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**TRADE-RELATED TECHNICAL ASSISTANCE NEEDS ASSESSMENT
SUBMITTED BY MALAWI**

**INTEGRATED RESPONSES BY THE IMF, ITC, UNCTAD, UNDP
WORLD BANK AND WTO¹**

MALAWI

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INTRODUCTION

Malawi signed the final Act establishing the World Trade Organisation (WTO) in Marrakesh, Morocco on 15 April 1994. In doing so, Malawi, as developing country, assumed commitments arising from the Uruguay Round. The obligations and commitments are aimed at furthering trade liberalisation, imposing more discipline in the Multilateral Trading System and strengthening its legal framework.

Recognising the position of developing countries signatories to the WTO Agreement adopted provisions conferring more favourable and deferential treatment for developing countries. In the Ministerial Declaration, Ministers affirmed special treatment to be conferred to least developed countries and confirmed their resolution to strive for better global coherence in the field of trade, money and finance including cooperation with the Bretton Woods institutions.

It was further recognised that it was important for the least developed countries to implement the provisions of the Agreement in their favour. Therefore, the meeting agreed to keep under regular review the Uruguay Round results with a view to fostering positive measures to enable the developing countries achieve their economic development objectives.

The first WTO Ministerial conference held in Singapore in 1996 drew up a comprehensive and integrated WTO Plan of Action for the least developed countries aimed at bringing together national efforts and those of the international community with a view of assisting the least developed countries in achieving economic growth. The approach broadly addresses the following issues:

- (i) Implementation of decisions on measures in favour of LDCs;
- (ii) Human and institutional capacity building;
- (iii) Market Access for export products;

In keeping with the WTO Agreements which call for regular reviews of the development process of least developed countries, the Ministerial conferences agreed that WTO should convene a High-Level Meeting of LDCs involving UNCTAD, ITC together with multilateral financial institutions most directly involved in supporting trade related activities of the least developed countries and the LDCs themselves so as to foster the integrated approach.

To facilitate preparations for the meeting a check least was made available to all list developed countries so that they could define their trade related technical cooperation needs. In this regard, Malawi has drawn up her Need Assessment report based on the checklist, as follows.

A. TRADE POLICY

(a) What are the sectors that you believe have unexploited or underexploited export potential?

The following sectors which are of export potential to Malawi are considered to have been unexploited or under exploited:

- 1. Agriculture
 - Horticulture - (fruits vegetables, spices such as paprika);
 - fish farming;

- bee keeping;
- livestock production;
- cut-flowers.

2. Tourism

The tourism industry which has got high potential has not been fully developed.

3. Mining

Minerals such as gemstones, Uranium, Gold, Coal have not been exploited.

4. Manufacturing/Industrial

Potential industrial sector opportunities exist in:

- heavy manufacturing using local resources;
- primary processing and simple manufacturing; and
- light engineering and assembly.

(b) Could you please define your country's perspective of the reasons for any changes in the structure and direction of exports and imports?

Malawi's economy mainly depend on the production and export of tea, tobacco, sugar and coffee. These exports are constantly been affected by price fluctuations and weather changes. The country is landlocked and her imports go through long routes as the short route via Mozambique has been devastated by the war.

On the import side, Malawi has experienced as inflow of imports due to the current policy of trade liberalization which she is pursuing. Most of import restrictions have been removed and the allocation of foreign exchange loosened.

(c) What have been the objectives of trade policy in the most recent period, compared to, say, two decades ago?

Malawi's past trade policy was to regulate trade through control measures such as Import and export licensing and foreign exchange allocation.

Currently the policy is to:

- support liberal system of private enterprise as the basis of commercial and industrial activity;
- promote rather than regulate business activity;
- limit parastatal involvement to areas of specific national significance where needs and opportunities exist and private efforts are inadequate or in appropriate;
- promote growth, efficiency, stability and equity;
- encourage foreign investment actively, while ensuring the participation of Malawians in trade and industrial activities;
- avoid contraction of manufacturing and commercial activities in a few hands;

- emphasise support for small-scale enterprise both formal and informal;
- emphasise exports so as to increase domestic employment and the generation of foreign exchange.

(d) What are the Ministries in charge of trade policy matters, including formulation, implementation, enforcement and monitoring? How is coordination made? What are the respective roles of the relevant Ministries (give particular attention to tariff policies and other policies directly affecting exports and imports of goods and services)?

TABLE I

MINISTRY/DEPARTMENT/AGENCY	FUNCTIONS IN TRADE RELATED AREAS
- Ministry of Commerce and Industry	Formulating trade policy proposals and insuring their implementation.
- National Economic Council	Advise on policy consistency with the overall development policies, strategies and plans.
- Ministry of Finance	Guide on balance of payments ramifications, budget coordination and related financial implications on Government expenditure and revenue.
- Ministry of Agriculture and Irrigation	Relate to the country's agricultural production plans in both diversification and increased production for export, food security and provision of materials to local industry.
- Ministry of Justice	Advise on the legal aspects of trade agreements, arrangements and contacts.
- Department of Customs and Excise	Advise on customs duties, procedures and regulations.
- Reserve Bank of Malawi	Advise on monetary transactions relating to imports and exports and to coordinate the financial institutions involved in the trade.
- Malawi Export Promotion Council	Provide information on export opportunities, advise and training.
- Malawi Chamber of Commerce and Industry	Represent the interest of the private sector.
- Exporters Association of Malawi	Represent interests of small Malawian exporters.
- National Statistical Office	Provide data on trade statistics.
- Malawi Investment Promotion Agency	Provide information on investment opportunities.
- Ministry of Foreign Affairs	Formulation of foreign policies.

Clarification

Prior to finalization and consolidation of the trade-related proposals, extensive consultations are made with the above listed institutions/organizations.

(e) How are the private sector and academic institutions associated with the formulation and conduct of trade policy?

Malawi private sector is involved in the trade policy formulation through consultations that Government holds with them. The academic input comes through the research and curriculum studies. Government has also used services of consultants from the University of Malawi in tasks relating to aspects of trade policy.

(f) What are the institutions in your country that can play a role in implementation of a trade-related project at the local level? State their respective roles.TABLE II

INSTITUTION	ROLES
- Malawi Development Corporation	Enters into participation with manufactures and service industry by providing linkages where the private sector may have financial limitations.
- Privatisation Commission	Aims to foster increased efficiency in the economy, increase competition and reduce monopoly.
- Malawi Investment Promotion Agency	Investment promotion.
- Malawi Export Promotion Agency	Market information and export promotion.
- Malawi Chamber of Commerce and Industry	Representing the interests of the private sector.
- National Association of Small and Medium Enterprises	Representing the interests of Small and Medium Scale of entrepreneurs.
- Development of Malawian Entrepreneurs Trust	Training and advisory services.
- Small Enterprise Development of Malawi	Training and financing.
- Malawi Entrepreneurs Development Institute	Training and advisory services.
- Exporters Association of Malawi	Representing the interests of small scale Malawian exporters.
- Malawi Industrial Research and Technical Development Centre	Technology development.
- Consumer Association of Malawi	Representing the interests of consumers.
- Malawi Bureau of Standards	Quality and standards control.

(g) What are the main laws and regulations dealing with trade policy - on exports and imports? Please provide a short description of each.

There are many inter linked laws and regulations dealing with trade policy and affecting imports, exports and investment. Some of the laws are as follows:

- The Sale of Goods Act. Cap 48:01 1967:
formation of contract and transfer of property;
- The Control of Goods Act. Cap 18:08, 1967:
control of the distribution, disposal, purchase, and sale, and the wholesale and control prices of any manufactured or unmanufactured commodity;
- The Malawi Bureau of Standards Act, Cap 51:02, 1972:
promote standardization, specifications, provide scientific testing and marks;
- The Weights and Measures Act, Cap 48:04, 1960:
provide uniformity in weight and measures
- The Metrication Act. 48:08, 1981:
introduce metrication as only used in commerce
- The Finance and Audit Act, Cap 37:01, 1976:
regulate public finances;
- The Business Licensing Act. Cap 46:01:
sale of goods in business;
- The Companies Act. Cap 46:03, 1978:
formation/incorporation of firms;
- The Trustees Incorporation Act. Cap 51:
formation of trusts;
- The Industrial Licensing Act. No. 28, 1989:
licensing certain manufactures;
- The Business Names Reg. Act. Cap 46:2, 1922:
registration of all entities in business;
- The Capital Markets Dev. Act. Cap 46:06, 1989:
registration of operations on capital transactions;
- The Investment Promotion Act. No. 287, 1991:
enabling investment process;
- The Public Enterprises (Privatisation) Act. No. 7, 1996:
privatisation of public services;
- The Banking Act. No. 19, 1989:
regulation of financial services;

- The Export Promotion Council Act. Cap 39:03, 1971
export activities-facilitation;
- The Export Processing Zones Act. No. 11, 1995:
manufacturing in export zones;
- The Export Incentives Act. Cap 39:04, 1989:
provision of export incentives;
- The Exchange Control Act. Cap 45:01, 1984
Allocation of foreign exchange;
- The Taxation Act 41:01, 1964:
fiscal taxation of earnings;
- The Customs and Excise Act. Cap 41:02, 1964:
collection of duties;
- The Merchandise Act, Cap 49:04, 1958:
marking goods for sale;
- The Registered Designs Act. Cap 49:05, 1958:
registering new designs of articles;
- The Trade Marks Act. Cap 49:01, 1958:
registration of trade marks;
- The Patents Act. Cap 49:02, 1958:
registration of inventions;
- The Trade Dispute Act. Cap 54:02:
arbitration and dispute settlements;
- The Copyright Act:
regulation of original works;
- The Tourism and Hotels Act:
regulation/promotion tourism.

