



The Consolidated National Trade Facilitation Action Plan

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Developed by the Department of Trade¹, Ministry of Industry and Trade

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Malawi

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1.0 Introduction

Malawi recognises that its quest for competitiveness in regional and international trade is greatly undermined by border operations and procedures, transport infrastructure and systems, standards and accreditation, licensing regime, etc, popularly known as trade facilitation. In light of this, the National Export Strategy (NES) clearly prioritised trade facilitation as one of the key areas that needs immediate attention. This thinking is further supported at the global stage when the WTO adopted its first major global trade agreement since 1995 on trade facilitation at the 9th Ministerial Conference in Bali, Indonesia, in December 2013. It is estimated that this agreement if fully implemented could reduce business costs by between \$350 billion and \$1 trillion, according to WTO (WTO, 2013), and could increase world trade by between \$33 billion and \$100 billion in global exports per year and \$67 billion in global GDP (World Bank, OECD, 2011). For developing countries, the estimated \$1 trillion increase in two-way trade delivers GDP increases of \$520 billion (Hufbauer and Schott, 2013).

Even in the regional tripartite effort, a DFID (2013) study confirmed that not every country in the COMESA–EAC–SADC block will have net benefit from full tariff liberalization except if it is accompanied with a real reduction in trade facilitation challenges.

2.0 Background

Malawi, a Landlocked Least Developed Country (LLDC) thrives on trade for economic growth and poverty reduction. Malawi is bordered by Tanzania, Mozambique and Zambia and therefore operates through a number of physical border crossings to get its products to international markets. However, Malawi faces a huge trade deficit which is over 20% of GDP over the years due to several challenges, and one of such challenges is its trade facilitation system. Trade facilitation defined as **any measure or action that relates to the simplification, harmonisation, standardisation, and modernisation of international trade procedures, in the interests of reducing the transaction costs between government and business associated with international commerce.** Trade Procedures being understood as the activities, practices and formalities associated with the administration of the transference of goods and services across national borders. The term trade facilitation is also used by some in a broader sense to encompass almost anything that can impinge upon trade flows, for example infrastructure,

such as the quality of telecommunications, roads, railways, and/or port terminals, as well as the less tangible, such as policy, laws, regulations, and Non-Tariff Barriers (NTBs)².

Malawi's trade facilitation system weaknesses ranges from the lost of access to EU market for groundnuts due to standards (aflatoxin), transportation cost that constitutes around 15% of the total cost of export products, the time, documents and costs required to cross Malawi's borders, to the time and cost required to acquire an import/export permit.

In December 2012, the Government of Malawi (GoM) launched a National Export Strategy, which provides a prioritized road map for developing Malawi's productive base so as to allow for both export competitiveness and economic empowerment. It would do this through concerted and focused efforts on three priority high value product clusters (oil seeds, sugar cane, and manufactures), building a holistic and robust conducive business environment, building the capacity of supportive economic institutions, and investing in skills and competencies required by industry, public sector and civil society for production.

The NES recommended key trade facilitation actions as part of efforts to improve the business environment. These are related to reducing the number of hours and cost of crossing borders, the number of days and cost to obtain an export/import license, the burden on exporters to obtain multiple certifications, the cost of transporting goods to the borders, the burden of meeting multiple regulatory requirements, etc. However, the Ministry of Industry and Trade's management is faced with a daunting task of choosing which recommendations to implement since there are several other key recommendations apart from the NES. In order to address this confusion, the Ministry embarked on this exercise to harmonize all recommendations related to trade facilitation from the following key documents:

- The National Export Strategy (NES)
- The Non-Tariff Barriers (NTBs) Strategy
- The Commonwealth Secretariat Trade Facilitation Study
- The UNECA Trade Facilitation Study
- The Diagnostic Trade and Industry Study (DTIS)
- The WTO Trade Facilitation Agreement – Category C commitments

² Commonwealth Secretariat Benchmarking Study (2012); Malawi's Trade Facilitation Systems & Processes

3.0 Objective

The overall objective of the Consolidated NTF-AP is to harmonize all recommendations related to trade facilitation and provide some guidance on priorities in order to avoid duplication, misalignment and inefficient application of resources (financial and human esp. management time), ensure a coherent and coordinated effort to resolving the trade facilitation challenges, and secure comprehensive donor support so as to build Malawi's productive base and ensure export competitiveness. Specifically, this Consolidated NTF-AP seeks to serve as a Consolidated reference document that both government and donors can identify gaps and priorities for trade facilitation intervention in Malawi for resources allocation purposes.

4.0 The Harmonized/Consolidated NTF-AP

The Consolidated NTF-AP was based on a thorough process of desk compilation, group discussion and stakeholder consultations. In this process we eliminated duplicates and irrelevant or already implemented actions, redefined unclear recommendations, re-grouped actions that are related to a bigger action e.g. various actions relating to harmonization, standardization and modernization of custom procedures are mostly part/aspects of the upgrading of ASYCUDA++ to ASYCUDA World and the establishment of a National Single Window. This process resulted in the underlisted 25 key trade facilitation actions, suffice to say that these are not cast and stones, and therefore subject to review:

The Consolidated National Trade Facilitation Action Plan (NTF-AP)					
Categories		Key Actions	One-time/Annual Budget (\$)	Funding Status	Funding Source
Forums	1	Strengthen and institutionalize a National Trade Facilitation Committee (NTFC)	50,000	Likely	ASWAp
	2	Support effective functioning of other existing consultative structures, such as:			
		PPD Forum	50,000	Likely	ASWAp
		NWGTP	50,000	Likely	TAF
		NCBF	50,000		
		JBCs	50,000		
Long & Medium term projects	3	Establish a National Single Electronic Window	2,000,000	Partly funded	USAID Trade Hub

	4	Establish a One Stop Border Post	100,000,000		
	5	Remove Multiple Tariffs or Tariff Nuisance	50,000		
	6	Improve trade information system via establishment of a Trade Portal	100,000		
	7	Implement an Integrated Risk Management System at the Border (Customs & Other Agencies) and conduct training and sensitization	150,000		
	8	Establish an SMS-based system to disseminate market prices to farmers in place of minimum prices for agricultural commodities	100,000		
	9	Review National Quality Infrastructure and Enhancement of MBS' capacity [Develop a National Quality Infrastructure & Capacity]		Funded	EU SQAM
Studies/Reviews/ Assessments	10	Review Control of Goods Act in line with export strategy	340,000	Funded	ASWAp/BEEP
	11	Cost benefit analysis of export bans and minimum prices for priority crops undertaken	30,000	Funded	EU PE3 & ASWAp
	12	Conduct gap analysis between domestic consumption and available national output of key commodities to prevent reactionary export bans	50,000		
	13	Conduct Time Release Study	50,000		
	14	Assessment of Malawi's Trade Attaches framework	30,000		
	15	Undertake regulatory audits in the engineering, legal services, architecture, and accounting sectors	50,000		
	16	Advocacy against external NTBs affecting Malawi. Conduct quarterly surveys to identify NTBs and present to NTFC	120,000		
	17	Ensure fair competition in the transport sector. Conduct transport sector review	50,000	Funded	CFTC
Capacity Buildings	18	Capacity building programme to strengthen the appeal mechanism by providing adequate resources for the Commercial Court and training of magistrate and high court judges	75,000		

	19	Strengthen Risk Management Unit by providing training in Risk Management, data extraction and analysis, selectivity, and intelligence management system	150,000		
	20	Strengthen Post Clearance Audit Unit for effective functioning by training specialized post audit staff	170,000		
	21	Implementation support for MRA's Advance Rulings by training on procedures for origin advance rulings	20,000		
	22	Improve operation of the STR and increase transparency at border to reduce discrimination against small traders	20,000		
	23	Implement JBC actions incl. 1. reduction in border agencies to five, 2. introduction of ID Cards, 3. capacity building for CFAs, 4. improve infrastructure for security and physical examinations; 5. Automate procedures; 6. provide communication equipment		Part of on-going efforts/projects	
	24	Customs Cooperation – Strengthen legal framework (Ref. Art. 12)		Policy Issue	
	25	Long term and sustainable means and mechanisms on fees and charges should be considered (Ref Art. 6)		Policy Issue	

