vital for documents to be completed before the consignment leaves the country of origin and at the destination to enable the consignee in the importing country to clear his goods through his local authorities.

3.3 Key findings on regional trade (impact on exports)

The table below represents the classification of the NTBs faced, as per the qualitative analysis conducted for the update of this report. Following the TORs (see Introduction), the data collected was to be presented using the proposed template- “ *Undertake consultations on the proposed template form for reporting NTBs.*”

The proposed reporting form has been prepared by COMESA (and has been adopted by SADC) and the aim is to standardise it throughout the region (SADC/EAC/COMESA).

NTB Description	Obstacle to Regional Trade	Impact on Business Costs & Efficiency	Impact on Domestic Market Access (S/M/L)
Export licensing	Low/moderate	Low/moderate	Low
Export quotas and restrictions including prohibitions	Low/moderate	Low	Low
Procedures, registration and documentation	Serious	Moderate	Serious
Administrative interventions	Moderate	Low	Moderate
Border delays including differentiated opening and closing hours and inefficiency	Serious	Serious	Serious
Insecurity of transit traffic	Moderate	Moderate	Low
Non-acceptance of Certificates of Origin (e.g., textiles in South	Serious	Serious	Low

Africa)			
Non standardization of customs documentation	Serious	Moderate	Serious
Technical measures including SPS, quarantine and safety requirements and delays in approval	Moderate	Moderate	Low
Pre-shipment inspection	Low	Low	Low
Transport costs excluding border and administrative delays	Serious	Serious	Serious
Impact of infrastructure such as power cuts, road network and telecommunications	Low	Serious	Moderate

The following graph presents the comparative analysis of the tabulated data represented above. For the qualitative analysis, the same sample size used as per the 2004 report following the detailed TORs (See Annex 2).

A total of 20 interviewees were conducted within the private sector, as well as government officials. The highest percentage value shows the level of impact of the NTB for exporting in all three sectors, i.e. Obstacle to Regional Trade, Impact on Business, and Impact on Domestic Market.

The sake of comparison, it is important to point out that the graphic presentation below has divided the responses as per 12 NTB Descriptions. Values were assigned to the level of impact (1= Low, 2= Moderate, 3= High). By this account, the median value is 8. The level of deviation from this value, gives the indication of the high level of impact of the NTB.

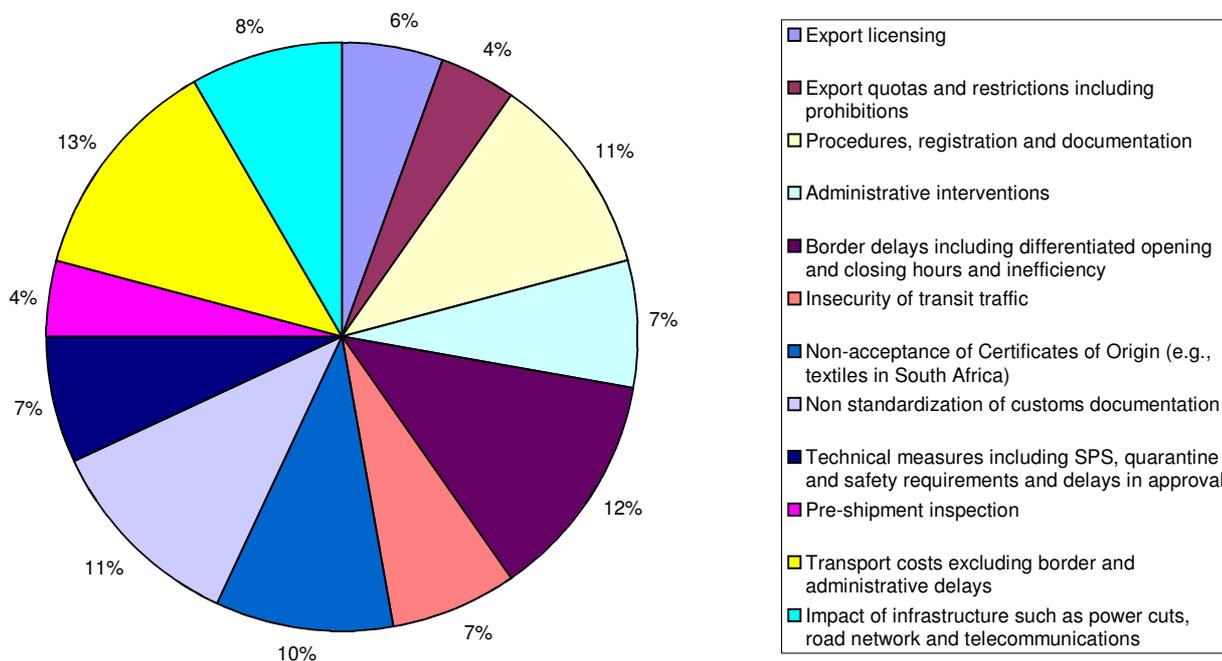
Transport costs excluding border and administrative delays were indicated as a serious NTB by 13% of the interviewees.

Border delays including differentiated opening and closing hours and inefficiency has the second highest value, with 12% of the responses claiming this to be a serious NTB.

Non standardization of customs documentation and Procedures, registration and documentation were rated with 11% of responses each.