(h) What are the main instruments of trade policy - on exports and imports? Please elaborate (e.g. on import restrictions, the questions might be: on what products are there any import bans; on what products are there quantitative import restrictions; licensing requirements, etc.; what is the highest tariff rate currently in use; are there any excise taxes, other "domestic" taxes that are applied differentially to imported goods, or to goods of a type that are principally imported?).

Malawi is committed to structural adjustment and economic reform programmes. This relates to the liberalization programme as supported by the Bretton Woods institutions and other donors. The policy advocates the role of the market forces in the allocation of resources.

Trade Policy Instruments

Malawi does not maintain licensing requirements on Imports/Exports except for a small list of products relating to health, safety, national security and environmental considerations.

Malawi does not maintain any quantitative import restriction on products and neither does it maintain restrictions on current international transactions. Imports over a certain value (2000 US \$) are subject to pre-shipment inspection.

Goods requiring Import licences from all sources

1. Clothing and uniforms, designed for military naval, air force or police use.
2. Radioactive substances.
3. Mist nets for the capture of wild birds.
4. Wild animals, wild animal trophies and wild animal products, (including birds and reptiles) and any egg produced by such birds or reptiles.
5. Live fish including the eggs and spawn thereof.
6. Compound products containing flour meal residues and other preparations of kind suitable only for use as animal foodstuffs and excluding the following:
 - chemical additions to animal foodstuffs;
 - antibiotic growth stimulants;
 - inert fillers;
 - trace elements;
 - synthetic animal foodstuffs;
 - bird seed;
 - cat and dog foods.
7. Eggs of poultry, whether in shell, pulp or dried forms; eggs of wild birds
8. Live poultry, including day-old-chicks.
9. Meat.

The importation of all meats, including dressed poultry, is prohibited without prior permission in writing from the Minister of Commerce and Industry. The Minister has however, exempted the following from import licensing control:

- all tinned meat;
- all potted meat;
- meat soaps;
- meat pastes;
- edible meat fats;
- tallow.

All cooked or cured meats other than cooked pork, ham and bacon.

The Importation of all Animals and other Animal Products Require to be Certified as Free from Disease before Importation.

10. Dieldrin.
11. Aldrin.

12. Kitchen and table salt.

Goods Requiring Export Licenses

- Implements of war, atomic energy materials of strategic value and items of primary strategic significance used in the production of arms and ammunition and other implements of war;
- petroleum products;
- wild animals, wild animal trophies and wild animal products;
- maize, including maize meal.

As regards tariff structure, the Government plans to lower the existing tariff structure to achieve an average rate of 15 per cent (subject to revenue needs) with a maximum rate of 35 per cent for most imports. This is in line with the Uruguay Round commitments. These actions are accompanied by measures to broaden the tax base, including the introduction of a value added tax. The main measure is the consolidation and extension of the surtax to a uniform rate of 20 per cent for all goods and services. So far the standard surtax rate has been reduced to 20 per cent, the base rate for raw materials has been raised from zero to 10 per cent. There is an excise duty on luxury goods, applied equally to imports and domestic goods.

The present duties covers eleven (11) rates ranging from zero to 65 per cent grouped as follows:

- certain cereals, pharmaceuticals, fertilizers and other essential goods	0%
- most raw materials	10%
- semi manufactures	20%
- manufactures	40-45%
- textiles, some processed foods	65%

It is planned that by 1998, the tariff will be reduced to 4 rates, including zero. The maximum rate will gradually be reduced to 25 per cent and the weighted average tariff to 15 per cent.

(i) In case you are a WTO Member or are in the process of acceding, how is your country preparing itself to comply with the WTO Agreements?

Although Malawi, just like other Least-Developed Countries, initialled the WTO Agreement, it didn't actively participate in the various activities and meetings of the organization has, hitherto, been peripheral because mainly of human and financial resource constraints. In this respect, familiarity with WTO framework is very limited. It is therefore necessary for Malawi to request for technical assistance in matters relating to the implementation of WTO Agreements.

At the moment, the country has formed inter-Ministerial/Agency Committee to work on the various Agreements. In order for the work to be fully integrated into the broader economic planning framework there is need for technical assistance. The aim, therefore, would be to ensure that trade policy and economic programmes are mutually reinforcing.

(j) What is the state of familiarity with the WTO framework:

- among government and government-related agencies?
- in the private sector?

(a) Among Government and Government related agencies :

Very few government officials, particularly those working in the Ministry of Commerce and Industry are familiar with the WTO framework. Some have participated in the WTO Trade Policy course, UNCTAD workshop, etc.

(b) Private sector:

The private sector is aware of the existence of the WTO but have limited familiarity with its framework.

(k) What are your technical assistance requirements with regard to your compliance with the WTO Agreements?

It should be appreciated that despite initialling the Marrakesh Agreement establishing the WTO, Malawi did not actively participate in the negotiations. To this extent and in the absence of local advisers, many sections lack the in-depth appreciation to translate the outcome into policy and Malawi has no representation in Geneva. However, three local short seminars have been held in Malawi on the subject. The following is an attempt at areas requiring technical assistance but may not be construed as exhaustive:

- (i) enhance the competitiveness of Malawi exports in International Markets in the WTO trading environment;
- (ii) study of the implementation of the decision on measures concerning the possible negative effects of the reform programme on the Least-Developed countries and Net Food Importing Developing Countries;
- (iii) align national legislation to WTO agreements;
- (iv) training Government officials dealing directly with WTO matters and Customs officials;
- (v) examine external financial assistance required to support the Balance of Payments and for the implementation of specific commitments;
- (vi) establishment of a data bank.

(l) In which specific areas of the WTO Agreements do you have technical assistance needs (e.g. market access, agriculture, rules (anti-dumping, subsidies, import licensing, rules of origin, safeguards etc.), TBT and SPS, Services, TRIPs)?

1. As regards market access, it is necessary to examine the erosion of preferences on the Generalised System of Preferences (GSP) the Lomé Convention as a result of the reduction of MFN rates noting that the European Union is a major export market. It is also necessary to identify new potential markets for export diversification.

2. In respect of Agriculture, the issues of subsidies of agricultural inputs especially to the rural poor should be examined in the context of food security and rural development.
3. Review of trade remedies legislation such as anti-dumping, subsidies import licensing safeguards.
4. Deferring the full implementation of the Agreement on Technical Barriers to Trade would require identifying how to increase the country's capacity in this area. A similar purpose exists in the SPS area with regard to strengthening capacity at the Malawi Bureau of Standards, the University (Research) and the Ministries of Health and Agriculture.
5. In respect of TRIP's, it is necessary to examine how the Registrar General's office and Copyright Society of Malawi would enhance their scope on awareness, enforcement and compliance on the application of areas of interest to Malawi.
6. An examination of investment incentives obtaining in Malawi as they relate to the provision of TRIM's Agreement.

(m) What is your assessment of your existing trade analysis and negotiating capacities, both multilateral and bilateral, in areas already covered by the WTO Agreements and other trade-related areas, e.g. competition policy and trade and environment?

As indicated earlier Malawi did not participate in the negotiations leading to the signing of the Marrakesh Agreement establishing the WTO.

Specific capacities however, exist on matters of VALUATION (Article VII), Import Licensing Procedures, Rules of Origin and the SPS. While acknowledging pockets of isolated negotiating capabilities especially in regional and bilateral areas it is prudent to indicate that Malawi has not developed effective multilateral negotiating capacities. The non-representational aspect at Geneva is further hampered by the absence of "lobbyists" perhaps due to financial limitations of the country. The development of negotiating skills is another important area for seeking technical assistance.

B. OBSTACLES TO TRADE EXPANSION

Obstacles to trade encompassing problems in export markets, infrastructure, human capacities, institutional bottlenecks, trade financing problems and gaps in trade information can inhibit a least-developed country from taking full advantage of trading opportunities.