5.0 Priority Setting Using Multi Criteria Decision Analysis (MCDA)

The process of creating the Consolidated NTF-AP also attempted to provide some guidance on priority actions. The approach used to do this is called the “Multi Criteria Decision Analysis (MCDA)” which was used by this Ministry to prioritize Sanitary and Phytosanitary (SPS) capacity building options for Malawi. The approach involves the steps below:

Step 1: Compilation of Information Dossier

Step 2: Definition of Choice Set

Step 3: Definition of Decision Criteria/Weights

Step 4: Compilation of Information Cards

Step5: Derivation of Quantitative priorities

With regard to the NTF-AP prioritization, step one is the various reports that is already generated and step two is the harmonized actions. As seen from the table above, the 25 harmonized actions have been classified into groups for purposes of the prioritization. However stakeholders during a consultative meeting to address steps three & four have agreed that the group of actions falling under Forums and Studies/Reviews/Assessment need not be prioritized. The reason is that the forums especially the National Trade Facilitation Committee (NTFC), which is in anyway a requirement under the WTO TF Agreement, will serve as the main custodian & executor of the TF actions and therefore does not serve on its own as an intervention and cannot be compared with the rest. Similarly, Studies/Reviews/Assessment are mere conduit for information gathering and do not serve in their own right as interventions.

It was also agreed, that the prioritization using MCDA software should be run separately on actions 3-8 (long and medium term projects) and 18-25 due to the fact that they differ in terms of the purposes they serve and therefore should not be compared with each other. However, during the compilation of the information cards on each action, it was found that actions 24 and 25 are purely policy issues and therefore cost could not be placed on them. Also action 23 is part of already on-going efforts or projects and some aspects are merely policy issue as well.

Based on the criterion, namely; Time, Direct Cost of Implementation, Difficulty of Implementation, Impact on Trade, and Impact on Cost of Doing Business, and the weights agreed on by stakeholders in the consultative meeting, which serves as the “baseline model” in Table 1 below, we run the analysis on the following two separate categories:

5.1 Category 1

1. Establish a National Single Electronic Window (NSW)
2. Establish a One-Stop-Border Post (OSBP)
3. Remove Multiple Tariffs or Tariff Nuisance
4. Improve trade information system via establishment of a Trade Portal
5. Implement Integrated Risk Management System at the Border

6. Establish an SMS-based system to disseminate market prices to farmers in place of minimum prices for agricultural commodities

Table 1. Evaluation Table (Baseline Model)

	Direct Cost	Time	Impact on Trade	Impact on Cost of Doing Business	Difficulty of Implementation
National Single Window	5,000,000.0	2.0 (MT)	3.0 (High)	3.0 (High)	3.0 (Very Difficult)
One-Stop-Border Post	100,000,000.0	3.0 (LT)	3.0 (High)	3.0 (High)	3.0 (Very Difficult)
Tariffs or Tariff Nuisance	50,000.0	1.0 (ST)	2.0 (Medium)	2.0 (Medium)	3.0 (Very Difficult)
Trade Portal	100,000.0	1.0 (ST)	3.0 (High)	3.0 (High)	1.0 (Easy)
Integrated Risk Management System	150,000.0	2.0 (MT)	3.0 (High)	3.0 (High)	2.0 (Difficult)
SMS-based market prices system	100,000.0	2.0 (MT)	2.0 (Medium)	2.0 (Medium)	2.0 (Difficult)

Figure 1 below reports the net flows for the 6 trade facilitation actions in category 1 above using the baseline model; that is the prioritization derived using the decision weights defined in the stakeholders. Thus, the analysis suggests **the top priority actions are:**

- **establishment of a trade portal,**
- **implementation of an integrated risk management system at the border, and**
- **establishment of a national single electronic window**

The other option with positive net flow is the establishment of a one stop border post. All other options have negative net flows, indicating that they are dominated overall on the basis of the chosen decision criteria and weights.

Then we apply a sensitivity analysis by assuming that the cost of implementing an action does not matter. This gave us the result as shown in Figure 2 below. The result is very similar to the baseline model except for the establishment of an SMS-based system to disseminate market prices and the removal of multiple tariffs or tariff nuisance, traded positions.

Figure 1. Ranking of Actions in baseline model (i.e. using weights and measures agreed by Stakeholders)

