

# U.S. Country Commercial Guides



**MALAWI**

**2018**

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## Doing Business in Malawi

### Market Overview

- Malawi is a landlocked country in south-eastern Africa that is bordered by Mozambique on the east and southwest, by Tanzania on the north and northeast, and by Zambia on the west and northwest.
- Malawi has over 18.6 million inhabitants and an annual population growth rate estimated at approximately 3%. The annual per capita gross domestic product (GDP) is \$300.
- Agriculture is the mainstay of Malawi's economy, accounting for about one-third of GDP and more than 80% of export earnings (tobacco alone accounts for about 50% of exports). The agricultural sector employs nearly 65% of those in formal employment, and directly or indirectly supports an estimated 85% of the population (including subsistence farming). Tobacco, tea, and sugar are Malawi's principal exports.
- After two consecutive years of slow growth (3% in 2015 and 2.5% in 2016) due to drought and floods, growth picked up to 4.1% in 2017.

### Market Challenges

- High transport costs due to Malawi's landlocked position. Transport costs can constitute more than 30% of the country's total import and export bill.
- Unreliable power and water supplies. Approximately 10% of Malawians have access to electricity (5% in rural areas and 46% in urban areas).
- Lack of skilled and semi-skilled labor.
- High lending rates averaging around 27% make it expensive to access capital on the local market.
- Political risk; administrative and regulatory uncertainty. The Government of Malawi has often made dramatic changes to key policies and regulations, frequently affecting businesses' profitability.
- Corruption – lack of conflict of interest rules and non-transparent procurement procedures often disadvantage U.S. companies bidding on government tenders.
- Longstanding commercial relationships with South Africa, Malawi's primary supplier of imported goods. Although U.S. products are respected, a lack of historical business ties between the United States and Malawi, together with comparatively high product and transport costs, disadvantages U.S. suppliers.

### Market Opportunities

- U.S. products in significant demand include pharmaceuticals, used clothing, telecommunications equipment, used trucks, agricultural machinery, and mechanical parts.
- In the agricultural sector, agro-processing, storage, cleaning and grading facilities and equipment represent areas for potential U.S. investment.
- Investment opportunities also exist in electricity generation (hydro, solar, wind, and coal), mining and tourism.
- There are approximately 25 U.S.-affiliated companies doing business in Malawi, including two of the principal processors and exporters of tobacco, seed companies, a hotel chain, discount retailer, and distributors and franchisees of U.S. brands. Malawi does not have an American Chamber of Commerce (AMCHAM).

## **Market Entry Strategy**

- The Malawian public and business community are familiar with U.S. products.
- Competitive pricing and reliable supply are critical to enter and stay in the market.
- Most manufacturers distribute their products through wholesalers or agents.
- A U.S. company may market directly through an established importer or agent or by opening an office in Malawi.
- Investors find having a local agent facilitates understanding of local law and procedures which often must be done in person and in hard copy.

## **Political Environment**

For up to date information about the political environment visit [Department of State's Background Notes](#).



## **Selling U.S. Products & Services**

### **Using an Agent to Sell U.S. Products and Services**

Due to the nature of the local market, U.S. companies often find it helpful to hire a local agent. Subsidiary or affiliate companies of U.S. organizations operate in several areas, including agro-industry, tobacco, computers/office equipment, and services. Finding partners or agents and distributors for U.S. products generally is not difficult, with the notable exception of technically-advanced products requiring substantial local support capabilities. For such products, arrangements are sometimes made with firms operating from South Africa.

### **Establishing an Office**

The Government of Malawi is officially supportive of foreign businesses interested in establishing agency, franchise, joint venture, or licensing relationships. The government encourages local and foreign investment in all sectors of the economy with moderate restrictions on ownership. There are no restrictions on the size of investment, the source of funds, or whether products are destined for export or for the domestic market. However, retail operations in rural areas are not permitted by non-Malawian firms.

The Malawi Investment and Trade Center (MITC) is mandated to promote, attract, encourage, facilitate, and support domestic and foreign investment and trade, and publishes an “Investors Guide,” which may be obtained upon request or by visiting MITC’s website: [www.mitc.mw](http://www.mitc.mw). MITC also has a compendium of investment opportunities available on its website.

MITC’s functions include guiding foreign and domestic companies that wish to establish a local office. In Malawi, starting a business requires formal registration of the company name, business licensing, residence permitting for any expatriate staff, and registration with tax authorities. Business licenses are valid for one Malawi financial year (July through June) and must be renewed annually.

After a business is registered and licensed, additional steps may need to be taken depending on the type of business. For example, if a business includes production or manufacturing activities, the workplace must be registered with the Ministry of Labor and inspected by the Department of Occupational Safety, Health and Welfare.

To expedite business startup, MITC operates a One Stop Service Center that hosts representatives from government agencies in charge of business and tax registration, immigration, and land access.

### **Franchising**

There are no restrictions on franchising in Malawi and a few U.S. companies have local franchisees. Opportunities exist for additional franchise operations, as U.S. brands are valued in Malawi, however, a limited number of Malawian businesses have the investment capital available to operate a franchise.

## Direct Marketing

The Malawi business community is familiar with U.S. products. A U.S. company may market directly through an established importer or agent or by opening an office in Malawi. Competitive pricing and reliability of supply -- despite transportation bottlenecks and unpredictable border-crossings -- are essential to enter and stay in the market. Most products imported into Malawi have traditionally come from nearby South Africa and Zimbabwe. In recent years products from the Middle East and China have been quite successful in Malawi due to their cost advantage. However, many Malawians value quality and durability as well as price.

## Joint Ventures/Licensing

The Government of Malawi allows joint ventures under the Partnership Act. The amount and form of capital invested in a joint venture are not regulated. Joint ventures, like any other business, must be licensed by the Registrar General in the Ministry of Justice.

## Selling to the Government

The Government of Malawi issues periodic tender notices for supplies and services in local and international publications 15 to 90 days before the bids are due. The [Directorate of Public Procurement and Disposal of Assets](#) has begun to list most public tenders on its website. Detailed bid documents are normally obtained from a specific government ministry, department, or agency for a usually low non-refundable fee. Bids are often opened in the presence of bidders or their representatives. Malawi is not a signatory to the WTO Government Procurement Agreement.

Most public procurement opportunities are advertised in the print versions of the leading national newspapers.

- [Daily Times](#)
- [The Nation](#)

The U.S. Embassy sends [Trade Opportunity](#) (TOP) notices with information on major public bids to the U.S. Department of Commerce in Washington, DC (see Major procurements are also listed in the U.S. Department of State's [Business Information Database System](#) (BIDS).

Multilateral Development Banks (African Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the African Development Bank](#) and the [World Bank](#). Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information.

Web Resources

[Commercial Liaison Office to the African Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

## **Distribution & Sales Channels**

Product distribution in Malawi can be problematic since some rural areas are difficult to reach and become inaccessible during the rainy season (roughly November to April). In addition, there is negligible purchasing power outside cities. Some companies have a network of rural distributors, but many firms opt to reach rural markets through wholesale arrangements with local entrepreneurs. Imported goods enter Malawi through sea ports in Tanzania (Dar es Salaam), Mozambique (Nacala and Beira), and South Africa (Durban). These goods are delivered to the three main cities (Blantyre, Lilongwe, and Mzuzu) before onward distribution to surrounding districts. Similarly, Malawi's major manufacturers have central warehousing in the three main cities that serve as their distribution hubs.

## **Express Delivery**

Express delivery services are available for both domestic and international destinations. International courier companies (FedEx, DHL, and UPS) have a presence in Malawi. A couple of local courier companies (G4S, Malawi Post Corporation, GLENS Malawi Ltd, and AMPEX Ltd) are reliable for domestic express delivery.

## **Selling Factors & Techniques**

Most manufacturers distribute their products through wholesalers or agents. Price plays a significant role in purchasing decisions, along with quality and durability. There are no specific labeling requirements on most goods, with the significant exceptions of medicines and goods meant for human consumption. Labeling may be in any language; however, Malawi's official language is English. Chichewa is the most prominent of seven national languages. Labels are required to list ingredients and expiration dates.

## **E-commerce**

E-Commerce is not widely available in Malawi. Internet penetration is estimated to be only 9% nation-wide but reaches almost 30% in cities. Almost 85% of connected Malawians access internet on their mobile device. Mobile phone operators are aggressively marketing mobile money currently used by 7.7% of Malawians with much higher adoption rates in urban settings. Few people have credit or debit cards, further limiting access to internet shopping.

## **Current Market Trends**

Malawi has been comparatively slow to embrace the internet and e-commerce in general as poor infrastructure and high taxes make internet access prohibitively expensive for the majority of Malawians, resulting in low access rates across the country. However, with the installation of an inter-country fiber optic cable through Tanzania, Malawi has seen increased broadband penetration, and rapid increase in smart mobile devices, all indications are that e-commerce will improve steadily in years to come. As bank and mobile network operator-led mobile payment schemes steadily increase, more Malawians are using the services to pay utility bills, purchase airtime, and transfer cash.

### Domestic e-commerce (B2C)

Although some e-commerce applications, like internet banking, exist in Malawi, business to consumer e-commerce has not yet fully taken off in Malawi due to low internet penetration. However, with increased development of ICT infrastructure in Malawi, more companies are realizing the potential for e-commerce and are increasingly incorporating it into their business strategies.

### Cross-Border e-commerce

Malawi is a net importer of goods and services and Malawians are increasingly shopping online for goods and services abroad (mostly for used vehicles and vehicle parts from Japan, UK, and the United States). However, few people have credit or debit cards, further limiting access to internet shopping.

### B2B e-commerce

Although some e-commerce applications, like internet banking, exist in Malawi, business to business e-commerce has not yet fully taken off in Malawi due to low internet penetration. However, with increased development of ICT infrastructure in Malawi, more companies are realizing the potential for e-commerce and are increasingly incorporating it into their business strategies.

### E-commerce Services

E-commerce services are dominated by commercial banks and mobile network companies through bank-led mobile payments & internet banking schemes and mobile network operator-led mobile payment schemes.

### E-commerce Intellectual Property Rights

Malawi recognizes the importance of intellectual property protection and enforcement but lacks the capacity to do so. Enforcement of intellectual property rights is inadequate. However, general awareness of the importance of protecting intellectual property in all forms (copyrights, trademarks, patents, trade secrets, and others) has improved. The Copyright Society of Malawi (COSOMA), administers the 2016 Copyright Act which protects copyrights and “neighboring” rights in Malawi.

### Popular e-commerce Sites

E-commerce is an emerging enterprise in Malawi. Malawians are increasingly selling and advertising goods on online platforms, especially on informal underground markets through Facebook and WhatsApp groups. However, most companies have not invested in technology that can support online sales and complete financial transactions on an organized mass scale.

### Online Payment

Online payments are not common in Malawi. However, banks are increasingly offering online banking services. Subscribers mainly use internet banking services for high value transactions.

## Mobile e-commerce

In February 2017, the combined membership of all mobile network operator-led mobile payment schemes was 3.8 million with only 34.3% of users actively using the service. Low financial literacy levels is a likely key factor for the low usage of mobile payment schemes, as well as the lack of sufficient cash collection points. Most mobile money subscribers use the services for airtime purchases and cash transfers.

## Digital Marketing

Digital marketing has not yet taken off in Malawi due to low internet penetration. Most large firms serving a likely connected customer base (banks, large retailers, telecommunication companies) realize the potential of digital marketing and are increasingly incorporating it into their marketing strategies.

## Major Buying Holidays

The most important buying holiday period in Malawi runs from mid-December until early-January. During the period many government offices and large organizations are closed, large retailers run promotional campaigns, and many Malawians spend a significant portion of their yearly disposable income.

## Social Media

A growing number of Malawians are using social media through blogs, Facebook, Instagram, and Twitter. The Government of Malawi currently does not have the technical capacity and, therefore, does not currently block or filter internet content. The GOM has expressed interest in criminalizing critical online content.

## **Trade Promotion & Advertising**

Sellers advertise their products and services through a variety of media including road-side signs, billboards, and advertisements in the main daily newspapers and on radio and television. The two national daily newspapers "The Nation" and "The Daily Times" have circulation of around 35,000 copies with their sister weekend editions achieving slightly more. State-owned MBC Radio and privately-owned Zodiak Broadcasting Station reach significantly larger audiences nationwide. Urban private radio stations, including Capital FM, are also popular and may be preferred for advertising in the cities of Blantyre, Lilongwe, Mzuzu, Zomba, and surrounding areas.

Malawi Broadcasting Corporation (MBC) TV is the main television station and is funded and controlled by the Government of Malawi. Zodiak TV and Times TV have recently gained popularity and reach all major urban areas in Malawi. Only the affluent subscribe to pay TV, be it digital-over-the-air (GoTV) or satellite (Zuku, DSTV).