Supply Constraints, Including Institutional Bottlenecks

(a) What are the main bottlenecks inhibiting the development of sustained export capacity of goods and services (e.g. customs facilitation, freight charges, quality management, elimination of cumbersome legal and administrative procedures, paucity of human skills, access at international prices to imported inputs, or inadequate telecommunication, port and transport facilities etc.)?

- **Land-locked countries may face additional problems, such as having to ship using costly or unreliable transport and ports systems. In case this applies to your country, please indicate such problems. What kind of technical assistance would help you work out these problems?**

1. Land-lockedness

Malawi is a land-lockedness country and such her imports and exports go through costly, uncertain and long routes to and from various ports. This situation has made Malawi's locally produced goods uncompetitive in the domestic and external markets.

2. Heavy Dependence on Agricultural Production for Export

Tobacco, Tea, Coffee and Sugar account for over 80 per cent of Malawi's total foreign exchange earnings. Manufactured products account for about 10 per cent of total export earnings which include processed agro-products. There is, therefore, a limit to continued reliance on agricultural exports if the growth of the economy is to be export-led. The export situation demands that there be a deliberate policy and action programme to diversify not only export products but also export markets.

3. Smallness of the Domestic Market

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.

4. Inappropriate Technology

Industries in Malawi continue to utilize obsolete technologies. The use of such technologies in production, distribution and auxiliary systems has contributed to poor performance and output. Since Malawi's trade in Africa involves export products similar to those from its neighbours, it is important to address the need for technological capacity development to ensure a competitive edge for Malawi's products.

5. Limited Trade and Industry Financing

The cost of and access to both working capital and long term loans is a critical constraint to the growth of Malawi's trade. The non availability of specialized financing facility for exports to which exporters could have access worsens the situation.

6. Inadequate Skilled Manpower

The Management Skills and technical capability of manpower in Malawi is not yet well developed in many areas of operation. The deficiencies which are faced in skills capacity in enterprises arise from the lack of assessment of the needs and capabilities of enterprises. In this respect, there is very little interface between training institutions and the entrepreneurs.

7. Lack of Adequate Network of Trade Representation Abroad

Malawi has official trade representatives only in two locations worldwide namely, Zimbabwe and South Africa. This inadequate representation has crated and adverse impact on trade promotion abroad.

8. Limited Knowledge on Export Opportunities

Inadequate knowledge of the export markets abroad has hindered most of the entrepreneurs to take advantage of the opportunities available.

9. Weak Infrastructure

The weakness in the country's infrastructure include poor transportation services, breakdowns in communication and utility services such as electricity telephones, water, sewerage facilities. 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 Airport.

10. Weak Human and Institutional Capacity of Support Institution

The weak institutional capacity hinder implementation of Government policies and programmes.

11. Investment Inadequacy

Government has recently introduced investment incentives to attract domestic and foreign investment.

Technical Assistance Requirements:

- Strengthening the trade support institutions in terms of capacity building;
- providing information technology to trade support institutions;
- providing export financing;
- support in providing infrastructure such as factory shells.

(b) Are there any institutional bottlenecks, which may impede the efficient conduct of your country's trade policies? Provide details. For example, what are the problems perceived by the different actors, e.g. exporters, producers, service providers (banks, insurance companies, quality control, transporters etc), professional associations and Ministries? Are problems mainly perceived in the area of:

- (i) human resources**
- (ii) management of the institution**
- (iii) financial and material resources**
- (iv) communication**

The Government of Malawi has put in place an enabling environment for trade development and trade related investment through the establishment of various institutions. The impact of the institutional set-up is not felt in the economy by almost all sections as at present. The elements may be due to the following reasons:

(i) human resources

There is an apparent gap in the supply and demand related to managerial and professional skills, especially in the specialized areas of architects chartered accountants, engineers medical doctors, lawyers, planners, scientists.

As trade development and investment execution will largely depend on the quality of the training and skills acquired at management and technical levels, it is obvious that Malawi needs to orient its curriculum development in the appropriate direction.

The loss of critical and trained manpower is a serious deterrent to economic and trade development. Due to the absence of motivation, the country has experienced a spate of serious brain drain which has largely affected productivity. This is further aggravated by the loss of skilled personnel through the scourge of diseases especially the HIV - Aids related death tolls.

(ii) management of the institution

The Institutions involved in investment promotion and trade development are well managed as they have to be accountable and transparent. It is the inadequacy of the supporting managerial and technical skills that poses problems of managing these institutions and their financial resource limitation.

(iii) financial and material resources

Trade and Investment Promotion Institutions are generally subsidized by Government. These resources invalidly fall short of the amount expected for the achievement of goals and the implementation of programmes. Donor assistance has always been sought to supplement the shortfall. There has been inadequacy in material and equipment in such institutions. In this respect, it may be difficult for the institutions to contribute towards the execution of some requirements of the WTO Agreements.

(iv) communication

internal communication is seen to be inadequate for the institutions to reach out to possible beneficiaries of trade and investment opportunities. It is important that the global, regional and internal communication links be synchronised.

(c) What are the main bottlenecks to export diversification?

The following elements may be isolated as impediments to the diversification of Malawi's exports:

- persistent use of established liens with previous trading and economic partners;
- relative scarcity of land as it competes with established export production and food requirements of the population;
- lack of official commitment on the realisation of the export diversification goals and absence of public appreciation of export benefits;
- lack of information on alternative opportunities/markets;

- uncertainty in capital risk decision-making;
- the land-locked position of Malawi *vis-a-vis* access to potential markets;
- inadequate skills and capital related to technological shortfalls;
- absence of the knowledge of existing incentives;
- small internal market in terms of purchasing power;
- inadequate and difficult access to financing;
- administrative obstacles for investors in new areas;
- lack of supporting infrastructure;
- lack of modern technology.

These elements are not exhaustive.

(d) If investment in the production of goods and services is inadequate, what are the main reasons? Please elaborate them (e.g. structural constraints, difficulties in attracting foreign investment, limited enterprise development, financing, lack of appropriate technology, etc)

1. Small and unlucrative domestic market for the investor.
2. Bureaucracy in the facilitation of investor settlement.
3. Absence of skilled manpower.
4. Lack of publicity abroad on investment opportunities.
5. Absence of industrial raw materials, especially in the mineral area or of locally produce/raw materials.
6. Poor infrastructural development
7. Communication inefficiency and problems of utilities.
8. Problems of obtaining financing locally.
9. Complementarity of production patterns in the region and more attractive incentives in the neighbouring markets.
10. Difficulties in the acquisition of land for investment location.
11. Geographically land-locked situation and long distances to import sources and export markets and consequently the high transport costs of moving freights
12. Inadequate export financing and export incentives.
13. Lack of feedback of market information and trade intelligence from export markets due to absence of a network of commercial representation abroad.

14. The technological level of the country does not offer scope for certain industries or other export production.
15. Inadequate utilities, especially electricity, telecommunication and water supply.

(e) Is there a national policy to encourage export-related investment opportunities? Please elaborate. What arrangements are in place for reviewing, drafting and negotiating contractual arrangements with foreign investors?

The Malawi Government encourages the private sector to play the lead role in the economy-through the facilitation of private investment. Specific measures to deregulate the private sector and increase the investment opportunities have been enacted including the elimination of price controls, termination of import restrictions and the removal of the need for import licences. Steps to address the external transport situation are on-going, and investor confidence is enhanced by the peaceful democratised environment.

The Malawi Government enacted the Investment Promotion Act which *inter alia* necessitated the establishment of the Malawi Investment Promotion Agency (MIPA). The Agency provides investment information. It also identifies joint venture partners (where required) and makes introductions to the financial community, and to the providers of professional services and business services. MIPA also facilitates, all aspects of the investment process with Government Agencies.

Malawi encourages small-scale and medium-scale enterprises through entrepreneurship training and technical and financial assistance.

To encourage export-oriented investment, Malawi offers competitive incentives. These include:

- export taxes allowances based on export sales of non-traditional products i.e. (products other than tobacco, tea, sugar and coffee);
- rebates on import duties, surtaxes and taxes on most inputs used in the production of export products;
- the Government of Malawi has taken a number of positive steps to improve the investment climate. Investment application screening was removed, with business incorporation and registration process combined into a single step, and a number of investment projects which must obtain an investment licence were reduced to a short negative list. Additional improvements include the introduction of the Export Processing Zone regime which is meant to encourage export oriented investments in the country, the liberalisation of import requirements, the introduction of financial reforms, the floatation of the Malawi Kwacha and a further liberalisation of the current account;
- In its continued efforts to create a conducive investment climate, the Government under the 1997 budget introduced new fiscal incentives aimed at boosting investments in the country. The Government has removed the import duty on imported raw materials in the manufacturing sector to assist Malawian manufactured products compete well with the imported finished products, it has also introduced a tax holiday with an option of paying a reduced corporate tax for investors with a substantial investments, reduced the maximum tariff rate from 40 per cent to 35 per cent and removed corporate tax for firms with an Export Processing Zones status. The Government continues to operate a system of free and open markets, and will continue to reduce government control over the private sector, simplifying

administrative procedures and improving the climate for direct foreign investment. The adherence of the Government to transparency and good governance enhance investor confidence in Malawi as an investment location.

