



Trade performance summary (1999-2006)

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Overview

Forecast data from the National Statistics Office for 2006 exports in major sectors is now available for analysis. The initial indications are that Malawi's trade performance in 2006 was similar to in 2005. While the trade balance improved slightly, dropping from USD -501.4 million to USD -492.9 million, this was due to the fact that imports fell to a greater degree than exports. Exports in 2006 were USD 489.4 million, down from USD 504.5 million. Imports dropped from USD 1,005.9 million in 2005 to USD 982.2 million in 2006.

Malawi's trade performance has deteriorated significantly over recent years and so that fact that this trend has now been halted might be viewed as a positive sign. However, export performance has remained essentially flat over the last seven years. Sustained export growth in real terms has not been achieved as when the performance of one sector has improved, the performance in other sectors has worsened.

Figure 1: Exports, imports and trade balance, 1999-2006, in USD and Mk

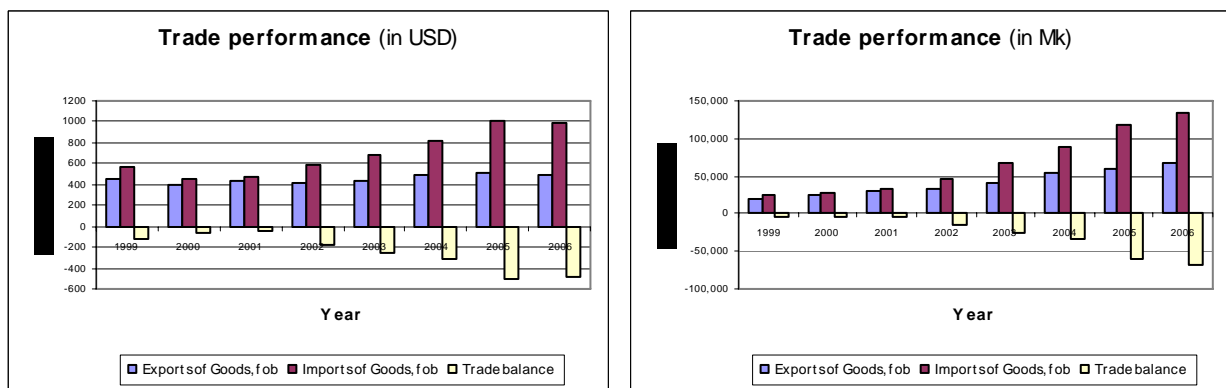
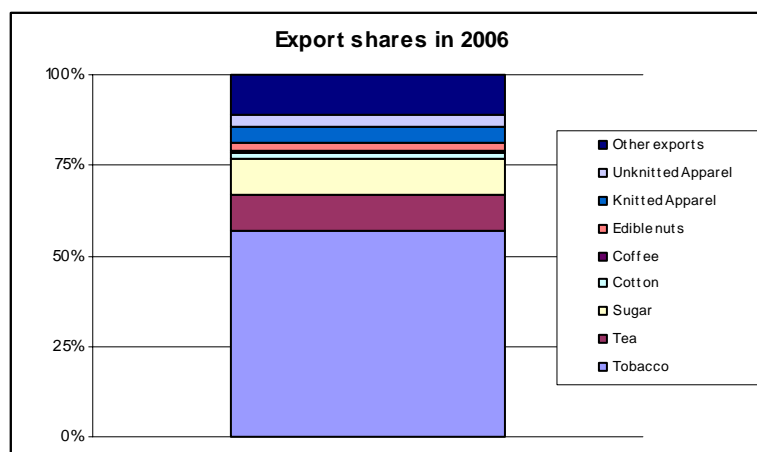


Figure 2 shows the breakdown of Malawi's major sectors by share of exports. Tobacco continues to dominate, although less so than in previous years, accounting in 2006 for 55.5 percent of total merchandise exports.