- [Times Group](#)
- [The Nation](#)
- [Zodiak](#)
- [Capital Radio](#)
- [Malawi News Agency](#)
- [Malawi Broadcasting Corporation](#)

## **Pricing**

- Prices Pricing for most goods are generally market-determined. Low priced goods tend to sell very well due to the generally low income levels of most Malawians. The arrival of inexpensive Chinese-made products has negatively affected sales for many local and western-made products. Pricing structures tend to take into account the cost of international and domestic transportation, whether final products or inputs. Transportation costs can be substantial in land-locked Malawi. Customs duties and value-added tax (16.5%) also contribute to final prices.

The state-owned Agricultural Development and Marketing Corporation (ADMARC) has intervened in the maize market in the recent past, attempting to stabilize prices. With a declared intent of protecting poor farmers and alleviating poverty, the Government of Malawi also intervenes in the marketing of many agricultural commodities (tobacco, cotton, tea) by setting floor prices. The pricing of petroleum products and utilities is regulated.

## **Sales Service/Customer Support**

Major retailers offer guarantees on purchases of durable household items such as stoves, refrigerators, and televisions. After-sales services and customer support is common in the ICT and automobile industries. A number of companies and agents in the four major towns of Blantyre, Lilongwe, Mzuzu, and Zomba offer sales and customer support services.

## **Protecting Intellectual Property**

Malawi recognizes the importance of intellectual property protection and enforcement but lacks the capacity to do so. The Registrar General administers the Patent and Trademarks Act of 1948, which protects industrial intellectual property rights in Malawi. A public registry of patents and patent licenses is kept. Patents must be registered. Trademarks are registered publicly following advertisement and a period of no objection.

The government has signed and adheres to bilateral and multilateral investment guarantee treaties and key agreements on intellectual property rights. Malawi is a member of the convention establishing the Multilateral Investment Guarantee Agency (MIGA), the World Intellectual Property Organization (WIPO), the Berne Convention, and the Universal Copyright Convention. Malawi is not listed in USTR's Special 301 Report or in the Notorious Markets Report.

Enforcement of intellectual property rights is inadequate. However, general awareness of the importance of protecting intellectual property in all forms (copyrights, trademarks, patents, trade secrets, and others) has improved. The Copyright Society of Malawi (COSOMA), administers the 1989 Copyright Act which protects copyrights and "neighboring" rights in Malawi. Led by COSOMA, intellectual property rights enforcement agencies commemorate World IP Day in April. Although the commemoration has focused primarily on copyrights, it has nonetheless helped to promote awareness of the importance of protection of intellectual property rights.

WTO rules allow Malawi (as a less developed country) to delay full implementation of the Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement until 2021. The Ministry of Industry and Trade is working with COSOMA, the Registrar General, and the Africa Regional Intellectual Property Organization

(ARIPO) to align relevant domestic legislation with the WTO TRIPs agreement. An intellectual property rights policy which would modernize and harmonize related laws and regulations has been drafted, but has not been presented to the Cabinet for approval. In practice, the policy's approval is a prerequisite for the government to proceed to make the changes to the legal framework to align with TRIPs and modernize Malawi's intellectual property protection regime.

While enforcement officials routinely seize counterfeit goods and goods suspected to be counterfeit, Malawi does not have a systematic approach to tracking and reporting on such seizures and no reliable estimates of the number of seizures, type or value of goods seized, or related information are available.

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please link to our article on Protecting Intellectual Property and [www.stopfakes.gov](http://www.stopfakes.gov) for more resources.

Resources for Rights Holders:

U.S. Embassy  
Economic and Commercial Section  
40/24 Kenyatta Dr.  
Lilongwe, Malawi  
+265-1-773-166  
LilongweECON@state.gov  
A list of [local attorneys](#).

## **Due Diligence**

Firms that specialize in verifying the authenticity, diligence, and *bona fides* of banks, agents, and customers do not exist in Malawi. However, the Reserve Bank of Malawi's bank supervision department rates banks, as do correspondent banks and international rating agencies. Credit Reference Bureaus operate in the country but their exhaustivity is compromised by the lack of a proper national ID system.

The U.S. Embassy has the capacity to provide commercial services when requested through a U.S. Department of Commerce district office or when contacted directly by a U.S. company. Embassy Lilongwe can help with market information and advice, and provide advice on potential partners for businesses. Embassy Lilongwe provides the following branded commercial services:

- Gold Key Service: Embassy Lilongwe pre-qualifies companies and schedules meetings.
- International Partner Search: Embassy Lilongwe provides a pre-screened list of potential business partners.
- International Company Profile: Embassy Lilongwe provides a recommendation on the suitability of the profiled company for business partnerships.
- Contact List: Embassy Lilongwe provides a sector- or product-specific list of local companies.

## Local Professional Services

Local professional services are easily accessible in the following areas: accounting and auditing, engineering, law, architecture, surveying, and medicine. Three international professional auditing firms – Deloitte, Ernst and Young, and AMG Global – have a local presence in Malawi.

## Principal Business Associations

Several professional bodies play a key role in Malawi’s economic governance. These professional bodies are well respected by both private Malawians and the government. The most prominent include:

- The Economics Association of Malawi
- The Institute of Chartered Accountants in Malawi
- The Malawi Institute of Engineers
- The Bankers Association of Malawi
- The Consumer Association of Malawi
- The Employers Consultative Association of Malawi
- The Malawi Institute of Procurement and Supply

Other professional bodies that U.S. companies can benefit from joining or consulting include the Law Society and the Malawi Confederation of Chambers of Commerce and Industry (MCCCI). As a broad-based, multi-sector group, MCCCI may be particularly helpful to U.S. companies interested in entering the Malawi market.

## Limitations on Selling U.S. Products and Services

There are some limitations on foreign control.

Pursuant to the Land Act of 2016, foreigners are not permitted to acquire freehold land; foreigners are able to secure lease-hold land for terms of up to 50 years, and potentially longer. In addition, foreigners can only secure private land when no citizen has made an offer for the land and the law prohibits the passing of land by way of gift between persons who are not citizens of Malawi.

In the mining industry, small-scale prospecting and mining operations are reserved for Malawians and foreigners who have resided in Malawi for a minimum of four years.

In the case of the privatization of any state-run entity, Malawi Stock Exchange regulations limit participation of an individual foreign portfolio investor to a maximum of 10% of any class or category of security under the privatization program and limit maximum total foreign investment in any portfolio to 49%. When state-run entity is privatized, Malawian nationals are offered preferential treatment, including discounted share prices and subsidized credit. Subsidized credit carries a precondition that the shares or assets be retained for at least two years.

Retail operations in rural areas are *de facto* limited to Malawian citizens.

## Web Resources

- [Malawi Investment and Trade Center](#)



- [Ministry of Industry, Trade and Touris](#)
- [Malawi Confederation of Chambers of Commerce and Industry](#)
- [iGuide Malawi](#)
- [Malawi Trade Portal](#)
- [Department of Commerce Trade Leads database](#)
- [Department of State Business Information Database System \(BIDS\)](#)
- [Times Group](#)
- [The Nation](#)
- [Zodiak](#)
- [Capital Radio](#)
- [Malawi News Agency](#)
- [STOP! Hotline](#)

## Leading Sectors for U.S. Exports & Investments

### Energy

#### Overview

Malawi's power sector is one of the most severely constrained in sub-Saharan Africa – less than 10% of the population of 18 million is connected to the electrical grid. For the 80% of the people living in rural areas, access to electricity is less than 1%. The total installed capacity for power generation in the interconnected grid of Malawi operated by Electricity Supply Corporation of Malawi (ESCOM) is approximately 362 megawatts (MW), of which 351 MW is hydropower and 11 MW is reciprocal engines (diesel sets). Some off-grid photovoltaic installations exist but are very few. With the majority of Malawi's hydropower generation derived from the Shire River located south of Lake Malawi, the hydrology of the river determines, to a great extent, the available output of electricity at any time.

Estimates indicate that shortage of capacity frequently exceeds 60 MW, or over 17% of peak demand in Malawi. With no reserve margin and a stressed system, the reliability and quality of electricity supply is poor. Malawi depends on domestic generation, as there are currently no significant interconnections to neighboring countries.

Considerable investment in new infrastructure is necessary to improve security and regularity in supply and meet a growing demand. To this effect, the Government of Malawi has developed a number of strategies in the energy sector, including power sector reform, rural electrification, biomass energy and renewable energy. The reforms have led to the unbundling of ESCOM into two companies – a generation company (EGENCO) and transmission & distribution (ESCOM Ltd). ESCOM is now the system and market operator (SMO) as well as the single buyer (SB) buyer of electricity generated throughout the country.

The reforms in the power sector have also led to the entry of Independent Power Producers (IPPs) for new generation capacity. A number of potential developers (>30) have been in contact with the Government of Malawi (GoM) to develop independent power projects. Most of the interested IPPs are in solar PV, while some coal, heavy fuel oil (HFO), and small hydropower projects are among the candidates. In 2017, ESCOM issued a tender for 70MW of solar PV via its first IPP procurement and is currently in the final negotiations with three companies.

Other efforts being undertaken to better serve the existing and future demand include a number of transmission expansion projects co-funded by the U.S. Government, through the Millennium Challenge Corporation (MCC), and by the World Bank. The \$350.7 million MCC compact is designed to: increase the capacity and stability of the national electricity grid through transmission and distribution improvements; bolster efficiency and sustainability of hydropower generation; prepare for future expansion by strengthening sector institutions, regulation, and governance; reduce the cost of doing business; and revitalize Malawi's power sector. The MCC Compact will conclude in September 2018.

Launched in 2013, Power Africa is a market-driven, U.S. Government-led public-private partnership to double access to electricity in sub-Saharan Africa. It offers private sector entities tools and resources to facilitate doing business in Africa's power sector. Learn more about the full [Power Africa toolbox](#) or other opportunities offered by [Power Africa](#).

	2014	2015	2016	2017 (Estimated)
Total Local Production (GWh)	1906.51	1975.02	1976.99	1808.64
Total Exports	0	0	0	0
Total Imports (GWh)	23.62	21.85	24.43	20.43
Imports from the US	0	0	0	0
Total Market Size (GWh)	1930.13	1996.87	2,001.42	1829.07
Exchange Rates	MK470/USD	MK672/USD	MK728/USD	MK730/USD

(Total market size = (total local production + imports) - exports)

#### Leading Sub-Sectors

Hydro electricity, fossil fuels and biomass are the most used energy sources in Malawi. Opportunities exist in the following areas: hydro generation, solar energy, wind energy, thermal power plants, biomass stoves, biogas and renewable power generation.

#### Opportunities

According to Malawi's Integrated Resource Plan (IRP), ESCOM aims to supply electricity to close to 30% of the population by 2030, quadrupling current generation levels to 1875 MW. To meet the growing demand, new generation capacity needs to be integrated into the grid on an average annual basis of 157MW over the planning horizon (2017-2036). The IRP specifically mentions plans to add 650 MW of new installed capacity by 2032 – including 165MW of solar, 60MW of wind, 23MW of hydro, 50MW of fuel oil, 250MW of coal, and 100MW of biomass. The likelihood of implementation of these plans varies by project and many believe these plans are overly ambitious.

Since EGENCO currently lacks capital to fully meet ESCOM's demand for power on its own, U.S. companies can explore independent electricity generation opportunities through power purchase agreements and other possible outsourcing opportunities with ESCOM. In the longer term, additional hydropower, solar, geothermal, and biomass projects provide other potential opportunities. Generation projects in Malawi are expected to benefit from possible trading and export opportunities when cross-border transmission projects are in place with Mozambique, Tanzania, and Zambia.

Opportunities also exist for U.S. suppliers of household-level solar products. The use of small-scale household solar units, and accompanying storage options, is growing as 90% of Malawians are not connected to the grid.

#### Web Resources

- [Malawi Energy Regulatory Authority \(MERA\)](#)
- [Electricity Supply Corporation of Malawi \(ESCOM\)](#)
- [MCC Compact](#)
- [Millennium Challenge Account-Malawi](#)
- [Power Africa](#)
- [Malawi Investment and Trade Centre](#)
- [Electricity Generation Company \(Malawi\) Limited](#)

## Agricultural Sector

### Overview

Agriculture anchors Malawi's economy, directly accounting for about one third of gross domestic product. Agriculture significantly contributes to employment, economic growth, export earnings, poverty reduction, food security, and nutrition. Turning the country's agriculture sector into an engine of growth is a major development goal for Malawi.

Agriculture is the sector in which Malawi competes most successfully in international markets. While maize has been the major food crop in terms of the policy agenda and hectareage planted, tobacco has been, and continues to be, the dominant cash crop in the economy accounting for approximately 58% of the country's total export earnings. Other important crops include dried legumes, sugar, tea, cotton, and nuts. Agricultural diversification is important for Malawi. U.S. goods or technical knowledge that could be adapted in a cost-effective manner to Malawi's agricultural conditions and boost the quality, quantity, or diversity of crops might find a profitable market.