(f) What are the main obstacles to the transfer, development and acquisition of technology? Is there any national policy/strategy in this area? Please elaborate.

- Limited financing to acquire new technologies and adapt them to the Malawi situation;
- lack of trained manpower in the technology development field;
- limited market for the technologies developed;
- paucity of research facilities like laboratories;
- inadequacy of national, regional and international linkages;
- high staff turn-over.

The institutions involved in the transfer, development and acquisition of technology are the Malawi Industrial Research and Technical Development Centre, Appropriate Technology and Training in Income Generating Activities and Malawi Entrepreneurship Development Institute, some Non-Governmental Organizations are also involved.

(g) What are your technical assistance or other assistance needs with respect to supply constraints.

The following aspects relate to some areas of a federal nature regarding technical assistance needs arising from the supply constraints noted above:

1. The Institutions involved in transfer, development and acquisition of technology may require to:
 - increase capacity to develop and disseminate applied technology;
 - strengthen the technology marketing capacity;
 - develop biogas technology;
 - build appropriate offices, laboratories and workshops as a physical infrastructural programme with a view to extending to regional centres;
 - strengthen liaison with the Malawi Investment Promotion Agency (MIPA) and the Malawi Bureau of Standards (MBS);
 - increase industrial research and industrial auditing activities;
 - institute a "Fund" for technology development with the private sector in conjunction with the Malawi Chamber of Commerce and Industry;
 - establish an industrial design unit;
 - increase awareness of technological development in relevant institutions;
 - improve industry energy management;
 - develop small-scale irrigation technology;
 - improve technology assessment and transfer management;
 - strengthen energy data survey methods;
 - hold conferences, seminars and workshops;
 - invest in human resource development;
 - establish linkages between technology development centres and property rights and trade-related aspects of investment measures.

These needs for assistance are not exhaustive as matters of technology are evolving every time.

2. It is necessary that the Ministry of Commerce and Industry, the chamber of Commerce and Industry and the Malawi Export Promotion Council should establish trade information and trade documentation centres in all regions. The ITC and UNCTAD would assist in this direction. The Malawi Investment Promotion Agency should extend its functions to other regions for the facilitation of project identification.
3. At the regional and district level, there should be links with the centres, possibly through electronic communication facilities.
4. The Consumer Association of Malawi needs to publish information on prices, quality and guarantee on local products. It is necessary to have an international links on indicative prices of imported raw materials for industry and information on sources.
5. The Malawi Export Promotion Council, the Malawi Chamber of Commerce and Industry, the Small Enterprise Development/Malawi (SEDOM) Exporters Association of Malawi and Development of Malawian Entrepreneurs Trust (DEMAT), among other SME - support organisations, jointly require assistance in strengthening the organisation of export groups or cooperatives.
6. Assistance is required in the formulation of a comprehensive export diversification scheme taking due account of the trade opportunities arising from the Uruguay Round. This should encompass identification of new markets.
7. There is need for awareness on the impact of intellectual property rights within Government and to the general public. The Offices of the Registrar General and Copy Right Society of Malawi should be financed to hold seminars with the assistance of the World Intellectual Property Organization.
8. The Malawi Bureau of Standards requires technical and financial assistance in the establishment of an Enquiry Point. The required assistance will, among other areas cover requirements relative to the WTO Agreements on Sanitary and Phytosanitary measures (SPS) and on Technical Barriers to Trade (TBT's).
9. The Malawi Investment Promotion Agency (MIPA) requires an in-depth training on the impact of the Trade Related Investment Measures of the Uruguay, especially in relation to restrictive business practices, the proposed competition policy technology transfer requirements and local equity requirements.
10. The Malawi Investment Promotion Agency, Ministry of Commerce and Industry and the Chamber of Commerce and Industry require training alongside the local textile private businesses in appreciating the operation of the new rules applicable to the trade in textiles.
11. The Ministry of Agriculture and Livestock Development, the Ministry of Commerce an industry and the Malawi Export Promotion Council require orientation to appreciate the improvements in market access to the trade in agricultural products and how Malawi can sustain its preferential margins on its current export products. The possible impact of the implementation of the Uruguay Round on some products and of the potential demand in liberalized markets is vital so that exporters can take advantage of new opportunities and meet conditions of competition.

12. A study in new export opportunities under the General Agreement on Trade in Services would assist policy formulation especially in the expansion of South-South trade in services.
13. Under the general trade and industry policy review, the involved Government officials and the private sector should get sectoral exposure on the elements of the Uruguay Round as they relate to their activities.

The said technical needs are subject to review and may vary timely.

Trade Promotion and Trade Support Services

Trade promotion comprises an integrated set of technical and financial services to enhance the global competitiveness of enterprises and thus facilitate their entry and increasing participation in international trade.

(h) Do your enterprises, especially small and medium enterprises, experience difficulties in expanding their exports? What are these problems in the major export sectors?

Due to various economic factors, notably unemployment levels, Government has an interest in the development of small and medium enterprises (SME's) in all sectors of the economy. As a policy tenet, the Government created the Small Enterprise Development Organisation (SEDOM), the Development of Malawian Entrepreneurs Trust (DEMAT), the Malawi Entrepreneurs Development Institute (MEDI), a sector with associates like National Association of Small and Medium Entrepreneurs (NASME) among others to address the issue of entry into business undertakings by the informal sector. Nevertheless, these actions have faced a lot of problems in establishing themselves, notably in the export trade due to a variety of reasons. Some of the commonly cited ones being as follows:

- they do not have access to adequate capital financing to organise their businesses and go into lucrative export trade;
- generally and as they have limited access to trade information, most of them have limited access to trade information, most of their export efforts have been frustrated;
- the organisation of export groups is not well coordinated. Exporters prefer to act in their individual interests as corporate mentality remains rudimentary;
- there is lack of knowledge of export procedures for many small enterprises;
- there is limited scope for appreciating the intricacies of export marketing as skills are generally lacking;
- there is inadequate or poor business management competence;
- there are inadequate export outreach programmes due to centralised services by the export support institutions.
- there is limited application of new technology by the SME's as there are no facilities for developing new products or for experimenting with new production techniques;
- very constrained management spectrum as many of them act individually;
- low propensity to undergo training;

- inability to produce en masse.

The inability of small scale support institutions to give technical and financial assistance to SME sector.

(i) What are the problems for your enterprises in obtaining reliable and up-to-date information on export/import business opportunities?

- Centralized location of the export promotion organizations;
- No public awareness on where and how to obtain trade information as the national trade promotion and trade supporting services are not well published due to resource constraints.

(j) Can your enterprises offer products of internationally acceptable design, quality and packaging to foreign buyers? If not, what are the problems?

As regards design, quality and packaging for exports most of the manufacturers are able to meet internationally accepted international standards. The Malawi Bureau of Standards and the Malawi Export Promotion Council offer training in areas of standardisation and quality control. However, much is needed to be done to increase the quality of the local products.

(k) What problems, other than in terms of trade policy, do you anticipate in developing the export of services (e.g. computer software, tourism)?

The problem in Computer Software include lack of computers both hardware and software and lack of computer knowledge.

The problem with tourism is the marketing strategy, limited facilities like hotels and insecurity to tourists.

(l) What are the technical/professional problems encountered by trade support institutions (e.g. trade promotion council, chamber of commerce, exporters association, etc) in your country in providing their services to export/import enterprises?

The trade support institutions do face serious limitations of resources to effectively carry out their work programmes.

- The Malawi Export Promotion Council is subvented organisation while the Chamber of Commerce and Industry like the Exporters' Association depend on membership contributions;
- the limitations of qualified human resources to service the sector is a serious problem;
- furthermore, the absence of equipment hampers areas like data-base creation, mobility, networking and do deter the realisation of set - goals.

(m) What problems and deficiencies are experienced by enterprises in their international purchasing and inventory management?

- Due to the land-locked situation, goods ordered experience considerable delays;
- Government procurement, especially for national projects keeps business away from the private sector enterprises;

- movement of goods affects quality upon landing;
- there is the risk of pilferage at ports;
- since sources of supply are far there is no effective machinery for dispute settlements in case of breach of contract;
- apart from deciding where to buy, there is the aspect of which particular supplier(s) to buy from in terms of reliability and competitiveness;
- lack of adequate technical back-up on machinery bought;
- delayed delivery causes rescheduling of activities;
- there are problems of planning how much one has to buy in order to reduce the cost of holding goods and raw materials as against the available finances;
- there are problems in determining lead times relative to transit and transshipment;
- difficulties of warehousing, storage and stock control and distribution of imported products;
- there is inadequate ability to negotiate contracts and to administer them.

