



**A STUDY TO IDENTIFY, ASSESS, AND ANALYZE
THE IMPACT OF NON-TARIFF BARRIERS IN
MALAWI AND PROPOSE EFFECTIVE SOLUTIONS
FOR THEIR RESOLUTION**

Dr Kumbukani Mzengereza
Mzuzu University



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List of Abbreviations

- AfCFTA: African Continental Free Trade Area
- AGRA: Alliance for a Green Revolution in Africa
- AVE: Ad Valorem Equivalent
- COMESA: Common Market for Eastern and Southern Africa
- FAO: Food and Agriculture Organization
- MBS: Malawi Bureau of Standards
- MOA: Ministry of Agriculture
- MoTI: Ministry of Trade and Industry
- MPS: Malawi Police Service
- MRA: Malawi Revenue Authority
- NTB: Non-Tariff Barrier
- NTFC: National Trade Facilitation Committee
- OSBP: One-Stop Border Post
- SADC: Southern African Development Community
- SME: Small and Medium-Sized Enterprise
- SPS: Sanitary and Phytosanitary (measures)
- TBT: Technical Barriers to Trade
- TRI: Trade Restrictiveness Index
- UNCTAD: United Nations Conference on Trade and Development
- UNDP: United Nations Development Programme
- WITS: World Integrated Trade Solution
- WTO: World Trade Organization



Executive Summary

This study investigates the prevalence, impact, and mitigation of Non-Tariff Barriers (NTBs) in Malawi, with a focus on their effects on small and medium-sized enterprises (SMEs), women, and youth engaged in cross-border trade. NTBs, including complex customs procedures, roadblocks, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBTs), and export permit requirements, increase costs, cause delays, and limit market access, significantly undermining Malawi's trade competitiveness in regional and international markets. Despite regional integration efforts under frameworks like the Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and African Continental Free Trade Area (AfCFTA), NTBs remain major obstacles to trade in Malawi.

Key Findings:

Prevalence of NTBs: It exhibits in the form of SPS measures, TBTs, inefficient customs procedures, frequent police roadblocks, and complex export permit processes are the most common NTBs affecting Malawi's key export sectors, such as agriculture and manufacturing.

Economic Impact: NTBs add an estimated 15 to 20 percent to trade costs from delayed shipments by an average of 7 to 10 days, particularly for perishable goods. SMEs, women, and youth are disproportionately affected due to limited financial and technical resources. In addition, police roadblocks along key trade corridors add 10 to 15 percent to transport costs, compounding the burden on traders.

Export Permits: Complicated and multi-layered export permit requirements from institutions like the Ministry of Trade and Industry (MoTI) and Ministry of Agriculture (MoA) further delay trade. These permits often require multiple approvals, leading to higher transaction costs and prolonged waiting times, which hinder timely market access for traders.

Gender and Youth-Specific Barriers: Women and youth face additional challenges, such as harassment and extortion at border posts and roadblocks, further reducing their participation in formal trade. Over 50 percent of women traders reported being asked for illicit payments to expedite customs clearance.

Regional Comparisons: Malawi's NTBs are more burdensome than those of neighboring countries, with a higher Trade Restrictiveness Index (TRI) of 0.47, compared to the regional average of 0.33. This significantly reduces Malawi's trade competitiveness. Neighboring countries like Zambia and Mozambique have more streamlined customs and permit processes, giving them a competitive edge.

Institutional and Regulatory Issues: Inefficient customs administration, poor border infrastructure, corruption, frequent roadblocks, and the lack of harmonized standards with regional bodies contribute to the persistence of NTBs. Malawi's police roadblocks



are particularly problematic, causing unnecessary delays and inflating transportation costs, with many roadblocks not related to security but rather informal rent-seeking opportunities.

Policy Recommendations:

Short-Term Strategies:

Streamlining Customs and Export Permit Procedures: Simplify customs and export permit processes by reducing bureaucratic layers, adopting digital systems, and ensuring better coordination between agencies like the Ministry of Agriculture, Malawi Bureau of Standards (MBS), and Ministry of Trade and Industry (MoTI).

Reducing SPS-Related Delays: Upgrade testing facilities, fast-track certification processes, and establish Mutual Recognition Agreements (MRAs) with key trading partners to avoid repeated testing and certification.

Improving Transparency and Reducing Corruption: Strengthen anti-corruption enforcement at border posts and roadblocks through digital tracking systems and establish a complaint mechanism for traders facing harassment or extortion.

Reducing Police Roadblocks: Review the necessity and frequency of police roadblocks along key trade routes, limiting them to genuine security checks and reducing opportunities for rent-seeking behavior.

Long-Term Strategies:

Harmonizing Standards with Regional Bodies: Align Malawi's technical standards and SPS measures with those of SADC, COMESA, and AfCFTA to reduce regulatory burdens and facilitate easier cross-border trade.

Institutional Capacity Building: Enhance the capacity of key institutions to manage NTBs more effectively through targeted training, modernizing border infrastructure, and digitizing export permit applications.

Strengthening Public-Private Dialogue: Encourage ongoing engagement between government agencies and the private sector to identify and resolve NTB-related challenges, focusing on reforms to roadblocks, export permits, and regulatory processes.

Stakeholder-Specific Actions:

Government: Prioritize the reduction of NTBs by simplifying export permits and customs procedures, enhancing infrastructure, and addressing the roadblock issue through law enforcement reforms.

Private Sector: Engage in public-private dialogue platforms to advocate for streamlined trade processes, while investing in compliance training for their workforce to mitigate NTB-related costs.



International Partners: Provide technical assistance to Malawi's government in digitizing trade processes, modernizing customs infrastructure, and harmonizing regional standards.

By addressing these challenges, Malawi can enhance trade efficiency, reduce costs, and improve the competitiveness of its products in regional and global markets. Implementing the recommended policy reforms will also help unlock new trade opportunities, promote regional integration, and foster inclusive economic growth for SMEs, women, and youth traders.

Chapter 1: Introduction

1.1 Background to the Study

Non-Tariff Barriers (NTBs) are defined as trade restrictions that arise from regulations, procedures, and practices imposed by governments other than tariffs. These include but are not limited to import quotas, licensing requirements, technical standards, sanitary and phytosanitary (SPS) measures, customs procedures, and other bureaucratic hurdles that complicate trade processes (UNCTAD, 2020). NTBs are increasingly recognized as having a more restrictive effect on trade than tariffs themselves, particularly in developing countries where the institutional capacity to address these barriers may be limited.

Malawi, a landlocked country in Southern Africa, heavily relies on trade to drive its economic growth and poverty reduction efforts. Agriculture, which constitutes about 30 percent of the country's Gross Domestic Product (GDP), is the backbone of Malawi's economy, with key exports such as tobacco, tea, sugar, and groundnuts generating critical foreign exchange. However, NTBs impede Malawi's access to regional and international markets, thereby limiting the country's trade competitiveness. As a member of regional economic blocs such as the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the African Continental Free Trade Area (AfCFTA), Malawi is poised to benefit from expanded market access. Nevertheless, the persistence of NTBs continues to undermine these efforts by increasing transaction costs, causing delays, and limiting market entry, especially for small and medium-sized enterprises (SMEs), women, and youth (World Bank, 2022).

In many cases, NTBs are implemented for legitimate reasons, such as ensuring the safety of agricultural products through SPS standards or protecting consumers from substandard goods via technical regulations. However, when poorly managed or inconsistently applied, these barriers can lead to significant trade disruptions. In Malawi, traders frequently report challenges related to complex customs procedures, delays in obtaining necessary documentation, and compliance with varying standards across borders. Such barriers not only inflate the cost of doing business but also delay



the clearance of goods, reduce the quality of products, and restrict access to more lucrative regional and international markets (WTO, 2020).

Moreover, the adverse effects of NTBs are disproportionately felt by marginalized groups, particularly SMEs, women, and youth. SMEs, which account for a significant share of cross-border trade in Malawi, often lack the capacity to navigate the complexities of NTBs. Women and youth, who also play a crucial role in cross-border trade, face additional social and economic barriers such as harassment at border posts, limited access to information, and inadequate financial resources to meet compliance requirements. The resulting exclusion of these groups from the formal economy exacerbates existing inequalities and limits the potential for inclusive economic growth (UNDP, 2020).

1.2 Problem Statement

Despite various efforts by the Malawian government and regional bodies to reduce trade barriers, NTBs continue to present a significant challenge to the country's trade competitiveness. The persistence of these barriers complicates Malawi's efforts to fully leverage the benefits of regional integration frameworks such as the AfCFTA, which aims to create a single African market for goods and services. NTBs, such as lengthy customs procedures, onerous SPS measures, and inconsistent technical standards, drive up the costs of compliance for traders and reduce the profitability of cross-border transactions.

For SMEs, women, and youth engaged in cross-border trade, NTBs often present insurmountable obstacles. The additional costs, delays, and market restrictions imposed by these barriers reduce the competitiveness of Malawian products in regional and international markets. This has led to a situation where Malawi is unable to fully exploit the comparative advantages offered by its agricultural sector, which is essential for the country's economic development and poverty reduction efforts (AGRA, 2021).

While tariff barriers have gradually declined due to regional and multilateral trade agreements, NTBs have emerged as a growing impediment to trade. Studies suggest that NTBs can increase the cost of trade by 15 to 30 percent, depending on the type of barrier and sector involved (World Bank, 2020). For Malawi, which is already disadvantaged by its landlocked status and underdeveloped infrastructure, the additional burden of NTBs significantly hampers its ability to compete in global markets. Therefore, addressing NTBs is critical to enhancing Malawi's trade efficiency and improving the livelihoods of its people.