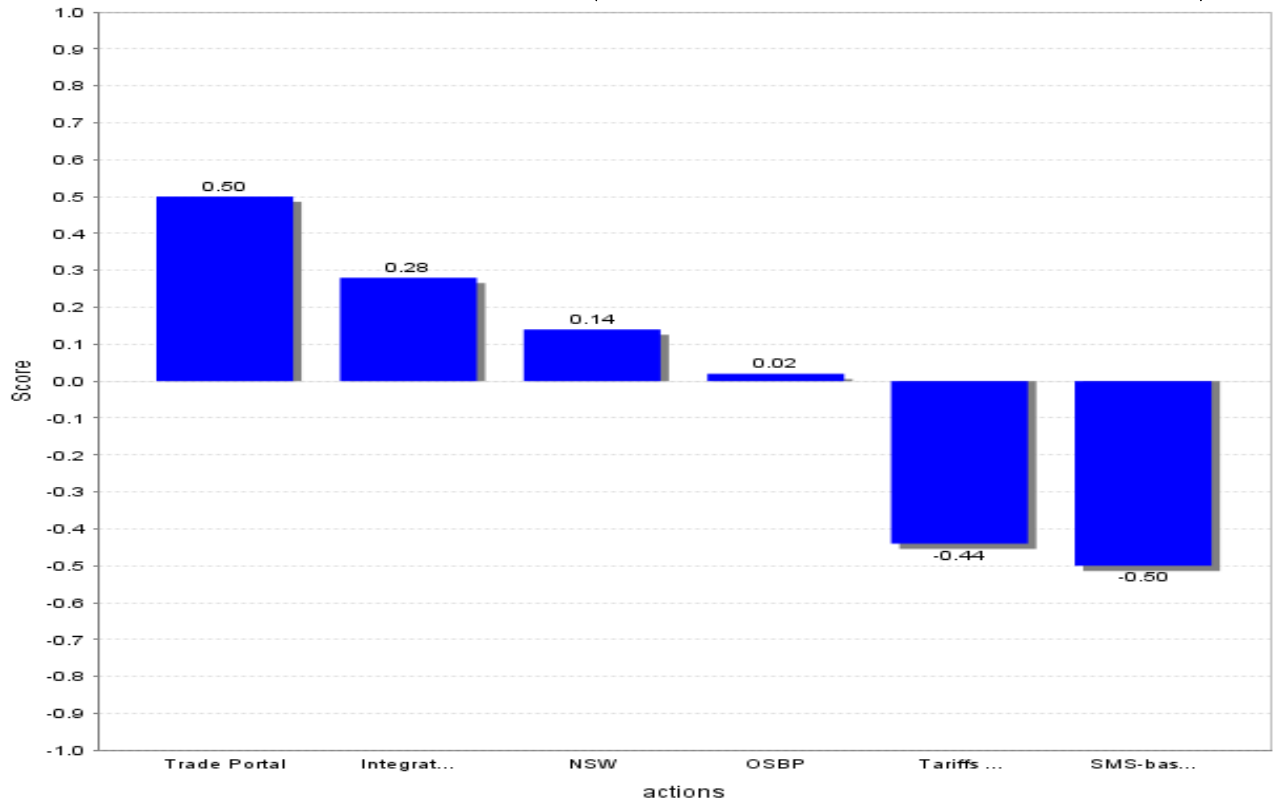
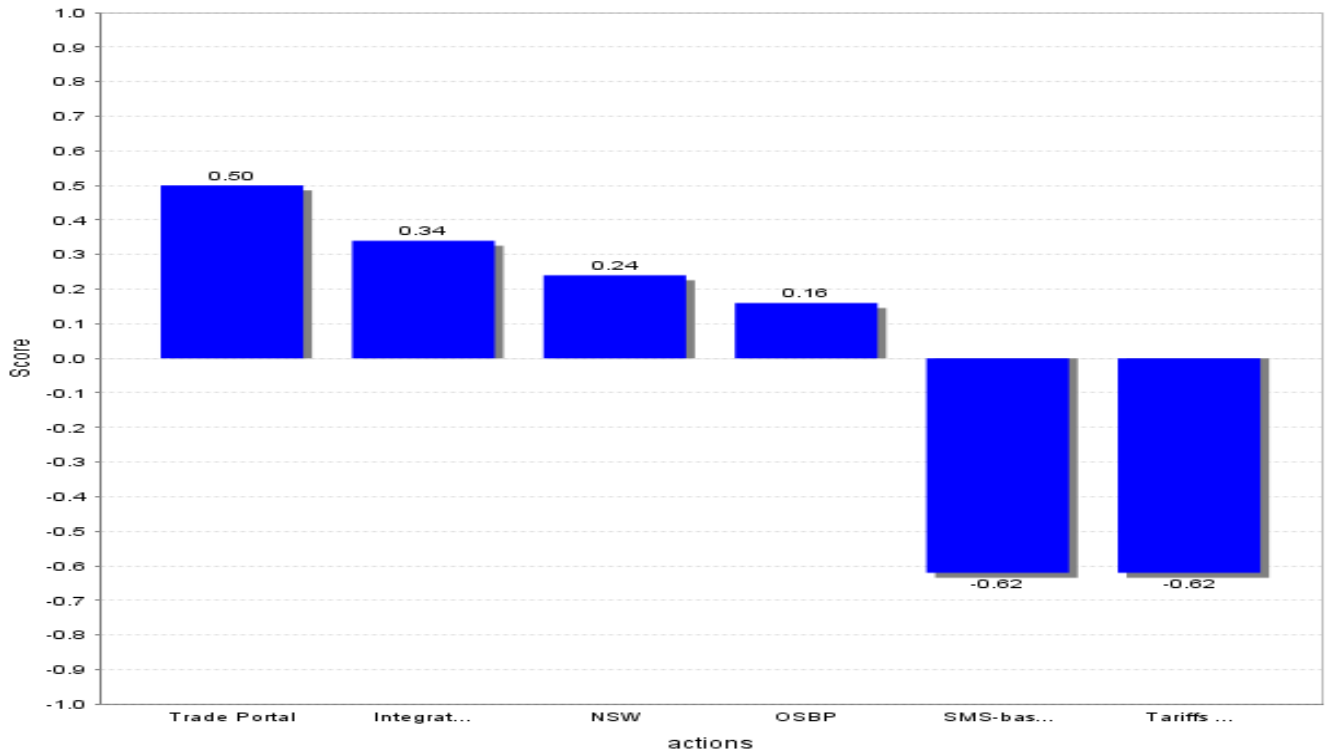
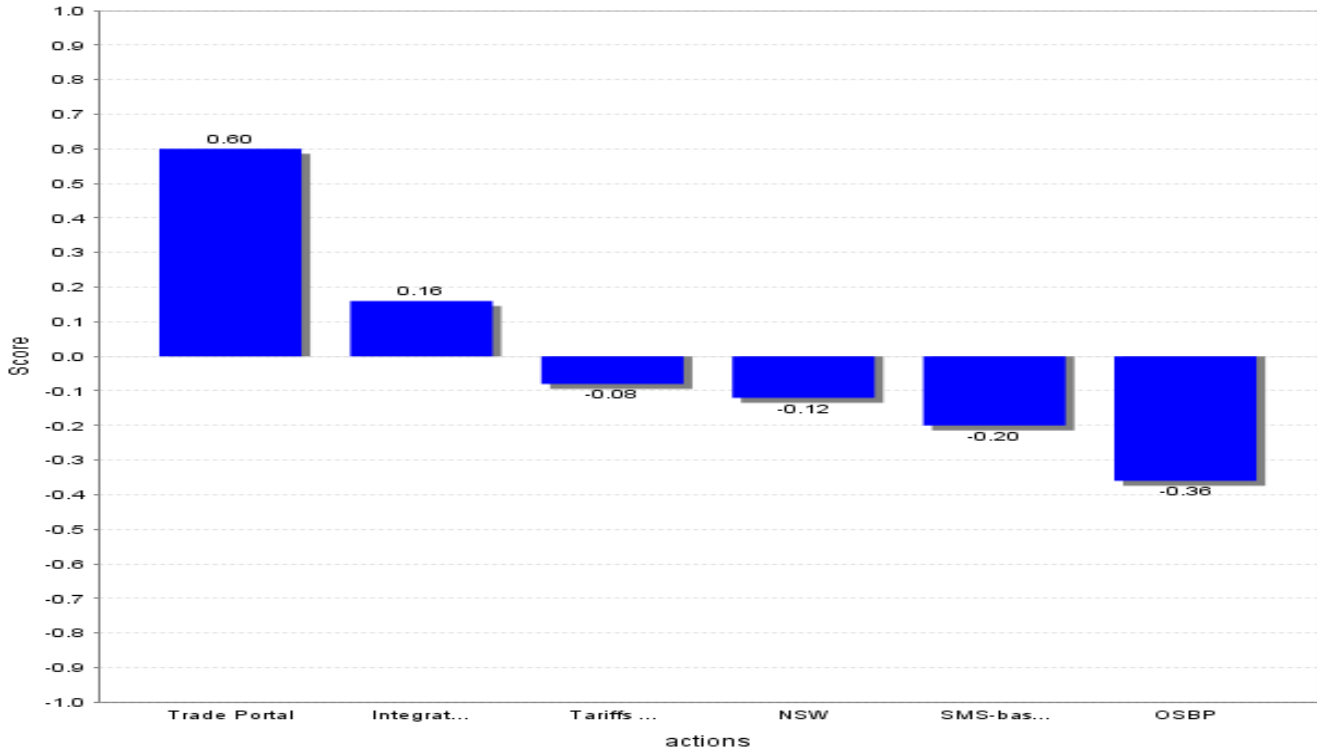


Figure 2. Ranking based only on exclusion of cost of implementation



In figure 3 below, we applied another scenario of assuming equal weight for all criteria. The result is not significantly different. Establishment of a trade portal and implementation of an integrated border management system still rank top two. The main changes include the shifting of NSW and OSBP from third and fourth places to now fourth and sixth positions respectively. This is not surprising since these two interventions are the most expensive. So without placing less weight on cost and paying greater attention to their impact, they performed badly.

Figure 3. Ranking based on equal weight model



5.2 Category 2

1. Capacity building programme to strengthen the appeal mechanism by providing adequate resources for the Commercial Court and training of magistrate and high court judges
2. Strengthen Risk Management Unit by providing training in Risk Management, data extraction and analysis, selectivity, and intelligence management system
3. Strengthen Post Clearance Audit Unit for effective functioning by training specialized post audit staff
4. Implementation support for MRA's Advance Rulings by training on procedures for origin advance rulings

5. Improve operation of the STR and increase transparency at border to reduce discrimination against small traders

In Figures 4-6, we present similar analysis as on category 1 actions based on the measurements shown in table 2 below. The result generally shows that implementation support for MRA's advance rulings has been relatively robust across all scenario analysis. Probably, it is deductible from the fact that it is one of the cheapest actions that is easy to implement in a short time and have a moderate impact. Similarly, at the reverse end, capacity building programme to strengthen the appeal mechanism by training magistrate and high court judges have performed the least across all the scenarios.

The actions relating to strengthening the Risk Management Unit and improve the operation of the STR have also performed well across the three scenarios. The option on strengthening the Post Clearance Audit Unit has yielded positive net-flows under the baseline and the cost exclusion models but a negative net-flow under the equal weight model. The reason probably again lies in the cost of implementing this action which happens to be the highest. It must be borne in mind that the ranking of these actions is based on relative performance against all other actions on each criterion and therefore does not mean that the action does not yield any value for money.

