

Malawi is a signatory and beneficiary of a number of bilateral and multilateral trade agreements. These include the African Free Trade Zone, the Common Market for Eastern and Southern Africa (COMESA), the Southern Africa Development Community (SADC) Trade Protocol, bilateral trade agreements between Malawi and Zimbabwe, Malawi and South Africa, Malawi and Botswana, Malawi and Mozambique, Malawi and China, Malawi and India, and Malawi and Malaysia the Cotonou Agreement between the European Union (EU) and African Caribbean Pacific (ACP) countries, and the United States-African Growth Opportunity Act (US-AGOA) initiative for concessional exports to the US market. Since independence, Malawi has been signing trade agreements with other countries at bilateral, regional and multilateral levels with the objective of providing increased market access for Malawian exports.

AGREEMENTS

THE AFRICAN FREE TRADE ZONE

On Wednesday October 22, 2008, Southern African Development Community (SADC) joined with the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) to form the African Free Trade Zone. The leaders of the three trading blocs agreed to create a single free trade zone called the African Free Trade Zone, consisting of 26 countries with an estimated GDP of \$624bn. It is hoped that the African Free Trade Zone agreement would ease access to markets within the zone and end problems arising from the fact that several of the member countries belong to multiple groups.

The following are the Trade Zones:

- [The Common Market For Eastern and Southern Africa \(COMESA\)](#)
- [The Southern African Development Community \(SADC\)](#)

MALAWI'S BILATERAL TRADE AGREEMENTS

The bilateral trade agreements aim to encourage and stimulate trade between Malawi and the cooperating partner through the elimination of tariffs and other non-tariff barriers to trade. The agreement allows the Malawian importers to purchase goods from the signatory country without paying import duty or paying a small agreed duty rate as long as the goods in question qualify under the terms of the agreement and are registered as such with the relevant authorities. Malawi is a signatory to and a beneficiary of a number of bilateral trade agreements under which Malawian exporters and importers can benefit. These include the Malawi-South Africa Bilateral Trade Agreement, Malawi-Zimbabwe Bilateral Trade Agreement, Malawi-Mozambique Bilateral Trade Agreement, and Malawi- Malaysia Bilateral Trade Agreement, Malawi-China Bilateral Trade Agreement, Malawi-India Bilateral Trade Agreement.

[More on Bilateral Agreement](#)

THE COTONOU AGREEMENT BETWEEN THE EUROPEAN UNION (EU) AND AFRICAN CARIBBEAN PACIFIC (ACP) COUNTRIES

The European Union (EU) is Malawi's major export trade partner accounting for 39% of Malawi's total world exports. Malawi's major exports to the EU are tobacco, sugar, coffee and tea, fruit, vegetables, nuts and cotton. Malawi's major imports from the EU are fuel, pharmaceuticals, electrical appliances, fertilizer, motor vehicles, medical equipment, military weapons, clothes and printed materials such as books, newspapers and pictures.

Malawi's economic and trade cooperation arrangement with the EU was formalised in 1975 when it signed the Lomé I Convention between 46 Africa, Caribbean and Pacific (ACP) countries and 9 EU countries. Since then, Malawi signed subsequent ACP-EU Lomé Conventions at five year intervals until it signed an ACP-EU Partnership Agreement, commonly known as Cotonou Agreement (CA), on 23rd June 2000, in Cotonou, Benin.

The CA provides for the ACP and EU countries to conclude a new WTO-compatible trade agreement which will liberalize trade between the parties and include cooperation in areas linked with trade in goods and services and trade-related issues such as competition policy, investment, and protection of intellectual property rights. The development of an agreement such as this was necessitated by the expiry of the WTO Waiver on ACP-EU trade preferences in December 2007.

The negotiations of these new trading arrangements, known as Economic Partnership Agreements (EPAs), were to be undertaken between the EU and ACP countries from September 2002 to December 2007, when the Cotonou Agreement would expire.

STATUS OF NEGOTIATIONS

Malawi is negotiating an EPA under the ESA configuration, which comprises eleven countries excluding the four countries, which have formed the EAC configuration. The eleven countries are Malawi, Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Mauritius, Seychelles, Sudan, Zambia and Zimbabwe.

The ESA group identified six clusters of issues to negotiate an EPA with the EC. These are development cooperation, agriculture, market access, fisheries, trade in services, and trade-related issues (investment, competition policy, government procurement and intellectual property rights).

At the regional level, negotiations are conducted at three levels. The Ministerial level is led by the ESA Ministerial Chair, the Senior Official level is led by two Chief Negotiators and their alternates, and the Technical Level is led by the Cluster Chairpersons.

THE UNITED STATES-AFRICAN GROWTH OPPORTUNITY ACT (US-AGOA) INITIATIVE FOR CONCESSIONAL EXPORTS TO THE US MARKET.

The African Growth and Opportunity Act (AGOA) is a trade initiative provided by the United States of America to the sub-Saharan African countries to assist in promoting free markets, expanding trade and investment, stimulating economic growth, and facilitating sub-Saharan Africa's integration into the global economy. The AGOA was signed into law on 18th May 2000. The Act originally covered an eight year period from 1st October 2000 to 30th September 2008 but after several consultations with the African Governments and some lobbying in the USA, amendments were made to the original act to improve the initiative and AGOA III was passed. Therefore it has been extended from 2008 to 2015.

Since independence, Malawi has been signing trade agreements with other countries at bilateral, regional and multilateral levels with the objective of providing increased market access for Malawian exports. It is in view of this important fact, that AGOA plays a major role in its development objectives. Malawi is amongst the 39 sub-Saharan African countries benefiting from AGOA. It was designated as an AGOA beneficiary country on 2nd October, 2000, after successfully satisfying the eligibility criteria requirements stipulated under the legislation. It qualified as a textile and apparel beneficiary country on 17th August, 2001 after introducing an effective visa system to ensure compliance with the requirements of AGOA for exportation of apparel and textile products to US on a duty and quota-free basis.