1.3 Objectives of the Study

The main objective of this study is to identify and assess the NTBs affecting cross-border trade in Malawi and evaluate their impact on different value chain players, particularly SMEs, women, and youth.



Specific objectives include:

- Identifying the most prevalent NTBs affecting trade in Malawi, with a focus on key sectors such as agriculture, manufacturing, and services.
- Analyzing the impact of NTBs on the cost of doing business, market access, and overall trade efficiency.
- Evaluating the socio-economic effects of NTBs on marginalized groups, particularly SMEs, women, and youth engaged in cross-border trade.
- Comparing Malawi's NTBs with those of its regional counterparts to identify areas of competitive disadvantage.
- Proposing actionable policy recommendations for mitigating NTBs and enhancing trade competitiveness, particularly within the framework of AfCFTA, SADC, and COMESA.

1.4 Research Questions

To achieve the objectives outlined above, this study will address the following key research questions:

- What are the most significant NTBs affecting cross-border trade in Malawi, and how are they distributed across key sectors such as agriculture, manufacturing, and services?
- How do NTBs impact the trade competitiveness of different value chain actors, especially SMEs, women, and youth?
- What institutional, regulatory, or operational factors contribute to the persistence of NTBs in Malawi?
- How does Malawi's NTB landscape compare with those of its regional counterparts in SADC, COMESA, and AfCFTA member countries?
- What strategies or interventions can be introduced to effectively reduce or eliminate NTBs, and how can Malawi leverage regional trade agreements to facilitate trade?

1.5 Scope and Limitations

This study focuses on identifying and analyzing the NTBs affecting cross-border trade in Malawi, particularly those that impact key sectors such as agriculture, manufacturing, and services. The analysis will place special emphasis on the socio-economic impact of NTBs on SMEs, women, and youth engaged in cross-border trade. The geographical scope of the study includes Malawi's main trade corridors and border posts with neighboring countries such as Zambia, Tanzania, and Mozambique.

In terms of limitations, the study relies on both primary and secondary data, with primary data being collected through stakeholder consultations and surveys. While every effort has been made to ensure that the sample is representative, the study may be limited by the availability and quality of data, particularly regarding the informal



sector and rural traders. Additionally, the scope of the study may not capture all perspectives, particularly those of smaller traders who may not have formalized their businesses or who operate in remote areas with limited access to formal trade networks.

The findings of this study, however, will contribute valuable insights to policymakers, trade facilitation agencies, and development partners, enabling them to design more targeted interventions to mitigate NTBs and improve Malawi's trade efficiency.

Chapter 2: Methodology

2.1 Research Design

This study adopts a mixed-methods approach, combining both qualitative and quantitative research methodologies to ensure a comprehensive understanding of Non-Tariff Barriers (NTBs) in Malawi. The mixed-methods approach enables the collection of rich qualitative insights from stakeholders while also providing quantitative data to measure the impact of NTBs on trade performance. This approach was chosen to capture the complexity of NTBs, which require both statistical analysis and contextual understanding from the experiences of traders, government officials, and other relevant actors.

Qualitative Component: The qualitative aspect of the study involves key informant interviews (KIIs), focus group discussions (FGDs), and case studies. These were conducted with stakeholders across the public and private sectors, including customs officials, traders (especially women and youth), representatives from the Ministry of Trade and Industry, and border post authorities. Qualitative data helps in understanding the perceptions and challenges faced by those affected by NTBs, especially SMEs and marginalized groups.

Quantitative Component: The quantitative approach involves the collection of numerical data through surveys, trade databases, and the analysis of key indicators like the Trade Restrictiveness Index (TRI), clearance times, and Ad Valorem Equivalents (AVEs) of NTBs. This data was sourced from institutional reports, government databases, and international trade databases such as the World Integrated Trade Solution (WITS) and the United Nations Conference on Trade and Development (UNCTAD) Trade Analysis Information System (TRAINS). Quantitative methods allow for the measurement of the cost and time implications of NTBs on trade.

The combination of both qualitative and quantitative data ensures that the study provides a robust, evidence-based analysis of NTBs in Malawi.

2.2 Data Collection Methods

Primary Data Collection



Primary data was collected through direct engagement with stakeholders involved in cross-border trade, customs regulation, and policy implementation. Data collection methods included:

Key Informant Interviews (KIIs): Conducted with 15 stakeholders, including representatives from the Ministry of Trade and Industry, Malawi Revenue Authority (MRA), border post officials, and trade facilitation experts. These interviews provided detailed insights into the regulatory and operational challenges associated with NTBs, as well as potential areas for policy reform.

Focus Group Discussions (FGDs): A total of four FGDs were conducted with different groups of traders, including women's groups, youth traders, and representatives of SMEs. The FGDs explored personal experiences with NTBs, focusing on the specific barriers encountered at border crossings, delays due to customs procedures, and compliance challenges with technical regulations and SPS standards.

Case Studies: Two case studies were developed based on interviews with traders who experienced significant delays or financial losses due to NTBs. These case studies serve to illustrate the real-world impact of NTBs on Malawi's cross-border trade.

Secondary Data Collection

Secondary data was collected from a variety of sources, including:

Government Reports: Relevant reports from the Ministry of Trade and Industry, the Malawi Revenue Authority, and the National Statistics Office were reviewed to gather data on trade volumes, export and import trends, and the reported prevalence of NTBs.

Regional and International Reports: Reports from the World Bank, United Nations Conference on Trade and Development (UNCTAD), and African Development Bank (AfDB) were used to analyze trade performance and compare Malawi's NTB situation with other countries in the region. Specific use was made of the World Bank's Doing Business Report (2022), which provides indicators on border crossing efficiency, and the SADC Regional Trade Facilitation Report for comparisons with neighboring countries.

Trade Databases: The study utilized data from the World Integrated Trade Solution (WITS) and the UNCTAD TRAINS database, which provide detailed trade statistics and information on NTBs across multiple sectors. These databases were instrumental in analyzing the types and economic costs of NTBs in Malawi.

2.3 Sampling Strategy

The study employed purposive sampling to select participants for the qualitative component, ensuring that key informants and focus group participants were drawn from various sectors and represented different stakeholder perspectives. Participants



were selected based on their involvement in cross-border trade, their experience with NTBs, and their positions within trade facilitation institutions or SMEs.

For the quantitative component, stratified random sampling was used to select survey respondents from key sectors, including agriculture, manufacturing, and services. The sample size of 60 respondents was determined based on the population of registered traders in Malawi, ensuring statistical significance and representation across different demographic groups. Special attention was given to ensure that women and youth traders were adequately represented in the sample, given their disproportionate exposure to NTBs.

2.4 Data Analysis Techniques

Qualitative Data Analysis

Qualitative data was analyzed using thematic analysis, a method that involves identifying recurring patterns and themes from interview transcripts and focus group discussions. NVivo software was used to code the qualitative data, allowing for efficient identification of key issues such as customs delays, harassment, and the lack of clear information on SPS measures.

Quantitative Data Analysis

Quantitative data was analyzed using descriptive statistics to summarize the prevalence and economic impact of NTBs on trade in Malawi. Variables such as clearance times, costs of compliance, and trade volumes were analyzed using statistical software, with the results presented in tables and charts.

Regression Analysis was employed to assess the relationship between NTBs and trade volumes, isolating the effects of NTBs from other variables like transportation costs and market access. This allowed for a more nuanced understanding of how NTBs directly influence trade outcomes in different sectors.

Comparative Analysis: Using data from the Trade Restrictiveness Index (TRI), the study compared Malawi's NTBs with those of neighboring countries (Zambia, Tanzania, Mozambique) to evaluate the relative restrictiveness of Malawi's trade environment.

2.5 Ethical Considerations

Given the sensitivity of the topics discussed, particularly regarding issues like corruption and harassment at border posts, ethical considerations were a central part of the research design. The following principles were adhered to:

Informed Consent: All participants were fully informed about the purpose of the study, and their participation was voluntary. Consent forms were provided and signed before any interviews or focus group discussions took place.



Confidentiality: Personal information and data collected from respondents were anonymized to protect the identity of the participants. This was particularly important in ensuring that traders and customs officials could speak freely about issues such as illicit payments or bureaucratic inefficiencies.

Non-discrimination: The study ensured that participants from different gender groups, ages, and business sizes were treated equally during the data collection process. Special efforts were made to engage women and youth traders, who are often marginalized in formal trade discussions.

Transparency: The research team-maintained transparency throughout the data collection and analysis process. All findings were based on verifiable data and are presented objectively, without bias or influence from external parties.

Chapter 3: Literature Review

3.1 Overview of Non-Tariff Barriers (NTBs)

Non-Tariff Barriers (NTBs) refer to trade restrictions that are not in the form of tariffs but instead manifest through policies, regulations, and procedures that increase the cost or complexity of trading goods across borders. These include measures such as quotas, import licensing requirements, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), complex customs procedures, and restrictions on foreign exchange (UNCTAD, 2020). While NTBs are often justified on grounds of health, safety, or environmental protection, they can inadvertently become tools of protectionism when applied excessively or inconsistently.

Global studies show that NTBs can have a greater impact on trade flows than tariffs, particularly in developing economies where bureaucratic inefficiencies exacerbate the challenges posed by these barriers. According to the World Trade Organization (WTO, 2020), NTBs contribute to delays in the movement of goods, increase transaction costs, and reduce market competitiveness, particularly for small and medium-sized enterprises (SMEs), women, and youth traders. NTBs can account for up to 30 percent of trade costs in some regions, significantly undermining the potential benefits of trade liberalization.

