



The Impact of Covid 19 a Special Assessment towards Foreign Trade in Malawi

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ABSTRACT

This study assessed the impact of Covid-19 pandemic on foreign trade in Malawi taking all the three regions of Malawi as study area. This study employed quantitative research approach taking descriptive research design to assess the effects of Covid-19 pandemic on foreign trade. 372 small and medium business traders from different industries were targeted out of which 125 were taken as the sample to represent the entire population. Data collection method involved convenient sampling as this allowed collection of data from respondents at their convenience and those who were in accessible physically. Primary data was collected through survey questionnaire, using self-structured questionnaires as a tool. Secondary data was obtained through other similar researchers, books and articles. Data was analyzed using cross tabulation, Chi-Square and finalized in Excel and SPSS as data analysis tools. Findings indicated that Covid-19 pandemic has negatively affected foreign trade in Malawi with a drop in sales turnover of most industries such as agriculture caused by the disruptions in supply due to Covid -19 lock downs and boarder restrictions which made unavailability of raw materials. In addition, tourism industry was the most affected in decreased sales turnover but was expected to increase by 20% after the pandemic. On top of this, most industries increased online sales such as food industry and communication with customers and media platforms were the online strategies that helped increase income during the pandemic. Most foreign trade industries exported goods and services less than normal during the pandemic as compared to exports before the Covid-19 pandemic. Results also indicated that foreign traders in Malawi faced government increased customs and excise duties on imported goods and also lack knowledge on government procedures and requirements in imports and exports. The researcher recommended that, countries should form trade alliance and revise common procedures and rules regarding foreign trade. Government to give financial support to foreign traders in order to recover the losses incurred during the pandemic. Government should also form policies that provides conducive business environment for foreign traders in Malawi specifically on reduced customs and excise duties and offer trainings on administrative boarder requirements for imports and exports.

Key Words: Covid-19, Foreign trade, Business, Imports & Exports, Foreign trade industries.

INTRODUCTION

Covid-19 started in China Hubei province in the late 2019 and have killed over 211,000 people. The first case in Malawi was reported in early April, 2020 and the virus spread fast countrywide. It has led to death of individuals in different countries and have contributed negatively on economic development and individual welfare. Many areas contributing to economic growth of a nation have been greatly affected by Covid – 19 pandemics. Businesses have suffered due to travel restrictions across the border causing decrease in net income. Supply of raw materials have also decreased due to lockdown measures made to control further spread of the virus between countries. Twenty-two percent of firms had orders from domestic customers cancelled and sixty-three percent had overseas customers who also cancelled orders and failed to supply on time, Peng Zou, (2020). Prices of goods and services have increased due to low supply causing high cost of living. Governments have used different measures to control the spread like lock downs, medical health facilities and drugs.

In Malawi systematic studies on the impact of Covid-19 on trade are scarce. Therefore, this research aimed at assessing the impact of Covid-19 pandemic on foreign trade using traders operating at both national and across the border from different business sectors. Specifically, the research aimed at achieving the following objectives;

- To assess the impact of Covid-19 on the sales turnover of foreign trade in Malawi.
- To assess the impact of Covid-19 pandemic on imports and exports in Malawi.
- To identify the performance of online sales of businesses during Covid-19 pandemic in Malawi.
- To compare the imports and exports of goods and services before and after the Covid-19 pandemic in Malawi.
- The study aimed at answering the following research questions:
- What are the sales turnover of businesses during the Covid-19 pandemic in Malawi?
- How does Covid-19 pandemic affect imports and exports in Malawi?
- What is the performance of online sales of businesses in Malawi?

- What are the changes of imports and exports of goods and services before and after the Covid-19 pandemic in Malawi?

REVIEW OF LITERATURE

Peng Zou, 2020 stated that many firms in Glasgow faced closure due to shortage of materials and lack of supply. There was a high percentage of firms who moved their operations on line and suggested that the government needed to reduce value added tax, income tax and other taxes.

Leena Jenefa, 2020, also stated that, E commerce plays an important role during Covid 19 pandemic and has become favorable and flexible for everyone.

Kadyan J.S, 2020, stated that during Covid 19, it was difficult to buy goods from outside causing loss productivity of goods and services and reduced net income for most businesses.