Non-acceptance of Certificates of Origin (e.g., textiles in South Africa) was rated with a high to moderate level of impact with 10%.

Overview of Key Findings on Export



4. NTB MEASURES DIRECTLY AFFECTING IMPORTS

4.1 Introduction

Malawi maintains few non-tariff import restrictions and as from June 1997, all licensing requirements on imports were removed, except those maintained, according to authorities, for health, safety, and national security and environmental reasons. The import licensing system is regulated by the Control of Goods (Import and Export) Act. Only a few products still require an import license, well over 95% of all the goods imported into Malawi are now import license free. These licenses take up to a week to issue and are valid for six months from the date of issue and are subject to extension in cases where such a need arises, provided that an adequate and acceptable explanation is given. Authorized dealers are mandated to process import payments provided they are supported by proper importation and customs documents. Authorized dealer banks also process payments provided they are supported by proper importation and customs documents. Import licenses are valid for a period of six months⁴.

4.2 Major Non-Tariff Barrier categories directly affecting imports

The main categories of Non-Tariff Barriers concerning imports are:

- ✎ Customs rules and procedures
- ✎ Transport regulations and costs
- ✎ Technical measures – including packaging and labelling regulations
- ✎ Investment restrictions or requirements.
- ✎ Registration Procedures and administration.

⁴ The Malawi Products Handbook, Malawi Export Promotion Council, 2000

Table 10: WTO NTB CLASSIFICATION CODES AFFECTING IMPORTS

INVENTORY CATEGORY	DESCRIPTION				
Part II	Customs and Administrative Entry Procedures				
	WTO Inventory Code	Problem Area	Examples of the NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	H	Import licenses and restrictions	Restriction of certain products like textiles, etc.	Limits and delays to imported goods.	Government restrictions
		Non-standardization of customs documents		Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.
Part III	Technical Barriers to Trade				
	WTO Inventory Code	Problem Area	Examples of NTBs	Impact of NTB to businesses and trade	Responsibility/Source of NTB
	A	Non-standardization of customs documents		Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.
	B	Technical requirements	Example: Need of salt iodization certificate at entry	Delay in distribution of good lowers the costs. Also chances	International Standard

INVENTORY CATEGORY	DESCRIPTION				
			level of produce.	of goods being rejected.	
		Requirements concerning marking, labeling, and packaging.	The Merchandise Marks Act prohibits the importation of goods bearing forged trade marks or false trade descriptions,	Limitations to free trading	International Standards
Part IV	Other				
	WTO Inventory Code C	Problem Area Border Delays and insecurity of transit traffic.	Example of NTB Beira and Nacala are the main ports for import/and export goods, which are currently over worked.	Impact of NTB to businesses and trade Delays of goods, heavy costs, no assurance of measures and documents.	Responsibility/Source of NTB Lack of understanding between trade agreements. Lack of institutional support.
	B	Border Delays and insecurity of transit traffic.	Beira and Nacala are the main ports for import/and export goods, which are currently over worked.	Delay of goods and further distribution affecting costs of product.	Poor infrastructure

Table 11: THEMATIC CATEGORISATION OF NTBS AFFECTING IMPORTS

This table was presented at the COMESA workshop in Nairobi Kenya by the Malawi delegation.

Thematic Area	Problem Area	Example severe NTB	Impact of NTB on business and trade	Source of NTB
Agricultural products (including SPS issues and single channel marketing)	Technical requirements	An example is need of salt iodization certificate at entry level of produce.	Delay in distribution of good lowers the costs. Also chances of goods being rejected.	International Standard
Standards harmonisation	Non-standardization of customs documents	.	Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.
Visa harmonisation (travel and work)				
Transport and transit (infrastructure, charges, tolls, permits etc)	Border Delays and insecurity of transit traffic.	Beira and Nacala are the main ports for import/and export goods, which are currently over worked.	Delay of goods and further distribution affecting costs of product.	Poor infrastructure
Customs procedures and documentation	Non-standardization of customs documents		Delays of goods, heavy costs, no assurance of measures and documents.	Lack of understanding between trade agreements. Lack of institutional support.

Border post management and services				
Import and export permits and licenses (if not covered elsewhere)	Import licenses and restrictions	Restriction of certain products like textiles, etc.	Limits and delays to imported goods.	Government restrictions
Anti-corruption mechanisms				
OTHER NTBS	REQUIREMENTS CONCERNING MARKING, LABELING, AND PACKAGING.	THE MERCHANDISE MARKS ACT PROHIBITS THE IMPORTATION OF GOODS BEARING FORGED TRADE MARKS OR FALSE TRADE DESCRIPTIONS,	LIMITATIONS TO FREE TRADING	INTERNATIONAL STANDARDS

Table 12: Specific Official Regulations Affecting Imports

WTO Inventory Category	Product Group	Government Controlling Agency	Regulatory Procedure
Part IV A& C	Milk and Milk Products Act	Ministry of Agriculture & MBS	Standards are clearly defined, although proper assessment of produce does not take place. Also general provision of certain certificates is difficult.
Part IV A& C	Plant Act	Ministry of Agriculture & MBS	Standards are clearly defined, although proper assessment of produce does not take place. Also general provision of certain certificates is difficult
Part IV A& C	Fertilizer Act	Ministry of Agriculture & MBS	Standards are clearly defined. General provision of certain certificates is difficult
Part IV A& C	Rule of Origin	Government	Standards are clearly defined, although proper assessment of produce does not take place. Also general provision of certain certificates is difficult

4.3 Key findings on regional trade (impact on imports).

The table below represents the classification of the NTBs faced, as per the qualitative analysis conducted for the update of this report.