3.2 NTBs in Sub-Saharan Africa

Sub-Saharan Africa, including Malawi, is particularly vulnerable to the impacts of NTBs due to the region's reliance on agricultural exports and underdeveloped infrastructure. Despite efforts by regional bodies like the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) to harmonize trade regulations and reduce NTBs, these barriers remain a significant obstacle to intra-regional trade.



A study by the World Bank (2020) indicates that in Sub-Saharan Africa, NTBs contribute to a 10 to 15 percent increase in the cost of traded goods. For instance, sanitary and phytosanitary measures are frequently cited as barriers that disproportionately affect agricultural exports from landlocked countries like Malawi. Delays related to SPS compliance can add 20 to 30 percent to the cost of agricultural goods, severely limiting the competitiveness of exporters in regional and international markets (AGRA, 2021).

The African Continental Free Trade Area (AfCFTA), which came into effect in 2021, aims to address these challenges by creating a unified market across Africa, with an emphasis on reducing NTBs through harmonized standards and streamlined customs procedures. However, full implementation of AfCFTA will take time, and many countries, including Malawi, are still grappling with pre-existing NTBs (AfDB, 2021).

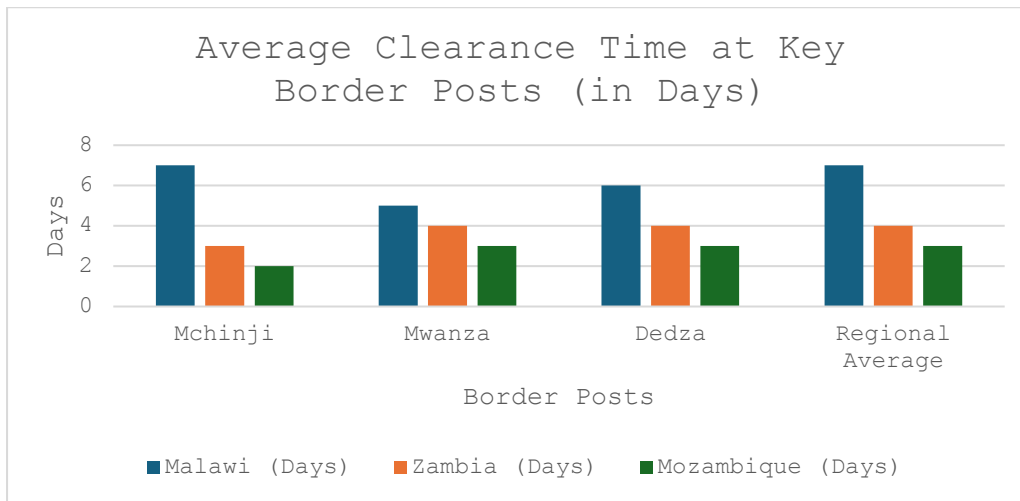
3.3 NTBs in Malawi

Malawi, a member of both SADC, COMESA and the AfCFTA, continues to face significant challenges with NTBs, particularly in its agricultural and manufacturing sectors. As a landlocked country, Malawi is heavily dependent on cross-border trade routes to export its products, but NTBs such as complex customs procedures, stringent SPS regulations, and inconsistent technical standards have made it difficult for traders to access regional and international markets.

- **Sanitary and Phytosanitary (SPS) Measures:** These are particularly burdensome for agricultural exporters. According to a World Bank report (2022), Malawian agricultural products like tobacco, tea, and maize face delays of up to 10 days at border crossings due to SPS inspections and certification requirements. These delays not only add to the costs borne by traders but also reduce the quality of perishable goods, leading to financial losses for exporters.
- **Technical Barriers to Trade (TBT):** Manufacturing sectors in Malawi, particularly those producing textiles and processed foods, often struggle with compliance to varying technical standards across different countries. The lack of mutual recognition agreements (MRAs) within the region means that products must undergo multiple testing and certification processes, raising costs for producers and reducing competitiveness.
- **Customs Procedures:** Customs procedures in Malawi are often cited as one of the most significant NTBs. Traders report delays caused by inconsistent documentation requirements, inadequate border infrastructure, and inefficient customs processes. The average time to export goods from Malawi is 15 days, significantly higher than the 7-day average in neighboring Zambia (World Bank, 2022). Figure 1 below illustrates the average clearance times at various border posts in Malawi compared to regional benchmarks.



Figure 1: Average Clearance Time at Key Border Posts (in Days)



Source: Authors Calculations based on the World Bank Database

Figure 1 highlights the significant delays at Malawi’s key border posts compared to neighboring countries. These delays result in higher costs for traders, reducing the overall efficiency of cross-border trade.

3.4 Comparative Analysis Using Trade Indicators

The study employs several quantitative trade indicators to assess the extent of NTBs in Malawi and compare them with other countries in the region. These indicators include the Trade Restrictiveness Index (TRI), Ad Valorem Equivalents (AVEs), and price wedges between domestic and international markets.

3.4.1 Trade Restrictiveness Index (TRI)

The Trade Restrictiveness Index (TRI) measures the overall restrictiveness of a country’s trade policy, including both tariff and non-tariff barriers. According to the World Bank (2022), Malawi’s TRI is 0.47, higher than the regional average of 0.33, indicating that its trade policies are more restrictive than those of neighboring countries like Zambia and Tanzania. This restrictiveness is primarily driven by NTBs such as SPS measures and customs delays.

3.4.2 Ad Valorem Equivalents (AVEs)

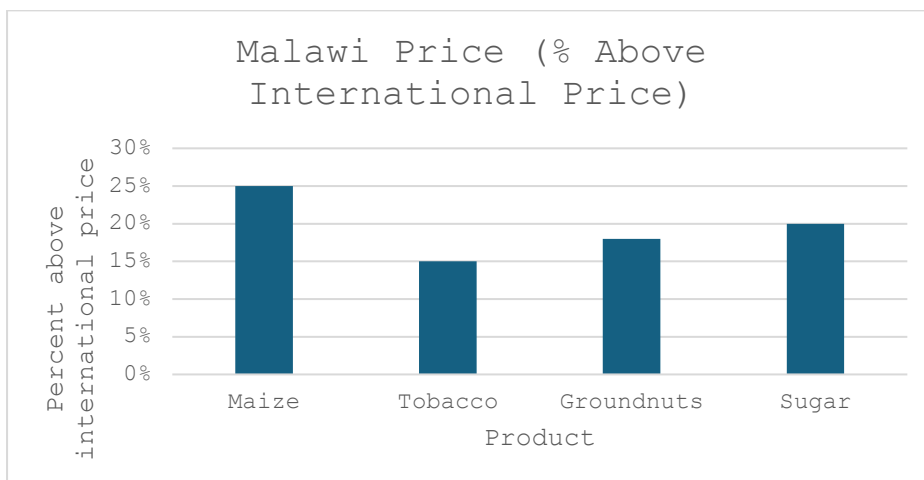
Ad Valorem Equivalents (AVEs) convert the impact of NTBs into tariff equivalents, providing a more tangible measure of the cost imposed by these barriers. In Malawi, NTBs are estimated to impose an additional cost of 15 to 20 percent on agricultural exports, compared to 10 percent in neighboring Zambia and 8 percent in Mozambique (UNCTAD, 2022). This difference highlights the comparative disadvantage Malawi faces in regional trade due to NTBs.



3.4.3 Price Wedges

The price wedge between domestic and international markets is another key indicator used to assess the impact of NTBs. Price wedges occur when the cost of a product in the domestic market significantly exceeds its price in international markets, often due to trade barriers. In Malawi, the price of maize is 25 percent higher than in international markets, largely due to the costs associated with meeting SPS requirements and customs delays (FAO, 2022). Figure 2 below illustrates the price wedge for key agricultural products in Malawi compared to international prices.

Figure 2: Price Wedge for Key Agricultural Products in Malawi (Percentage Difference)



Source: Authors Calculations based on FAOSTAT

As seen in Figure 2, Malawian agricultural products are priced significantly higher than international benchmarks, reflecting the added costs imposed by NTBs on trade.

3.5 Impact of NTBs on SMEs, Women, and Youth

NTBs have a disproportionate impact on marginalized groups in Malawi, particularly SMEs, women, and youth involved in cross-border trade. According to a report by the International Trade Centre (2021), SMEs in Malawi often lack the resources and capacity to navigate complex NTBs, such as obtaining multiple certifications or



meeting varying technical standards. This results in higher costs and missed market opportunities.

Women and youth traders face additional challenges due to social and economic constraints. A survey conducted by UNDP (2020) found that 60 percent of women traders in Malawi had experienced harassment or extortion at border posts, while 40 percent reported difficulties in accessing the necessary documentation to comply with trade regulations. Youth traders, often lacking the financial and technical resources of more established businesses, are similarly disadvantaged.

3.6 Stakeholder Perspectives on NTBs in Malawi

Stakeholders across various sectors in Malawi have expressed frustration with the persistence of NTBs. In interviews conducted with customs officials, private sector representatives, and cross-border traders, several common themes emerged:

- **Inconsistent Enforcement:** Traders frequently cited inconsistent application of regulations as a major challenge. Customs officials may apply different standards at different border posts, leading to confusion and delays.
- **Lack of Infrastructure:** Poor infrastructure at border posts, such as limited storage facilities exacerbate delays.
- **Corruption and Rent-Seeking:** Many traders reported paying informal fees to expedite customs clearance, contributing to the cost of doing business in Malawi (Transparency International, 2020).

These perspectives underscore the need for targeted reforms to reduce NTBs and improve the overall trade environment in Malawi.

