Reviewing deficiencies in international trade and export strategies in Malawi's developmental agendas

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By

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Abstract

Malawi is an undoubtedly the net importer of goods and services. It is deemed less competitive on the global scale despite putting significant effort to widen export base as often prescribed in the country's developmental agendas such as the Malawi Growth and Development Strategies (MDGDs) I, II and III, National Export Strategy (NES) and National Export Strategy (NES) II as well as the Vision 2063 through MIP 1 (2021-2030). This adverse scenario is attributed to the lack of clear set targets to be achieved by our trade attachés, porous borders leading to uncounted exports, failure to record exports in some years and other factors. It is recommended that MIP1 and NES II should address the shortfalls for better Malawi.

Type of Paper: Literature Review

Key words: Deficiencies; Malawi; Development; Exports

1.0 Introduction

Acute forex shortage is a perennial problem in Malawi since adoption of liberalised forex market policies in February 1994 - Exchange Control (Forex and Bureaux and Foreign Exchange Fixing Sessions) Regulations, 1994. The trade imbalances have been rising ever since as Malawi exports much less than what it imports. There are some strategic commodities such as petroleum products, inorganic fertilisers, medicines and other chemicals which we cannot do without and foreign exchange currency must be sourced regardless and this situation puts too much pressure on the local currency as it seen as being overvalued.

Malawi has tried to redress the problem of trade imbalances through deliberate strategies albeit with little success and nothing really to show thereof. The Malawi Growth and Development Strategy (2006) slogan was "… transform the country from being a predominantly importing and consuming economy to a predominantly manufacturing and exporting economy". This was reinforced in Malawi Growth and Development Strategy II (2012:iv). The Malawi Economic Recovery Plan (2012:10) made the following proclamation:

[Accordingly for FY2012/13, a decision was made to prioritize expenditures to sectors that would enhance economic growth, create employment, and boost production and diversification for the export market for quick foreign exchange generation. The prioritized sectors for rapid foreign exchange generation include agriculture, fisheries and tourism. To this end, efficient and reliable energy will be required to promote value addition, export diversification, and boost growth in these sectors and other potential sectors such as mining.].

Government of Malawi rolled out the export strategy in December 2012. The National Export Strategy (2013:12) postulated:

[The purpose of the Malawi National Export Strategy (NES) is to provide a clearly prioritised road map for building Malawi's productive base to generate sufficient exports to match the upward pressure on Malawi's imports.

The NES aims to maximise the direct contribution of exports to economic and social development as outlined under the thematic area on sustainable economic growth in the Malawi Growth and Development Strategy II (MGDS II). It aims to do this through the development of the private sector in a manner that is balanced with the economic empowerment of the rural and urban poor, smallholder farmers, youths and women.].

The theme for Malawi Growth and Development Strategy III (2017:xiii) was:

["Building a Productive, Competitive and Resilient Nation". With this theme, the Government of Malawi undertakes to support Malawi's development into a productive nation competing on the global stage while ensuring that the nation builds systems that deal with natural shocks and disasters.].

The export strategy was not incorporated in the MGDS III but the concept of competitiveness fully supports the strategy as noted by Atkinson (2013:2/3):

[The World Economic Forum's *Global Competitiveness Report* defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country". And IMD's World *Competitiveness Yearbook* defines competitiveness similarly, but more broadly, as how an "economy manages the totality of its resources and competencies to increase the prosperity of its population".

… The true definition of competitiveness is the ability of a region to export more in value added terms than its imports. This calculation includes accounting for "terms of trade" to reflect all government "discounts," including an artificially low currency, suppressed wages in export sectors, artificially low taxes on traded sector firms and direct subsidies to exports. It also controls for both tariffs and non-tariff barriers to imports.].

There was thus implicit intent to pursue export driven economy without laying out the deliberate strategies to achieve that goal and hence missed opportunities.

Malawi rolled out National Export Strategy II (2021) as a five year programme between 2021 through 2026. It is simply referred to as NES II. The National Export Strategy II (2021:v) highlighted the following:

[This strategic context in which the NES II has been developed offers opportunities to Malawi to leapfrog from factor driven to efficiency driven phase of development by increasing agriculture production and agro-processing venturing into export-oriented manufacturing industries, producing value-added services and mineral. This requires Malawi to readjust its development paths through its export agenda to achieve its aspirations in 2063.