As indicated in Section 3.3 above, the proposed reporting form has been prepared by COMESA (and has been adopted by SADC) and the aim is to standardise it throughout the region (SADC/EAC/COMESA).

NTB Description:	Obstacle to Regional Trade	Impact on Business Costs & Efficiency	Impact on Domestic Market Access
Custom delays due to lack of automation and efficiency	Serious	Serious	Serious
Internal taxes and charges (such as surtax)	Moderate	Serious	Moderate
Border delays including irregular border hours	Serious	Moderate	Low
Insecurity of transit traffic	Moderate	Low	Low
Excessive toll Fees faced in the region	Moderate	Serious	Serious
Non standardisation of customs documentation	Serious	Serious	Low/Moderate
Technical requirements incl. SPS, quarantine and marking, labeling and packaging	Moderate	Moderate	Low

The following graph presents the comparative analysis of the tabulated data represented above. For the qualitative analysis, the same sample size used as per the 2004 report following the detailed TORs (See Chapter 1).

A total of 20 interviewees were conducted within the private sector, as well as government officials. The highest percentage value shows the level of impact of the NTB for exporting in all three sectors, i.e. Obstacle to Regional Trade, Impact on Business, and Impact on Domestic Market.

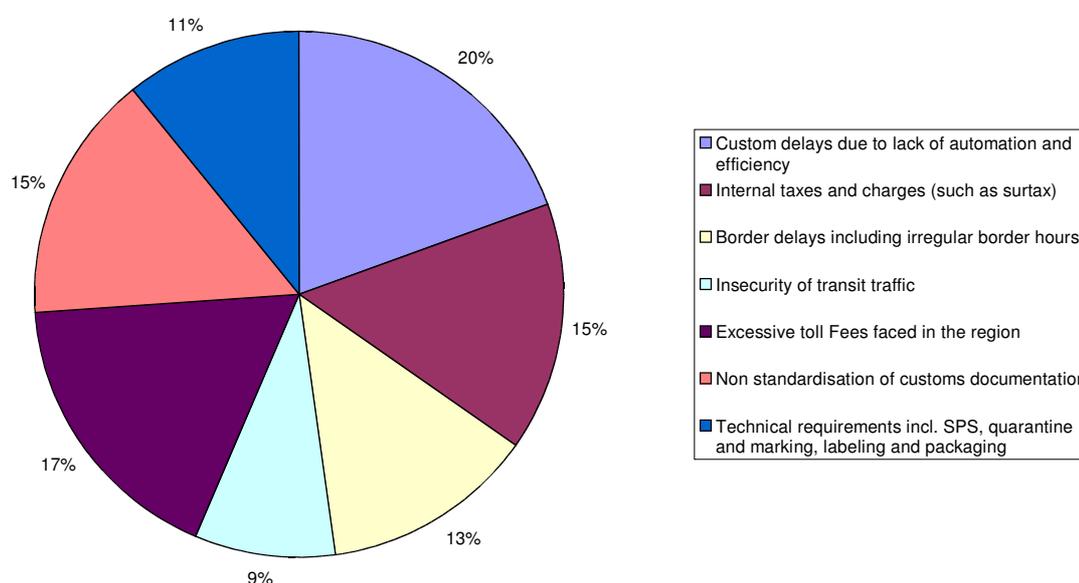
The sake of comparison, it is important to point out that the graphic presentation below has divided the responses as per 7 NTB Descriptions. Values were assigned to the level of impact (1= Low, 2= Moderate, 3= High). By this account, the median value is 14. The level of deviation from this value, gives the indication of the high level of impact of the NTB.

Custom delays due to lack of automation and efficiency were indicated as a serious NTB by 20% of the interviewees.

Excessive toll Fees faced in the region ranked as the second highest value, with 17% of the responses claiming this to be a serious NTB

Internal taxes and charges (such as surtax) and Non standardization of customs documentation and Procedures, each ranked with 15% of the total responses as serious barriers for import.

Overview of Key Findings on Import



5. KEY FINDINGS FROM INTERVIEWS & RESEARCH

5.1 Introduction

Information derived from research indicated that Malawi's trade system has not undergone any changes in the past three years. Many formal Non-Tariff Barriers had been removed through revised Government policy on trade and that the majority of measures forming an obstacle to trade continue to concern are transport costs and regulations, customs related issues and procedures and infrastructure problems. One main issue raised was the lack of capacity and training within key institutions and the non-application of agreed measures in SADC trade. A key area of concern was around administrative, procedural and institutional factors.