The Ceylon Chamber of Commerce, 2020 reviewed that 48 % of exporters experienced difficulties due to restrictive measures undertaken by foreign governments in export and import markets. Furthermore, he found out that 33% had restrictive trade measures in imports while 20% was on export market. 48% of firms found new market opportunities of which 28% was for existing products while 23% was for exporting new products to new markets.

J Barbero, 2021 stated that, Covid- 19 may be detrimental to trade flows for those countries engaged in previous regional trade agreements compared to countries that were not members of these agreements as such Covid -19 effect remains negative.

UNCTAD, 2020 also stated that, Covid -19 has decreased trade and development and there was a health crisis. Trade between countries reduced direct investments and Global production and employment have been slashed.

Leena Jenefa, 2021, found out that globalization, privatization and liberalization of world economics along with the rapid development and expansion of business and consumer centric information technology has changed during the pandemic. Restrictions made on trade and commerce due to Covid 19 has changed the world markets.

World bank Statistics, 2021 showed 11% of companies that adjusted payroll by reducing working hours, wages and grant leave.10% of them lacked awareness to access support and 41% of businesses in Ethiopia closed down.

Kadyan J.S, 2020 also found out that during Covid -19 period it is very difficult to buy goods from outside and the majority of business and service organization changed their pattern into online platform.

MCCI (Malawi Confederation of Chambers and Industry) , 2020 in their survey found out that, there has been disturbance of trade links with the rest of the world in Malawi and imports and exports were affected especially those transacting with China. Most business turnover, productivity and availability of inputs, goods and services were also affected especially tourism business sector.

Leena Jenefa, 2017, found out that online shopping is a new trend of experience and has greatly influenced the use and buy of products.

Restrepo, 2019, found out that most companies adopted automation to hold costs down during the Covid -19 pandemic.

Ben-xilin, 2020, stated that agricultural products experienced decrease in exports especially grain and oil but medical exports increased.

Viche, 2020, found out that China exports to high risk countries experienced large decline as compared to low risk countries.

Kazunobu Hayakawa, 2021, found out that Covid – 19 has affected international trade on imports and exports. The subsequent lockdowns disrupted transportation sectors on exporting countries, increasing the cost of exporting by raising the part and terminal handling cost. Demand for goods and services declined but online shopping increased during the Covid- 19 pandemic.

Shenetal at al, 2020, also explained that, Covid 19 pandemic decreased construction industry due to lockdowns and the net income in the tourism industry significantly decreased.

Hong, at al, 2021, found out that 114 logistics firms in Vietnam stock exchange which did not improve during the pandemic and export and transportation industries were highly affected.

STUDY AREA

This study was undertaken in all the three regions of Malawi namely; Southern , central and northern region, in the cities of Blantyre, Lilongwe and Mzuzu. The specific districts where the study was taken include; Blantyre and Mulanje from the southern region, Lilongwe, Mchinji and Dedza from the central region, Mzuzu and Karonga from the Northern region. The distance from Lilongwe - Mzuzu, (354.6 km), Mzuzu - Karonga, (218.3 km), Lilongwe –Blantyre, (315.0 km), Lilongwe -Mchinji, (109.3 km). Small to medium traders were targeted engaged in different business sectors such as Agriculture products, food industry, Clothing and Entertainment.

DATA COLLECTION

This research follows quantitative research approach under descriptive research design and the study uses questionnaires to collect data. The study used 125 sample size targeting traders operating at national and across the border with the use of convenient sampling method to collect primary data. Written reviews from different authors has been used to collect secondary data.

DATA ANALYSIS

Data was analyzed through the use of Cross tabulation, Chi- Square using SPSS as well as excel