	2014	2015	2016	2017 (Estimated)
Total Local Production (USD)	784,914,893	919,034,226	843,973,901	899,341,095
Total Exports (USD)	467,130,804	432,498,254	590,835,834	585,501,231
Total Imports (USD)	473,582,000.00	495,752,000.00	492,187,000.00	407,309,000.00
Imports from the US	2,269,000.00	4,617,000.00	17,694,000.00	18,975,000.00
Total Market Size (USD)	791,366,089	982,287,972	745,325,067	721,148,864
Exchange Rates	MK470/USD	MK672/USD	MK728/USD	MK730/USD

(Total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

Leading Sub-sectors in the agriculture industry in Malawi include crop farming, livestock production, and agro-processing. Malawi's desire to move away from reliance on rain-fed agriculture has also opened up opportunities for irrigation farming. These opportunities include irrigation equipment, irrigation infrastructure development, and irrigation technology development.

Opportunities also exist in agro-processing, including cotton ginning and spinning, textile and garment manufacturing, fruit processing, beef and dairy processing, leather processing, oil seed production, and production of sugar cane products.

#### Opportunities

There are various investment opportunities in agriculture, including livestock production (for dairy and beef), aquaculture, horticulture, agro-processing, sugar, soy bean, cow peas, 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 SCHEME of the EU's EBA Initiative, the African Growth and Opportunity Act (AGOA), China General Tariff Preferential Treatment, the India Preferential Trade Arrangement, and the Japan Preferential Trade Arrangement.

Opportunities for investment in irrigation also exist in Malawi's still largely rain-fed agricultural sector. Horticultural products such as vegetables, flowers, fruits, and rice can be grown using surface, gravity, pump, river diversion, or sprinkler irrigation systems. There is also great potential for U.S. agricultural products, equipment, processing machinery, and packaging.

#### Web Resources

- [Malawi Investment and Trade Center](#)
- [Malawi Confederation of Chambers of Commerce and Industry](#)
- [IGuide Malawi](#)

## Mining and Minerals

### Overview

The mining sector in Malawi accounts for about 1% of the country's GDP. In 2017, growth in the mining and quarrying sector was estimated at 1.6%. Growth in 2018 is projected at 2.3%. Malawi has several minerals with economic potential, such as : Phosphates (apatite), Bauxite, Kaolinitic, Coal, Kyanite, Limestones, Rare Earths (including Strontianite and Monazite), Graphite, Sulphides (Pyrite and Pyrrhotite), Titanium minerals along the Lakeshore, and Vermiculite. Most of these minerals have been evaluated in the past by either the Geological Survey Department or private companies. Only phosphate, coal, limestone, and uranium have been exploited. In addition, rock aggregate is exploited in many parts of the country for the construction industry.

Artisanal and Small Scale Mining (ASM) in Malawi is generally carried out through labour intensive methods for limestone for lime production, clay for pottery, and gemstones. Small scale mining is facilitated by Mineral Permits, Mining Claim Licences, and Reserved Mineral Licences.

The Malawi Geological Survey Department recently released the results of the high resolution airborne geophysical survey whose data can be readily procured for analysis. Follow up field surveys that include sample collection are underway that should provide more granular data about mineral deposits.

	2014	2015	2016	2017 (Estimated)
Total Local Production (USD)	24,397,872.34	17,139,880.95	15,998,626.37	16,215,068.49
Total Exports (USD)	2,140,000.00	813,000.00	9,135,000.00	1,316,000.00
Total Imports (USD)	473,708,000.00	323,969,000.00	334,306,000.00	320,302,000.00
Imports from the US(USD)	29,000.00	147,000.00	64,000.00	147,000.00
Total Market Size (USD)	495,965,872.34	340,295,880.95	341,169,626.37	335,201,068.49
Exchange Rates	MK470/USD	MK672/USD	MK728/USD	MK730/USD

(Total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

Malawi's long term goal is to increase the mineral sector's contribution to GDP from less than 2% in 2011 to 10% over the coming years. Potential exploration targets include rare earth minerals, gold, uranium, platinum

group of minerals (PGMs), base metals (nickel and copper), dimension stone, phosphates, heavy mineral sands, graphite, coal, niobium, tantalum, bauxite, cement, rubies, chromium, lead, zinc, phosphate, potassium, and petroleum.

Several international companies are already actively engaged in the mineral exploration and mine development for various minerals. In 2013 Australian based Paladin opened a uranium ore mine at Kayelekera in the Northern District of Chitipa. The mine is currently mothballed due to depressed global yellow cake prices. The other most sought after minerals are rare earth elements, niobium, uranium, zircon, tantalite, limestone, and heavy metal sands.

### Opportunities

Malawi has found new deposits of minerals, including but not limited to, rare earth minerals, limestone and dolomite, coal, uranium, heavy mineral sands, semi-precious gemstones, bauxite, graphite, gypsum, kaolinitic ceramic clays, glass sands, brick clays, rock phosphates, vermiculite, talc, pyrite/pyrrhotite, salt, kyanite, as well as alluvial gold mineralization and kimberlitic anomalies. Like many other African countries, most of these minerals remain untouched. Many reports and maps of more detailed information regarding the minerals such as sizes, grade, and location are readily available for future investors.

Table showing Potential Mineral reserves in Malawi

Mineral	Potential reserves (Million Tons)
Bauxite	28.8
Coal	24.7
Dimension Stone	Blue, Black, Green, and Pink Granite
Gemstones	Numerous pegmatites and volcanic
Glass Sands	1.6
Graphite	8
Limestone	25
Mineral sands	1,395



Monazite/Strontianite	11
Phosphate	2
Pyrite	34
Uranium	12.5
Vermiculite	2.5

Web Resources

- [Malawi Investment and Trade Center](#)
- [Malawi Ministry of Mines](#)
- [Mining in Malawi trade review](#)
- [Malawi Extractives Industries Transparency Initiative](#)

## Travel and Tourism

### Overview

The Government of Malawi identifies the tourism sector as a key driver for sustainable economic growth and development in the country. The sector accounted for 3.5% of Malawi's GDP in 2017. Tourism investments are eligible for exemption of various import duty and excise taxes.

[Please create a Word table as detailed below and pay special attention to the directions with regards to using data sources.]

	2014	2015	2016	2017 (Estimated)
Total Local Production				
Total Exports (USD)	32,181,000	31,859,000	32,800,000	35,600,000
Total Imports				
Imports from the US				
Total Market Size (USD)				
Exchange Rates	MK470/USD	MK672/USD	MK728/USD	MK730/USD

(Total market size = (total local production + imports) - exports)

### Leading Sub-Sectors

Malawi's tourism is based on both natural and cultural heritage. The prime attractions are the fresh water Lake Malawi, the third largest lake in Africa, and wildlife that can be found in numerous national parks, wildlife reserves, and forest reserves, mountains and scenery, cultural and historical attractions, and the friendly, welcoming people.

### Opportunities

Investment Opportunities exist in the following areas:

- Eco-tourism
- Hotel, camps and lodges

- Water and lake sports
- Wilderness safari, travel and tours
- Game and forest lodges

#### Web Resources

- [Ministry of industry, trade and tourism](#)
- [Malawi Official Tourism site](#)
- [Malawi Investment and Trade Center](#)

## **Other Commercial Sectors**

Donor support for Malawi has created opportunities for U.S. businesses to supply materials, equipment, and expertise for donor-financed projects in various areas. The U.S. Government, the World Bank, the European Union, the UK, and the African Development Bank/Fund are the major donors for projects for which U.S. firms are eligible. There is a particular opportunity in providing medical supplies and equipment. Requests for proposals are available here:

- [USG](#)
- [AFDB](#)
- [World Bank](#)

## **Customs, Regulations & Standards**

### **Trade Barriers**

Malawi operates an import and export-licensing system with restrictions largely based on health, safety, and national security reasons. One of the most significant hurdles firms face is lengthy border crossing delays. Efforts are underway to improve the ease of trading across Malawi's borders by establishing one stop border posts.

### **Import Tariff**

As a member of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), Malawi grants reciprocal preferences to member states of these organizations. Malawi also has bilateral trade agreements with South Africa, Mozambique, and Zimbabwe which allow duty exemptions on selected commodities. The SADC Trade Protocol calls for the establishment of a SADC Free Trade Area that stipulates the gradual elimination of tariffs between member states. In principle, the SADC FTA took effect in January 2008, although certain members (Malawi, Mozambique, Tanzania, and Zambia) are still implementing their scheduled tariff phase-down.

In general, import duties and excise taxes vary according to product, country of origin, end use, and national interest decisions. Depending on the good, import duty, excise tax, and value added tax (VAT) may all be charged. The Malawi Investment and Trade Center posts relevant information on its website <http://trade.mitc.mw/>, and can assist foreign and domestic companies in identifying incentives available to them and liaising with other government authorities to identify the relevant rates for the company's products.

### **Import Requirements & Documentation**

According to customs regulations, the following documents can be demanded by customs officials:

- Advice note
- Bill of lading
- Certificate of origin
- Commercial invoice
- Malawi Revenue Authority Form 12
- Customs declaration for Mozambique (transit document)
- Delivery order
- Malawi Revenue Authority Form 19
- Inspection report from scanner (transit document)
- Packing list
- Release order
- Report order

Malawi Revenue Authority customs forms are available online at <http://www.mra.mw/>.

Additionally, requirements vary slightly depending on the mode of transport into Malawi:

#### Transport by road vehicle:

- A complete list of the goods carried
- Copies of all waybills
- Copies of consignment notes

#### Transport by aircraft:

- Manifests of the cargo signed by an authorized person at the point of departure
- Lists of the passengers and crew
- Lists of any goods on board which are accompanying passengers (i.e., baggage)
- The clearance, if any, from the last foreign port
- The aircraft's journey log book

#### Transport by train:

- Copies of invoices
- Waybills
- Delivery and advice notes
- Other documents for goods which will enter at that port
- Lists of all goods carried on the train other than the cargo
- A "Clean Report of Findings" from the Intelligent Transport Systems (ITS) affiliate in the exporting country is also required

### **Labeling/Marking Requirements**

There are no specific labeling requirements on most goods, with the significant exceptions of medicines and goods meant for human consumption. Labeling may be in any language; however, Malawi's official language is English. Chichewa is the most prominent of seven national languages. Labels are required to list ingredients and expiration dates.

Labels for medicines are monitored by the Pharmacy and Poisons Board. In general, the Malawi Bureau of Standards is responsible for monitoring to ensure that products are properly labeled and marked. The bureau is stricter for food products than for others. Producers are required to declare the composition of their products and ensure that products conform to what is declared in the label.

### **U.S. Export Controls**

For information on the latest U.S. export and re-export regulations, please go to the following [website](#).

A [list that consolidates eleven export screening lists](#) of the Departments of Commerce, State, and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available.

## **Temporary Entry**

Under Malawi law, the Controller of Customs and Excise is authorized to allow the temporary importation of goods. The Controller may impose conditions on temporary importation -- such as mandatory re-export -- and may allow entry "for such period as he thinks fit" and "for such purposes as he may approve." Temporary entry is customarily authorized when goods are in transit to other countries, or when goods are accompanying tourists. Many freight-clearing agents are familiar with the processes required at the port of entry for such goods to enter Malawi.

## **Prohibited & Restricted Imports**

A number of import and export commodities are subject to a licensing regime. Licenses are also required for certain goods of national security significance. This includes military or police uniforms and radioactive substances. The Ministry of Trade and Industry issues import and export licenses. It frequently reviews and changes the lists of goods subject to licensing. In principle, changes are published in the Government Gazette. Licenses are valid for six months, but may be extended.

Goods currently requiring an import license are:

- Cement
- Cooking Oil
- Laundry Soap
- Fresh Milk
- Liquor (in plastic packaging or bottles)

Goods currently requiring an export license are:

- Implements of war (other than arms and ammunition), 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, including the following metals: Beryllium, Cobalt, Tantalum, Uranium, Lithium, Columbite, Niobium, Thorium, Germanium, Titanium Nickel; and any materials containing such metals.
- Petroleum products
- The following gemstones in the unmanufactured state: Corundum, Garnet, Quartz, Tourmaline, Turquoise, Beryl, Zircon, Jade, Olivine, Feldspar, Topaz, Opal, Chrysoberyl, Spinel, Lazurite
- Scrap metal
- Hides and skins in processed and non-processed form
- Rice, including: rice meals, rice bran, rice residues
- Raw hard round wood timbers
- Live poultry, including day-old chicks
- Maize, including: dried maize, on or off the cob, crushed maize or samp

Maize meal, including, Maize grits, Maize cones, Hominy cop, Maize offals, or Processed maize meal with or without additives.

## **Customs Regulations**

The General Commission

Malawi Revenue Authority  
Private Bag 247  
Blantyre, Malawi  
Tel: (265) 1-822 588 or 1-820 844  
Fax: (265) 1-820 202  
<http://www.mra.mw>

## Standards for Trade

### Overview

The Malawi Bureau of Standards (MBS), a member of the International Bureau of Standards, promotes conformity with internationally accepted standards. MBS prescribes and enforces product standardization in Malawi. All products manufactured locally for export must obtain certification before export. Hotel and catering services are also subject to reviews. Goods imported into Malawi are also checked to ensure that they meet standards set for such products.

