
Trade Policy Review Body
27 and 29 April 2016

TRADE POLICY REVIEW

MALAWI

MINUTES OF THE MEETING

Chairperson: Ms Irene Young (Hong Kong, China)

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1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The third Trade Policy Review of Malawi was held on 27 and 29 April 2016. The Chairperson, Ms. Irene Young (Hong Kong, China), welcomed the delegation of Malawi headed by Mr. Cliff Chiunda, Principal Secretary, Ministry of Industry and Trade; the rest of the delegation of Malawi; and the discussant, H.E. Ambassador Shameem Ahsan (Bangladesh).

1.2. The meeting was also attended by other guests. First, as agreed by Members earlier, the United Nations Industrial Development Organisation attended the meeting as observer on an ad hoc basis. Second, there were government officials of WTO Members and Observers who were participating in a Geneva-based Trade Policy Course organized by the Institute for Training and Technical Cooperation of the WTO Secretariat, as part of the WTO's Trade-related Technical Assistance activities. Attendance at WTO meetings (including TPR meetings) was an integral part of these courses, and the Chairperson hoped their guests would find this meeting useful.

1.3. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The report by Malawi was contained in document WT/TPR/G/335 and that of the WTO Secretariat in WT/TPR/S/335.

1.4. Questions by the following delegations had been submitted in writing before the deadline and had been transmitted to the delegation of Malawi: United States; Kenya and the European Union. The following delegations submitted written questions after the deadline: China; Brazil and Thailand. These questions had also been transmitted to the delegation of Malawi.

1.5. At the previous TPR meeting in 2010, Members had commended Malawi for its impressive economic performance and progress in poverty alleviation. Members had appreciated that Malawi had remained on the path of reform and had not retreated from its open policy stance despite the global financial crisis. However, Members had noted that foreign investors had faced administrative difficulties occasionally, and had encouraged Malawi to further reduce the cost of doing business in the country. Members had also encouraged Malawi to modernize its trade-related legislation to align it with WTO obligations and international best practices.

1.6. Since then, Malawi's economy had continued to grow; exports had diversified; and merchandise trade had increased significantly. Nevertheless, Malawi was also under continuous pressure to cope with widespread poverty among a rapidly expanding population, as well as high inflation, and a very tight fiscal situation characterized by rising public debts and deteriorating current account deficits. The Chairperson believed Members would wish to learn more about Malawi's long term economic and development strategies, including its efforts to combat corruption as one way to support these strategies.

1.7. With regard to trade policy, it was noted at the time of the last Review that Malawi's tariff regime was encumbered with numerous exceptions which made it complex, and that trade facilitation could play a vital role in reducing trading costs. During the period under review, Malawi had launched several important trade facilitation initiatives, but Members had yet to see fundamental changes to the tariff regime which could enhance predictability, or to the complex system of duty and tax concessions which could make its administration more efficient and transparent.

1.8. Focusing on specific trade sectors, Members had, at the last TPR meeting, asked how Malawi would address the questions of chronic electricity shortages, and strike a balance between subsidizing fertilizers and investing in the long-term development of the agriculture sector. These concerns appeared to be still valid today. Furthermore, severe weather conditions were now posing a serious threat to food security, despite the improvements made in this regard in previous years.

1.9. All these were issues that merited Members' attention. Indeed, some of them had been raised again in Members' advance questions this time. In addition, Members had asked about the progress that Malawi was making in negotiating RTAs and ratifying the Trade Facilitation Agreement; as well as its plans to improve adherence to WTO notification requirements.

1.10. This meeting would be a good opportunity for Members to discuss in greater detail issues of interest to them and of systemic importance to the multilateral trading system. The Chairperson looked forward to a fruitful exchange.

2 OPENING STATEMENT BY THE REPRESENTATIVE OF MALAWI (HONOURABLE MR. CLIFF CHIUNDA)

Introduction

2.1. I feel elated this morning to make this opening statement on behalf of the Government of Malawi. Malawi believes that the requirement by the WTO to undertake Trade Policy Reviews is an important activity in the multilateral trading system. This process, as you are already aware, is a transparency mechanism within the WTO framework. It constitutes a unique and important opportunity for countries such as Malawi which is one of the founding Members of the WTO, to present the policy measures that it is pursuing within the multilateral trading system.

2.2. Malawi firmly believes that the trade policy review process seeks to promote, and thus re-affirms her commitment to opening up its trading regime for evaluation within the context of her obligations under the WTO. This commitment is a demonstration of Malawi's unrelenting support and belief in the multilateral trading system and processes.

2.3. I would also like at this juncture to express my sincere gratitude to the WTO Secretariat for the good work that it has carried out in Malawi, of course with our support, which resulted in the report that has been circulated, which meets, to some degree, our expectations in terms of presentation of facts, quality and comprehensiveness. We did not spare any efforts to make this TPR a success.

Economic performance

2.4. Since the last trade policy review in 2010, The Government of Malawi has continued to pursue economic policies aimed at transforming the economy from being a predominantly importing and consuming to a producing and exporting economy. The primary goal and ultimate objective of the Government of Malawi is to reduce poverty, create wealth and achieve sustainable economic growth. In this regard, the Government will continue to pursue policies that reduce fiscal imbalances in the economy, diversify the export base and destination markets with the view to broaden the economic base.

2.5. Malawi's economy has on average grown steadily since its last TPR in 2010. While annual GDP growth rates peaked at 9.5%, the period under review also included a marked slowdown of the economy in 2012. Total merchandise trade increased rapidly during the period under review, from 60% of GDP in 2010 to 102% in 2014. It is also worth noting that Malawi is a least-developed country (LDC) whose economy is largely based on agriculture. As a result, its performance remains vulnerable to exogenous factors such as adverse weather conditions which have tremendously reduced agriculture output. This trend compounded by lowering commodity prices is immensely impacting on economic growth in Malawi.

2.6. On the revenue side, revenues are currently at 23% of GDP and are expected to grow between 1% and 1.5% of GDP over the next three years. In order to achieve this, the Government of Malawi is committed to broad-based tax reform initiatives with the aim of creating a simple, efficient, transparent and fair tax system which can generate more revenue in a progressive manner.

2.7. Furthermore, we are also streamlining the tax system with the hope of doing away with tax exemptions which have excessive distortionary effects on the economy. Let me also highlight that under regional integration commitments, in particular our tariff liberalization in SADC, has led to some revenue losses. Hence, the Government has had to devise new mechanisms or new ways of collecting more revenue from domestic taxes by broadening and widening our domestic tax base. However, let me point out that tax compliance remains a challenge as the country implements these tax reforms.

2.8. The Government has also embarked on serious reform programmes to restore public and donor confidence. Advances have been made in fixing security gaps in public financial management (PFM) system that were identified during the so-called "cashgate" that the country experienced some 2-3 years ago. The Electronic Fund Transfer (EFT) has been successfully used

for payment of salaries to all civil servants and the risk assessment for using the EFT has also been concluded.

2.9. As a result, donor confidence has been restored after the sustenance of the IMF Extended Credit Facility (ECF). Other development partners such as the African Development Bank have indicated their intentions to restore budget support to Malawi signifying confidence in the system.

Policy thrust

2.10. The development agenda of Malawi is anchored in the Malawi Growth and Development Strategy (MGDS) and its subsidiary National Export Strategy (NES). The MGDS is Malawi's medium term developmental framework and is also a pinnacle to sustainable growth in the country. It is harnessed within five thematic areas which are sustainable economic growth, social protection, social development, infrastructure development and improved governance. Let me take this opportunity to inform the gathering that Malawi is in the process of consulting and finalizing the successor strategy to MGDS II.

2.11. Realizing the importance of growing the economy, Malawi is diversifying its export base from the traditional exports of tobacco, tea and sugar by focusing on value addition of non-traditional products and other high value crops including beneficiation in the extractive industries. The National Export Strategy, therefore, is meant to support the diversification by building productive capacity and export markets for Malawi products.

2.12. Allow me to continue isolating some notable developments that have taken place since the last trade policy review.

Public service reforms

2.13. During the period under review, the Government of Malawi established the Public Service Reform Commission which has been spearheaded by the country's Vice President. The aim of this Public Service Reform programme was to facilitate the creation of an effective and efficient Public Service that will spearhead economic growth in Malawi.

Corruption

2.14. In order to address corruption and thereby improve index on transparency international, the Government of Malawi has put in place a number of mechanisms and initiatives to help in the fight against corruption. The major initiative is the development of the National Anti-Corruption Strategy which is a national document that consolidates multi-sectoral efforts to fight and prevent corruption in the country.

Malawi Investment and Trade centre

2.15. Another milestone done in the period under review is the merging of the Malawi Investment Promotion Agency (MIPA) and the Malawi Export Promotion Council (MEPC), into one Malawi Investment and Trade Centre (MITC) in order to remove bureaucratic processes for doing business in the country. The establishment of One Stop Service Centre under MITC is a fundamental achievement in the right direction as it will result in reduced time and cost of doing business in Malawi by consolidating all the doing business services under one roof.

Trade facilitation

2.16. Given our geographical challenge as a landlocked country, Malawi fully supports trade facilitation initiatives including the objectives of the Agreement on Trade Facilitation (ATF). I hope by now the WTO Secretariat has received notification of our Schedule of Commitments covering all categories. The instruments of ratification would be deployed soon after the final process and the consultation is completed. It is pleasing to report that Malawi has already started implementing some aspects of the ATF including the establishment of the trade portal, expected to be launched in June 2016; one stop border post projects for six border posts with Zambia, Tanzania and Mozambique; the national single window project; and the migration from ASYCUDA ++ to ASYCUDA World, just to mention a few are some of the milestones under the ATF.

Mining sector

2.17. The Government of Malawi recognizes that the mining sector has a significant potential to contribute towards rapid economic growth and development of the country. Through the Mines and Minerals Policy (2013), the Government seeks to stimulate and guide investment in the sector by administering, regulating and facilitating growth through a well-organized and efficient institutional framework thereby enhancing the sector as an investment destination. In fact, this is one of the potential investment areas that Malawi is pursuing. It is the Government's conviction that if the country's mineral resources are fully exploited, the contribution of mining will improve from the current 10% to 20% of the GDP within the next 10 years.

2.18. Of late, Malawi has subscribed to global and regional initiatives such as the Kimberly Process, Multilateral Investment Guarantee Agency (MIGA) and Extractive Industries Transparency Initiative (EITI) that addresses mineral sector issues including practice, governance and other emerging realities.

2.19. In 2015, the Government also undertook Airborne Geological Survey throughout the country to assist perspective investors to identify potential areas for investment.

