

FOREIGN INVESTMENT POLICY IN MALAWI

Macro-Economic Stability

A stable macroeconomic environment is fundamental for any economy's growth. The Government of Malawi (GoM) is therefore undertaking and implementing fundamental and far-reaching economic reforms that are geared towards effective government debt management, sustained government expenditure, and ensuring quality expenditure, and quality of expenditure especially to support private investment. Thus economic fundamentals have changed to a more stable and predictable level. economy has been unstable and registered negative and slow growth in the past few years. However, the recent government has implemented strong efforts for fiscal discipline and fight against corruption and this is seen to be stabilizing the economy and the economy is likely to move towards rapid positive growth.

Economic Infrastructure, Transport and Communication

Realizing the role that efficient transport and communication play in the economy, GoM is strengthening the country's infrastructure in the physical, communication, and service sectors in order to facilitate domestic and foreign investment. The government has thus dedicated resources and policies for maintenance and rehabilitation of the road and rail network, as well as the communication sector in the country.

- Malawi has a good road network connecting the major cities of Blantyre and Lilongwe to the Lake Malawi and further enhancements in this area are being given high priority to provide easier access for the tourism industry along the lake. Heavily used rail and road freight links have been carried out and some are being bolstered to facilitate importation and exportation of goods through the ports in Beira, Nacala, and Durban. The country also has well serviced international airports in the major cities of Lilongwe and Blantyre thus connecting the country to the major cities in Africa.
- The telecommunications network in Malawi is one of the most reliable and inexpensive in the region. Fax, electronic mail, and data can now be transmitted from Malawi to any place in the world. The two mobile phone service providers work to further enhance the communication system in Malawi. Malawi's postal service offers all the postal services including express mail and international express mail.

The Government of Malawi (GoM) has invested in improving Malawi's economic infrastructure in order to access, facilitate, and maintain investment in Malawi.

- GoM ensures availability of foreign exchange for business transactions and remittances. Commercial Banks in the country are granted the authority to operate as forex dealers. Investors have free access to forex, both for paying for imports and transferring financial payments abroad. This free access includes: no licensing requirements for importing forex; and full repatriation of profits, dividends, investment capital, and interest and principal payments for international loans.

- Local and foreign investors have unrestricted access to local financing facilities. Interest rates are market-based and there are no direct government controls on credit.
- In terms of infrastructure for investment security, Malawi is a signatory of the International Convention for Settlement of Investment Disputes (ICSID); and Multilateral Investment Guarantee Agency (MIGA), a World Bank institution that operates as an insurance organization, which offers compensation to multilateral investment losses. Malawi also has bilateral investment protection and promotion agreements with a number of countries including Malaysia, Republic of China, and Mauritius. Malawi law also provides for security of foreign as well as domestic investment.

Labor Supply and Labor Practices

- Malawi's total population of 12.4 million coupled with an exhaustive education system assures investors of an ample supply of skilled and semi-skilled labor in all the sectors of the economy.
- The GoM does not interfere in employers' choice of workforce. It recognizes that investments may require expertise not available in Malawi and accordingly, it makes available Temporary Employment Resident Permits for expatriate personnel.

Availability of Land

- GoM ensures that land in all sectors of the economy is readily available for investors. There is currently high investment opportunity in the tourism and eco-tourism industries and the GoM is making deliberate efforts to facilitate lease of land along the shores of Lake Malawi.

RECOMMENDED AREAS FOR BUSINESS IN THE SERVICE INDUSTRIES ALONG LAKE MALAWI

Malawi's stable and peaceful democratic political system meets all the prerequisites for a thriving tourism and eco-tourism industry, and its healthy climate is ideal for holidaymaking.

Areas for investment include Hotel, Lodge, and Safari resorts, which are in high demand along the lake and parks in the country.