



MALAWI

INVESTMENT AND TRADE OPPORTUNITIES



MAP OF MALAWI



1.0 MALAWI IN BRIEF

1.1 Location:

Malawi is located in South-Eastern Africa. It is bordered by Tanzania to the north, Zambia to the west, and Mozambique to the east and south. Lake Malawi, the third largest lake in Africa and one of the deepest in the world, accounts for almost one-fifth of the country's area. The terrain of Malawi is breath taking, comprising of plateaus, plains, hills and mountains. These include the Nyika and Viphya Plateaus and Misuku Hills to the north, and the Dedza and Kirk Range Mountains in the central region. In the south, the terrain is equally varied with escarpments, highlands and mountains and low marshy lands along the Shire River, Lake Malawi's outlet in the south. The Mulanje Mountain, home to the rare Mulanje Cedar, is the highest mountain in Central Africa, with the highest point, Sapitwa Peak, rising to 3,050 metres above sea level.

1.2 Area : 118,485km²

1.3 Demographic Factors

Total population (2010) : 15.4 million
Population Density (2010) : 139 per square km.
Population growth – National – (2010) : 2.8%

1.4 Economic Indicators

Real GDP growth (2010) : 6.5%
GNI per Capita (2010) : US\$ 356.4
Currency : Malawi Kwacha (MK)
US\$ 1.00 = MK 285.00
Corporate tax rate : 30%
Corporate tax rate (Cell phone Operators) : 33%
Average Annual Inflation Rate (2011) : 7.6%
Average Annual Inflation Rate (2010) : 7.4%
Interest Rate (July 2012) : 21%

1.5 GDP composition

	2008	2009	2010
Agriculture	: 32.94%	31.58%	27.64%
Construction	: 4.55%	3.47%	3.21%
Manufacturing	: 7.99%	9.89%	10.76%
Financial and Professional Services	: 10.51%	10.85%	10.54%
Transport and Storage	: 3.41%	3.45%	3.83%
Information and Communication	: 3.44%	4.52%	4.14%
Mining and Quarrying	: 0.87%	0.98%	2.32%

1.6. Climatic Conditions

May to August

Cool and dry, July being the coldest month, with temperatures ranging from 15.5 to 18.0 degrees Celsius in the plateau and 20.0 to 24.5 degrees Celsius in the rift valley areas.

There is little rain in this season; most of it falling in the high southeast facing slopes.

September to mid-November

Hot and dry, with temperatures ranging from 22 to 25 and 27 to 30 degrees Celsius in the plateau areas and the rift valley respectively.

Mid-November to April

Mid-November to April are hot and rainy, with 90% of the annual rainfall being received. December and January are the wettest months. Total annual rainfall averages 760 to 1,015mm with some areas in the plateau recording over 1,525mm.

2.0 Investment Climate

Malawi has highly favourable investment climate for foreign companies including a disciplined and skilled workforce, a stable and growing economy and an excellent central location. Malawi boasts of a peace and stable economy that offers security to both life and property.

In order to create a sound business-enabling environment, the Government is in the process of reviewing business related legislation with the aim of creating a pro-business and investment climate in the country.

2.1 Investment Process

The minimum investment capital at present is **US\$ 50,000.00.**

The Investor should submit to the Malawi Investment and Trade Centre (MITC) together with the Investment Application Form, a comprehensive Project Proposal and or business Plan.

The company/enterprise should be incorporated/registered in Malawi. After incorporation, a foreign company is required to register its amount of capital inflow with the Reserve Bank of Malawi (the country's Central Bank) through a Commercial Bank in Malawi.

Companies are also required to register with the Commissioner of Taxes for the payment of taxes.

The investor has to open a business account with a Malawian Commercial Bank. A business account is only transacted when a BRP and company registration/incorporation have been attained.

2.2 Investment Opportunities

The Government, through the Malawi Growth and Development Strategy (MGDS), has identified the promotion of local and foreign direct investment as a tool for achieving sustainable economic growth, reducing poverty, increasing exports and improving infrastructure development. The Government recognizes that the private sector is the engine for sustainable economic growth. It is hence committed to creating an enabling environment for private sector led growth. Currently investment opportunities exist in all sectors of the economy. However, the government has set priority areas because of their economic potential for achieving sustainable economic growth and infrastructure development, increasing Malawi's export earnings and reducing poverty. The prioritized sectors offer the optimum returns to local and foreign investors. These targeted priority areas are:

2.2.1 Agriculture and Agro-processing

There are various investment opportunities in agriculture, including livestock production (for dairy and beef), aquaculture, horticulture, agro-processing, sugar, piggery, honey production, integrated cotton development, cassava production, and mushroom growing.

These agricultural products can be processed and exported under trading arrangements encompassing SADC, COMESA, and GSP SCHEMES of the EU's EBA Initiative, AGOA, China General Tariff Preferential Treatment, the India Preferential Trade Arrangement Benefiting LDCs, and the Japan Preferential Trade Arrangement Benefiting LDCs.

➤ Soya beans

Soya bean processing is a fast-growing business. Soya-based products are used by bakeries, the meat industry, and animal feed manufacturers to increase the nutritional value of their feeds as well as the shelf life of products.

Investment opportunities:

- *Processing factory for turning soya into yogurt, cheese, tofu, miso, candles, cattle feeds, bio diesel, cooking oil, meat substitutes, and margarine for local and international markets.*

➤ Fruits and Vegetables

Malawi boasts a wide variety of fruits and vegetables including oranges, tangerines, paw paws, guavas, mangoes, avocado peas, pineapples, banana, tomatoes and onions. Most of Malawi's fruits and vegetables are not preserved - hence they can often go to waste, especially in the peak season. Fruits and vegetables are grown in Ntcheu, Dedza, Mwanza, Salima and Shire highlands.

