

MALAWI

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1.0 Country Profile

Malawi is a safe, sensible and profitable free market economy, strategically located between Zambia, Tanzania and Mozambique. Malawi is well positioned to act as your global export base in an increasingly competitive market, where access to raw materials and time to market is crucial in maintaining a global chain supply.

Market access from Malawi is guaranteed as the country is signatory to a number of agreements that ensure duty free access into regional and international markets.

Malawi's low cost of doing business is a notable asset particularly when considering labor costs. There is very little crime and the small size of the nation makes doing business a friendly, relationship driven experience.



Why Invest In Malawi

Malawi is envied for her strategic location in southern Africa. The country though landlocked is able to reach regional markets hassle free.

There are inter-linkages in telecommunications and road networks which connect with SADC, COMESA regions and beyond. Exporting products from Malawi is made easier by proximity of seaports from neighboring countries. Comprehensively, Malawi offers investors the following:

- **Investment protection**

- **Investor safety**

- **Strategic location**

- **Good market access**

- **Attractive investment incentives**

- **Safe, secure stable and profitable business environment**

- **Superb physical environment**

- **Educated, skilled and readily available workforce**

- **Developed financial services support**

- **Institutional support**

2.0 The Business Environment

Malawi is today's the preferred choice as a location for foreign direct investment. While small in physical size and land locked, Malawi enjoys close proximity and easier access to the nearby seaports of the world. Malawi also enjoys direct air links with major airports in southern Africa region which facilitate the movement of passengers as well as freight. These international airports include; Johannesburg (South Africa), Lusaka (Zambia) and Nairobi (Kenya).

Malawi is now home to over fifty FDI companies from USA, UK, Japan, China, RSA, and Germany amongst others. These companies operate mainly in the manufacturing and processing sectors, agriculture, tourism, mining and property development.

Malawi as a preferred investment location boasts of skilled and semi-skilled English speaking workforce with the good productivity levels. In addition the country has a long established free enterprise economy, political and economic stability as well as safe and secure location for business, family and property.

Competitively priced utilities such as water, electricity, telephone and postal services are readily available. Foreign exchange and international money transfers are provided through commercial banks operating in the country.

Energy, manufacturing, agro-processing, tourism, infrastructure and ICT have been identified by the government of Malawi as having potential for driving economic development in Malawi.

3.0 Market Access

Malawi is party to a number of regional and international trade agreements that has proved to be enormous benefits to new and existing investors

- SADC
- COMESA
- AGOA



Southern Africa Development Committee - SADC

An association of 14 southern African states whose objective is to sustain regional collaboration in order to promote economic growth and improve general conditions



Common Market for Eastern and Southern Africa - COMESA

COMESA represents 20 countries and aims to promote cooperation between the member states in all areas of economic activity.



African Growth Opportunity Act - AGOA

Duty and quota free access to USA market for more than 6500 products.

Malawi is also a member of the United Nations

Other international links include:

- African Development Bank
- African union
- International Monetary Fund IMF
- World Bank
- International Trade Centre
- World Trade Organization
- International Labor Organization
- The Commonwealth

4.0 Investment Infrastructure

Malawi has good infrastructure facilities to facilitate ease in business operational activities. These include reasonably priced and reliable utilities, road networks, reliable courier services, modern banking facilities and insurance facilities.

Water Utility

The major five water boards in Malawi; Blantyre water board, southern region water board, Lilongwe water board, central region water board and Northern region water board provide reliable water supply to businesses and households. Water in Malawi is affordable.

Electricity Supply

The Electricity Supply Corporation of Malawi- ESCOM provides power supply for major business users and all others including household electricity needs.

Telecommunications

The Malawi Telecommunications Limited (MTL) offers a wide range of information and communication technology (ICT) based products together with other private companies.

Roads

Malawi is investing substantially in road transport network. Malawi handles more than 70% of internal freight traffic and 99% of passengers' traffic. The road network in Malawi is composed of 15,451 KM.

5.0 Financial Services Sector

Malawi's financial sector has undergone a significant reform programme aimed at building a more inclusive financial sector, liberalizing and modernizing the financial system and opening up the sector to new entrants.

This has resulted in an increase in the number of commercial banks from two to nine, the number of microfinance institutions/lenders to fifteen, market-based interest rates, unrestricted access to financing facilities for both local and foreign investors and a managed floating exchange rate.

6.0 The Investment Process

(i) **Minimum investment capital of US \$50,000.00**

Prospective investors are required to invest a minimum capital of US\$50,000.00 to be eligible to apply for Investment Certificate, Immigration permits, land and sector-specific approvals, permits and licences with MITC.

(ii) **Company incorporation**

Prospective investors are required to incorporate a company in Malawi with the Registrar of Companies before proceeding further with any investment-related activities. The Registrar issues a Certificate of Incorporation once a company is registered.

(iii) **Issuance of Investment Certificate**

All prospective investors investing a minimum capital of US\$50,000.00 are required to obtain an Investment Certificate from MITC. MITC charges a non-refundable processing fee of US\$200.00 and an issuance fee of US\$800.00 for the certificate.