As such, the National Export Strategy II outlines the support programmes that the Government needs to put in place to enhance the competitiveness of the Malawian industry, its firms, its products and its entrepreneurs, to complete at the regional and international fronts, so as to capitalise on opportunities arising thereon.].

The NES II, rolls out specific products to be prioritised on the international market.

Vision 2063 was operationalised in late 2021 and replaced MGDS III through its ten-year medium term strategy known as MIP 1 running from 2021 to 2030. The NES II Project is well encapsulated in MIP 1 with agricultural commercialisation as the driving force for the export strategy followed by mineral sector. There is also a target to increase exports for non-agricultural products to total exports from 20 percent in 2020 to at least 25 percent in 2030.

2.0 Proof of demand in foreign markets

One of the notable weaknesses in Malawi's export strategies has been lack of concrete evidence regarding demand for Malawian products well in advance to assist in price discovery and reduce quantity volatility. It appears one-off events appear to dictate the exports markets and therefore considered as windfall opportunities.

2.1 Maize exports between 2007 and 2010

Derlagen (2012:6) annotated:

[After a record harvest in 2007, the Malawi Government concluded an export agreement to supply food-deficit Zimbabwe with almost 400,000 tonnes of maize. In 2010, a total of 511,369 tonnes were exported, mainly to Zimbabwe and Kenya that were affected by drought and increased food shortages. These exports took place with special authorization from the Ministry of Agriculture and Food Security.].

The maize exports above were not prearranged at the onset of the growing season or through irrigation mechanisms such as the Greenbelt Initiative. This resulted in price and quantity shocks in the local markets as note by Famine Early Warning Systems Network (2008:6)

[Maize imports and exports

The Government of Malawi continues to export maize to Zimbabwe through its contract to supply 400,000 MT. This increased market for Malawi maize and heightened demand has resulted in a rise in local maize prices. The increase in maize prices therefore was not due to an increase in maize demand for domestic consumption but for export. By 13 January 2008, a total of 298,292 MT of maize had officially been exported to

Zimbabwe. In addition, WFP also purchased a total of 32,363 MT for distribution in Zimbabwe by the end of November. There were no WFP maize exports in December. Total official maize exports to Zimbabwe by 13 January 2008 therefore amounted to 330,655 MT.].

Famine Early Warning Systems Network (2008:3) noted that maize prices in some local markets increased significantly such as Nkhata Bay (71%), Malomo in Ntchisi District (66%), Ntchisi (55%) and Hewe in Rumphi District (52%). Maize exports somehow inconvenienced local masses at household level in view of the increase in cost of food basket although Malawi experienced low rates of inflation at macro level as noted by Reserve Bank of Malawi Bank Supervision Annual Report (2008:7). The maize export in 2007/2008 was at the backdrop of successful implementation of farm input subsidy programme which some quarters believe that it was possible due to the overvaluation of the local currency by United Nations Development Programme (2012:8/9):

[Another area of concern relates to the overvaluation of the kwacha against the US dollar, causing foreign exchange shortages (Durevall and Mussa, 2010:84–86). Since 2006, the government's monetary approach has pegged the value of the kwacha to the dollar through controlling foreign exchange sales to the private sector; the rationale has been to reduce inflation and prevent the occurrence of price spikes, which would happen if the kwacha were to devaluate. The strategy has helped to reduce the cost of inputs (especially fertilizers) and enabled consumers to sustain their dependence on cheap imports of food and consumer goods. But the risks of these measures on long-run economic development are considerable. A recent ILO study warns that the overvaluation will ultimately harm domestic industry as a consequence of the natural resource curse, leading to job shedding, whilst the comparatively high rate of inflation will erode the profit on exports over time (on the pitfalls of this strategy, see Berry, 2008). The small size of the manufacturing sector, at this point, lessons the scale of the immediate danger from currency overvaluation.].

