



MARKET BRIEF: MALAWI



1.0 BASIC FACTS

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|--|---|---|
| Location Malawi is located east of Zambia and shares borders with Muchinga and Eastern Provinces of Zambia | Size | 118,480 km ² (45,745 sq mi), (About 0.16 times the size of Zambia) |
| | Population (World Bank, 2020) | Total – 19.65 Million Major Towns <ul style="list-style-type: none"> ○ Lilongwe – 1,055,700 ○ Blantyre - 830,100 ○ Mzuzu - 240,000 ○ Zomba – 109,800 |
| | | Regions Bordering Zambia <ul style="list-style-type: none"> ○ Central - 7.52 Million ○ Northern – 2.29 Million |
| | Annual Population growth | 2.7% (World Bank, 2021) |
| | Official Language(s) | English (Other Languages – Tumbuka, Chichewa, Yao and Tonga) |



2.0 ECONOMY

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|--|---|
| GDP (current US\$) | 12.63 billion (<i>World Bank, 2021</i>) |
| GDP Growth (annual) | 2.8% (<i>World Bank, 2021</i>) |
| GDP per Capita (current US\$) | 642.7 (<i>World Bank, 2021</i>) |
| GDP Composition by Sector (<i>World Bank, 2020</i>) | Services – 52.6 % |
| | Agriculture – 22.7% |
| | Industry – 18.5% |
| | Manufacturing – 11.5% |
| Annual inflation rate (<i>World Bank, 2020</i>) | 8.6% |
| Currency: | Malawian Kwacha (MWK) (100 Tambala) |
| Exchange Rate | Average: 1,024.16MWK/1USD |

3.0 TRADE

3.1 Malawi's Trade with the World

3.1.1 Main Export Markets and Source Markets

The table below highlights the main source markets supplying for products imported by Malawi and the main export market for products exported by Malawi in 2020. Zambia ranked 6th and 11th as a source and export market, respectively.

| Source Markets | | | |
|----------------|------------------------------|---------------------------------------|---|
| No. | Exporters | Imported value in 2020 (USD Thousand) | Balance in value in 2020 (USD Thousand) |
| 1 | South Africa | 561249 | -512598 |
| 2 | China | 441941 | -407849 |
| 3 | United Arab Emirates | 274494 | -259286 |
| 4 | India | 211137 | -206452 |
| 5 | United Kingdom | 125146 | -78446 |
| 6 | Zambia | 120029 | -93143 |
| 7 | Mozambique | 102548 | -87889 |
| 8 | Japan | 90706 | -89196 |
| 9 | Kuwait | 69887 | -69878 |
| 10 | Malaysia | 65156 | -64153 |
| 11 | Indonesia | 58508 | -53730 |
| 12 | Saudi Arabia | 44807 | -44006 |
| 13 | Tanzania, United Republic of | 40832 | -7320 |
| 14 | Germany | 40001 | -20148 |
| 15 | Kenya | 39774 | -18 |

| Export Markets | | | |
|----------------|------------------------------|---------------------------------------|---|
| No. | Importers | Exported value in 2020 (USD Thousand) | Balance in value in 2020 (USD Thousand) |
| 1 | Belgium | 162938 | 151129 |
| 2 | South Africa | 48651 | -512598 |
| 3 | United Kingdom | 46700 | -78446 |
| 4 | Kenya | 39756 | -18 |
| 5 | United States of America | 36022 | 6229 |
| 6 | Zimbabwe | 35285 | 4067 |
| 7 | China | 34092 | -407849 |
| 8 | Tanzania, United Republic of | 33512 | -7320 |
| 9 | Egypt | 31818 | 18675 |
| 10 | Netherlands | 28917 | 5750 |
| 11 | Zambia | 26886 | -93143 |
| 12 | Switzerland | 26395 | 245 |
| 13 | Spain | 23655 | 21776 |
| 14 | Germany | 19853 | -20148 |
| 15 | United Arab Emirates | 15208 | -259286 |