### Standards

The MBS formulates national standards (Malawi Standards) in all fields of interest. The standards act as a base or guideline for measuring the quality, performance, or fitness for intended use of a product or service. The formulation of standards is done through Technical Committees (TCs) which are made up of representatives from the industry, government ministries and departments, professional organizations and bodies, among others. These standards are grouped in three categories:

- **Chemicals and Textiles:** cover soaps, detergents, paints, pesticides, fertilizers, stationery and all products based on chemical formulations.
- **Engineering and Materials:** cover civil, electrical and mechanical engineering, information technology, renewable energy, building materials, etc.
- **Food and Agriculture:** cover food technologies, food safety, agricultural produce, livestock and livestock products, poultry and poultry products, etc.

### Testing, inspection and certification

The MBS provides testing services through its Testing Services Department which operates several laboratories. The laboratories provide testing services to most organizations that do not have their own test facilities, to clients requiring an independent analysis or opinion, and to internal programs for verification of compliance to standards. The laboratory facilities are in the following areas:

- General Chemistry
- Food Chemistry
- Petrochemicals
- Pesticides Residues and Formulation
- Microbiology
- Radiochemistry
- Engineering and Materials



The MBS also provides Inspection and certification services to ensure that both local and imported goods and/or services comply with quality requirements, with the aim of protecting consumers from unfair trade practices in quality, quantity, presentation and labelling, based on certification practices that are recognized at the international level. These services are offered through the following schemes:

- Permit Scheme
- Designation Scheme
- Imports Quality Monitoring Scheme
- Exports Quality Certification Scheme

#### Publication of technical regulations

Technical regulations are not centralized and are, therefore, managed by relevant government departments. These are published in the Malawi Government Gazette and form part of relevant Acts.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

#### Contact Information

The Director General  
Malawi Bureau of Standards  
Moirs Road  
P.O Box 946  
Blantyre  
Malawi  
Tel: (265)1 870 488  
Fax: (265) 1 870 756  
E-mail: [mbs@mbsmw.org](mailto:mbs@mbsmw.org)

#### Trade Agreements

Malawi is a member of the World Trade Organization (WTO) and two regional trade blocs: the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). Under the COMESA Treaty, all goods may be traded among member states under preferential treatment as long as they satisfy the prescribed rules of origin. The SADC Trade Protocol calls for the establishment of a SADC Free Trade Area that stipulates the gradual elimination of tariffs between member states. In principle, the SADC FTA took effect in January 2008 although certain members (Malawi, Mozambique, Tanzania, and Zambia) are still implementing their scheduled tariff phase down. Despite Malawi's membership in these organizations, to date intraregional trade has not been a strong component of Malawi's exports.

## **Licensing Requirements for Professional Services**

There are a number of professional services in the country that are regulated by their respective bodies. Lawyers have to be admitted to the bar by the judiciary in order to practice and the Law Society oversees their professional conduct. There are similar bodies for other professions such as accountants, auditors, engineers, architects, and others.

### **Web Resources**

- <http://trade.mtc.mw>
- <http://www.mbsmw.org>
- <http://www.ecamamw.org>
- <http://www.moit.gov.mw>

## Investment Climate Statement

### Executive Summary

The Government of Malawi is eager to attract foreign direct investment. The Malawi Investment and Trade Center's One Stop Center offers assistance on how to navigate relevant regulations and procedures. In general, there are adequate legal instruments to protect investors. Foreign investors are generally accorded national treatment.

Malawi has been largely free of political violence since gaining independence in 1964. Although divisions exist, Malawi has no significant tribal, religious, regional, ethnic, or racial tensions that could be expected to lead to violent confrontation.

Agriculture accounts for one third of GDP and 80 percent of Malawi's exports. Opportunities exist for investment in the agricultural sector, particularly for processing and value addition. As the United States government concludes a USD 350 million effort to upgrade electrical transmission lines and assist in policy reform to attract additional power sector investment, the power sector provides increased opportunities for investors.

Although the Government of Malawi has made some efforts to combat corruption, it remains a major obstacle to carry out investment in Malawi. Scarcity of skilled and semi-skilled labor is another serious impediment to doing business in Malawi and is most acute in occupational categories that include accountants and financial management personnel, economists, engineers, lawyers, IT, and medical/health personnel.

There is an established mediation process to promote agreements between parties in disputes before court proceedings start. Both foreign and domestic investors have access to Malawi's legal system, which functions fairly well and is generally unbiased but slow.

All investors have the rights to establish, acquire, and dispose of interests in business enterprises. Foreigners require a business residence permit (BRP) to carry out any business activity in Malawi. All new land acquisitions are done under leases. Lease terms for foreigners may be limited to 50 years, compared to 99 years for Malawians.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2017	122 of 175	<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>
World Bank's Doing Business	2017	110 of 190	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>

Report “Ease of Doing Business”			
Global Innovation Index	2017	115 of 128	<a href="https://www.globalinnovationindex.org/analysis-indicator">https://www.globalinnovationindex.org/analysis-indicator</a>
U.S. FDI in Partner Country (M USD, stock positions)	2015	USD 1	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
World Bank GNI per capita	2015	USD 320	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

**Openness To, and Restrictions Upon, Foreign Investment**

Policies Toward Foreign Direct Investment

The Government of Malawi encourages both domestic and foreign investment and foreign investors are generally granted national treatment. Investors, both domestic and foreign, may invest in any sector of the economy, with no restrictions on ownership. There are no restrictions on the size of investment, the source of funds, or whether products are destined for export or for the domestic market. However, the Malawi Stock Exchange limits an individual foreign investor to 10 percent of the shares of any one company during its initial public offering (IPO) and the aggregate of all foreign investors participating in the IPO is limited to 49 percent of shares. These restrictions only apply to the initial offering and do not apply to any future trading of shares.

The Malawi Investment and Trade Centre (MITC) is the Government of Malawi’s trade and investment promotion agency. Established to promote Malawi as a destination for trade and investment, it maintains three websites ([www.mitc.mw](http://www.mitc.mw); <http://www.theiguide.org/public-docs/guides/malawi>;

and [trade.mitc.mw](http://trade.mitc.mw)) that provide information on potential sectors for investment and relevant regulations. MITC also operates a One-Stop Service Centre in Lilongwe to help foreign and domestic businesses navigate relevant regulations and procedures. MITC hosts representatives of the Registrar General (for business registration), the Malawi Revenue Authority (for tax registration), the Department of Immigration (to help process visa and residency permit for foreign investors, staff, and their families), and the Ministry of Lands, Housing, and Urban Development (to help identify and secure land for investment projects).

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic private entities are generally free to establish and own business enterprises and engage in all forms of remunerative activity regardless of size of the investment, source of funds, or destination of the final product. There is, however, a requirement that at least two Malawian residents be appointed directors of companies registered in Malawi.

There are some limitations on foreign ownership of land. Under the Land Act of 2016, neither Malawians nor foreigners are able to acquire freehold land; foreigners are able to secure lease-hold land for terms up to 50 years, and potentially longer. In addition, foreigners can only secure private land when no citizen has made an offer for the land and the law prohibits the passing of land by way of gift between persons who are not citizens of Malawi.

During the privatization of government assets, Malawian nationals are offered preferential treatment, including discounted share prices and subsidized credit. Small-scale prospecting and mining operations are reserved for Malawians and foreigners who have resided in Malawi for a minimum of four years. A 2017 amendment to the Public Procurement and Disposal of Assets Bill includes an indigenization clause that calls for “the prioritization of all bids submitted to give preference to sixty percent indigenous black Malawians and forty percent others for national competitive bidding.” The government has yet to draft implementing regulations to bring this into force.

There is no government policy to screen foreign direct investment. However, foreign direct investment (FDI) needs to be registered with the Malawi Investment and Trade Center (MITC, [www.mitc.mw](http://www.mitc.mw)) and investment capital over USD 50,000 must be registered with the Reserve Bank of Malawi (RBM, <https://www.rbm.mw>) through any commercial bank in Malawi. Registration of borrowed invested funds allows investors to externalize profits to pay back loans contracted abroad.

The Embassy is not aware of any ownership or control mechanism, sector restrictions, or investment screening mechanisms that target U.S. investors.

#### Other Investment Policy Reviews

The last World Trade Organization (WTO) periodic Trade Policy Reviews of Malawi was conducted in April 2016. The full report and recommendations can be accessed at [https://www.wto.org/english/tratop\\_e/tpr\\_e/tp435\\_e.htm](https://www.wto.org/english/tratop_e/tpr_e/tp435_e.htm).

#### Business Facilitation

To facilitate the process of starting a business, the Malawi Investment and Trade Center (MITC) operates a One Stop Center. It offers assistance to foreign and domestic investors of all sizes on how to navigate relevant regulations and procedures. It hosts representatives of the Registrar General, the Malawi Revenue Authority, the Department of Immigration, and the Ministry of Lands, Housing, and Urban Development. MITC’s main website ([www.mitc.mw](http://www.mitc.mw)), the iGuides (<http://www.theiguides.org/public-docs/guides/malawi>), and trade portal ([www.trade.mitc.mw](http://www.trade.mitc.mw)) provide information about sectors and projects targeted for investment.

In addition to MITC’s One Stop Center, business registration can theoretically be done online at <http://www.registrargeneral.gov.mw/>. However, there are known problems with accessing the website. To operate in Malawi, in addition to registering the company with the Registrar General, companies also need to register with the Malawi Revenue Authority and often with the Ministry or regulatory body overseeing their sector of activity (for example, construction companies, both foreign and domestic, need to register with the National Construction Industry Council of Malawi).

## Outward Investment

MITC is mandated to promote outward as well as inward investment. However, MITC rarely facilitates outward bound investment, as it is more focused on inward investment. There are some limitations on outward investment. The Pension Act of 2010 and accompanying regulations do not allow for the investment of pension funds or umbrella funds abroad, thus imposing constraints on asset diversification.

## Bilateral Investment Agreements and Taxation Treaties

Malawi has signed bilateral investment treaties with Egypt (in force), Italy (in force), the Netherlands (in force), Zimbabwe (not in force), Malaysia (not in force), and Brazil (not in force). Malawi is also a member of the Common Market for Eastern and Southern Africa (COMESA) Customs Union and the Southern African Development Community (SADC) Free Trade Area, which is governed by the SADC Protocol on Trade.

Malawi does not have a bilateral tax treaty with the United States. Investments, and income derived from them, are subject to applicable taxes in both jurisdictions. Americans working in Malawi are subject to applicable taxes in both jurisdictions.

In the past year, the Government of Malawi passed the Taxation (Amendment) Act 2017 (which increases the tax free bracket for salaried employees (up to USD 41/month) and introduces an additional income tax bracket for high income earners (over USD 4,100/month), the Value-Added Tax (Amendment) Act 2017 (which makes certain essential commodities including milk, eggs, and honey tax exempt), and the Customs and Excise (Amendment) Act 2017 (which imposes an excise duty on airtime, television subscriptions, gaming and betting (including lotteries)). The Government of Malawi is in the process of reviewing the taxation law to modernize tax law in the country and to introduce structures for effective tax dispute resolution.

## Legal Regime

### Transparency of the Regulatory System

The Government of Malawi continues to undertake various reforms to ensure that no tax, labor, environment, health, safety, or other laws distort or impede foreign or domestic investment. The legal, regulatory, and accounting systems are somewhat transparent and consistent with international norms. However, procedural delays continue to impede the business and investment environment.

The Government of Malawi uses a mix of fiscal, financial, and regulatory instruments to administer its investment policy, and thus management and responsibility is spread across multiple ministries and agencies. Taxation policy is the jurisdiction of the Treasury Department in the Ministry of Finance. The Malawi Revenue Authority (MRA) is the main implementing agency for tax policy; it administers the Taxation Act and other relevant legislation. Some regulatory incentives are within the jurisdiction of their respective ministries. The Reserve Bank of Malawi (RBM) administers the market-based exchange rate of the Malawi kwacha, as well as liberal exchange controls to allow free flow of capital and earnings -- repatriation of dividends, profits, and royalties. The Ministry of Home Affairs' immigration department administers the Employment of Expatriates Policy, Temporary Employment Permits (TEPs), and Business Residence Permits (BRPs). The Ministry of Lands, Housing and Urban Development is responsible for land policy administration. Technical regulations

are developed by relevant government Ministries, Departments, and Agencies (MDAs) and forwarded to the Ministry of Justice for final review and gazetting.

There are no specific regulatory guidelines for periodically reviewing regulations or conducting impact assessments. Furthermore, there are no specific criteria for determining which proposed regulations are subject to an impact assessment nor is there a specialized government body tasked with reviewing and monitoring regulatory impact assessments conducted by other individual agencies or government bodies. All technical regulations are enforced by relevant government Ministries, Departments, and Agencies.