Investment opportunities:

- *Cold room and relevant transportation infrastructure*
- *Processing factories for value addition to make purée, spices, pastes and juices*

- *Storage, cleaning and grading facilities*
- *Large-scale commercial farming.*
- *Market development*
- *Contract farming*

➤ **Pigeon Peas/Pulses**

Investment Opportunities:

- *Food crop (dried peas, flour, or green vegetable peas) and a forage/cover crop*
- *They contain high levels of protein and the important amino acids methionine, lysine, and tryptophan*
- *Leaves, flowers, seed pods and seed all make nutritious animal fodder.*

Investment opportunities:

- *Large scale commercial production of pigeon peas for household and industrial use.*
- *Processing pigeon peas into Dahl for the Asian market*
- *Production factory for food supplements*

➤ **Tea**

Investment opportunities:

- *Large-scale commercial production*
- *Export trade to South Africa, Asia, Kenya and Europe*
- *Setting-up a tea processing factory for local and international markets.*

➤ **Sugar Production**

Malawi is home to a tall tropical South East Asian grass (*Saccharum officinarum*) which has thick, solid, tough stems that are a chief commercial source of sugar. Sugar cane products include table sugar, falernum, molasses, rum, bagasse and ethanol. Malawi produces enough sugar for its internal consumption and for export..

Investment Opportunities:

- *Large scale production of sugarcane in the areas under the Green Belt Initiative (GBI)*
- *Sugarcane processing facilities for export markets*
- *or ethanol factories.*

➤ **Integrated Cotton Development**

The Malawi government would like to develop an integrated cotton industry as a future potential diversification strategy away from tobacco, particularly given the growing global anti-smoking lobby. This strategy involves developing the industry across the value chain from seed multiplication to textile manufacturing.

Investment Opportunities:

- *Selling certified seeds, chemicals and fumigants, and sprayers; and contract farming*
- *Large scale commercial farming*
- *Setting up ginning, yarn and textile factories*
- *Exporting processed cotton and textile products to the USA under the AGOA Trade Agreement*

➤ **Livestock Production**

Investment Opportunities:

- *Improved breeds of cattle, artificial insemination, medications and extension services*
- *Feed growing and feed production, hay production through the growing of Rhodes grass (and stocking it for sale to farmers)*
- *Manufacturing of cooling tanks and collection equipment (e.g. milk churns).*
- *Service provision, including: artificial insemination, operation of dipping tanks, the administration of drugs*
- *Transportation of raw milk to processing plants.*

➤ **Cassava production**

Cassava (*Manihot Esculenta*) is a staple food in the lake-shore areas of Nkhotakota, Nkhata-Bay and Rumphu, and on other parts of Malawi as a security crop. The main advantages of growing cassava are that it is drought tolerant, able to yield well on marginal soils, has minimal labour requirements and that its yield fluctuates less than maize. Cassava also serves as a cash crop.

Investment opportunities:

- *Large-scale commercial farming along the Lake Malawi*
- *Processing factories for starch and flour for domestic and industrial use*
- *Selling of certified clones; pest and disease control*

➤ **Mushroom Production**

Mushrooms are a high value cash crop, a source of vitamins B1 and B2, minerals, potassium, calcium and iron, proteins and essential amino acids.

Investment opportunities:

- *Large-scale commercial production for local and international markets*
- *Packaged and graded mushrooms for popular local supermarket outlets, hotels and restaurants*

➤ **Piggery farming**

The government of Malawi has embarked to improve pig production by promoting increased availability of pigs, pig meat and products.

Investment opportunities:

- *Provision of improved breeds and feed supplements for pigs*
- *Artificial insemination*
- *Provision of feeds for pigs*
- *Provision of medical services*

➤ **Fisheries/Aquaculture**

Malawi aims to sustain and increase the productivity of small and large scale fisheries for both domestic and export markets. Malawi fish especially the Tilapia and Cat fish are in great demand in South Africa, Europe and Asia. The abundant fresh waters of the third largest fresh water lake in Africa, Lake Malawi, are home to some of the tastiest tilapia and chambo.

Investment Opportunities:

- *Large-scale commercial fish farming using the latest fishing technologies for both the domestic and foreign market.*
- *Cage fish farming in Lake Malawi*
- *Commercial pond fish farming along Lake Malawi*
- *Investing in cold rooms and fish transportation infrastructure*
- *Setting up fish processing facilities in Mangochi*
- *Fish feed production*
- *Fingerlings multiplication*

2.2.2 Tourism Development

Malawi is endowed with beautiful and unique tourist sports including Lake Malawi, national parks and game reserves, Mulanje Mountain, wild game (the big five), forest reserves, and cultural and historical sites such as missionary graves and slave trade villages.

Investment Opportunities:

- *Eco-tourism*
- *Hotels, camps and lodges*
- *Water and lake sports*
- *Cultural and traditional troupes (community based tourism)*
- *Wilderness safari, travel and tours*
- *Game and forest lodges*
- *Casinos and entertainment centre*

2.2.3 Mining

Malawi is naturally endowed with vast unexploited mineral resources. Government expects the increase in the contribution of the mining sector to GDP by at least 10% annually. Currently mining is limited to: coal mining, quarrying, limestone production, and gemstone mining. Gemstone exports are dominated by aquamarine, amethyst, red and rhodolite garnets, quartz, aegerine and feldspar.

