



## **Fostering Equity and Accountability in the Trading System (FEATS) Project**

**CUTS Geneva Resource Centre**

**National Dialogue Report: Malawi, 6 April 2009**

### **FEATS Background**

The FEATS project of CUTS began in 2008 and will continue through March 2011 with the broad goals to raise awareness for better coherence between development and trade policies, thus contributing to economic development and poverty reduction in project countries. FEATS project countries include Kenya, Malawi, Tanzania, Uganda, and Zambia. The project is divided into two phases of trade policy research, the first to analyze the political economy aspects of trade policy-making in the project countries and the second to focus on a specific issue within the topic of “Trade in Agriculture.” First phase research drafts were completed in early 2009 and will be revised for presentation at the National Dialogues in each country to occur in April – May 2009. National Dialogues will serve to validate the research findings in the first phase, strengthen the networks established under the FEATS project, and to discuss and finalize the Terms of Reference for issue-specific studies within “Trade in Agriculture” for the second phase.

### **National Dialogue Report: Introduction**

The National Dialogue (ND) in Lilongwe, Malawi was divided into two substantive sessions: one to discuss the first phase research and the second to make progress on the Terms of Reference (ToRs) for the second phase research. As part of the first session, a questionnaire was circulated with questions aimed at validating the research output of the first study, as well as to fill in some research gaps. About 40 participants attended the ND in Lilongwe and in terms of institutions; most National Reference Group (NRG) members were present although some were represented by different members from those who attended the National Inception Meetings in October 2008.

### ***Session I: Presentation of Phase One research findings***

Ms. Angela Mulenga of the CUTS African Resource Centre presented the research to begin the first session. Notable comments from the ND participants in response to the presentation included:

- a) Some of the sources of data need to be cross checked with the national sources like Central Statistics Office.
- b) The European Union should be represented as a single destination in the data on trade, rather than a list of individual EU members as the study currently outlines. Also, the figures on major trading partners should be updated to 2007 if data can be obtained.
- c) Some further research is needed to get the correct data on trade with SADC and COMESA, as there are some countries which are member to both regional trade agreements.
- d) Some export data does not appear to have been captured in the study. For example, 200,000 – 300,000 tons of maize was exported to Zimbabwe in 2007 which is not recorded in the draft. Similarly, informal trade is not captured and this constitutes a considerable component of Malawi exports and trade in general. However, when asked, no one could point to possible sources from where such informal data could be obtained.
- e) There was some discomfort about the emphasis on the importance of regional trade, mainly because the EU collectively represents both the largest market and the one with most potential. Confusion about the trade figures with South Africa was also expressed as, the figures appear to represent other destinations.
- f) The statement that the EPZ policy of Malawi discriminates against non-exporting firms was unconvincing for some, these participants wanted concrete examples of this discrimination occurring.
- g) More prominence was requested for the WTO and EPA negotiations and their impact on Malawi trade performance. It was suggested that these details be elaborated and mentioned upfront.
- h) In regard to the description of the trade policy making process, valuable suggestions included: it should be made clear that the executive has full powers regarding trade policy, and the parliament comes in only when a Bill has to be passed; the process is obscure in Malawi as evidenced by the fact that though the President's office has a Policy Unit that attempts coherence, the agriculture and trade policies often act at cross purposes; often policy is donor- or consultant-driven and not based on ground realities; NEC no longer exists and NAG has become PPG; NWGTP's role is not made clear; name of Ministry of Finance has changed; and the influence of global forces was not highlighted.
- i) One participant did not agree that tight timelines were given by the government for consultations and that CSO representation was inadequate; he stated that timelines are adequate and CSOs have to better organize themselves so that they can collectively represent themselves at the Ministry consultations.

After discussion of the research, the questionnaire was circulated for completion. Completed questionnaires were collected for use in refining the research.

## ***Session II: Discussion of second phase research ToR***

Atul Kaushik, Director, CUTS Geneva Resource Centre explained the research needs for the second phase of the FEATS project, as identified after discussion with the Malawi National Reference Group and the Project Advisory Committee. He then made a presentation on the draft Terms of Reference prepared by CUTS based on this needs assessment and explained various components of the proposed research, its time lines and resources. He sought suggestions from the participants in order to make the research more relevant to the Malawi economy and the aims of the FEATS project.

Initial comments on the proposed ToRs for the research of the second phase ranged from them being too broad and ambitious to the lack of clarity as to whether livestock and fish were covered under the scope of agriculture. Specific suggestions included the need for SPS measures and rules of origin in the ToRs, as well as an emphasis on crops rather than livelihood in general. Also, it was suggested to explore the implications of dual membership of SADC and COMESA and any disadvantages or advantages this might pose.

After detailed discussion, however, it was felt that all terms contained in the presentation were relevant. CUTS should therefore attempt research horizontally on all the areas mentioned and undertake a more intensive research on a limited set of issues. It was also emphasized that research for this phase should be conducted on the ground and have a reasonable sample for the rigour of research.

## **Conclusions**

In the National Dialogue it was agreed that the phase one research study for Malawi is good and with the few changes suggested during the discussions, it could constitute a path – breaking exercise for an understanding of basic trade policy-making within the country. The Inclusive Trade Policy making Index was appreciated as a novel and very useful way of assessing inclusiveness of the trade policy making process.

In regard to the ToRs for the second phase research study, participants stated that the ToRs represented a fair need assessment of the research areas within their country.