The exporter community face increased costs owing to:

- Inefficient implementation of administrative procedures, delays in receiving approvals (receiving trading licences, investment approvals from the reserve bank, delays in the issuance of rules of origin certificates);
- Poor attitudes and behavior of regulatory authorities and public officials;
- Poor and inefficient administrative practices (corruption, discrimination); and
- Weak domestic institutions. Legislation

5.2 Documentation, Regulations and Customs procedures

Some prominent NTBs in the region arise in the application of Customs legislation and procedures. Malawi is a signatory to COMESA, SADC, AGOA, ACP/EU Cotonou Agreement, the WTO and bilateral agreements with Zimbabwe and South Africa. Customs officials are obliged to apply complex trade agreements which stretches their already over stretched resources. An exporter trading with Zimbabwe can import goods at Full rates, MFN rates, COMESA duty free (35% rules of origin), Malawi/Zimbabwe Free Trade Agreement (25% rules of origin) and potentially under the SADC FTA. There is also, inevitably, friction between traders seeking to clear goods at minimum expense and customs officials required to enforce the law.

Irregular border post opening and closing hours was expressed as a barrier to trade and in some cases cumbersome and bureaucratic delays encountered in the processing of documentation and clearing of goods at the border posts.

These delays all add costs and initiates interruptions to doing business. Producers and manufactures indicate these delays require them to hold more stocks and inputs for work in progress than would necessarily be required.

5.3 Transport regulations and costs

The efficiency of the transport sector is a key factor in determining the cost of imports, the competitiveness and profitability of exports, and the domestic price of staple foods for consumers. The nearest port is Nacala in Mozambique located approximately 610km away

from the country's eastern boundary. The vast majority of Malawi's exports and imports are transported by rail to and from Nacala or by road to and from Beira in Mozambique, Dar-es-Salaam in Tanzania or Durban in South Africa. Transport costs to and from Malawi are high and while the rail and road links serving Malawi are adequate, there is substantial room for improvement to reduce these high costs.

The high cost and non-affordability of fertilizer has contributed to its reduced use by Malawian farmers, with subsequent adverse effects on yields and soil fertility. Transport costs are by far the single largest factor in the (relatively) high costs paid by Malawian farmers.

The transport infrastructure within Malawi creates a barrier to ensuring comprehensive product availability. Currently all of the products are transported by road throughout the country, not only is this expensive due to haulage costs and transportation surtaxes but it is labour intensive, insecure and unreliable. Access to the ports for imports and export is a major problem with the Nacala and Beira routes being relatively expensive and inefficient. The improvement of rail linkages within Malawi and to the major export ports would improve Malawi's terms of trade.

The un-harmonised insurance cover and the high price of imported spares and tyres, further add to the cost of moving goods. Un-harmonised axle load limitations and inconsistency of height restrictions within SADC countries result in penalties being incurred. Inconsistent regulations serve as significant obstacles to regional trade.

The current direction of policies in the road transport sector seeks to promote competition and to enable operators to set their own freight and passenger rates in accordance with market conditions.

5.4 Infrastructure

The weakness in the country's infrastructure includes poor transportation services, breakdowns in communication and utility services such as electricity, telephones and water. This is directly linked to inappropriate technology and inadequate investment. The non-availability of serviced industrial parks, industrial estates, industrial shells and warehousing is also a weakness and so is the lack of cold storage facilities located at strategic points near International Airports.

The infrastructure necessary for trade not only incorporates the transport network and the industrial infrastructure, but also the availability and costs of utilities such as water, electricity and Telecommunications. Problems of infrastructure, and many service deficiencies, affect all economic activity and not just trade.

5.5 Technical Measures

Upon research with the MCCI and MEPC, technical barriers in terms of labeling, marking, and quality standards were found to be continuing NTB's which were stated as barriers "which are forever changing, and due to lack of institutional support, can always hamper Malawi's trade development."

Imported food products are required to meet MS 19: general standards on prepacked foods requirements. This is a mandatory standard that requires any prepacked foods have its nutritional value declared on the pack. Any imports of pre-packed food products are inspected and samples taken for verification of the declared nutritional value. The consignment cannot be distributed for sale unless verification is done. Through interviewees, it was stated that procedure delays for receiving the certificates is an issue faced by companies.

Another example faced due to delays in technical procedures is the Requirement for Iodization of salt backed by Salt Iodization Act; Requirements to have salt tested for iodine verification at the entry border and consequent testing for iodine levels in salt delays the distribution of the product since the product cannot be distributed until testing is done. Companies have also stated delays in receiving certificate of approval, which delays the distribution of the product, and at times wastage of a perishable item.

5.6 NTBS that are difficult to categorise or NTBs that indicate corrupt practices.

Other NTBs not falling within categories already mentioned but which came up in the interviews are:

- Inadequate capacity of Government Ministries and trade institutions to negotiate, analyse, interpret and implement trade agreements. This is mainly due to understaffing, the multiplicity of trade agreements, inadequate financing etc.
 - Lack of capacity in negotiating skills and support structures
 - Lack of in depth knowledge of the legal and policy issues surrounding the trade agreements and their application to Malawi
 - Lack of existence in Malawi of modern data processing technology
 - Inadequate skilled manpower- this is a major constraint at both managerial and the technical skills levels.
- Non-implementation of agreed measures and improper and erroneous application of regulations.
 - Malawi has not been implementing the SADC FTA according to the agreed schedule, and this has led to pressure from SACU. This has caused difficulties for Malawi when attending the SADC EPA (Economic Partnership Agreement) preparations to form a SADC position.