ANALYSIS

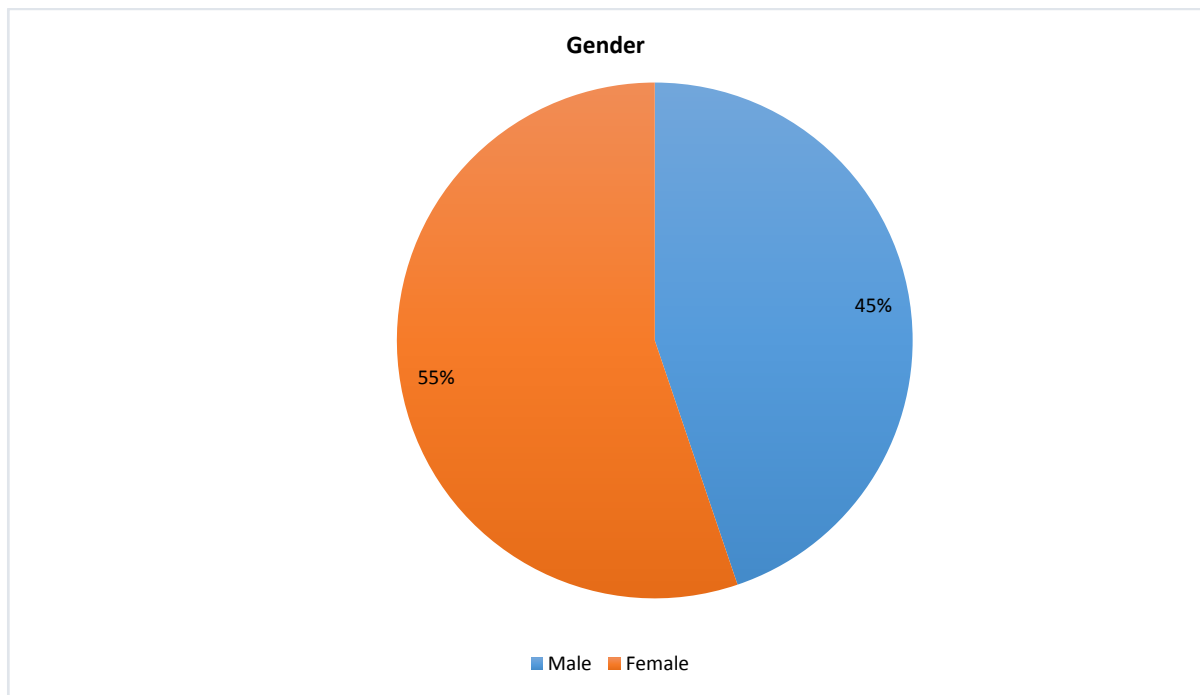


Fig 1: Frequency distribution of respondents according to gender

Fig 1

Gender Distribution

Out of 125 samples 56 respondents are Male representing 45% and 69 are female respondents which also represent 55%.