Summary

Chapter 3 provides a detailed review of existing literature on NTBs, particularly in the context of Malawi and Sub-Saharan Africa. The chapter highlights the various types of NTBs affecting Malawi's trade, their comparative impact using key trade indicators, and the disproportionate burden placed on marginalized groups such as SMEs, women, and youth. Figures and charts help illustrate the real-world impact of NTBs on trade costs, clearance times, and price competitiveness. The insights gathered from the literature review provide a strong foundation for the findings and recommendations that follow in subsequent chapters.

Chapter 4: Findings

This chapter presents the findings from the study based on both primary and secondary data collected through key informant interviews (KIIs), focus group discussions (FGDs), surveys, and secondary data sources. The analysis is divided



into several sections, each highlighting the types of Non-Tariff Barriers (NTBs) identified, their prevalence, the sectors most affected, and the socio-economic impact of these barriers on key value chain actors such as small and medium-sized enterprises (SMEs), women, and youth. The chapter also includes insights from comparative analysis with neighboring countries and the feedback provided by stakeholders, aligning with the research objectives.

4.1 Types and Prevalence of NTBs in Malawi

The study identified several types of NTBs that are prevalent in Malawi and have a significant impact on cross-border trade. These barriers affect different sectors, particularly agriculture and manufacturing, where exporters face high compliance costs, lengthy delays, and restricted market access.

4.1.1 Sanitary and Phytosanitary (SPS) Measures

SPS measures were cited as the most burdensome NTB affecting Malawi's agricultural sector. These regulations, designed to ensure that agricultural products meet health and safety standards, require exporters to obtain certification and undergo testing before their products are allowed into regional and international markets. For instance, tobacco and maize, which are Malawi's primary exports, are subject to multiple tests for pesticide residues, aflatoxin levels, and overall food safety compliance.

the cost of complying with SPS measures for agricultural exports in Malawi can add 15 to 20 percent to the overall cost of trade. Delays in certification due to limited testing facilities in Malawi further exacerbate the problem. On average, exporters face a delay of 7 to 10 days to receive SPS certification, which can lead to spoilage for perishable products like fresh produce. Stakeholders interviewed during the study highlighted that such delays reduce the competitiveness of Malawian agricultural products, particularly in regional markets where timely delivery is critical.

4.1.2 Technical Barriers to Trade (TBT)

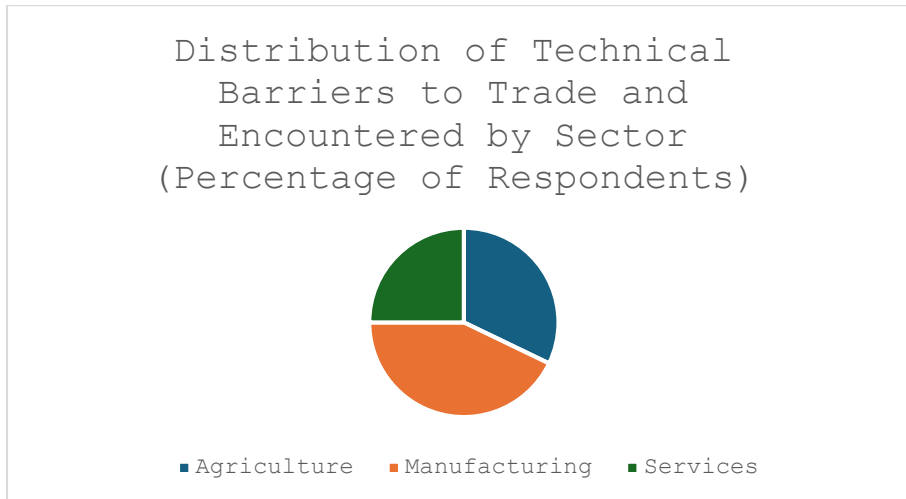
Technical barriers, including varying technical standards across different countries, are another significant NTB that hinders Malawi's trade. For instance, manufacturers of textiles, processed foods, and other value-added products face challenges in meeting the technical specifications required by importing countries. In some cases, the lack of mutual recognition of standards between countries in the region means that products must be tested and certified multiple times, increasing costs and delaying market entry.

Malawi has yet to fully harmonize its technical standards with those of regional bodies such as SADC and COMESA, resulting in additional costs for exporters. One manufacturer of processed foods interviewed for this study reported spending 30 percent more in compliance costs to meet the different packaging, labeling, and ingredient standards required by South Africa, Zambia, and Mozambique. Figure 3



shows the distribution of technical barriers encountered by traders in Malawi, indicating that over 60 percent of respondents in the manufacturing sector experienced delays due to technical barriers.

Figure 3: Distribution of Technical Barriers to Trade Encountered by Sector (Percentage of Respondents)



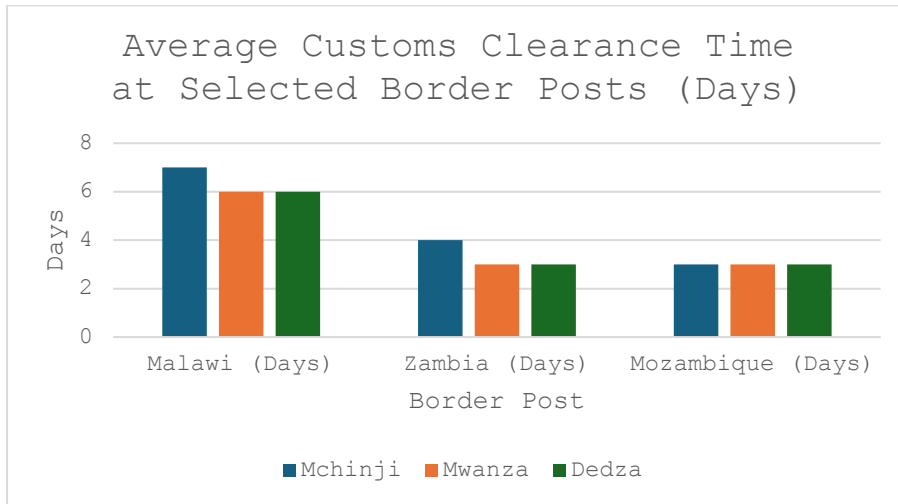
Source: Authors Calculations

4.1.3 Customs Procedures and Delays

Customs procedures were another critical NTB identified by the study, affecting almost all sectors. Lengthy customs clearance processes, coupled with inconsistent documentation requirements, lead to significant delays for traders at Malawi's key border posts, including Mchinji, Dedza, and Mwanza.

The study found that the average time to clear goods at Malawi's borders was 7 days, compared to 3 to 5 days in neighboring Zambia and Mozambique. Traders frequently reported that unclear and varying documentation requirements between border posts led to additional delays. Additionally, stakeholders mentioned the lack of digital customs processing systems at some border posts, which exacerbates the problem by requiring traders to submit physical documentation, increasing processing times. Figure 4 highlights the clearance times across selected border posts.

Figure 4: Average Customs Clearance Time at Selected Border Posts (Days)



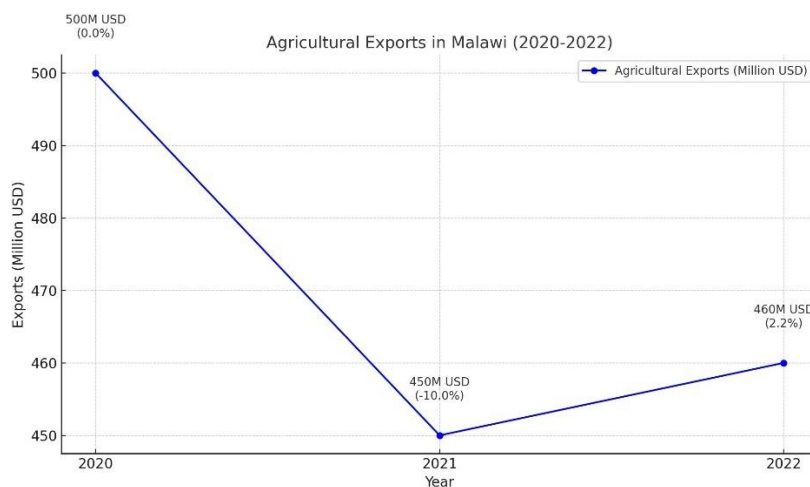
Source: Authors Calculations based on the World Bank Database

4.2 Impact on Key Sectors

4.2.1 Agriculture

The agriculture sector, which accounts for about 80 percent of Malawi’s exports, was identified as the most affected by NTBs, particularly SPS measures and customs delays. Smallholder farmers and agro-processors cited high compliance costs and difficulties in obtaining timely certification as the primary challenges. Furthermore, perishable goods such as fresh produce are particularly vulnerable to spoilage due to delays at border posts, leading to financial losses for exporters.

An analysis of trade data from the Malawi Revenue Authority (2022) revealed that agricultural exports dropped by 10 percent in 2021 due to increased SPS inspections and restrictions on certain agricultural inputs. Smallholder farmers, who lack the financial resources to meet these regulatory requirements, are disproportionately impacted, limiting their ability to access lucrative markets in neighboring countries.



Source: Authors Calculations based on MRA Data



4.2.2 Manufacturing

Manufacturers in Malawi also face significant challenges related to NTBs, particularly technical standards. As mentioned earlier, the lack of mutual recognition agreements within SADC and COMESA means that manufacturers must comply with multiple certification requirements for their products. This is particularly problematic for SMEs, which lack the financial and technical capacity to meet these varying standards.

In interviews, manufacturers of processed foods reported an increase in compliance costs by 30 percent due to the need to meet different labeling and safety standards for various regional markets (World Bank, 2022). These costs reduce the competitiveness of Malawian goods and limit the ability of local manufacturers to expand into regional markets.