5.7 Other general observations from the interviews

Trade in Malawi is affected by many NTBs, some more directly restrictive or prohibitive than others. However, the sum of all NTBs adds up to have a significant impact on intra-SADC trade. NTBs are continually changing, ambiguous and often difficult to quantitatively define. Importers and exporters have had to adapt to survive the negative effect of the NTBs. A prime focus of PRSP, the Malawian Economic Growth Strategy and trade policy should be to focus on these constraints to improve Malawi's competitiveness.

NTBs that relate to specific modes mostly involve road transport. The fact that the majority of Malawi's trade is done by road and involves, having to cross several border posts, means that Malawi is exposed to many more transport and border-related NTBs than many other countries in the region, with the exception of Zambia. This creates a competitive disadvantage for Malawi and Zambia in the region.

The following weaknesses in Malawi's export diversification amounted to the equivalent of NTBs as they have affected Malawi's competitiveness.

- ◆ **relative scarcity of land**- as land used for export production competes with land needed to provide the food requirements of the population;
- ◆ **inadequate skills and capital**- these have a large impact on Malawi's technological shortfalls;
- ◆ **inadequate and difficult access to finance**- due to a lack of specialist trade facilities and the very conservative nature of the financial institutions;
- ◆ **lack of supporting infrastructure**- both institutional and physical;

5.8 Observations by exporters/importers/transporters on restrictions they face when trading in the other SADC countries.

The observations made by exporters, importers and transporters on restrictions they face when trading with other SADC countries are as follows:

- Inefficient loading and unloading facilities at Nacala and Beira ports in Mozambique resulting in time delays and occasionally additional warehousing costs.
- Pilferage of goods and the opening of sealed containers at the Beitbridge border post and the risk of robbery and theft along the way, particularly in Mozambique.
- Inconsistency of road traffic laws, and their application in SADC including,
 - Interlink trucking not being allowed to pass through Mozambique
 - Problems encountered in the clarity of road traffic laws such as axle loads, height restrictions, and penalties for offences. Mozambique has the lowest height restrictions in SADC. (this affects the Cotton industry as they can only road four bail high for Mozambique, whereas in the rest of SADC the regulation is five bail high. This increases cost on an already over priced transport route.)
 - Interviewed transporters cited several instances of abuse of traffic laws and their wrongful application e.g., being fined for overweight when the truck had not been weighed.
- Heavy toll duties are applied to transporters within SADC especially for Botswana Roads adding significant costs to freight movement. Toll fees are as high as US\$150 from Beira to Lilongwe.
- The inconsistent processes used to inspect containers at Nyamapanda in Zimbabwe which is time consuming and expensive. The transporters have to pay for offloading, and loading and inspection of goods. This adds cost and time delays
- Inconsistent knowledge on export agreements (specifically Mozambique, Tanzania, and Zambia) on items allowed to be exported.

6. ASSESMENT OF PROCEDUES FOR HARMONIZATION OF TRASNIT TRAFFIC BWETWEEN COUNTRIES IN THE REGION

For landlocked countries (LLCs), the ability to move exports and imports efficiently and economically is key to maintaining consumption levels and to economic growth.⁵ Successful transport in corridors results from the joint efforts of private operators, public operators, and government agencies. Thus transit is best thought of as a chain including all the physical, organizational, and administrative operations needed to carry goods from their origin to their destination. Not only transport by land, sea or air is involved, but also collection, handling, insurance, customs and many other activities

The efficiency of the transport sector is a key factor in determining the cost of imports, the competitiveness and profitability of exports, and the domestic price of staple foods for consumers. The transport infrastructure within Malawi creates a barrier to ensuring comprehensive product availability. Currently all of the products are transported by road throughout the country, not only is this expensive due to haulage costs and transportation surtaxes but it is labour intensive, insecure and unreliable. Inconsistent regulations continue serve as significant obstacles to regional trade.

6. 1 Procedures in place

The procedure of harmonization of transit traffic has been a step in the right direction to overcome this main barrier in Malawi. Interviews and desk research showed that the government has taken a few steps in recent times to improve condition for COMESA and SADC region trade.

Standardization of Form 12 has been sited as the prime example in this issue. Form 12 is the main transport form for the SADC region. Introduction of this standardized document has harmonized most of the trades track, specifically for imports from South Africa and Zimbabwe.

While this is very good introduction into creating a more free-trading atmosphere, most companies and ministries pointed that enough was not been done. The Ministry of Trade commented that while talks are on harmonization of standards, the procedure is taking time in the actual implementation of the matter. The reason for this, is the time consuming process of development of final document. With each region having its own set of principles and procedures suited as their needs, it is increasingly difficult to come up with standardization.

Transports however felt that Form 12 does not provide harmonization on transit traffic in the SADC region. It was stated that through the current procedures, tracks for export (specifically for South Africa) have opened up more. Although importing of goods is still a big problem for all spheres.

⁵ From <http://wbln0018.worldbank.org/oed/oeddoelib.nsf/>

Transporters agreed, that while the process is in place, there are still many other documentation, as well s security issues that need to addressed for the matter to be termed “in place”.

6. 2 Harmonization in other spheres

Harmonization is also taking place in other sectors besides transport in Malawi. There are 28 sectors under the SADC region, which have been harmonized. More sectors are harmonized under COMESA than under SADC.

