

Why invest in Malawi - the warm heart of Africa

 By [Issa Sikiti da Silva](#)

31 Aug 2009

Ranked Africa's second most peaceful and stable nation after Botswana, Southern Africa's Malawi is a relatively poor nation but a 'golden mine' flooded with untapped economic opportunities waiting to be explored and exploited by potential investors. Not even the global recession could manage to shake the modest but well-organised economy of this 'overlooked' but magical country.



This is what delegates who attended the Intra-Africa Business Executive Breakfast hosted in Johannesburg by Upbeat Marketing on Thursday 27 August 2009, found out.

The country's 2008 total GDP was estimated at US\$11.394 billion, GDP per capita is US\$834, while the 2008 average inflation rate was 8.7%. Last year the largely agro-based economy grew at 9.7%.

Malawi's agriculture represents 85% of total exports, accounts for 32% of GDP and employs 80% of labour force, according to figures taken from Malawi Investment Promotion Agency (MIPA).

The country is currently Africa's second biggest tea exporter after Kenya, accounting for 4% of the world's tea exports.

Its other major agricultural exports include sugar, rice, fruit processing, cotton, coffee, chillies (one of the leading exporters to western markets), and tobacco (its largest industry, 70% of exports earning and 23% of tax base).

But agricultural production is still at small scale, with hundreds of small-scale farmers struggling to meet heavy demands to cater for local and international markets.

Then there is Lake Malawi, home to over 800 endemic fish species including the Malawi Chambo. Fish production only amounts to 565 tonnes per year, which is - again - not enough to satisfy local and regional demand.

Tourism authorities said Lake Malawi has drawn away from the edge of Rift Valley, leaving a wide level plain dotted with baobabs, palms and umbrella trees. The water's edge is lined with golden beaches, making it irresistible to holidaymakers.

Authorities are hoping that potential investors could splash cash and expertise to build lodges, recreational facilities and

international conference centres in Lilongwe, Blantyre and along the lakeshore, and also invest in eco-tourism.

The country imports electrical equipment and machinery, major petroleum products, fertilisers, motor vehicles, iron and steel. Coal, uranium, bauxite, vermiculite, gemstones, hydropower and wildlife are listed as the country's natural resources. Manufacturing is very small and accounts for 12% of GDP.

Agrina Mussa, Malawi high commissioner to SA, said: "We are setting priorities within priorities in order to develop Malawi, and the current government's policy is to move Malawi from a predominantly importing and consuming country to predominantly producing and exporting country."

She added: "We have friendly investment policies, an easy access to enormous trainable English speaking labour force, competitive wage rates, good weather, improved road infrastructure throughout the country, a fast growing economy and unexploited investment opportunities."

Suzan Mjuweni, of MIPA, said: "Malawi laws offers protection to properties of local and international investors. Malawi is also a signatory of the International Convention for Settlement of Investment Disputes (ICSID), Multilateral Investment Guarantee Agency (MIGA) and Africa Trade Insurance Agency (ATI).

"In terms of economic security, Malawi is a liberalised economy where investors are free to venture into any form of business except those having a bearing on health and security."

Mjuweni cited, among others, the following investment incentives undertaken by the government to encourage potential investors:

A 100 % investment allowance on qualifying expenditure for new building and machinery, 50% allowance for qualifying training costs, free repatriation of dividends, profits and royalties, additional 15% allowance for investment in designated areas of the country and zero duty on raw materials used in manufacturing.

The session was organised with the support of Bizcommunity, SAfm and Blue Financial Services, a SA company operating in 13 African countries, including Malawi.

For more info, go to www.upbeat.co.za, www.tourismmalawi.com and www.malawi-invest.net.

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

- Angola tense as journalists, protesting youth targeted by government - 1 Nov 2011
- Managing promotional resources: are TV broadcasters getting it right? - 1 Nov 2011
- Mbalula vs the media: privacy, dignity vs public interest - 31 Oct 2011
- Multimillion-rand Motorola Razr marketing campaign - 28 Oct 2011
- [Tech4Africa] Power failures, low bandwidth? Try cloud computing - 28 Oct 2011

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>