Critical analysis of the maize export deal to Zimbabwe appears to have favourable terms for the importer as Government of Malawi through Reserve Bank of Malawi extended a loan to Zimbabwean Government to pay the Malawian traders and part of that loan descended into delinquent state as noted by Zachimalawi (2009):

[RBM records indicate that the loan should have been repaid by December 21, 2008, a date that was revisited following Harare's failure to settle the bill. The date was extended to December 3, 2009, after which date Lilongwe will bear the legal responsibilities for repayment of the loan. RBM General Manager, ..., confirmed the development. He said the central bank chalked an agreement with the Malawi government, authorizing the bank to make available a US$100 million (K14 billion) facility to Zimbabwe from which funds were withdrawn to pay Malawian maize suppliers for the export of the staple food to Zimbabwe. Under the Lilongwe-guaranteed facility, the Zimbabwe government was supposed to repay the money after every US$20 million (K2.8 billion) paid to maize suppliers.

“Things only worked well during the first year because the Reserve Bank of Zimbabwe was honouring the agreement. However, we were forced to suspend the facility in 2008 after Zimbabwe lapsed on payments …

… said, currently, Zimbabwe still owes Malawi K2.8 billion (US$20 million) and the government of Malawi is under obligation to pay back the money to RBM once the agreed period of payment lapses. RBM is meanwhile, exploring other means of forcing the Zimbabwe government pay, according to RBM officials.].

The US$20 million potentially bad debt in 2009 was an invaluable asset for Malawi as it experienced chronic forex shortage resulting in scarcity of petroleum products from the last quarter of 2009 until second quarter of 2012 with dry pumps spells during extended days in some months in the said period – Kampanje (2012). There is however the other side story to the stoppage of maize exports to Zimbabwe as outlined in the Malawi Annual Economic Report (2008)

[… maize was exported to Zimbabwe during the 2007/08 financial year. A total of 302,000 metric tones of maize have been exported to Zimbabwe as end of March 2008 out of 400,000 metric tones agreed to be exported in the period under review and leaves a balance of 98,000 metric tones to be delivered to Zimbabwe as per agreed contract. This remaining consignment will be delivered depending on the surplus of this season which will be confirmed after the third round of crop production estimates.].

There seemed to be underreporting as maize purchased by WFP and exported to Zimbabwe of 32,363 tonne as reported by Famine Early Warning Systems Network (2008:6) above was not included in Malawi Annual Economic Report (2008) such that the figures were grossly misstated. Furthermore, the issues surrounding honouring payment were not disclosed to the Legislators who provide oversight function on the Government of Malawi finances since it was a guarantor of the US$100,000,000 for Reserve Bank of Zimbabwe and there was thus financial risk attached to the export transaction. The export price per tonne seemed not competitive enough as it was US$250.00 per tonne Free on Board (about MWK35,250.00). Price of white maize on the South African Exchange was about ZAR1,900.00 between end August 2007 and November 2007 which was about MWK37,525.00 as exchange rate was MWK19.25/ZAR – Reserve Bank of Malawi Annual Report (2012:9). Malawian maize was thus MWK2,275.00 cheaper than that of South Africa resulting in possible loss of MWK0.910 billion. The details regarding finance charges and interest on the US$100,000,000 are not readily available and this might constitute forex revenue leakage. More importantly, the export deal was risky on Malawian side without fall-back position as it was unsecured. The deal appeared to have been shrouded in secrecy in terms of the value of the deal and financing mechanisms as other quarters estimated the deal to be around US$120,000,000 as reported by Rusere

(2007):

[Months after reaching agreement with Harare, Malawi is finally beginning the export of 400,000 metric tonnes of maize worth some $120 million to Zimbabwe.

Malawi ... Deputy Agriculture Minister … said some 90,000 tons have been shipped amid controversy in Lilongwe over the payment terms extended to Harare.

… (Deputy Agriculture Minister) declined to disclose where Zimbabwe was obtaining the funds for the grain deal, but other sources said some of the funding may be coming from the Eastern and Southern African Trade and Development Bank, better known as PTA Bank. Malawi meanwhile has extended Harare a US$10 million working line of credit.].

It is very difficult to evaluate the cost benefit analysis of the 2007/2008 maize exports to Zimbabwe in view of scanty information.

