

Hindrances to Economic Success among Small Medium and Micro Entrepreneurs Involved in Informal Cross-border Trade (ICBT) Between Malawi and South Africa

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ABSTRACT This paper critically looks at Informal Cross-border Trade (ICBT)¹ conducted by small, medium and micro entrepreneurs between Malawi and South Africa. The study's population, consisting of cross-border traders and customs officials, comprised of thirty respondents. To achieve the study's objective the researcher used structured questionnaires, informal open-ended discussions and observations of activities at the border post. It has been shown in this paper that poverty, which is so prevalent in Malawi and in some parts of South Africa, forces people to go into business so that they can find means to improve and sustain their lives. The earnings made from the small-scale businesses are used by households to buy basic essential commodities and if any extra money is available, to buy some luxury goods for their homes.

INTRODUCTION

Most countries in Africa, despite political liberation from the colonizers namely, Portugal, Belgium, France and Britain, experienced political dictatorship from their own African liberators from the 1960s to the early 1990s. This period created economic systems where business enterprises (parastatals) were owned by the state. The ruling governments after the political liberation from the colonizers were not successful in creating formal employment, which would benefit all the citizens in the different African countries. The ruling party government was expected by the electorate to provide opportunities for formal employment for the people who did not take advantage of business opportunities to operate their own businesses. The outcome was a state dependency syndrome in which the people expected the government to provide for both their social and economic needs.

The new political dispensation after 1994 brought with it liberalization of the market system in Malawi. The movement of Malawians to and from South Africa was open and was not highly monitored by the new government. Bus operators started servicing the Malawi route through Zimbabwe and Mozambique to Blantyre and Lilongwe, the capital city of Malawi. Some Malawians saw the opportunity and started small-scale businesses that were focused on importing goods from South Africa and selling their items at various market points in Malawi.

The main hypothesis of this paper is that the removal of tariffs and autocratic rules by the

Malawi and South African governments can assist in promoting cross-border trade, thus economically empowering the cross-border Malawian traders.

This paper is based on the findings of the research conducted on the following objectives:

- ♦ To identify and list different reasons, which hinder success among the informal cross-border traders between Malawi and South Africa.
- ♦ To develop and make available more knowledge on the operations of the cross-border trade between Malawi and South Africa that will help in the economic integration between Malawi and South Africa.
- ♦ To assess and evaluate the economic impact of the cross-border trade on the traders.
- ♦ To develop recommendations, which can help improve the economic gains of the people involved in informal cross-border trade between South Africa and Malawi.

Literature Review

Informal Cross-border Trade, hereafter ICBT, is a term used interchangeably with the phrase international trade. This type of trade involves nations that are in the same region. ICBT in Africa, south of the Sahara, involves countries in the SADC grouping of which South Africa is a member. The trade between nations conducted by cross-border traders is a continuous cycle. It starts from the need for imported goods, which is identified by

the traders who go out of the country to source the goods and import the items into the importing country. These goods are sold to the market and create further needs, which enable the traders to go back and buy more goods for sale.

Entrepreneurs take the initiative to find an idea, which they can work on and invest in it to produce wealth for them. Brush in Peters et al. (1998) says:

Entrepreneurship is the process of creating something with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

Whereas, Brooks (2015) concluded that entrepreneurship is the development of a business from the ground up, coming up with an idea and turning it into a profitable business.

ICBT traders comprises of entrepreneurs who conduct their trade in two formats. The one group consist of people who trade formally with other nations and are listed as the national importers for certain goods and they follow all the procedures involved in the exports of their goods. The other group is made up of informal traders who buy goods in small quantities and travel from Malawi and acquire the small quantities of essential commodities in demand and cross the borders to sell these commodities. Often these traders do not have the required documentation for customs purposes. This group does not complete forms such as the Certificate of Origin, Bill of Entry and customs declaration forms as per requirement. If they complete any forms, they do everything possible to avoid paying the right duties for their imports. This category of traders involved in cross border trade between Malawi and South Africa will form the focus group of this discussion.

The group of traders, which does not conduct the business formally, aims at maximizing the profit margins of their goods as they feel that the customs department makes more money from the traders than any other person. These traders carry very small amounts of goods and accompany their goods by road or air when sending the export consignment to Malawi from South Africa. The traders are classified according to the amount of the venture capital employed in the business and their return on their investment.