Investment Opportunities:

- *gold,*
- *uranium*
- *platinum group of minerals (PGMs)*
- *base metals*
- *nickel and copper*
- *dimension stone*
- *phosphates*
- *heavy mineral sands*
- *graphite*
- *and coal.*

2.2.4 Manufacturing

Manufacturing accounts for about 12% of Malawi's GDP. As most of the traditional agricultural crops such as tobacco and tea are exported in a semi-processed state, there are great opportunities for investors to convert these agricultural products into high-value finished products. Investors may venture into the manufacture of any of the products listed below:

- **Textile and Garment manufacturing**

With market opportunities under AGOA and preferential bilateral agreements between Malawi and South Africa, investing in the garment/textile industry would be a smart choice for foreign investors.

- **Light manufacturing**

Malawi imports most of its required household electrical fittings (e.g. cables, plugs, switches) and engineering materials, e.g. steel-based products. Investors are therefore invited to invest in this sector to reduce current imports and save foreign exchange.

- **Forestry**

Malawi's large forest plantations are Viphya Plateau (Lusangazi, Chikangawa) Nyika Plateau at Chelinda, Dedza, Mulanje mountains and Zomba Plateau.

Investment opportunities:

- *Value addition to the country's vast forest resources via the manufacturing of timber and timber-based products such as blackboards, cheap boards, plywood etc.*
- *Replanting of the forest*
- *Possible concession of the forest areas*
- *Log and logging supply agreements for harvesting and cutting of existing timber*

2.2.5 Energy Development

This industry is crucial as it supports other industries for sustainable economic growth and infrastructure development. Huge private investment is required to meet increasing energy demand for both household and industry use. Hydro electricity, fossil fuels and biomass are the most used energy sources in Malawi. The Government is inviting local and foreign investors to invest in the following areas:

Investment Opportunities:

- *Hydro generation, distribution and transmission*
- *Solar energy*
- *Wind energy*
- *Fuel storage and oil pipeline facilities*
- *Thermal power plant*
- *Biomass stoves*
- *Biogas and RPG*
- *Conduct feasibility studies for possible hydro generation sites.*

2.2.6 The Greenbelt Initiative

This is a government initiative aimed at contributing towards the attainment of sustainable economic growth and development in line with the MGDS. It targets coverage of 1 million hectares of land aimed at reducing poverty, improving livelihoods and sustainable food security at both household and national level through increased production and productivity of agricultural crops, livestock and fisheries.

Investment Opportunities

- *Irrigation Canals*
- *Factories*
- *Warehouses*
- *Banks*
- *Schools etc.*

2.2.7 Nsanje World inland Freeport

Malawi's status as a land-locked country affects the cost of production as the landed cost of raw materials is high. Government of Malawi has initiated this project to provide a

least cost access to the Indian Ocean port of Chinde in Mozambique. The waterway covers a distance of 238km and is expected to reduce transportation costs by almost 60%.

Investment Opportunities:

- *construction of oil pipeline and refinery,*
- *storage facilities and warehouses,*
- *hotels, shopping complexes, boats and barges,*
- *real estate developments.*

2.3 Export Opportunities

2.3.1 Trading Environment

Trade in Malawi is liberalized with an import or export license required only for a few products where security and health concerns are relevant. Malawi is a party to a number of bilateral, regional and multilateral trade arrangements which are intended to facilitate trade. The major trade arrangements are with the World Trade Organization (WTO), European Union under Everything but Arms (EBA), Southern Africa Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA). Apart from the WTO, these trade arrangements offer preferential treatment on goods originating from Malawi. In addition, Malawi is also a beneficiary of the Africa Growth and Opportunity Act (AGOA) under which exports to the US enjoy duty and quota free status.

Malawi produces a wide range of export products with tobacco, tea and sugar as the traditional export products accounting for over 80 per cent of Malawi's domestic exports. However, as result of export diversification, a number of non-traditional products have been developed for export. These non-traditional products fall into three categories namely, agricultural, manufactured and other products. Agriculture still remains the mainstay of the country's economy.

The following highlights export opportunities for some selected products in the major markets.

➤ Chilli Sauce

It is one of the popular products that Malawi produces for both the regional and export markets. The sauces are marketed in different flavors suitable for a variety of dishes. Currently chilli sauce is exported to South Africa, Germany and the United Kingdom.

➤ Coffee:

Malawi produces Arabica Coffee primarily for the export market. It is grown by both estates and smallholders farmers. With the establishment of Coffee Association of Malawi (CAMAL), production of high quality washed coffee is estimated to increase. There is also scope for investment in instant coffee production. Major export markets are Germany, the US and South Africa.

➤ Wheat:

It is an important crop both for cash and food. It is grown mostly under residue moisture and rainfall showers in selected areas of the country. The demand for wheat is high. Current production is around 4,605 tones per annum while total grain requirement is estimated at around 30, 000 tones.

➤ **Vegetables:**

Vegetables are a source of mineral salts and vitamins. Favorable climatic conditions make it possible to grow vegetables widely in the country. Despite this, vegetables are in short supply during certain times of the year. The erratic supply of vegetables creates a shortfall which necessitates the country to import vegetables from neighboring countries such South Africa particularly for exotic vegetables. The most common varieties grown in Malawi and which have export potential are; French beans, okra, tomatoes, onions, asparagus, baby cabbages, eggplants, lettuce, sweet corn and mushrooms (oyster and button).

➤ **Pulses:**

They comprise beans, chick peas, pigeon peas, and ground beans, black and green grams. Some of the pulses are used as a basic ingredient for dhal an important source of protein and a delicacy for people of Asian origin as it is affordable and a substitute for animal meat.

➤ **Cotton:**

It is traditionally an important cash crop in Malawi and supports over 200,000 farm families. To boost its production for export, government has set aside funds to enable farmers access farm inputs. It is projected that production could easily reach 100,000 tones mark as a result of an increased uptake, investment and yields.