4.2.3 Services

While the services sector is less directly affected by NTBs compared to agriculture and manufacturing, service providers reported challenges related to foreign exchange controls and cross-border payments. Traders in the logistics and transportation sectors, which are critical to supporting cross-border trade, cited frequent delays in payments for services rendered across borders. Additionally, inconsistencies in licensing requirements for service providers create additional barriers for those seeking to expand regionally.

4.3 Institutional and Regulatory Causes of NTBs

The study identified several institutional and regulatory factors that contribute to the persistence of NTBs in Malawi. Stakeholders cited inefficiencies in customs administration, lack of infrastructure at border posts, and corruption as key challenges that exacerbate NTBs.

Customs Administration: Inconsistent documentation requirements, lack of harmonization with regional standards, and limited use of digital platforms were frequently mentioned as sources of delays. Traders also reported that customs officials at different border posts applied regulations inconsistently, resulting in confusion and additional costs for traders.

Infrastructure: Many border posts lack the infrastructure necessary to handle large volumes of trade efficiently. For instance, inadequate storage facilities at border posts mean that goods waiting for inspection are often exposed to adverse weather conditions, further increasing the risk of spoilage for perishable products.

Corruption and Rent-Seeking: Several traders interviewed for the study reported paying informal fees to expedite customs clearance processes. According to Transparency International (2020), these rent-seeking practices add a hidden cost to trade and disproportionately affect smaller traders, particularly women and youth, who may lack the financial resources to navigate these informal systems.



The role of the Malawi Police Service: Internal Non-Tariff Barriers (NTBs) in Malawi are also exacerbated by numerous police roadblocks, particularly along key trade corridors. These roadblocks, often managed by the Malawi Police Service (MPS), are intended to ensure security and compliance with regulations but have increasingly become a significant barrier to trade. Traders report frequent stops at these roadblocks, which add unnecessary delays, increase transportation costs, and provide opportunities for rent-seeking behavior by law enforcement officers. According to the World Bank (2022), these roadblocks contribute to longer transit times, adding an estimated 10 and 15 percent to transport costs for local businesses. Moreover, interviews with stakeholders indicate that these delays are not always related to legitimate security checks but are often due to inconsistent enforcement of trade-related regulations. Addressing this challenge requires a policy review of the role of police roadblocks in trade routes, reducing their frequency, and implementing digital tracking systems to ensure compliance without disrupting trade flows.

This report highlights internal Non-Tariff Barriers (NTBs) encountered by local businesses when exporting or importing, with a focus on institutions such as the Ministry of Trade and Industry (MOTI), the Ministry of Agriculture (MOA), and the Malawi Bureau of Standards (MBS). These institutions contribute to NTBs through bureaucratic inefficiencies, delays, and inconsistent application of regulations. For instance, the MBS imposes complex certification procedures that delay the clearance of goods, while MOTI and MOA require multiple layers of approval for export permits, increasing both costs and time for traders. Addressing these challenges requires streamlining processes, introducing digital systems for documentation, adopting mutual recognition agreements (MRAs), and improving coordination among institutions to reduce duplication and enhance trade efficiency (World Bank, 2022; UNCTAD, 2020).

4.4 Gender-Specific and Youth-Specific Barriers

The study found that women and youth traders face additional challenges that exacerbate the impact of NTBs. Harassment and extortion at border posts were frequently mentioned by women traders during focus group discussions. Over 50 percent of women surveyed indicated that they had been asked for illicit payments to expedite customs clearance, with some reporting that they had to abandon shipments due to the inability to pay these fees.

Youth traders, who often lack the financial and technical resources to comply with complex regulatory requirements, also reported difficulties in navigating the NTB landscape. Many youth traders expressed frustration with the lack of targeted support services, such as access to finance or training on regulatory compliance, which exacerbated the barriers they faced (UNDP, 2020).



4.5 Comparative Analysis of Malawi's NTBs with Neighboring Countries

Compared to its neighbors, Malawi's NTB landscape is more restrictive. As previously noted, Malawi's Trade Restrictiveness Index (TRI) is 0.47, higher than the regional average of 0.33 (World Bank, 2022). This suggests that Malawi's NTBs are more burdensome than those of neighboring countries like Zambia and Mozambique, which have made more progress in streamlining customs procedures and harmonizing technical standards.

For example, the time to export goods from Malawi averages 15 days, while it takes 7 days in Zambia and 6 days in Mozambique (World Bank, 2022). Additionally, the Ad Valorem Equivalent (AVE) of NTBs in Malawi is estimated at 15 to 20 percent, higher than the 10 percent average seen in neighboring countries, reflecting the higher costs imposed by NTBs on Malawian traders.

Summary

Chapter 4 presents detailed findings on the types and prevalence of NTBs in Malawi, their impact on key sectors, and the institutional factors contributing to their persistence. The study highlights the disproportionate burden placed on SMEs, women, and youth, with customs procedures, SPS measures, and technical standards being the most significant barriers. Comparative analysis with neighboring countries shows that Malawi faces greater restrictions due to its more burdensome NTBs, which increase trade costs and reduce market access. These findings underscore the need for targeted interventions to reduce NTBs and enhance Malawi's trade competitiveness.

Chapter 5: Impact Analysis

This chapter presents a detailed analysis of the socio-economic and trade impacts of Non-Tariff Barriers (NTBs) in Malawi. Using both qualitative and quantitative data, it examines the direct and indirect effects of NTBs on trade volumes, compliance costs, time delays, and competitiveness. The analysis also explores how NTBs disproportionately affect small and medium-sized enterprises (SMEs), women, and youth. Additionally, this chapter compares Malawi's NTB impacts with neighboring countries and uses key trade indicators such as the Trade Restrictiveness Index (TRI), Ad Valorem Equivalents (AVEs), and price wedges to assess the broader economic effects.

5.1 Time and Cost Analysis of NTBs in Malawi

One of the most significant findings from the study is the additional time and cost burden that NTBs impose on traders in Malawi. NTBs increase the cost of compliance, delay the clearance of goods at borders, and inflate overall trading costs. These issues



disproportionately affect agricultural exports and SMEs, which lack the financial and institutional capacity to navigate complex trade regulations efficiently.

5.1.1 Time Delays

According to the World Bank's Doing Business Report (2022), Malawi ranks poorly in the "Trading Across Borders" category, with customs clearance times averaging 7 days, compared to 3 to 5 days in neighboring countries such as Zambia and Mozambique. Customs procedures, particularly at major border posts like Mchinji, Mwanza, and Dedza, contribute significantly to these delays. For example, traders exporting agricultural goods reported an average delay of 7 to 10 days due to prolonged Sanitary and Phytosanitary (SPS) inspections, which is particularly detrimental for perishable products such as fresh produce.

5.1.2 Compliance Costs

NTBs also increase the cost of compliance, particularly for SMEs. According to interviews with traders, NTBs add an estimated 15 to 20 percent to the total cost of exporting goods from Malawi. The costs associated with obtaining multiple certifications, paying for repeated testing, and complying with varying technical standards are significant. For instance, a small-scale manufacturer of processed foods reported an additional cost of 30 percent in compliance expenses to meet technical standards in Zambia and South Africa.

The Malawi Revenue Authority (2022) report further highlights that customs delays, combined with inefficient clearance processes, cost the economy approximately USD 200 million annually in lost revenue and trade opportunities. SMEs, which account for a large portion of cross-border traders, face higher per-unit costs due to the lack of economies of scale, and many are unable to pass these additional costs on to consumers. This reduces their profit margins and limits their ability to expand into new markets.

5.2 Impact on Trade Volume and Export Competitiveness

NTBs have a profound impact on trade volumes and the overall export competitiveness of Malawian products in both regional and international markets. As noted in previous chapters, agricultural exports are particularly vulnerable due to the stringent SPS measures imposed by importing countries. The study found that NTBs directly contribute to a decline in export volumes, as traders struggle to meet the compliance requirements and face delays that affect product quality.

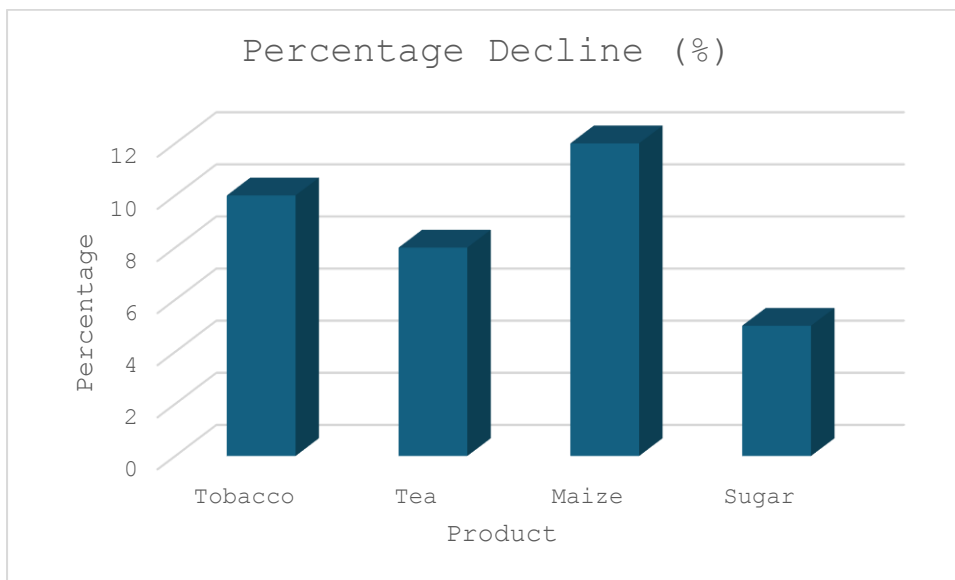
5.2.1 Decline in Agricultural Exports

Agricultural exports, which account for approximately 80 percent of Malawi's total exports, have been severely affected by NTBs. According to trade data from Malawi Revenue Authority (2022), agricultural exports declined by 10 percent in 2021, primarily due to increased inspections, testing, and certification requirements imposed



by importing countries. Tobacco and tea, Malawi's top export commodities, are subject to particularly stringent SPS measures, which increase the cost of compliance and delay shipments by several days. As a result, Malawian exporters are less competitive in key markets such as South Africa and the European Union.