Informal trade can involve two types of illegality, in the goods themselves (for example, narcotics) or in the manner of trading (evasion of customs duties and regulations). Both types of illegal

trade occur in Africa. However, although most informal trade is illegal in the narrow sense that it is unreported and fails to comply with statutory tax rates and other regulations, some of products involved are generally not in themselves illegal to trade or use (Golub 2015).

ICBT can lead to benefits that can promote economic growth in both countries where the cross-border trade is taking place. Some of these benefits include the improvement of the people's income and their general standard of living. Goods can also be moved from one country to another by the people involved in the trade as demand and supply concepts are being applied.

Some cross-border traders interviewed have expressed that the close socialization between male and female traders is one of the catalysts for the spread of HIV/AIDS in the region. This is as a result of intimate relationships, which develop among the traders as they spend time together in transit from one city to another. This is a debatable issue as some traders feel differently and argue to the contrary.

It can be argued therefore, that cross-border trade plays a major role in the creation of markets for imported goods in the importing countries. The need for luxury goods is created by locals who feel that consuming or using foreign goods is a symbol of success among the affluent. Continual demand for such goods leads to the expansion of cross-border trade, which employs hundreds of people in entrepreneurship. This has also led to the growth of international trade leading to international integration among the Southern African Development Committee (SADC) member countries in southern Africa.

Definition of International Trade

Mordechai Kreinin in *International Economics, A Policy Approach*, says, 'International economy concerns the flow of commodities, services and productive factors across international boundaries' (Kreinin 2002:1). One can deduce from this statement that trade that takes place between nations involve all sorts of goods and services to meet the needs of humankind. The nations of the world have a duty to see to it that the people of those nations have the goods they need such as fuel to enable them to travel to distribute the resources that exist in that particular nation.

Comparative Figures on International Trade

According to figures released by Mordechai Kreinin, "International merchandise trade has grown from USD108 billion in 1958 to USD5.6 trillion in 1999. The greatest trade was in manufactured goods, minerals and agricultural products" (Kreinin 2002:4).

Kreinin (2002) explains further that nearly a third of world trade is conducted among European nations. This is an interesting point in understanding the imbalances, which exist geographically, as Europe is relatively small compared to other regions. The demographic spread of populations of the world show that the most populated area of the world is Asia, particularly China, yet the flow of goods is not as high among the Asian nations as compared to the nations in Europe or in North America. The imbalances exist due to the unequal distribution of wealth in the world. The wealthy nations tend to have a greater influence in the way trade is conducted. With the upsurge of trade in electronic goods, Japan has joined this group of the few nations who exert much influence in International Trade.

ICBT in Africa, In Particular between Malawi and South Africa

It is important to note that trade in Africa has been taking place since the iron age period when humankind started to develop skills that led to activities, which began to enhance work specialization in permanent communities (Oliver and Fagan 1975). The communities started to develop items, which were traded between one group and another through the barter system. Value was placed on the goods by the utility potential of that particular commodity.

ICBT takes place between nations both at a formal and informal level. Because of some regulations, which are prohibitive, some traders have resorted to operating their businesses without the formal documentation required for the cross-border trade. These traders form the bulk of individuals involved in importing goods from one country and selling them in another with an intention of generating income for themselves and their families. These informal traders will be the focus of this dissertation in that some of them have been involved in this type of trade for a long time and yet have achieved very little economic success from their business. Despite the strict rules being ap-

plied by the governments, the traders have not been discouraged from their activities, as it is an issue of survival.

The borders between nations are not completely blocked or monitored, thus they can easily be penetrated by the traders. This makes it impossible for the authorities to impose restrictions and monitor the volumes of goods imported and exported illegally through the borders. Several authors and researchers have written on different aspects of the informal cross-border trade. Some of these researchers include Kemp (2000), Bhagwati (1981,1983), Deadorff (1990), Sheikh (1974), and Bagachwa (1990), and tend to be negative in their writings about the cross-border trade, which is generally not all negative.

According to Galbraith (1962), if a problem is not correctly identified or if it is viewed with an unbalanced perspective, it may result in offering a wrong prescription of remedial measures, thereby leaving the problem unabated. Issues of illegal trading across the borders need to be identified and rectified by the member states of SADC in order to prevent any corrupt practices. If ICBT is considered harmful, it could be because the goods smuggled into the country would create unfair competition to the locally manufactured goods and cause a loss of revenue to government treasury. As for exports, smuggling deprives a country of foreign exchange and promotes unofficial foreign exchange trading.