Public-private dialogue

2.20. Furthermore, the Government has established structures meant to enhance public and private sector dialogue on trade and doing business issues. The Public Private Dialogue (PPD) Forum serves as the highest platform for discussing issues affecting business in Malawi, whereas the National Working Group on Trade Policy is the lower technical forum for technical discussions. The Ministerial Committee on doing business has also been set up at the ministerial level to specifically enforce and monitor the reforms on doing business.

Standards, quality assurance, accreditation and metrology

2.21. In order to promote competitive production and exports, the Government is enhancing the capacity of the Malawi Bureau of Standards to offer better and international services in accreditation, standards, certification and quality assurance.

Trade in services

2.22. Concerning Trade in Services, the Government also recognizes the importance of this sector to sustainable economic growth. Overall, the financial performance of the commercial banks has been satisfactory with all banks adequately capitalized and liquid.

2.23. In a bid to strengthen the financial sector in general, a number of legal frameworks including the Financial Services Authority Act; the Personal Securities Act; the Microfinance Act; the Financial Cooperative Societies Act, and the Pensions Act, among others, were reviewed and enacted.

Tourism sector

2.24. Under tourism, the Government is seeking to drive reforms in the sector, thereby encouraging more private sector involvement through review of laws that impede tourism growth.

2.25. The Government has developed a Strategic Plan that will guide the development of the sector in the next five years (2016-2020). Implementation of the National Tourism Policy which provides an overall guide on how the sector should be developed including: improving transportation links to tourism destinations; increasing attractiveness of national parks for tourism and eco-tourism; and improving tourism marketing regionally and internationally is being enhanced.

Energy sector

2.26. Recognizing the importance of the energy sector, the Government has also restructured the sector in order to improve the generation, transmission, distribution and accessibility of electricity in the country.

2.27. The major reform in the sector is the splitting of the state-owned Electricity Supply Corporation of Malawi (ESCOM) into two components of power generation and power distribution to be operated by two different companies. The process is expected to be completed by 2017. The reform will improve power generation, which is the biggest challenge in the country, as investors will be encouraged to invest in power generation that will be supplied to a single power buyer (Single Market Operator) at harmonized rates for distribution to various consumers.

Regulatory framework

2.28. In order to create an environment conducive to trade and investment, a number of legislations were passed in Parliament such as the insolvency Act, Metrology Act and the Credit Reference Bureau. The Control of Goods Act, which is the main law that governs import and export trade, was reviewed. Other Acts that were reviewed include the Companies (Amendment) Act, the Business Licensing Act, and the Business Names Registration Act. The following Bills have been lined up for enactment: the Investment and Export Promotion Bill, the Export Processing Zones Bill, the Export Incentives Bill, Warehouse Receipt and Commodity Exchange Bill. Trade remedies bill is also under draft and yet to be finalized through public consultations before it can reach the Parliament for approval.

Regional integration

2.29. Malawi continues to pursue regional integration within COMESA, SADC and the SADC-EAC-COMESA Tripartite framework. For instance, Malawi does trade with all members of the COMESA Free Trade Area (FTA) and is ready to do so with all members that will be joining the COMESA FTA. We are also ready to trade more with member States of the Tripartite FTA after signing the FTA in Sharm el-Sheik, Egypt on 10 June 2015. We are also participating in the negotiations for the Continental Free Trade Area (CFTA). In other ways, Malawi will continue to strengthen its trade relations with member States of all regional economic communities to which it is a signatory.

2.30. Furthermore, Malawi continues to participate in the Economic Partnership Agreement negotiations with the EU with a view to concluding a more development friendly EPA.

2.31. Malawi being an LDC, it benefits from a series of preferential trade arrangements including Everything But Arms (EBA) initiative offered by the European Union (EU), the African Growth and Opportunity Act (AGOA) offered by the United States of America, and many other initiatives from Canada, India, and China among others from which Malawi is keen to derive maximum benefits.

Future prospects

2.32. Given the tremendous reforms that Malawi has implemented over the last few years, I am more than convinced that the stage is set for Malawi to attract more investment and increase trade with the rest of the world. However, this will require multilateral support. As the Government, we will continue with the reforms in order to create a conducive environment for trade and investment in the country.

Malawi's position on multilateralism

2.33. Since the coming into force of the Uruguay Round Agreement, Malawi, like other LDCs, has been significantly beset by problems arising from the implementation of these agreements. Indeed, the Geneva Ministerial Declaration duly recognized the plight and marginalization of the least-developed countries and small economies such as Malawi. To this effect, the effective implementation of the WTO commitments by Malawi continues to be hampered by the lack of adequate financial, institutional, technological and technical support.

2.34. Therefore, we call for renewed commitment to technical cooperation, including adequate provision of resources in the regular budget of the WTO, and other core agencies according to their mandates. I cannot conclude without mentioning the importance of the Enhanced Integrated Framework (EIF) towards dealing with some of our supply side capacities as well as capacity building of our nations. The EIF has supported many activities in Malawi and I would like to urge the WTO and other agencies for more support under this facility as we migrate to phase 2 of the implementation of the EIF. At this point, allow me to thank all those donor partners who pledged their support towards EIF during the MC10 donor pleading conference in Nairobi last year.

2.35. Furthermore, we would like to emphasize the need for improved coordination in the delivery of this assistance as an urgent requirement to facilitate our effective participation in the multilateral trading system.

Concluding remarks

2.36. In conclusion, I would like to register our commitments towards undertaking and fulfilling obligations under the WTO agreements despite our limited resource base. The adoption and adjustment of legislation and regulation for a better implementation of some WTO Agreements in Malawi has been taking place though at a slower pace than expected. This situation is attributable, to a large extent, to the lack of adequate institutional capacity, technical infrastructure, financial resources and human capital. This reinforces the need for capacity building programmes in our countries.

2.37. Supply side constraints still remain Malawi's major obstacle for integration into the multilateral trading system. Some of the major constraints include high transportation costs, inability to meet Sanitary and Phytosanitary (SPS) requirements and standards, insufficient and unreliable energy and water supply, customs procedures and documentation, just to mention a few. In this regard, Malawi needs external support such as increased developmental assistance, increased balance of payment support, technology transfer, and increased FDI flows, among other forms of support.

2.38. Finally, I would like to reiterate Malawi's commitment to the multilateral trading system. Malawi, like any other least-developed country will strive to contribute to the strengthening of the multilateral trading system within the WTO.

2.39. Madam Chairperson and Members of the Trade Policy Review Body, Ladies and Gentlemen, with these few remarks I would like to thank you for your attention.

3 STATEMENT BY THE DISCUSSANT

3.1. At the very outset, let me take the opportunity to welcome the delegation of Malawi led by H.E. Mr. Cliff Chiunda, Principal Secretary, Government of Malawi to the third Trade Policy Review of Malawi. Presence of capital based delegation from various government organizations clearly shows their cooperation in moving forward the third trade policy review and the commitment and high regards towards the WTO system. I wish to thank the Government of Malawi for preparing an in-depth and insightful Government report. My appreciation also goes to the Secretariat for its hard work in preparing such an inclusive report on Malawi's economy and trade that would help make the entire process more participatory and dynamic.

3.2. I am confident that both the reports would be found to provide the basis for a fruitful discussion by Members and reflect a clear picture regarding of the challenges ahead for Malawi.

3.3. I extend my sincere thanks to the Chairperson for her opening remarks that provide a good glimpse on the substance of the trade policy review of Malawi.

3.4. As the discussant, while focusing on several aspects of trade and macroeconomic policies of Malawi, I would like highlight challenges faced by Malawi and the efforts made by the country during the period under review not forgetting that the country is landlocked and a least-developed one. My intervention will cover four main aspects, namely macroeconomic environment, trade policy regime, trade policy by measures and sectoral policies.

Economic environment

3.5. According to the Secretariat's report, Malawi has impressive economic growth with average annual GDP growth rate of 5.9% during the period under review, despite numerous challenges it faced during this period. Another important achievement of Malawi is a significant increase of trade-GDP ratio from 64% to 102% during the review period.

3.6. During the review period, Malawi has faced a number of challenges which requires attention of policy makers at national, regional and multilateral level.

3.7. First, Malawi has been facing significant challenges related to transport, communication and energy, which makes cost of doing business very high and negatively affects her competitiveness in the international market and the potential to attract meaningful foreign direct investment.

3.8. Second, despite impressive progress in reducing proportion of public debt during the last review period, public debt has increased significantly to domestic financing in the wake of external financing shortfalls arising from the suspension of external budget support. This has posed new challenges for the fiscal situation.

3.9. Third, after adopting floating exchange rate regime in 2012, strong devaluation of local currency, there has been a surge in inflation which continues to exist in recent time.

3.10. Fourth, Malawi is a least-developed country and a largely agro-based economy. The agriculture sector remains the mainstay of Malawi's economy in terms of contribution to employment and foreign exchange. However, performance of this sector remains vulnerable to adverse weather conditions and terms of trade shocks. Malawi is highly dependent on export of tobacco, a seasonal and weather-dependent cash crop. This results in fluctuation in export earnings and the exchange rate.

3.11. Fifth, the gross national income per capita is estimated at US\$250, down from US\$354 during last review period. Some 51% of the population lived under the national poverty line in 2010, down from 65% in 1997. Life expectancy at birth was 55 years in 2013. By UNDP's 2014 Human Development Index, Malawi ranks 173rd out of 187 countries and territories. Adult HIV prevalence rate is 10.8% while the adult literacy rate is 61.3%.

3.12. Though there are other challenges, the Government of Malawi has commendably continued efforts to face the challenges and undertook several reforms.

3.13. In 2011, the Government of Malawi adopted the Malawi Growth and Development Strategy 2011-16 with a main objective to reduce poverty through sustainable, private-sector driven economic growth and infrastructure development. The Strategy's macroeconomic objectives include reducing inflation to single-digit levels, increasing foreign exchange reserves to cover at least three months' import and improving the investment climate. A new policy (MGDS II) for 2016-21 is under preparation.

3.14. To realize the Vision-2020, the Government of Malawi has undertaken reform initiative in governance through establishment of the Public Service Reform Commission in 2014. The aim is to create an efficient and prudent Public Service sector.

3.15. In order to ensure fiscal governance, the Government has adopted measures to tighten security and accountability in financial and accounting system of the Government. Electronic Fiscal Devices (EFDs) systems and a number of interventions in trade sectors were introduced to enhance VAT and other tax collection.