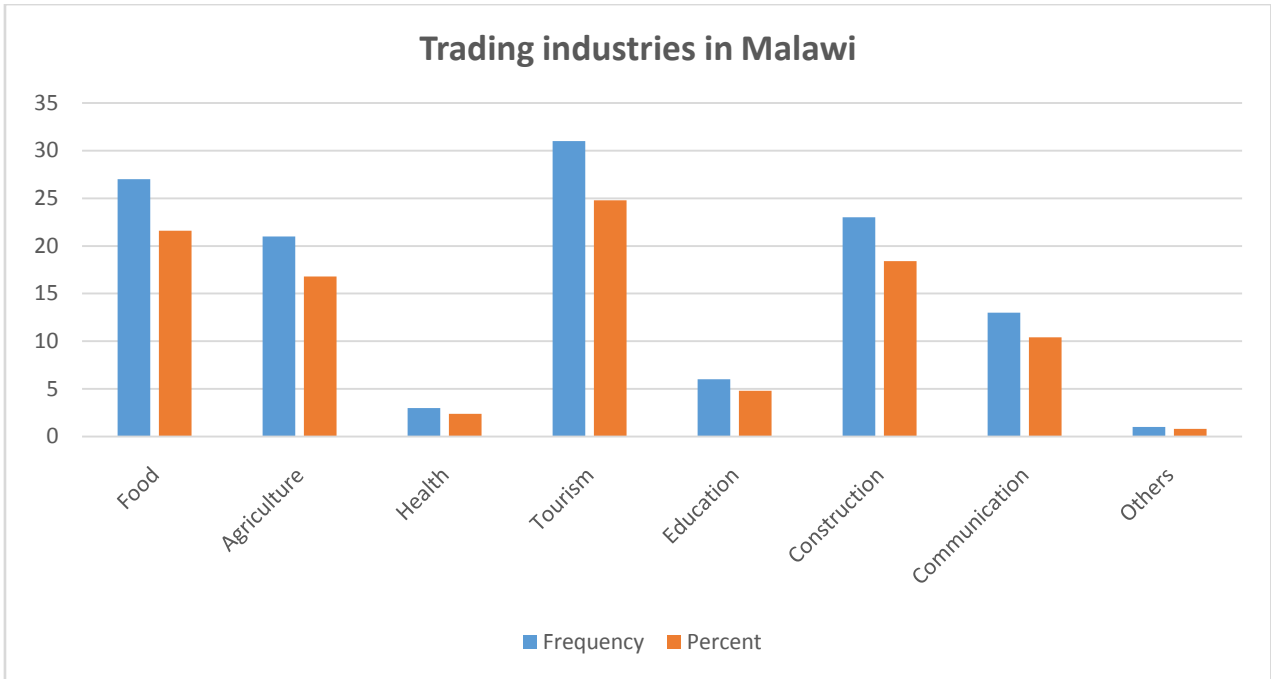


Fig 2: Industries Trading

The fig 2 above shows that majority of 31 traders Of the sample are in Tourism industry.

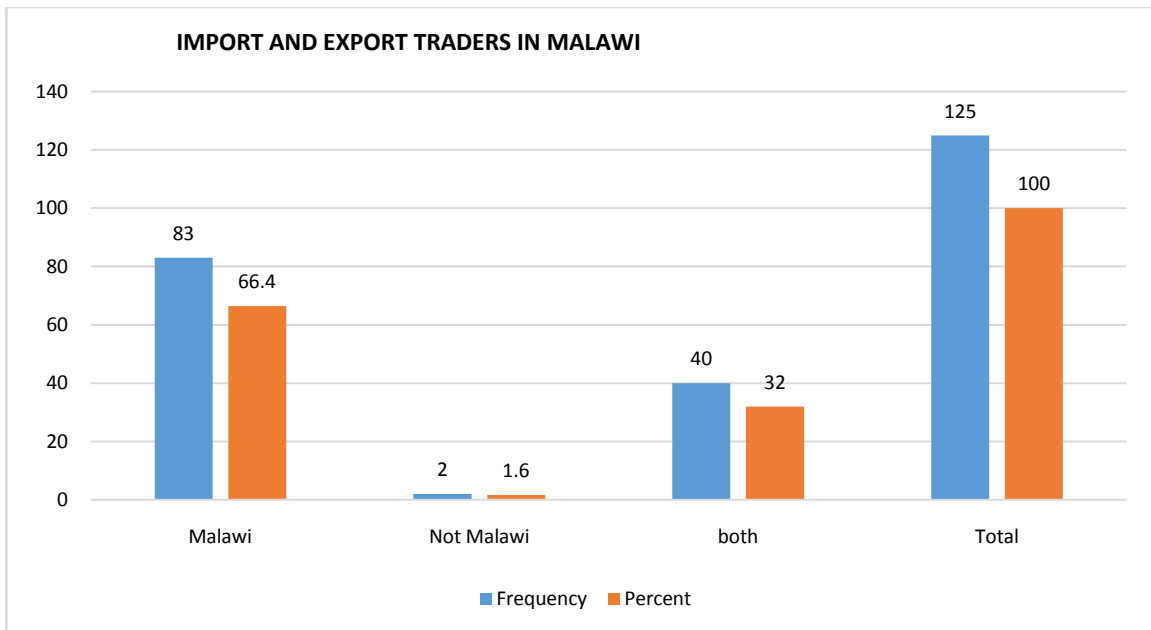


Fig 3: Import & Export Traders in Malawi.

The Fig 3 above indicates that 40 traders in Malawi engage in import and exports representing 32% of the sample.

