



**REPUBLIC OF MALAWI**

**SPEECH BY**

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**MINISTER OF INDUSTRY AND TRADE**

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- **SALUTATIONS**

Mr Scott Eisner, Vice President, United States Chamber of Commerce

Mr Jon Heunemann, Vice President, Philip Morris International

His Excellency Steve Matenje, Malawi's Ambassador to the USA

Dr Collins Magalasi, Chief Economic Advisor to the President

It is my singular honour and privilege to be here this afternoon and interact with you on the Trade and Investment opportunities in Malawi and how our two countries can work together to exploit these opportunities for our mutual benefit.

The 21<sup>st</sup> Century has been dubbed Africa's Century. A time when Africa's potential on the global stage comes to being. I am, therefore pleased to be here and interact with distinguished members of the US Chamber.

I am motivated by what President Obama said to this same US chamber that "America's success didn't happen by accident. It

happened because of the freedom that has allowed good ideas to flourish, and capitalism to thrive. It happened because of the conviction that in this country, hard work should be rewarded; that opportunity should be there for anyone willing to reach for it. And it happened because at every juncture in history, we came together as one nation and did what was necessary to win the future”. Distinguished ladies and gentlemen back home in Malawi we are also committed to becoming a successful nation.

Malawi is located in the Southern part of Africa and shares borders with Mozambique, Tanzania and Zambia. It was under the British rule from 1891 when it was declared a protectorate. Malawi attained self-rule in 1964 and transitioned into political pluralism in 1993. Thereafter, we have remained democratic and peaceful.

In May this year, the country went through another peaceful election and a new Government was ushered into power. This underscores the political stability that the country has enjoyed ever since the advent of multiparty democracy in 1993.

The country has a population of 16 million people and a GDP of USD 3.7 billion. The economy largely depends on Agricultural sector which contributes close to 30% of GDP.

The prospects for the economy are high. It is estimated that the economy will expand by 6.3 percent in 2014, a marginal increase from the 6.1 percent growth registered in 2013. Except for the mining sector, which is expected to contract in 2014, all the other sectors of the economy are anticipated to register positive growth rates. The positive growth is attributed to the steady decline in inflation rates, availability of foreign exchange and the higher crop production.

With this brief background, allow me now, **Distinguished Business Captains**, to give you a brief on trade opportunities in Malawi.

Malawi's exports are largely agriculture with tobacco as the major export crop accounting for about 50 percent of the total exports. Other major agriculture exports are tea, sugar, groundnuts, pulses,

macadamia nuts just to name a few. However, our major concern is that these products are mostly exported in raw form with no value addition resulting in poor export earnings. As a result, Malawi Government through my Ministry is aggressively looking for companies to invest in value addition of our agriculture products. Malawi also exports manufactured products such as textiles and garments, food products, sugar, cotton, beverages just to name a few. Mining products have in recent years increasingly become important in our export offering.

A number of policies have been developed and reforms undertaken to improve Malawi's export capacity. The country has developed the National Export Strategy that is aimed at developing clusters of products such as oil seeds, sugar and manufactured products up to the level where they can be processed and exported into both regional and international markets. Targeted incentives to propel investment in these priority sectors have again been put in place.

In terms of export markets, Malawi has access to numerous preferential marketing arrangements. Regionally, Malawi is a member of SADC (Southern African Development Community) and COMESA (Common Market for Eastern and Southern Africa).

Malawi has bilateral trade agreements with a number of countries in Africa where goods and services from Malawi enter duty free. With the strategic positioning of Malawi in Africa, it can easily become the production and distribution hub in Africa.

Outside Africa, Malawi is one of the beneficiary countries of African Growth and Opportunity Act (AGOA). But it has failed to take full advantage of this legislation due to capacity constraints though it has many products with great potential to the United States market. Malawi, being part of less developed countries, is a beneficiary of a number of preferential market arrangements in Europe and Asia. Details of these markets will be covered in the presentation by my colleague, from the Malawi Investment and Trade Centre (MITC), Clement Kumbemba.

## **Distinguished Business Captains,**

The Government of Malawi recognizes that to fully develop the export sector there must be corresponding investment into priority sectors. Thus attracting foreign direct investment is paramount in our development agenda.

To this end, several legislative and administrative reforms have been implemented to spur private sector investment. All economic laws that impact on private sector development are being reviewed.