Table 2. Evaluation Table (Baseline Model)

	Direct Cost	Time	Impact on Trade	Impact on Cost of Doing Business	Difficulty of Implementation
Judges training	75,000.0	1.0 (ST)	1.0 (Low)	1.0 (Low)	1.0 (Easy)
RM Unit strengthening	150,000.0	1.0 (ST)	2.0 (Medium)	2.0 (Medium)	1.0 (Easy)
PCA Unit strengthening	170,000.0	1.0 (ST)	2.0 (Medium)	2.0 (Medium)	1.0 (Easy)
Advance Rulings training	20,000.0	1.0 (ST)	2.0 (Medium)	2.0 (Medium)	1.0 (Easy)
STR Operation Improvement	20,000.0	2.0 (MT)	2.0 (Medium)	2.0 (Medium)	1.0 (Easy)

Figure 4. Ranking of Actions in baseline model

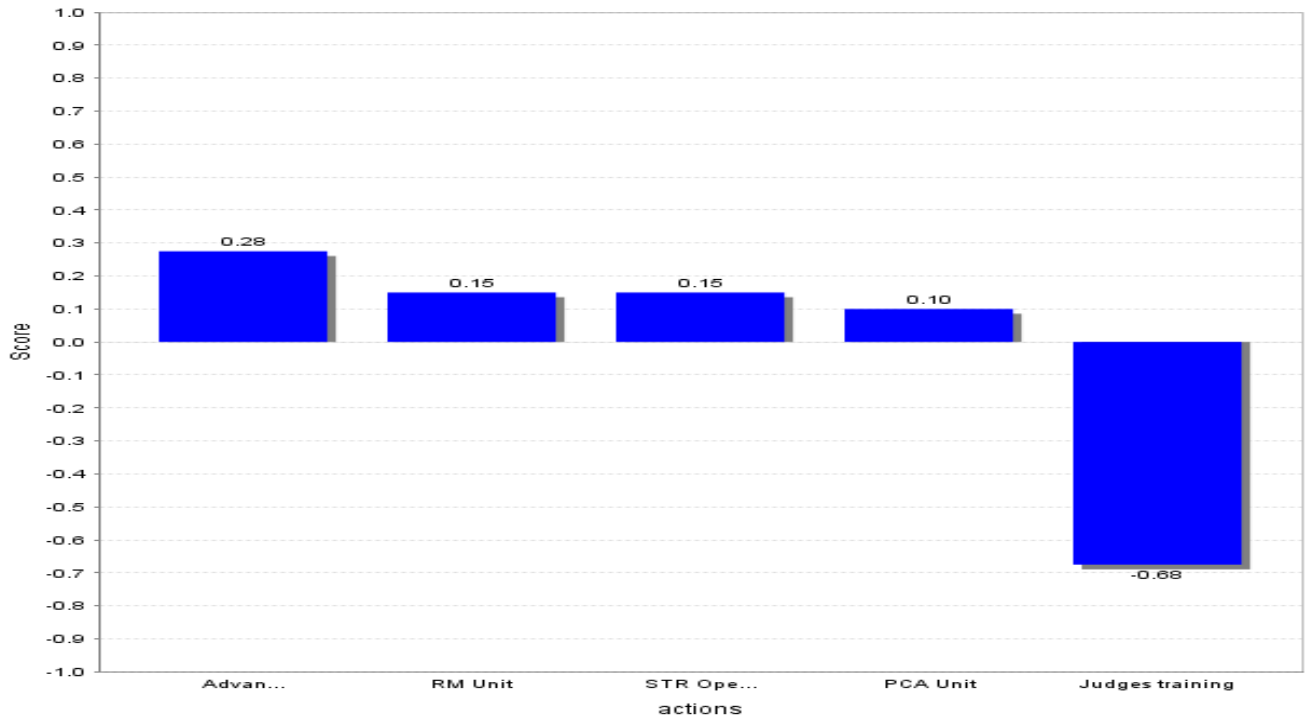


Figure 5. Ranking based only on exclusion of cost of implementation

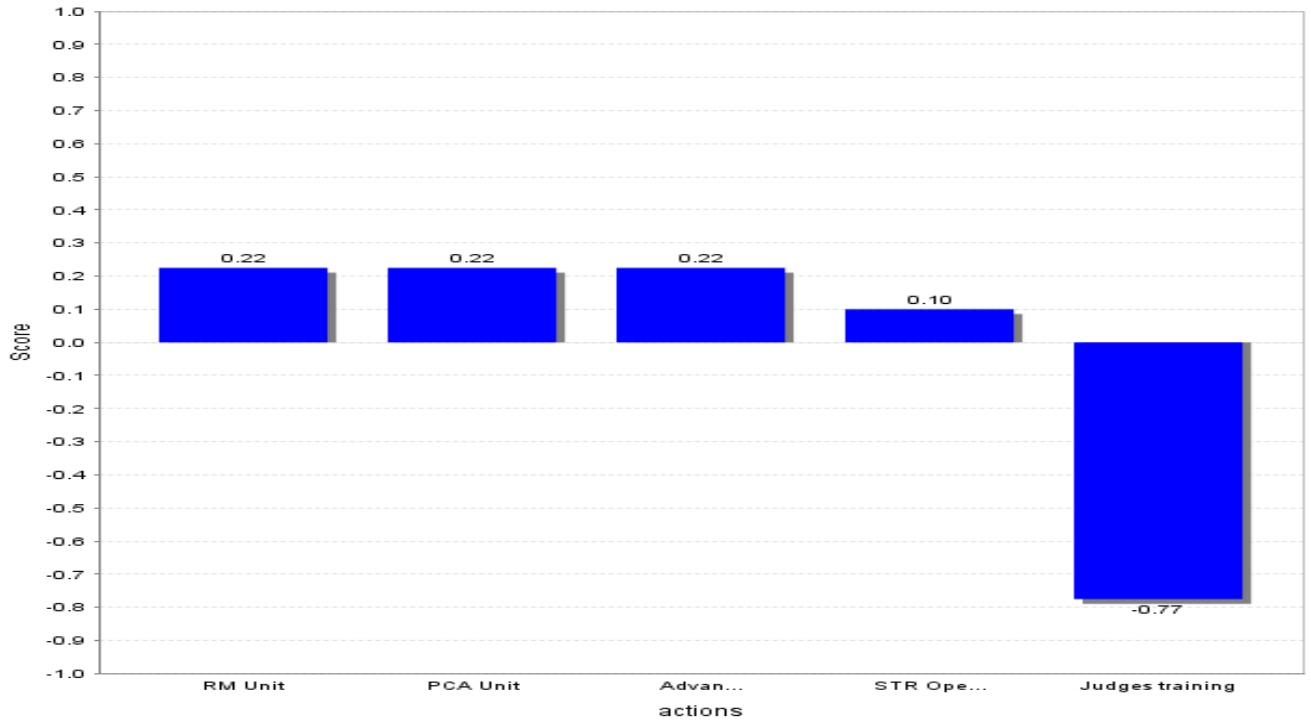
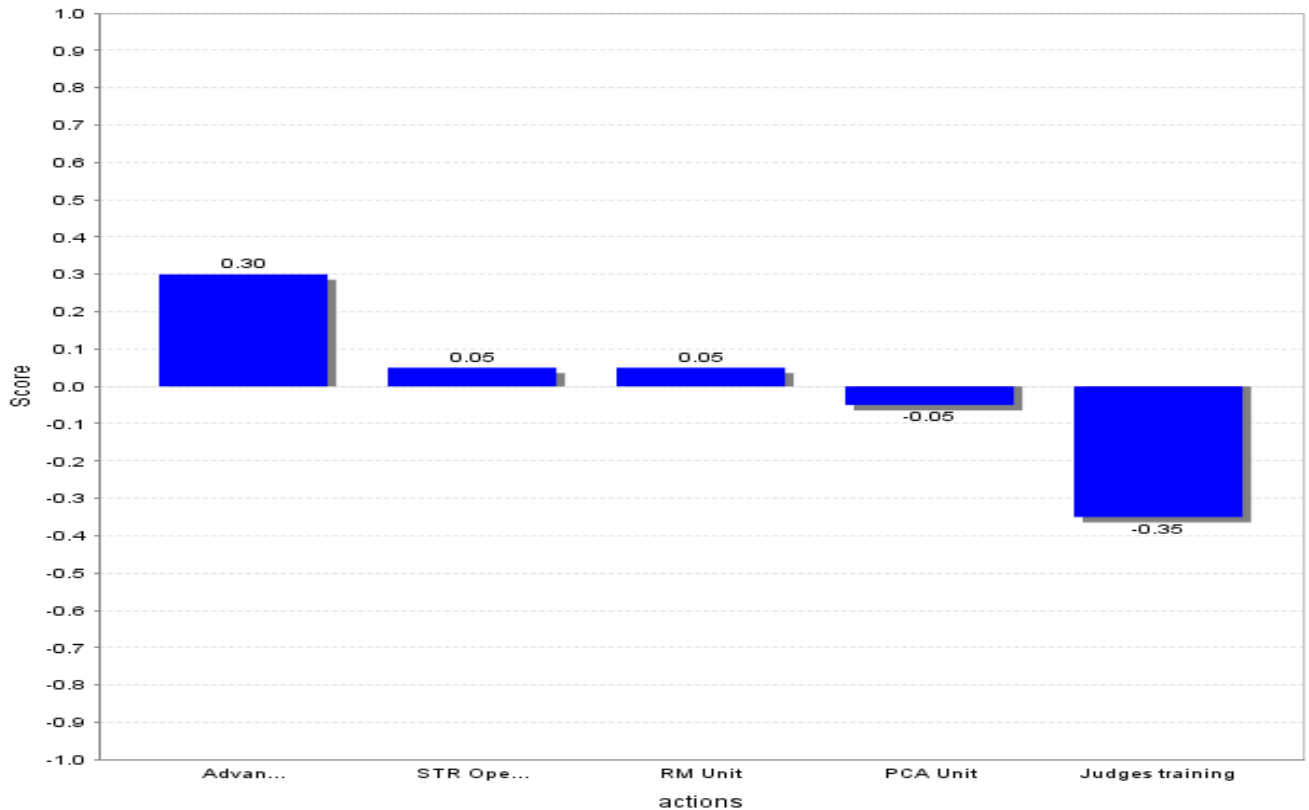