There is hardly any data regarding maize exports to Zimbabwe in 2011 and this contrasts Derlagen (2012:6) above who postulated that Malawi exported 511,369 tonnes in 2010 because Famine Early Warning Systems Network (2010:2) averred:

[The private media in Malawi has reported that members of the GTPA have agreed terms for marketing about 300,000 MT of maize in Zimbabwe. Earlier in the year, GoM announced that it would permit private traders to export 300,000 MT of maize but that the traders needed to negotiate their own terms. Exporting 300,000 MT of maize will not pose any food availability risk as there was an official projected surplus of about 900,000 MT of maize produced in Malawi this year and a recorded carryover stock of about 180,000 MT of maize in the SGR and ADMARC.].

Famine Early Warning Systems Network (2011:2) however stipulated that substantially lower tonnage of maize was exported in Malawi between 2009 and 2011 as follows:

[In July 2010, the government lifted the maize export ban due to maize production surpluses for more than five consecutive years, mostly owing to the government Farm Input Subsidy Program (FISP) and generally good rainfall. The Informal Cross Border Trade Monitoring System (XBT), currently coordinated by FEWS NET, has detected a sharp rise in exports of maize through both formal and informal routes since April 2010. For example, the XBT system captured a 417% rise in maize exports from 8,261 tons in the period April 09 - March 10 to 34,469 tons in April 09 - March 10 across all the monitored borders. A sharp rise in the formal and informal exports has also been observed. Maize exports are more than 43,000 MT in only three months, 26% higher than the total exports of 34,000MT recorded in these borders for the entire last year].

There is huge possibility that substantial tonnage of maize was exported through informal channels in view of the material inconsistency noted in Derlagen (2012) exported tonnage of 511,369 tonnes, Famine Early Warning Systems Network (2010) disclosure of 300,000 metric tonnes export permit in 2010 but lower figures reported by Famine Early Warning Systems Network (2011:2). Malawi therefore lost substantial forex as the maize export figures were not incorporated in the Annual Economic Reports for both 2010 and 2011 and these are country's budget documents for the legislators. Some quarters blame Government of Malawi maize export ban policies as an issue fuelling informal cross-border trade. BTI Malawi (2008) stated as follows:

[Import and export licensing is considered fairly liberal with restrictions largely based on health, safety and national security reasons. The fact that imports are liberalized, while exports are not, creates an anomaly in this equation. Export controls on maize exist because of frequent droughts, which have caused several food crises in recent years. However, the formal liberal arrangements are distorted by burdensome regulations, non-transparent customs processes and corruption.].

Maize exports constituted the second biggest export earner in the 2007/2008 fiscal year and probably third in the 2010/2011 fiscal year too. This was supposed to influence export policy of Malawi especially in the National Export Strategy (2013 – 2018) but did not feature highly in that document leading to loss of significant opportunities. Maize exports were banned in Malawi between 2013 and 2015 and was therefore not considered as export potential – International Trade Centre (2018).

2.2 South Sudan Trade Deal

Malawi and South Sudan penned trade agreements in June 2021. Mangazi (2021) stated that Malawi signed a trade worth over US$150 million (about MWK120 billion) with South Sudan to supply maize, maize flour, sugar, rice and groundnuts to that country in exchange for petroleum and bitumen. Mzale (2021) noted that it was a memorandum of understanding which had actually been signed between Malawian and South Sudanese Governments and that exports from Malawi to Sudan in 2020 were US$3 million (about MWK2.4 billion) while imports from South Sudan during the same period was US$15,585 (about MWK12.5 million). Sangala (2021) stated that about 100 trucks were earmarked to ferry goods and commodities destined for South Sudan in October 2021 with the projected export earnings of US$124 million. Malawi Annual Economic Report (2022:136) provides modest trade figures as follows:

[8.8.1 Memorandum of Understanding (MoU) with the Government of South Sudan

Malawi Government through the Ministry of Trade, signed an MoU with the Republic of South Sudan to jointly explore opportunities to promote trade and investments between the two countries. Under the MoU, Malawi would export products such Maize, Maize Flour, Sugar, Rice, Groundnuts and Beans worth US$295 million. Out of this total, US$168 million worth of maize, beans and rice, was struck as additional deal on the sidelines of the Intra-African Trade Fair in Durban, South

Africa in 2021. So far, Malawi has exported fifty fully loaded 30 ton trucks containing Maize Flour (1,500 MT), Rice (557 MT) worth US$1.4 million to South Sudan on 28th September, 2021.].