Certain professional associations have sectorial rule-making power that amounts to regulatory power. These professional bodies include the National Construction Industry Council, Malawi Law Society, Malawi Accountants Board, and the Employers Consultative Association of Malawi. Some of these associations have set regulations that require the use of local labor, local contractors, or other means to achieve localization or skills transfer to Malawians. Such rules are printed in the Government Gazette, available from the official government printing office. As they are set by associations with closed membership, the rule-making process is not always transparent to firms that have not yet entered the Malawi market, but are considering doing so.

In 2001, the Institute of Chartered Accountants in Malawi adopted the International Financial Reporting Standards (IFRS), which are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. The IFRS are the applicable framework for all companies incorporated under the Companies Act in Malawi. Subsequently, the Institute of Chartered Accountants in Malawi has also adopted the IFRS for Small and Medium Entities Standard as the applicable framework for all non-publicly accountable entities.

Almost all proposed laws, regulations, and policies are subject to public consultation before they are submitted to Cabinet, Parliament, or the Ministry of Justice. However, sometimes the public notice of such consultations is not issued in a timely manner, with the effect that only insiders are aware of and able to plan to attend the meetings. Parliamentary procedure calls for draft bills to be debated in relevant committees before being presented on the floor for a vote. Parliamentary rules do, however, permit fast-tracking bills to avoid this step.

Copies of recent laws can generally be purchased from the government printing office or accessed at the National library and in the High Court libraries in major cities. An increasing number of laws are also available online at [www.malawilii.org](http://www.malawilii.org). The Government of Malawi has no central repository for technical regulations. Regulations are managed by relevant government Ministries, Departments, and Agencies (MDAs). These are published in the Malawi Government Gazette and form part of schedules to relevant acts. Although some of the MDAs do not have operational websites, those that do often have these laws and regulations available online. Some older regulations can be difficult to locate.

Regulations and enforcement actions are legally reviewable in the national court system. However, there is no existing requirement that regulations be periodically reviewed. The Ministry of Justice and Constitutional Affairs is mandated to provide oversight or enforcement mechanisms to ensure MDAs follow administrative processes for developing and implementing regulations. If they feel procedures were not followed, private individuals and entities can bring a case against the government in court or seek redress through the Office of the Ombudsman.

The Government of Malawi has made positive steps toward increasing regulatory transparency and improving the foreign investment environment, including the review of several rules and regulations that are relevant to foreign investors. These include: regulations on minimum wage that increase the minimum wage for apprentices; insurance regulations that increase the minimum capital and solvency requirements for life insurers to USD 1.4 million; and a customs and excise tariffs order which gives duty exemptions on capital goods and building materials for agro-processing and electricity generation, transmission and distribution.

Over the past 24 months, the Government of Malawi has implemented a number of reforms to improve the ease of doing business, such as streamlining procedures for dealing with construction permits, resolving insolvency, registering property, and consolidating procedures at the borders to facilitate smooth flow of goods. These reforms, among others, have helped Malawi improve its Doing Business ranking from 141 in 2016 to 110 in 2018.

#### International Regulatory Considerations

Malawi is a member of the Common Market for Eastern and Southern Africa (COMESA) Customs Union and the Southern African Development Community (SADC) Free Trade Area, which is governed by the SADC Protocol on Trade. All regulations are developed in line with the regulatory policy provisions that are set out by COMESA and SADC, but national regulations rule if there is a conflict.

As a member of both SADC and COMESA, Malawi is bound by their respective norms and standards. Details can be found on the organizations respective websites:

[SADC](#)  
[COMESA](#)

Since 1995, there is no record of Malawi providing notification on draft technical regulations to the WTO Committee on Technical Barriers to Trade. The last time Malawi submitted a statement on implementation and administration of the WTO Agreement on Technical Barriers to Trade was in 2007.

Malawi signed the Trade Facilitation Agreement on July 12, 2017. Malawi has made progress on implementing the FTA provisions through the launch a trade information portal with the aim of increasing transparency and predictability and ultimately boosting trade, investment, and growth. The portal provides all regulatory information on cross-border trade including laws, regulations, prohibitions, restrictions, technical standards, applicable tariffs, fees, procedures for license and permit application and clearance, copies of all forms and plain language instructions. The portal can be accessed at <https://www.malawitradeportal.gov.mw/>.

#### Legal System and Judicial Independence

Malawi's legal system is based on English Common Law. The judiciary consists of local courts and a local appeals court in every district. The higher tiers consist of the Supreme Court of Appeal, the High Court, and the magistrates' courts. A chief justice and four judges, appointed by the president, preside over the High Court. It has judicial authority over all civil and criminal cases, and sits in Blantyre, Lilongwe, Mzuzu, and Zomba. Magistrates' courts are located in cities and towns in 24 districts throughout the country. Appeals from the magistrates' courts are heard by the High Court and those arising from the High Court by the Supreme Court of Appeal in Blantyre. The Commercial Division of the High Court deals exclusively with disputes of a commercial



or business nature and is presided over by a single judge. The Industrial Relations Court handles labor disputes and issues relating to employment.

Malawi does not have written commercial law or contractual law but has legislation that governs commercial transactions which include the Sale of Goods Act, Companies Act, Employment Act, Hire Purchase Act, Insolvency Act, and Control of Goods Act. By local standards, the Commercial Courts work reasonably efficiently, with dedicated judges and their own registries. There is an established mediation process to promote agreements between parties in disputes before court proceedings start. Enforcement of judgments can be slow.

Both foreign and domestic investors have access to Malawi's legal system, which functions fairly well and is generally unbiased. Heavy caseloads, staffing limitations, and inadequate funding, however, mean that legal remedies can take a long time to achieve. The judicial system has also been criticized for the ease with which court injunctions are granted, further contributing to the backlog and delays.

Regulations and enforcement actions are appealable and are adjudicated in the national court system. In the financial sector, regulations and enforcement actions are appealable through the Financial Services Appeals Committee. If the decision by the Appeals Committee is not accepted, local and foreign investors are free to seek judicial review through the High Court of Malawi.

#### Laws and Regulations on Foreign Direct Investment

Malawi recently passed a number of laws aimed at improving the investment environment, these include:

Taxation (Amendment) Act 2017 which, among other things, increases the tax free bracket for salaried employees (up to USD 41/month) and introduces an additional income tax bracket for high income earners (over USD 4,100/month).

Value Added Tax (Amendment) Act 2017 which revises penalties and interest for various offenses under the Act and gives tax exemption for certain essential commodities including milk, eggs, and honey.

Customs and Excise (Amendment) Act 2017 which imposes an excise duty on airtime, television subscriptions, gaming and betting (including lotteries), in accordance with the rate prescribed by the Minister.

#### Competition and Anti-Trust Laws

The Competition and Fair Trading Commission (CFTC, [www.cftc.mw](http://www.cftc.mw)) was established in 2005. Since 2013, the institution has overseen 26 applications for merger and acquisition and dismantled five cartels. The CFTC's role is to encourage competition in the economy, to regulate and monitor monopolies and concentrations of economic power, to protect consumer welfare, and to ensure the best possible fair market conditions. So far the CFTC has not disapproved any mergers or acquisitions. CFTC decisions may be appealed, first to the Board and subsequently to the Commercial (High) Court.

## Expropriation and Compensation

Malawi's constitution prohibits deprivation of an individual's property without due compensation. There are laws that protect both local and foreign investment. However, measures that carry expropriation effects are occasionally imposed, including export bans (and implicit bans due to the government's authority to require export licenses for any good at any time) for key commodities. These restrictions applied equally to foreign and domestic investors.

The government can employ land acquisition procedures set forth in the Land Acquisition Act of 2016. According to this Act, the government must justify its acquisition as being in the public interest and must pay fair market value for the land. If the private landowner objects to the level of compensation, it may obtain an independent assessment of the land value. According to the Act, however, such cases may not be challenged in court; the Ministry of Lands, Housing, and Urban Development remains the final judge. In most cases, land is expropriated to give way to development projects, most commonly, the construction of roads. Some have refused to relocate due to disagreements; however, these cases are usually settled amicably.

## Dispute Settlement

Malawi has ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). Malawi is a member of the International Center for Settlement of Investment Disputes (ICSID), accepting binding international arbitration of investment disputes between foreign investors and the Government of Malawi. Malawi's current president is a former arbitrator for ICSID.

The Investment Disputes (Enforcement of Awards) Act of 1966 makes provision for the enforcement in Malawi of awards of the Tribunal of the International Centre for Settlement of Investment Disputes.

Malawi is not a signatory to the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention). Malawi does not have a Bilateral Investment Treaty (BIT) or Free Trade Agreement (FTA) with an investment chapter with the United States. Since 1996, there have been no major investment disputes involving U.S. companies.

The court system in Malawi accepts and enforces foreign court judgments that are registered in accordance with established legal procedure. There are reciprocal agreements among Commonwealth countries to enforce judgments without this registration obligation. There is no such agreement between Malawi and the United States, but judgments involving the two countries can still be enforced if the judgment is registered appropriately in Malawi. The Embassy is not aware of any extrajudicial actions that have been taken against foreign investors in the recent past.

With respect to litigation, most cases commenced in the High Court of Malawi or any subordinate court must, where the defendant indicates an intention to defend, first go to mediation. The Assistant Registrar of the High Court maintains a list of mediators and a list of experts. The mandatory mediation is conducted by a person chosen by the agreement of the parties from the list of mediators maintained by the Assistant Registrar or, if the parties consent, a person who is not named on the list. If the matter is not settled during mediation, the action will proceed in the court in which it was commenced.

Malawi does not have an arbitration body. There is no statutory requirement for parties who have contractually agreed to arbitration to go through mediation. Parties will only be required to go through mediation before proceeding to arbitration if an agreement entered into between them requires them to do so.

The Embassy does not have available statistics on investment disputes involving State Owned Enterprises (SOEs).

### Bankruptcy Regulations

The courts govern all bankruptcies under the provision of the consolidated Insolvency Act of 2016. The Act encourages alternatives to bankruptcy such as receivership and reorganization and gives secured creditors – rank-ordered based upon investment registration dates – priority over other creditors. Monetary judgments are usually made in the investor’s currency. Cross border provisions of the Insolvency Act are modeled after United Nations Commission on International Trade Law model laws. In 2017, Malawi made resolving insolvency easier by introducing a reorganization procedure, facilitating continuation of the debtor’s business during insolvency proceedings, and introducing regulations for insolvency practitioners.

Malawi has two licensed credit reference bureaus (CRBs): CRB Africa Limited and Credit Data Credit Reference Bureau Ltd. Though more banks are now willing to share data with credit reference bureaus since the passing of the Credit Reference Bureau Act came into force in August 2016, some players within the financial sector are still reluctant to share client information with the CRBs.

## **Industrial Policies**

### Investment Incentives

The Government of Malawi offers a wide range of tax and non-tax incentives which apply equally to domestic and foreign investors. These incentives apply to several sectors including manufacturing, agriculture, mining, and others relating to businesses in general. Customs and excise tax incentives are provided on raw materials, machinery, and equipment in a number of sectors. Specific incentives tend to vary from year to year. A detailed list of investment incentives can be found at the Malawi Investment and Trade Center (MITC) website: [www.mitc.mw](http://www.mitc.mw).

Generally speaking, the incentives offered to investors are applied consistently, but many companies complain about long delays in accessing the accrued benefits, especially those that require investors to spend first and claim later. Additionally, firms must negotiate their eligibility for these incentives with the responsible government entities.

### Foreign Trade Zones/Free Ports/Trade Facilitation

Legislation for the establishment of export processing zones (EPZs) came into force in 1995. Companies engaged exclusively in manufacture for export may apply for EPZ status. As of January 2018, 11 companies (down from 30 in 2000) were operating under the EPZ scheme. Almost all of these are foreign owned companies, though the law does not discriminate on ownership. To resuscitate the EPZs, the Government of Malawi has revised EPZ regulations to allow export processing firms to sell 20 percent of their product on the

local market. The government is also in the process of establishing Special Economic Zones which will have broader coverage than EPZs, allowing a mix of commercial activities including services.

## Performance and Data Localization Requirements

### *Employment and Investor Requirements*

Malawi employment and immigration laws and regulations require that any local or foreign investor prioritize the hiring of nationals except in cases where the skills required to undertake certain tasks are not locally available. There is a requirement that at least two Malawian residents be appointed directors of companies registered in Malawi. These laws and regulations are to a large extent enforced by the Department of Immigration when issuing Temporary Employment Permits to foreign nationals.

The process to obtain employment permits can sometimes discourage investors. Expatriate employees (of both domestic and foreign businesses) who reside and work in Malawi must obtain temporary employment permits (TEPs). The government desires to make TEPs readily available to expatriates, and mandates that processing times for TEP applications shall not exceed 40 working days. In practice TEPs take significantly longer and face significant bureaucratic delays (anecdotal reports of several months to a year are not uncommon) as files are not digitized and TEPs are approved by a high-level committee that does not meet regularly.