➤ **Sugar:**

It is a source of foreign exchange after tobacco and tea. Excellent climatic conditions and good soil coupled with irrigation from secure water sources are ideal for current cultivation of high yielding quality cane. Taking advantage of regional and multilateral arrangements Malawi sugar continues to maintain a strong market presence within the region, in the US and the European Union.

➤ **Macadamia Nuts:**

Malawi production of macadamia nuts averages 500 metric tones per year. The nuts are gathered weekly by hand during harvesting season. This helps preserve the freshness denied to growers elsewhere who collect monthly by mechanical means. Market prospects are bright with considerable scope for value addition. Currently the commodity is exported to South Africa and Europe.

➤ **Paprika:**

It is a fairly new commercial crop in Malawi. The variety which is widely grown in Malawi is Papri Queen. Most of the paprika is exported to South Africa for further processing into powder and oleoresin which is re-exported to Europe particularly Spain

➤ **Chilies:**

It is an emerging export crop in Malawi with an average production of over 3000 metric tones per year. The main variety grown for export is the birds –eye and is currently being exported to South Africa and the Netherlands.

2.3.2 Import and Export Regulations

Import and export licenses are issued by the Ministry of Industry and Trade although in certain specified cases, the licensing authority is delegated to other organisations to ensure a speedy response to applicants' needs.

Where an import licence is required, importers are advised to obtain such a licence prior to undertaking the importation of goods to avoid the possibilities of financial loss through having to return the goods to their suppliers in the event of failure to obtain licence.

2.3.2.1 Period of Validity of Import License

Import licenses are valid for six months from the date of issue and are subject to extension in cases where such need arises, provided an adequate and acceptable explanation is given.

2.3.2.2 Goods requiring Import Licenses 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 animals*
4. *Wild animals, wild animals trophies and wild animals products, (including birds and reptiles) and eggs 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 any kind suitable only for use as animals foodstuffs and excluding the following:-*
 - a) *Chemical additions to animal foodstuff*
 - b) *Antibiotic growth stimulants*
 - c) *Inert fillers*
 - d) *Trace elements*
 - e) *Synthetic animal foodstuffs*
 - f) *Birds seed and*
 - g) *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. *Meats*

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

- a) *All tinned meat*
- b) *All potted meats*
- c) *Meat soups*
- d) *Meat pastes*

Edible meat fats follow and all cooked or cured meats other than cooked pork, ham and bacon.

All animal and other animal products require to be certified as free from diseases before importation.

2.3.2.3 Goods Requiring Export Licences

The following goods shall not be exported without a licence:-

1. *Implements of war, (other than arms and ammunition), atomic energy materials of strategic value, and items of primary strategic significance used in the production or arms and ammunition and other implements of war. Beryllium, cobalt, tantalum, uranium, lithium, columbite, niobium (columbium) thorium, germanium, titanium, nickel and nickel alloys including any materials containing such metals.*
2. *Petroleum products*
3. *Wild animals, wild animals' trophies and wild animal products including birds and reptiles and any eggs produced by such birds or reptiles.*
4. *Maize and maize meal including:-*
 - a) *Dried maize, on or off the cob*
 - b) *Crushed maize*
 - c) *Maize frits*
 - d) *Maize offals*
 - e) *Maize cones*
 - f) *Hominy chop but excluding green maize on the cob*
5. *Un manufactured tobacco*
6. *Tea*

2.4. Export Documentation

Documentation in export trade is vital in that documents have to be completed before the consignment leaves the country of origin and at the destination to enable the consignee in the importing country to clear his goods through his local authorities.

2.4.1 Types of Documentation generally required by an Exporter

The documents most frequently required for an export shipment are the following but the exporter should remember that they vary depending on the type of goods and market requirements.

- a) **Exchange Control CD1 Form (now in an electronic format):** Is an exchange control document/form which must be completed for all shipment of which value exceeds US\$1,000. Copies are sent to the Ministry of Trade and Industry and the Reserve Bank of Malawi. The Reserve Bank will query the exporter at the end of the stated period at which payment was expected to be received to ascertain if such payment has actually been received. If not, then the Reserve Bank demands to know why the payment has not been received. This document is obtainable from the commercial banks.
- b) **Form 12** –All exports must be cleared through Customs by submission of Form 12. This form is also used for clearing imports. This form is obtainable from Malawi Revenue Authority.
- c) **The Commercial Invoice:** The Commercial Invoice is completed to enable the importer to clear his goods in his country. It contains the name of the exporter, weight, value and description of goods.
- d) **Certificate of Origin:** The Certificate of Origin is completed in the exporting country to authenticate the originality of the goods. It must be duly stamped by the Malawi Revenue Authority before leaving port of despatch.
- e) **GSP Form A:** Malawi being a member of the ACP countries has to complete the GSP Form A for all its exports to the EU in order to enjoy preferential duties. The form is issued at a fee by the Malawi Investment and Trade Centre
- f) **DA 59 Certificate:** Exports to the Republic of South Africa must be accompanied by DA59 Certificate in addition to a certificate of origin. These can be obtained at a fee from the Malawi Confederation of Chambers of Commerce and Industry.
- g) **Form D:** The form must be completed for exports to Botswana. Available from the Malawi Revenue Authority, Customs Department, it exempts the importers from paying import duties.
- h) **Zimbabwe Certificate of Origin Form No. 60:** Under the Malawi/Zimbabwe trade agreement exports to Zimbabwe enjoy preferential treatment if accompanied by Zimbabwe Certificate of Origin Form 60. The form must be completed and submitted to the Controller of Customs and Excise in Malawi for verification before the goods are exported to Zimbabwe.
- i) **Bill of Lading:** When goods have been shipped by sea, the Bill of Lading is the most important document. The Air Waybill, in the case of Air Freight, is both the consignment note and the Bill of Lading. The definition of the bill of Lading is :-