3.16. Furthermore, since January 2014, the Reserve Bank of Malawi has been using an interest rate targeting framework. Liquidity reserve requirements and open market operations are its main policy instruments.

Trade and Investment Policy regime

3.17. As a founding Member, Malawi has strong commitment to the WTO and to the multilateral trading system. Malawi has been pursuing the issues related to the LDCs such as Special and Differential Treatment, DFQF market access, preferential Rules of Origin, elimination of trade distorting domestic support and export subsidies, technical assistance and capacity building. During the period under review, Malawi was involved as a third party in dispute settlement proceedings concerning plain packaging requirements applicable to its tobacco products. Despite human and institutional deficiencies, Malawi has improved its performance in notifying measures to the WTO.

3.18. Malawi still faces high health risks. It is yet to submit the instrument of acceptance of the Protocol amending the TRIPS Agreement adopted by the General Council of the WTO on 6 December 2005. If it does soon, the country could secure a legal pathway to have access to affordable medicine by establishing a new public health flexibility and meet their needs in the pharmaceutical sector.

3.19. Malawi is involved in various regional agreements, such as the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC). Malawi participates in several COMESA initiatives, such as the Regional Customs Bond Guarantee Scheme, the COMESA Simplified Trade Regime, and the COMESA Yellow Card Scheme for motor vehicle insurance. It is also a party to the COMESA Protocol on Trade in Services and participates in a number of COMESA institutions.

3.20. Malawi has signed bilateral trade agreements with Mozambique, the Republic of South Africa, and Zimbabwe as well as a customs agreement with Botswana.

3.21. Due to these regional initiatives, Africa has become the main destination of Malawi's exports. However, due to increased import from China and India in recent years, the share of most African countries has declined during the period under review. Still, Africa remains the main source of import for Malawi.

3.22. In 2012, the Government of Malawi merged the Malawi Investment Promotion Agency and Malawi Export Promotion Council into a single Malawi Investment and Trade Centre through enactment of Investment and Export Promotion Act of 2012. The Act does not discriminate between foreign and domestic investors. The Government allows foreign investment in most sectors of the economy without limitations on ownership, investment size and source of funds. In 2014, Fukushima accident forced the company Kayerekera to suspend the largest investment in Malawi's mining sector and the mining and processing operations due to the continued decline in the price of uranium. Operations are only likely to resume if there were to be a significant recovery in uranium prices.

3.23. Investment in Malawi, mainly manufacturing is eligible for a wide-ranging industrial rebate schemes through exemption from import duty, VAT and excise tax on goods used for certain purposes. Investment incentives are also provided for industries established in Export Processing Zones. These include 100% exemption from corporate income tax, exemption from withholding tax on dividends, a VAT rate of 0%, and exemption from duties on capital equipment, machinery and raw materials.

Trade policy and practices by measures

3.24. During the period under review, Malawi took a range of trade facilitation initiatives, including the opening of one-stop border posts, enhancement of the COMESA Simplified Trade Regime, the adoption of a national single window programme and a move from its current Automated System for Customs Data (ASYCUDA++) to the web-based version of ASYCUDA World which would facilitate businesses in a timely manner. During this period, Malawi also launched one-stop border post initiatives at six border crossings. It also established Joint Border Committees at three major border posts (Songwe, Mwanza and Dedza) with a view to improving coordination among officials from the various agencies that intervene in the control of imports and exports.

3.25. Customs duties accounted for 9.7% of total revenue in financial year 2015-16, which is down from 13% in financial year 2009-10. Tariff remains a main trade policy instrument of Malawi. While its average tariff reduced during the review period, but still the average tariff on agriculture product increased from 17.3% in 2009 to 18.8% in 2015 while the corresponding average for non-agricultural products stands at 11.6%, down from 12.5% in 2009. It has significantly increased the number of duty free lines during this period from 14.0% to 31.7% of total tariff lines.

3.26. Importation and exportation of certain goods, such as agricultural products need to fulfill both licensing requirements and a system of trade permits. In June 2013, the number of export controlled items was reduced from 25 to 10. The processing of applications for permits and licenses remains non-computerized and must be carried out in the capital, Lilongwe. Policy interventions may be made to make the process efficient.

3.27. The Malawi Bureau of Standards (MBS), responsible for the testing and certification of goods and services subject to technical regulations, lacks international accreditation. Due to the lack of accreditation of its own facilities, the certificates and test reports issued by the MBS are generally not accepted in foreign markets. Malawi also does not recognize certificates and test reports from certification bodies accredited overseas, including those from the SADC/COMESA region, despite being party to those agreements. International accreditation and mutual recognition agreement (MRA) can facilitate trade in foreign markets.

3.28. As regards intellectual property (IP), there is no remarkable change except drafting of an IP policy. Implementation of the IP policy faces a number of challenges including lack of human resources and finance; inadequate infrastructure for managing and administering IPRs; absence of IPR-related training and educational institute and lack of awareness among major stakeholders. The Secretariat noted same human and institutional insufficiencies with regard to applying anti-dumping, safeguard and countervailing measures.

Sectoral policies

3.29. Agriculture remains the principal contributor to the economy constituting around 30% of GDP and 75% of total export earnings while providing employment opportunity to almost 80% of the total workforce. Single crop tobacco constitutes 40% of the total export earnings from agriculture while remaining vulnerable to the anti-tobacco campaigns for health concerns. On the other hand, agriculture as a whole is heavily affected by adverse weather conditions, exposure to price volatility and SPS and TBT requirements in foreign markets posing threat to economic growth and sustainable development.

3.30. Overall, agricultural productivity remains low. In particular, the sector faces special challenges including overdependence on rain-fed farming and a low level of irrigation development; low absorption of improved technologies; poor support infrastructure; inadequate markets; weak private sector participation and lack of investment in mechanization. Plus, heavy

dependence on a few agricultural commodities renders Malawi particularly vulnerable to external shocks such as volatile export prices and drought.

3.31. With the twin objectives of increasing agricultural productivity and achieving food security, the Farm Input Subsidy Programme (FISP) was instituted in 2005. It provides various inputs and facilities (fertilizers, maize and legume seeds, and maize storage pesticides at subsidized prices) to smallholding maize farmers.

3.32. A significant shortfall in electricity supply remains a major growth constraint. Less than 10% of Malawi's population has access to electricity. Mining sector contributes about 5% to GDP. Dominated by agro-processing, the economy still has a small manufacturing sector and lacks diversification. The services sector contributes about half of GDP with wholesale and retail being the most important subsector.

Conclusion

3.33. While going through both the reports prepared by the Secretariat and the Government, it appears to me that Malawi has been facing numerous challenges in realizing their vision. Being an LDC and at the same time a landlocked country, it is going to be difficult for Malawi to overcome these challenges without support from development partners. A focus in the report on aid for trade seems necessary in order to get a clear picture on direction and effectiveness of aid for trade initiative in Malawi. It would be important to focus aid for trade on addressing the supply side constraints of Malawi in line with Vision 2020. In conclusion, I encourage all donor countries, in particular Malawi's major trading partners, to give serious consideration to support Malawi in realizing its Vision-2020. At the same time, I would encourage the Government of Malawi to continue its effort to improve domestic policies, institutions and business environment with an open trade and investment policy regime.

3.34. I wish Malawi a very successful Trade Policy Review.

4 STATEMENTS BY MEMBERS

UNITED STATES

4.1. We appreciate the Government of Malawi and the WTO Secretariat's reports. Each describes the various challenges that Malawi must overcome and the questions it must address in order to achieve more effective participation in the global trading system, and to use trade as an instrument for realizing greater economic growth and development. I would also note our appreciation for the written replies to our questions submitted in advance of this review and we will give careful consideration to the responses.

4.2. Malawi has made noteworthy progress since its last trade policy review in 2010. It has continued to witness economic growth – averaging 5.9% since 2010 despite a marked slowdown in 2012. The Government of Malawi continues to take measures to address food security and to promote greater agricultural productivity, especially among small-holder farmers. We commend the Government of Malawi for its focus on developing and adopting strategies through the Malawi Growth and Development Strategy to reduce poverty through sustainable, private-sector driven economic growth, and infrastructure development.

4.3. The United States enjoys a vibrant bilateral trade relationship with Malawi, although trade has waned in recent years. Two-way United States-Malawi goods trade totaled US\$92 million in 2015, a 13% decrease from 2013 and a 15% decrease from the last review, mainly due to a decline in tobacco exports to the United States. Malawian exports of certain agricultural and textile products, including apparel, are also eligible for duty-free and quota-free access to the United States market under the African Growth and Opportunity Act (AGOA), which has been extended through 2025. In recent years, substantially all U.S. imports from Malawi have entered the United States duty-free, either under AGOA, the Generalized System of Preferences (GSP), or zero-duty most-favoured-nation provisions.

4.4. Malawi exports a wide variety of products to the United States under the provisions of AGOA and GSP, including tobacco, rice, tea, sugar and cotton. At the same time, we recognize that the Government of Malawi wants to find ways to increase its utilization of AGOA and GSP trade preferences and to further diversify its trade with the United States. We note with interest, from the Government's report for this review that the Malawi Ministry of Industry and Trade finalized the National Export Strategy of 2011, which aims to improve export competitiveness by promoting exports in three identified product clusters, oilseeds, sugar cane and manufactures.

4.5. We encourage the Government of Malawi to develop strategies to take better advantage of AGOA and in this connection, we would be happy to consult with the Government of Malawi on its plans for implementing these strategies. We are committed to working with Malawi not only to help it make greater use of the benefits of AGOA to increase bilateral trade, but also to help it improve its capacity to boost regional trade and make the most of the opportunities afforded by its membership in the WTO.

4.6. We are also pleased to note that Malawi is involved in two major initiatives related to economic growth and development: the Millennium Challenge Account, administered by the Millennium Challenge Corporation (MCC), and Feed the Future, the United States' global hunger and food security initiative. In 2011, Malawi signed an MCC compact, which entered into force in 2013. The US\$350 million compact will help revitalize Malawi's power sector and improve the availability, reliability, and quality of the power supply. Malawi is also a partner in the U.S. Feed the Future Initiative, which aims to decrease hunger and poverty and improve food security. We look forward to continuing our work and increased co-operation with Malawi as it moves ahead to boost its food security.

4.7. We recognize and commend Malawi's efforts to improve its customs services in order to streamline the number of procedures required and reduce the time to trade across borders, as noted in the Secretariat's report. We note that progress has been made on establishing a national single window, which is expected to come online in 2016, as well as the establishment of one-stop border post initiatives at six border crossings. We also commend Malawi's efforts to establish a national trade facilitation committee, as noted in the Secretariat's report.