There are a few legal restrictions on foreign investment based on environmental, health, biosafety, and national security concerns. Affected sectors are firearms and ammunition; chemical and biological weapons; explosives; and manufacturing involving hazardous waste treatment/disposal or radioactive material. Since industrial licensing in Malawi applies to both domestic and foreign investment, and is only restricted to a short list of products, it does not limit competition, protect domestic interests, or discriminate against foreign investors at any stage of investment. Additionally, retail operations in rural areas are limited to only Malawian citizens, although enforcement is weak.

### *Goods, Technology, and Data Treatment*

Embassy Lilongwe is not aware of any forced localization policies or any requirements for foreign IT providers to turn over source code or provide access to encryption. There are no measures that prevent or unduly impede companies from freely transmitting customer or other business-related data outside the country's territory. Embassy Lilongwe is not aware of any mechanisms that are in place to enforce any rules on local data storage within the country.

### *Investment Performance Requirements*

Malawi does not set performance requirements for establishing, maintaining, or expanding an investment, nor does it place requirements on source of financing or geographic location. While not discriminatory to foreign investors, investments in Malawi require multiple bureaucratic processes, which may include obtaining a business license, a tax registration number, and a land use permit. These procedures can be time consuming, particularly when it comes to land permits, and may constitute an impediment to investment. Investors may also face bureaucratic hurdles in obtaining temporary employment permits (TEPs) and business residency permits (BRPs).

## **Protection of Property Rights**

### Real Property

Malawi has laws that govern the acquisition, disposition, recording, and protection of all property rights (land, buildings, etc.) as well as intellectual property rights (copyrights, patents, trademarks, etc.). Currently record keeping for registering land ownership is centralized and inefficient. Efforts are underway to computerize the recordkeeping and to decentralize it to the district councils.

Malawi has a limited housing finance sector. As the mortgage market does not yet meet the breadth of the population who might afford a mortgage, most households still finance their housing independently, with savings or non-mortgage credit. The lowest recorded interest rate on a mortgage in Malawi as of January 2018 is 23 percent and requires at least a 10 percent down payment and is repaid over 15-20 years. The average mortgage size in Malawi is USD 17,632.

In 2016, Parliament passed a revised Land Act which converted customary land tenure to leasehold title so that those currently using that land can have legal rights to the land. This has enabled land holders to use such land as collateral for acquiring financing to develop the land and/or to finance other business ventures. The new land law prohibits freehold title going forward and all newly acquired land will be on a leasehold basis. Lease terms can be for up to 99 years, but the law restricts foreign leaseholders to leases of up to 50 years, although exceptions exist.

The Land Act of 2016 gives provision for private land under freehold hold title to be repossessed by government within two years of registration if not being used. However, no land belonging to developers has been repossessed by government in the last year.

The Registrar General, governed by the Personal Property Security Act of 2013, is the Registrar of the Personal Property Security Registry. The office registers and administers interest over personal property used as security in commercial transactions. The Register General's Office also has an online Personal Property Security Registration System where lenders interested in taking collateral as security can both check if the proposed collateral has an existing security interest registered against it and to register its security interest against that collateral to protect their priority status. The system, though not always reliable, can be accessed at <https://www.registrargeneral.gov.mw/index.html>.

### Intellectual Property Rights

Malawi recognizes the importance of intellectual property protection and enforcement but lacks the capacity to do so. The Registrar General administers the Patent and Trademarks Act of 1948, which protects industrial intellectual property rights in Malawi. The Registrar General maintains a public registry of patents and patent licenses. Patents must be registered. Trademarks are registered publicly following advertisement and a period of no objection.

Enforcement of intellectual property rights is inadequate. However, general awareness of the importance of protecting intellectual property in all forms (copyrights, trademarks, patents, trade secrets, and others) has improved. The Copyright Society of Malawi (COSOMA) administers the Copyright Act of 2016 which protects copyrights and "neighboring" rights in Malawi.

The Trademarks Act of 2017 allows for protection for services, registration of collective marks, certification marks, and geographical indications, and a 10-year registration and renewal term.

It encompasses the terms of the Banjul Protocol (which governs ARIPO trade marks) into the national law and there is also a schedule which concerns procedures for International Registrations, which indicates that the Malawi authorities are considering signing Madrid Protocol in the future. Until that happens, it is not possible to obtain trademark protection in Malawi through international registrations.

While enforcement officials routinely seize counterfeit goods and goods suspected to be counterfeit, Malawi does not have a systematic approach to tracking and reporting on such seizures. There are no reliable estimates of the number of seizures, type or value of goods seized, or related information.

Malawi is not listed in USTR's Special 301 Report or the 2017 Notorious Market Report which highlights prominent online and physical marketplaces that reportedly engage in and facilitate substantial copyright piracy and trademark counterfeiting.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

## **Financial Sector**

### Capital Markets and Portfolio Investment

The Malawi Stock Exchange (MSE [www.mse.co.mw](http://www.mse.co.mw)) hosts about a dozen listed companies with a total market capitalization of USD 1.3 billion as of December 29, 2017. Most of these companies are local. The demand and supply of shares for existing listed companies is limited. However, demand for newly listed companies has always exceeded the shares on offer. The Reserve Bank of Malawi regulates the MSE, which is governed by the Companies Act, Capital Market Development Act (1990), Capital Market Development Regulations (1992) as amended in 2013, and the Securities Act (2010).

Foreign investors can buy and sell shares at the stock market without any restrictions. Trading in shares can either be direct or through any one of three established brokers. There are no specific measures taken by private firms or government to restrict foreign investment or participation. Foreign investors tend to be the dominant shareholders in large MSE-listed companies requiring significant technical and financial resources. There is a secondary market in government securities, and both local and foreign investors have equal access to purchase these securities.

Malawi respects obligations under IMF article VIII and, therefore, refrains from imposing restrictions on making payments and transfers for current international transactions or from engaging in discriminatory currency arrangements or multiple currency practices without IMF approval.

Liquidity for stock market participation is not a major problem as the private sector in Malawi has a variety of credit instruments. Credit is generally allocated on market terms. The main problem is the cost of credit given high rates of inflation in recent years. Foreign investors may utilize domestic credit, but proceeds from investments made using local resources are not remittable.

## Money and Banking System

Only 19 percent of the adult population in Malawi uses banking services. Access to credit remains one of the biggest challenges for businesses and particularly SMEs, mostly due to the cost of credit (lending rates in December 2017 ranged from 27 percent-33 percent). There is a huge potential for using mobile banking technology to increase financial access in Malawi.

The Reserve Bank of Malawi (RBM) – the central bank – oversees and regulates Malawi’s generally sound banking sector. RBM plays a critical role in ensuring efficiency, reliability, and integrity of the payment system in Malawi. It is also a supervisory authority over commercial banks and other financial institutions including insurance companies. In 2018, following First Merchant Bank’s acquisition of Opportunity Bank of Malawi, there were nine full-service commercial banks with over 150 branches across the country. The banking sector remained profitable and stable with adequate liquidity and capital position throughout 2017. Prudential regulations have limited net foreign exchange exposure and non-performing loans remain low, though spreads continue to be high. The sector, however, is highly concentrated. Two banks, National Bank and Standard Bank, dominate the market with USD 1.1 billion in assets, 50.9 percent of the banking sector’s total assets.

There are no restrictions on a foreign bank establishing operations in Malawi. The Banking Act provides for the regulations of the business of banking in Malawi conducted by commercial banks and other financial institutions and also provides a mandate to the Reserve Bank for the supervision of banking business.

The Reserve Bank of Malawi maintains correspondent banking relationships with almost all central banks across the world and 14 major banks in Asia, Europe, Africa, and the United States. Major commercial banks in Malawi also maintain correspondent banking relationships with banks from Europe, Asia, the United States, and within Africa.

Malawian banks require that a foreigner possess a temporary employment permit (TEP) or business residency permit (BRP) before opening a bank account.

Aside from blockchain technology being piloted in the tea industry, the Embassy is not aware of any intentions to implement or allow the implementation of blockchain technologies in the country’s banking transactions.

Mobile phone-based money transfers are an increasingly popular payment method. The two major mobile phone companies offer this service, and many retailers and most of the major banks participate in one or both networks. As of December 2017, the total number of subscribers for mobile payment schemes was 4.6 million. However, despite the increase in subscription since its introduction, usage still remains very low and the majority of transactions on the mobile money services were for airtime purchases and cash-in/out despite the platform having the capacity to handle payment for goods and services.

## Foreign Exchange and Remittances

### *Foreign Exchange Policies*

Government policy seeks to ensure the availability of foreign exchange for business transactions and remittances in order to attract investors and spur economic growth. Commercial banks may operate as forex dealers. Investors have access to forex with no legal limitation, both to pay for imports and to transfer financial

payments abroad. Specifically, there are no licensing requirements to import forex and full repatriation of profits, dividends, investment capital, and interest and principal payments for international loans is permitted, once the loan and/or investment is registered with the Reserve Bank of Malawi. Malawian investors seeking foreign financing must seek permission from the Reserve Bank of Malawi before acquiring an international loan.

The Malawi Kwacha (MWK) is convertible into major world currencies such as the U.S. Dollar, British Pound, Euro, Japanese Yen, Chinese Yuan, and South African Rand, as well as key regional and trading partners' currencies.

Since May 7, 2012, the value of the local currency, the MWK, has floated freely against major world currencies. Foreign exchange is available throughout the year and Malawi's official foreign exchange reserves currently are sufficient to cover approximately three months of imports.

#### *Remittance Policies*

There are no restrictions on remittance of foreign investment funds (including capital, profits, loan repayments, and lease repayments) as long as the capital and loans were obtained from foreign sources and registered with the Reserve Bank of Malawi (RBM, [www.rbm.mw](http://www.rbm.mw)). The terms and conditions of international loans, management contracts, licensing and royalty arrangements, and similar transfers require initial RBM approval. The RBM grants approval according to prevailing international standards; subsequent remittances do not require further approval. All commercial banks are authorized by the RBM to approve remittances, and approvals are fairly automatic as long as the applicant's accounts have been audited and sufficient foreign exchange is available.

#### Sovereign Wealth Funds

Malawi does not have a Sovereign Wealth Fund or similar entity.

#### **State-Owned Enterprises**

Malawi has 68 State-Owned Enterprises (SOEs) scattered across many industries/sectors including agriculture and agribusiness, education, construction, energy, finance, health, information and communication, media, public utilities, aviation, and services. The Government of Malawi is sometimes required to bail out commercially-run SOEs when they have incurred losses. A list of these enterprises is available from the Office of the President and Cabinet, but the Government of Malawi does not publish the list in the media or online, nor can it be purchased from the Government Printer.

Private and public enterprises generally compete on the same terms and conditions for access to markets, credit, and other business opportunities, although in practice personal relationships can influence decisions heavily. There are exceptions for some public works assignments where public enterprises tend to be given special preference by government.

SOEs in the agriculture, education, and health sectors spend more on research and development than local private sector players and they are seen as doing so for the public good rather than for profit. Because local



firms tend to be capital-constrained and because highly-skilled labor (such as research scientists and engineers) is scarce, there is not a strong tradition of private sector-led research and development in Malawi.

Malawi's SOEs are not required to adhere to the OECD Guidelines on Corporate Governance of SOEs. Corporate governance for most SOEs follows the terms of the relevant Malawi law that established the entity. All SOEs report to a line ministry and to the Department of Statutory Corporations in the Office of President and Cabinet, but also have a Chairperson and Board of Directors. The boards are composed of politicians and professionals typically appointed by the president to be directors. Boards usually also have senior government officials as ex-officio/non-voting members. The participation of members of the government as ex-officio/non-voting members on these boards, and of politicians as directors, creates a perceived and/or real conflict of interest.

#### Privatization Program

Malawi has about 68 remaining state-owned enterprises that are involved in commercial operations, particularly in the public utilities sector, agriculture, housing, finance, education, construction, energy, media, services, and aviation. The government does not have any plans for immediate privatization of any SOEs at this time.

All investors, irrespective of ethnic group or source of capital (foreign or local) may participate in privatization bids, however, the government may offer domestic investors a discount on shares.

Privatization efforts currently focus on public-private partnerships and attracting strategic investors rather than outright privatization. These are handled by the Public Private Partnership Commission ([www.pppc.mw](http://www.pppc.mw)).

#### **Responsible Business Conduct**

There is a well-developed sense of corporate social responsibility in Malawi and most corporate entities make a point to publicize such activities in the local media.

There are no established laws or regulations governing Corporate Social Responsibility (CSR), nor does the government formally direct CSR to particular sectors. However, as part of its candidacy for the Extractives Industry Transparency Initiative, the Government of Malawi is working to address uses of responsible business conduct in the mining sector.

The Embassy is not aware of any high profile cases of private sector impact on human rights in the recent past.

