

PRESS RELEASE

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TRADE POLICY REVIEW BODY

REVIEW OF MALAWI

TPRB'S EVALUATION

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its first review of Malawi on 6 and 8 February 2002. The text of the Chairperson's concluding remarks is attached as a summary of the salient points which emerged during the discussion.

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of Malawi and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

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Since December 1989, the following reports have been completed: Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995 and 2001), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996 and 2001), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997 and 2000), Fiji (1997), Finland (1992), Gabon (2001), Ghana (1992 and 2001), Guatemala (2002), Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993 and 1998), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macao (1994 and 2001), Madagascar (2001), Malawi (2002), Malaysia (1993, 1997 and 2001), Mali (1998), Mauritius (1995 and 2001), Mexico (1993 and 1997), Morocco (1989 and 1996), Mozambique (2001), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), OECS (2001), Pakistan (1995 and 2002), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993 and 1999), Poland (1993 and 2000), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995 and 2001), the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000 (jointly with Liechtenstein)), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996, 1999 and 2001), Uganda (1995 and 2001), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).

MORE

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REVIEW OF MALAWI
CONCLUDING REMARKS OF THE CHAIRPERSON

This first trade policy review of Malawi has provided the opportunity for an open and very useful discussion of its trade-related policies at a critical time for the economy. This discussion, and the fact that we all learned a lot about Malawi, was greatly helped by the active and frank involvement of Minister Kaleso and his delegation.

Members welcomed Malawi's commitment to the multilateral trading system and appreciated the substantial effort this requires from Malawi, a small landlocked least developed country with no representation in Geneva. They were encouraged by the Government's economic reforms, including trade and investment liberalization efforts to foster increased efficiency and private sector development. Members welcomed the resumption of Malawi's privatization programme. Greater private sector involvement in key infrastructural services combined with regulatory arrangements to safeguard competition was seen as highly desirable. Further efforts were needed to improve Malawi's institutional framework and business environment, and to restore macroeconomic stability, including fiscal balance.

Members encouraged Malawi to further mainstream trade policy reforms into its national development policy through the Poverty Reduction Strategy which involved principal stakeholders. Referring to the increased opportunities for providing technical assistance under the Doha initiatives, such as the Development Agenda Global Trust Fund, and within the Integrated Framework, Members supported the need to extend trade-related technical assistance to Malawi, including in areas of intellectual property protection and trade-remedy measures. Some Members commented on the need for greater policy coherence among the WTO and other multilateral institutions in providing this technical assistance and trade-related policy advice. Members pointed out Malawi's active participation in regional agreements, such as COMESA and SADC, and in various bilateral arrangements. Noting that cross-membership of these agreements was complicating Malawi's trade regime, Members urged it to adopt a more harmonized approach when negotiating such agreements in order to ensure consistency in related obligations.

Members appreciated Malawi's on-going efforts to refrain from using non-tariff measures and its reliance on relatively low average tariffs as the main trade instrument. They urged Malawi to continue with these efforts, but also to further simplify its tariff structure, reduce maximum rates, raise the coverage of its bindings on non-agricultural items and to lower bound levels closer to applied rates. Removal of widespread tariff concessions was also encouraged to reduce the scope for providing "tailor made" protection to inefficient industries. Members also sought clarification on Malawi's use of "guide prices" in the light of its adoption of the customs valuation method based on the transaction value, and on its plans to phase out pre-shipment inspection by early 2003.

Noting that export diversification was of considerable importance to the health of Malawi's economy, particularly in agriculture and textiles, Members expressed some concern about Malawi's dependence on tobacco, which was subject to international price fluctuations and to the adverse effects of the anti-smoking campaigns in major developed markets. Members pointed out that Malawi's agricultural policies aimed at food security and rural development. They questioned the impact of communal land ownership on agricultural development and planned reforms in the sector, mainly in land tenure. Members encouraged Malawi to further liberalize key services, including telecommunications, transport and tourism, and to improve its GATS commitments. Such steps

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would improve Malawi's performance in other sectors, mainly agriculture and manufacturing, and attract investment.

Additional details were sought on a number of other issues, including:

- external debt and its constraint on economic development;
- operations of the one-stop shop Investment Promotion Agency;
- experience with preferential access to developed markets;
- plans to establish a Geneva mission to facilitate WTO participation;
- trade facilitation measures;
- incentive schemes and export processing zones;
- technical barriers to trade; and
- government procurement regime.

Members appreciated the replies provided by the Malawi delegation and looked forward to receiving additional material.

I believe that Malawi's Trade Policy Review has successfully contributed to a very much improved understanding by Members of its trade and other economic policies. I welcome assurances expressed by Members to provide greater technical assistance through bilateral and multilateral initiatives, and I urge that we follow through on this, particularly in the context of the Integrated Framework. Malawi needs such support to mainstream its trade-related policy into its development strategy, address its supply-side constraints and diversify its economy. Greater market access by major trading partners will also be necessary if Malawi is to meet its development potential and fully integrate into the multilateral trading system.

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