ICBT, whether formal or informal, can help promote regional trade integration and movement of people. It is therefore important to realize that the financial gains from this trade have gone a long way to improve the quality of life of the traders. The argument raised here is that the potential of job creation by the traders involved in buying goods from South Africa and selling them in Malawi is high. Unemployment, as will be seen later, is high in Malawi and any effort to create jobs through self-employment must be encouraged by the state.

Problem Statement

It will be argued in this paper that the high levels of unemployment in Malawi have led to people entering small, medium and micro businesses for survival. The observation goes further in that despite much effort, very few entrepreneurs have managed to improve their standard of living. The fundamental question is, do the Malawian traders involved in ICBT get any

economic benefits from the sales of goods imported from South Africa? The key assumption here is that many Small Medium and Micro Entrepreneurs (SMME) are involved in the ICBT but have not experienced any major success economically from their business ventures due to prohibitive regulations and policies used by SADC member countries. It is assumed that the formation of SADC was to facilitate easy access to trade partners and movement of goods between its member nations. The other assumption is that as the unemployment rate is so high in SADC member states, it is generally anticipated that ICBT would assist to create jobs for people involved in the trade.

RESEARCH METHODOLOGY

The research for the paper was done in Johannesburg at Park Station and the border posts using convenience sampling taking into consideration budgetary limitations, time factor and personal security.

The study undertook field investigations on the subject. During the field research, the researcher visited Park Station in Johannesburg, Mussina border post in South Africa, Beitbridge and Nyamapanda border posts in Zimbabwe, Cuchamano and Zobue border posts in Mozambique and finally Mwanza border post in Malawi. The researcher interviewed 30 cross-border traders and customs officials at the border gates. The instruments for collecting the data included the following:

- ♦ A structured questionnaire was used with a selected few at Park station in Johannesburg where traders board the buses to Malawi and to traders along the route to Malawi.
- ♦ Informal open-ended discussions were held with customs officers at the border posts.
- Observation of the activities at the border posts.

The interviews sought to probe into the core variables around which the dimensions of social and economic development revolve. The socio-economic variables selected were mainly employment, availability of essential goods for the export market, the relative prices of the essential goods, and availability of markets for the imported goods in Malawi, income levels of the traders and the people in Malawi and the initial investment into the business by the traders.

RESULTS AND DISCUSSION

Quantity/Volume of the Goods

There are several implications on the volumes of goods that are exported. This raises the issues of costs for freight, storage and handling. If the volumes are huge, the costs of transportation could also be higher. For informal cross-border traders, they do not have readily available means of transport. The use of buses and getting lifts on the long haulage trucks limits the amount of goods carried by traders. Other costs such as accommodation, food, transit fees and duty paid at the border posts also reduce the profits that can be generated from the business activities. The higher the volume of the consignment, the higher the handling and transportation costs.

Exchange Rates

Most of the trade is conducted using foreign currency. The United States Dollar or Rand is used between South Africa and Malawi as a means of exchange. The Malawi Kwacha (MK) is not considered as a legal tender between the two countries. The implication is that it costs a lot to acquire the scarce foreign currency and increases the selling price of the imported commodities reducing demand for the imported goods.

Data Analysis

Analyses of the data followed the survey objectives and in the process highlight the following points.

Both qualitative and quantitative methods of analyzing data were used. The quantitative method used tables where the spread of activities were listed and explained. The significance of the trade was shown from the findings and recommendations have been made to implement certain decisions to promote the cross-border trade between Malawi and South Africa. Baseline data was used to evaluate the market structure of certain commodities and the price formation. This highlighted certain variables such as transport costs, financing, exchange rates and risks involved in this type of trade and their implications for success.

Gender and Marital Status of the Traders

The results from the research showed that both men and women participate in the cross-border trade. The percentages and numbers shows that sixty-three percent of the people interviewed involved in the cross-border trade between Malawi and South Africa are men and thirty-seven percent are women. This is an interesting discovery as Malawi was a much closed society during the reign of President Banda. Women were not as free to travel as they are now. It is interesting to know that women are now free to participate in such business ventures.

The survey also showed that there are more married people (53.33%) involved in the cross-border trade between South Africa and Malawi than those who are not married. Only ten percent expressed that they were widowed. Those who are not married formed 36.67 percent of the sample group.

The findings showed that the most frequently occurring age (mode) for males in the sample is 28 years. This helped conclude that most of the people interviewed in the survey were males, aged 27 years. Mature male adults formed eighty-five percent of the total males interviewed. This confirms the representation of the age in the sample. The survey results also showed that the average age for the males in the sample was 32 years.