N.B: Latest data was for 2020 at time of report

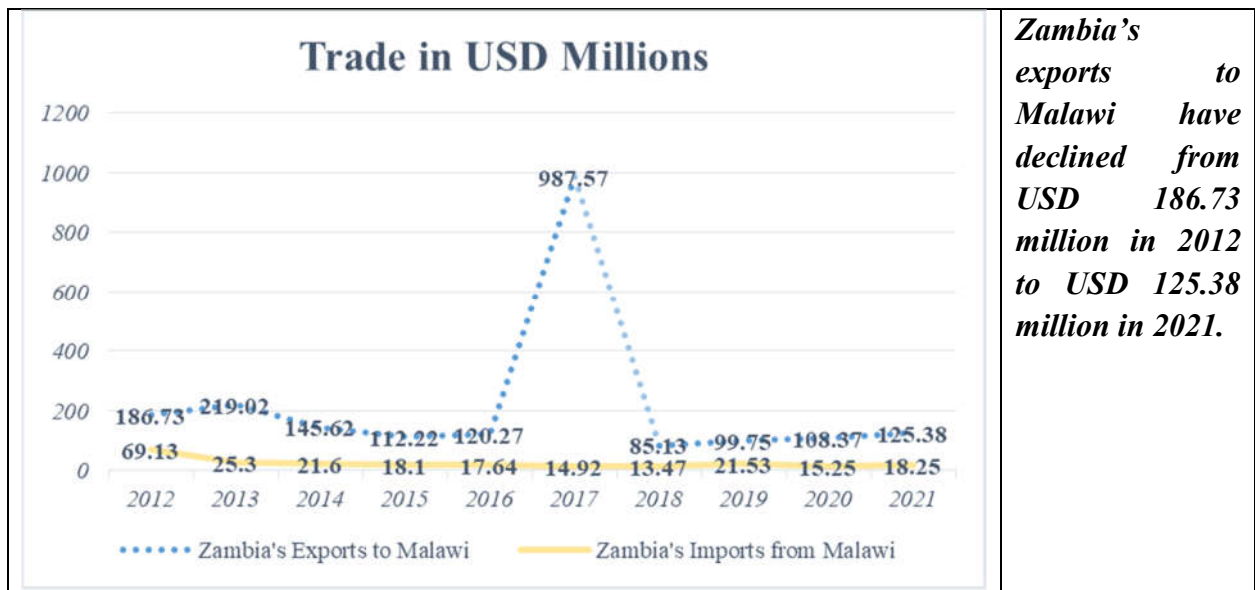
3.1.2 Main Export and Import Products

The table below highlights Malawi's top fifteen (15) import products from the world and top fifteen (15) export products to the world based on 2021 trade statistics. The table also highlights the trade balances for each of the products listed.

| Main Export Products to the World | | | | Main Import Products from the World | | | |
|-----------------------------------|--|------------------------|---|-------------------------------------|---|------------------------|---|
| No. | Product label | Exported value in 2021 | Balance in value in 2021 (USD Thousand) | No. | Product label | Imported value in 2021 | Balance in value in 2021 (USD Thousand) |
| 1 | Tobacco and manufactured tobacco substitutes | 557049 | 507913 | 1 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 154398 | -147891 |
| 2 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ... | 97473 | 92702 | 2 | Pharmaceutical products | 142789 | -142699 |
| 3 | Coffee, tea, maté and spices | 72118 | 70043 | 3 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 140764 | -133681 |
| 4 | Edible vegetables and certain roots and tubers | 47523 | 46190 | 4 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof | 108989 | -107829 |
| 5 | Edible fruit and nuts; peel of citrus fruit or melons | 35230 | 32158 | 5 | Plastics and articles thereof | 93385 | -86186 |
| 6 | Sugars and sugar confectionery | 33349 | 22533 | 6 | Iron and steel | 83179 | -42680 |
| 7 | Residues and waste from the food industries; prepared animal fodder | 27963 | 19655 | 7 | Miscellaneous chemical products | 70210 | -70144 |
| 8 | Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ... | 11822 | 10200 | 8 | Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ... | 55912 | -55553 |
| 9 | Wood and articles of wood; wood charcoal | 10545 | 5998 | 9 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 54369 | -50122 |
| 10 | Plastics and articles thereof | 7199 | -86186 | 10 | Tobacco and manufactured tobacco substitutes | 49136 | 507913 |
| 11 | Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof | 7083 | -133681 | 11 | Cereals | 47316 | -40423 |
| 12 | Cereals | 6893 | -40423 | 12 | Articles of iron or steel | 45116 | -42680 |
| 13 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ... | 6507 | -147891 | 13 | Paper and paperboard; articles of paper pulp, of paper or of paperboard | 35973 | -35841 |
| 14 | Rubber and articles thereof | 4708 | -23913 | 14 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ... | 33285 | -32890 |
| 15 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 4247 | -50122 | 15 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... | 29334 | -28990 |

3.2 Malawi's Trade with Zambia

3.2.1 Bilateral Trade between Zambia and Malawi



Zambia's exports to Malawi have declined from USD 186.73 million in 2012 to USD 125.38 million in 2021.