Figure 2: Major sectors share of exports in 2006



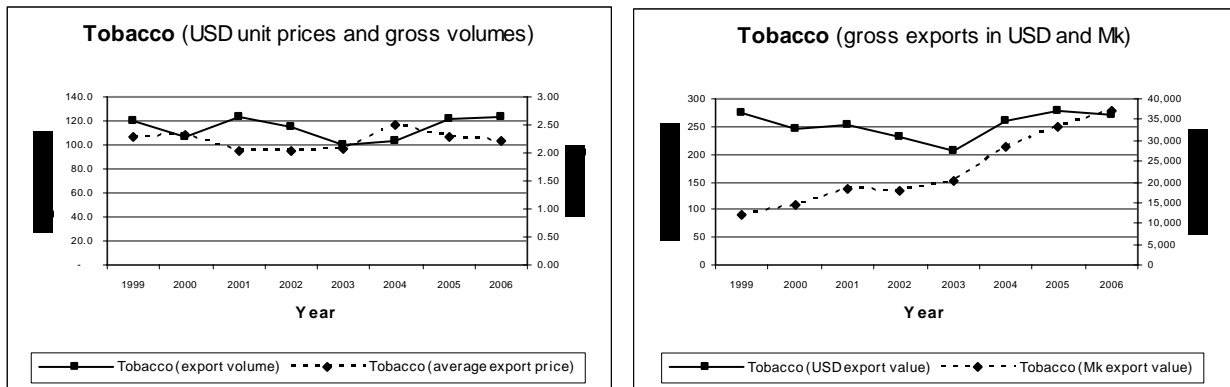


Please note that throughout this document, most statistics have been recorded in USD terms to eliminate inflationary gains and allow for measurement of sector performance in real terms. Full Malawi kwacha data is included in the statistical annex.

Key sectors: tobacco

Average export prices for tobacco at the border fell during from USD 2.29 in 2005 to USD 2.22 in 2006. This weakening in external market conditions is likely to have been at least part of the reason for the lower prices for leaf tobacco on the auction floors that attracted so much attention during the year. As can be see in Figure 2, the volume of tobacco exports in 2006 actually increased marginally rising from 121.7 million kgs to 122.6 million kgs in 2006. Gross tobacco export revenue fell, however, from USD 279.0 million to USD 271.7 million due to reduced prices.

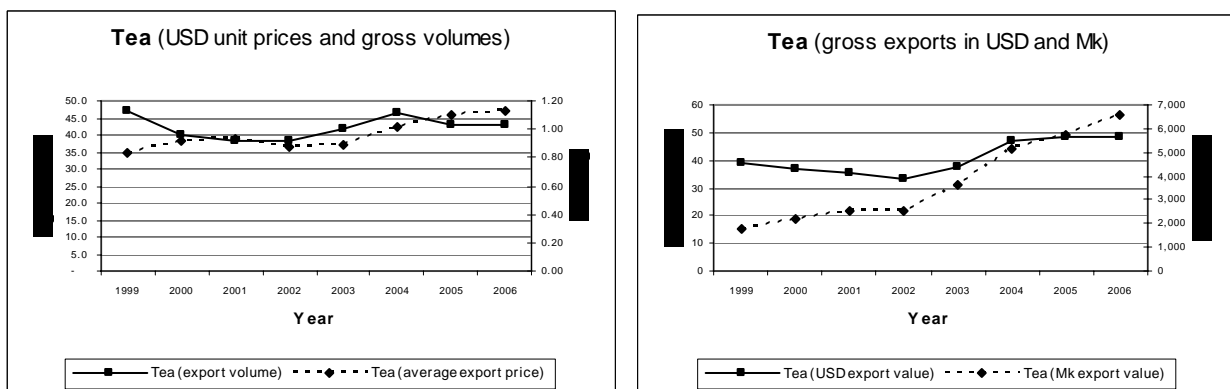
Figure 3: Tobacco unit prices, volumes and gross exports, 1999-2006



Key sectors: tea

The performance of the tea sector improved slightly in 2006 as modestly increased average prices (up to USD 1.13 per kg in 2006 from USD 1.10 per kg in 2005) and stable volumes translated into a small increase in gross exports. Tea regained its position as second most important export product for Malawi in 2004 and remained in that position in 2006 with total export revenues of USD 48.5 million.

