

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, 13th 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.

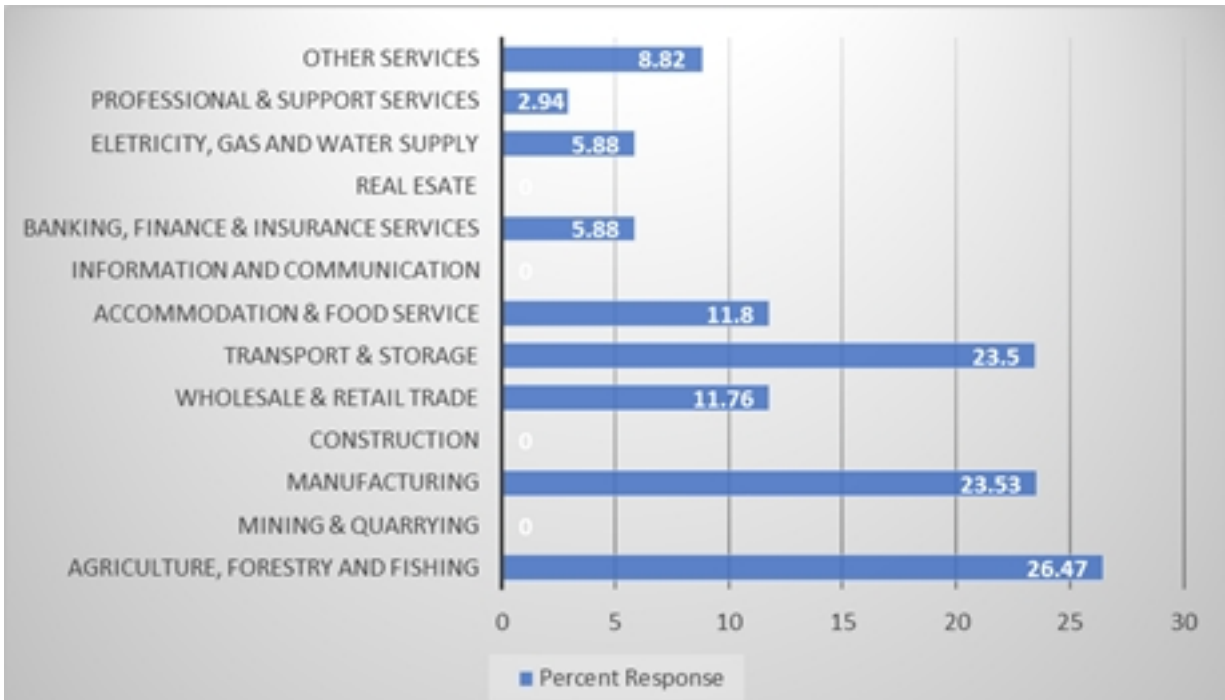
5. Tourism, one of the priority growth sectors in Malawi, will be greatly affected since it depends largely on the movement of people. Local hotels are already witnessing massive cancellations of bookings due to travel restrictions as well as health safety considerations.