On 1<sup>st</sup> September, 2014, the Malawi Investment and Trade Centre (MITC), a trade and investment promotion arm of Government, was instituted as a One Stop Service Centre for investors with the objective of making investing in Malawi faster, simply and cheaper. The presentation by MITC will provide more details on the targets and expected deliverables of the One Stop Service Centre.

To facilitate trading across borders, Government is in the process of establishing a National Single Electronic Window, for trade

documentation, as well as establishing One Stop Border Posts, with neighbouring countries.

Malawi is investing in key infrastructural projects to improve ease of doing business. Among many, Malawi is revitalising the power sector. A US\$ 350.7 million grant from the Millennium Challenge Corporation (MCC) has been secured and is funding a Power Sector Revitalisation Project (PSRP). In addition, the Government has allocated funds in this year's budget to build hydro power plants to increase electricity generation.

On the transport side, the Nacala railway project currently underway, will significantly reduce transportation costs by close to forty (40) percent, as such, will improve market access for Malawian products, through the deep sea port of Nacala in Mozambique.

### **Nsanje World Inland Port**

The inland port which is a multi-million dollar project, is aimed at increasing national and regional competitiveness, by offering shorter and cheaper access to the Indian Ocean, through Shire River in



Nsanje, and the Zambezi River. The Port is expected to be an economic hub, serving the Malawi, Zambia, Zimbabwe, Mozambican economies, and other countries, in Southern Africa. The Inland Port, therefore, presents a number of transformational investment opportunities, associated with provision of rail, road and water transportation services; airport development, businesses in tourism, as well as value addition enterprises. We invite you to explore and take up these transformational projects.

In terms of development policy, Malawi's development focus is to be a predominantly manufacturing and exporting economy, and become a significant player in the global value chains. For this objective to be realized, we have defined an overarching medium term development framework, called the Malawi Growth and Development Strategy II (MGDS II), with the primary goal of reducing poverty, creating wealth and achieving sustaining economic growth while maintaining stable prices and realizing a viable balance of payments position.

More importantly, the Strategy presents a number of investment opportunities in line with our national development priority sectors, namely; agriculture, manufacturing, tourism, infrastructure development, energy and mining, over and above, other sectors.

As for the detailed investment opportunities, the Chief Executive Officer of the Malawi Investment and Trade Centre, Mr Kumbemba will capture them in his presentation.

I also wish to take this opportunity to inform you that the Malawi Government is currently producing a Compendium of bankable investment projects to make it easier for prospective investors to sample through what Malawi has to offer. The Compendium comprising projects being championed by Government and private sector is being finalized at the present and will be ready for publication by mid-October, 2014. It will be up-loaded on the website of MITC and the Ministry of Industry and Trade towards end of October, 2014 and I would like to request the Ambassador to furnish you with the electronic copy of the Compendium sometime in

October, 2014. I have also brought with me a booklet of fiscal incentives which Clement Kumbemba will distribute at the end of the meeting. Our incentives package is currently being reviewed for the good of private sector.

**Distinguished Business Captains,**

Your investment will be secure in Malawi. You may wish to know that Malawi is a signatory of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank. Malawi is also a signatory to the Convention of Settlement of Investment Disputes. It is also a member of Africa Trade Insurance Agency (ATI), a World Bank supported initiative, aimed at guaranteeing investment in Africa. In addition, Malawi's constitution protects the rights of investors.

**Let me also assure you that your life, that of your families, your investment and property will be safe in Malawi as the Government of Malawi is very committed to ensuring that Malawi is a safe haven. You may wish to know that Malawi was ranked as the second most peaceful country in Africa in 2009 by the Global Peace Index.**

**In closing, I wish to thank the United States Chamber of Commerce for coordinating this meeting in collaboration with the Embassy of Malawi to the United States. I also thank Phillip Morris International for kindly hosting us this afternoon. Malawi has long standing relationship with both United States Chamber of Commerce and Philip Morris International. I hope this will be the case with the rest of you.**

**Distinguished Ladies and Gentlemen,**

I wish to assure you once again that Malawi is open for business with America and the rest of the world. Lastly let me take this opportunity to invite you to come and do business with the *Warm heart of Africa* – Malawi.

**We welcome you with open arms.**

**I sincerely thank you for your attention.**