3.2.2 Top Export Products

The table below highlights Zambia's top ten export products to Malawi in 2021.

| No. | Product Label | Value in 2021, USD thousand | Annual growth in value between 2017-2021, %, p.a. | Share in Zambia's exports, % |
|-----|---|-----------------------------|---|------------------------------|
| 1 | Tobacco and manufactured tobacco substitutes | 33366 | 4 | 26 |
| 2 | Salt; sulphur; earths and stone; plastering materials, lime and cement | 23567 | 5 | 8 |
| 3 | Iron and steel | 13848 | 11 | 6 |
| 4 | Beverages, spirits and vinegar | 6740 | 41 | 5 |
| 5 | Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ... | 6107 | -3 | 6 |
| 6 | Ceramic products | 3833 | 273 | 40 |
| 7 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ... | 3826 | 209 | 2 |
| 8 | Preparations of cereals, flour, starch or milk; pastrycooks' products | 3087 | 42 | 4 |
| 9 | Sugars and sugar confectionery | 2742 | -14 | 2 |
| 10 | Cereals | 2462 | 5 | 5 |

3.2.3 Top Import Products

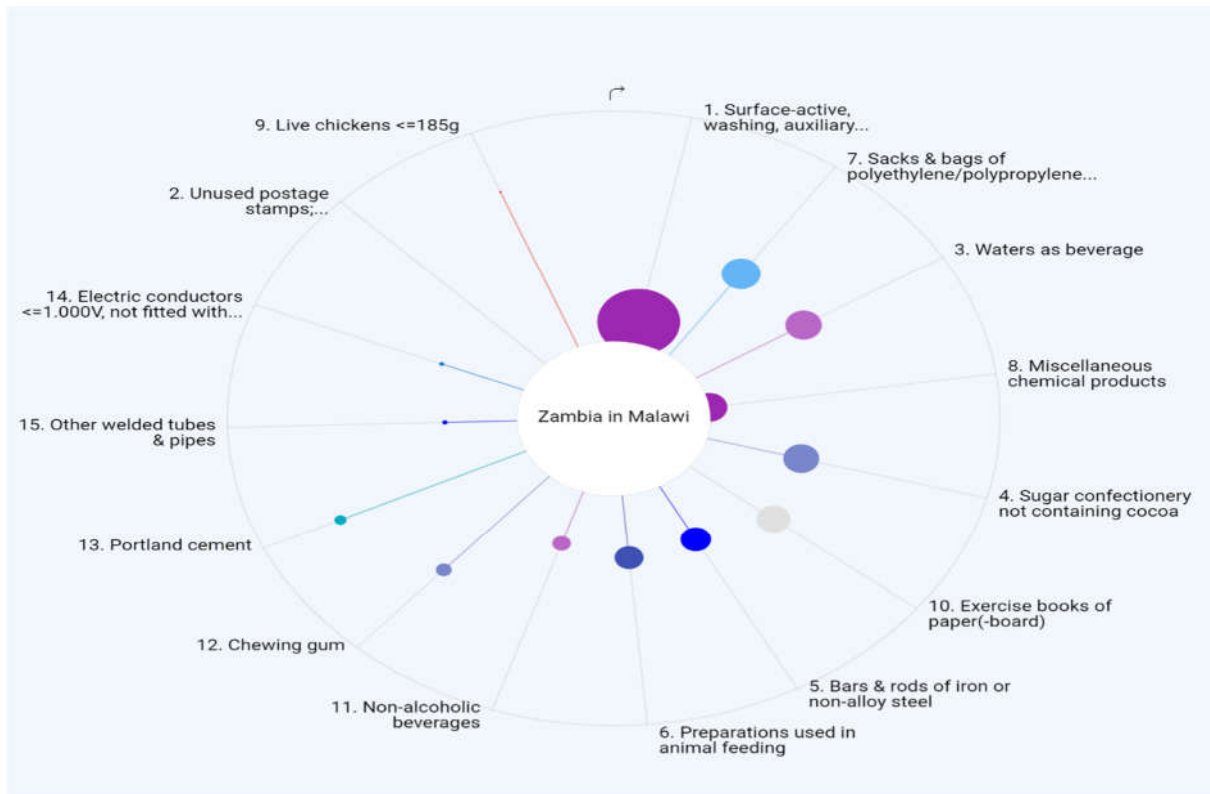
The table below highlights Zambia's top ten import products from Malawi in 2021.

| No. | Product Label | Value in 2021, USD thousand | Annual growth in value between 2017-2021, %, p.a. | Share in Zambia's imports, % |
|-----|---|-----------------------------|---|------------------------------|
| 1 | Plastics and articles thereof | 4836 | 26 | 1 |
| 2 | Other made-up textile articles; sets; worn clothing and worn textile articles; rags | 3500 | 5 | 5 |
| 3 | Wood and articles of wood; wood charcoal | 1895 | 2 | 10 |
| 4 | Tobacco and manufactured tobacco substitutes | 1760 | 202 | 69 |
| 5 | Miscellaneous edible preparations | 985 | 178 | 3 |
| 6 | Articles of iron or steel | 874 | 85 | - |
| 7 | Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ... | 651 | - | - |
| 8 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ... | 587 | 5 | - |
| 9 | Iron and steel | 488 | 78 | - |
| 10 | Footwear, gaiters and the like; parts of such articles | 349 | 63 | 2 |

3.2.4 Trade Diversification Potential

The products with the greatest export potential from Zambia to Malawi are Surface-active, washing, auxiliary washing & cleaning preparations; Unused postage stamps, stamp-impressed paper, banknotes, cheques, stock; and water as a beverage. Surface-active, washing, auxiliary washing & cleaning preparations face the strongest demand potential in Malawi.