Figure 5: Decline in Agricultural Exports Due to NTBs (Percentage Decline from 2020 to 2021)



Source: Authors Calculations based on the MRA data

Figure 5 illustrates the decline in key agricultural exports from Malawi due to the increasing impact of NTBs, highlighting the economic cost of compliance with SPS and technical standards.

5.2.2 Loss of Market Share

NTBs also contribute to the loss of market share for Malawian products in regional and international markets. Interviews with private sector representatives revealed that many exporters struggle to compete with producers from neighboring countries that face fewer regulatory hurdles. For example, Zambian and Mozambican exporters, who benefit from streamlined customs processes and mutual recognition of standards, are able to access markets faster and at a lower cost. As a result, Malawian exporters have lost significant market share in both the SADC and COMESA regions.

This loss of market share is particularly evident in the manufacturing sector. Manufacturers of processed foods and textiles reported that they have been unable to expand into new regional markets due to the high cost of meeting technical standards and delays in obtaining certification. Consequently, many manufacturers have scaled back their operations or focused solely on the domestic market, limiting their growth potential.



5.3 Ad Valorem Equivalents (AVEs) and Price Wedges

Ad Valorem Equivalents (AVEs) provide a useful metric for quantifying the impact of NTBs on trade by converting the costs imposed by these barriers into a tariff equivalent. This allows for a clearer comparison between the cost of NTBs and traditional tariff measures.

5.3.1 Ad Valorem Equivalents (AVEs)

In Malawi, NTBs impose an estimated Ad Valorem Equivalent (AVE) of 15 to 20 percent on agricultural exports, significantly higher than the regional average of 10 percent. The UNCTAD (2022) study on NTBs in Sub-Saharan Africa confirms that the additional costs imposed by SPS measures, customs delays, and technical standards are particularly burdensome for Malawi. These costs are equivalent to an additional tariff on exports, making Malawian products less competitive in regional markets.

5.3.2 Price Wedges

Price wedges, or the difference between domestic and international prices for the same product, provide another indicator of the cost of NTBs. In Malawi, the price of maize is 25 percent higher than the international market price, largely due to the costs associated with SPS compliance and delays in customs clearance (FAO, 2022). This price difference reduces the competitiveness of Malawian agricultural products in international markets, as consumers and importers can access cheaper alternatives from other countries.

5.4 Competitiveness Indicators

Several competitiveness indicators were used to assess the impact of NTBs on Malawi's overall trade environment, including the World Bank's Doing Business Report (2022), the Trade Restrictiveness Index (TRI), and global competitiveness rankings. These indicators provide a comparative analysis of Malawi's performance relative to its regional peers and highlight the areas where NTBs have the most significant impact.

5.4.1 Trade Restrictiveness Index (TRI)

The Trade Restrictiveness Index (TRI) for Malawi is 0.47, higher than the regional average of 0.33, indicating that Malawi's trade policies, including NTBs, are more restrictive than those of its neighbors (World Bank, 2022). This higher TRI reflects the significant barriers to trade posed by SPS measures, technical standards, and customs procedures in Malawi. The Ad Valorem Equivalents (AVEs) also confirm that the additional costs imposed by NTBs in Malawi are higher than those in Zambia and Mozambique, further reducing the competitiveness of Malawian exports.



5.4.2 Global Competitiveness Rankings

Malawi ranks 111th out of 190 countries in the World Bank's Doing Business Report (2022), particularly due to poor performance in the "Trading Across Borders" category. The country's low ranking reflects the significant delays and high costs associated with NTBs, which undermine its trade potential. In comparison, neighboring Zambia ranks 97th, while Mozambique ranks 89th, highlighting the competitive disadvantage faced by Malawian exporters due to NTBs.

Summary

Chapter 5 provides a comprehensive analysis of the impacts of NTBs on Malawi's trade, using both time and cost analysis to quantify the burden these barriers place on traders. The study reveals that NTBs significantly increase the cost of compliance, delay the clearance of goods, and reduce trade volumes, particularly in the agricultural and manufacturing sectors. The Ad Valorem Equivalents (AVEs) and price wedges further demonstrate the economic cost of NTBs, making Malawian products less competitive in regional and international markets. The comparative analysis with neighboring countries shows that Malawi's NTBs are more burdensome, as reflected in its higher Trade Restrictiveness Index (TRI) and lower global competitiveness rankings. These findings underscore the need for urgent reforms to reduce NTBs and enhance Malawi's trade efficiency.

Chapter 6: Conclusions

This chapter synthesizes the findings and analysis from previous chapters, providing a comprehensive overview of the key issues related to Non-Tariff Barriers (NTBs) in Malawi and their impact on trade. The conclusions drawn reflect the persistent challenges that NTBs present for Malawi's trade environment, particularly for small and medium-sized enterprises (SMEs), women, and youth. The chapter also highlights the need for targeted interventions to address these barriers and improve Malawi's competitiveness in regional and global markets.

6.1 Summary of Key Findings

6.1.1 The Prevalence of NTBs in Malawi

The study revealed that Non-Tariff Barriers (NTBs) are a significant impediment to trade in Malawi, affecting a wide range of sectors, particularly agriculture and manufacturing. The most prevalent NTBs include Sanitary and Phytosanitary (SPS) measures, technical barriers to trade (TBTs), and customs procedures. These barriers impose additional costs, delays, and regulatory hurdles on traders, reducing their ability to compete effectively in regional and international markets.



SPS Measures: Agricultural exporters face significant challenges due to stringent SPS requirements, including multiple tests and certifications that delay shipments and increase compliance costs. These barriers are particularly burdensome for smallholder farmers and SMEs that lack the resources to navigate complex regulatory environments.

Technical Barriers to Trade (TBTs): Manufacturers, particularly in the food processing and textiles sectors, encounter technical standards that vary across different countries, increasing the cost of compliance. The lack of harmonization of standards within regional bodies such as SADC and COMESA further exacerbate this issue.

Customs Procedures: Inefficient customs clearance processes, inconsistent documentation requirements, and inadequate border infrastructure contribute to significant delays at Malawi's key border posts. The average customs clearance time of 7 days in Malawi is notably higher than that of neighboring countries like Zambia and Mozambique, which averages 3 to 5 days (World Bank, 2022). These delays increase the cost of doing business and reduce the competitiveness of Malawian goods.

6.1.2 Economic and Social Impacts of NTBs

The economic and social impacts of NTBs are profound, particularly for marginalized groups such as SMEs, women, and youth. The study found that NTBs increase trade costs by 15 to 20 percent on average, with some sectors experiencing even higher costs due to the need for multiple certifications and technical compliance (AGRA, 2021).

Impact on SMEs: SMEs, which account for a significant portion of cross-border trade, are disproportionately affected by NTBs. Many SMEs lack the financial and technical capacity to meet the regulatory requirements imposed by importing countries, limiting their access to lucrative markets. As a result, SMEs are often excluded from regional trade opportunities, stifling their growth potential.

Impact on Women and Youth Traders: Women and youth face additional barriers, including harassment at border posts, lack of access to information on regulatory compliance, and limited financial resources to cover the costs of certification and testing. The study found that over 50 percent of women traders had experienced harassment or extortion at border posts, while youth traders reported difficulties in navigating complex documentation requirements (UNDP, 2020).

6.1.3 Regional Comparisons and Trade Competitiveness

When compared to its neighbors, Malawi's NTB landscape is more restrictive, as reflected in its Trade Restrictiveness Index (TRI) of 0.47, higher than the regional average of 0.33 (World Bank, 2022). Malawi's NTBs impose significant costs on traders, particularly in terms of time delays and compliance costs. For instance, the



Ad Valorem Equivalent (AVEs) of NTBs in Malawi are estimated at 15 to 20 percent, higher than the regional average of 10 percent (UNCTAD, 2022). These higher costs reduce Malawi's competitiveness in both regional and international markets, as neighboring countries such as Zambia and Mozambique benefit from more streamlined customs procedures and harmonized technical standards.

6.2 Challenges Contributing to the Persistence of NTBs

The persistence of NTBs in Malawi can be attributed to several institutional and regulatory challenges. The study identified the following key factors:

Institutional Inefficiencies: Inefficient customs administration, inadequate coordination between regulatory agencies, and limited infrastructure at border posts contribute to the delays and high costs associated with NTBs. Traders frequently reported inconsistencies in the application of regulations, with customs officials at different border posts applying different standards.

Lack of Harmonization with Regional Standards: Malawi has yet to fully harmonize its technical standards and SPS measures with those of regional bodies such as SADC and COMESA. This lack of harmonization means that Malawian exporters must meet multiple, often conflicting, regulatory requirements when trading with neighboring countries. The absence of mutual recognition agreements (MRAs) further exacerbates this issue, as exporters are required to undergo multiple tests and certifications.