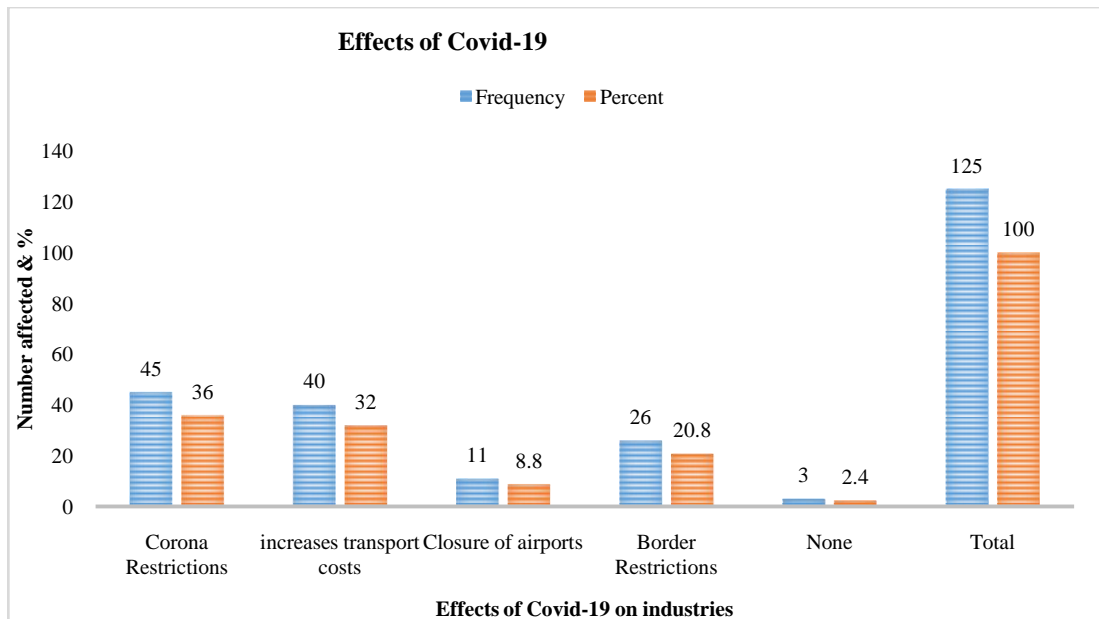


Figure 4 : Effects of Covid-19 on imports and exports in Malawi imports

From figure 4 above the majority 45 business traders were affected by Covid 19 pandemic restrictions.

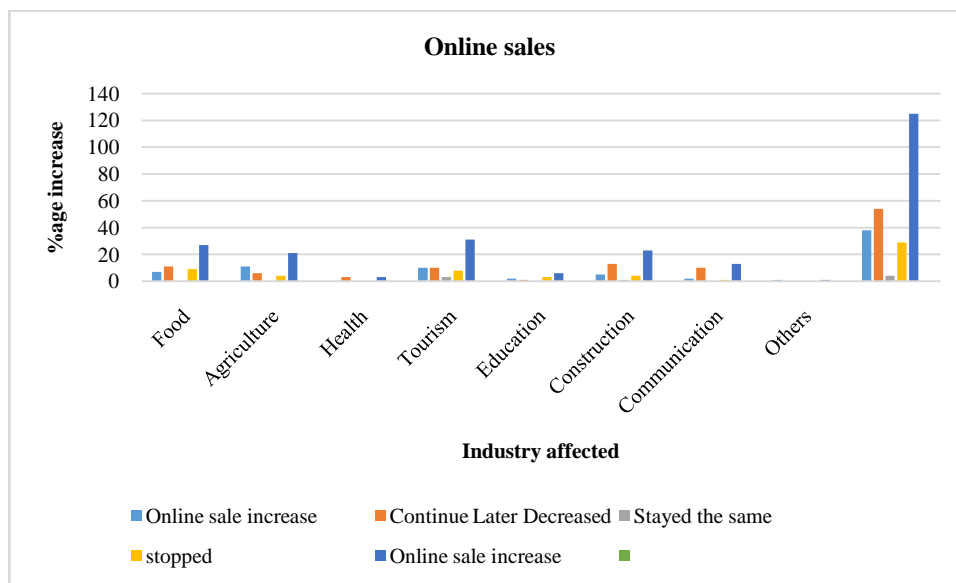
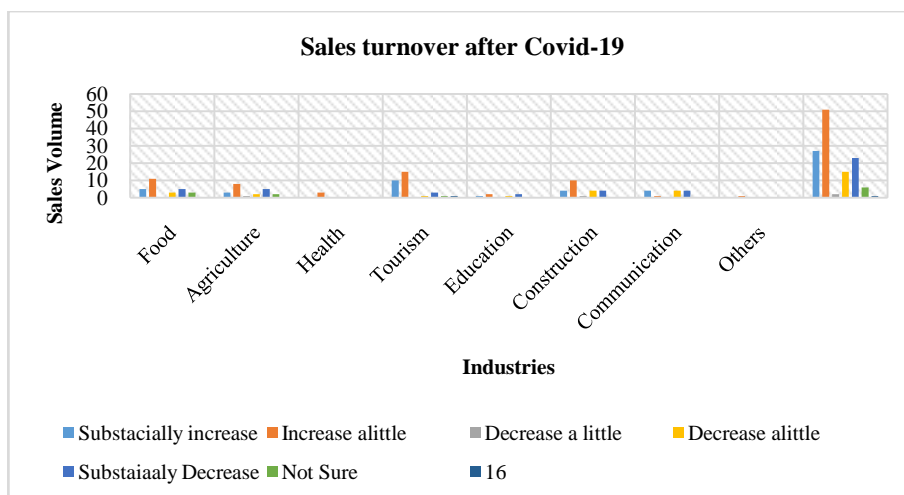