Figure 6. Ranking based on equal weight model



6.0 Conclusion

From the above, it is safe to say that, among the eleven (11) actions that were subjected to the MCDA priority setting approach, the top four priorities in terms of value for money include:

1. the establishment of a trade portal,
2. implementation of an integrated risk management system at the border,
3. the establishment of a national single electronic window, and
4. support for MRA's Advance Rulings

The sensitivity analysis we have performed shows that, on average, these four interventions performed very well or have dominated overall across all scenarios compared to the others. Also ranked highly are:

5. strengthening the Risk Management Unit, and
6. improve the operation of the STR

Conversely, the following actions have consistently remained low priorities across all scenarios:

- Remove Multiple Tariffs or Tariff Nuisance
- Establish an SMS-based system to disseminate market prices to farmers in place of minimum prices for agricultural commodities
- Capacity building programme to strengthen the appeal mechanism by training magistrate and high court judges

It is important to recognize, however, that these results, and the established priorities amongst the eleven (11) actions, reflect the chosen decision criteria and the respective measures derived for each action, and the weights attached to the criteria. It would be useful if any stakeholder feels strongly that the rankings are misplaced to provide stronger evidence of the data and measures used in this analysis.

7.0 Annex 1: Various Detailed Action Plans

Recommended Action Plans from NES and NTBs Strategy	
Key Action	Detailed activities
Strengthen and institutionalize Trade Logistics Working Committee (TLWC) (to become National Trade Facilitation Monitoring Committee - NTFMC) under TIPSWAp framework	Review membership to ensure all key stakeholders are included, including agents, transporters, MCCCCI, GTPA, Food Processers Association, Exporters Association and a minimum of 5 actively-engaged importers and exporters
	From the Government side, ensure attendance of: OPC, MoF, MEPD, RBM, MoIT, MRA, MITC, Ministry of Transport & Public Works, Bvumbwe Research Station, Chitedze Research Station, Dept of Forestry, Dept of Animal Health, MBS, Fair Trading and Competition Commission
	Ensure buy in through effective membership, co-chairs and secretariat
	Secure funding arrangements for secretariat. If secretariat is effective, key stakeholders will be happy to fund attendance
	TLWG TOR must ensure its mandate includes ensuring that the cost of standards (health, safety, environmental) applied to exports and imported inputs is not excessive and is not an unrequired cost on exports
	TLWG TOR must ensure its mandate includes ensuring that the MBS does not apply an excessive cost of standardisation in the name of ensuring Malawian products need to meet international standards, prior to exporting. If the standards requirement is from the importing country, this is fine. But standards should not be imposed on exports in the name of international standards when there are no such international standards that will prevent Malawian exports entering the destination country.
	Develop capacity building for NMC members to ensure effective implementation of the action plan
Advocacy against external NTBs affecting Malawi	Ensure impact of NTBs imposed against Malawian firms is minimised.
Establish a One-Stop Shop for Trade Documentation (Single Electronic Window)	Agree on the opening of a OSS by all stakeholders
	Agree for TLWG to serve as owner of OSS/ Set up task force under TLWG
	Secure Cabinet approval for the concept and link to NES and MGDS II
	Decide whether to develop a single physical window, or a single electronic window as in Mozambique, Ghana

	Agree on mandate, phased objectives and scope of OSS. Draft TOR
	Investigate optimal modalities: invite expressions of interest from companies such as SGS, Crown Agents and others
	Discuss effective modalities to suit Malawi's circumstances
	Discuss and agree whether to outsource OSS, using 'Build Own Operate and Transfer mechanism, as applied in Mozambique and Ghana
	Analyze approaches in different countries, such as Mozambique, Ghana, Philippines and others
	Review IT systems and infrastructure across all agencies involved in trade documentation to identify synergies and best practice solutions in coordination with the OSS/Single Window
	Review legal requirements and procedures across all agencies involved in trade documentation to identify synergies and best practice solutions in coordination with the OSS/Single Window. Link to Revised Kyoto Convention.
	Install system for NSW and train relevant agents on its use
	Fast-track adoption of laws for electronic commerce
	Conduct a legal review, gap analysis for electronic commerce and introduce a legal framework for electronic commerce
	Extend the availability of 'direct trader input'; eliminate the mandatory requirement to use a customs clearance agent to clear goods, together with the regulation of their fees.
	Conduct an analysis and suggest where addition use of technology can enhance the trade facilitation process, in line with Action 3.3.21
	Secure effective transit arrangements with neighbouring countries
	Conduct detailed process mapping of all border clearance procedures to identify bottlenecks
	A single point of declaration is being introduced to standardise procedures.
	Extend payment avenues for duty and tax collection to commercial banks including those outside MRA premises
	Upgrade from Asycuda ++ to Asycuda World. The former is too slow, and is not user friendly as it provides raw data and needs constant amendments. Ensure MRA stops using a DOS-based IT system
Other Customs and Border Cooperation Issues	Establish Mwanza Joint Border Committee that will report to the Trade Logistics Working Group
	Implementation of the Mwanza Joint Border Committee Action Plan, when finalized
	Ensure ongoing application of Single Administrative Document, as per SADC and Comesa requirements (Form 12)

	Review need for products on the list (i.e. fertilizer) that are primarily monitored for data collection purposes where data is available to government through other channels i.e. SADC or Customs declaration
	Discuss with MRA/Customs mechanisms for data sharing
	GoM to sign and implement border cooperation agreements esp. with Mozambique
	Discuss a regional bond guarantee scheme (possibly under SADC)
	Harmonize documentation for transit
	Develop and introduce a simultaneous inspection system
	Appoint an MBS risk management team to identify risk management objectives and create an action plan to modernise MBS role in trade clearance.
	Implement resolution to reduce number of agencies at the border to maximum of 5
	Initiate a training program for officers that ensure that a standardized process is followed for documentation procedures.
	Confirm complete computerization of processes at border posts. 95% of trade transactions automated in March 2011
	Ensure continuous operationalisation of Risk Management Section. There was a plan to categorize importers into 3 risk profiles. However some times the profiles become outdated as there may be limited capacity to keep it updated. Training may not be forthcoming and people who are trained may move on.
	Create detailed risk management strategy including PCA - with implementation timeline. Incorporate international best practice including on preclearance, channels, and post clearance audit
	Identify resources, training needs, legal amendments to customs code, and other issues that need to be addressed
	Review and amend law to incorporate changes in line with international best practice (Kyoto Convention).
	Review of Customs and Excise Act, (from Time Release Study). Align Customs policy, law and practice with the WCO's Revised Kyoto Convention (RKC).
	Remove the cargo release document. Instead endorse a copy of the declaration. In medium term, provide cargo release document within Electronic Customs clearance process
	Equip each border post to a standard which enables it to function effectively. (Equipment and facilities audit and preparation of procurement documentation)