(n) What are the present availability and arrangements for trade finance facilities (e.g. export credit guarantees, etc)? Are there any perceived deficiencies in this area?

The most notable instrument of export financing is that offered by the PTA Bank. There are lines of credit from the World Bank and other donors which are for on lending to the SME sector. The Malawi Leasing and Finance Company offers a range of financial instruments for both exports and imports. The Investment Development Bank addresses productive credit areas. The commercial banks offer export credit also. However, in most circumstances, the SME operators may not be able to meet the conditions of accessing such financing. Attempts to introduce arrangements for pre - and post- shipment financing an export credit guarantee and venture - capital have not been materialised.

(o) What are the main problems in the way of improving export/import management skills of your business enterprises? Do you have training programmes in the country? What are the deficiencies?

The trade support institutions do run specific training events for business managers. In this respect, the Malawi Export Promotion Council concentrates on aspects related to export development. The import management and techniques area was with the Ministry of Commerce and Industry under the assistance of the ITC. This project has since been discontinued due to financial limitations. The Malawi institute of Management also holds courses for management in various areas and includes aspects on business skills. The Malawi Entrepreneurs Development Institute offers practical business locations. The Polytechnic of the University of Malawi offers business courses on both full and part-time bases.

The deficiencies indicate that no assessment has been done of needs and capacities of enterprises. There is no systematic programme for the training of trainers to strengthen the training capacity of local institutions. It would appear that training institutions do not interact adequately with the business communities. There is no systematic evaluation of the impact of SME training programmes. Therefore there are no set priorities accorded to different training needs.

(p) Does your trade representation service actively promote your trade? What are the weaknesses?

Malawi has trade representation in South Africa (Johannesburg) and in Zimbabwe (Harare).

These two have not had the desired impact due to various reasons including operational budget constraints.

(q) Briefly describe your technical assistance needs in the area of trade promotion and support services.

1. There is need for orienting commercial representatives.
2. Attachments of commercial representatives to selected and targeted countries.
3. An evaluation of main organisations dealing with trade promotion and those charged with providing export services.
4. The establishment of trade information cell offices in the main industrial and trading centres.
5. Examine the design, quality and packaging practices especially in selected products of export products of export potential.
6. It is imperative to hold seminars for officials handling policy on trade in services.
7. A hand book on international procurement procedures and a guide on import techniques.
8. A guide on Inventory Management Practices.
9. Formulation of appropriate export financing schemes.
10. Educational study tours for selected entrepreneurs with export potentiality.
11. Need to strengthen SME management capabilities in export marketing.
12. Assistance in resources/or export expansion.

Market Access

(r) What are your main market access problems?

Malawi has not fully utilised international market opportunities due to market access problems. These market access problems include tariff and non tariff barriers. The following being the major ones:

(i) High Tariff Rates

Tariff rates have in some instances been too high for Malawi products to be competitive. This situation is common with countries where there are no multilateral or bilateral trade arrangements.

(ii) High Quality Standards

Most importing countries particularly in the overseas demand quality standards which are not easily attainable by Malawi exporters due to inadequate technical skills and inappropriate technology.

(iii) Sanitary and Phyto-sanitary Requirements

Sanitary and phyto-sanitary requirements on agricultural export products tend to limit Malawi's access to international markets. The requirements stipulated by the importer have in some cases not been attainable due to the present agricultural production environment.

(iv) Poor Access to Market Information

Exporters are not easily accessible to market information due to poor information infrastructure. Such means of access to market information as internet are fairly new in Malawi.

(v) Inadequate Promotional Programmes

Malawi has not been able to carry out adequate market development programmes due to inadequate funding. Access to such markets has therefore been difficult.

Land-lockedness of the country - Malawi being a landlocked country incurs high transport costs which result into uncompetitive pricing of her exports.

(s) What specific problems or barriers, and in which countries, are most troublesome for your exporters?

There is no study yet done to tabulate in a systematically predictable manner of the specific problems or barriers in specified countries.

(t) Regional and sub-regional trading arrangements (RTAs): please list RTAs to which your country belongs. Are you satisfied with the performance with these RTAs? Please state the problems of each. Do you have suggestions on how to solve these?

Malawi is a signatory to the Treaty for the Establishment of the Common Market for Eastern and Southern African States (COMESA) and a member of the Southern African Development Community (SADC).

There are infrastructural weaknesses among the members of the RTA's and sectoral inefficiencies which do not auger well for the growth of competitive export industries. The solution is that there should be close coordination of trade policy objectives pegged at realistic economic reform programmes.

(u) Are there any problems in utilizing the existing market access preferences, such as GSP, GSTP? Please state the nature of problems relating to each of these.

The utilization of the GSP and the GSTP faces some problem like:

- the complex rules and documentation involved;
- lack of knowledge by exporters;

- demand for the products listed;
- inability of beneficiaries to produce;
- the erosion of benefits of preferences;
- incomplete product coverage;
- different rules of origin;
- duration of schemes may not allow investment.

(v) What are your technical assistance needs with respect to market access?

- Identification of trends in the international demand for products of export interest to Malawi;
- Calculate investment risk in given products;
- identify the extent of external market penetration to be achieved in selected markets and products;
- assess potential of regional market and propose ways of enhancing competitiveness and exports;
- suggest modalities for reducing per unit transport costs;
- review product development for specific export market opportunities;
- strengthen market information at the disseminating point (focal point) like the Malawi Export Promotion Council (MEPC);
- improve MEPC staffing qualitatively and quantitatively through training programmes;
- evaluate impact of GSP and GSTP schemes.

C. TECHNICAL ASSISTANCE

Technical assistance is normally provided to developing and least-developed countries to build or enhance their human resources and institutional capacities, provide trade information and trade-related legal support, as well as improve their supply capabilities in order to make them more active players in the field of multilateral trade.

(a) To the extent this kind of information is easily available, could you please briefly describe what trade-related assistance you have received over the past five years from bilateral and multilateral sources and what projects/programmes are presently under consideration in this area?

See attached Table III.

(b) Please summarize your technical assistance needs as well as other needs as reflected in this check-list. Please rank them in terms of priority.

Malawi like other developing and least-developed countries requires considerable amount of technical assistance in order to respond to the policy ramifications and implications of the Uruguay Round Agreements and in order to increase its participation in international trade. In order of the need to coordinate the programmes of technical assistance the Ministry of Commerce and Industry is the focal point. As the multilateral trade process is evolving, it is of necessity that the activities in Geneva be closely monitored during this post Uruguay period.

In setting out the priorities for technical assistance needs one must take into account the limitations of some structural elements like macro-economic imbalances, lack of human and physical capital, poor infrastructure, inadequate regulatory regimes, poor institutional management and the strength of the public administration. Therefore, the priorities set may be considered as guidelines since sectoral development issues are, to a large extent, complimentary.

The technical assistance should seek to support the balance of payment and the implementation of specific commitments in accordance with a timetable to be established in the following manner:

1. Agriculture

- To examine the Malawi agricultural policy in terms of rural development, promotion, investment subsidies, and input subsidies and diversification in terms of the Agreement as it relates to domestic support measures of poor developing nations in the context of Bretton Woods Institutions;
- determine the support for adjustment problems arising from reforms that improve agricultural productivity and supply in terms of least-developed and net food-importing from Malawi;
- calculate welfare gains and losses for Malawi's current and potential exports;
- determine immediate technical and financial needs for the improvement of agricultural productivity and infrastructure;
- study the competitiveness of agricultural exports of interest to Malawi in the post Uruguay Round in order to endure that there are no losses in export earnings;
- study the implementation of the Decision on measures Concerning the Possible Negative Effects of the Reform Programme on the Least-Developed Countries and Net-Food-Importing Countries as it relates to Malawi.

2. Market Access

- Identify export market tariff positions of products of export interest to Malawi;
- identify new potential markets post Uruguay Round;
- examine the "erosion" of preferences on the Generalised System of Preference (GSP), the GSTP and the Lome Convention as a result of the reduction of the MFN rates.

3. Human Resources

Malawi will need considerable financial and technical assistance to improve human resources and institutional capacity to administer the most specialized aspects of the Uruguay Round obligations. In this respect, it is important to isolate the sectors as provided in the check-list and to formulate sectoral requirements.

4. Trade in Services

Technical and financial assistance to support the development of the key services sectors (the training of personnel is a priority requirement in most sectors). There is need to raise public awareness on the implications of the acceptance of the GATS and the strengthening of analytical and policy-making capacity in both the public and private sectors.

5. Textiles and Clothing

To study the impact of the Agreement in respect of the Malawi industry on textiles and clothing.

6. Supply Improvement

- Need to review Government regulations, legislation and policies;
- Assist smaller firms in assessing their own International Competitiveness.

7. Information Technology

Strengthen the Trade Information Services in the institutions dealing with trade-related activities

(c) In the light of the information you have been able to provide so far in response to the questions in this check-list, what types of information are, in your view, still missing or could be improved upon? In order to assist you in providing this missing information, would you need technical assistance?