- i. *A receipt for goods given to the exporter by shipping company.*
- ii. *A document of title to the goods described on it.*
- iii. *Evidence of a contract by the company to carry the goods from the port of sailing to the destination. In countries where they have their own sea ports, the Bill of Lading is completed by the exporter himself. But in the case of Malawi, Bills of Lading have to be completed by the ports agents at Nacala and Durban.*

j) **The Through Bill of Lading:** This is a Bill of Lading normally issued by a clearing agent. The Through Bill of Lading is usually not negotiable at Customs, but counterpart port of destination.

k) **The Consignment Note or Airway Bill:** An Airway Bill is issued for traffic by air, just as the road or railway consignment could as well be called the Road Way Bill or Rail Way Bill respectively. Like other pre-shipping documents, a consignment note or way bill must bear a Customs stamp in order to be accepted. The carrier (*e.g. Central East African Railways and Air Malawi) will not accept a consignment note or Airway Bill which is not stamped by Customs authorities.

l) **Shipping Instructions:** This document contains shipping instructions from the exporter to his clearing agent (inland or at the port).

m) **Health and Phyto-sanitary Certificates:** May be required by the importing country for animal products and plants and plant products respectively. The Health Certificate in Malawi is issued by Veterinary Department and the Phytosanitary Certificate is issued by the Ministry of Agriculture, Water and Irrigation.

n) **Certificate of Fumigation:** Some products require fumigation before they can be exported. Customs authorities will require this document before passing the entries in commodities such as dried fish.

2.4.2 Other Documents

- i. **Import Permit** – Trading in some products are controlled worldwide or from country to country. Items such as ivory, hides, ammunition, etc, require import permits in most countries. Import permits are required to control influx of prohibited items and drain of foreign exchange. An exporter will therefore require an import licence from his buyer to be attached to his documents for certification by Customs authorities before shipping the goods.
- ii. **Export licence/Permit** – Most of the goods do not require an export licence except a few whose details can be obtained from Ministry of Industry and Trade. The document is completed so that the exporter is allowed to move the goods out of the country. The purpose of this document is to control how much is exported and to where.

2.4.3 Exchange Control Regulations

Exchange Control is administered by the Reserve Bank of Malawi under the powers delegated to it by the Minister of Finance in terms of the Exchange Control Act. , 1984 as

well as Exchange Control (Forex Bureau and Foreign Control Fixing sessions) regulations, 1994. On December 7, 1995 Malawi accepted the obligation of Article VIII of the International Monetary Fund under which payments for current account transactions are fully liberalized.

2.4.4 Prescription of Currency

The Malawi currency is known as “Kwacha” (K) and is divided into 100 tambala (t) units. With effect from 7th February 1994, Malawi discontinued the pegging of the Kwacha to a basket of currencies and the Kwacha exchange rate became market determined.

Payment to non residents may be made in Malawi Kwacha to the credit of a non resident account maintained by or on behalf of the receipt or in any convertible foreign currency traded in Malawi. Payments from residents of other countries may be received in Malawi Kwacha form non resident account or any convertible currency.

2.4.5 Import Orders and Import Payments

Malawi operates a liberal import licensing system under which only thirteen commodities require an import licence. Thus most imports are subject to the open general licence system. Import licences are usually issued within a week of application and are normally valid for six months. Authorized dealers are mandated to process import payments provided they are supported by proper importation and customs documents.

Authorized dealer banks also process payments for invisibles such as freight and insurance without prior Exchange Control Approval.

2.4.6 Exports and Export Proceeds

Export of good of any description whose value exceeds in aggregate, US\$1,000 or the equivalent thereof in any other currency requires completion of the CD1. Payment for goods must be made to the exporter in Malawi within two months from the date of export. Export proceeds may be held in foreign currency denominated accounts (FCDAs), which may be maintained by regular earners of foreign exchange such as exporters.

Travellers may take out, in addition to their basic travel allowance, up to MK3,000 in domestic currency.

2.4.7 Payments for Invisibles

Commercial Banks are authorized to provide foreign exchange without reference to the exchange control authorities for all current invisible payment except for private travel, business travel and medical treatment as indicated above.

Foreign nationals employed in Malawi on contract and holding temporary employment permits are allowed to remit their current net earnings to the country of normal residence or any country of their choice.

2.4.8 Proceeds from the Invisibles

Receipts from invisibles may be retained in full and held in FCDAs. There is no limit on the amount of foreign currency notes and coins that travellers may import but they may not bring in more than MK3, 000 in currency notes and coins.

2.4.9 Capital

While inward transfers on non debt creating capital are not restricted, the taking of loans from a broad by residents requires prior exchange control approval, which is granted as a matter of routine.

Outward transfers of capital are controlled mainly for residence and residents may not purchase foreign securities without specific exchange control approval. Non residents are permitted to repatriate their investment income, including proceeds in case of disinvestment, provided there is proof that the original investment was made offshore funds.