The diagram below depicts the top 15 products with potential for export to Malawi and have been ranked by order of demand potential in Malawi.



3.3 Trade Regulations and Standards Institutions

Malawi is a correspondent member of the International Organization for Standardization. The Malawi Bureau of Standards was established as the national standards body in 1972. It has been most active in promoting standards and quality in chemicals and products derived from chemicals; engineering, construction and IT; and agriculture and food products. The Exports Quality Certification Scheme was launched in 1990 and the Imports Quality Monitoring Scheme set up in 1993. The Malawi Bureau of Standards assumed responsibility for implementing weights and measures law in 1996.

4.0 COMMON TRADE AGREEMENTS/MEMBERSHIP TO REGIONAL AND MULTILATERAL TRADE ARRANGEMENTS

4.1 World Trade Organisation

Malawi has been a member of World Trade Organisation (WTO) since 31st May 1995 and a member of GATT since 28th August 1964. As a member of the WTO, Malawi is obliged to grant the same treatment to goods imported from other WTO member states, Zambia inclusive, under the Most-favoured-nation (MFN) principle of the WTO. Malawi is also obliged to give the same treatment granted to its local products to goods imported from Zambia (and other WTO members) once the Zambian products have entered the Malawi borders in line with the National treatment principle of the WTO.

Further, according to the World Trade Organization (WTO), while the Most Favoured Nation (MFN) bound tariffs simple average for all goods imported into Malawi stood at 75.8%, the applied MFN tariffs for 2020 were at a simple average of 9.5%. This entails that imports from Zambia into Malawi on average do not face very stringent tariffs on entry into that country.

4.2 Tripartite Free Trade Agreement

Both Malawi and Zambia are signatories to the Tripartite Free Trade Area (TFTA), a proposed African free trade agreement between the Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC) and East African Community (EAC).

4.3 African Continental Free Trade Agreement (AfCFTA)

Both Zambia and Malawi are party to the African Continental Free Trade Area which formally came into effect on January 1, 2021. Once fully implemented by both parties, it will serve as a catalyst for increased trade between the two countries.

4.4 Southern African Development Community

Malawi and Zambia are both members of Southern African Development Community (SADC) Free Trade Area. According to the SADC Protocol on Trade, SADC member states are to reduce customs duties and other barriers to trade on imported products among themselves. As a result, local products can be traded between Zambia and Malawi duty free.

4.5 Common Market for Eastern and Southern Africa

Malawi and Zambia are also both members of Common Market for Eastern and Southern Africa (COMESA) Customs Union and Free Trade Area. As a result, local products can be traded between Zambia and Malawi without application of customs tariffs.

4.6 Zambia - Malawi Bilateral Trade Agreement

Zambia and Malawi have an established bilateral trade agreement for the inauguration and implementation of a one-stop border post at Mwami/Mchinji Border to enhance transport and trade facilitation in the SADC and COMESA regions along the Nacala Transport Corridor.

5.0 USEFUL CONTACTS

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|---|---|
| <p>The High Commission of the Republic of Zambia to Malawi</p> <p>The High Commissioner Area 40/2 RO. Box 30138, Lilongwe 3 Tel.: + 265-1-772635/772114 The High Commissioner: +265-1-772770 Email: zambia@malawi.net</p> | <p>Malawi Confederation Chambers of Commerce and Industry (MCCCI)</p> <p>Chamber House, Trade Fair Grounds, Chichiri, Blantyre mccci@mccci.org Tel.: +265 1 871 988/813 Fax: +265 1 871 147 Site: www.mccci.org</p> |
| <p>Malawi Investment and Trade Centre (MITC)</p> <p>The Chief Executive Officer Aquarius House – First floor Private Bag 302 Capital City Lilongwe 3 MALAWI Tel : (+265) 885 568 571 / 986 531 131 E-mail : info@mitc.mw www.mitc.mw</p> | <p>The Malawi High Commission to the Republic of Zambia</p> <p>Along Pandit Nehru, Diplomatic Triangle ,P.O Box 50425, Lusaka, Zambia Email: lusaka.malawimission@mail.gov.mw</p> |