In regard to the check-list, it is true that the information provided may not be exhaustive. It is therefore imperative to mount a comprehensive country-wide consultation so as to fill in the missing gaps. This would require technical assistance.

(d) Does your country have the technological capacity and human resources to make use of the new information/ communication technology tools such as CD-Rom, the Internet etc.? What assistance would you need to enable your country to use these tools in the context of training and, more generally, in the context of trade development?

Computer technology is available in Malawi and some institutions can use tools such as CD-ROM, Internet, etc. In the context of training, the Malawi Export Promotion Council would require exposure to the new information technologies. This should extend to the Chamber of Commerce and Industry. The Ministry of Commerce and Industry who are the focal point for the administration and monitoring of the Uruguay Round aspects and for policy on trade development would require strengthening and capacity building in the use of new technologies.

Table III

AGENCY	PROJECT NAME	DATE	DESCRIPTION
ITC	Uruguay Round Follow-up Programme	June 1996 - October 1996	Malawi Export Promotion Council (MEPC). Held Workshop "Product and packaging implications of TBT/SPS" and "Business Guide" seminar to review the practical consequences of the Uruguay Round agreements from a business perspective and present and discuss specific aspects of the new world trading system. Specific training materials were developed for the event.
ITC	Advisory Services on Quality Management for Export	October 1997 - December 1998	Planned advisory and training missions to Government and business bodies on the quality aspects of export development.
ITC	Special programme for safe and environmentally acceptable export packaging	1996 - 1997	Assist exporters to adapt to regulatory initiatives affecting packaging in target markets. Assisted pilot eco-packaging activities by participation in environment committee meetings and training events and prepared eco-packaging documents.
UNCTAD	Economic Development and regional Dynamic in Africa: Lessons from the East Asian Experience	Ongoing in 1997	The project aims at identifying (1) development strategies to promote particularly resource-based and labour-intensive manufacturing production and exports in Africa and (2) strategies to stimulate regional growth dynamics based on South-South co-operation through coordinated policies and closer trade and investment relations. The project focuses on southern Africa and covers all LDCs members of SADC. Case study undertaken in Malawi.
UNCTAD	International Investment Arrangements	Ongoing in 1997	The Project aims at familiarizing African Government officials, through Symposium and seminars, with existing investment arrangements, especially as regards the lessons that can be drawn from a development perspective, and contribute to a better understanding and consensus-building in this area. Malawi participated in the Regional Symposium held in Fes, Morocco (19-20 June 1997) the development Dimension of International Investment Arrangements
UNCTAD	Asia-Africa Technical and Economic Cooperation in Commodity Trade and Investment	Ongoing in 1997	The project aims at promoting trade and investment between Asia and Africa. Malawi participated in a Study Tour in Jakarta (Nov -Dec 1996)
UNCTAD	Competition Law and Policy	Ongoing in 1997	This project aims at assisting Malawi and other developing countries in reviewing and formulating competition policies and legislations, at contributing to the building of national institutional capacity in this area and at providing Government officials and private entrepreneurs with a better understanding of competition laws and policies.

AGENCY	PROJECT NAME	DATE	DESCRIPTION
UNCTAD	Impact of the Uruguay Round	Ongoing in 1997	The project aims, through preparation of a country study, at assessing the impact of the Uruguay Round on Malawi in order to determine appropriate policy responses for adjusting to the post Uruguay Round environment
UNDP (UNOPS)	African Trade Promotion Corporation	1997	This programme aims to establish the African Trade Promotion Corporation. It will enhance the national private sector capacities to export African product products and services to the United States and to attract Foreign Direct Investment to the African Continent.
UNDP (UNOPS)	UNDP/RBA Private Sector Guide Creating the Action Agenda and Establishing the African Business Executives Programme	1997-1999	This programme will establish the African Business Executives Programmes (ABEX) under the auspices of the African Business Round table (ABR) and the West African Enterprise Network (WAEN) which will provide advisory and training services on private sector development programme on an ad hoc and short term basis
UNDP (UNOPS)	Private Sector Collaboration in Southern Africa	1997-1999	The main purpose of this initiative is to launch a complementary bridging mechanism under the aegis of UNDP, the private sector and the government of South Africa, to link the impressive reservoir of institutions and talents in South Africa to support private sector development in the region. The preparatory assistance project will 1) develop with South African partners the institutional arrangement of the initiative 2) present and connect countries of the region to the initiative and 3) mobilise resources from donors, governments and the private sector to launch and establish the initiative.
WTO (WIPO)	Regional Symposium on the economic importance of Intellectual Property and on enforcement of rights under the TRIPS Agreement	05-07/03/1997	In this symposium, organized by WIPO in Tanzania, participated several African English-speaking countries.
WTO (WCO)	WCO African Regional Seminar on the Harmonized System	28/04-02/05/1997	This Seminar took place in Ghana.
WTO	Regional Seminar on GATS Negotiations in progress for English-speaking African countries	08-09/09/1997	The Seminar took place in South Africa.

AGENCY	PROJECT NAME	DATE	DESCRIPTION
ITC, UNCTAD, UNDP (UNOPS/WIPO)	Capacity Building for Trade and Development	1997-2000	The regional programme intends : 1) to strengthen human resources in Government, the private sector and NGOs knowledgeable in the rules of doing business in regional and global markets; (2) to strengthen the capacity of African governments to formulate strong trade policies in cooperation with the private sector and civil society; and (3) to strengthen enabling institutions designed to support African entrepreneurs and enterprises in their effort to penetrate foreign markets.
ITC, UNDP	COMESA Trade Development and Promotion Programme	1995-1997	Malawi Export Promotion Council and Malawi Chamber of Commerce and Industry participate in COMESA Trade Information Network (TINET). Participation in COMESA buyers-sellers meetings on clothing and textiles, wood products, cleansing products, iron and steel of selected enterprises. Held a Workshop on "Doing business in COMESA". Product and market development assistance activities for fishing nets.
ITC, UNDP (UNIDO)	Development of Industrial, Trade and Export Strategy	1996	Malawi Export Promotion Council and Ministry of Trade and Industry. To formulate an industrial, trade and export strategy for Malawi. Preparation of trade and export strategy on the basis of studies undertaken by a multi-disciplinary team. Held national symposium on the proposed strategy to obtain inputs from a wide range of trade development partners.

**INTEGRATED RESPONSES BY THE IMF, ITC, UNCTAD, UNDP
WORLD BANK AND WTO**

MALAWI

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question A(k):</p> <p><u>Technical assistance requirements as regards compliance with WTO Agreements¹</u></p>		
<p>1. Enhance the competitiveness of Malawi exports in international markets in the WTO trading environment.</p>	UNCTAD	<p>A mission should be envisaged to prepare a technical assistance programme that could be proposed to potential donors. The main theme would be export diversification, including the development of a comprehensive export diversification programme for Malawi (diversification policies; measures to strengthen competitiveness and supply capacities including trading investments; market access, potential new export products and markets under GSP, Lomé and SADC; service sector development; etc.)</p>

¹ The needs assessment indicated that the list of technical assistance requirements with respect to compliance with the WTO agreements is not exhaustive.

Technical assistance needs identified in the questionnaire	Organization	Response
Question A(k) (cont'd):	World Bank	<p>These issues are being pursued in the context of the adjustment program currently under preparation (Fiscal Restructuring and Deregulation Program II) and through dialogue with Reserve Bank, Ministry of Finance and Customs and Excise Department officials, concerning trade policy, exchange rate competitiveness, and tariff levels.</p> <p>This assistance could also help removing existing tax anomalies, including negative protection, that hurt the private sector by imposing higher taxes on inputs than on final goods. It is expected that tariffs on raw materials, capital goods and intermediates will be reduced from 10% to 5%. This will enhance Malawi's export competitiveness.</p>
2. A study of the implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed Countries and Net Food-Importing Developing Countries.		
3. Align national legislation to WTO agreements.	WTO	Assistance in implementation of WTO Agreements will provided to Malawi.
4. Training Government officials dealing directly with WTO matters and training customs officials.	WTO	<p>-A national seminar will be held at the end of June 1998.</p> <p>-An official from Malawi attended this year's three-week trade policy seminar. Another course will be held in 1999 to which officials from Malawi will be invited.</p> <p>-Participants from Malawi will also be invited to regional seminars for English-speaking least developed countries.</p>
	UNDP/ UNCTAD/ (WIPO)	Under the regional programme RAF/96/001 a regional workshop will be organized in the region to train government officials and private sector representatives and NGOs in policy and rule-making under the WTO.