The trade deal figures and actual forex generate did not appear to match. There is a huge possibility that substantial forex proceeds were generated but not officially recorded in government's books.

2.3 Pigeon peas

Malawi Annual Economic Report (2022:136/137) stated:

[8.8.2 MoU with Indian Government on Export of Pigeon Peas

Malawi also signed a Memorandum of Understanding (MoU) with the Government of India to export 50,000 metric tons of pigeon peas annually for 5 years with an annual review. So far, Malawi has exported 23,060 Metric Tons of pigeon peas to India, representing 46 percent of total quota granted.].

Malawi Annual Economic Report (2022) stipulated that Malawi's total pigeon tonnage for 2019/2020 and 2020/2021 growing season was 403,928 and 421,402 respectively. It is therefore surprising that Malawi could only export forty six percent of the annual trade deal considering the fact that the majority of Malawians do not consume pigeon peas. There could possibly be underreporting by private traders on the trade deal with India for annual export for 50,000 tonnes. The terms of the MOU also needs vetting to protect farmers as there was chaos in 2017 as noted by Kampanje (2018:19):

[… India which is the main buyer of pigeon peas which fall under such category imposed a ban on pigeon peas (locally known as Nandolo) from Malawi in 2017 because the former had harvested surplus produce and had to protect its local producers – Sabola (2017). The prices of pigeon peas in Malawi failed drastically in 2017 so that farmers had huge stocks with nowhere to sell and market prices were just 12.5% of the recommended minimum prices set up by government.].

It is hoped that the adverse scenario of import ban will not occur during the tenure of the MOU to protect the farmers from price risks.

3.0 Notable weaknesses in Malawi's export strategies

The above scenarios provide a pattern of possible weaknesses in Malawi's export strategy and some are discussed hereunder.

3.1 Inconsistent data

There are material inconsistencies in the reported from different reports as seen in the maize exports to Zimbabwe between 2007 and 2011. It appears data from National Statistics Office, Reserve Bank of Malawi and Ministry of

Finance is extracted from the returns from exporters or specific agencies which do not verify the quantities and price elements. Chances of significant underreporting are quite high. A good example is the absence of export figures for sugar and tea for 2017, 2018 and 2019 in the Malawi's Statistical Year Book 2021.

The figures are often reported in Malawi Kwacha without reference to the actual forex generated vis-à-vis United States Dollar (USD), South African Rand (ZAR), Euro and other major trading currencies.

3.2 Porous borders

All exports pass through our borders formal or through uncharted routes which are jointly controlled by Immigration Department and Malawi Revenue Authority. The operations functions of these departments must be enhanced to record details of goods being shipped out of Malawi in real time and check against export permits, licences and all other critical documents.

Unchartered routes are known by local people and can be controlled through use of drones which can be financed by heavy penalties on perpetrators of illegal exports. There are rumours that substantial tonnage of Malawi's exports is shipped out through the rail. Efforts should be enhanced in that area because there are some estimates that the official export figures might represent less than forty percent of the goods which are exported outside the country.

3.3 Disorganised export financing mechanisms

Export oriented economies usually have Export and Import Banks such as EXIM Banks of India, China and other countries specialised to coordinate international trade. Malawi has none. To successfully compete at international level, Malawian entrepreneurs need substantial investment in plant and machinery which has to be imported requiring substantial capital outlay. That will require significant funding from financiers and the same could be true on the working capital requirements for international orders which must comply with specific quality requirements. Export Development Fund (EDF) was established in Malawi being a wholly owned subsidiary of Reserve Bank of Malawi incorporated on 8th February 2012 and became instrumental in the National Export Strategy (2013 – 2018). EDF has however incurred significant bad debts during its existence and marred with governance irregularities and substantial losses – Sabola (2021).

3.4 Functions of Trade Attaché

There is no data indicating the volume of export business initiated by Malawian embassies across the globe through trade attaché and yet this is the reason of their posting. Sangala (2015) summarised well on this matter as follows:

[Throughout my various travels, I have encountered many a "trade attachés" in Malawi's diplomatic posts abroad who are either too junior to influence the diplomatic head or indeed have no direction informed by a well-crafted strategic plan by the Ministry of Foreign Affairs in terms of economic diplomacy. This has led to disjointed efforts by officials who try their best in the absence of a clear direction from the government.