2.5 Export Routes

Despite being a landlocked, Malawi is linked with overseas and regional markets by rail, bituminised (all weather) roads and air transport. The following are Malawi's main routes:-

- *By rail to the port of Nacala in Mozambique*
- *By road through Mchinji to Zambia*
- *By road through Mwanza to Mozambique, Zimbabwe and South Africa to the port of Durban*
- *By road through Mwanza to the port of Beira in Mozambique.*
- *By road using the Northern Corridor via Karonga and Mbeya (Tanzania) to the port of Dar-es-Salaam in Tanzania.*
- *By road to the Port of Quilemane in Mozambique via Muloza boarder*
- *By air through Kamuzu International Airport in Lilongwe to all major cities in the world.*

2.5.1 Railway Services

Railway is the most important mode of transport for Malawi's bulky imports and exports. A Rail connection was first constructed between Blantyre and Beira on the Indian Ocean in 1922 and the direct railway-line was opened in 1935. Beira was the only port in Mozambique through which Malawi's rail traffic could pass for many years.

After independence in 1964, Malawi decided to build another railway link with the Lichinga/Nampula/Nacala line in Northern Mozambique. A 101km line from Nkaya linking the 618km system to Nacala at Entre Lagos was completed and opened in August, 1971 thus giving Malawi a second outlet to the sea.

In another move to consolidate existing lines, a new railway extension was built from Salima to the new Capital City, Lilongwe, and running 111km into the agriculture rich hinterland and was opened for traffic in 1979. This was later extended to another 103km to Mchinji near the Zambian border. Rehabilitation of existing lines has continued over recent year.

The Lake is serviced by rail through the port of Chipoka in the Southern Region and was enlarged and redeveloped in 1977/78. At the moment the northern dock of Chilumba on Lake Malawi in the North is designed to provide container, fuel and break-bulk cargo handling facilities for imports and exports.

2.5.2 Road Service

The commercial area of Blantyre in the Southern Region is linked with over 360km of bituminised road to Lilongwe, the capital, situated in the Central Region which is the hub of agricultural activities. This road was further bituminised for 119km to Mchinji linking with Zambia to provide quicker and easier transit for goods to and from Zambia. From Lilongwe, bituminised road goes further to into the Northern Region for about 593 kilometres to link with the Northern Corridor to Tanzania. The Northern Corridor has been in operation since 1984.

The road outlet from Blantyre to Melange via Melange connects Malawi to another sea port of Quelimane on the Indian Ocean. This road also serves as an important outlet for Malawi.

2.5.3 Air Service.

The Kamuzu International Airport in Lilongwe, a modern facility airport, became fully operational in November 1983. The Airport can handle wide-bodied jumbo aircrafts. It is designed to take up to five DC10's and seven Boeing 737 300's Series and has two-level passenger's terminal with a peak capacity of 500 people an hour. Air Malawi, the country's flag carrier operates in association with other airlines including British Airways, South African Airways, Kenya Airways, Ethiopian Airways and Zimbabwe Airways.

2.6 Land

1. An investor shall submit an application to Malawi Investment and Trade Centre (MITC) for allocation of land for investment;
2. The application shall be accompanied by a Business Proposal that will give detailed information of the project.
3. The Malawi Investment and Trade centre (MITC) shall process the application for the Investment Approval Committee;
4. All the payments made by investors on issuance of land shall be paid to Ministry of Lands through the Malawi Investment and Trade Centre (MITC).

3.0 The Regulatory Framework

3.1. Investment Laws and Regulations

3.1.1 Legal and judicial system

Malawi's legal system is founded on English Common Law. The constitution of the Republic of Malawi (1995) enshrines the basic freedom to invest, freedom to own property, and guarantees fair compensation in the event of expropriation. The court system is categorized into the Magistrate's Court, the High Court, and the Supreme Court of Appeal. Currently the establishment of commercial courts is underway in order to accelerate the settlement of business-related litigations.

3.1.2 Freedom to invest

The Government welcomes private investment and does not impose restrictions on the ownership or location of investment. Foreign direct investment is permitted in all sectors of the economy except for those sectors or activities that may pose a danger to health, the environment or the security of the nation. Noteworthy is the freedom of entry and exit in terms of investment in the country.

3.1.3 Repatriation of foreign exchange

Foreign exchange operations in Malawi are governed by the Exchange Control Act. Investors are permitted full remittance of dividends, investment capital on repatriation, interest and principal payments for approved international loans, and approved fees for management, licenses, royalties and similar obligations. The Anti-Money Laundering Act was passed in August 2006 to enhance the soundness and stability of the financial system and financial institutions in the country.

4.0 Laws

4.1 Land Ownership Laws

Government accords high priority to facilitating easy access to land for investment purposes. The ownership and usage of land in Malawi is governed by the Land Policy (2002) and Land Act. Land is classified into three categories: customary, public and private land. Private investors can obtain leasehold or freehold title to land for both commercial and industrial use. Foreign private investors, however, can only hold land under the leasehold title - typically for 50 years.

4.2 Banking Laws

Banking laws of Malawi are enshrined in the Reserve Bank of Malawi Act of 1989.

5.0 BUSINESS CONTACTS

5.1 Key Institutions Supporting the Business Sector

Ministry of Industry and Trade

P.O. Box 30366,
Lilongwe 3
Malawi
Tel: (265) 1 770 244/ (265) 1 770 614
Fax: (265) 1 770 680
E-mail: minci@malawi.net

Malawi Investment and Trade Centre (MITC)

First Floor, Aquarius house
Private Bag 302
Capital City
Lilongwe 3
Tel: (265) 1 770 800 / (265) 771 315 / (265) 771 707
Fax: (265) 1 771 781
E-mail: mitc@mitc.mw
Website : www.malawi-invest.net

or

Private Bag 131
Blantyre
MALAWI
Tel: (265) 1 821 222
Fax: (265) 1 821 621
E-mail:
Website: www.malawi-invest.net

Malawi Confederation of Chambers of Commerce and Industry (MCCCI)

P.O. Box 258
Blantyre
MALAWI
Tel: (265) 1 871 988
Fax: (265) 1 871 147
E-mail: mccci@mccci.org
Website: www.mccci.org