Technical assistance needs identified in the questionnaire	Organization	Response
<p>Question A(k) (cont'd):</p> <p>5. Examine external financial assistance required to support the balance of payments and for the implementation of specific commitments.</p>	IMF/ World Bank	<p>Both the International Monetary Fund and the World Bank will continue to assess the external financial requirements and other problems linked to balance of payments as part of their regular macro-economic country reviews.</p> <p>The world Bank financial assistance has been channelled through successive adjustment programs and will continue through a new Fiscal Restructuring and Deregulation Program.</p>
6. Establishment of a data bank.	World Bank	<p>In establishing a data bank the government can benefit from the work carried out by the World Bank to assist the Malawi National Statistics Office (NSO) to upgrade and rebase the system of national accounts. The government may also utilize the skills developed by a seminar in Malawi to inform government officials and the public about the improvements in the system of national accounts.</p>
	IMF/ UNDP	<p>For fiscal year 1999 a long-term advisor in national accounts is planned (to be financed by UNDP) which would include trade statistics.</p>

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question A(l):</p> <p><u>Technical assistance needs as regards specific WTO Agreements</u></p>		
<p>1. As regards <u>market access</u>, it is necessary to examine the erosion of preferences on the Generalised System of Preferences (GSP) and the Lomé Convention as a result of the reduction of MFN rates, noting that the European Union is a major export market. It is also necessary to identify new potential markets for export diversification.</p>	ITC	See following ITC entries under B(g) and B(q).
	UNCTAD	An advisory mission is planned in 1998 on export possibilities within the Lomé Convention and sub-regional preference schemes.
<p>2. In respect of <u>agriculture</u>, the issues of subsidies of agricultural inputs especially to the rural poor should be examined in the context of food security and rural development.</p>	UNCTAD	See A(k)1.
	World Bank	The issue of subsidized agricultural inputs in needy areas is being examined by the World Bank's agricultural staff.
	WTO	See A(k).
<p>3. Review of trade remedies legislation such as anti-dumping, subsidies, import licensing and safeguards.</p>	WTO	See A(k).
<p>4. Deferring the full implementation of the Agreement on <u>Technical Barriers to Trade</u> would require identifying how to increase the country's capacity in this area. A similar purpose exists in the <u>SPS</u> area with regard to strengthening capacity at the Malawi Bureau of Standards, the University (research) and the Ministries of Health and Agriculture.</p>	WTO	See A(k).

Technical assistance needs identified in the questionnaire	Organization	Response
Question A(l) (cont'd): 5. In respect of <u>TRIPS</u> , it is necessary to examine how the Registrar General's Office and the Copyright Society of Malawi would enhance their scope of awareness, enforcement and compliance on the application of areas of interest to Malawi.	WTO	Assistance will be provided for the implementation as appropriate in the framework of the Agreement WIPO and WTO on Cooperation.
6. An examination of investment incentives in Malawi as they relate to the provisions of the TRIMs Agreement.	WTO	See A(k).

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question A(m):</p> <p><u>Assessment of the existing trade analysis and negotiating capacities</u></p>		
<p>As earlier indicated in Malawi's needs assessment, Malawi did not participate in the negotiations leading to the signing of the Marrakesh Agreement establishing the WTO. Specific capacities however, exist on matters of Evaluation (Article VII), Import Licensing Procedures, Rules of Origin and the SPS Agreement. While acknowledging pockets of isolated negotiating capabilities especially in regional and bilateral areas it is prudent to indicate that Malawi has not developed effective multilateral negotiating capacities. The non-representational aspect at Geneva is further hampered by the absence of "lobbyists" perhaps due to the financial limitations of the country. The development of negotiating skills is another important area for seeking technical assistance.</p>	<p>UNCTAD</p>	<p>Assistance in developing negotiating skills could be arranged within the context of regional training seminars etc.</p>
	<p>UNDP/ <i>(African Economic Research Consortium, or AERC)</i></p>	<p>Based on a synthesis of sectoral studies, UNDP in 1998 and 1999 will organize, in cooperation with UNCTAD, sub-regional seminars and brainstorming workshops to assist government officials in preparing negotiating positions for future WTO negotiations.</p>
	<p>WTO</p>	<p>Short trade policy courses for Least Developed countries contain a module for enhancing multilateral negotiating skills.</p>

Technical assistance needs identified in the questionnaire	Organization	Response
Question A(m) (cont'd):	ITC/ UNCTAD/ UNDP	In the period 1997-2000 Malawi will benefit from the Capacity Building Programme for Trade and Development in Africa (RAF/96/001) aimed at strengthening through specific training activities and technical advisory services the capacity of Institutions in charge of formulating trade policies and studies and to enhance the government capacity for programme policy analysis, trade negotiations and formulation. This will include a workshop in international commercial diplomacy for trainers in English-speaking countries in 1998.

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question B(g):</p> <p><u>Technical assistance needs as regards supply constraints</u></p>		
<p>1. The Institutions involved in transfer, development and acquisition of technology may require to:</p> <p>- Increase capacity to develop and disseminate applied technology</p>		
<p>- Strengthen the technology marketing capacity</p>		
<p>- Develop biogas technology</p>		
<p>- Build appropriate offices, laboratories and workshops as a physical infrastructural programme with a view to extending to regional centres</p>		
<p>- Strengthen liaison with the Malawi Investment Promotion Agency (MIPA) and the Malawi Bureau of Standards (MBS)</p>		
<p>- Increase industrial research and industrial auditing activities</p>		
<p>- Institute a "Fund" for technology development with the private sector in conjunction with the Malawi Chamber of Commerce and Industry</p>		
<p>- Establish an industrial design unit</p>		
<p>- Increase awareness of technological development in relevant institutions</p>		
<p>-Improve industry energy management</p>		
<p>- Develop small-scale irrigation technology</p>		
<p>- Improve technology assessment and transfer management</p>		

Technical assistance needs identified in the questionnaire	Organization	Response
Question B(g) (cont'd):		
- Strengthen energy data survey methods		
- Hold conferences, seminars and workshops		
- Invest in human resource development	ITC	See A(m). In addition Malawi may be included in 1999 among those countries benefiting from the Global Competitiveness and Trade Tutor Building Programme, in the field of Human Resource Development for trade expansion.*
- Establish linkages between technology development centres and property rights and trade-related aspects of investment measures		
2. It is necessary that the Ministry of Commerce and Industry, the Chamber of Commerce and Industry and the Malawi Export Promotion Council should establish trade information and trade documentation centres in all regions. The ITC and UNCTAD would assist in this direction. The Malawi Investment Promotion Agency should extend its functions to other regions for the facilitation of project identification.	UNCTAD/ ITC	The Malawi Export Promotion Council and the Malawi Chamber of Commerce and Industry participate in the COMESA Trade Information Network (TINET). Information on current world market prices and trends of horticultural produces will be provided under the ITC Market News Service. The Trade Point Programme via the Global Trade Point (GTP)-Network is establishing trade-information data bases and provides training in electronic interconnectivity. A feasibility study on Malawi's participation in the GTP-net will be conducted.* TRAINS CD-Rom will continue to be provided.
3. At the regional and district level, there should be links with the centres, possibly through electronic communication facilities.		

*Funds are requested.

Technical assistance needs identified in the questionnaire	Organization	Response
<p>Question B(g) (cont'd):</p> <p>4. The Consumer Association of Malawi needs to publish information on prices, quality and guarantee on local products. It is necessary to have an international link to indicative prices of imported raw materials for industry and information on sources.</p>		
<p>5. The Malawi Export Promotion Council, the Malawi Chamber of Commerce and Industry, the Small Enterprise Development/Malawi (SEDOM) Exporters Association of Malawi and Development of Malawian Entrepreneurs Trust (DEMAT), among other SME - support organisations, jointly require assistance in strengthening the organisation of export groups or cooperatives.</p>		
<p>6. Assistance is required in the formulation of a comprehensive export diversification scheme taking due account of the trade opportunities arising from the Uruguay Round. This should encompass identification of new markets.</p>	ITC	ITC will hold consultations with the Government on the possibility of undertaking any further work for an existing trade and export development strategy and its implementation.*
	UNCTAD	See A(k)1.
<p>7. There is need for awareness on the impact of intellectual property rights within Government and to the general public. The Offices of the Registrar General and Copy Right Society of Malawi should be financed to hold seminars with the assistance of the World Intellectual Property Organization.</p>	WTO	See A(l).

*Funds are requested.