4.8. As the Secretariat's report points out, Malawi has yet to ratify the WTO Trade Facilitation Agreement (TFA), but note that its ratification process is in its final stages. The TFA would set the stage for more efficient customs and border procedures and coordination in Malawi, and would encourage Malawi to ratify and implement the agreement as soon as possible. The United States stands ready to work with Malawi to ensure its timely implementation of the agreement.

4.9. We agree with the Secretariat's report that Malawi's participation in the multilateral trading system remains limited. We encourage Malawi to continue to work towards establishing a transparent trade policy process that will allow for more active engagement in the multilateral trading system and more follow-up on multilateral issues, recognizing the capacity challenges Malawi faces. We agree with the Secretariat's report that Malawi would benefit from a simplification of import procedures relating to standards and technical regulations, and we encourage Malawi to continue efforts to improve implementation of the WTO agreements, including the SPS and TBT agreements.

4.10. To conclude, the United States stands ready to work with Malawi, and appreciates the opportunity to participate in this review of Malawi's trade policy. We look forward to our dialogue with the Government, both within the WTO and on a bilateral basis.

KENYA

4.11. Kenya and Malawi enjoy cordial bilateral relationship that is underpinned by vibrant trade ties. Both countries are members of the Common Market for Eastern and Southern Africa (COMESA) and COMESA-EAC-SADC Tripartite Free Trade Area that was signed in June last year. These relations have been enhanced by exchange of high level visits between the two countries.

4.12. Kenya considers Malawi to be an extremely important trading partner. We continue to witness a steady growth of trade between the two countries attributed to regional integration as well as regular trade promotions initiatives that both countries have been undertaking. Kenya's exports mainly consist of manufactured consumer products while imports from Malawi include maize, tobacco and precious stones.

4.13. As indicated in the Secretariat report, Malawi's economy is heavily dependent on agriculture and exports of primary commodities. As a result, the performance of the economy remains vulnerable to a host of shocks-weather-related shocks, aid shocks and trade shocks (both in terms of exports and import prices), and therefore needs a diversified productive and export base in order to mitigate its vulnerability.

4.14. Achieving diversification will require investment in key infrastructure, such as rural roads and energy, complemented by strong policies to attract more investment in mining and other non-agriculture sectors.

4.15. The Malawi Growth and Development Strategy remains an important vehicle through which Malawi can address its economic challenges with a view to achieving sustainable economic growth, infrastructure development and reduction of poverty. There is no doubt that effective implementation of the Strategy will require the support and goodwill of the international donor community.

4.16. We compliment Malawi for achieving positive developments in a number of areas during the period under review as noted from the reports for the review. For example, several trade facilitation initiatives were initiated, including the opening of one-stop border posts, enhancement of the COMESA Simplified Trade Regime, the adoption of a national single window programme, migration from the Automated System for Customs Data (ASYCUDA++) to the web-based version. Malawi has also adopted a floating exchange rate regime which is now largely market-determined.

4.17. Although Malawi had not ratified the Trade Facilitation Agreement, we are pleased to note from the reports for the review that technical work has been completed and the process of ratification is in its final stage. We also encourage Malawi to implement the COMESA Customs Bond Guarantee Scheme which Kenya considers to be an important instrument of promoting trade facilitation within the COMESA region.

4.18. There are a number of areas where Malawi should continue to work to improve its openness and competitiveness. We therefore welcome the efforts of the Government in undertaking reforms aimed at creating an attractive business environment and improved access to international markets. We believe that continued reforms would help to translate Malawi's economic potential into a reality.

4.19. We shall study carefully the answers to the questions we posed. We will bring to attention of the delegation of Malawi if there are any issues for further clarification before the end of the review.

EUROPEAN UNION

4.20. Malawi's economy has witnessed a strong growth since the last review in 2010. However, Malawi, as acknowledged by the Secretariat report, remains one of the world's poorest countries in terms of most development indicators.

4.21. The EU notes that Malawi's economy - being highly reliant on agriculture - is still vulnerable to external shocks as is currently experienced by the worrying food insecurity situation related to the El Niño phenomenon.

4.22. The EU appreciates the objectives outlined in the Malawi Growth and Development Strategy II as they represent a good step in the direction of structural economic reforms, aimed at reducing poverty through sustainable economic growth and infrastructure development.

4.23. The EU notes the Government's commitment to promote trade and investment as key drivers for inclusive growth and sustainable development. In this respect, the EU would like to encourage Malawi to pursue reforms aimed at increasing productivity and industrialisation, improved legislation, and facilitate administrative practices for businesses. All these actions should allow Malawi to promote an environment conducive to private sector growth and competitiveness.

4.24. The EU welcomes Malawi's recognition of the importance of the Trade Facilitation Agreement, being a small land-locked country and highly dependent on trade. In particular, we congratulate Malawi for its efforts to establish the National Trade Facilitation Committee as well as for the progress made to ratify the Trade Facilitation Agreement and notify its Category A commitments, as indicated by the Malawi delegation today. Completing these processes will allow the EU as well as other donors to clearly identify Malawi's needs for tailored and adequate technical and financial assistance for supporting its implementation.

4.25. On our bilateral relationship, the EU has strong and longstanding partnership with Malawi, solidly established under the Lomé Conventions and the Cotonou Agreement over the last 40 years.

4.26. The EU has been and will remain a reliable and strong partner to Malawi. Our ongoing cooperation has already produced a significant impact in support of the national priorities. In this respect, the EU encourages Malawi to pursue its path towards joining the Economic Partnership Agreement with the EU and looks forward to receiving the reviewed market access offer.

4.27. Currently, Malawi continues to benefit from preferential treatment under the Everything But Arms arrangement. This is also in line with the Chair's conclusions of the last review, asking Members to keep their markets open for products and services of interest to Malawi. According to the statistics, in 2015 Malawi has exported more than one third of its exports into the EU market.

4.28. The EU continues to be the biggest direct donor of development aid in Malawi. In the 11th European Development Fund, covering the period 2014-2020, an envelope of €560 million has been approved for Malawi for interventions in the areas of Governance, Sustainable Agriculture and Secondary Education and Vocational Training.

4.29. The EU does not have many concerns to raise. We would like to address a couple of issues.

4.30. First, Malawi being part of two regional settings (COMESA and SADC), the EU would like to understand what are the prospects for future trade relations of the country in the regional context

and, in particular, would be interested in receiving an update on the state of play of the implementation of the COMESA Customs Union.

4.31. Second, the EU is concerned about the regulatory impediments to investment, including licences and customs procedures on import and export, and wonders what Malawi envisages to do for streamlining these procedures.

4.32. The EU remains committed to supporting the country's efforts to face socio-economic challenges and is confident that this review will help Malawi in assessing and further developing its economic and trade policies.

CHINA

4.33. By and large, there has been a satisfactory economic development during the period under review for Malawi, GDP growth averaging 5.9% between 2009 and 2015, peaking at 9.5% in 2010 notably. As one of the poorest countries in the world, it is truly heartening to know Malawi has managed to attain self-sufficiency in food. Moreover, China commends the relevant reforms and measures Malawi has taken in the areas of public services, agriculture and manufacture industries, financial services, tourism, etc. China does believe that these measures are helpful to achieve the transformation of Malawi's economy.

4.34. However, as a landlocked country, Malawi is faced with certain limitations and challenges for its economic development, such as the high cost of transportation and energy, vulnerability to weather-related shocks, predominance of agriculture in economy, dependence on foreign aids, etc. We would encourage Malawi to undertake further domestic reforms and adjustment of macroeconomic and trade policies, to trigger the endogenous growth and enhance economic resilience and diversification.

4.35. As an original WTO Member, Malawi remains firmly committed to the multilateral trading system and DDA negotiations. We appreciate Malawi's position of highlighting development as the core of DDA. China would like to further cooperate with Malawi and other LDCs in a successful conclusion of DDA. Besides, China expects Malawi to complete the ratification steps of the Trade Facilitation Agreement as soon as possible and contribute to the entry into force of that Agreement.

4.36. Bilaterally, China and Malawi have gradually developed a comprehensive and robust economic and trade relations since the two countries established diplomatic ties 8 years ago, highlighted by a bilateral agreement on trade, investment and technical cooperation. According to our statistics, the two-way trade reached US\$278 million last year, increasing by 45.1%. The stock of China's investment in Malawi is US\$260 million for now. China would like to continue to earnestly make our due support to the development of Malawi under the South-South co-operation framework.

4.37. We have raised some questions on Malawi's economic and trade policy, covering the areas of trade facilitation, investment, border management and domestic regulations. We appreciate the responses from the Malawi's delegation to our questions, which we will study closely.

BRAZIL

4.38. Brazil is glad to learn that Malawi has grown strongly since its last trade policy review, including a 9.5% peak in GDP growth rate, and trade has certainly contributed to this result.

4.39. Vulnerabilities exist, such as weather and commodity price fluctuations, but can be addressed through initiatives as infrastructure improvements and trade diversification. Both the Government and the Secretariat reports highlight developments towards structural reforms and macroeconomic adjustments that should contribute to improve Malawi's prospects of sustaining its recent economic growth, as well as reducing poverty.

4.40. We hope that our bilateral relationship increasingly becomes one positive element in this process. During the period under review, our bilateral trade has increased continuously, but it is still relatively modest, leaving much room for expansion and diversification.

4.41. Brazilian direct investments in Malawi have also increased significantly with an impressive acceleration in recent years, in particular in the transport infrastructure sector. As stated by the Government's report, improving Malawi's transport network and its connections to neighbouring countries are of utmost economic importance.

4.42. Moreover, Brazil and Malawi concluded last year the negotiations of the Agreement on Cooperation and Facilitation of Investments, providing for an institutional framework that will strengthen further the economic links between our countries.

4.43. In the past years, Brazil has reaffirmed its commitment with Malawi's food security efforts. We have also developed technical cooperation initiatives, like the Project on Strengthening the Cotton Sector in the lower Shire and Zambezi river basins. We hope that the bilateral cooperation will contribute to the diversification of the country's economic activities and trading partners.

4.44. Brazil stands ready to deepen and diversify our cooperation with Malawi, as we are convinced that strengthening cooperation among developing countries is an important means to enable the sharing of technologies and practices developed under similar social and economic conditions.

4.45. Brazil continues to follow with interest domestic developments in Malawi with regard to its trade policy. We have submitted questions and we are grateful for the responses which will be reviewed carefully.