	Deploy appropriate non-intrusive inspection equipment at busy border posts (<i>Technical Assistance for the acquisition and integration of non-intrusive inspection technologies</i>)
	Implement recommendations from Time Release Study to reduce processing times for declarations to two working days
	Introduce penalties for delays in payment for importations and late clearance
	Introduce penalties for recurring errors on declarations made by agents
	Introduce training for clearing agents to reduce recurring errors
	Incorporate cargo release document in the electronic customs clearance process.
	Reduce costs of Clearing goods at borders (i. Extend the availability of ‘direct trader input’; ii. Eliminate the mandatory requirement to use a customs clearance agent to clear goods; iii. Regulate clearance fees.)
	Facilitate speedy border inspection processes (Operationalize simultaneous inspection system by different border agencies at all borders.)
	Establish Internal Affairs Division and continue with MRA’s staff integrity plan
	Develop and Implement training and Sensitization Programme for Border Agencies
Review Control of Goods Act to ensure export licenses are not required for prioritised export products under the NES	Ensure expedited licensing for both commodities and for value addition goods, see activity 9.1
	Delegate ‘authority to approve’ for trade related permissions, to operational management level.
	Amend license laws to require export licenses authorisation by MoIT in 2 days, unless there is reason for delay because of infringement of a law by the company
	Develop a list of critical imported inputs for export-oriented growth clusters, under the NES
	Develop a list fees for all import and export license, permit and certificates
	Evaluate delegation authority on a pilot basis to select districts/border points to reduce the need for traders to travel to Lilongwe
	Formalize delegation of approval powers to local districts, where this already takes place
	Evaluate need for both annual export license and annual export permit ensuring sustainability and financial objectives and control requirements
	Allow for payments to be made at commercial banks

	Seek Cabinet approval to restrict export licensing list to those products that have environmental, health and safety implications
NES Standards & Quality Programme	Establish a multi-agency standards coordination platform, chaired by the private sector, under the SWAp framework. Mandate is coordination, including of SPS (Ministry of Agriculture & Food Security), and also an investigation of private sector outsourcing of some MBS services
	Examine options for PPP testing services for standards
	Amend MBS Strategic Plan to be in line with Prioritized NES Clusters and their target markets
	Secure resourcing for implementation of MBS Strategic Plan
	Develop a human resource development plan to allow for implementation of MBS Strategic Plan, including a long-term training scheme based on trade facilitation, not over-regulation
	Review fee structure relative to willingness and ability of pay
	Prioritize investments in MBS Strategic Plan to NES Prioritized Clusters
	Establish a programme to facilitate MSMEs in meeting standards for priority products and markets in NES, through SMEDI
	Ensure effectiveness EU funded SQAM: by linking to prioritised implementation of MBS strategic plan and to NES
	Review National Quality Infrastructure
	Support to review/development of technical regulations
	Enhancement of MBS' capacity
	Enhance Capacity of National Enquiry Points
	Strengthening SPS infrastructure
	Ensure National Quality Policy is appropriately balanced between domestic consumer protection and export limitation. In exports, its role is not to protect consumers, but to help Malawian firms meet importing country requirements. Implementation of NQI
	Review totality of the NQI legislative framework and promulgate required legislation. Ensure clear roles and consistency with NES
Undertake capacity building and stakeholder outreach of SPS requirements initially and later on other critical standards for key products in the NES	i. Assessment of services that can be outsourced by private sector
	ii. Study on the assessment of market requirements for exporters
Private sector Support for conformity to regional standards	i. Negotiate /facilitate Mutual Recognition Agreements for accreditation, for priority export markets and products under the NES,
	ii. Facilitate mutual recognition agreements for Tanzania for food and beverage products; and Kenya for exports of
Facilitate export certification for standards for goods of Malawi origin	i. Ensure export certificate is not mandatory and reduce time required for conformity

	ii. Validate conformity assessment for the of plastic bottles to Zimbabwe
Ensure fair competition in the transport sector	Review findings of 2007 Report on Competition Issues in the Transport Sector and evaluate impact of current market structure on the NES Priority Clusters, both for international trade and for domestic integrated supply chains in sugar cane products, oil seed products and the beverages and agro-processing sub-clusters of the manufacturing cluster. Link to Transport sections in Annexes 2, 3 and 4
	Conduct a market & regulatory analysis, resulting in proposals for revisions to move toward effective operation of the road haulage market.
	Support emergence of market structure that ensures relatively fair competition, through application of Competition Policy. Investing in infrastructure by itself does not necessarily lead to lower transport costs.
	The role of the RTOA in price setting should be closely scrutinised to ensure that the practice does not violate section 33 (3) (b) and (c) of the Competition and Fair Trading Act.
	Efforts at the regional level to do away with cabotage agreements should be speeded up with a view of exposing inefficient local operators to foreign competition with the view to improve general service delivery.
	Implement fair competition in Government procurement of transport services
	Review 3rd country trucking regulations
	Provide support for fuel costs for the transport sector in priority NES clusters, but only proceed with this action if this is matched with genuine efforts to ensure fair competition to facilitate farmer to processor linkage
	Prioritise programmes to build capacity of contractors and policy implementators, as per Transport Sector Investment Programme, tied to feeder road development for NES priority crops and their designated geographic areas
	Ensure Implementation of Transport Sector Investment Programme, prioritised through NES priority clusters, both for rural feeder roads and corridors to growth centres (Tete, Lusaka, Mbeya, Harare)
	Strengthen implementation capacity for developing the rail network, through the use of public-private partnerships.
	Establish an effective railway regulatory body with capacity and legal power to enforce operator contracts
	Connection of rail network to Zambian network at Chipata
	Develop and implement rail development and maintenance plan, linked to priority export clusters
	Rail development and maintenance plan must include pricing policy to prevent abnormal profits

	Implement harmonised policies, legislations, standards and procedures as called for in the SADC Protocol on Transport, Communication and Meteorology.
	Lower tax structure on transport equipment and services
	Develop capacity of CFTC to implement findings of competitiveness study for transport sector

Recommendations from UNECA Trade Facilitation Study	
	On market access
1	Malawi should seek a concrete regional solution to the problem of high reliance on international trade taxes, and advocate for the establishment of a revenue loss compensation fund in the SADC region, as obtains under COMESA.
2	Malawi should also promote an efficient system for domestic tax collection in order to minimise the high reliance on international trade taxes.
3	Malawi should fully implement the COMESA CET, and eliminate the cumbersome tariff exemptions and concessions , in order to enhance efficiency in tax administration and potentially increase tax compliance and revenue.
4	Malawi should seek redress on NTBs affecting sugar trade, prevalent in the regional and EU markets. A quick resolution on MBS's concern that the lime used is inappropriate would facilitate decision-making in the sugar industry.
5	The GoM should step up its leadership in defending Malawi's interests relative to global concerns affecting the tobacco industry, particularly the implementation of the FCTC. Increased information sharing among stakeholders and collaborative strategising are necessary.
6	In industries where licences and permits are required for the purpose of quality control (such as tobacco), authorities should introduce a system of identity cards for registered permitted traders. Such arrangements should be supported by appropriate capacity building programmes.
7	Malawi should review and update its legislation on SPS measures, and provide practical guidelines on the importation and utilisation of genetically modified products. The country should adhere to notification procedures of the WTO SPS Committee for the application of SPS measures, and there is need to rationalise national restrictions on the origins of some imported plants and seeds, as well as to establish a procedure for the periodic review of the restrictions.
8	On border administration and trade procedures
9	The GoM should streamline the process of issuing trade licences by increasing the numbers of licensing authorities, increasing their geographic distribution and adopting automated solutions. Apart from increasing efficiency in the issuance of licences, automated solutions may enhance objectivity and minimise corruption.