There are laws governing protection of the environment and waste disposal for producers and consumers. Government expects all enterprises to follow all laws of Malawi regarding employment and compensation. Malawi has a number of labor laws governing employment, work environment, industrial safety, age limits, hours of work, and minimum wages. The Government of Malawi lacks the resources to meaningfully enforce environmental, consumer, and labor related laws and regulations. There is no history of provisions of environmental, social, or labor laws being waived to attract investment. There is no history of the government factoring responsible business conduct policies or practices into its procurement decisions.

The Government of Malawi has enacted accounting standards that conform to international standards that the corporate sector is expected to adhere to. Executive compensations are not defined. All MSE-listed companies

are required by law to publish their annual audited accounts in the local newspapers. Listed companies are also required to publicly declare their profits, dividends to be paid out, planned takeovers (or major portfolio investments in or out of the company), and all relevant information that shareholders need to make informed decisions. They are also required to announce their annual shareholders meetings in the newspapers.

There are several civil society organizations that monitor and advocate freely for corporate social responsibility and responsible business conduct, including the Institute for Policy Interaction (IPI), the Catholic Commission for Justice and Peace (CCJP), the Centre for Environmental Policy and Advocacy, Institute for Sustainable Development, and Natural Resources Justice Network.

The Embassy is not aware of any efforts by the government to encourage adherence to OECD Guidelines for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas or any domestic measures requiring supply chain due diligence for companies that source minerals that may originate from conflict-affected areas.

The Extractive Industries Transparency Initiative (EITI) Board approved Malawi as a candidate country in 2015. Malawi has until 2018 to implement local laws to ensure compliance with the EITI global transparency standard requiring extensive disclosure and measures to improve accountability in how oil, gas, and minerals are governed.

## **Corruption**

Malawi law prohibits bribery. Giving or receiving a bribe -- whether to or from a Malawian or foreign official -- is a crime under Malawi's penal code. Public sector corruption, including bribery of public officials and conflicts of interest, however, remains rampant and a major challenge for firms operating in Malawi. The law provides for criminal penalties for corruption by officials. There are regular reports of government corruption at all levels of government.

The Corrupt Practices Act established the Anti-Corruption Bureau (ACB) with a mandate of preventing corruption in Malawi. The President appoints both the ACB Director and Deputy Director, subject to confirmation by the Public Appointments Committee of Parliament. The Corrupt Practices Act widened the definition of corruption to include, among other things, offences for abuse of office and possession of unexplained wealth. The Act provides for the investigation of cases not only for corruption but for other offences that come to light during the course of investigating corruption. The Act also provides protection for "whistleblowers." Malawi's ACB cooperates with other anti-corruption bureaus in the region and beyond. The Act does not extend to family members or to political parties. However, where evidence exists that the family members or members of a political party were complicit in corruption, the ACB has the power to build a case against the accomplices and bring them to court.

The Public Officers (Declaration of Assets, Liabilities and Business Interests) Act of 2013 requires 48 categories of public officers -- including all levels of officials from the president and members of parliament, down to specific categories of civil servants, including traffic police and immigration officers -- to declare their assets and business interests. The paper declarations are accessible to the public upon request.

The Public Procurement and Disposal of Public Assets Act of 2016 requires all public officials to disclose any conflict of interest and not take part in any deliberation or decision making process in relation to the matter.

Upon conviction, failure to disclose interest attracts a fine of USD 1,370 or five years imprisonment. However, there is no clear definition of what constitutes conflict of interest and the law is not regularly enforced.

Companies are encouraged to participate in the fight against corruption. The ACB encourages institutions to develop and implement Corruption Prevention Policy frameworks as a way of mainstreaming anti-corruption initiatives into their operations. The business sector has at times joined forces to collectively engage in the fight against corruption, but no formal mechanism exists.

Malawi is party to the United Nations Convention against Corruption, which it ratified in December, 2004.

According to Malawian law, citizens have a right to form NGOs focused on anti-corruption or good governance and these NGOs are free to accept funding from any domestic or foreign sources. Malawi's civil society plays an important and visible role drawing public attention to governance concerns, corruption, development priorities, and government inaction on issues of national importance. The media also plays a central role in investigating and uncovering many cases of corruption.

Although progress has been made in addressing the issue, corruption continues to be viewed as a major obstacle to doing business in Malawi. There have been serious allegations of corruption, which is perceived to be particularly endemic in the following sectors: police, immigration, road traffic, tax administration, traditional leaders, and government procurement.

The following local industry or non-profit groups offer services for vetting potential local investment partners:

Victor Chayamba  
Lead Consultant  
Deloitte Consulting Malawi  
P.O. Box 30364, Lilongwe 3, Malawi  
Tel:+265-1-773-699  
Fax: +265-1-772-276  
E-mail: [vchayamba@deloitete.co.mw](mailto:vchayamba@deloitete.co.mw)  
Website: deloitte.com

Mavunganya Chirwa  
Manager  
KPMG Advisory Services Limited  
Anamwino House, P.O. Box 30453, Lilongwe 3, Malawi  
Tel:+265-1-773-855  
Fax: +265-1-771-070  
E-mail: [mchirwa@kpmg.com](mailto:mchirwa@kpmg.com)

### Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

Mr. Reyneck Matemba  
Director General

Anti-Corruption Bureau  
Mulanje House, P.O. Box 2437, Lilongwe, Malawi  
Tel: +265-1-772-107  
Fax: +265-1-770-108  
E-mail: [lkondowe@acbmw.com](mailto:lkondowe@acbmw.com)  
Website: <http://www.acbmw.com>

Contact at "watchdog" organization:

Mr. Timothy Mtambo  
Executive Director  
Centre for Human Rights and Rehabilitation  
Area 47/03/90, Private Bag 2340, Lilongwe, Malawi  
Tel: +265-1-761-122  
Fact: +265-1-761-700  
E-mail: [chrr@chrrmw.org](mailto:chrr@chrrmw.org)  
Website: <http://www.chrrmw.org/>

## **Political and Security Environment**

Malawi continues to enjoy a stable and democratic government. Since the end of the one party regime in 1993, it has organized five peaceful presidential and parliamentary elections, one of which also included local government elections. International observers have characterized the presidential, parliamentary, and local government elections in Malawi as generally "peaceful, free, transparent, and credible." The current President, Prof. Arthur Peter Mutharika, is in his first five-year term which started in 2014. The next elections are set for May 21, 2019.

Although divisions exist, Malawi has no significant tribal, religious, regional, ethnic, or racial tensions that could be expected to lead to violent confrontation. Incidents of labor unrest occasionally occur, but these are usually non-violent. There are no nascent insurrections or other politically motivated activities of major concern to investors.

Malawi's economy has performed poorly in the past two years largely owing to vulnerability to climate induced shocks and fiscal management challenges. Flooding in 2014/15 and drought in 2015/16 hurt agriculture, the economy's dominant sector. Erratic rains affected the country's hydro-dependent electricity generation, leading to widespread blackouts and water shortages. The power shortages severely affected the cost of doing business. In 2016/17, adequate rainfall improved agricultural production. The economy is expected to double its 2016 GDP growth rate of 2.3 percent to 4.5 percent in 2017. The government continues to balance its efforts to restore fiscal discipline with its efforts to address Malawi's food security needs.

## **Labor Policies and Practices**

A large majority of working age individuals in Malawi live in rural areas and are involved in subsistence agricultural. Unskilled labor is plentiful. Skilled and semi-skilled labor on the other hand is scarce. The informal economy has experienced a rapid expansion, and is characterized by poor working conditions, specifically less

social protection, work safety, and lack of representation. It is estimated that the informal economy covers 89 percent of the labor force. Child labor remains a serious and widespread problem in Malawi. The 2015 Child Labor Survey found 38 percent of children aged 5-17 active in child labor.

Occupational categories with skills shortages include accountants and related personnel, economists, engineers, lawyers, IT, and medical/health personnel. The University of Malawi (a government-run university with five constituent colleges nation-wide) provides bachelors and master's degrees in economics, engineering, medicine, education, agriculture, and administration. The Malawi College of Accountancy teaches accounting. Chancellor College, part of the University of Malawi system, operates the country's law school. The government also recently expanded its network of vocational schools to address technical skills shortages in the trades and the construction industry.

Malawi employment and immigration laws and regulations require that any local or foreign investor prioritize the hiring of nationals except in cases where the skills required to undertake certain task are not locally available. These laws and regulations are to a large extent enforced by the Department of Immigration when issuing Temporary Employment Permits to foreign nationals.

There are no restrictions on employers adjusting employment to respond to fluctuating market conditions so long as such adjustments are done in compliance with employment laws and regulations. Furthermore, labor laws in Malawi clearly differentiate between layoff and firing and have clear provisions as to how layoffs and dismissals are to be handled. However, there are no social safety net programs for workers laid off for economic reasons nor are employers required to have employment insurance for their employees.

There is no provision for labor laws to be waived to attract or retain investment in the country nor are there additional or different labor law provisions in the Export Processing Zones for the purpose of promoting manufacturing of export products.

Workers have the legal right to form and join trade unions. There are 22 unions affiliated with the Malawi Congress of Trade Unions with a membership of approximately 200,000 workers. Union membership is low, however, given the small percentage of the work force in the formal sector, the lack of awareness of worker rights and benefits, and a resistance on the part of many employees to join unions. In 2016, only 13 percent of people in wage employment belonged to a union.

The Industrial Relations Court (IRC) has original jurisdiction over labor disputes and other issues relating to employment. An aggrieved party may appeal the decision of the IRC to the High Court of Malawi but only on matters of law or jurisdiction. Otherwise, on matters of fact, the decision of the IRC is final and binding.

The Labor Relations Act (LRA) governs labor-relations management in the small Malawi formal sector. The Act allows strikes and lockouts for registered workers and employers after dispute settlement procedures in collective agreements and conciliation have failed. Employers, labor unions, and the government lack sufficient knowledge of their legitimate roles in labor relations/disputes.

Despite the enactment of the Gender Equality Act in 2013, discrimination against women remains pervasive and they continue to have lower literacy and education levels and less access to employment opportunities than men. Children in Malawi continue to engage in the worst forms of child labor, most notably in agriculture, including on tobacco farms. While the government is a signatory to the ILO Convention protecting worker

rights, mechanisms for enforcing the provisions of the convention are weak. Serious manpower shortages at the Ministry of Labor result in very few labor inspections.

The Government of Malawi approved the National Employment and Labor Policy in January 2016. The government is also in the process of developing a National Child Labor Policy as well as the reviewing the Occupation Safety, Health and Welfare Act of 1997.

Malawi is a beneficiary of the Africa Growth and Opportunity Act, which requires labor standards be upheld.

### OPIC and Other Investment Insurance Programs

Malawi has had an OPIC investment guarantee agreement since 1967. OPIC has partnered with a U.S. Department of Agriculture program in Malawi and signed a loan guarantee facility agreement with a commercial bank in Malawi through the Agribusiness Investment for Market Stimulation (AIMS) Project. The loan guarantee facility aims to increase agricultural trade through improving access to markets and financing. OPIC-supported equity funds also invest directly in Malawi’s agricultural sector. OPIC continues to explore potential opportunities in Malawi, including in the energy sector.

China's presence in Malawi has been growing steadily since the two countries established diplomatic ties in 2007 and signed a trade agreement. Malawi has been a beneficiary of a number of infrastructure projects (constructed by Chinese contractors) through concessional loans, with more projects promised in the future.

### Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (M USD)	2016	USD 5,310	2016	USD 5,440	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country Statistical Source		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in Partner Country (M USD, stock positions)	N/A	N/A	2016	USD 1	

Host Country's FDI in the United States (M USD, stock positions)	N/A	N/A	N/A	N/A	N/A
Total Inbound Stock of FDI as % host GDP	N/A	N/A	N/A	N/A	N/A

*Table 3: Sources and Destination of FDI*

Data not available.

*Table 4: Sources of Portfolio Investment*

Data not available.

**Contact for More Information**

U.S. Embassy  
Economic and Commercial Section  
40/24 Kenyatta Dr.  
Lilongwe, Malawi  
+265-1-773-166  
LilongweECON@state.gov

## **Trade & Project Financing**

### **Methods of Payment**

Imports into Malawi are financed primarily through letters of credit (LCs). Commercial banks require importers to provide cash up front to secure the LCs in order to hedge against the risk of possible foreign exchange losses. Money is then transferred to foreign suppliers through correspondent banks.

Most companies pay each other through checks and bank transfers. There is no limit on check payments; however, the Reserve Bank of Malawi (RBM) has considered limiting check payments to a maximum of 5 million Malawi kwacha (about \$7,129) as an anti-corruption measure. The retail economy still relies on cash, as credit and debit cards are not common in Malawi.

Mobile phone-based money transfers are an increasingly popular payment method. Both major mobile phone companies offer this service, and many retailers and most of the major banks participate in one or both networks.