THAILAND

4.46. During the past year, bilateral trade value between Thailand and Malawi stood at a modest US\$2 million with rubber, machinery, automobiles, articles of iron or steel, and textiles constituting major exports from Thailand.

4.47. We congratulate Malawi for its strong economic performance since the last TPR, with an average growth of 5.46% between 2010 and 2015. We also note the crucial role that merchandise trade played in propelling Malawi to such sturdy growth during the said period.

4.48. Thailand commends Malawi for its efforts regarding trade facilitation, including the opening of one-stop border posts, enhancement of the COMESA Simplified Trade Regime, and the adoption of a national single window programme. Furthermore, we believe that the ratification of the Trade Facilitation Agreement would significantly benefit Malawi and further strengthen its efforts for trade facilitation enhancement.

4.49. In this review, Thailand submitted several questions to Malawi regarding agriculture, competition policy, and intellectual property. We look forward to Malawi's responses, for which we will study carefully with great interest.

CANADA

4.50. Canada commends Malawi on the progress it has made during over the past years in expanding their export sectors and implementing their Growth and Development Strategy II (MGDS II). Canada recognizes that despite these advances, some factors continue to negatively impact Malawi's economic outlook. While some issues, such as adverse climate conditions and global economic trends are beyond Malawi's control, putting in place adequate fiscal controls and addressing public financial management concerns can be addressed within the domestic context. We would encourage the Government of Malawi to work towards mitigating structural deficiencies, such as inadequate infrastructure and power generation capacity, both of which have been identified as challenges by the Government. Canada commends Malawi for putting plans in place to address some of the afore mentioned challenges, however it is incumbent on the Government to ensure that these plans are effectively implemented to address both the high inflation and the low valuation of the kwacha.

4.51. In order to ensure continued and equitable economic growth, Malawi needs to attract more business investment and additional development assistance. To do this, Malawi needs to increase investor and donor confidence that funds disbursed will be spent appropriately. Malawi must put in

place appropriate safeguards and processes to ensure transparency and accountability. While initiatives like the National Anti-Corruption Strategy and addressing the security gaps in public financial management are steps in the right direction, further action is required to bring the fiscal deficit under control and improve the efficiency of public expenditures.

4.52. Canada recognizes that corruption is a two-way street. As such, we all need to do our part to ensure transparency and increase investor and donor confidence. We encourage the Government of Malawi to ensure that proper safeguards are in place to combat corruption, as well as censure those who misuse public funds. The Government of Canada requires all Canadian companies to comply with the Corruption of Foreign Public Officials Act or face sanctions and further expects all Canadian companies to live up to the highest ethical standard.

4.53. Canada concurs with the Government of Malawi that improving structural deficiencies in infrastructure and power generation will also improve Malawi's economic outlook. As a landlocked country, increasing access to Malawi's rich endowment of agricultural, water and mineral resources through an upgraded transportation system would help attract increased domestic and foreign investment. Current investments like the Nacala Rail Line and the proposed interconnector to Mozambique will help Malawi become more integrated into the continental economy and international markets. Improving power generation through additional hydro power sites and the use of solar-wind hybrid generation systems as identified by the Malawi Government will also help attract increased investment and ensure equitable economic growth.

4.54. Canada is also a resource rich country with many remote regions that relies on exports and close integration into a continental economy to drive economic growth. As a result, many of our infrastructure and power companies have expertise which may be helpful to Malawi.

4.55. We positively note Malawi's participation in sub-regional and continent-wide integration initiatives, including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the SADC-EAC-COMESA Tripartite Framework. AS noted in Malawi's Government report, these initiatives are not only important for their market access openings, but their contribution to strengthening transport, energy, and infrastructure links that are vital to increase the economic opportunities of a landlocked developing country. We note that despite the challenges Malawi faces, the Malawian economy has become increasingly open. We hope that Malawi continues to engage with the international community and benefit from these exchanges.

SINGAPORE

4.56. Malawi has achieved substantial economic progress since its last TPR in 2010, averaging an annual GDP growth rate of 5.9% over the past five years. We commend Malawi for taking strides in reforming its trade policy to support sustained economic growth. This includes moves towards diversification and building a strong manufacturing base, establishing Special Economic Zones to encourage investments, and pursuing regional trade initiatives. However, we also note that Malawi has continued to maintain high levels of tariff protection on raw materials. This could discourage investments in downstream industries and may stymie Malawi's efforts at diversification. We are also concerned that Malawi continues to apply MFN tariffs on six lines in excess (of 75%) of its bound rates. This is an issue with systemic implications and we urge Malawi to bring its tariff regime into conformity with its WTO commitments as soon as possible.

4.57. Singapore recognizes the capacity constraint that Malawi faces that might have limited its participation in the WTO, including in fulfilling its notification obligations. Nonetheless, transparency is an essential pre-requisite to a predictable, rules-based trading system, which benefits all Members including Malawi. We suggest that Malawi explore with the WTO Secretariat, other relevant international organizations and development partners how their capacity building and technical assistance programmes could help it meet its WTO obligations and to better avail itself of the rights and benefits that accrue to it under the WTO. We also note that Malawi is in the process of establishing a Permanent Mission to the WTO, and look forward to welcoming them there.

4.58. Finally, as a landlocked country, Malawi depends on the efficiency of transit corridors and ports in neighbouring countries, as much as its own. In this regard, Singapore strongly urges

Malawi to speedily ratify the WTO Trade Facilitation Agreement (TFA). The entry into force of the TFA will bring about reforms which would improve Malawi's export competitiveness and also access to capacity building programme to improve trade performance at the border. We also encourage Malawi to accept the Protocol amending the TRIPS Agreement.

INDIA

4.59. We welcome the steps taken by Malawi in reforming its trade and investment policy regime since its last trade policy review in 2010 in areas such as customs procedures, services sectors, setting up one stop service center (OSSC) for facilitating investments and its ongoing efforts to reduce the cost of doing business in Malawi. We fully understand the challenges faced by Malawi as a landlocked country as well as its vulnerability to adverse weather conditions and terms of trade shocks, all of which have impacted on its economic performance. Notwithstanding these challenges, Malawi has posted overall positive economic growth during the period under review, which is commendable.

4.60. As part of its long-term development strategy – "Vision 2020", and Malawi Growth and Development Strategy, we welcome the Government's commitment to sustainable growth through sound macroeconomic management, transformed public services, diversification of its economy, tackling infrastructure bottlenecks, fostering public private partnerships, providing stable policy environment for promoting trade and investments, as well as increased focus on health, education and job creation. We note with interest Malawi's Government efforts in transforming its economy from being predominantly consuming and importing into a predominantly producing and exporting one. We wish the Government of Malawi every success in meeting its development challenges, achieving sustained economic growth and improving the well being of its people. In this regard, we fully recognize its need for enhanced assistance to strengthen its institutional capacity and addressing supply side constraints in order to take full advantage of regional integration processes and market access opportunities available at the multilateral level.

4.61. At the bilateral level, India and Malawi enjoy close ties, underpinned by growing bilateral trade and investment linkages and development partnership. India re-opened its diplomatic Mission in Malawi in 2012. India's trade with Malawi has maintained steady growth with trade volume of about US\$250 million last year. Malawi is a beneficiary of India's duty free tariff preference scheme for least-developed countries. Besides bilateral trade, several Indian firms have invested in Malawi in recent years in sectors such as agro-processing, chemicals, energy, information technology, logistics, textiles, pharmaceuticals and hospitality sectors. To promote business linkages between our two countries further, we have started issuing business visas to Malawi nationals free of charges with effect from December 2015.

4.62. Yet, another important dimension of our close bilateral ties is our development partnership with Malawi. India has extended developmental assistance to Malawi for industrial and infrastructural development projects as well as through capacity building and technical cooperation programmes in diverse sectors. While our trade and investment ties have maintained steady growth, there is considerable scope for further expansion in our bilateral trade and investment ties and we look forward to working with the government of Malawi in achieving these objectives.

MAURITIUS

4.63. Our two countries share membership of the SADC and COMESA and cherish the same vision of seamless continental integration and deepened regional trade. Mauritius also pursues the same vision as Malawi on the Accelerated Programme for Economic Integration aimed at reducing the barriers to trade in the region together with Mozambique, Seychelles and Zambia.

4.64. There is substantive interest from the Mauritius business community in Malawi and this is evidenced by Mauritius being one of the largest investor countries in Malawi. Our trade relations need to be improved with imports from Malawi standing last year at Rs 148 million and our exports at Rs 3.3 million rupees only.

4.65. Mauritius and Malawi have recently negotiated a Double Taxation Avoidance Agreement, an Investment Promotion and Protection Agreement as well as a bilateral Air Services Agreement. We

are awaiting the response of the competent Malawi authorities with a view to the ratification of the Agreements and their implementation.

4.66. We are encouraged by the significant efforts by the Government of Malawi towards consolidating sound macroeconomic management, improving the investment and doing business climate.

4.67. A significant proportion of the Malawi economy is still hinged on the agricultural sector. Mauritius would be glad to share its experience with the competent Malawi authorities in bolstering initiatives to develop its services and, in particular, the financial services sector. Similarly, Mauritius would wish to share its experience in trade facilitation.

4.68. Our two countries face similar constraints, that is our economies are highly vulnerable to exogenous shocks and external pressures being landlocked in the case of Malawi and being a small island developing State like Mauritius.

4.69. The challenge for Mauritius and Malawi alike is to be able to make the sensible trade policy decisions that rally to our interests and above all serve our goal to improve further the lives of our respective people.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.70. During the period under review, Malawi has kept performing a robust growth of GDP, averaging 5.9% per year with a peak at 9.5% in 2010. Contribution of merchandise trade of GDP increased rapidly from 60% to 102%. We have noted from the reports that the marvelous performance of Malawi's progress is due to its trade policy regime reformation in such areas as trade facilitation initiatives, customs procedure, competition legislations and privatization of state-owned enterprises.

4.71. Meanwhile, Malawi's development still faces many challenges, including its heavy dependence on primary agricultural commodities, high cost and inefficient land transportation, shortfall in electricity supply and inadequate infrastructure. Agriculture remains the backbone of Malawi's economy and leads to structural vulnerabilities due to flood, draught and trade shocks.

4.72. In terms of the investment sector, high cost of conducting business hinders the promotion of drawing foreign direct investment (FDI). In order to diversify the economy structure, we believe that the promotion of FDI is critical important and also benefits to Malawi's sustainable growth.

4.73. By the observation of Secretariat's report, some potential sectors initially or continually developed during the period under review. We agree with the Secretariat's point that mining, energy and tourism will offer great potential for development both in attracting foreign investment and in promoting employment in Malawi.