Age Distribution of the ICBT Traders

The survey showed that forty-seven percent of the traders interviewed were in the range group between 20-30 years. This is a highly productive age group and needs income for themselves and their young families. The second group was 41-50 years and this comprises adults who need money to settle down in their lives.

Factors that Motivated the Traders

Several factors arose, which motivated the small, medium and micro entrepreneurs to get involved in cross-border trade between Malawi and South Africa. These factors are in two categories.

Social Factors

- ♦ Self-employment (30%)
- ♦ Source of Income for family (33.33%)

- ♦ Enjoys travelling and meeting people (16.67%)

The need for extra income for the family is first as a motivation factor for entering the business. This is followed by self-employment (30%) and the enjoyment of travelling as second and third respectively, in the reasons for entering the business.

Commercial Reasons

- ♦ Profitability
- ♦ Source for imported goods
- ♦ Cheaper products
- ♦ Good quality goods
- ♦ Wide Selection of goods
- ♦ Opportunity for business
- ♦ Transport availability

People are generally prepared to work for themselves but in most cases they lack self-motivation to get involved in income generating activities. The community and the government must be supportive of such people in the community who are not just waiting for handouts from the state and cannot do anything for themselves.

Levels of Business Experience

The study showed that 53.3 percent of the traders interviewed have a reasonable amount of experience in conducting the business between Malawi and South Africa. The business generates income but demanded commitment from the traders. Most of the traders got involved in the business to generate income for a living. The demand being constantly there for imported goods, it resulted into traders being able to have customers for their goods.

Profit Expectations from the ICBT between Malawi and South Africa

People get involved in business in order to make profits. Business studies books express the fact that entrepreneurs at any level enter into business for profits. If they are not able to generate profits, they are likely to file for liquidation and close the business or close the section of the business that is not profitable. In the ICBT certain products are more profitable than others. It is a highly competitive business. If the traders notice that one line of the goods is making better money and is in higher demand than the others, it is likely that the traders will switch to that particular item to maximize their profitability.

Business Financial Obligations

Adult members of families are expected to provide for the various needs of their homes. During the survey, most of the respondents indicated that they are in business as a form of self-employment. The need for income to sustain their families is high on the priority list. The issue is, how sustainable is this form of employment? Unemployment is high in Malawi and South Africa and if this form of trade can be regulated properly and receive the necessary support from the government and the business sector, it can go a long way in sustaining families that are in need of money for their daily needs.

Quality of the Imported and Exported Products

The research results showed that there is a notion among the traders expressed by their customers that the imported products are of a better quality than those that are locally produced. The comments from the traders are that the goods from South Africa sell better because the customers think and believe that the imported goods are of a superior quality than local products. Most customers of imported goods take pride in buying such goods and feel that they are special and are of a higher income bracket or upper class in social stratification. This increases the demand for imported goods that have a readily available market. There is very little or no advertising for most of the imported goods into Malawi on the national radio, television or in the print media. Different market segments already exist for specific goods.

Acquisition of Capital Goods and Capital Formation

The research showed that almost eighty percent of the traders do not save from their earnings. The costs of operating the ICBT business is high and by the time they subtract all the expenses, the traders make very little profit. Only twenty-three percent of the traders received some form of assistance from their friends to start their business.

Success of the Business Ventures

The results showed that sixty percent of the traders managed to get some money to support their families but not to grow the business. As a source of income, it was expressed by seventy-

three percent of the traders that they would continue operating their business between South Africa and Malawi despite the gains being so minimal.

Startup Capital for the Cross-border Trade

The results also showed that 16.7 percent of the traders started their business with a capital between MK 5,001 and MK 10,000, and another 16.7 percent used a startup capital between MK 20,001 and MK 25,000. Not many started their businesses with capital above MK 70,000. Only ten percent of the traders used capital above MK 80,000. The implications here show and confirm the notion that Malawi is a very poor country and very few people are able to raise money to invest in a business of this nature.

Traders Involved in ICBT between South Africa and Malawi

The results of the study showed that 93.3 percent of the interviewees operate without a license and do not have a registered company. Only 6.7 percent of the interviewed traders had registered companies. This confirms the fact that most of these traders are informal traders. According to customs regulations, when traders import goods into Malawi, they need to complete a Bill of Entry forms at the border post where they are clearing their goods. Most of them bring items that do not require a Bill of Entry except when the goods being imported into the country is over a certain invoice value.