At this stage one could also apply for Business Residence Permits and Temporary Employment Permits, land, and sector-specific approvals, licences and permits. The investor once issued with the Business Residence Permit may proceed with opening a business account with a Malawian commercial bank and registering the business with the Malawi Revenue Authority.

(iv) Business Residence Permits, Temporary Employment Permits and Business Land.

MITC through the One Stop Service Centre processes applications for Business Residence Permits (BRP), Temporary Employment Permits (TEP) and Business Land for investors.

(v) Environmental Impact Assessment Requirements

Some investment projects require an Environmental impact Assessment (EIA) depending on the magnitude and location of the proposed investment in Malawi. EIAs are determined and administered by the Department of Environmental Affairs. MITC again facilitates the process.

7.0 Investment opportunities

Malawi is endowed with rich cultural heritage, scenic beauty rich soils and natural resources. A strong financial services sector backed by a sound regulatory and legal framework, excellent market access, an educated and vibrant, labour pool and many other attributes are some of the attractions in this country. To this end government has identified certain key sectors encompassing a broad sector base offering excellent growth potential.



7.1 AGRICULTURE & 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 agriculture products can be processed and exported under trading arrangements encompassing SADC, COMESA, and GSP SCHEME of the EU's EBA Initiative. The African Growth And Opportunity Act (AGOA), China General Tariff Preferential Treatment, the India Preferential Trade Arrangement Benefiting LCD's and the Japan Preferential Trade Arrangement Benefiting Least Developed Countries (LDCs).

A. Soya Beans



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

Specific Investment Opportunities

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

B. Fruits and Vegetables



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

Specific Investment Opportunities

- Cold room and relevant transportation infrastructure
- Processing factories for value addition to make puree, spices, pastes and juices.
- Storage, cleaning and grading facilities
- Large-scale commercial farming
- Market development
- Contract farming

C. Pigeon Peas/Pulses



Malawi is among the top producers of Pigeon Peas / Pulse in the world. India presents a huge market for Malawi Pigeon Peas /pulse

Specific Investment Opportunities

- Food crop (dried peas, flour, or green vegetables 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.
- Large scale commercial production of pigeon and peas for household and industrial use.
- Processing pigeon peas into Dahl for the Asian Market
- Production factory for food supplements

D. Tea



Specific 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.

E. Sugar Production



Malawi produces enough sugar for its internal consumption and for export. Currently, there are two main factories; one at Ntchalo in Chikhwawa District and another one at Dwangwa in Nkhotoakota.

Specific Investment Opportunities

- Large scale production of sugarcane in the areas under the Green Belt Initiative (GBI)
- Sugarcane processing facilities for export markets
- Ethanol production

F. 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.

Specific 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

G. Livestock Production



Specific 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 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

H. Piggery Farming



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

Specific Investment Opportunities

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

I. Cassava Production



Cassava (*Manihot Esculenta*) is a staple food in the lake shore areas of Nkhotakota, Nkhata-bay and Rumphu, and 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.

Specific Investment Opportunities

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

J. 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

Specific Investment Opportunities

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

K. 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 (locally known as chambo).

Specific 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 transport infrastructure
- Setting up fish processing facilities along Lake Malawi
- Fish feed production and Fingerlings multiplication



7.2 TOURISM DEVELOPMENT

Malawi is endowed with beautiful and unique tourist spots 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.

Specific Investment Opportunities

- Eco-tourism
- Hotel, camps and lodges
- Develop support infrastructure (Electricity, Water and Transport)
- Water and lake sports
- Cultural and traditional troupes (community based tourism)
- Wilderness safari, travel and tours
- Game and forest lodges
- Casinos and entertainment centre



7.3 MINING

Malawi is naturally endowed with vast unexploited mineral resources. Government expects steady 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 an aquamarine, amethyst, red and rhodolite garnets, quartz, angering and feldspar

Specific Investment Opportunities

- Gold
- Uranium
- Platinum group of minerals (PGMs)
- Base metals
- Nickel and copper
- Dimension stone
- Phosphates
- Heavy mineral sands
- Graphite
- Coal

7.4 MANUFACTURING

Manufacturing accounts for about 12% of Malawi's GDP. As most of the traditional agriculture 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.

(I) **Textile and Garment manufacturing**

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

(II) **Light goods manufacturing**

Malawi imports most of its light goods equipment such as 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.

7.5 FORESTRY

Malawi has large forest plantations which are mainly; Nyika Plateau at Chelinda, Dedza, Mulanje mountain, Zomba plateau and Chikangawa

Specific Investment Opportunities

Value addition to the country's vast forest resources via the manufacturing of timber and timber-based such as blackboards, cheap boards, plywood Opportunities are also there to develop new forests. Log and logging supply agreements for harvesting and cutting of existing timber.

7.6 ENERGY DEVELOPMENT

This industry is crucial as it support 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 area;

Specific 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

7.7 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 agriculture crops, livestock and fisheries.

Specific Investment Opportunities

- Irrigation Canals
- Factories
- Warehouses



7.8 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 Chende in Mozambique. The waterway covers a distance of 238km and is expected to reduce transportation costs by almost 60%.