4.74. While recognizing the challenges Malawi faces with regards to logistics, transportation and customs clearance and the need for foreign support in this area, we hope that Malawi be in a position to summit category A list and ratify the WTO Trade Facilitation Agreement as quickly as possible. It is obvious that trade facilitation improvements will bring important benefits to Malawi, including reducing trade costs, as well as establishing a better attractive investment environment and boosting well competitiveness.

4.75. In closing, we strongly encourage Malawi to hold firm to its economic and trade policy reforms.

ARGENTINA

4.76. Argentina notes with interest the development of Malawi's economy and trade in the current international economic context.

4.77. With respect to our bilateral relations, we note that Argentina's main exports are transport vehicles and food preparations, while its main import from Malawi is tobacco. We understand that

there is potential for development, and that there are complementarities from which both countries stand to benefit.

4.78. Lastly, we reiterate our appreciation of this renewed opportunity to exchange points of view and comments on the trade policies and practices of Malawi. We would like to draw attention once again to the importance of this exercise in transparency from every point of view, and we wish the authorities of Malawi a successful conclusion to this review.

BENIN

4.79. Malawi's economy is dominated by the agricultural sector, which accounts for 80% of the country's jobs and more than 90% of its export revenue. Manufacturing currently accounts for an estimated 9.5% of the country's GDP, a share which Malawi plans to increase to 20%.

4.80. During the review period, Malawi's real GDP growth was positive, progressing from 1.9% in 2012 to a little less than 5% in 2015; the inflation rate for the years up to 2018 is estimated at 9%. The budget deficit stood at 5.9% for the financial year 2014 2015.

4.81. In spite of the difficult context in which Malawi's economy continues to develop, it is a source of satisfaction that the Malawian authorities have been able to pursue prudent fiscal policies with the objective of reducing net domestic debt and creating a sustained increase in critical expenditures.

4.82. These results for the period 2010 2015 were obtained thanks to the reforms that Malawi introduced with a view to achieving a structural transformation of its trade policies, the goal being to "create a globally competitive export orientated economy, generating higher and sustainable livelihoods through trade that recognizes the role of micro , small and medium enterprises (MSMEs) and the vulnerable groups."

4.83. These reforms include:

- Establishment of the Competition and Fair Trading Commission;
- Ongoing revision of the Control of Goods Act;
- Amendment of the Companies Act, the Business Licensing Act, and the Business Names Registration Act, as well as several bills being examined by the National Assembly.

4.84. Malawi participates in the multilateral trading system while at the same time adhering to a strategy that aims to prioritize the promotion of bilateral and regional trade agreements.

4.85. The delegation of Benin notes with satisfaction that Malawi attaches great importance to the DDA, and welcomes Malawi's contributions to the Doha Round negotiations.

4.86. At the same time, Benin urges Malawi's partners to give due consideration to the country's needs and concerns.

REPUBLIC OF KOREA

4.87. Korea is pleased to note that Malawi achieved positive economic growth during the review period. A stable and democratic Government has been and will be a good basis of Malawi's economic development.

4.88. Korea also would like to point out that corruption is one of the biggest barriers to economic progress. In this regard, it is noticeable that Malawi is making its every effort to fight against corruption mainly through the Anti-Corruption Bureau (ACB). In addition, Korea can see the value of Malawi's reform policy for a business friendly environment led by the Public Service Reform Commission (PSRC). Malawi is on the right track to its development goal.

4.89. However, it is true that there remain many tasks to be done for its economic growth: expanding its infrastructure, diversifying and enhancing its industry, promoting privatization, and strengthening its intellectual property regime.

4.90. It is our sincere hope that Malawi will address these challenges through its reform efforts and achieve the goal under its long-term development strategy "Vision 2020".

4.91. In our modern global economy, trade is a crucial instrument for economic development. Trade is the bridge connecting the world economy, and can be the bridge to development as well.

4.92. In this context, Korea hopes that Malawi will enlarge its free trade network and continue to constructively participate in the WTO multilateral trading system.

4.93. With this, I would like to conclude by expressing our appreciation to the delegation of Malawi and wishing the delegation every success in its TPR.

NIGERIA

4.94. Nigeria is happy to note that Malawi is using market openings and foreign investments, as instruments for economic growth and development, despite its challenges. The trade policy regime is an excellent example of free, open and stable trading system, which has created a favorable environment for business that led to economic development. The economy of Malawi resumed its fast growth during the period under review. The ratio of total merchandise trade and non-factor services to GDP grew from 74% of GDP in 2010 to 102% in 2014, indicating increased openness of Malawi's economy. In this context, we wish to commend Malawi for its determination to liberalize their economy, particularly the efforts towards reducing poverty among their citizens.

4.95. Nigeria notes from the Secretariat report that the Malawi's economy has grown since its last trade policy review in 2010. The annual GDP growth rates peaked at 9.5%, the period under review which also included a marked slowdown of its economy in 2012. We also note that the total merchandise trade of Malawi increased rapidly during the period under review, from 60% of GDP in 2010 to 102% in 2014. However, as an LDC Member of the WTO and a country with a largely agrarian economy, its performance remains vulnerable to adverse weather conditions and terms of trade shocks. My delegation is therefore quite aware that Malawi has been playing an active role in the DDA negotiations.

4.96. Nigeria is also pleased to note from the Secretariat report that Malawi has been able to achieve a reasonable and successful level of progress, despite the significant challenges relating to transport, communication, energy, and administrative barriers.

4.97. As a donor support dependent nation, we call on its trading partners and all WTO Members to continue to support Malawi in ensuring that the recorded progress they so far realized is sustained and improved upon.

4.98. It is commendable to also note that, Malawian Growth and Development Strategy 2011-2016 is an over-arching medium-term development strategy that, its main objective is to continue reducing poverty through sustainable, private sector driven economic growth and infrastructure development. My delegation would like to encourage Malawi to stabilize the level of employment, which will show that the country has huge potentials for sustained growth and development, if the current domestic reforms and the creation of more jobs are further strengthened, given the robust export regime.

4.99. However, there remain some implementation challenges to be tackled. In particular, capacity to comply with WTO notification requirements, to align national Laws, rules and regulations to the WTO requirements and to enforce the laws and regulations, Trade Related Intellectual Property, SPS Agreement, Agreement on Trade Remedies, Agreement on TBT and to comply with the Agreement on Customs Valuation and Dispute Settlement Procedures. It is my delegation's view that urgent attention would be given to the critical challenges highlighted in order to help the Malawian economy to further enhances the country's trade policy making processes and implementation.

JAPAN

4.100. Needless to say, Malawi is an important partner for Japan, which continues to be one of Malawi's largest donors. Japan will make continuous efforts to maintain and further develop the good relationship between us.

4.101. Despite some improvements in its economy in recent years, Malawi remains one of the world's poorest countries. Malawi continues to face a number of challenges, including high dependency on agriculture, as well as difficulties imposed by its landlocked location and so forth.

4.102. One point we would like to mention is that the fast growing population pressure in the country is on course to further intensify the already severe challenges Malawi is facing.

4.103. With regard to agriculture, contributions from the sector to Malawi's total GDP have been steady since the last review. Yet, its share in total exports has been falling steeply from 89.9% in 2008 to 73.4% in 2015. We believe, however, that as a result of the Government's efforts diversification in exports has been accomplished. Another challenge of its agriculture is productivity. Malawi's agriculture sector depends highly on rain fed farming, and suffers from low absorption of improved technologies, weak private sector participation, and lack of investment in mechanization. As such, we highly commend the Government of Malawi's formulation of a national strategy, based on which it has set out to address low productivity problems.

4.104. Turning to its location, as a result of being landlocked, Malawi is highly dependent on the efficiency of transit corridors and trade logistics in neighbouring countries. Well-organized transport infrastructure is an essential catalyst for development. According to the Secretariat's report, Malawi has been making great efforts to improve water, rail and air transport, which we also commend.

4.105. From our point of view, Malawi can be thought to be located in an important trade route surrounded by other resource rich countries including Zambia and Mozambique. In this regard, Japan has supported Malawi to improve transport infrastructure for years. We have launched several projects including the South Rukuru bridge project and the Kamuzu International Airport Terminal project. We hope that Malawi takes advantage of its strategically important location with improved infrastructures.

4.106. Japan was glad to know that Malawi launched several trade facilitation initiatives, including the adoption of a national single window programme. However, Malawi has not yet ratified the Agreement on Trade Facilitation and has not notified the WTO of its Category A commitments. We encourage Malawi to complete its internal procedures as soon as possible.

4.107. In conclusion, I would like to express our strong wish to continue cooperation between Malawi and Japan.

ZIMBABWE

4.108. My delegation would like to thank the Secretariat for their comprehensive report and the discussant for his insightful analysis. It is pleasing to note that Malawi has achieved strong economic growth during a greater part of the period under review. Annual GDP growth averaged 5.9% between 2009 and 2015 and this was driven by growth in the agricultural sector.

4.109. However, the country has had its own set of challenges related to high inflation, power shortages, transport, communication, energy, volatility of commodity prices, cargo transit challenges, amongst others. This has impacted negatively on the country's cost of doing business and competitiveness on the international market as well as ability to attract Foreign Direct Investment. In order to counter the impact of these challenges, Malawi continues to adopt and implement reforms in various sectors of the economy which include the Public Service Reform Program, the Agricultural sector and Public Financial Management System, Malawi's Growth and Development Strategy and Trade Facilitation initiatives in order to spur economic growth. We would like to commend Malawi for taking such initiatives and wish them every success.

4.110. At multilateral level, we congratulate Malawi for establishing a Mission in Geneva and wish them success in their endeavors. We pledge our cooperation with the Mission of Malawi and look forward to the delegation's continued active participation in WTO issues. Malawi's delegation has been actively participating in the Committee on Technical Barriers to Trade and the Dispute Settlement Body where the country shared common positions with Zimbabwe regarding the Tobacco Plain Packaging measures.

4.111. As regional partners, Malawi and Zimbabwe share a common history and background. Both countries are members of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Furthermore, both countries have been solidly promoting the wider integration agenda of COMESA-EAC-SADC Tripartite and Africa's Continental Integration.

4.112. The regional and continental integration process is anchored on the recognition of the critical need for addressing supply side constraints and promoting industrialisation. As clearly highlighted in Malawi's report, supply side challenges continue to hamper the country's ability to take advantages of the existing opportunities. To this effect, I call upon international cooperating partners and donor members to respond to Malawi's request for support to address these challenges.