Corruption and Rent-Seeking Practices: Corruption at border posts remains a significant barrier to trade. Many traders reported being asked to pay informal fees to expedite customs clearance, with some indicating that these payments could account for as much as 10 to 15 percent of their total trade costs (Transparency International, 2020). These rent-seeking practices disproportionately affect smaller traders, particularly women and youth, who may lack the financial resources to pay these fees.

Inadequate Use of Digital Systems: Despite efforts to modernize customs procedures, many border posts in Malawi still rely on manual processing systems, which contribute to delays and increase the risk of errors. The limited use of digital customs systems, such as electronic single windows, prevents traders from submitting documentation in advance, thereby prolonging clearance times.

Challenges contributing to the persistence of Non-Tariff Barriers (NTBs) in Malawi stem from both institutional inefficiencies and enforcement practices. Key trade institutions such as the Ministry of Trade and Industry (MOTI), the Ministry of Agriculture (MOA), and the Malawi Bureau of Standards (MBS) contribute to these barriers through cumbersome regulatory processes, including complex certification procedures and multiple layers of export permit approvals. These delays, combined with inconsistent enforcement of trade regulations, add time and costs for traders. Additionally, the presence of numerous police roadblocks along major trade corridors



exacerbates the problem by causing delays and providing opportunities for rent-seeking behaviors. Addressing these NTBs requires policy reforms that streamline bureaucratic procedures, implement digital tracking and documentation systems, and reduce redundant enforcement actions to enhance trade efficiency.

6.3 Policy Implications for Trade Facilitation

The findings of this study have important implications for Malawi's trade policy. Addressing NTBs is critical to enhancing the country's trade efficiency and improving the livelihoods of its people. Several policy considerations arise from this study:

Need for Comprehensive Institutional Reforms: Institutional inefficiencies, particularly in customs administration, must be addressed through comprehensive reforms. This includes improving the coordination between regulatory agencies, upgrading border infrastructure, and ensuring the consistent application of regulations across all border posts. The introduction of digital customs systems, such as electronic single windows, could significantly reduce delays by enabling traders to submit documentation and payments online.

Harmonization of Standards with Regional Bodies: Malawi should prioritize the harmonization of its technical standards and SPS measures with those of SADC, COMESA, and AfCFTA. The creation of mutual recognition agreements (MRAs) would allow Malawian exporters to comply with a single set of standards, reducing the need for multiple certifications and testing. Harmonizing standards would also make it easier for Malawian businesses to access regional markets, enhancing their competitiveness.

Strengthening Anti-Corruption Measures at Border Posts: Corruption at border posts remains a significant obstacle to trade. The government must strengthen oversight mechanisms to combat rent-seeking practices and ensure that border officials adhere to established regulations. This could include the establishment of anti-corruption task forces, increased transparency in customs processes, and the use of digital platforms to reduce opportunities for informal payments.

Capacity Building for SMEs, Women, and Youth: Targeted capacity-building programs are essential to help SMEs, women, and youth traders navigate the complexities of NTBs. These programs should focus on improving traders' understanding of trade regulations, providing technical assistance to comply with SPS and technical standards, and facilitating access to finance to cover the costs of certification and testing.

Additionally, the frequent and sometimes unnecessary police roadblocks along key trade corridors indicate a need for law enforcement reforms. Policies should focus on reducing the number of roadblocks, improving transparency, and adopting digital tracking systems to ensure compliance without hindering trade. Failure to address



these challenges could result in continued high transportation costs, trade inefficiencies, and diminished competitiveness for local businesses. Implementing these policy changes would not only enhance trade efficiency but also attract investment and foster economic growth

6.4 Opportunities for Regional Integration

The implementation of the African Continental Free Trade Area (AfCFTA) provides a significant opportunity for Malawi to address the challenges posed by NTBs and improve its trade competitiveness. By fully leveraging the AfCFTA framework, Malawi can:

Reduce NTBs through Harmonized Trade Rules: AfCFTA promotes the harmonization of trade rules across member states, including the reduction of NTBs such as SPS measures and technical standards. By aligning its regulations with AfCFTA standards, Malawi can simplify compliance for traders and improve access to continental markets.

Promote Regional Value Chains: AfCFTA encourages the development of regional value chains, allowing Malawi to integrate more effectively into regional production networks. By reducing NTBs and improving trade facilitation, Malawi can attract investment in value-added sectors such as manufacturing and agro-processing, enhancing its export potential.

Use the Tripartite NTB Platform: Malawi can benefit from regional initiatives like the Tripartite NTB Online Reporting Mechanism, which allows traders to report NTBs in real-time. This platform can be used to resolve trade disputes, improve transparency, and ensure that NTBs are addressed promptly.

Summary

In conclusion, this study underscores the significant role that NTBs play in constraining Malawi's trade potential. The prevalence of SPS measures, technical barriers, and customs inefficiencies disproportionately affects SMEs, women, and youth, limiting their access to regional and international markets. The study highlights the need for institutional reforms, harmonization of standards, and the elimination of rent-seeking practices at border posts to improve Malawi's trade efficiency.

Malawi must take full advantage of regional integration initiatives such as AfCFTA to reduce NTBs and enhance its competitiveness in the global marketplace. By implementing targeted interventions to address these barriers, Malawi can unlock new trade opportunities, improve economic growth, and foster greater inclusion for marginalized groups such as SMEs, women, and youth.



Chapter 7: Policy Recommendations

This chapter provides actionable policy recommendations based on the findings of the study, aimed at mitigating Non-Tariff Barriers (NTBs) in Malawi. These recommendations target key stakeholders, including the government, private sector, and international partners, to improve trade facilitation, reduce the costs and delays associated with NTBs, and enhance Malawi's competitiveness in regional and global markets. The chapter is structured around short-term and long-term strategies, followed by stakeholder-specific recommendations.

7.1 Short-Term Strategies

Short-term strategies focus on immediate reforms like Streamlining Customs Procedures, Reducing SPS-Related Delays Improving Transparency and Reducing Corruption at Border Posts that can address critical bottlenecks related to customs procedures, SPS measures, and technical standards. These actions can provide quick wins for Malawi by reducing delays, improving efficiency at border posts, and supporting traders with compliance.

7.1.1 Streamlining Customs Procedures

One of the most urgent needs identified in the study is the streamlining of customs procedures to reduce clearance times and simplify documentation requirements. This can be achieved through the following measures:

Streamline Regulatory Procedures: Simplify and harmonize the approval processes for export permits and certifications across institutions like the Ministry of Trade and Industry (MOTI), Ministry of Agriculture (MOA), and Malawi Bureau of Standards (MBS). This can be achieved by reducing duplication of roles and eliminating unnecessary steps in the certification process.

Adopting Digital Customs Systems: The government should prioritize the implementation of electronic single window systems at all major border posts, such as Mchinji, Dedza, and Mwanza. These systems allow traders to submit documents and payments electronically, reducing the need for physical documentation and cutting down clearance times. According to the World Bank (2022), countries that have adopted digital customs systems have seen a 20 to 30 percent reduction in clearance times. Implement GPS-based tracking systems for goods in transit to replace manual inspection processes. This can reduce delays at roadblocks and ensure regulatory compliance in real-time, minimizing opportunities for rent-seeking behavior by law enforcement.

Enhancing Coordination Between Agencies: There is a need for better coordination between the various government agencies involved in trade facilitation, including the Malawi Revenue Authority (MRA), Ministry of Trade and Industry, and border authorities. A one-stop border post (OSBP) system, already implemented in Mchinji,



should be rolled out at all Malawi's key border posts. This will allow for the integration of customs, immigration, and health checks, reducing duplication of efforts and speeding up clearance processes (COMESA, 2020).

7.1.2 Reducing SPS-Related Delays

Given the significant impact of Sanitary and Phytosanitary (SPS) measures on Malawi's agricultural exports, the government should take steps to improve the efficiency and transparency of SPS compliance processes:

Upgrading Testing Facilities: Malawi currently faces significant delays in obtaining SPS certification due to the limited number of testing facilities in the country. Investments in upgrading testing infrastructure and training personnel can reduce the time required for product testing, particularly for perishable goods. Fast-tracking investments in modern laboratory facilities near border posts can help reduce delays by 30 to 40 percent, as shown in other developing countries that have invested in SPS capacity (AGRA, 2021).

Promoting Mutual Recognition Agreements (MRAs): Malawi should work towards establishing Mutual Recognition Agreements (MRAs) with key trading partners in the SADC and COMESA regions. MRAs would allow the mutual acceptance of SPS certificates, reducing the need for repeated testing and certification. This can significantly lower compliance costs and reduce delays for exporters, particularly in sectors like agriculture and agro-processing.

7.1.3 Improving Transparency and Reducing Corruption at Border Posts

The study highlighted that corruption at border posts is a major contributor to increased trade costs and delays. To address this issue:

Strengthening Anti-Corruption Enforcement: The government should establish a dedicated anti-corruption task force to monitor activities at border posts and ensure compliance with customs regulations. The task force should focus on curbing illicit payments and improving transparency in customs procedures. Increased use of digital payment systems can reduce opportunities for rent-seeking behavior by minimizing face-to-face interactions between traders and customs officials.

Awareness Campaigns for Traders: There is a need for awareness campaigns targeted at traders, particularly SMEs, women, and youth, to inform them about their rights and the procedures they should expect when crossing borders. These campaigns should be coupled with the establishment of a complaint mechanism, such as a toll-free hotline or online platform, where traders can report cases of harassment or corruption at border posts.

Reduce Police Roadblocks: Conduct a comprehensive review of the number and purpose of police roadblocks on trade routes. Policies should reduce the frequency of



these roadblocks, ensuring they focus on legitimate security checks and are less disruptive to trade flows.

