

MALAWI

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Malawi's economy in the year 2000 was more favourable for trading than manufacturing and although the tax burden on industry was reduced some aspects of tax legislation were believed to be unclear and ambiguous. Gross Domestic Product (GDP) grew by 3.4% compared with 4.2% in 1999. Tobacco (Malawi's "gold") increased in production but was of poor quality effecting a 14% drop in revenue. The inflation rate of 52% in 1999 dropped to 34.9% in 2000. The lending rate averaged 53% rendering it very difficult for local finance sourcing. The US dollar appreciated to Malawi Kwacha (MK) 80.8 in December 2000 from MK47 in April 2000. The economy remained unstable throughout the year.

Energy

Malawi's hydroelectric capacity of 220.7 MW rose to 285 MW in October 2000 after the inauguration of the Kapichira plant. Availability of power remained at about 90% due to disruptions in power supply caused by lack of investment in power distribution. The electricity interconnection programme signed between the Malawi Government and the Mozambique Government in 1998 continued to wait for the signing of a Trade Agreement for the project to be considered for implementation.

Promotional Activities

Malawi has a comprehensive geological database managed by the Geological Survey Department. Information is free except for production costs such as photocopying. The country is politically stable and assures security of tenure. It has cheap labour and is one of those countries in southern Africa whose infrastructure is rapidly improving.

The year under review saw increasing government efforts to make the international community aware of its commitment to develop the mineral sector. Through the Department of Mines and the private sector, it launched the first ever "Mineral resources of Malawi Exhibition" in August 2000, with the intention of alerting both local and foreign mining companies to the mining opportunities and exploration targets that exist. Countries such as Canada, Australia, Belgium, Norway, South Africa, Zambia, Zaire and the UK participated.

Further commitment by the government was demonstrated by a Mineral Sectoral Review Project with financial assistance from the European Union. The study recommends restructuring of the mineral sector, formulation of a Minerals Policy and a review of the Mining Act. Other areas requiring attention are information technology, human

Delineated Mineral Reserves In Malawi (Mt)		
Commodity	Reserves	Grade
Bauxite	28.8	43.3% Al ₂ O ₃
Monazite	11	2.0% REE (La, Ce, Nd)
Strontianite	11	8.0% Sr
Iron sulphide	34	8% S
Graphite	2.7	5.8% C
Titanium	100	0.34% rutile, 1-4% ilmenite
Rock Phosphate	2	17.0% P ₂ O ₅
Pyrochlore	0.9	0.37%
Vermiculite	2.5	10.0%
Coal	20	14 to 40% ash
Ceramic Clay	15	33.8% Al ₂ O ₃
Limestone	4.1	52.0% CaO
Glass Sands	1.6	97% Silica

resource development and the small-scale mining sector.

The year 2000 also saw the launch of the Malawi Women Miners Association and the Geological Society of Malawi.

Mineral Development

The mineral sector contributed 1% of GDP, slightly more than in 1999. The official market value for minerals and mineral products was US\$1.5 million. However, failure by the Department of Mines to undertake revenue collection and to fulfil inspectorate duties, owing to limited human resources and mobility, is believed to have reduced the income to the state. Many informal artisan miners operate in the gemstone, salt, aggregate, limestone, and sand and clay industries.

The search for gold and base metals was the main exploration activity in the mineral sector. The Geological Survey carried out geochemical sampling on gold anomalies in the Kirk Range area. Also in the Kirk Range, Lisungwe Mineral Resources Ltd identified 18 potential targets for gold, nickel-chrome and platinum group metals. The company's programme included satellite image interpretation, geochemical data superimposition and geology integration. Placer Dome funded geological mapping, trenching and drilling of a copper-nickel anomaly on Ngala Hill in the Shire Highlands.

The Mines 2000 SADC-EU Mining Forum, held in Lusaka, brought hope among small-scale mining projects when the Centre For Development of Enterprise promised to assist in the financing of the Tundulu phosphate, Salima titanium sands, Mwanza vermiculite, Mabulabo talc and Kangankunde rare earths projects.

Billiton plc held discussions with a Malawi delegation in London, in October 2000, on

Mineral Production Statistics for Malawi (^{'000t} except where stated)				
Mineral	1997	1998	1999	2000
Coal	63.21	54.2	43.8	34.3
Cement	175.8	134.0	186.5	155.1
Limestone	258	171.9	171.9	na
Gemstone (kg)	351.2	933.6	648.6	16,390
Lime	1.94	2.6	2.9	2.7
Aggregate (m ³)	162,538	182,616	71,674.1	80,780

na: not available.

possible exploitation of the Mulanje Mountain bauxite deposit. Preliminary discussions revealed that the 28 Mt bauxite resource was too small to warrant an alumina refinery. It was agreed that Billiton reviews other bauxite areas in Malawi with the aim of increasing the reserves to at least 50 Mt.

Coal mining, aggregate and cement production remained the main mining activities in Malawi. Coal production by Mchenga Coal Mines declined to 34,500 t from 43,800 t in 1999. Cement production declined to 155,000 t from 186,500 t in 1999, owing to major equipment rehabilitation.

Gemstone production, mainly amethyst and aquamarine, amounted to 16,000 kg. The Chimwadzulu ruby mine remained dormant following suspension of mining pending equipment rehabilitation and the floating of the new parent company Agricola Resources plc in London on Ofex.

Tax Incentives

During the year the Malawi Government introduced the following tax incentives: duty rates were reduced to between 30% and 35%; duty waiver is possible; surtax remained at 20%; royalties remained at between 5% and 10%; duty rates on industrial machines remained at 10%; and corporate tax remained at 35%.