Stakeholders in the COMESA and EAC maize sector have identified the need for the harmonization of maize standards across the two regional blocks. This need is premised on the desire to remove trade impediments in a “Maize without Borders” concept and differences in maize standards have tended to hamper expansion of intra-regional trade in maize. COMESA and EAC have responded to the plea of stakeholders by developing harmonized standards. However, the two sets of regional standards differ significantly despite the overlap of EAC membership with COMESA. Therefore, there is need for all stakeholders to review both sets of standards and make recommendations for a harmonized COMESA/EAC regional maize standard.

Stakeholders in the dairy sector have expressed the need for harmonized regional dairy standards as one of the critical policy measures towards expanding intra-regional trade in dairy products.

6. 3 Regional Action is needed

These issues show that Malawi is on the right track for working towards a better trading environment.

Although there is still a long way to go in this area, with many forms like D69 for South-Africa, Certificate of Origin, etc acting as barriers. This includes prioritizing the harmonization of administrative documentation by investing in action that leads to systems’ compatibility for different SADC countries. This will allow customs documentation to be reduced to a single document for all SADC countries. Implementation of the Single Administrative Document (SAD) in the SADC region would vastly improve border efficiency and would simplify documentation requirements. There is an urgent need for the pursuit of regional harmonization with regard to toll fees, transport regulations (such as axel loads), border hours, and technical measures and standards.

Furthermore closer regional co-operation is needed to monitor the strict application of agreed measures and pressure should be imposed on those countries that deviate from these measures. Regional rather than national interests should be promoted in SADC countries, where possible. In general pro-active steps need to be taken in strengthening the trade support institutions in terms of negotiating capacity.

7. RECOMMENDED ACTIONS TO REDUCE OR ELIMINATE THE LISTED NTBS.

NTBs in other SADC countries often have direct affect on Malawi's trade and visa versa, and therefore it is important that all SADC countries work together to eliminate these NTBs. For this to happen there is a need for stricter application of existing agreed measures and for further accountability for deviations from these measures.

The small size of the domestic market in Malawi coupled with low levels of purchasing power, limits the level and range of production specially manufacturing. Due to this weak demand, supply potential is limited. Malawi has to enhance its value-adding production capacities and increase efforts in export market development. Inadequate knowledge of the export markets abroad has hindered most of the entrepreneurs to take advantage of the opportunities available.

Changes in administrative procedures and practises

Continued efforts to automate administrative systems remains a real challenge in Malawi however it is imperative that this focus remains a priority. In order to improve trade efficiency, customs and border officials need to understand the importance of co-operation and civility in their duties and to this end a management focus on job satisfaction needs to be emphasised. Furthermore, delegation of responsibility needs to be extended to a broader base within such institutions as Customs. Training and workshops may be required to facilitate this process. Bureaucratic delays caused by excessive formalities involving insurance cover, customs documentation requirements and technical measures for different SADC countries needs to be addressed.

The Government is also looking to open the Shire Zambezi Waterway Program in order to open the country to the Indian Ocean, as per the Malawi Growth and Development Strategy.

NTB Notification and Monitoring

The establishment of institutions such as MIPA, MEPC and MBS was a step in the right direction and further priority needs to be given to enhancing these institutions capacity and effectiveness through increased funding and training.

The proposed NTB reporting form has been prepared by COMESA (and has been adopted by SADC), since the SADC NTB workshop in November 2003. There has been little activity in Malawi on this issue due to capacity constraints in the Ministry of Trade. However the Ministry are in agreement in principle, but have not taken it through the process fully with both the MRA and other stakeholder. Therefore Malawi agrees and will implement. The problem is time, financial resources, capacity etc.

Malawi has recently agreed on its trade policy management process that will focus on key issues such as the proposed template for NTBs. See attached organogram that was adopted on the 9th March 2007 by the Government of Malawi.

The Malawi Transport Association, have stated that the NTB report format was "adequate enough", and could not see "any need for further changes in the templates."

Designation of a Focal Point for NTBs

The focal point for this process should be the National working group on Trade Policy (NWGTP). However the issue had not been put on the agenda of any of the meetings since the NTB conference. The Private sector is in agreement that the NWGTP should be the focus point. The Chamber of Commerce is part of the NWGTP and the meetings are held at the MCCI offices. However, the NTB issue was tabled at the meeting held on the 9th of March and it has been adopted as an action point now. The process will now have some form of management and be better monitored and hopefully will make an impact.

The NWGTP is co-chaired by the PS of MITPSD and the CEO of Packaging Industries.