Figure 4: Tea unit prices, volumes and gross exports, 1999-2006



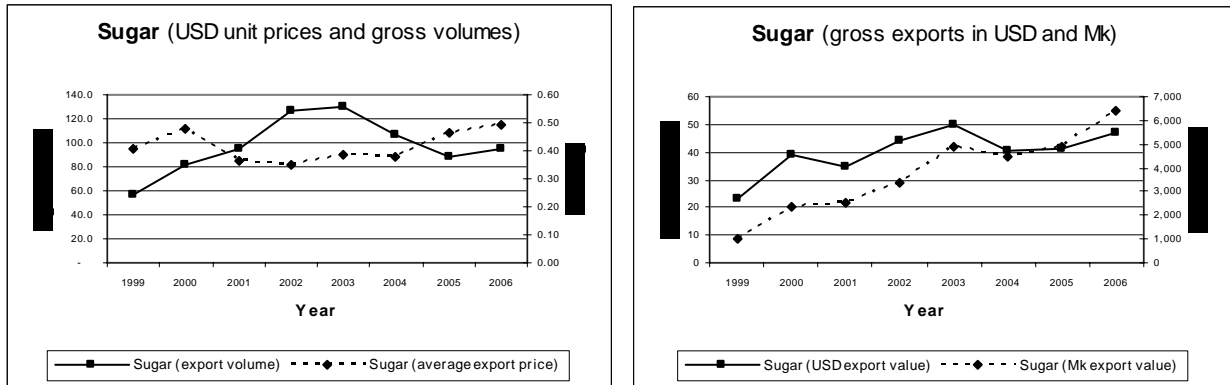
Key sectors: sugar

The sugar sector saw a strong performance during 2006 as rising prices and rising volumes translated into a much stronger export revenues. Average export prices rose from USD 0.46 to USD 0.50 in 2006.



USD 0.49 per kg. Export volumes also increased from 88.8 million kgs to 95.4 millions kgs. Total exports were equal to USD 46.9 million.

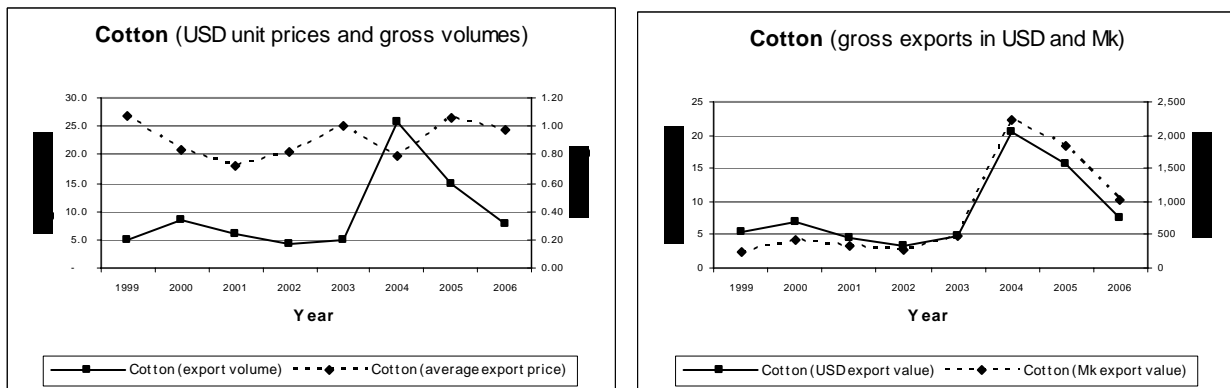
Figure 5: Sugar unit prices, volumes and gross exports, 1999-2006



Key sectors: cotton

Cotton sector export performance continued to decline during the year under review, falling from USD 15.6 million in 2005 to USD 7.6 million in 2006. Average export prices fell slightly from USD 1.06 to USD 0.97, but the major cause of declining revenues was a continued drop in volumes. Export volumes in 2006 were 7.8 kg million, down from a high of 25.6 kg million in 2004, although still above recent trends.

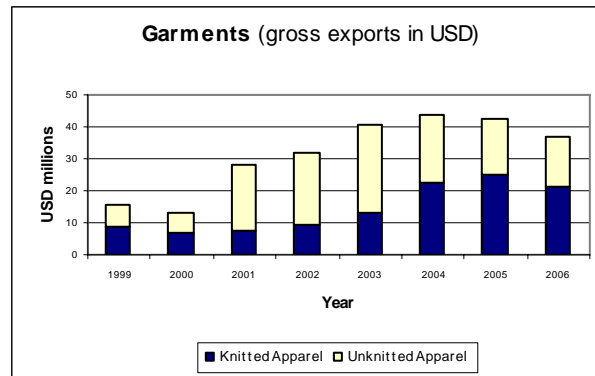
Figure 6: Cotton unit prices, volumes and gross exports, 1999-2006



Key sectors: garments

Garments exports also declined slightly in both the knitted and un-knitted sections of the market in 2006. Undoubtedly the expiration of the WTO Agreement on Textiles and Clothing in January 2005 which has made the US AGOA market more competitive, together with uncertainty surrounding the future of the South African market under the MMTZ agreement, has put pressure on Malawi's garments sector.

Figure 7: Garments exports, 1999-2006



Other sectors

Some of Malawi's smaller export sectors continued to improve their performance in 2006 and demonstrate their potential to become key export sectors in the future.