Malawi Bureau of Standards (MBS)

P.O. Box 946
Blantyre
MALAWI
Tel: (265) 1 870 488
Fax: (265) 1 870 756
E-mail: mbs@mbsmw.org

Malawi Institute of Management (MIM)

P.O. Box 30801
Capital City
Lilongwe 3
MALAWI

Tel: (265) 1 710 866 / (265) 1 710 017 / (265) 1 710 216
Fax: (265) 1 710 609 / (265) 1 710 724
E-mail: mimexecutive@mim.co.mw
Website: www.mim.co.mw

5.2 Bank and Financial Institutions

Reserve Bank of Malawi (RBM)
Indebank (*Investment and Development Bank of Malawi*)
NICO Corporate Finance Limited
P.O. Box 1396
Blantyre
MALAWI
Tel: (265) 1 823 536 / (265) 1 823 245
Fax: (265) 1 823 160
E-mail: trust@trust.co.mw

Standard Bank (Previously Known as Commercial Bank)
P.O. Box 1111
Blantyre
MALAWI
Tel: (265) 1 821 947 / 1 821 353 / 1 820 144
Fax: (265) 1 820 360 / (265) 1 824 627
Email: stanbicmw@standardbank.co.mw
Website: www.standardbank.co.mw

National Bank of Malawi
P.O. Box 945
Blantyre
MALAWI
Tel: (265) 1 820 891 / (265) 1 820 622
Fax: (265) 1 820 606
E-mail: natbank@natbankmw.com
Website: www.natbank.co.mw

NBS Bank
P.O. Box 32251
Chichiri, Blantyre 3
MALAWI
Tel: (265) 1 876 222 / 231 / 218
Fax: (265) 1 875 041
Email: nbs@nbsmw.com
Website: www.nbsmw.com

First Merchant Bank Limited
P.O. Box 122
Blantyre
MALAWI
Tel: (265) 1 821 955 / 1 821 943 / (265) 1 821 942
Fax: (265) 1 821 987
E-mail: Fmb.Headoffice@fmbmalawi.com
Website: www.fmbmalawi.com

Malawi Savings Bank

P.O. Box 521,
Blantyre.
Tel.: (265) 1 825 111
Fax: (265) 1 821 929
Email: msb@msb.malawi.net
Website: www.mbs.mw

Opportunity International Bank of Malawi

P.O. Box 1794
Lilongwe.
Tel.: (265) 1 758 888
Fax: (265) 1 758 811
Email: lilongwe@oibm.mw
Website: www.oibm.mw

Continental Discount House (CDH)

P.O. Box 1444
Blantyre
MALAWI
Tel: (265) 1 821 300
Fax: (265) 1 822 286 / (265) 1 822 848
E-mail: discount@cdh-malawinfo.com
Website: www.cdh-malawi.com

First Discount House Limited

P O Box 512
Blantyre
Malawi
Tel : (265) 1 820 219
Fax: (265) 1 820 397 / (265) 1 823 044
E-mail: fdh@fdh.co.mw
Website: www.fdh.co.mw

NEDBANK (Malawi) Limited

P.O. Box 30741, Lilongwe
P/Bag 750, Blantyre
Tel : 265 1 771 924 / 986 / 973 / Lilongwe
Tel : 265 1 820 477 / 977 / 102 Blantyre

ECOBANK (Malawi) Limited

Corner Victoria Avenue, Henderson Street
Private bag 389
Chichiri
Blantyre 3
Tel : 265 1 822 099 / 808 / 681 or 265 1 820 437 / 863 / 957
Fax : 265 1 824 620 / 822 683 / 820 583
E-mail : emwho@ecobank.com & emwbt@ecobank.com (for Blantyre Branch)

5.3 Accounting and Consulting Firms

KPMG Peat Marwick

P.O. Box 508
Blantyre

MALAWI
Tel: (265) 1 820 391 / (265) 820 269 / (265) 1 820 927
Fax: (265) 1 841 789
E-mail: kpmg@kpmgmw.com

Price Waterhouse Coopers

ADL House
P.O. Box 30379
Lilongwe
MALAWI
Tel: (265) 1 773 799 / (265) 1 773 306
Fax: (265) 1 772 573
Website: www.pwc.com/za

Deloitte and Touche

P.O. Box 30364
Lilongwe 3
MALAWI
Tel: (265) 1 773 069 / (265) 1 773 699
Fax: (265) 1 772 276
E-mail: lldeloitte@deloitte.co.mw or btdeoitte@deloitte.co.mw
Website: www.deloitte.com

Graham Carr and Company

Chief Lilupula Building
P.O. Box 898
Lilongwe
MALAWI
Tel: 265 1 751 844 / 756 573
Fax: 265 1 757 004
E-mail: Lilongwe@grahamcarrmw.com

S.Y. Management and Financial Consultants

Apex House, Kidney Crescent
P.O. Box 798
Blantyre
MALAWI
Tel: (265) 1 870 050 / (265) 1 870 024 / 08 827 611
Fax: (265) 1 870 605

5.4 International Cooperation

Belgium

The Embassy of the Republic of Malawi to the Kingdom of Belgium and Mission to the European Communities – Brussels
Ground Floor
46 Avenue Henmann – Debroux
B – 1160 Brussels
Tel: 32 (2) 231 09 80
Fax: 32 (2) 231 10 66
E-mail: embassy.malawi@skynet.be

China

Embassy of the Republic of Malawi – Beijing
No. G32 Kings Garden Villa,
No. 18 XiaoYun Road, Chaoyang District,
Beijing 100125
People’s Republic of China
Tel : +86 10 6468 1380
Fax: +86 10 6468 1383