4.113. I highly commend Malawi for attaining self-sufficiency in food in recent years. My delegation would, however, like to encourage Malawi to intensify its efforts to promote value addition and diversification in order to reduce economic reliance on agriculture and a few commodities.

4.114. On the bilateral front, Malawi remains among Zimbabwe's top trading partners in Southern Africa. Trade between Zimbabwe and Malawi is governed by the Bilateral Trade Agreement, the SADC Protocol on Trade and the COMESA Treaty. These fora have also been very useful in addressing any concerns that each Member may have.

4.115. Top traded products between Zimbabwe and Malawi including among others, maize, rice, cereals, sugar, fish, pharmaceuticals and fertilizers. During the year 2013, total trade between the two countries stood at approximately US\$53 million though it drastically declined to US\$27 million in 2015. Malawi has enjoyed a favorable trade balance with Zimbabwe since 2007.

GHANA

4.116. Ghana is pleased to participate in the TPR of Malawi. During the review period, Malawi continued to enjoy stable and democratic governance having gone through successful and peaceful presidential and parliamentary elections in 2014.

4.117. As a landlocked LDC, Malawi faces a myriad of challenges in its development: inflation remains high, exports depend on few agricultural commodities, power generation remains undeveloped and far below demand, among others.

4.118. Despite these challenges, Malawi has made significant gains in its trade and economic environment. Growth in agriculture has averaged 4.2%, GDP is expected to grow around 5.5% in the coming years, having peaked at 9.5% in the period, inflation is also expected to reduce in the coming years.

4.119. We commend Malawi's efforts to reform the public service by the establishment of the Public Services Reform Commission as well as the business environment to reduce the cost of doing business, including via trade facilitation measures and other reforms to restore public and donor confidence. With the development in the financial services sector, tourism and ICT sectors as well as the energy sector and the cooperation and collaboration of development partners, Malawi could overcome its challenges and position itself in achieving its development goals and growth potential.

MOZAMBIQUE

4.120. We wish to commend Malawi, a country of SADC, with which we share common borders, history and culture, for this Trade Policy Review.

4.121. Despite the global economic trends at the markets, still as a result of the economic and financial slowdowns, we note with satisfaction that the country has been involved in the processes of reforms implementation, which led to the adoption of Malawi Growth and Development Strategy (2011-2016) aiming at poverty reduction, in view of efforts to bring answers to economic and social structural weaknesses.

4.122. My delegation is pleased to see encouraging positive results from the implementation of the strategy some of which are reflected in the domain of exports of products.

4.123. We are aware of the challenges faced by Malawi in many areas of concern to development, especially the transport, communications, energy sector, and other infrastructural which tend to limit the country's development potential. We hold the view that Malawi should be assisted in multiple ways, including for implementing some of the WTO's agreements.

4.124. At the same time, we encourage continuing efforts aimed at the diversification of Malawi economic basis, thus, consolidating investments in infrastructure, agriculture, services, industry, tourism and other crucial economic areas.

4.125. We are confident that the country will succeed in the implementation of reforms and national development policies, and we encourage policies that foster the country's involvement in regional initiatives, and actions that are likely to actively contribute to the regional and global trading system.

4.126. The review of trade policy, an extremely important exercise, demonstrates the country's commitment in maintaining itself as a strategic multilateral and bilateral partner, by increasing transparency and the Members understanding on Malawi's trade policies.

4.127. Bilaterally, the trade relations between Mozambique and Malawi are governed by the principles of SADC, to which both countries are members.

4.128. Mozambique and Malawi signed a Preferential Trade Agreement in 2005 and, since then, both have made efforts to best benefit from this Agreement that aims to benefit their peoples. Mozambique is one of the Malawi's strategic partners in terms of trade and economic development, involving the handling and transportation of import and export goods, by land and sea.

4.129. Discussions between our two countries are under way, with a view to the establishment on the One Stop Border Post that will cover different posts, namely: Mwanza/Zóbuè, Dedza/Calomue and Chiponde/Mandimba.

4.130. In order to facilitate economic operators in their trade activities, Mozambique has been exchanging experiences with Malawi on the progress made in the context of trade facilitation activities, specifically on the Single Electronic Window (JUE) for customs operations and other initiatives to promote trade and business between the two countries.

4.131. We commend the Government of Malawi for recognizing the importance of the Simplified Trade Regime for the small scale cross-border traders that enables facilitation of imports and exports of products, similarly for the ways attendance has been well organized to trade fairs along our borders.

4.132. One of the areas for our further cooperation is on Standards Development. We look forward to the extension and consolidation of these trade schemes to Milange, Muloza, Mandimba, Chiponde.

5 REPLIES BY THE REPRESENTATIVE OF MALAWI AND ADDITIONAL COMMENTS

5.1. Let me begin my closing remarks by thanking you, Madam Chairperson, for the able manner that you have conducted proceedings during this TPR meeting. Your decisive leadership and dexterity has translated into fruitful and constructive deliberations in this review process.

5.2. Also my sincere gratitude should go to Mr. Shameen Ahsan, Ambassador of Bangladesh, for accepting to be our discussant and also for diligently analyzing and summarizing Malawi trade policy measures and indicators.

5.3. Before I endeavour to address the pertinent issues that were raised both in the advance written questions and during the first review session on Wednesday, I would like to acknowledge the support that has been pledged by most Members that took the floor on Wednesday and for commending Malawi on her efforts towards reforming her trade policy regime including measures for integration into the multilateral trading system. The countries include: the USA; Kenya; the EU; China; Brazil; Thailand; Canada; Singapore; India; Mauritius; the Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Benin; South Korea; Nigeria; Japan; Argentina; Ghana; Zimbabwe; and Mozambique.

5.4. Coming to specific support to my country, allow me to acknowledge and commend the USA for its support to Malawi through various programmes including the Millennium Challenge Account (US\$350 million) which tries to help address energy challenges in Malawi, Feed the Future programme to eliminate hunger, and the offer to assist for greater utilization of the AGOA and its implementation strategies, the USAID trade facilitation programmes and also not forgetting the Clinton foundation activities.

5.5. Let me also commend the EU as a traditional partner for its continued support to Malawi in programmes such as the Everything But Arms (EBA) initiative accorded to LDCs for generous market access, and the 11th EDF development support amounting to €560 million for 2014-2020. On EPAs, Malawi will continue negotiating with the EU for a full EPA with an understanding to conclude a full development friendly EPAs. Although Malawi is negotiating the EPA under the ESA configuration and within variable geometry principle, we are also seriously discussing with the EU at various levels on how Malawi can be assisted to conclude its EPA.

5.6. I would also like to thank the Government of the Peoples Republic of China for recently concluding a technical and economic cooperation agreement with Malawi on trade and investment and for providing financial and technical support to Malawi Government as well as increased infrastructural development programmes in my country.

5.7. Furthermore, I would also like to commend the Japanese Government for its support to Malawi in various programmes including transport corridor developments, health, and education and energy projects among others.

5.8. I would also like to thank and commend the Indian Government for the duty free and tariff preferential scheme, as well as for providing Indian line of credit and consideration for a new one, provision of incubators for small and medium enterprises and capacity building initiatives.

5.9. I would also like to thank all the countries that spoke and highlighted their support to Malawi through their various programmes. We salute you all for standing with us in the quest to develop Malawi and thereby reduce poverty through trade facilitation and investment promotion within the multilateral trading system.

5.10. Allow me now to respond to the specific questions that were raised by Members on Wednesday. But before that, let me mention that there are two questions on Intellectual Property Rights and Copyright by the USA which have not been responded to because they require some sort of an assessment. We will provide the answers once the competent institutions have conducted the said assessment on the matters.

Ratification of the Agreement on Trade Facilitation

5.11. On ratification of the Agreement on Trade Facilitation (ATF), as earlier alluded to, given our geographical challenge as a landlocked country, Malawi fully supports trade facilitation initiatives including the objectives of the ATF. Technical work as highlighted in the Government report was completed and the WTO Secretariat has already received notification of our Schedule of Commitments not only for Category A but also Category B and C. This, we believe, will make it easy for our development partners to isolate projects to support under Category C. The instruments of ratification, however, would be deployed upon satisfaction of all protocols required. As highlighted on Wednesday, it is further pleasing to report that Malawi has already started implementing some aspects of the ATF including the establishment of the trade portal, expected to be launched in June 2016; one stop border post projects for six border posts with Zambia, Tanzania, and Mozambique; the national single window project; and the migration from ASYCUDA ++ to ASYCUDA World, just to mention a few.

Fight against corruption

5.12. In order to address corruption and thereby improve index on transparency international, the Government of Malawi has put in place a number of mechanisms and initiatives to help in the fight against corruption. The major initiative is the development of the National Anti-Corruption Strategy which is a national document that consolidates multi-sectoral efforts to fight and prevent corruption. The National Anti-Corruption Strategy was launched in 2009. The Strategy has three main objectives:

- a) to promote integrity, transparency, accountability and improve service delivery in all sectors;
- b) to promote the involvement of the public in the fight against corruption; and
- c) to strengthen corruption prevention and promote integrity in all sectors.

5.13. The Strategy focuses on the establishment of a National Integrity System (NIS) in Malawi. It also established the National Integrity Committee (NIC) whose mandate is to oversee and guide the overall implementation of the Strategy. Furthermore, Integrity Committees have also been established in all the Ministries, Departments and Agencies.

Export diversification

5.14. Moving on to export diversification, I wish to inform Members that efforts are being undertaken to enhance production, improve quality and value addition of products that have potential for export such as oil seeds, sugar and sugar products, paprika, textiles, plastics, confectionary products, wheat flour, minerals, timber products and hides and skins. The National Export Strategy was developed specifically to provide guidance in increasing productive capacity and value addition efforts. I would also like to take this opportunity to extend my appreciation to the various preferential arrangements provided for Malawi's exports in various markets which are essential for the successful implementation of Malawi's export diversification initiatives.

5.15. However, market access alone is not enough. It should be complimented with support measures to address supply side constraints by among other things building infrastructure, standards and quality assurance, productive capacity and embracing appropriate technologies to improve on productivity as some Members have already advised. Donors partners are, therefore, invited to assist Malawi develop capacities in these areas.

Regional integration

5.16. On the regional front, I wish to inform the meeting that Malawi has been and will continue to participate actively in the regional integration agenda programmes of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Since October 2000, Malawi has been one of the eleven countries participating in the COMESA free trade area and is also implementing tariff reductions under the SADC protocol on trade. However, to deal with the complexities of dual membership, Malawi is participating in the

Tripartite process of harmonizing programmes among the three regional groupings of COMESA, SADC and East African Community (EAC) through a Tripartite Free Trade Area.