Spices (of which paprika dominates) saw sharply increased exports rising from USD 1.5 million in 2005, to USD 2.1 million in 2006. Although down on performance in 2005, exports of edible nuts accounted for USD 10.5 million in 2006 with exports of macadamia nuts in particular featuring strongly. Exports of natural rubber also grew strongly during the year under review, rising from USD 2.1 million in 2005, to USD 3.7 million in 2006.

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Summary tables

Table 1: Export volumes, values and prices, 1999-2006 (nominal terms, Mk)

	1999	2000	2001	2002	2003	2004	2005	2006*
Average export prices (Mk/kg)								
Tobacco	100.7	137.6	148.0	155.7	200.7	272.0	271.4	301.3
Tea	36.9	55.0	66.8	66.8	87.3	110.3	130.6	153.5
Sugar	18.0	28.3	26.5	27.0	37.5	41.4	55.0	66.9
Cotton	47.0	49.3	52.1	62.9	97.7	86.9	125.7	131.8
Rice	32.4	14.7	22.9	36.3	34.0	38.6	41.9	48.1
Coffee	89.1	84.4	74.3	67.1	90.9	130.1	219.7	227.3
Pulses	14.5	15.6	26.0	29.4	31.1	35.8	40.9	75.4
Export volume (kg million)								
Tobacco	120.3	106.8	124.2	114.7	100.0	103.7	121.7	122.6
Tea	47.0	40.0	38.5	38.4	42.0	46.6	43.0	43.0
Sugar	56.7	82.3	94.2	126.0	130.4	107.5	88.8	95.4
Cotton	5.0	8.5	6.1	4.1	5.0	25.6	14.7	7.8
Rice	3.4	6.6	3.8	1.5	0.5	1.0	1.7	3.5
Coffee	4.4	3.7	3.8	2.8	2.9	1.6	1.4	1.5
Pulses	19.6	8.5	2.6	7.6	15.9	17.8	8.0	3.0
Export value (Mk million)								
Tobacco	12,109.1	14,696.4	18,376.2	17,851.1	20,072.3	28,209.6	33,033.6	36,943.0
Tea	1,734.6	2,200.0	2,570.6	2,563.8	3,666.9	5,141.2	5,729.6	6,602.0
Sugar	1,019.5	2,334.1	2,500.0	3,396.2	4,884.5	4,444.4	4,887.2	6,379.8
Cotton	235.0	420.2	317.9	260.8	483.9	2,224.3	1,847.1	1,027.8
Rice	110.1	96.6	86.8	54.5	17.0	38.6	71.2	166.1
Coffee	392.2	312.0	282.2	187.9	266.7	206.5	307.6	350.0
Pulses	284.9	132.2	66.7	222.5	494.0	636.7	327.5	226.2
Other exports	2,475.5	3,178.5	5,712.8	4,869.8	10,059.5	11,398.7	13,023.5	14,190.8
Skins and hides	13.9	21.1	33.5	32.1	31.5	44.0	67.5	79.0
Flowers and Live Trees	22.4	20.6	32.2	33.7	12.7	8.7	8.0	5.8



	1999	2000	2001	2002	2003	2004	2005	2006*
Edible nuts	158.0	212.5	336.5	378.1	1,132.0	1,581.0	1,488.5	1,426.6
Spices	58.1	85.6	78.3	224.1	141.2	170.7	172.8	288.6
Beverage, Spirits and Vinegar	51.9	81.0	15.2	9.9	6.6	6.0	57.8	122.2
Natural Rubber	54.0	73.7	170.7	152.9	265.8	399.0	248.1	502.0
Wood Products	18.1	34.3	57.4	62.7	178.6	219.3	406.8	338.6
Cotton Fabrics	44.8	3.2	32.2	18.7	1.5	25.8	16.8	9.7
Woven Fabric	5.9	8.6	0.2	10.8	0.1	2.0	4.4	5.1
Knitted Apparel	372.3	405.0	550.2	742.7	1,291.5	2,469.0	2,974.6	2,898.0
Un-knitted Apparel	330.3	381.0	1,467.8	1,721.9	2,686.1	2,314.7	2,028.9	2,141.6
Other	1,345.8	1,851.9	2,938.6	1,482.4	4,311.9	4,158.5	5,549.3	6,373.7
Summary items								
Domestic Exports	18,360.9	23,370.0	29,913.2	29,406.6	39,944.9	52,300.1	59,227.3	65,885.7
Re Exports	1,351.6	555.1	884.8	2,306.4	2,307.1	2,119.5	505.8	662.6
Total Exports, fob	19,712.5	23,925.1	30,798.0	31,713.1	42,252.0	54,419.6	59,733.1	66,548.3
Imports, fob	25,240.8	27,414.2	34,023.5	45,608.4	66,652.3	88,308.4	119,101.8	133,574.8
Trade balance	(5,528.2)	(3,489.0)	(3,225.5)	(13,895.4)	(24,400.3)	(33,888.9)	(59,368.7)	(67,026.5)