Recommendations for Action by Malawi

Trade Strategy Action Plan⁶

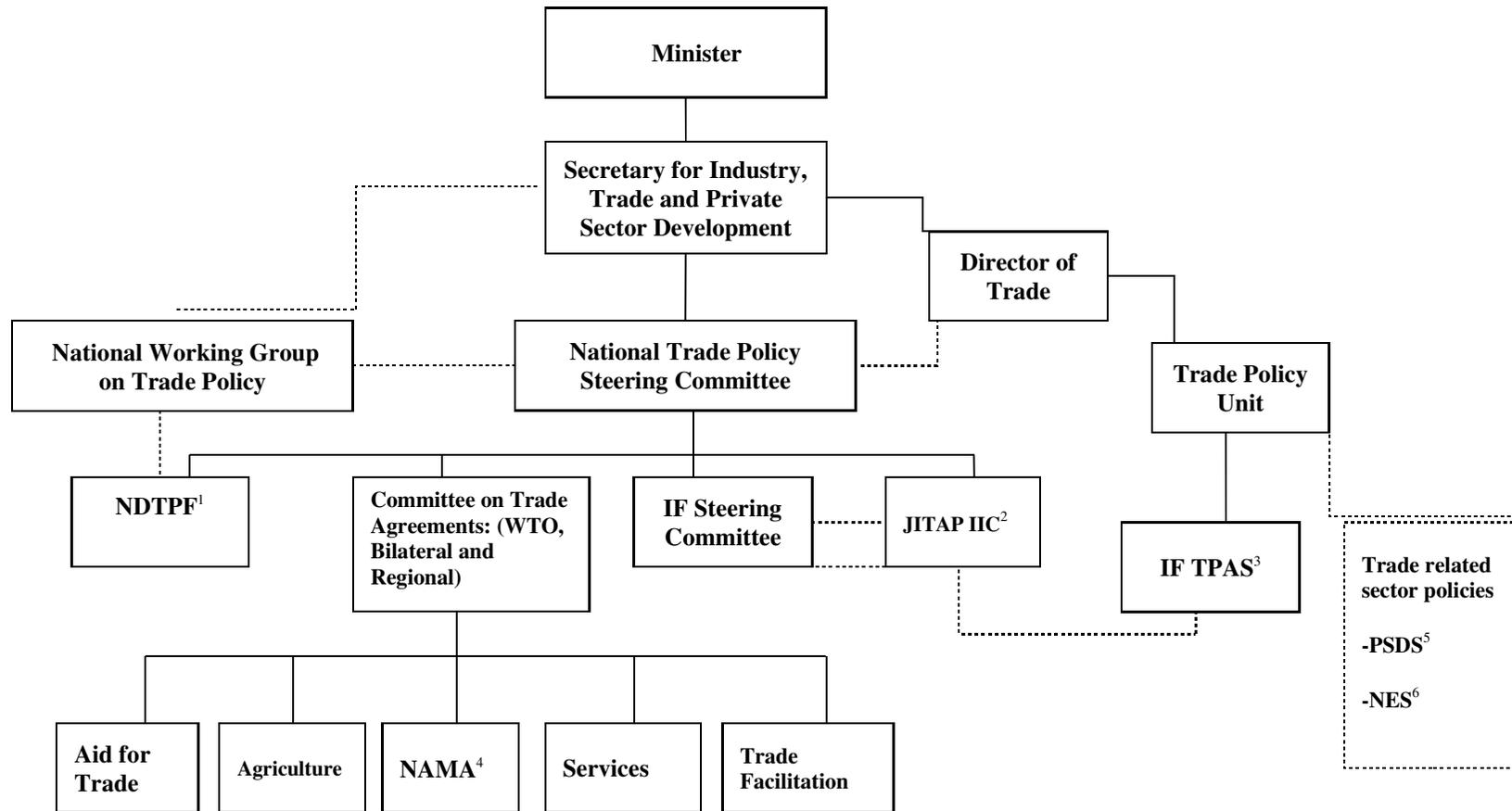
This document represents an Action Plan for the Trade Strategy as part of the Growth Strategy for Malawi. It has been drawn up by the Trade Policy National Working Group. By its nature it is a living document and will be reviewed regularly to ensure it continues to reflect the key issues affecting Trade. The identified constraints and Strategies are taken from the Trade Strategy Section of the Growth Strategy for Malawi.

Constraint	Strategies	Actions	By who	By when	Additional Resource
1. Weak provision of Supportive Trade infrastructure (also under Governments Priority Area)	<ul style="list-style-type: none"> ✎ Develop transport and telecommunications linkages ✎ Continue to stimulate Nacala and other potential corridors ✎ Urgently identify resources to repair Nacala rail link and implement ✎ Create functioning export credit financing mechanisms ✎ Work towards harmonization of traffic standards. 	<ul style="list-style-type: none"> ✎ Monitor progress of developing ✎ An integrated infrastructure Investment plan ✎ TPNWG to be included in Nacala Corridor Development meetings and analyse trade impact ✎ Already exist ✎ 4.1 Carry out a situation analysis on what is on ground and approach banks & MEPC & initiate a meeting on strategy ✎ 2.5.1 Carry out a situation analysis on what is on ground & initiate a meeting on strategy 	<p>TPNWG</p> <p>Nacala Development project, TPNWG</p> <p>TPNWG</p> <p>Consultants, TPNWG Secretariat</p> <p>TPNWG Secretariat</p>	<p>On going</p> <p>Ongoing</p> <p>On going</p> <p>Ongoing</p>	<p>Donor, GTZ</p> <p>MTPP</p>

⁶ Source Malawi Economic Growth Strategy revised. (February 2004)

