1. Introduction

The outbreak of the novel coronavirus (Covid-19), is rapidly evolving and spreading to a number of countries around the world. The first human infections were reported at the end of December 2019 in Wuhan, Hubei Province in China when a cluster of 41 pneumonia cases was identified. The rapid outbreak of this coronavirus has caused an unprecedented health crisis which the world is grappling with right now. In addition to the human impact, there is also significant commercial impact being felt globally. As viruses know no borders, the impacts will continue to spread to every corner of the globe. The 2019 novel coronavirus or COVID-19 (2019-nCoV) spread to multiple countries across the world starting from February, with confirmed cases reported in 196 countries, areas or territories as on 24th March 2020, according to the World Health Organisation (WHO). The total number of suspected cases reported from countries where no case is confirmed is on the rise.

The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) conducted a survey on the impact of the coronavirus on businesses in Malawi. The virus has rapidly spread from China to European countries and the United States of America, and recently it has been reported in 44 African countries as on 24th March 2020. Though Malawi still has no confirmed cases, the country remains at risk. Measures have been put in place by most countries, including Malawi to ensure that the epidemic is contained such as limitation on travel into the country, school closure and a ban on meetings with more than 100 people. Flow of goods, services and people face ever-increasing restrictions in the wake of this epidemic.

This survey is one of the surveys undertaken throughout the year by MCCCI at a given point in time to assess the impact of different factors on businesses. The survey measures the impact that the COVID-19 has had on businesses in Malawi which is important in guiding business
planning and decision making. The survey has been conducted in such a way that all sectors where enterprises conduct business are interviewed to give a perception of doing business in Malawi.

The survey was conducted during the week beginning, 13\textsuperscript{th} March 2020 and the responses are based on the recent events that have taken place since the onset of the Covid-19 outbreak.

2. Expected Economic Effects

COVID-19 which has been declared a global pandemic is affecting many economies throughout the world. The following are some of the potential economic effects that may be transmitted to Malawi:

1. Disturbance of trade links with rest of the world as Malawi depends on a number of imports for its small industry. This is likely to happen as countries close and/or restrict movements of goods, services and people. Factories where Malawi’s imports originate may also be inactive as countries restrict activities.

2. Disruption of global value chains will affect Malawi’s main export products which are mainly raw materials. Besides border closures, the dip in demand in foreign markets especially in Europe and America as a result of possible recession will lead to a loss of Malawi products’ market. Malawian industry however does not have the necessary capacity to absorb these raw products for local processing.

3. Fiscal expenditure pressure is imminent due to higher expected spending in the health sector whilst revenues are declining partly to slowdown in industrial and commercial activities.

4. Malawi depends on imported petroleum products which have price transmission effects in goods and services and any sudden supply shock will have consequences on our economy. On
the hand, the impending global recession will lead to a reduction in global oil demand and the consequent decline in oil prices may benefit the economy.

5. Tourism, one of the priority growth sectors in Malawi, will be greatly affected since it depends largely on the movement of people. Local hotels are already witnessing massive cancellations of bookings due to travel restrictions as well as health safety considerations.

It is expected that the growth prospects of 5.9 percent for 2020 will be hampered due to slow down of economic activities.

3. Responses According to Sectors

Figure 1 below shows that majority of businesses that responded to the questionnaire are from agriculture, transport, manufacturing, wholesale/retail, and accommodation and food service sectors.

Figure 1: Share of Responses according to Sector
4. Responses according to Exports and Imports

According to the responses presented in figure 2 below, 66.67 percent are import products and 42.42 percent are exports. Some of the companies trade in both exports and imports sectors.

Figure 2: Businesses in Export and Import Trade

Some of the products identified by respondents include import of raw materials for production, building materials, pens, rulers, utensils, services and exports of macadamia nuts, coffee, among others.

5. Malawi Trade with high Risk Countries

The survey segregated the countries into high risk and low risk countries. High risk countries comprised all countries with the highest count of COVID-19 and low risk countries were grouped as 'others'. South Africa, though not considered high risk according to the statistics was also specially recognised and included in the high risk category since it is Malawi's major trading partner. Any impact on its economy would be significantly felt by Malawi.

Figure 3 below confirms that majority of trade is with South Africa at 70 percent followed by China with 43.33. A total of 67.86 percent of responses also trade with other countries outside the prescribed risk countries.

Figure 3: Trading with High Risk Countries

6. Impact on Exports and Imports

Figure 4: Impact on Trade

Impact on Exports and Imports

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>67.86</td>
<td>70</td>
</tr>
<tr>
<td>Japan</td>
<td>16.67</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>6.67</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>France</td>
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<td>South Korea</td>
<td>6.67</td>
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</tr>
<tr>
<td>Iran</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>13.33</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>43.33</td>
<td></td>
</tr>
</tbody>
</table>

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The COVID-19 pandemic has affected businesses and the economy in Malawi. Some stakeholders, especially businesses, are working together to curb the pandemic's threat.

Governments promise to guarantee wages for low-level staff who might be more affected by the pandemic. Malawi Confederation of Chambers of Commerce and Industry (CMCC) has proposed recommendations to mitigate the impact on businesses.

Conclusion

- Airlines and ticketing companies are reducing international travel, affecting the tourism sector.
- Some businesses have had all raw material orders from China withheld, leading to delays in production and availability of inputs.
- Some businesses have indicated that during the first quarter of the year, business is significantly or extremely affected in terms of provision of services.
- The hotel industry is facing cancellations of bookings.

Recommendations

- Review the health system to provide adequate services.
- Ensure that there are adequate reserves for all imported essential items, including fuel.
- Promote investments in the local private sector to participate in the provision of health services.
- Provide adequate services in the private sector.
- Guarantee payment of wages for low-level staff.

Graphs and charts are used to show the extent of impact on businesses in Malawi.