

High Commission of India
Lilongwe

Commercial Brief : India- Malawi

India-Malawi trade relations are historic and dates back to 18th century, coinciding with the arrival of Indian tradesmen, predominantly from the Indian State of Gujarat to Eastern African.

India had established diplomatic relations with Malawi since it gained independence in 1964. However, the High Commission's resident mission, wound up in 1993 and re-opened in March 2012 after a gap of 19 years. Hence trade and business relations have not taken off in the manner, it has in the neighbouring countries to Malawi like Zambia, Tanzania and Mozambique, with whom Malawi shares its land borders.

The then Vice President of India H.E. Mr. Hamid Ansari, visited Malawi in January 2010 and the late President of Malawi H.E. Mr. Bingu wa Mutharika visited India in November 2010, which that led to the re-opening of the Indian Mission in 2012. Malawian High Commission in Delhi was set up in 2007. They also have set up a Business office in the Surat Chamber of Commerce.

During the above mentioned high level visits, the delegations were accompanied by leading Industrialists & business persons of their respective countries. The latest high level Visit has been that of the Vice President of the Republic of Malawi Dr Saulos Klaus Chilima who was the Guest of Honour at the 13th CII-EXIM Bank conclave in New Delhi India. He was accompanied by two cabinet Ministers, the Minister of Trade, Industry and Tourism Mr. Henry Mussa M.P and Dr Emmanuel Fabiano M.P Minister of Foreign Affairs and International Cooperation. The Vice President delegation included a 60 member delegation of senior officials both from the private and public sector.

Malawi as a LDC, is also a beneficiary under GoIs DFQF Policy introduced in April 2008.

India-Malawi bilateral trade since 2010-17 (Amount in Million US \$)

Year	India's exports to Malawi	Malawi's exports to India	Total trade
2010-11	98.03	19.89	117.92
2011-12	148.26	19.97	168.23
2012-13	153.30	43.11	196.41
2013-14	221.05	15.15	236.15
2014-15	214.02	36.78	250.80
2015-16	176.13	64.31	240.44
2016-17	178.42	41.33	219.75
2017-18	279.70	12.18	291.88

Major Exports From Malawi To India

Malawi's exports to India are very limited - primarily agricultural products - **Pigeon Peas (unprocessed Tur dal), Chickpeas and other related pulses. Pigeon peas, which used to be the major item of export from Malawi to India has been however affected,** due to the change in the Trade Policy on import of Tur Dal since August 2017. The exports of Pigeon peas by Malawi to India has seen a drastic fall from US\$41 million p.a. in 2016-17 to US\$11 mn in 2017-18, a drop of approx. 70%. This has adversely affected Malawi, both in foreign exchange earnings and a greater impact on the farmers, who traditionally have been growing Pigeon Peas for the Indian market. Other Malawi exports are Sugar, Tobacco, Tea, Coffee and Macadamia nuts.

Major Imports from India by Malawi

Major Malawi imports from India are: pharmaceutical products, industrial machinery commercial vehicles, Iron and steel pipes and sheets.

India Pharma products share approx., 60.5% of the total imports of Malawi hovering around 175.17mn in 2017-18. Malawi's imports are many affected by the high cost of transportation because Malawi is a landlocked country. Most of imports reach through the ports of Mozambique, Tanzania and South Africa.

Other items with export potential to Malawi, based on import demand include electronic equipment, Plastic and articles thereof, textiles, rubber, furniture, tanning, dyeing extracts, pigments, paper and paper boards, ceramic products, organic and miscellaneous chemical products, essential oils and cosmetics.

Top Ten Imports from India to Malawi (2017-18)

Rank	HS Code (2 Digit)	Description	Value in US\$ millions
1	30	Pharmaceutical products	106.2
2	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	29.6
3	84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	26.8
4	49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, . . .	24.8
5	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	16.4
6	73	Articles of iron or steel	14.6
7	39	Plastics and articles thereof	7.8

8	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	6.2
9	72	Iron and steel	5.8
10	63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	4.6

Balance of Trade

In the year 2017-18 Indian exports to Malawi stood at USD279.70 million, while Malawian exports to India stood at USD 12.18 million. The balance of trade during the period is as such in favour of India by USD 267.52 million. This is only going to increase with Pigeon Peas, the only major product exported by Malawi to India placed on restricted list.

The high export potential commodities:

Pharmaceutical products (HS Code 30): Indian pharma accounts for close to 60 percent of Malawi's total import and amounted to US\$106.2 million in 2017. The scope to increase the market share for Indian pharmaceuticals is still high because of the ever increasing demand of pharma products with substantial increase in funding by donor countries and WHO.

Electrical Machinery and parts there of including sound recorders, reproducers and Televisions (HS Code 85): Malawi's imports of machinery amounted to US\$29.6 million in 2017 and India's share in this category was only 9%.

Mechanical Appliances, Boilers and Parts there of (HS Code 84): Malawi's imports from India of these items in 2017 amounted to USD26.8 Million.

Printed books, newspapers, pictures and other products of the printing industry (HS Code49) :Malawi's imports of these items from India amounted to US\$24.8 million in 2017.

Vehicles (HS Code 87): Malawi's imports of these items from India amounted to US\$16.4 million in 2017. The scope for enhancing India's exports can be gauged from the fact that total imports stood at US\$158.5 million. Commercial vehicles and heavy commercial vehicles for Mining and other transportation have a greater demand.