Figure 5: Performance of Online-Sales during Covid -19 pandemic

Fig 5 above shows an increase in online sales in most of the industries such as food with 22%, tourism 26%, construction 20% and agriculture 20% during Covid -19 pandemic. However, for health industry online sales increased a little by 2% and stopped during Covid -19 pandemic.

**Table 1. Cross tabulation of Gender and region of Trading in Malawi**

		Gender		Total
		Male	Female	
Region	South	6	9	15
	Central	25	35	60
	North	8	8	16
	All	9	11	20
	South & Central	4	2	6
	Central & north	2	3	5
	South & North	2	1	3
Total	56	69	125	

Table 2 indicate that the majority of 60 traders operate in the central region out of which 35 are females and 25 are males representing 28% and 20% of 125 respectively.

Table 2: Cross tabulation of sales turnover during Covid -19 and industry affected

Industry Affected by Covid									
	Food	Agri	Health	Tourism	Edu	Const	Comm	Others	Total
Turnover in %									
>50	1	2	0	2	0	0	0	0	5
increased Betwn 20-50	1	3	0	0	1	2	1	0	8
=20	0	0	0	1	0	0	0	0	1
not affected	1	0	0	2	0	3	1	0	7
<20	6	6	1	7	0	7	4	0	31
decreased between 20-50	15	8	1	10	3	8	6	1	52
decreased >50	3	2	1	9	2	3	1	0	21
Total	27	21	3	31	6	23	13	1	125

From the table above, 5 out of 125 representing 4 % of the foreign trade industries in food, Agriculture and Tourism had increased turnover of greater

than 50%. 8 out of 125 which represents 6.4% increased between 20-50 which included communication, agriculture, education and food. According to some participants 7 out of 125 representing 5.6% had no changes in sale turnover and included, food, tourism, Construction and Communication. The majority 52 out of 125 also representing 41.6% industries as mentioned in the table decreased in sales turnover between 20-50 and some industries of 16.8 % decreased by more than 50%.

Table 3 : Cross tabulation of expected exports after Covid-19 pandemic and according to Gender.

Expectations of exports after Covid	Gender		Total
	Male	Female	
Yes,	25	32	57
No,	26	32	58
Not sure	5	5	10
Total	56	69	125

Table 4 above shows that 58 out 125 explained that they did not expect to start exporting after Covid -19. Out of this response, 26 were males and 32 were females representing 20.8 % and 25.6 % respectively. 57 out of 125 expected to continue exporting after Covid -19 of which 25 were Males and 32 were females representing 20% and 25.6% respectively.