Some companies offer their customers credit with negotiated payment schedules; this is most commonly extended to other well-established companies in business-to-business transactions and to government, which frequently requires flexible payment terms due to cash flow problems. Widespread lack of confidence in the Malawi government's management of resources affects Malawi's credit rating.

### **Banking Systems**

Malawi has a generally sound banking sector, overseen and regulated by the Reserve Bank of Malawi -- the central bank. There are ten full-service commercial banks. The two largest banks -- National Bank of Malawi and Standard Bank -- collectively command 51% of all banking deposits. In December 2017, Malawi's banks' total aggregate assets reached MWK 1.572 Trillion (\$2.15 billion).

Malawi neither has nor requires depositor insurance, but the RBM enforces safeguards and capital requirements. The RBM has guidelines on capital adequacy, liquidity ratio, etc., and adopted Basel II standards in January 2014. International accounting standards adopted by the Institute of Chartered Accountants in Malawi (ICAM) apply to banks. Bank financial statements are in compliance with these standards, and are audited by internationally recognized firms including AMG Global, Ernst & Young, and Deloitte.

### **Foreign Exchange Controls**

The Malawi kwacha has freely floated since it was unpegged from the U.S. dollar in 2012. Since then, the Reserve Bank of Malawi (RBM) has periodically intervened in the foreign exchange market. Though foreign exchange markets operate freely, RBM has the mandate, like any other central bank, to manage the exchange rate in order to maintain a sustainable balance of payments position, attain stable domestic prices, and foster growth in real income. Learn more about [legislation regarding exchange controls](#).

The major sources of foreign exchange in Malawi are the tobacco companies, the foreign exchange bureaus, donor inflows, foreign direct investments, and sugar, tea and pulses exports.



## **U.S. Banks & Local Correspondent Banks**

National Bank of Malawi (NBM) maintains banking relationships with over thirty correspondent banks, including Citibank New York, Standard Chartered Bank of London, First National Bank of South Africa, Standard Bank of South Africa, ABSA Bank Limited of South Africa, Citibank of South Africa, Standard Chartered Bank Ltd, Bank of Montreal, Standard Chartered Bank Ltd, Danske Bank, Skandinaviska Enskilda Banken AB, Standard Chartered Bank Botswana Ltd, Standard Chartered Bank Kenya Ltd, Standard Chartered, Bank Zambia Ltd, Nedbank Swaziland Limited, Deutsche Bank AG, Deutsche Bank Trust, and Bank of China. Banking services include demand-deposit accounts, telegraphic transfers, and travelers' checks.

Standard Bank (SB) maintains banking relationships with Citibank, Chemical Bank, Bank of New York Mellon, Bank of America, and Equator Bank. Banking services include demand deposit accounts, telegraphic transfers, and Citibank travelers' checks.

First Merchant Bank (FMB) maintains banking relationships with Citibank, ABSA Bank of South Africa, Natixis Bank of France, and DCB Bank of India. Banking services include demand deposit accounts and telegraphic transfers.

## **Project Financing**

Multilateral Development Banks:

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [African Development Bank](#) and [the World Bank](#).

Web Resources

- [Commercial Liaison Office to the African Development Bank](#)
- [Commercial Liaison Office to the World Bank](#)

Power Africa

Power Africa is actively engaged in the development of Malawi's power sector to improve access to electricity for more than 15 million Malawians. Power Africa's partnership with the Government of Malawi (GOM) is solidified by the 2016 Memorandum of Understanding (MOU), which guides the implementation of Power Africa support. Power Africa activities in Malawi, implemented through USAID's Southern Africa Energy Program, sustain and build upon Millennium Challenge Corporation (MCC) \$350.7 million Malawi Compact that ends in September 2018. Power Africa works with GOM partners to increase access to electricity by advancing energy policy and regulatory reforms, operationalizing interconnections with the Southern Africa Power Pool, strengthening the performance of electric utilities, scaling off-grid electrification, and facilitating public and

private sector investments in energy infrastructure. Learn more about [how Power Africa](#) is partnering to address key challenges in Malawi's electricity sector and supporting private sector investment in energy.

### **Financing Web Resources**

- [Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team](#)
- [Export-Import Bank of the United States](#)
- [OPIC](#)
- [Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)
- [African Development Bank](#)
- [Reserve Bank of Malawi](#)

## **Business Travel**

### **Business Customs**

Malawians are characteristically helpful in both personal and business dealings. Business travelers to Malawi seeking appointments with U.S. Embassy Lilongwe should contact the economic and commercial section in advance at +265-1-773-166 extensions 3406 and 3253, or by email to [LilongweECON@state.gov](mailto:LilongweECON@state.gov).

#### Attire

Malawi business attire is relatively formal. Business suits are recommended.

#### Food

A variety of food is normally available in Malawi's urban areas. Expatriates patronize a handful of restaurants in both Lilongwe and Blantyre. Rural areas have very few restaurants, almost none of which attract foreigners. The U.S. Embassy recommends drinking only boiled, bottled, or distilled water. Raw, unpeeled fruits and vegetables should be avoided.

#### Housing

Short-term visitors to Malawi would most likely stay in tourist-class hotels, which are located in major urban areas and lakeside resorts. Accommodations in rural areas are generally not recommended. Expatriate residents in Malawi generally live in modern housing in the major urban centers. Power and water are generally available in major cities, but supply interruptions are common. The housing markets in Lilongwe and Blantyre are tight. Local real estate agents are available to help locate housing.

### **Travel Advisory**

Check the [Department of State Consular Information Sheet for Malawi](#).

### **Visa Requirements**

A passport with at least two blank pages, a visa or entry permit, return ticket, and adequate funds are required for entry into Malawi. U.S. citizens traveling to Malawi for tourism, transit, or business obtain entry visas upon arrival at either of Malawi's international airports and all official border crossing points. Even though Malawi has informed the International Air Transport Association (IATA) that visas may be obtained by U.S. travelers upon arrival, some airlines may require travelers to have a Malawian visa before boarding connecting flights to Malawi. U.S. citizens can also obtain a visa prior to arrival at Malawi's Embassy and consulates.

U.S. business travelers should contact the [Malawi Embassy in Washington](#), DC for the latest information on visa requirements,

U.S. companies that require travel of foreign businesspersons to the United States should go to the following links for information on the visa process:

[State Department Visa Website](#)  
[U.S. Embassy Lilongwe Website](#)

## Currency

The local currency is called the Malawi kwacha (MK). It is easily convertible to other currencies at banks and forex bureaus in Malawi. Banks tend to have U.S. dollars, South African rand, British pounds, and Euros. Most places offering money exchange will only accept large recent U.S. dollar bills (\$20 and above).

Most ATMs will give you Malawi kwacha on your Visa or MasterCard, provided the credit, debit, or ATM card is compatible. Travelers checks are acceptable to most banks and forex bureaus, but the exchange rates used for travelers checks are generally disadvantageous to the traveler compared to those for cash.

You can pay using your Visa (occasionally MasterCard) at most major shops, tourist-oriented businesses (tourist-class hotels, travel agents, rental car agencies) and a few restaurants in Lilongwe and Blantyre. Most smaller shops do not accept debit and credit cards.

## Telecommunications/Electronics

Malawi's telecommunications infrastructure is functional but sometimes overburdened. Mobile telephone service is expanding rapidly and more than 50% of households now own a mobile phone. Two companies (Malawi Telecom Limited (MTL) and Access Communications) were originally licensed to provide fixed line telephone service. However, both are also providing mobile phone services. Four companies (Telekom Network Malawi (TNM), Airtel Malawi, MTL, and Access Communications) offer cellular telephone service. Malawi has well-established GSM (TNM and Airtel) and emerging CDMA (Access) mobile networks. Most corporate offices and tourist-class hotels have telephones and faxes. The international country code for Malawi is 265.

There are two internet gateway providers and several internet service providers. According to the International Telecommunication Union, approximately 9% of Malawians used the Internet in 2017. Internet is widely accessible, though congested, in the major cities of Blantyre, Lilongwe, Mzuzu, and Zomba, but only about 15% of the population lives in urban areas. Internet is not widely available in rural areas. Wireless access to the internet is improving and some access, particularly over 3G mobile phone networks, is now available in rural areas located along major transportation corridors with adequate communications tower coverage. Some isolated tourist resorts have satellite internet links.

Malawi's electricity is 220 volts, 50-60 Hertz, though voltage quality is unreliable. Surge protectors are recommended for sensitive or valuable electronics. A variety of plug types are in use, but the most common is the UK-standard square 3-prong plug.

## Transportation

### Ground Transportation

Paved, two-lane roads connect Malawi's major cities of Blantyre, Lilongwe, Mzuzu, and Zomba. Paved roads also connect the lakeshore communities of Nkhotakota, Nkhata Bay, Salima, and Mangochi with Lilongwe,

Mzuzu, and Zomba. Paved roads extend from Blantyre to the borders of Mozambique, from Lilongwe to the Zambian border, and from Karonga to the Tanzanian border. Inadequate drainage often contributes to the premature break-up of road surfaces that are subject to washouts during the rainy season. Many dirt roads are not passable during the rainy season (roughly November to April).

Rental cars are available for hire in Blantyre, Lilongwe, and Mzuzu. Driving at night outside urban areas is unsafe. Malawi has an extensive network of buses, but only the best class bus service connecting Blantyre, Lilongwe, and Mzuzu is normally considered acceptable for business travel.

### Air Transportation

Airports on the outskirts of Lilongwe and Blantyre handle international air traffic. There are daily scheduled flights to Addis Ababa, Ethiopia; Nairobi, Kenya; and Johannesburg, South Africa. Connections can be made from these points to Asia, Europe, and North America. There are also reliable flights from Malawi to Lusaka, Zambia; Harare, Zimbabwe; and Dar-es-Salaam, Tanzania. There are daily flights between Blantyre and Lilongwe.

### Rail Transportation

The Central East African Railways Company (CEAR) operates limited passenger services between Limbe, Balaka, and Nayuchi (border with Mozambique), and freight service between Lilongwe, Blantyre, and the Mozambican port of Nacala. A track extension connects Malawi's network to the Zambian network, but there is not yet any scheduled service to Zambia.

Vale, a Brazilian mining company, began construction and rehabilitation of the new rail line from Tete/Moatize in Mozambique through Malawi to the port of Nacala in 2013. The new rail line was completed in early 2015 and coal trains started using the line in December 2015.

### Water Transportation

Limited freight and passenger services are offered on Lake Malawi. There is a shipyard and workshops at Monkey Bay, and seven vessels (of which four are operational). The vessels have capacity to transport containers, petroleum products, and passengers through the ports of Chilumba and Chipoka on Lake Malawi, including stops in Tanzania and Mozambique. Concessionaire Mota-Engil now manages both lake services and ports.

## **Language**

English, the official language of Malawi, generally suffices for business communication, although few rural Malawians speak it. The most common vernacular languages include Chichewa (spoken throughout the country), Chitumbuka (spoken primarily in the North), and Chiyao and Lomwe (spoken primarily in the South).

## **Health**

Malawi's health facilities are far below Western standards. Malaria and other tropical diseases are prevalent throughout the country. The HIV/AIDS rate is high (10.6%), particularly in urban areas. Much of Lake Malawi

and the country's river network is infested with schistosomiasis (bilharzia). Malaria prophylaxis is recommended while in Malawi, as is a comprehensive immunization regime before entering the country. The U.S. Embassy recommends drinking only boiled, bottled, or distilled water. Raw, unpeeled fruits and vegetables should be avoided.

For more information please visit [Centers for Disease Control website](#).

### **Local Time, Business Hours and Holidays**

Malawi is on GMT+2. There is no system of daylight savings time during any part of the year. Official government business hours are 07:30 to 12:00 and 13:00 to 16:30 Monday to Friday. Some businesses choose to open on Saturdays, Sundays, and public holidays, usually for limited hours.

Malawi's official holidays for 2018 are:

- New Year's (January 1)
- John Chilembwe Day (January 15)
- Martyrs' Day (March 3)
- Good Friday
- Easter Monday
- Labor Day (May 1)
- Kamuzu Day (May 14)
- Republic Day (July 6)
- Eid El Fitr
- Mothers' Day (October 15)
- Christmas Day (December 25)

### **Temporary Entry of Materials or Personal Belongings**

Under Malawi law, the Controller of Customs and Excise is authorized to allow the temporary importation of goods. The Controller may impose conditions on temporary importation -- such as mandatory re-export -- and may allow entry "for such period as he thinks fit" and "for such purposes as he may approve." Temporary entry is customarily authorized when goods are in transit to other countries, or when goods are accompanying tourists.

### **Travel Related Web Resources**

#### **Travel Related Web Resources**

- [Department of State Consular Information Sheet:](#)
- [State Department Visa Website](#)
- [United States Embassy Lilongwe Internet Website](#)
- [Malawi Tourism Guide](#)
- [Lonely Planet Malawi](#)
- [Malawi telephone directory](#) or [Africa Phone Books](#)