Lines of Credit

Malawi is a beneficiary of GoIs, Line of Credit (LOC) Scheme, and since 2008 a total of US\$ 156.56 million has been provided to Malawi to cover areas such as irrigation, pigeon peas processing, cotton processing, fuel storage and sugar processing.

A project now under construction viz, Blantyre Water Project is funded by LoC of US\$23.5 mn and is likely to be completed by early 2019, which will increase LoC projects in Malawi to US\$180 mn. With this, all commitments made in 2010-11 would be accomplished.

There has been no new LoCs granted since IAFS III.

Indian Investments

While official figures of Indian Investments are not available, it is estimated over US\$500 mn have been invested in Malawi. As per an official document of Ministry of Finance released in April 2018, Indian Private Capital has a share of 19% and is the largest single contributor in Malawi economy, with China being 12%, Africa as a whole contributing being 21% and the rest of the world being 48%. Indian investment is also the largest contributor to the creation of private sector jobs in Malawi.

There are about 8000 persons of Indian origin and 2500 Indian nationals currently residing in Malawi. The Indian community is primarily engaged in trade. There are about 100 Malawian Indian origin owned companies registered in Malawi since its inception in 1993 with the Malawi Investment & Trade Centre. .

As per MITC, out of 56 companies registered to invest in Malawi at the last Malawi Investment Forum in 2016, 2 were of Indian origin representing a pledged total of US\$ 73 million of total of US\$ 932 million. This represents about 10% of the total investment inflows in Malawi in 2017. During the Malawi Investment Forum held in October 2016, a company from Gujarat, signed a US\$ 1 million investment MoU with a Malawian company to set up an Organic Bio fertilizer plant in Lilongwe. M/s Innosoft Solutions signed an MoU with Ministry of Information, Communications and Technology for provision of e-government solutions to the Government of Malawi. However, these are all pledged and no actual investments have yet taken place. 2018 figures are not yet out by MITC.

Most Indian businesses are engaged in Agro processing, Alcoholic beverages, Construction, Energy sector, Financial service & Insurance, Food processing, Health Sector in Diagnostic services, Information Technology & Software development, Logistics, Mining, Transport, Textile, Cosmetics & Pharmaceuticals, Fertilizers, manufacturing like Cement, Packaging, Plastics, Hotel & hospitality etc. The commercial and manufacturing activity is mainly concentrated in Blantyre in the southern region of Malawi.

Indian Companies Tata, Ashok Leyland, Bharti Airtel, Bajaj Auto, TVS, Atul Auto, Eicher, Mahindra are prominent through their authorised dealers. Kirloskar generators, Escorts, Godrej and Su Kam invertors have recently entered Malawi market.

SAI Consulting Engineers Pvt Limited of India and Malawi Roads Authority signed a contract agreement on 16 February 2016 for Consultancy Services for Feasibility Study, Preparation of Detailed Design, Preparation of Tender Documents and Construction Supervision of One Stop Border Post Infrastructure (OSBP) at Dedza, Mwanza and Muloza.

Two Indian companies Larsen & Toubro and Kalpataru are handling transmission line erection project of approx. US\$60 mn out of the US\$ 350 million project, to upgrade the electrical infrastructure in Malawi under the Millennium Challenge Account (MCA) funded by USA.

Jakson NOIDA have won a 21 MW Solar Project and are likely to sign a PPA with Govt of Malawi sometime soon and the project likely to start by end 2018.

Minimum capital requirement for setting up business

According to the Malawi Business Licensing Act of 2012, foreigners are allowed to operate only in the main cities and have to apply for permits with a deposit of US\$ 250,000 as initial capital.

Interest rates – 16 % as of May 2018

Inflation rate In April 2018 the inflation rate stood at 9.80%

Depreciation of the Local Currency against the US Dollar

In the year 2018 the Malawi kwacha has remained stable on the back of stable macro-economic conditions. In 2018 it hovered around US\$1 = MK725. INR 1 = appr.MK11.

Chamber of Commerce in Malawi

Malawi Confederation of Chambers of Commerce and Industry (MCCCI) is a partnership of enterprises and associations representing all sectors of the economy of Malawi. The Chamber of Commerce has been in the forefront of Malawi's private sector development efforts for over 100 years. Established in 1892, the first Chamber organization operated as a Chamber of Agriculture and Commerce to reflect the predominant focus of the economy on agriculture production and trade.

Major trading partners with Malawi : Top 10 in 2017:

	IMPORTS		EXPORTS	
RANK	Country	US\$ Mn	Country	US\$ Mn
1	SOUTH AFRICA	454.80	BELGIUM	195.22
2	CHINA	376.11	SOUTH AFRICA	69.39
3	INDIA	279.70	TANZANIA	68.63
4	UNITED ARAB EMIRATES	174.65	GERMANY	50.53
5	UNITED KINGDOM	135.86	EGYPT	49.32
6	KUWAIT	125.82	CHINA	41.73
7	ZAMBIA	114.16	UNITED KINGDOM	32.87
8	JAPAN	70.95	USA	32.82
9	USA	58.38	ZIMBABWE	28.55
10	GERMANY	54.03	ITALY	26.15

On exports **India** is on position 18 due to the ban on pigeon peas importation by the Government of India.

Updated June 2018