5.17. Commenting on tariff structure for six lines that were raised above WTO bound rates; the Government has already noted that anomaly and will take corrective action in the 2016/17 financial year. Members may wish to note that the Malawi Government has been taking progressive steps towards addressing the inconsistencies in Malawi's tariff tax structure. It should be noted that Malawi tariff structure is now being modelled progressively along the COMESA tariff category of capital and raw materials (0%), semi-finished goods (10%) and finished goods (25%). Over time, the Malawi national tariff structure will be streamlined to a three band structure in line with COMESA/SADC (CET).

Energy Sector

5.18. Malawi acknowledges the challenge that power shortages pose to the development of the economy. In attempt to bridge the gap in power shortfalls, the Government has embarked on a policy mix that encompasses both local and international initiatives. The Government undertook comprehensive rehabilitation of existing hydro-power stations to increase power generation with support from USA Millennium Challenge Corporation (MCC). At the regional level, plans are at an advanced stage to connect to Southern African Power Pool (SAPP) Grid. Locally, the Government seeks to improve the capacity of power supply by splitting of the state-owned Electricity Supply Corporation of Malawi (ESCOM) into two components of power generation and power distribution to be operated by two different companies. The reform will improve power generation, which is the biggest challenge in the country, as investors will be encouraged to invest in power generation that will be supplied to a single power buyer (Single Market Operator) at harmonized rates for distribution to various consumers. The Government has also developed a Road Map for facilitating IPP Agreements.

Transport networks

5.19. As a landlocked country, 60% of production cost constitutes transportation in Malawi. In this regard, Malawi is calling for continued support towards the improvements in the various corridors such as Nacala, Dar es Salaam and the Sena link, which connect Malawi to the ports and in trade facilitation initiatives.

Regulatory framework

5.20. Cognizant of the dynamic nature of global trade imperatives, Malawi has been reviewing and updating her policies including the MGDS II, which will expire in 2016. The Government is currently working on a successor strategy. The Government has also updated a number of laws and regulation as earlier alluded to with a view to creating a conducive environment for the private sector and thereby attract FDIs.

5.21. Turning to the issue of foreign exchange as raised by some Members, I would like to inform, Madam Chairperson and Members, that the exchange rate in Malawi is already liberalized. However, the Malawi Government has undertaken several policy measures towards stabilization of the exchange rate such as the resumption of the IMF Extended Credit Facility, which has already seen other cooperating and donor partners resume budget support. Other efforts include the promotion of exports and reforms in tax collection measures.

Malawi's participation at international Level

5.22. Concerning Malawi's participation at international level and as some Members have already indicated in their interventions, Malawi has established a Mission here in Geneva which will enable the country to participate fully in a number of international meetings including here in WTO.

5.23. At this juncture, allow me to acknowledge the financial and technical assistance provided by all our development and cooperating partners and agencies particularly in the areas of capacity building, technology transfer, education, infrastructure development, and health as well as poverty alleviation strategies.

5.24. It is important to note the tremendous efforts that the Government of Malawi is undertaking in fulfilling its obligations under the WTO Agreements despite resource constraints facing Malawi as an LDC. Nevertheless, this is taking place at a slower pace than we would have liked. This situation is attributable, to a large extent, to lack of adequate institutional capacity, technical infrastructure, financial resources and human capital. This reinforces the need for technical assistance and capacity building to LDCs like Malawi. However, Malawi remains committed to the strengthening of the multilateral trading system within the WTO framework.

5.25. I will fail my duties if I don't recognize the good and professional work of the WTO Secretariat team that worked tirelessly in analysing and coming up with the TPR Report for Malawi. The team led by Mr. Arne Klau in company of Rosen Marinov and Anna Buell worked professionally to the extent that we are more than convinced that the WTO Secretariat is truly the best Secretariat among the best. I wish to extend my heartfelt gratitude to the team for a job well done.

5.26. Let me conclude by reiterating my sincere thanks to you, Madam Chairperson, and distinguished Members for your relentless support, valuable contributions and encouragement rendered to our team during this Trade Policy Review. Thank you for your attention.

DISCUSSANT

5.27. You may recall, during my opening statement, I highlighted the key challenges faced by Malawi as a least-developed country and a landlocked country during the period under review and I emphasized the need to support Malawi for realizing Vision 2020 given the enormous challenges faced by the country.

5.28. All Members acknowledged the impressive economic growth of Malawi during the review period and her efforts to address key issues for achieving the Vision 2020. Members also appreciated Malawi's maintaining of an open and liberal trade and investment policy. Members applauded attainment of self-sufficiency in food by Malawi. It is important though to be aware of the country's vulnerability to adverse weather conditions which highlights precariousness of the situation. Members took note of challenges faced by Malawi, such as poor infrastructure, acute energy shortage, high dependence on vulnerable agriculture sector, high poverty rate and capacity constraints. Members commended the Government of Malawi for adopting Malawi Growth and Development Strategy to reduce poverty through sustainable private-sector driven economic growth and infrastructure development. Malawi's effort to improve customs services through establishment of a single window and a one-stop border post at six-border crossing was also appreciated by the Members as important trade facilitation measures.

5.29. Members recommended Malawi to take advantages of regional cooperation arrangement for strengthening transport, energy and infrastructure links that are vital to increase the economic opportunities of Malawi as a landlocked country and to attract foreign investment. While commending the reforms taken by Malawi in public service, agriculture, manufacturing sectors, financial service, tourism etc, Members called for further reforms to ensure transparency and accountability in order to address security gaps in public financial management and improve efficiency of public expenditure in order to increase investor and donor confidence. Some mentioned bottlenecks resulting from lack of mutual recognition of standards certification that depress regional trade. Members also urged Malawi to ratify the trade facilitation agreement, which will help them reduce cost of doing business. Some Members took note of the very recent category A notification by Malawi.

5.30. It is encouraging to note that Members highlighted the support they have been extending to Malawi and expressed their commitment to continue their support in helping her to face key challenges.

5.31. A landlocked least-developed country, striving to further free trade but hamstrung by systemic as well as natural disadvantages across vital sectors of economy – that's a one-sentence description of sorts of Malawi today. While expecting Malawi to shoulder obligations under the multilateral trading system, it is perhaps advisable to give her capacity building support needed to meet exactly those obligations in a way that her people are not denied the wherewithal to survive.

5.32. With these few remarks, I encourage Malawi to continue in the path of reform towards realizing the Vision 2020. We look forward to coming back after six years to the fourth Trade Policy Review of Malawi to hear more good news and see evidences of still higher inclusive economic growth. I thank you.

EUROPEAN UNION

5.33. Let me first express our sincere appreciation to the Malawi delegation for their replies that they have provided and for the comprehensive presentation given on Wednesday and today.

5.34. We note that only one of our questions submitted was still outstanding and we would like to recall our interest in receiving this piece of information but we understood that all the replies have been sent now so we look forward to reviewing them.

5.35. The EU very much welcomes the submission of Malawi's notification under the TFA covering all categories. The EU will look carefully to Malawi's notification once available and remains committed to assist Malawi. The EU also appreciates that the ratification process of the TFA is in its final stage as announced on Wednesday.

5.36. The EU would like to note that this review has been very helpful for better understanding the reforms carried out since the last TPR of Malawi.

UNITED STATES

5.37. We would like to thank the delegation of Malawi for the efforts in preparing for this trade policy review and for the answers provided to the advance questions submitted.

5.38. We have reviewed the responses with interest and we have submitted some follow-up questions. We look forward to receiving the answers to those questions, including a few additional outstanding answers from the advance questions submitted.

5.39. We would like to congratulate Malawi for a successful conclusion of this TPR.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. The third Trade Policy Review of Malawi has provided us with a good opportunity to understand better the recent developments of its socio-economic, trade and investment policies since its last Review in 2010, as well as the challenges Malawi is now facing.

6.2. Our discussion has benefitted from the contributions made by the Malawi delegation, headed by Mr. Cliff Chiunda, Principal Secretary, Ministry of Industry and Trade; our discussant, H.E. Ambassador Shameem Ahsan, Permanent Representative of Bangladesh to the WTO; and all the Members which took the floor.

6.3. In their interventions, many Members commended Malawi for its economic performance, and noted the advances it had made on some development indicators. They also noted, however, that Malawi remained one of the poorest countries in the world. The challenges posed by its landlocked situation were exacerbated by inadequate transport infrastructure, as well as insufficient and unreliable power and water supplies. Members therefore urged Malawi to focus on addressing these infrastructural deficiencies. Some pointed out that continued support from development partners would be key to success in this regard.

6.4. Members also acknowledged the progress that Malawi had made in diversifying exports and ensuring food security. Nevertheless, the economy was still highly dependent on a few agricultural commodities, which made it vulnerable to external shocks such as severe weather conditions. Members therefore encouraged Malawi to step up its diversification efforts, while striving to enhance productivity. Some Members also suggested additional steps to increase investor and donor confidence, such as putting in place effective fiscal controls and anti-corruption strategies, improving transparency and accountability, and further streamlining regulatory and investment procedures.

6.5. Commenting on Malawi's international trade relations, many Members appreciated Malawi's active participation in the DDA negotiations, and welcomed the recent establishment of a Malawi WTO Mission in Geneva. Some Members hoped to see Malawi adhering more closely to WTO notification requirements. Others suggested that technical assistance might allow Malawi to participate more actively in the WTO. Some also sought details about Malawi's involvement in bilateral and regional trade liberalization initiatives.

6.6. Regarding specific trade measures, Members congratulated Malawi on its efforts to establish a National Trade Facilitation Committee and its recent notification of Category A commitments under the Agreement on Trade Facilitation, and encouraged it to promptly ratify the Agreement. While Malawi's trade facilitation endeavours were generally praised, some Members saw scope for simplification of its import procedures relating to standards and technical regulations.

6.7. Members were also interested in the Government's priorities regarding, *inter alia*, competition policy, SPS and TBT regimes. Noting that Malawi's intellectual property regime had not been substantially updated during the period under review, Members encouraged the authorities to accept the Protocol amending the TRIPS Agreement and to ensure its effective implementation.

6.8. By now, Malawi has already replied to almost all advance written questions. This review will be successfully concluded in a month's time, when Malawi replies to all outstanding questions. I am sure that Malawi will feel encouraged by the importance that Members have attached to this exercise. I hope the delegation will also bring home the constructive comments that it has received, and further develop its economic and trade policies with a view to enhancing its competitiveness in the global economy, and its participation in the multilateral trading system.