Constraint	Strategies	Actions	By who	By when	Additional Resource
2. Limited Export Markets and undiversified product base	<ul style="list-style-type: none"> ✎ Trade Promotion Centres established ✎ More Missions to have a trade representative ✎ More financial support for Trade Attachés 	<ul style="list-style-type: none"> ✎ Carry out a study on the establishment of the centre ✎ Provide mission placement in embassies with key trading partners ✎ Create Political Will 	<p>MoCI</p> <p>Consultant</p> <p>MoFA, MoCI</p> <p>Cabinet</p>	<p>ASAP</p> <p>Ongoing</p> <p>ASAP</p> <p>ASAP</p> <p>Dec 2003</p>	<p>Budget Allocation</p> <p>Donor, ITC</p> <p>Budget Allocation</p> <p>Budget Allocation</p>
3. Creation of Competitive domestic market	<ul style="list-style-type: none"> ✎ Develop and implement a competition policy with supporting legislation/regulation ✎ Develop and implement a Consumer Protection Policy with supporting legislation/regulation ✎ Develop and implement a Trade Remedies Policy with supporting legislation/regulation 	<ul style="list-style-type: none"> ✎ Operationalise competition commission ✎ Enacting the Act of Parliament ✎ Formulate legislation 	<p>MCI, NAG</p> <p>Parliament</p> <p>MOCI, Ministry of Justice</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Budget Allocation</p> <p>Budget Allocation</p> <p>Budget Allocation</p>

Proposed structure for Trade Related Technical Assistance Programmes implemented by MITPSD



ANNEX 1: LIST OF CONTACTS

Interviews				
Organisation	Name	Address	Contact details	E-mail
Alliance One-Tobacco Association	Mr. Maxwell	Lilongwe		
Dimon Ltd.	Mr. A.J. De Oliviera	P.O. Box 305522	01-724885	
Garments and Textiles Association of Malawi	Mr. B.K. Desai	P.O. Box 355, Blantyre.	01-671153/431/01673940	desco@malawi.net
Glens Malawi Ltd	Patrick Malila	P.O. Box 629, Blantyre	01-671888	glens_tnt@malawi.net
Limbe Leaf Tobacco Company Ltd.	Will Ross	P.O. box 40044, Lilongwe 4	01-710355	wross@lltcmw.com
Malawi Bureau of Standards	Mr. P. Kondowe	P.O.Box 946, Blantyre	01-670488	mbs@malawi.net
Malawi Chamber of Commerce and Industry	S.L. Mtonakutha	P.O. Box 258, Blantyre.	01-671431 DL 01-671988	smtanakutha@mccci.org
Malawi Export Promotion Council	Mr. Lawrence Chaluluka	P.O. Box 1299, Blantyre	01-820136	mepco@malawi.net
Malawi Investment Promotion Agency	Mr. J. Banda	P. Bag 131, Blantyre	01-6212222/622180	mipabt@malawi.net
Malawi Revenue Authority	Mr. T.K. Mwakyea	P. Bag 247, Blantyre	01-622588, 09-952112	tskavalo@yahoo.com
Manica Malawi Ltd.	Mr. Y. Kumwenda	P.O. Box 30320, Lilongwe	08-841814	
Ministry of Trade and Private Sector Development	Mr. Mandindi and Mr. M. Munthali	P.O. Box 30366, Lilongwe	01-770244	minci@malawi.net
Pharmanova	Mr. B.S. Chinsasala			
Rab Processors	Mr. Afzal Tasim	P.O Box 834, Limbe		
Road Transport Authority Association	Mr. Masembi		08-830821	
Stancom	Mr. Kingston	P.O. Box 30224, Lilongwe	01-710044	
SDV Malawi Ltd.	Mr. Khoza	P.O Box 838 Blantyre	01- 871123	m.khoza@sdvmalawi.com
S.M Transporters				
Siku Transporters				
Tea Association of Malawi	Mr. J. Melrose	P.O Box 930, Blantyre	01-460243/250	
Transports Association of Malawi	Mr. Nidirane	Lilongwe	09-961433	
Tobacco Exporters' Association of Malawi Ltd.	H.M. Mbale	P. Bag 403, Lilongwe 4	01-795037	tobacco-exporters@sdp.org.mw
Toyota Malawi	John Connell	P.O. Box 430, Blantyre	01-641933	jconnell@toyotamalawi.com
Universal Industries	Mr. S Amein	P.O. Box 156, Blantyre	01- 870 770	
Unilever Brothers				

Import and export information				
Malawi Revenue Authority, ASYCUDA	Mrs. E. Chirwa	P. Bag 247, Blantyre	01-624126/621080	mraasycuda@sdp.org.mw; hmbukwa@globemw.net

ANNEX 2: PROPOSED NTB REPORTING TEMPLATE

1	2	3	4	5	6	7	8	9	10
NTB Inventory WTO Code	Problem Area	Description of the most severe NTBs	Impact of NTB to businesses	Responsibility	Possible approach to eliminate NTB	Performance Benchmarks	Means of Verification	Constraints	Success factor
	<p>Generic description of area/ category where NTB identified.</p> <p>Example</p> <p>Customs documentation and administrative procedures</p>	<p>Description of major specific NTBs identified in the generic area/ category</p> <p>Example</p> <p>SADC Certificates of Origin Not Available</p>	<p>Provide listing of the negative impact NTB has on business</p>	<p>Department or Ministry responsible for administering the NTB in question</p>	<p>Suggested steps to improve application of measure and reduce negative impact on business</p>	<p>This could be set target timelines for clearance of goods, production of improved operational manuals, reports, etc.</p>	<p>Reports & information, feedback on implementation of agreed steps to correct NTBs.</p>	<p>Provide constraints faced in eliminating NTB, i.e. resistance from Department concerned, financial or human resources etc.</p>	<p>Steps taken to reduce or eliminate NTB and the methods used to achieve result</p>