Source: NSO/RBM (Data for 2006 is forecast)

Table 2: Export volumes, values and prices, 1999-2006 (real terms, USD)

	1999	2000	2001	2002	2003	2004	2005	2006*
Average export prices (USD/kg)								
Tobacco	2.28	2.31	2.05	2.03	2.06	2.50	2.29	2.22
Tea	0.84	0.92	0.92	0.87	0.90	1.01	1.10	1.13
Sugar	0.41	0.48	0.37	0.35	0.38	0.38	0.46	0.49
Cotton	1.07	0.83	0.72	0.82	1.00	0.80	1.06	0.97
Rice	0.73	0.25	0.32	0.47	0.35	0.35	0.35	0.35
Coffee	2.02	1.42	1.03	0.88	0.93	1.19	1.86	1.67
Pulses	0.33	0.26	0.36	0.38	0.32	0.33	0.35	0.55
Export volume (kg million)								



	1999	2000	2001	2002	2003	2004	2005	2006*
Tobacco	120.3	106.8	124.2	114.7	100.0	103.7	121.7	122.6
Tea	47.0	40.0	38.5	38.4	42.0	46.6	43.0	43.0
Sugar	56.7	82.3	94.2	126.0	130.4	107.5	88.8	95.4
Cotton	5.0	8.5	6.1	4.1	5.0	25.6	14.7	7.8
Rice	3.4	6.6	3.8	1.5	0.5	1.0	1.7	3.5
Coffee	4.4	3.7	3.8	2.8	2.9	1.6	1.4	1.5
Pulses	19.6	8.5	2.6	7.6	15.9	17.8	8.0	3.0
Export value (USD million)								
Tobacco	274.7	246.8	254.5	232.8	205.9	258.8	279.0	271.7
Tea	39.3	36.9	35.6	33.4	37.6	47.2	48.4	48.5
Sugar	23.1	39.2	34.6	44.3	50.1	40.8	41.3	46.9
Cotton	5.3	7.1	4.4	3.4	5.0	20.4	15.6	7.6
Rice	2.5	1.6	1.2	0.7	0.2	0.4	0.6	1.2
Coffee	8.9	5.2	3.9	2.5	2.7	1.9	2.6	2.6
Pulses	6.5	2.2	0.9	2.9	5.1	5.8	2.8	1.7
Other exports	56.1	53.4	79.1	63.5	103.2	104.6	110.0	104.4
Skins and hides	0.3	0.4	0.5	0.4	0.3	0.4	0.6	0.6
Flowers and Live Trees	0.5	0.3	0.4	0.4	0.1	0.1	0.1	0.0
Edible nuts	3.6	3.6	4.7	4.9	11.6	14.5	12.6	10.5
Spices	1.3	1.4	1.1	2.9	1.4	1.6	1.5	2.1
Beverage, Spirits and Vinegar	1.2	1.4	0.2	0.1	0.1	0.1	0.5	0.9
Natural Rubber	1.2	1.2	2.4	2.0	2.7	3.7	2.1	3.7
Wood Products	0.4	0.6	0.8	0.8	1.8	2.0	3.4	2.5
Cotton Fabrics	1.0	0.1	0.4	0.2	0.0	0.2	0.1	0.1
Woven Fabric	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Knitted Apparel	8.4	6.8	7.6	9.7	13.2	22.7	25.1	21.3
Un-knitted Apparel	7.5	6.4	20.3	22.5	27.5	21.2	17.1	15.7
Other	30.5	31.1	40.7	19.3	44.2	38.2	46.9	46.9
Summary items								
Domestic Exports	416.5	392.5	414.3	383.5	409.7	479.8	500.2	484.5



	1999	2000	2001	2002	2003	2004	2005	2006*
Re Exports	30.7	9.3	12.3	30.1	23.7	19.4	4.3	4.9
Total Exports, fob	447.1	401.8	426.6	413.5	433.4	499.3	504.5	489.4
Imports, fob	572.5	460.4	471.3	594.7	683.6	810.2	1,005.9	982.2
Trade balance	(125.4)	(58.6)	(44.7)	(181.2)	(250.3)	(310.9)	(501.4)	(492.9)
Period average exchange rate (Mk/USD)	44.1	59.5	72.2	76.7	97.5	109.0	118.4	136.0

Source: NSO/RBM (Data for 2006 is forecast)