… The central objective of Malawi's economic diplomacy should be its ability to tackle the outside world with the view to maximizing Malawi's national gain in all the fields of activity, including trade, investment and other forms of economically beneficial exchanges. Again, the country has miserably failed in this arena.

… The benefits of Malawi pursuing an economic diplomacy agenda are many. … It offers an opportunity to for an underdeveloped country like Malawi to get the right type and level of foreign investment and technologies. It also gives Malawi chance for the development and growth of domestic economic entities, firms and financial institutions with the impulse to expand markets and expand overseas in addition to the domestic companies taking advantage of outside markets.

… An annual report from each embassy that analyse international economic situations of each of the countries in which Malawi has embassies is a must. The report would among other things focus on economic factors of the country they are stationed in, and provide reference and market information for decision making in economic diplomacy.].

The National Export Strategy II (2021:87) appears to address some of the weaknesses associated with trade attachés as follows:

[Malawi should optimise its diplomatic by appointing Trade Advisers/Trade Attachés to provide hands-on assistance to Malawian exporters willing to penetrate foreign markets. All information and market intelligence collected by the missions should be disseminated to exporters and potential exporters through a secured medium (personalised mails, password protected access to the Trade Portal).].

Kampanje (2012: 13/14) critiqued the contributions of foreign missions as follows:

[Malawi should seriously consider integrating its Foreign Diplomatic Mission' Annual Budget. Only embassies which bring tangible benefits now and in the future should be sustained. … GOM can undertake the following measures:-

a) Malawi should review its affiliation to SADC, COMESA and other trade bodies. What benefits has Malawi realised from these trade blocks? Substantial administration costs are incurred each year. These should be reviewed to see if benefits have accrued in favour of the country or not. Political isolation could follow if Malawi decides to bolt. Bilateral trade agreements could be more beneficial to GOM and indeed Malawi's economy and efforts could be enhanced to increase trade under duty free terms to countries such Republic of South Africa, Kenya, Zimbabwe and Zambia. There is however little trade between Malawi and countries such as Uganda, Rwanda, Sudan and Burundi. Forex could however be saved If Malawi could ration its operations with those countries.

b) Diplomatic missions should be critically reviewed and amalgamate missions where little trade or other benefits are accrued. This could save salaries, rents and other administration costs].

A review by end of 2022 can provide a fair assessment as to whether the diplomatic missions now supports Malawi's export drive.

3.5 No prominent role of Ministry of Trade

There appears to be no prominent role of Ministry of Trade, Industry and Tourism in the export business. This evidenced by meagre budgetary allocations both at the Parliamentary Level and local government authorities. The Ministry of Agriculture and other departments tend to take bigger role but often lack skills of international trade. This is particularly so because Malawi is agro-based economy as espoused in Malawi Vision 2063 in which trade is specifically mentioned in Pillar 1: Agricultural Productivity and Commercialisation which stipulates:

[We will improve the provision of information on markets, prices and related regulations for local, regional and international trade.].

National Export Strategy II (2021:20) stipulated that Malawi became a signatory of African Continental Free Trade Area (AfCFTA) but had not yet ratified it. This seems however to be contradicted by Malawi Investment and Trade Centre (2021) which postulated:

[Malawi has submitted its instrument of ratification of the African Continental Free Trade Area on the 15th of January this year, making it the 35th member state to ratify the agreement.

The Ratification follows the deposits of the agreement instruments …].

Mangazi (2020) scribed that Malawi was yet to submit the documents for AfCFTA and further asserted as follows:

[Malawi is ready to submit its instruments of ratification for the African Continental Free Trade Area (AfCFTA) to the African Union (AU), Capital Hill has said.

Times Business understands that the legal depository of all instruments of ratification would be submitted to the AU after the festive holiday.

Once this is done, Malawi would be among over 30 countries on the continent ready to trade under the pact, which is expected to be operationalised Friday.

The trade agreement aims to create a single continental market for goods and services, with free movement of business persons and investments within the African region.