10	Through institutionalisation, the process of trade licensing and effecting temporary restrictions should be rendered impervious to discriminatory political interference. Establishment of stakeholder committees with representation from the private sector and regulatory bodies may facilitate the process of formulating and implementing strategic decisions in this area.
11	MITC should create a biannual periodical that will contain standard trade documentation and procedures, in addition to disseminating critical information to importers and exporters..
12	Malawi should create an institutional framework for the coordination of trade facilitation initiatives within the GoM and among agencies. The Ministry of Industry and Trade seems to be the appropriate authority to lead the proposed institutional framework.
13	The GoM should lead the initiative for the synchronisation and extension of border post operating hours with neighbouring countries. Notwithstanding human resource and other capacity constraints, a move towards 24 hour border posts is one in the right direction for heavy traffic border posts.
14	The GoM should lead the initiative for the establishment of one-stop border posts. This process should be informed by a thorough cost-benefit analysis.
15	The GoM should increase its interest in regional initiatives regarding the harmonisation of trade facilitation procedures. Particular reference in the appropriate fora should be made of the specific concerns raised by the business community in Malawi.
16	On general issues
17	The GoM should fast-track the review process of the DTIS in order to facilitate trade mainstreaming and resource mobilisation.
18	There is need for greater regional collaboration in trade facilitation to aid the formulation and implementation of mutually beneficial solutions at the regional level, and to enhance regional competitiveness.
19	On transport and communication
20	Pursuing all the three options to the problems associated with being a land-locked country (i.e., the Shire-Zambezi Waterway Project, the Nacala Railway Rehabilitation Project and the Ntwarra Development Corridor) presents a credible strategic decision for Malawi, as it will broaden the trade route options available to the country and enhance Malawi's stance on regional integration.
21	In pursuing the Nacala Railway Rehabilitation Project, it is advisable to recognise the challenges being experienced by the Central East Africa Railways (CEAR), and to draw lessons from this experience.
22	There is need for rationalisation and enhanced agency coordination in the establishment of road blocks. The creation of few but inclusive road blocks (i.e., where all agencies process road users within the same road block rather than mounting agency-specific ones) is recommended.
23	Malawi has no basis for tolerating cabotage, and should strengthen the relevant enforcement regime. However, unless meaningful levels of local investment in international haulage can be harnessed and promoted, relaxation of the third country rule may be in Malawi's interest, as it would present feasible competition to Mozambican international haulers who currently dominate the domestic market.
24	The GoM should review laws regulating immigration services, and formulate a policy for the Immigration Department in line with the existing Immigration Policy Framework for Africa.

25	Malawi should fast-track the implementation of reciprocal visa requirements. Automation of the visa processing and issuance process would be critical in this respect. In line with this agenda, Malawi should cooperate in the implementation of COMESA and SADC protocols aimed at facilitating the free movement of natural persons.
26	The Department of Immigration should institutionalise the specialised training of its staff. This initiative should be implemented independently of the plan to relocate the headquarters to Lilongwe, in order to avoid undue delays.
27	Malawi should increase advocacy for the harmonisation of transit procedures within the region, including full implementation of the piloted SADC Transit Guarantee Scheme involving Malawi and South Africa. Condemnations of such malpractices at the regional level and ensuring that agreed procedures are followed is of the essence.
28	There is need to depoliticise the operations of MACRA, in order to enhance efficiency by ensuring that the most deserving service providers operate in the sector.
29	On regulatory framework
30	Aligning domestic economic and related laws to regional and global conventions remains an urgent requirement in Malawi.
31	The Ministry of Industry and Trade should develop and implement a work plan for training staff in international law and international trade at postgraduate level. In addition to training abroad, the ministry should take full advantage of the introduction of commercial law training at Chancellor College, as well as courses offered by the Trade Policy Training Centre in Africa (TRAPCA).
32	Even after the relevant trade-related legislation is reviewed to levels of WTO-consistency, it will be necessary to enhance knowledge and skills among public and private sector stakeholders through training courses and workshops. Similarly, effective enforcement requires adequate training of customs and police officials.
33	On other issues on business environment
34	A more credible system for tracking export proceeds would require that the border post clearing processes for imports and exports be electronically interlinked. This would also enhance agency coordination and reduce shipment release times.
35	The GoM should establish an autonomous investment and development bank to replace the liquidated MDC. The operations of the institution should be insulated from political interference through, among other things, provisions on the security of tenure of management and directors.
36	Rather than implement government price controls for private tobacco purchases, GoM policy on tobacco marketing should recognise that Malawi tobacco can only sell in the current structure of the international market if it is efficiently produced (hence competitive) and of high quality.
37	Due attention should be paid to address Malawi's low standards on its products as a necessary condition to enhance competitiveness.
38	Efforts to address the challenges of value addition should consider the role of price and market assurance for agricultural output as a motivation for local farmers to remain in production. In the absence of such assurance, declining market prices - and inability to guarantee that all output will be bought at prices that adequately compensate farmers for their investments - can de-motivate further production and render unsustainable any value-adding agro-processing, exports-enhancing national efforts. A combination of

	direct government cushions and the development of financial market products (such as insurance, options and futures contracts) is essential.
39	The Ministry of Industry and Trade should address the institutional challenges facing the SME sector by, among other things (a) strengthening the regulatory environment and support institutions; and (b) allocating adequate resources to public institutions working in the sector.
40	The GoM and the MCCCCI should revitalise the Public-Private Dialogue Forum, ensuring that it meets more frequently than is the current practice.
41	On contemporary issues in trade agreements
42	Any subsequent course of action on the subject of EPAs should be based on wide consultations with stakeholders, as well as careful analyses of the implications of such action. Inevitably, this process should be informed by the reality that EPAs are likely to represent the future trade arrangement between the EC and ACP Member States.
43	Rather than be used to frustrate the process of regional integration, the challenges that Malawi faces in further opening up to the region (and beyond) should motivate strategic planning and facilitate the adoption of policies that will enhance regional competitiveness.

Recommendations from Commonwealth Secretariat Study					
	Recommendations	Time Frame	Indicative	Degree of Impact	Level of Effort
			Budget		
			(USD)		
	<i>Legal and Policy Framework</i>				
1	Simplify the structure of the national 'Tariff'.	MT	150,000	M	M
2	Establish an effective National Trade Facilitation Body.	ST	56,000	M	L
3	Align Customs policy, law and practice with the WCO's Revised Kyoto Convention (RKC).	MT	250,000	M	H
4	Delegate 'authority to approve' for trade related permissions, to operational management level.	ST	n/a	M	L
5	Introduce a legal framework for electronic commerce. <i>(Conducting a legal review, gap analysis, resulting in proposals for revisions)</i>	MT	95,400	L	L
6	Extend the availability of 'direct trader input'; eliminate the mandatory requirement to use a customs clearance agent to clear goods, together with the regulation of their fees.	ST	n/a	H	L
7	Ensure effective operation of the road haulage market. <i>(Conducting a market & regulatory analysis, resulting in proposals for revisions).</i>	MT	95,400	M	M

	Trade Procedures				
8	Rationalise documentary and data requirements.	ST	200,000	M	L
9	Use technology appropriately, to reduce transaction costs. <i>(Conducting an analysis, and suggesting where addition use of technology can enhance the trade facilitation process)</i>	MT	100,000	L	M
10	Simplify, harmonise and standardise all procedures and processes for applying for international trade related 'permissions'.	MT	205,000	M	M
11	Publish and promulgate all international trade related official requirements together with relevant fees and charges.	ST	225,000	M	L
12	Increase the options / channels for making trade related payments and for obtaining necessary certified documentation / 'permissions'	ST	205,000	M	M
13	Secure effective transit arrangements with neighbouring countries. (Policy Focus Unit)	LT	1,500,000	H	H
	Border Management				
14	Equip each border post to a standard which enables it to function effectively. <i>(Equipment and facilities audit and preparation of procurement documentation)</i>	MT	95,000	M	H
15	Institutionalise inter-agency co-operative working at the border.	MT	165,000	H	H
16	Introduce the 'Single Window' and OSBP approaches to border management.	MT	444,117.00	H	H
17	Ensure effective risk-based controls are in place	MT	346,700	M	M
18	Deploy appropriate non-intrusive inspection equipment at busy border posts <i>(Technical Assistance for the acquisition and integration of non-intrusive inspection technologies)</i>	MT	91,600	M	M
	Public and Private Sector Capacity				
19	Capacity-building training for public and private sectors on international trade documentation, procedures, practices and policy.	ST	225,000	M	L
20	Capacity-building training on meeting international standards	ST	225,000	M	L
21	Capacity-building training for the private sector representative bodies in public policy advocacy.	ST	225,000	M	L