Egypt

Embassy of the Republic of Malawi - Cairo
Villa 44, Road 254, Maadi
P.O. Box 118, Mohandessin
Cairo
Tel/Fax: 00 202 748 0929 / 335 3948 - Fax: 00 202 748 0929/335 3948
E-mail: malawi@link.net

Ethiopia

Embassy of the Republic of Malawi - Addis Ababa
Woreda 23, Kebele 13, House No. 1021
P.O. Box 2316
Addis Ababa
Tel: (251) 113 711 280
Fax: (251) 113 719 742
E-mail: malemb@telecom.net.et; malemb@ethionet.et

Federal Republic of Germany

Embassy of the Republic of Malawi - Berlin
Westfalische Strasse 86
10709 Berlin
Tel: 49 (0) 30 8431 540
Fax: 49 (0) 30 8431 5430
E-mail : Malawiberlin@aol.com

India

Malawi High Commission – New Delhi
F-63 Poorvi Marg. Vasant Vihar
New Delhi, 110057
Tel: + 91 11 460 788 00
Fax : + 91 11 460 788 10
E-mail: malawindia@airtelbroadband.in
Website: www.malawi-india.org/

Japan

Malawi Embassy - Tokyo
Takanawa-Kaisei Building, 7th Floor
3-4-1 Takanawa Manito-ku
Tokyo 108 - 0074
Tel: 81 (03) 3449 3010/47

Fax: 81(03) 3449 3220

E-mail: Malawi@mxl.ttcn.ne.jp

Malawi Consulate - Johannesburg

Malawi Consulate General - Johannesburg

P.O. Box 3881, Rivonia 2128

Johannesburg

South Africa

Tel: 27.011 803 4919 / 234 8577 / 8

Fax: 27.011 807 7790

E-mail: malawicons@mweb.co.za

Mozambique

High Commission of the Republic of Malawi - Maputo

No. 75 Kenneth Kaunda Avenue

P.O. Box 4118

Tel: (258) 21 492 676

Fax : (258) 21 490 224

E-mail : malawmoz@virconn.com

Namibia

Malawi High Commission - Windhoek

56, Bismarck Street

Private Bag 13 254

Windhoek 9000

Tel: 61.221 391/ 221 1392 / 221 1393

Fax: 61 227 056

E-mail: mhc@mweb.com.na

South Africa

High Commission of the Republic of Malawi - Pretoria

770, Government Avenue

P.O. Box 11172

Hatfield 0082

Pretoria

Tel: 27 (12) 430 9900, 342 0146 / 1759

Fax: 27 (12) 342 0147

E-mail : highcommalai@telkomsa.net

Tanzania, United Republic of

High Commission of the Republic of Malawi - Dar-Es-Salaam

Ohio/Sokoine Drive

1st Floor, Zambia House

P.O. Box 7616

Dar-Es-Salaam

Tel: (255) 22 213 695 / 22 212 4623

Fax: (255) 22 213 695 / 22 212 4623

E-mail : mhc@africaonline.co.tz

United Kingdom

Malawi High Commission to the United Kingdom - London
70, Winton Road
Tel: 44.208 4555 624 / 203 235 1077
Fax: 44 203 235 1066
E-mail : republicofmalawi@btconnect.com

United Nations

Malawi Permanent Mission of the Republic of Malawi to the United Nations - New York
866 United Nations Plaza, Suite 486
New York, NY 10016
United States of America (USA)
Tel: 1 (212) 317 8738 / 8718
Fax: 1 (212) 317 8729
E-mail: malawinewyork@aol.com; malawiU@aol.com

United States

Embassy of the Republic of Malawi - Washington
Marshall B. Coyne Building
1156, 15th Street, NW
Suite #320
Washington, DC, 20005
Tel: 1 (202) 721 0270
Fax: 1 (202) 721 0288
E-mail : malawidc@aol.com

Zambia

High Commission of the Republic of Malawi - Lusaka
31, Bishop's Road
P.O. Box 50425
Kabulonga - Lusaka
Tel: (260 - 1) 265 768 / 69
Fax: (260 - 1) 265 765
E-mail: mhcomm@iwayafrica.com

Zimbabwe

High Commission of the Republic of Malawi - Harare
9/11 Duthie Road, Alexandra Park
P.O. Box 321
Tel: 263 4 798 584 / 798 587
Fax: 263 4 799 066
E-mail: malahigh@africaonline.co.zw

5.5 Insurance Companies

Malawi has 12 insurance companies that form the Malawi Insurance Association.

- Charter Insurance Company Limited
- CGU Insurance Limited

- Zimbabwe Reinsurance Corporation Limited
- United General company Insurance Limited
- Vanguard Life Insurance Company Limited
- Old Mutual Life Insurance CO Malawi Limited
- Royal Insurance Company Limited
- Prime Insurance Company Limited
- General Alliance Insurance Limited
- Nico General Insurance Company Limited
- Nico Life Insurance Company Limited
- Citizen Insurance Company Limited

With the country's agro-based economy, most insurance companies provide insurance for the cost of crop production. Insurance is also provided for vehicles and health. Most of these companies are either owned or sponsored by the insurance firms in USA and UK.



Kaya Mawa Lodge, Likoma Island - Malawi

For more information, contact:

**Malawi Investment and Trade Centre (MITC)
First Floor, Aquarius house / Plaza House
Private Bag 302
Capital City, Lilongwe 3
Malawi**

Tel: (265) 1 770 800 / (265) 771 315 / (265) 771 707

Fax: (265) 1 771 781

E-mail: mitc@mitc.mw

Website: www.malawi-invest.net