The news, however, comes barely a week after some industry players complained of being kept in the dark and not consulted on moves regarding the pact.].

The complaint from industry players for being side-lined should be a cause for concern. Sabola (2022) stated that African Union Southern Africa Region Office (AU-SARO) recommended that Malawi AfCFTA should be incorporated in Malawi's curriculum so that it reaps the most from the agreement and this appears to echo what Kampanje (2013) noted that institutions of higher learning did not participate in the AGOA. Sabola (2022) further stated that National Planning Commission adopted AfCFTA as the vehicle for operationalising the National Export Strategy II and therefore part of the Vision 2063 positioning Malawi as a competitive player on the global market. Sabola (2022) however stated that Ministry of Trade simply stated that Malawi must produce high quality products to be competitive on the global market without disclosing how it would assist Malawian entrepreneurs could achieve the desired state or level.

3.6 Minimal utilisation of trade agreements

Malawi is a signatory of several international trade agreements such as African Growth Opportunity Act

(AGOA), ACP-EU Economic Partnership Agreement, Southern Africa Development Cooperation (SADC), Common Market for East and Southern Africa (COMESA) and many more. National Export Strategy II (2021:18) indicated that Malawi participates minimally in the AGOA which was initiated in 2000 and has been renewed four times and amended six times with last renewal in 2015 to run up to 2026 and Malawi is implementing its National AGOA Response Strategy (2018) to boost exports. Malawi has lagged behind in AGOA because of lack political will to participate in that programme as earlier observed by Kampanje (2013) and this appears to be the status quo in 2022. International Trade Centre (2018) however stipulates that AGOA runs to September 2025. Trade Statistics Brief Release (2020) indicated that European Union was the major destination for Malawi's exports in the period between July and December 2020 but the National Export Strategy II (2021) appear not to have the specific strategies for each EU Member state because the exports to Belgium alone were 59 percent of the total exports to EU in the said period but Malawi does not appear to have Belgian Strategy as a country and set targets for other EU members to boost the exports. This was also the same weakness in the Malawi National Trade Policy (2016).

4.0 Conclusion and way forward

Malawi has strived to be competitive at the international level for quite some time as a tangible tool for country's development agenda albeit with little success. This has been attributed to lack of clear export drive which has resulted in making Malawi a significant net importer with massive foreign currency exchange deficit bringing misery to the general populace. There is evidence that government's departments need to work extra harder to learn more about international trade in terms of financing mechanisms, clear guidelines for Ministry of Industry and Trade, recording and production of accurate export data especially on maize exports between 2007 and 2011, porous borders and no clear guidelines for diplomatic missions especially trade attachés to assist Malawian entrepreneurs.

Not all is lost as the National Export Strategy II (2021) and MIP 1 under the Vision 2063 can reduce the knowledge gap which is impinging Malawi's export drive by training relevant personnel, recommending establishment of specific offices and formulate the measurement parameters to fulfil the aspirations contained in those two documents with much focus of putting quantifiable documents of export business which has to be achieved by each Malawian embassy by say 2026 and recruit trade attachés with passion to achieve targets which should commensurate with remuneration packages.

Ministry of Trade should be actively looking for export markets and encourage use of structured trade and finance so that Malawian exporters can raise cheap and secure finance to realise the maximum retains. Exports bans on agricultural produce such as maize and soya beans should be invoked as measure of last resort and supported by verifiable data so that appropriate opportunity cost of foregoing export proceeds can be justified.

It is high time to elevate the Ministry of Trade as a gateway to economic growth, sustainable development and prosperity through increase in its budgetary allocation to boost domestic and international trade. While the country has made strides in acquiring state of art quality testing equipment under the custody of Malawi Bureau of Standards, there is need to intensify trading of quality control and grading systems from the smallholder farmers, informal manufacturers, miners, agro-processors, tailors and fashion designers, service providers such as eateries and restaurants to lodging places require significant resources and therefore more budgetary allocation is required to realise tangible positive outcomes. The local government budgetary allocations for trade and industry are nominal in nature and there is need to empower district and town councils to invest lots of resources in trade activities for export markets so that Malawi can earn more forex while creating jobs and reducing poverty but at the same time reduce the gap between the rich and the poor so that true development can be achieved in Malawi.

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