22	Examine the scope for a localised PPP solution to the laboratory / testing facility capacity constraints at the Malawi Bureau of Standards.	ST	1,000,000 (per year)	M	H
23	Introduce 'one-stop-shops' and 'helpline' for Malawi's traders. (Set-up and pilot for one year)	ST	837,000	H	M
Infrastructure					
24	Step-up investment in increasing electrical power generation, transmission and distribution.	LT	Please refer to section 7	H	H
25	Increase investment in telecommunications / ICT.	LT	Please refer to section 7	H	H
26	Increase investment in main international road / rail links and inter-modal linkages	LT	Please refer to section 7	H	H

Recommendations from DTIS Study			
	Area of constraint	Specific next steps	Potential indicators
1	Multiple Tariffs/Nuisance Tariffs	Simplify tariffs for COMESA imports by reducing them to the next lower band. Reduce all tariffs that are below 5 percent to zero, and those between 5 and 10 to 5, those below 25 to 10.	number of effective bands reduced to 4
		Review tariff schedule, ensure it is updated on the website, and remove irregularities	Online-tariff schedule up-to-date at any given moment and in line with commitments
		Review Tariff bands and consolidate all tariffs to main four bands	Published tariff shows that all tariffs fall into four bands
		Replace import tariffs at 200 percent with excise duties	200 percent tariff band removed and excise duties published
2	Tariff exemptions/trade bans/export restrictions/trade licenses	Implement decision taken in June to reduce products needing export licenses to 10 categories	Government decision has been gazetted and no new licenses are introduced
		Remove or automate all import licenses	No reports of traders complaining about not obtaining import licenses

		Undertake quarterly analysis of which products/importers have obtained exemptions. undertake economic and revenue impact analysis	Detailed report on exemptions published on MRA website
		Based on analysis, reduce general duties on those products that have obtained most exemptions	Tariff Schedule Gazetted with lower rates for major products receiving exemptions
		Review criteria and procedures for granting exemptions to ensure it does not discriminate against small and medium-sized enterprises	Revised Guidelines for Exemptions Published
		Remove all remaining export bans	No reports of traders complaining about remaining export bans
3	Removal of existing NTBs and prevention of new NTBs	Validate and update NTM stocktaking that has been done in 2011	NTB Committee publish report listing NTM.
		Publicise all existing NTMs, NTBs, procedures and regulatory agencies	All NTMs publicly available on the web
		NTB Committee to start reviewing NTMs for their effectiveness	NTB Committee publishes report on NTMs
	Area of constraint	Specific next steps	Potential indicators
4	National Quality Infrastructure	Introduce risk-based approach to IMQS where certificates of conformity from internationally accredited laboratories are provided.	MBS Publishes Annual Data on number of acceptances/number of retesting
		Review all mandatory standards for their economic and regulatory impact	Regulatory Impact Assessment Completed
		Eliminate or make voluntary those TRs that constitute NTBs	Identified NTB TR's revised and gazetted
		Strengthen market surveillance	Share of budget for market surveillance doubled
5	Improve operation of the STR and increase transparency at border to reduce discrimination against small traders	Implement the decision already announced to reduce the processing fee for small traders to USD 1	Decision gazetted
		Implement the charter for Cross-Border Trade at Mchinji border post together with Zambia	Charter is published at Mchinji
		Undertake a survey to identify specific constraints affecting women in cross-border trade	Survey completed and results published

		Review list of documents needed for transactions under the STR	Documents required for STR published
		Review need for payment of additional fees for documents or taxes under the STR, and remove/reduce such fees where possible	Costs of using the STR have been reduced by 20 per cent
		Increase/review the common list for products eligible under the STR with Zambia	Common list expanded and published at relevant border crossings
6	Absence of regional transit mechanism	Discuss ways to introduce such a scheme with customs, transporters, CFAs, and other government departments from Malawi, Zambia and Mozambique under the APEI	Minutes from the meeting published
		Agree on pilot implementation of TIR along the Beira-Blantyre-Lusaka corridor	Agreement published
	Area of constraint	Specific next steps	Potential indicators
7	Multiple border agencies resulting in delays	Implement government decision to reduce agencies at borders in Malawi	Decision gazetted
		Review and revise mandates of agencies that are, or will no longer be, at borders	Findings of review published, and laws to adjust mandates in force
		Introduce delagation of powers to those agencies remaining at the border	Regulations granting derogation of authority published
		Establish integrated risk-management system by including selectivity criteria from ALL agencies in customs system to strengthen collaboration	MRA's selectivity criteria contain relevant criteria from other agencies including Agriculture, and MBS
8	Difficulty in obtaining information on trade rules and regulations	Take stock of all procedures, regulations, fees, requirements, and involvement for imports and exports at the product level	Trade Portal launched and work plan published
		Put together information in a publicly accessible Trade Portal	Trade Portal launched
		Change legislation to ensure only procedures and regulations described on the Trade Portal are legally in force to ensure all agencies keep updating relevant information	Legislation Gazetted

9	Cabotage restrictions increase transport prices	Assess transport costs for specific routes, establish a timetable for removing cabotage restrictions on specific routes, and start phasing out restrictions	Agreement on routes for lifting cabotage restrictions
		Establish an exchange for transport service providers that could improve matching of back-hauls, allow evaluation of service providers, and increase competition	
10	Use of minimum prices for agricultural commodities	Establish an SMS-based system to disseminate market prices to farmers	SMS based pricing system launched
		Abolish the use of statutory minimum prices	
	Area of constraint	Specific next steps	Potential indicators
11	Regulations governing access to agricultural inputs (seeds/fertilizer)	Implement the new Seed Act	Seed Action Published
		Fast track implementation of SADC Seed System	
		Make system for the importation of fertilizer imports more flexible	
		Remove monopoly on inoculant	Regulation removed
12	Lack of effective mechanisms for aflatoxin control	Investigate simple methods for platform testing of aflatoxin	
		Promote routine adoption of platform testing and have buyers of groundnuts and other aflatoxin sensitive commodities incorporate platform testing as part of their buying strategy to pass price signals for aflatoxin-free products to farmers	Prices for products are differentiated based on aflatoxin levels
		Complement these approaches with training of farmers in simple storage techniques that can be used to limit/prevent aflatoxin contamination	
13	Address top three regulatory constraints faced by professional service providers in Malawi and for those exporting	Undertake regulatory audits in the engineering, legal services, architecture, and accounting sectors	Regulatory audits completed and published
		Implement reforms identified as part of the regulatory review	Revised regulations gazetted
		Engage with neighbouring countries in the context of the APEI, SADC, and COMESA, to harmonise regulatory requirements	
		Start negotiating MRAs at the technical level in selected sectors	

Category C Activities under the WTO Trade Facilitation Agreement	
1	Establish a trade portal;
2	Maintain functioning websites for all trade promotion institutions; 2. Create dedicated page for the purpose on the websites
3	Support effective functioning of the existing consultative structures such as CFAAM, PPD Forum, NWGTP, NTFC, NCBF, JBCs
4	Implementation support for MRA's Advance Rulings, in terms of technical assistance and appropriate equipment and mechanisms
5	Capacity building programme to strengthen the appeal mechanism by providing adequate resources for the Commercial Court and training of specialised Judges
6	Long term and sustainable means and mechanisms on fees and charges should be considered (Ref Art. 6)
7	Strengthen Risk Management Unit based on Revised Kyoto Convention and its guidelines
8	Strengthen Post Clearance Audit Unit for effective functioning 2. Train specialised post audit staff
9	Establish effective data collection system at borders
10	Conduct Time Release Study
11	NSW - Acquisition of IT infrastructure and trainings for relevant staff
12	Customs Cooperation - Strengthen legal framework (Ref. Art. 12)
13	Resource mobilisation for effective functioning of the NTFC; 2. Facilitate coordination and implementation of provisions of WTO ATF, bilateral and regional arrangements

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