This means that half of the entire population expected to their export to increase a little while the rest were did not expect to start exporting and others not sure

Table 4 Cross tabulation of sales turnover during Covid 19 and industry affected

Industry Affected by Covid									
	Food	Agri	Health	Tourism	Edu	Const	Comm	Others	Total
Turnover in %									
>50	1	2	0	2	0	0	0	0	5
increased Betwn 20-50	1	3	0	0	1	2	1	0	8
=20	0	0	0	1	0	0	0	0	1
not affected	1	0	0	2	0	3	1	0	7
<20	6	6	1	7	0	7	4	0	31
decreased betwn 20-50	15	8	1	10	3	8	6	1	52
decreased >50	3	2	1	9	2	3	1	0	21
Total	27	21	3	31	6	23	13	1	125

Source: Primary Source

From the table above, 5 out of 125 representing 4 % of the foreign trade industries in food, Agriculture and Tourism had increased turnover of greater than 50%. 8 out of 125 which represents 6.4% increased between 20-50 which included communication, agriculture, education and food. According to some participants 7 out of 125 representing 5.6% had no changes in sale turnover and included, food, tourism, Construction and Communication. The majority 52 out of 125 also representing 41.6% industries as mentioned in the table decreased in sales turnover between 20-50 and some industries of 16.8 % decreased by more than 50%.

Table 5: Cross tabulation of sales turnover after Covid.

Crosstabulation		Industry Turnover after Covid							Total	
		Food	Agri	Health	Tourism	Edu	Const	Comm	Others	Total
Turnover	Substantially increase	5	3	0	10	1	4	4	0	27
	Increase a little	11	8	3	15	2	10	1	1	51
	Decrease a little	0	1	0	0	0	1	0	0	2
	Decrease a little	3	2	0	1	1	4	4	0	15
	Substantially Decrease	5	5	0	3	2	4	4	0	23
	Not Sure	3	2	0	1	0	0	0	0	6
	Blank	0	0	0	1	0	0	0	0	1
Total		27	21	3	31	6	23	13	1	125

From the above table 51 of 125 expected increase a little in sales turnover after the Covid 19 pandemic.

Table 7: Cross tabulation of Effects of Covid -19 on Foreign trade Industries

Industry Name			Effects of Covid on trade industries			Total
			StoppedExporting	NotAffected	Exports<than normal	Total
Food	Exported goods	Yes	5	0	4	9
		No	8	6	4	18
	Total	13	6	8	27	
Agriculture	Exported goods	Yes	2	4	0	6
		No	7	4	4	15
	Total	9	8	4	21	
Health	Exported goods	Yes	1		1	2
		No	1		0	1
	Total	2		1	3	
Tourism	Exported goods	Yes	5	3	2	10
		No	10	8	3	21
	Total	15	11	5	31	
Education	Exported goods	Yes	0		2	2
		No	4		0	4
	Total	4		2	6	
Construction	Exported goods	Yes	3	2	3	8
		No	7	6	2	15

		Total	10	8	5	23
Communication			1	2	0	3
			7	2	1	10
			8	4	1	13
	No		1			1
Others			1			1
	Total		1			1

Table above indicates the majority of 31 of tourism industry was highly affected by Covid 19 in terms of exports.

Hypothesis Testing

H01: There is no effect between Industry and Covid 19

Chi-Square Tests

Industry		Value	df	Asymp. Sig. (2-sided)
Food	Pearson Chi-Square	10.923(a)	6	.091
	Likelihood Ratio	10.619	6	.101
	Linear-by-Linear Association	4.525	1	.033
	N of Valid Cases	27		
Agriculture	Pearson Chi-Square	8.477(b)	4	.076
	Likelihood Ratio	9.428	4	.051
	Linear-by-Linear Association	7.425	1	.006
	N of Valid Cases	21		
Health	Pearson Chi-Square	.(c)		
	N of Valid Cases	3		
Tourism	Pearson Chi-Square	15.674(d)	12	.207
	Likelihood Ratio	16.417	12	.173
	Linear-by-Linear Association	5.898	1	.015
	N of Valid Cases	31		
Education	Pearson Chi-Square	3.750(e)	2	.153
	Likelihood Ratio	4.866	2	.088
	Linear-by-Linear Association	1.801	1	.180
	N of Valid Cases	6		
Construction	Pearson Chi-Square	11.412(f)	12	.494
	Likelihood Ratio	14.454	12	.273
	Linear-by-Linear Association	1.071	1	.301
	N of Valid Cases	23		
Communication	Pearson Chi-Square	18.200(g)	6	.006
	Likelihood Ratio	12.319	6	.055
	Linear-by-Linear Association	1.962	1	.161
	N of Valid Cases	13		
Others	Pearson Chi-Square	.(h)		
	N of Valid Cases	1		

a 12 cells (100.0%) have expected count less than 5. The minimum expected count is .26.