Specific Investment Opportunities;

- Construction of oil pipeline and refinery
- Storage facilities and warehouses
- Hotels, shopping complexes, boats and barges
- Real estate developments

8.0 Export Opportunities

TRADING ENVIRONMENT

Trade in Malawi is liberalized with an import or export licenses 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 (COMESA and SADC). 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 also has functional trade agreements with other countries such as China, Zimbabwe, Japan, South Africa and Malaysia.

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

Export opportunities for some selected products are listed below:

8.1 Tobacco



Tobacco is Malawi's economic bedrock and the country's biggest foreign exchange earner, accounting for 60 percent of the total domestic export revenue. Malawi's Tobacco is also renowned for its texture as an ideal cigarette filler. Malawi is the world's biggest producer of burley tobacco and about 75 percent of the Malawian population is dependent on tobacco farming.

8.2 Tea



Malawi comes second to Kenya as the largest producer of tea in Africa. Tea is Malawi's second largest export crop after tobacco, Tea is produced mostly on estates, which accounts for 16,000 ha (40,000 acres), mainly grown in Mulanje and Thyolo districts. Malawi is the pioneer of tea growing in Africa, with production first starting commercially in the 1880's in Mulanje. Malawi grows clonal type of tea that is used to blend with other teas.

8.3 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.

8.4 Coffee



Malawi produces Arabica Coffee primarily for the export market. It is grown by both estates and small holder 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.

8.5 Chili 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 chili sauce is exported to South Africa, Germany and the United Kingdom.

8.6 Cotton



It is traditionally an important cash crop in Malawi and supports over 200,000 farming 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 as a result of an increased uptake, investment and yields.

8.7 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 Asia origin. Pulses are a substitute for animal meat.

8.8 Wheat



It is 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.

8.9 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 as 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 mushroom (oyster and button).

9.0 Quality of life in Malawi



Shopping

Shopping in Malawi can range from a trip to a supermarket, to a quick visit to a small town store, or even a stop-off at a roadside stall in the middle of nowhere. Handcrafted souvenirs are a popular choice for

most visitors. Visiting a market or a small village offers a great opportunity to barter, as well as to soak up the traditional Africa atmosphere. Shops in Malawi open relatively early. They also tend to close earlier than in Europe and North America, so it is advisable not to leave your shopping to the last minute.

Malawi boasts of several of its own supermarket chains including, Peoples, Shoprite, Pound stretcher, Chipiku Stores and Game Stores. In the more cosmopolitan cities of Lilongwe and Blantyre, it is possible to find a few European-style shops as well.

Lilongwe's Old Town Mall, located close to the NICO Centre, caters perfectly for visitors looking for something special to take home. The Mall's shops offer everything from craft items and gifts to up market clothing and fast food. The newer Gateway Mall located on Lilongwe's Mchinji Roundabout, is also a popular place to shop.

More adventurous visitors might like to venture into Malawi's many craft markets to buy interesting examples of local craftwork. In particular look out for woodcarvings and woven straw items. In Lilongwe, a craft market regularly held by the city's post office. Visitors travelling around Malawi are often tempted by local markets and roadside sellers plying their trade of traditional craftwork and local art.

Business hours

Normal business operating hours are:7.30a.m to 12noon, and 1.30p.m to 5:00p.m from Monday through Friday.

Most offices close for lunch. Banks open at 8:00a.m and close for business at 3.00pm with no lunch break in between from Monday through to Friday and on Saturdays from 8.30am and close at 11:00a.m

10.0 Entry Requirements

There are no inoculation requirements for entry into Malawi but visas are required by all entering the country except nationals of : Belgium, the United Kingdom, Denmark, Italy, Finland, France, Germany, Holland, Iceland, Japan, Norway, Portugal, Spain, San Marino, Sweden, Liechtenstein and the USA.

Passport/visa note: All visitors must have a return or onward ticket and all documents necessary for return on onward journey for the duration of the stay in Malawi. Extensions on visas are possible. Please note that passport and visa requirements are liable to change. Travelers are therefore advised to check their entry requirements prior to embarking on their journey.

PUBLIC HOLIDAYS	
NEWYEAR'S DAY	JANUARY 1ST
CHILEMBWE DAY	JANUARY 15th
MARTYR'S DAY	MARCH 3RD
GOOD FRIDAY	MARCH/APRIL
EASTER MONDAY	MARCH/APRIL
LABOUR DAY	MAY 1ST
KAMUZU DAY	MAY 14TH
REPUBLIC DAY	JULY 6TH
MOTHERS DAY	OCTOBER 15th
EIDAL FITR	END OF RAMADAN
CHRISTMAS DAY	DECEMBER 25TH
BOXING DAY	DECEMBER 26TH



MALAWI INVESTMENT AND TRADE CENTRE

Private Bag 302,
Lilongwe 3, Malawi.

Tel: +265 770 800 / +265 771 315;

Fax: +265 771 781

Email: ossc@mitc.mw

Website: www.mitc.mw