Ability of Cross-border Traders to Save Money

The majority (80%) of the traders interviewed do not save money from their business gains. Several reasons were expressed for this phenomenon. The main reason expressed was high levels of poverty. The poverty indicators for Malawi revealed that it was a luxury for most households to have three meals a day. This proves the fact that many Malawian traders involved in the cross-border trade between Malawi and South Africa live below the poverty line and are not benefiting much from the trade.

Product Mix on the Market

The data shows that most of the goods (53.3%) are sourced from retail shops in Johannesburg and

the surrounding shopping centers. The second largest source for goods was factories and wholesalers. The shops where the exported goods were bought are near Park Station for easy access to the buses. Most of the traders stay in hotels or guesthouses near the main bus station in Johannesburg and in areas where goods are sourced.

The interviewees expressed that it was not easy to buy goods from the factories, as it required certain formalities and completion of export papers. Most of the Informal Cross-border Traders between Malawi and South Africa do not like the completion of forms as they are left with no choice but to declare the correct purchasing prices, which inflates the cost prices calculated for duty and customs charges as indicated on the original invoices.

Marketing of Goods

The business in Malawi operates with the dynamics of marketing like in any other society in the world. The traders need to find markets for their goods before they go to South Africa to import the goods. It was expressed by the respondents that there have been cases when customers have given orders only to discover that they were not interested in the goods when they arrive in Malawi. The importer was left stranded with the merchandise and no market.

Delivery Period for the Goods

Most of the goods requested by customers in Malawi are supposed to be supplied within a week. Quick delivery is important for the goods to reach the destination. It works to the supplier's advantage if the delivery is done quickly because of foreign exchange and price fluctuation. It was indicated from the findings that if the order took long to be delivered, the delivery price could be lowered at the time of delivery because the fluctuation of the exchange rate leading to loss of income. The traders indicated that if costs were kept to the minimal, the price of the goods could be lower thus benefiting both the seller and the customers on the market. Failure to value the goods properly was also expressed as one of the hindrances to success among the cross-border traders.

Prices for Goods Sold by ICBT Traders

The traders expressed their concern in that often they have to reduce the price for the customers

in Malawi to buy the goods. They indicated that they were left with no alternative in certain cases but to reduce the selling prices. They said if the prices were not reduced, it would mean goods staying for a long period without being sold thus leading to loss of income. They argued that if the price was good, the volumes were likely to increase and thus increasing the profits in the long run.

Marketing Difficulties Experienced by ICBT Traders

The traders on the route experience several other difficulties. The common ones were tariff barriers and non-tariff barriers. The respondents expressed that while in transit, they experienced difficulties, which were related to trade policies of the countries they pass through in transit to and from South Africa to import goods.

Tariff Barriers

The Malawi Government has reduced the rates of tariffs to be paid by the traders when they import goods into Malawi. The findings show that almost fifty percent of the costs are paid to Malawi Revenue Authority (MRA) for customs and surtax on goods imported into Malawi. This is still felt to be high by the traders. There is very little incentive given to the traders when they bring the goods into the country. It was expressed by the traders that the government took half of the income from their trade earnings.

Some traders interviewed felt that they work for the government by bringing in goods as the government made more money from their merchandise. Some of the importers felt that it was intimidating to arrive at the Mwanza border post with merchandise from South Africa. One interviewee said there was always a sense of silence when the bus approaches the border post as every passenger was worried about the amount of duty to be paid and the harassment they would experience from the customs officials.

Almost ninety percent of the interviewees expressed that duties charged on imported goods into Malawi were too high and discouraging for the traders. Most of the expected profits are taken by the high taxes and duty charges leaving the traders with almost nothing. Trade tariffs form a significant part of the trading activity in the SADC region. Different countries have entered into agree-

ments on how informal and formal traders can be encouraged to conduct business.

It was expressed that there was no way that the traders could succeed in their business with high duties to be paid. The traders who shun using the proper documentation are made to pay high customs taxes, which were calculated wrongly by the officials. The customs officials argued that a certificate of origin and a SGS document must be completed at the place of origin of the goods and must accompany the consignment. The goods must also be identified and certified to have passed through the route intended while in transit. All border points must endorse a customs official stamp on all invoices for the goods in transit to show that they have properly declared en route to Malawi. In most cases, clearing agents cleared such consignments at the customs entry point. The clearing agent's fees were also identified to be high and unreasonable. The customs officials at times did not use the correct tariff headings in the tariff book for efficient handling of the consignment.