It is seen that the Chi-Square value is 10.923 and the asymp sig value is 0.91 which is greater than the critical value, hence null hypothesis is accepted.

f 20 cells (100.0%) have expected count less than 5. The minimum expected count is .04.

It is seen that the Chi-Square value is 11.412 and a Symp sig value.494 which is less than the critical value of 0.05 hence the Null Hypothesis is rejected. This means there is an effect of Covid-19 on Industries

RESULTS AND DISCUSSIONS

Sales Turnover during Covid -19

Results from Table 4 shows that the majority 41.6 % of foreign traders indicates that their sales turnover decreased between 20-50% during the Covid -19 pandemic.

This means that in Malawi, Covid-19 pandemic have caused harm to foreign trade and this is similar to what Huayu, (2020) found out in his study.

7 out of 125 respondents did not experience any changes in their sales return in Malawi especially in Construction industry This is similar to what Harel,(2021) found out and he stated that sales return in manufacturing industry remained the same during the Covid-19 pandemic. These results show that Covid-19 pandemic affected some international businesses and other were not affected.

Expectations of sales Turnover after the Covid-19 pandemic.

Fig 3 shows 51 out of 125 respondents representing 40.8% expected their sales return to increase a little after the pandemic which means recovery process for foreign trade businesses in Malawi remain very slow.

Effects of Covid -19 pandemic on imports and exports

According to Figure 4, Foreign trade industries showed a decrease in exports and most of them exported goods and services but less than normal during the pandemic. Covid-19 pandemic. Similarly, in Glasgow exports of sea food declined Peng Zou, (2020) and China experienced large decline in exports especially to high Covid-19 risk countries. This means that, foreign trade in Malawi and other countries decreased due to Covid-19 pandemic.

Table 6 shows the majority of 58 out of 125 representing 46.6 % of respondents stated that their Imports were affected by Covid -19 pandemic due to travel restrictions, increase in transportation costs,

closure of infrastructure and changing their boarder restrictions causing a decline in imports in Malawi. This means that Covid-19 pandemic Caused great harm on imports in Malawi and other countries such as Japan as Hawakawa, (2022) explains.

Performance of Online sales during Covid -19 pandemic.

Figure 5 shows that 26% of respondents from tourism industries increased online sales and also food, Agriculture and Construction. Health and Education increased a little and then stopped. Skawinska, (2021) found similar results in his study in which he explained that over 60% global consumer shopped on line and online use during the pandemic increased hence realizing high profits.

Therefore, Malawi and other countries adopted online sales during the Covid-19 pandemic in order to boost their sales despite the pandemic.

Online sales After Covid-19 Pandemic

Figure 6 Shows that 35 out of 125 respondents representing 28% explained that their sales increased a little in the fourth quarter of Covid 19 pandemic from food industry, tourism and Construction. This was not found from other researchers, therefore this result is new and is of great importance in decision making and policy formulation to support foreign trade in Malawi.

On line Strategies adopted during Covid-19 pandemic.

Foreign traders used online strategies to increase revenue and survive during Covid-19 pandemic and results shows that majority 34.4% used Communication with customers during the pandemic, 32% used Media platform and 27.2 % used advertising while 3.2 % used Video conferencing and 3.2 respondents had used none. These results indicate that foreign traders in Malawi used Communication with customers and Media Platforms to increase sales during the pandemic. which was not found by other researchers.

For example, Fabian, (2020) found out that video conferencing was used during the pandemic and Smith, (2020) stated that Direct sales were used during the pandemic in US.

CONCLUSION

Out of 125 respondents surveyed in this research, the researcher concludes that most foreign trade businesses in Malawi were affected during Covid 19 pandemic. Tourism industry was the most affected industry with decrease in sales return caused by the lock downs and travel restrictions brought about due to Covid-19 pandemic. The researcher recommends that. The government of Malawi should offer financial support to foreign trade business to help them recover huge losses made during the pandemic. Customs and tariffs must be reduced to provide growth in foreign. trade businesses and also trainings on Legal issues patterning foreign trade in Malawi.

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