7.2 Long-Term Strategies

Long-term strategies focus on structural reforms aimed at addressing the root causes of NTBs in Malawi and building the capacity of institutions to support efficient trade facilitation. These strategies are essential for achieving sustainable improvements in trade efficiency and competitiveness.

7.2.1 Harmonizing Standards with Regional Bodies

Malawi's participation in regional bodies such as SADC, COMESA, and the African Continental Free Trade Area (AfCFTA) presents an opportunity to align its technical standards and SPS measures with regional norms. Harmonizing standards would reduce the regulatory burden on exporters and facilitate greater access to regional markets.

Aligning National Standards with Regional Norms: The Malawi Bureau of Standards (MBS) should work closely with regional counterparts to harmonize technical regulations and ensure that Malawian products meet the standards required by neighboring countries. By aligning national regulations with SADC and COMESA standards, Malawi can streamline its export processes and reduce the need for multiple certifications.

Developing Regional Value Chains: Through AfCFTA and other regional trade agreements, Malawi should actively participate in the development of regional value chains, particularly in sectors such as agro-processing and manufacturing. By leveraging regional value chains, Malawi can improve its competitiveness and reduce its dependence on raw commodity exports. Regional cooperation can also promote the harmonization of SPS measures and technical standards, reducing NTBs across the continent.

7.2.2 Institutional Capacity Building

The study identified the need for institutional capacity building as a critical long-term strategy for addressing NTBs in Malawi. Enhancing the capacity of regulatory agencies and border authorities can lead to more efficient trade facilitation and improve compliance with international trade norms.

Training for Customs Officials: Regular training programs should be instituted for customs officials to ensure they are well-versed in the latest trade facilitation practices, regional agreements, and customs regulations. This will help reduce inconsistencies in the application of customs procedures and improve efficiency at border posts.

Enhancing Border Infrastructure: The government should invest in upgrading the physical infrastructure at key border posts, including expanding storage facilities,



improving road networks, and increasing the availability of electricity and internet services. Improved infrastructure can significantly reduce trade delays and improve the overall efficiency of border management.

7.2.3 Strengthening Public-Private Dialogue

Strengthening the public-private dialogue (PPD) forum is essential for identifying and resolving NTBs that affect the private sector. The PPDF mechanism would allow traders, industry associations, and government officials to collaborate on identifying bottlenecks in trade processes and developing solutions.

7.3 Stakeholder-Specific Recommendations

The successful implementation of these recommendations requires the active involvement of key stakeholders, including the government, private sector, and international partners. The following are stakeholder-specific recommendations:

7.3.1 Government

The government of Malawi plays a central role in reducing NTBs and improving trade facilitation. The following actions are recommended:

Prioritize NTB Reduction in Trade Policy: The government should incorporate the reduction of NTBs as a key pillar in its national trade policy. This includes enacting legislative reforms to streamline customs procedures, harmonize standards, and strengthen anti-corruption measures at border posts.

Allocate Resources for Infrastructure Development: Adequate funding should be allocated to upgrade infrastructure at key border posts and improve testing facilities for SPS compliance. This will help reduce delays and ensure that Malawian products can meet international standards.

Leverage AfCFTA and Regional Agreements: The government should fully leverage regional agreements like AfCFTA to address NTBs and promote regional integration. This includes aligning trade regulations with AfCFTA's protocols and actively participating in regional initiatives aimed at reducing NTBs.

7.3.2 Private Sector

The private sector, particularly SMEs, has a critical role to play in advocating for reforms and ensuring that the government prioritizes NTB reduction:

Engage in Public-Private Dialogue: Industry associations and businesses should actively participate in public-private dialogue platforms to voice their concerns about NTBs and propose solutions. The private sector can provide valuable insights into the practical challenges faced by traders and help shape policy interventions.



Adopt Best Practices for Compliance: The private sector should invest in training and capacity-building programs to ensure that their staff are equipped to navigate complex regulatory requirements. By adopting best practices for compliance, businesses can reduce delays and avoid penalties at border posts.

7.3.3 International Partners and Development Agencies

International organizations and development partners can provide technical assistance and financial support to help Malawi address NTBs:

Provide Technical Assistance for Institutional Reforms: Development partners such as AGRA, the World Bank, AfDB, UNDP, GIZ and the EU should provide technical assistance to support Malawi's efforts to streamline customs procedures, harmonize standards, and reduce NTBs. This includes funding capacity-building programs for customs officials and regulatory agencies.

Support Infrastructure Investments: International financial institutions should assist Malawi in upgrading its border infrastructure, including modernizing customs systems, expanding storage facilities, and improving road networks. These investments are essential for reducing trade costs and improving efficiency.

Facilitate Regional Cooperation: Development partners can play a key role in facilitating regional cooperation by supporting Malawi's participation in AfCFTA and other regional trade agreements. This includes providing funding for regional trade facilitation initiatives and promoting the harmonization of standards across the region.

Summary

Chapter 7 outlines a comprehensive set of policy recommendations aimed at addressing the challenges posed by NTBs in Malawi. The short-term strategies focus on streamlining customs procedures, reducing SPS-related delays, and improving transparency at border posts. Long-term strategies emphasize harmonizing standards with regional bodies, building institutional capacity, and strengthening public-private dialogue. The chapter also provides specific recommendations for key stakeholders, including the government, private sector, and international partners, highlighting the need for a coordinated approach to NTB reduction. By implementing these strategies, Malawi can enhance its trade efficiency, reduce costs, and improve its competitiveness in regional and international markets.





List o Stakeholders Consulted by name, position, contact details and date of consultation

Date of interview	L o c a l i t y	Name of interviewer	Name of Respondent	Gender	Organisation	Position	Contact Information
22/07/24	L i l o n g w e	Jacque line Kadiwa	Fexter Katungwe	Male	Competition and fair trading commission	Chief Analyst	997357222
30/07/24	S o n g w e b o a r d e r	Mphats o Mwene lupembwe	John Mapembot	Male	PN FRT AGENCY	Agent cleark	992260077
26/07/24	L i l o n g	Jacque line Kadiwa	Selina Mwene lupembwe	Female	COMFWB	National chairperson	0888837207/ 0999837207



	w e						
30/07/24	M w a n z a	Jacque line Kadiwa	Tendai Waliyal a	Female	Enterpreneur	Cross boarder trader	999404949
30/07/24	M w a n z a	Jacque line Kadiwa	Iness Patric	Female	N/A	Trade cross boarder	995373394
22/07/24	L i l o n g w e	Jacque line Kadiwa	Steve Yohane	Male	Cross boarder traders association	President	Stevenyohan e@gmail.com
29/07/24	O n l i n e - m i c r o s o f t t e	Jacque line Kadiwa	Maclou d Kayira	Male	AGRA	Program Officer	999415524



	a m s m e e t i n g						
24/07/24	M c h i n j i	Jacque line Kadiwa	Abigail Ngo'm be	Female	Enterpreneur ship	Cross boarder trader	Currently have no phone
25/07/24	D e d z a	Jacque line Kadiwa	Mphats o Banda Chilopa	Female	Agribusiness and clothing	Trader	09998043397 /0883167051
24/07/24	M c h i n j i	Jacque line Kadiwa	Regina Kanyim bili	Female	Marrinus trading	C.E.O (Trader)	993975136
26/07/24	L i l o n g w e	Jacque line Kadiwa	Janet Navaya	Female	N/A	Cross boarder trader	9964931125



30/07/24	S o n g w e b o a r d e r	Mphats o Mwene lupemb we	Prince Nyond o	Male	Green Frelht handlers	Clearing officer	0999750312/ nyondosward a@gmail.com
30/07/24	S o n g w e b o a r d e r	Mphats o Mwene lupemb we	Richar d Mbuto	Male	Global Cargo Services	Imports clearing officer	999458348
30/07/24	S o n g w e b o a r d e r	Mphats o Mwene lupemb we	Gift Jeremi ah	Male	Precious Ways	Clearing creck	0999199969/ 0888777983



30/07/24	S o n g w e b o a r d e r	Mphats o Mwene lupemb we	Alick Ngwira	Male	Foreight Inter line	Agent cleark	994855157
24/07/24	M c h i n j i	Jacque line Kadiwa	Willam P. Mwale	Male	National association of small and medium enterprises	National executive director/chair man	williammwale 91@yahoo.co m
31/07/24	B l a n t y r e	Jacque line Kadiwa	Justin Onani	Male	Government Agency-MBS	Senior standards officer	08815228337 /099014889
20/07/24	B l a n t y r e	Jacque line Kadiwa	Gabriel Chikam ata	Male	Glogs tech systems and general dealers	Co- funder/manag ing director	882023997
25/07/24	D e l e g a t e	Jacque line Kadiwa	Chikon di Maatiki	Female	Malawi Bureau of Standards	Quality Monitoring officer	0999801387/ chikondimatik



	a B o a r d e r						i@mbs.mw.org
22/07/24	M O T I c i t y c e n t r e	Jacque line Kadiwa	Hellen Mithi	Female	Ministry of trade	Principal trade officer	helenmlotha@yahoo.com
N/A	G I Z c l u s t e r o f f i c e	Jacque line Kadiwa	Taonga Maluwa	Male	GIZ	Junior trade policy advisor	taonga.maluwa@giz.de



25/07/24	D e d z a	Jacque line Kadiwa	Alfred Mwase	Male	Business	Cross boarder trader	27.97223429
25/07/24	D e d z a B o a r d e r	Jacque line Kadiwa	Claren ce Mvotch a	Female	MRA	Clearing agent	998074161
30/07/24	M w a n z a	Jacque line Kadiwa	Olivia Phiri	Male	Small business	Cross boarder trader	991949279



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