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

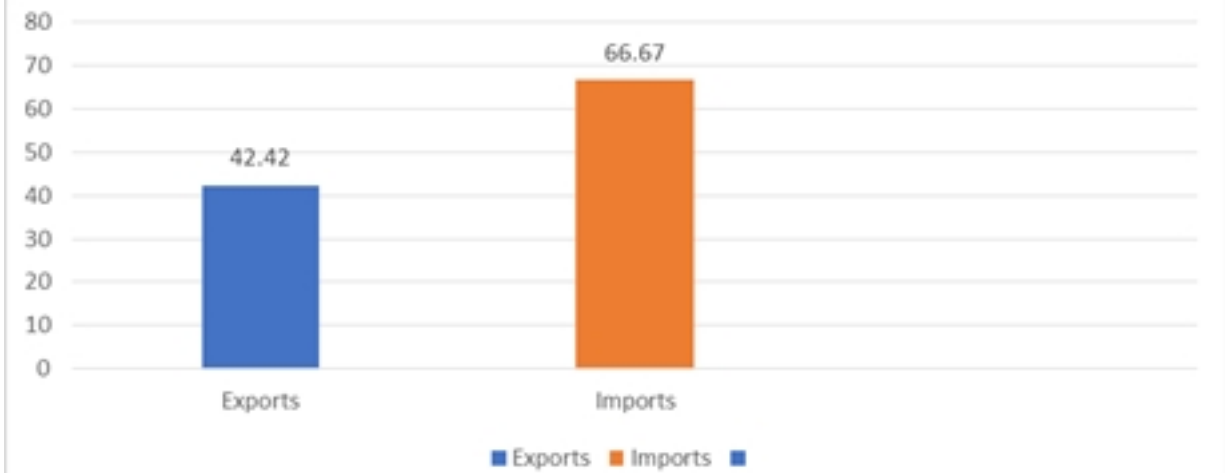
3. Responses According to Sectors

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

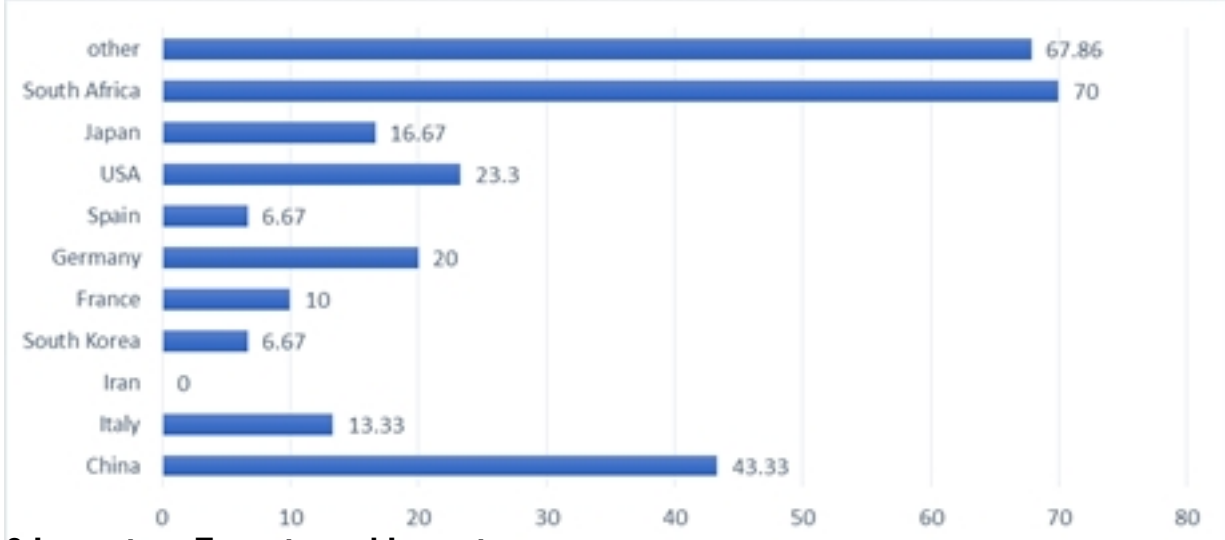
Figure 1: Share of Responses according to Sector



42. Responses according to Exports and Imports. 66.67% of the respondents in the manufacturing sector and 42.42% of the respondents in the agriculture, forestry and fishing sector reported a decrease in exports and imports.



61. Impact of the COVID-19 pandemic on the export and import of goods and services. 66.67% of the respondents in the manufacturing sector and 42.42% of the respondents in the agriculture, forestry and fishing sector reported a decrease in exports and imports.



61. Impact on Exports Trade

IMPACT OF CORONA VIRUS (COVID_19) ON BUSINESSES IN MALAWI

Wednesday, 25 March 2020 10:50

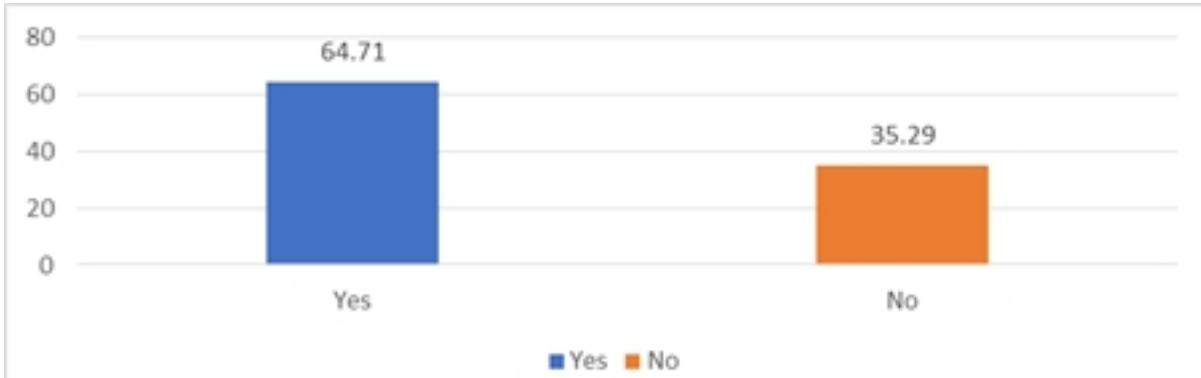


Figure 1: Impact of COVID-19 on businesses in Malawi. Source: Survey data from the study.

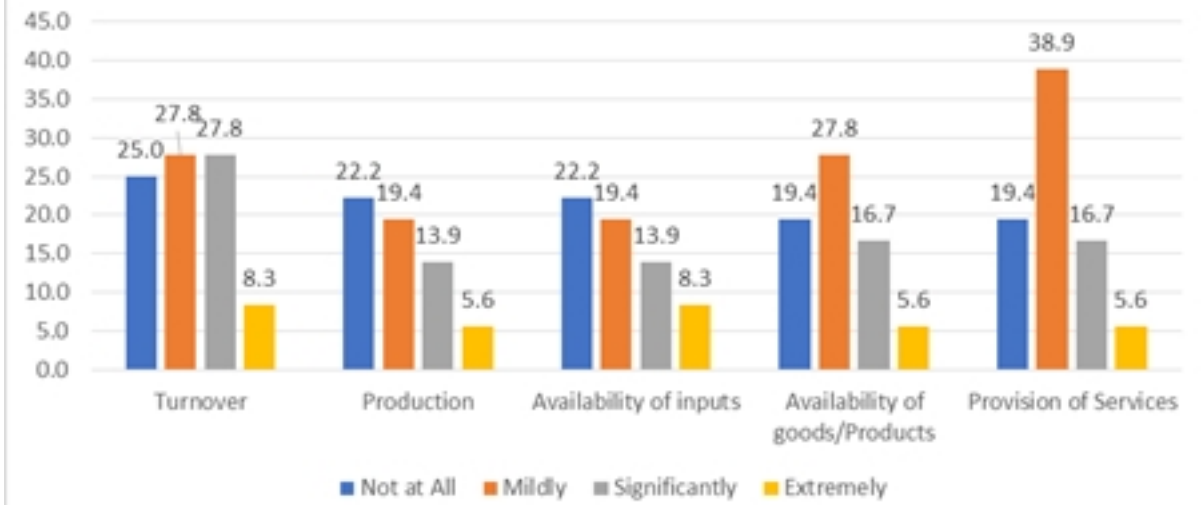


Figure 2: Impact of COVID-19 on various business metrics. Source: Survey data from the study.