Technical assistance needs identified in the questionnaire	Organization	Response
<p>Question B(g) (cont'd):</p> <p>8. The Malawi Bureau of Standards requires technical and financial assistance in the establishment of an Enquiry Point. The required assistance will, among other areas cover requirements relative to the WTO Agreements on Sanitary and Phytosanitary measures (SPS) and on Technical Barriers to Trade (TBT).</p>	WTO	See A(l).
<p>9. The Malawi Investment Promotion Agency (MIPA) requires in-depth training on the impact of the rules on Trade-Related Investment Measures of the Uruguay Round, especially in relation to restrictive business practices, the proposed competition policy technology transfer requirements and local equity requirements.</p>	WTO	See A(l).
<p>10. The Malawi Investment Promotion Agency, Ministry of Commerce and Industry and the Chamber of Commerce and Industry require training alongside the local textile private businesses in appreciating the operation of the new rules applicable to the trade in textiles.</p>		
<p>11. The Ministry of Agriculture and Livestock Development, the Ministry of Commerce and Industry and the Malawi Export Promotion council require orientation to appreciate the improvements in market access to the trade in agricultural products and how Malawi can sustain its preferential margins on its current export products. The possible impact of the implementation of the Uruguay Round Agreements on some products and of the potential demand in liberalized markets is vital so that exporters can take advantage of new opportunities and meet conditions of competition.</p>	ITC	ITC will assist in the period 1998-1999 under the ongoing project "Survey of the Market Potential for Organic Products from Developing Countries" concerned Institutions and the business sector to improve the export performance of agro-based products. Planned activities include: market research on organic products, with emphasis on food and beverages, with a view to identifying product groups that offer market potential for commercial production. Findings and recommendations will be presented and discussed in selected dissemination seminars/workshops.

Technical assistance needs identified in the questionnaire	Organization	Response
Question B(g) (cont'd):		
12. A study of the new export opportunities under the General Agreement on Trade in Services would assist policy formulation especially in the expansion of South-South trade in services.	UNCTAD	See A(k)1. This study could be envisaged under the CAPAS programme.*
13. Under the general trade and industry policy review, the involved Government officials and the private sector should get sectoral exposure on the elements of the WTO Agreements as they relate to their activities.		

*Funds are requested.

Technical assistance needs identified in the questionnaire	Organization	Response
In reply to question B(q): <u>Technical assistance needs in the area of trade promotion and support services</u>		
1. There is need for orienting commercial representatives.		
2. Attachments of commercial representatives to selected and targeted countries.		
3. An evaluation of main organisations dealing with trade promotion and those charged with providing export services.	ITC/ UNCTAD	Part of the feasibility study for a Trade Point mentioned under B(g)2 would evaluate local organisations, their services and identify possible areas for collaboration.*
4. The establishment of trade information cell offices in the main industrial and trading centres.		
5. Examine the design, quality and packaging practices, especially in selected products of export potential.	ITC	ITC will continue through its eco-packaging projects to assist local exporters to adapt to regulatory initiatives affecting packaging in target markets.*
6. It is imperative to hold seminars for officials handling policy on trade in services.	UNDP/ UNCTAD	A regional workshop under the RAF/96/001 programme will be conducted in the region to train government officials and private sector representatives and NGOs in policy and rule-making under the WTO.
	UNCTAD	Such training could be arranged under the CAPAS Programme.*
7. A hand-book on international procurement procedures and a guide on import techniques.	ITC	Selected documentation including manuals on International Purchasing and Supply Management will be made available during 1998 to related Malawi institutions.
8. A guide on Inventory Management Practices.	ITC	See B(q)7 immediately above.

*Funds are requested.

Technical assistance needs identified in the questionnaire	Organization	Response
Question B(q) (cont'd): 9. Formulation of appropriate export financing schemes.	ITC	ITC has planned to provide advice in 1998 to the government on the Harmonization of Bank Guarantees.
10. Educational study tours for selected entrepreneurs with export potentiality.		
11. Need to strengthen SME management capabilities in export marketing.	ITC	Export marketing workshops on selected products will be organized in 1998-1999 under ongoing regional projects aiming at the development of intra-regional trade in Africa.
12. Assistance in resources/or export expansion.		

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question B(v):</p> <p><u>Technical assistance as regards market access</u></p>		
1. Identification of trends in the international demand for products of export interest to Malawi.	ITC/ UNCTAD	See B(g) 2, 6, 11 and B(q) 11.
2. Calculate investment risk in given products.		
3. Identify the extent of external market penetration to be achieved in selected markets and products.		
4. Assess potential of regional market and propose ways of enhancing competitiveness and exports.	ITC	Assistance will be provided during 1998-1999 under the ongoing regional ITC projects to develop regional trade in market development and product adaptation for selected export potential products. This will include the participation of enterprises in buyers-sellers meetings and the organization of related dissemination seminars.
	UNCTAD	See A(k)1.
5. Suggest modalities for reducing per unit transport costs.		
6. Review product development for specific export market opportunities.	ITC	See B(g)11.
7. Strengthen market information at the disseminating point (focal point) like the Malawi Export Promotion Council (MEPC).	ITC/ UNCTAD	See B(g)2 and B(q)3.
8. Improve MEPC staffing qualitatively and quantitatively through training programmes.		
9. Evaluate impact of GSP and GSTP schemes.	UNCTAD	See A(k)1 and A(l)1.

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question C(b):</p> <p><u>Summary of technical assistance needs according to priority</u></p>		
<p>1. AGRICULTURE</p> <p>- To examine the Malawi agricultural policy in terms of rural development, promotion, investment subsidies, and input subsidies and diversification in terms of the Agreement as it relates to domestic support measures of poor developing nations in the context of Bretton Woods institutions.</p>	UNCTAD	See A(k)1.
<p>- Determine the support for adjustment problems arising from reforms that improve agricultural productivity and supply in terms of least-developed and net food-importing from Malawi.</p>		
<p>- Calculate welfare gains and losses for Malawi's current and potential exports.</p>	UNCTAD	See A(k)1.
<p>- Determine immediate technical and financial needs for the improvement of agricultural productivity and infrastructure.</p>		
<p>- Study the competitiveness of agricultural exports of interest to Malawi in the post Uruguay Round in order to endure that there are no losses in export earnings.</p>	UNCTAD	See A(k)1.
<p>- Study the implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on the Least-Developed Countries and Net-Food-Importing Countries as it relates to Malawi.</p>		

Technical assistance needs identified in the questionnaire	Organization	Response
Question C(b) (cont'd): 2. MARKET ACCESS - Identify export market tariff positions of products of export interest to Malawi.	IMF	Malawi is currently receiving customs administration assistance from our Fiscal Affairs Department as the country is currently in the process of reforming its tariff structure and reducing rates. We do not anticipate that additional tax policy technical assistance on trade matters would be necessary from the Fund.
- Identify new potential markets in the post Uruguay Round era.	ITC	See B(g)11, B(q)11 and B(v)4.
- Examine the "erosion" of preferences on the Generalized System of Preferences (GSP) and the GSTP as well as the Lomé Convention as a result of the reduction of the MFN rates.	UNCTAD	See A(l)1.
3. HUMAN RESOURCES Malawi will need considerable financial and technical assistance to improve human resources and institutional capacity to administer the most specialized aspects of the Uruguay round obligations. In this respect it is important to isolate the sectors as provided in the check-list and to formulate sectoral requirements.	WTO	See A(l) and A(m).
	ITC, UNCTAD, UNDP	See A(m) and B(g)1.
4. TRADE IN SERVICES Technical and financial assistance to support the development of the key services sectors (the training of personnel is a priority requirement in most sectors). There is need to raise public awareness on the implications of the acceptance of the GATS and the strengthening of analytical and policy making capacity in both the public and private sectors.	UNCTAD	See B(g)12 and B(q)6.
	WTO	See A(l).

Technical assistance needs identified in the questionnaire	Organization	Response
<p>Question C(b) (cont'd):</p> <p>5. TEXTILES AND CLOTHING To study the impact of the Agreement in respect of the Malawi industry on textiles and clothing.</p>	UNCTAD	See A(k)1.
<p>6. SUPPLY IMPROVEMENT - Need to review Government regulations, legislation and policies</p>		
<p>- Assist smaller firms in assessing their own international competitiveness.</p>		
<p>7. INFORMATION TECHNOLOGY Strengthen the Trade Information Services in the institutions dealing with trade-related activities.</p>	ITC/ UNCTAD	See B(g)2.*

*Funds are requested.

Technical assistance needs identified in the questionnaire	Organization	Response
In reply to question C(c): <u>Additional information</u>		
In regard to the check-list, it is true that the information provided may not be exhaustive. It is therefore imperative to mount a comprehensive country-wide consultation so as to fill in the missing gaps. This would require technical assistance.		

Technical assistance needs identified in the questionnaire	Organization	Response
<p>In reply to question C(d):</p> <p><u>Technical assistance needs in the area of information technology including training of human resources</u></p>		
<p>Computer technology is available in Malawi and some institutions can use tools such as CE-Rom, Internet, etc. In the context of training, the Malawi Export Promotion council would require exposure to the new information technologies. This should extend to the Chamber of Commerce and Industry. The ministry of Commerce and Industry who are the focal point for the administration and monitoring of the Uruguay round aspects and for policy on trade development would require strengthening and capacity building in the use of new information technologies.</p>	WTO	<p>A computer will be installed at the Ministry of Trade and Industry. Internet linkage has been set up in April 1998. Training has also been made accordingly.</p>