Non-tariff Barriers

In Zimbabwe, it is a requirement that goods in transit should be declared at the Beit Bridge border post. If not, these goods could be confiscated and sold by the state in Zimbabwe. The traders end up losing their money and that could mean the end of their business. Those travelling in buses declare their goods and the buses are sealed and no one is allowed to open the baggage compartment until the bus exits Zimbabwe at the Nyamapanda border post.

While in transit, the traders can claim their Value Added Tax paid on goods in South Africa at the border post at Mussina. It was expressed by 73.33 percent of the interviewees that the officials at the border gate who authorize the payment of VAT by checking and stamping the receipts were corrupt and needed some bribes or 'kick backs' to certify the goods seen and then the passenger can claim the VAT. 86.67 percent of the interviewees complained of all sorts of small payments required by the officials in transit for document handling and to allow the goods to pass through. By the time the traders arrive in Malawi, the cost of the goods imported would have risen so much that costing for the selling price becomes difficult, as customers would not be prepared to pay the asking price for the imported goods.

The research also identified corruption and unfair practices by the officials in transit towards the traders as one of the contributors to lack of economic success by the traders. 73.33 percent of the interviewees expressed their disappointment in the customs officials at the border gates that they were unfriendly and treated them with no respect at all. The traders felt that they were customs official's employees and needed to be respected and treated well.

Unstable Foreign Exchange Rates

The policies of each country on the availability and access to foreign currency determines how much business can take place in the country by the Informal Cross-border Traders who import the goods from one country to another. International trade demands that the traders must have foreign exchange when importing the goods from a foreign country. A detailed report on how foreign currency was handled in Malawi has been given in the previous chapters. Currently the government has taken a more flexible approach to making foreign currency available to traders. Since the relaxation of the regulations, Malawians are now able to buy up to USD5,000 from the commercial banks without applying for permission from the Reserve Bank.

Specific Financial Gains

The interviewees expressed their reservations to share the stories of specific financial gains from the business. One respondent said, "*It is great to be involved in the business, as it gives me something to do and earn some money in some legal way as jobs are not readily available in Malawi. The gains are not much financially but it is still better than nothing*". It was expressed generally by the traders that they gained from the ICBT if they were able to make some money to pay school fees for their children and buy food for their families.

CONCLUSION

It has been shown in this paper that poverty, which is so prevalent in Malawi and in some parts of South Africa, forces people to go into business so that they can find means to improve and sustain their lives. The earnings made from the small-scale businesses are used by households to buy basic essential commodities and if

any extra money is available, to buy some luxury goods for their homes. People have been conducting trade between nations for a long time. This has developed over the years between Malawi and South Africa especially after South Africa opened its borders to the African Continent after the democratic elections of 1994.

RECOMMENDATIONS

The following recommendations can be made from the findings of the study:

1. The study has shown that there is great potential for business to take place between Malawi and South Africa, as the demand for goods from South Africa among Malawians is high.
2. Cross-border trade between Malawi and South Africa should be encouraged to continue as a form of economic integration between SADC member countries.
3. The member countries of the trade agreements such as the Malawi and south trade agreement must assist by providing the necessary training to develop the traders so that they should know how to operate their business across borders.
4. Commercial Banks in Malawi must seriously consider lending money to the cross-border traders so that they can improve their capital base and increase their volumes to maximize their profit margins.
5. The non-reciprocal trade agreement between Malawi and South Africa must encourage Malawian traders to export more goods to South Africa, as this can open additional export markets for Malawi's products.
6. Cross-border trade is delicate in that the shortage of foreign currency, fluctuation of exchange rates and high tariffs have led to instability in the revenue for the traders. The governments and other interested bodies must help provide foreign currency for the importers.
7. The traders are expressing their plight in that the Government of Malawi must consider reducing the tariffs further to encourage traders and assist the traders to have better profits from low duty and removal of the surtax.
8. African governments must seriously consider removing the use of the US dollar and the British pound as the determining convertible currency when conducting trade within the SADC region. This is a major hindrance for the cross-border traders as in most cases, the foreign currency is not even available, and as a result, the traders stay without work until foreign currency is made available.
9. Unemployment is high in Malawi and South Africa and if this form of trade can be regulated properly and receives the necessary support from the government and the business sector, it can go a long way in sustaining families that are in need of money for daily needs through entrepreneurship.

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